CONTRIBUTIONS AND SAFEGUARDS POLICY

December 2020

GPE Transforming Education

CONTRIBUTIONS AND SAFEGUARDS POLICY[1]

1. PURPOSE

The purpose of the Contributions and Safeguards Policy is to govern the circumstances under which any financial contributions will be permitted to the Global Partnership for Education (GPE) Fund in order to maximize the opportunities for raising additional resources in an increasingly differentiated financing environment for education.

The policy reinforces the goals and ambition of the partnership's strategic plan, GPE 2025.

Within this context, the policy seeks to minimize the risks of mission and partnership distortion, financing substitution, and disproportionate administration and transaction costs.

In principle, all Contributions should be unrestricted to the GPE Fund.

The policy allows for the full and effective financing of GPE's Operating Model as approved by the Board of Directors on December 3, 2020 and amended from time to time. It is also governed by the Global Partnership for Education Charter.

2. DEFINITIONS

The following definitions shall apply to this policy:

- **Allocations:** The amount of resources an end recipient (e.g., country) receives from each funding mechanism.
- **Contributions:** Resources mobilized in support of GPE activities; analogous to "financing."
- **Contributor:** any organization or entity eligible to contribute financing to GPE, as authorized by the Trustee; analogous to "donor."
- **Donor:** any organization or entity eligible to contribute financing to GPE, as authorized by the Trustee; analogous to "contributor."
- **Financing:** Resources mobilized in support of GPE activities. Financing refers to money in; analogous to "contributions."
- **Funding:** Resources deployed by GPE funding platform to support country and global-level activities in support of GPE 2025. Funding refers to money out.

[1] As amended in December 2020 (BOD/2020/11/12-07).

- **Funding Mechanism:** Means through which funding is made available to support country and global-level activities in support of GPE 2025.
- **GPE Fund:** Account at the GPE Trustee into which contributions to GPE are paid in, and funding for GPE activities is paid out.
- **Initiative:** Individual process or activity under a theme/thematic area.
- **Notional Allocation:** Where financing from a donor is assigned to fund particular GPE priorities, such as to specific funding mechanisms, themes or countries, but which remained pooled together with other donor contributions; analogous to 'notional targeting' or 'soft targeting.'
- **Reinforcing Mechanisms:** Funding mechanisms whose purpose is to reinforce GPE's support to education systems' strengthening, for example the Knowledge and Innovation Exchange and Education Out Loud mechanisms.
- **Safeguards:** Measures to protect GPE against the risks of receiving excessive targeted contributions.
- **Sovereign (bilateral) donor:** A country or group of countries contributing to GPE.
- **Standard Contribution Agreement:** Universal agreement entered into by a contributor with the GPE Trustee, governing the terms and conditions on which contributions to the GPE Fund will be made.
- **Targeted Contributions:** Resources mobilized toward the GPE funding platform that are designated for specific end use(s); analogous to "targeted financing."
- **Themes/Thematic Areas:** Broad topic or area of work within a GPE Funding mechanism.

3. POLICY

Contributions to the Global Partnership for Education Fund may be made in the following ways, subject to meeting the requirements of the Safeguards contained in Section 4 of this policy document:

3.1. Unrestricted contributions

Unrestricted Contributions to the GPE Fund

Example – A donor signs a standard contribution agreement and contributes an amount into the GPE Fund where it is co-mingled with other resources and is available to fund any eligible expense the Board determines is appropriate

3.2. Notionally allocated contributions

3.2.1. Contributions to the GPE Fund that are notionally allocated for reporting purposes to existing or planned Board approved allocations and do not impact on the size of an allocation or the decision by the Board to approve an allocation.

> Example – A donor has restrictions that its funds must be in support of a certain region. To facilitate the donor's internal requirements and allow them to contribute to the GPE Fund using the same standard contribution as other donors, GPE agrees that it can receive these funds and can report to the donor that the value of planned allocations to that region would meet or exceed the value of the donor contribution. The contribution is received in the same way as any other donor contribution and has no impact on the size of an allocation or decision by the Board to approve an allocation. The same might apply to a notional contribution to the GPE Multiplier.

3.2.2. Contributions to the GPE Fund that are targeted for Reinforcing Mechanisms (including their thematic areas) on a notional allocation basis but where the contribution directly impacts the size of an allocation or the decision by the Board to approve an allocation.

> Example – A donor provides a contribution to the GPE Fund in support of an approved Knowledge and Innovation Exchange thematic area on Learning. The donor signs the same contribution agreement as all other donors, however as a result of providing the contribution, the Board agrees to allocate the same level of resources to fund the thematic area on learning. The contribution has the direct effect of increasing an allocation for the thematic area and potentially the decision by the Board to proceed with initiatives.

