DECEMBER 5, 6 AND 7, 2022

MEETING OF THE BOARD OF DIRECTORS

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REPORT FROM THE ACTING CEO

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OVERVIEW

The Board is finally meeting in-person for the first time in three years. The Board meeting in Nairobi in 2019 set the ambition and direction for GPE's 2025 strategy, leading to its approval in December 2021. Since then, partners—including 15 more partner countries since the Nairobi meeting—have been confronting the budgetary strains of COVID-19 recovery, mounting debts, war in Ukraine and elsewhere, refugees, food insecurity, natural disasters, and climate change. This in-person meeting will be an opportunity for the Board to consider how the strategy is being applied at a time of cascading—not receding—crises. I believe that today's crises underline the importance of GPE's focus on transformation and the critical need for quality education for all in building resilience and prosperity.

GPE's Results Report 2022 underlines the urgency for continued action and engagement: the learning crisis has deepened; primary and secondary completion rates have lost their upward trajectory; the number of out-of-school children remains unacceptably high; and the share of domestic financing for education has not fully recovered from the shock of the pandemic. Disbursement and progress of GPE implementation grants have also been affected.

Confronting these challenges, the Secretariat focused its efforts on four corporate priorities approved by the Board in June to (1) deliver transformative change to education through the GPE 2025 strategy, (2) increase disbursements, (3) ensure the Secretariat operates effectively and efficiently to make GPE a great place to work, and (4) mobilize the partnership to secure funding. The scale of the challenge needs a collective response, and the recently concluded Transforming Education Summit was a testament to the urgency and willingness to act from partners across governments, civil society, multilateral and young people. This first in-person meeting since the Nairobi meeting will consider how to harness that unity and determination and channel it through these four priorities, under the leadership of a new CEO.

DELIVERING TRANSFORMATIVE CHANGE THROUGH GPE 2025

GPE continues to make progress with the rollout of the operating model in four cohorts across 45 partner countries. Local education groups have endorsed partnership compacts in 10 countries: Democratic Republic of Congo, El Salvador, Kenya, Nepal, Rwanda, Sierra Leone, Tajikistan, Tanzania (Mainland), Uganda and Zimbabwe. Led by governments and supported by development partners and other stakeholders, each partnership compact prioritizes a reform for systemwide improvement.

Policy dialogues around the partnership compacts have been inclusive of civil society, gender experts and teachers' organizations. The Board has already approved grants for El Salvador (Multiplier and GEA) and Rwanda (Multiplier) and is reviewing Kenya's application for a system transformation grant and Multiplier. The remaining countries are making progress own system transformation grant, Multiplier and Girls' Education Accelerator (GEA), as applicable.

Gender considerations are central to the policy dialogues informing the development of partnership compacts. For example, the Democratic Republic of Congo compact aims to improve learning conditions for girls through a gender responsive teacher policy. Zimbabwe's compact discusses the need to develop strategies for reducing the drop-out rate for girls in junior secondary and enhancing the protection, safeguarding, safety, and health of learners. These compact discussions looked at integrating gender equality into their priority reform and alignment with GEA funding, improving education data and enhancing the managerial efficiency of Ministry of Education leadership. El Salvador became the first country to access the Girls' Education Accelerator (US$5M) in addition to the Multiplier grant (US$10M)- a resource that will be used to tackle harmful gender norms from an early age through reforms in early childhood education and in ensuring learning assessments do not perpetuate gender stereotypes. All 10 endorsed partnership compacts embraced greater integration of gender equality. GPE's own commitment is further strengthened with the creation of a gender hub in the Secretariat that reflects and builds on best practices.

Within the rollout of GPE 2025, the Secretariat launched an agile learning framework to mobilize ongoing evidence-based learning and better understand the functioning of the component parts of the operating model. So far, that learning has been used for rapid, ongoing operational adaptations, balancing the operating model's technical aspects with the need to manage transaction costs. Early findings have highlighted interesting lessons. First, the enabling factors analysis has promoted country ownership and inclusive policy dialogue and encouraged examination of key challenges through a gender lens. Second, reducing transaction costs requires streamlined processes and better adaptation to country context. The Secretariat is therefore reviewing how the operating model can be refined, with a focus on countries affected by fragility and conflict. We are also seeing good attention to gender equality in partnership compacts and initial grant applications, from the active involvement of government gender experts in the Democratic Republic of Congo and El Salvador to the use of sex-disaggregated data by El Salvador and Tajikistan.

Country partners have reiterated their demand for GPE staff to spend more time in-country to facilitate communication and support on the rollout. In response, the Secretariat has significantly increased travel to partner countries after two years of limited travel, learning how best to adapt the

operating model to suit country processes. As part of our ongoing coordination, GPE and Education Cannot Wait (ECW) staff have been jointly participating in partner group meetings for Afghanistan, Myanmar, Syria, Yemen and several other countries, allowing partners to leverage the comparative advantages of funding opportunities and direct the alignment of ECW and GPE efforts.