3.3. Targeted allocations under specific conditions

3.3.1. Contributions to the GPE Fund that are targeted for Reinforcing Mechanisms but where the contribution provides funding for specific initiatives or geographies that have been selected as eligible for funding through an open competitive process. The availability of potential additional financing will have no impact on the process to select quality proposals for funding and the prospective donor would not be permitted to request modifications to the initiative.

> Example – Six grant proposals in a thematic area are deemed to meet quality standards after a call for proposals and independent review process, but the core GPE fund allocation is only sufficient to fund four. A prospective donor agrees to finance one or more of the six grants through the GPE Fund. As a result, the core GPE Fund allocation funds the other ones and improves prospects of all grants being funded.

3.3.2. Contributions to the GPE Fund that are targeted to a specific country under GPE's initiative to facilitate debt forgiveness operations and increase the size of the allocation to that country.

> Example – A donor cancels US$50 million from a loan to a partner country in exchange for the partner country making contributions to the GPE Fund of $30 million (counted as an additional contribution on behalf of the donor and provided any such contribution must be additional to a donor's core pledge to the GPE Fund). The $30 million is added to that partner country's grant allocation (along with an additional $10 million from the Multiplier, if relevant).

3.3.3. Contributions to the GPE Fund made by Non-Sovereign Donors (for example, the Business Community or Foundations) that are targeted for a specific country or Reinforcing Mechanism and increase the size of the allocation to that country or Reinforcing Mechanism to facilitate a matching grant.[2]

> Example 1 - A foundation contributes $10 million to the GPE Fund to support a partner country. GPE increases the size of the grant allocation to the partner country by $10 million and adds a $10 million matching allocation from the Multiplier for a total increase of $20 million.
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> Example 2 – Non-Sovereign Donors targets up to $25 million in total to the Girls' Education Accelerator (10 percent of the desired $250 million target). This triggers a matching contribution of up to $25 million to the mechanism from the overall Multiplier envelope.
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> Example 3 – A Foundation makes a $50 million pledge to the GPE Fund towards Early Childhood Education (ECE) in support of several countries that have prioritized this approach. During the course of developing the compact in a number of countries, the Secretariat identifies programs where the intention is to include ECE as a component and allocates an additional portion of funds from the Foundation pledge along with unlocking a corresponding amount from the Multiplier for each country.

3.3.4. Contributions to the GPE Fund that are targeted for the Girls' Education Accelerator on a notional allocation basis and constitute the higher of 50% of the sovereign donor's pledge or $50 million until the desired target of $250 million in

[2] Currently up to $100 million will be accepted as eligible for matching grants, and a ceiling may be placed on individual donor contributions eligible for a match to avoid crowding out other partners or creating any distortion risk. A total envelop of $25 million in matching grants for the Girls' Education Accelerator is available. Amounts in excess of this will require consideration by GPE's Finance and Risk Committee.

cumulative contributions to the Girls' Education Accelerator is reached[3].

> Example – A donor pledges $300 million to the GPE Fund, of which $100 million is clearly additional to previous average funding levels and thus does not represent a risk of substitution. It directs $100 million (less than 50% of the pledge) toward the Girls' Education Accelerator, up to the point that the $250 million target for resources has been reached.

3.3.5. Contributions to the GPE Fund that are targeted to the GPE Multiplier in a specific country and increase the size of the allocation to that country.

> Example – A sovereign donor wants to support a package of finance to trigger the Multiplier but cannot easily integrate their funds into a new separate program with the Government or contribute directly to the Grant Agent. The funds are channeled through the GPE Fund where they are combined with the Multiplier and made available to the Grant Agent. As with all cases in the Multiplier, the donor needs to clearly demonstrate the additionality of these funds. It must also demonstrate there is no substitution risk to the GPE Fund by ensuring such contributions are additional to its core pledge and average funding levels.

3.3.6. Contributions to the GPE Fund made by a donor that are targeted to align a donor's bilateral contributions by combining a donor's bilateral contribution with GPE's own allocations to create a larger System Transformation Grant using a single Grant Agent in a specific partner country and during the development of the grant.

> Example – Following the development of a partner country's compact, work begins on the development of a System Transformation Grant. A donor wishes to align their funding to GPE's systems transformation approach and elects to channel their own country level resources through the GPE Fund using a single Grant Agent for a larger System Transformation Grant rather than a separate bilateral grant agreement between the donor and the partner country. The donor's commitment must be made during the process of determining the System Transformation Grant allocation for that country. It must also demonstrate there is no substitution risk to the GPE Fund by ensuring such contributions are additional to its core pledge and average funding levels.

The following forms of contribution are not permissible under the policy, unless so agreed by a formal Board decision:

3.4. Except for the specific provisions above, a donor may not target its contribution to an individual country in a manner which results in an increase

[3] Once the target is reached, the maximums of the lower of 25% and $25m apply.

in a country allocation or the decision by the Board to provide that country with an allocation.

Example 1 – The Board plans to provide an allocation of $20 million to Country X. A donor wishes to contribute a further $10 million to the GPE Fund on the understanding that Country X's allocation will be increased by $10 million to $30 million. This is not permissible.

Example 2 – A donor wishes to provide a contribution of $50 million to the GPE Fund provided the GPE Board agrees to provide an allocation to Country A which is an upper middle-income country and is not eligible for GPE Funding. This is not permissible.

3.5. A donor may not contribute to GPE through the creation of a separate Trust Fund from the GPE Fund

Example – A donor wishes to provide $5 million to GPE but requires separate accounting and reporting and is not able to co-mingle its funds with other donors. The donor requests the creation of a separate trust fund from the GPE Fund. This is not permissible.

3.6. Targeted contributions towards the cost of GPE Secretariat convened and administered events may be accepted provided such activities form part of the Board approved annual workplan, and the contributions can be administered in line with applicable World Bank procedures for their receipt and use.

3.7. A sovereign donor may not target its contribution both thematically and geographically below the regional level to GPE funding.

Example 1 – A sovereign donor wishes to make a $5 million contribution to GPE that will be notionally allocated towards a learning component of a GPE System Transformation Grant in a specific partner country. This is not permitted as it is both thematic and geographic targeting combined.

Example 2 – A donor wishes to make a $5 million contribution to GPE that will be notionally allocated towards learning components in GPE's grant portfolio in the Asia-Pacific region. This is permitted as while both thematic and geographically targeted, the geographic targeting is restricted to the regional level and not an individual country.

4. SAFEGUARDS

The preferred approach to contribute to the GPE Fund is through unearmarked contributions.

The following Safeguards shall apply to all targeted contributions to the Global Partnership for Education Fund and are designed to address the specific risks of mission/partnership distortion, financial substitution and administrative burden:

Safeguard 1: All targeted financing offers must be assessed by GPE Secretariat for compatibility with GPE 2025, GPE Charter and GPE Contributions and Safeguards Policy, and put to GPE's Chief Executive Officer for authorization. Where Secretariat assessment or the CEO judges a case as unclear or there is a risk of substitution, mission distortion or undue influence on the work of the Secretariat, any targeted financing proposal will be put to the Finance and Risk Committee (FRC) for decision. The FRC will review and report on decisions on targeted funding to the Board of Directors on a biennial basis with particular attention to the effectiveness of the safeguards in mitigating risk. The FRC will additionally undertake a full review of the Contributions and Safeguards Policy on a biennial basis.

Safeguard 2: All contributors must formally disclose any conflicts of interest and where relevant, indicate their formal agreement to GPE's Corporate Engagement Principles.

Safeguard 3: No contributions will be accepted for countries not eligible for GPE funding under the GPE allocation model, and any contributions that are notionally allocated on a geographic basis must not exceed the value of existing or planned allocations.

Safeguard 4: Any contributions that are notionally allocated on a thematic basis under the GPE allocation model must not exceed the value of components for that thematic area in GPE's existing approved grants. No contribution amount can be both thematically and geographically targeted below the regional level by a sovereign donor.

Safeguard 5: No contributions will be accepted for any funding mechanisms not preapproved as eligible for targeted contributions by the GPE Board of Directors.

Safeguard 6: No funding mechanism can be solely financed from targeted financing by a single contributor and should always be partly financed from unrestricted resources to ensure all GPE donors have a financial stake and ownership.

Safeguard 7: All bilateral (sovereign) donors will have the total of their targeted contributions to eligible mechanisms that results in an increase in the size of funds available for that mechanism capped at the higher of either 25% of their total contributions to GPE or $25 million for each financing period to prevent financing

substitution. Targeted contributions may be capped or rejected in order to prevent exceeding the Board approved ceilings for the mechanism and avoid distortion[4].

Safeguard 8: No contributor can require separate technical or financial reporting beyond routine reports provided by the Secretariat or information normally provided to satisfy routine contributor queries.

Safeguard 9: Individual targeted contributions that result in an increase in the size of a GPE allocation for eligible activities are subject to minimum threshold amounts as determined by the CEO. Such contributions must be demonstrably additional to a contributor's core pledge to the GPE Fund and their average annual contribution from the previous financing period to prevent risk of substitution.

Safeguard 10: Targeted contributions shall include sufficient financing to cover any additional administrative costs arising from the targeting.

Safeguard 11: All contributors will sign GPE's standard contribution agreement used for the GPE Fund, irrespective of whether contributions are targeted or not.

The Board may make exceptions to the Policy and Safeguards.

[4] A specific exception is provided for the Girls' Education Accelerator per para 3.3.4.

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