We continue to learn and adapt the operating model to best support countries and catalyze the global momentum to transform education. This includes strengthening the partnership's collective understanding of system transformation, buttressed by staff capacity-building sessions on the operating model and gender equality; the development of an e-learning course on GPE 2025 launching in early 2023; 40 webinars to engage external partners; in-person workshops in Papua New Guinea and Cairo, Egypt (for Yemen); in-country presentations of the model; and facilitating peer-to-peer learning.

In June 2022, GPE organized a two-day webinar for the Democratic Republic of Congo, El Salvador, Kenya, Nepal, Tajikistan and Uganda to exchange experiences and lessons learned from the rollout experiences in pilot countries. A quote from one of our country partners captures the ambition of GPE 2025: "*We saw a big change in the way we were identifying priorities. The difference we found in this particular process was that we concentrated on coming up with the bottlenecks. … This was a very useful process because the ministry, technical team, and development partners in the country were able to put our heads together and reason and see what exactly is hindering us to achieve systems transformation. This was a departure from the past, where we came up with wish lists of challenges affecting the sector. This time we were focused on the bottlenecks, and I found this very useful.*"

INCREASING DISBURSEMENTS

The volume of active implementation grants at the end of June 2022 was US$2.9 billion, the highest level since 2015. That volume reflects growth in approvals toward the end of the GPE 2020 strategy period. While the portfolio of active implementation grants grew substantially in recent years, the total amount utilized remained stagnant at US$470 million in fiscal year 2022. Moreover, accelerated funding grants (including for COVID-19) accounted for 43 percent of the total amount utilized in fiscal year 2022, despite constituting only 25 percent of the total volume of funding. **This points to lower-than-expected utilization by education sector program implementation grants, as well as Multiplier grants.** Thirty-six percent of GPE active grants with implementation ratings were not on track, with substantial utilization delays. Moreover, a substantial number of programs—six of the 15 largest grants—had delayed starts and limited utilization. Political instability affected performance in countries such as Afghanistan, Burkina Faso, Mali, Myanmar and Sudan.

Actions were taken to address disbursement issues in the portfolio of active implementation grants. Of the eighteen ESPIGs (Education Sector Program Implementation Grants) that were off track in June 2021, seven (Burkina Faso, Chad, Djibouti, Kenya, Liberia, Somalia, and Yemen) were back on track in fiscal year 2022 after discussions with governments and grant agents. Nine (Cabo Verde, Comoros, Guinea-Bissau, Madagascar, Nepal, Papua New Guinea, Sierra Leone, South Sudan and Zanzibar) of the eleven (nine + Afghanistan and Eritrea) others were restructured. However, restructuring takes time, and performance remained mixed for some of the restructured grants. Only four programs

(Comoros, Guinea-Bissau, Madagascar and Sierra Leone) have been regarded as off track for more than two years. The Secretariat increased monitoring of high-value grants that, while not yet off track, are at risk, as indicated by delayed first disbursement and lengthy delays to verify results.

Future disbursements will also depend on new grant approvals. As noted above, the Secretariat has been adapting the operating model to streamline the development of partnership compacts. This includes increasing support for the grant agent selection process, beginning that process as soon as the local education group endorses the strategic parameters, and securing agreement by government and grant agent to prompt timelines for developing program applications.

The Secretariat adapted the operational framework for effective support in fragile and conflict-affected contexts. Thanks to these revisions, GPE approved funding to Myanmar and Sudan, as well as US$10 million to Afghanistan for textbooks for girls prevented from attending secondary schools. GPE approved accelerated funding for Afghanistan and Myanmar, to provide continuous support. Grant agents have now been selected in both countries to reprogram support worth US$150 million within months. In Sudan, GPE reallocated COVID-19 accelerated funding, proving that even in complex crises GPE can continue supporting education systems to benefit millions of children. We also continue to address the impact on education from the famine in the Horn of Africa (Ethiopia and Somalia).

MAKING GPE A GREAT PLACE TO WORK

GPE needs a highly talented and diverse workforce to deliver on the ambitions of GPE 2025. In October, the Secretariat launched a new model of efficient administrative and operational service. The Secretariat Services (SecServe) team—a central pool of specialists—now supports the whole Secretariat in matters spanning human resources, travel, procurement, and policy and administrative support, among others. The aim is to improve oversight, enhance the quality and cut the time spent by Secretariat staff on administrative matters.

Efforts to enhance GPE's organizational effectiveness over the past six months also include a thorough information technology enterprise architecture review, team effectiveness workshops, support for improved decision making and guidance, more effective and GPE-relevant talent management, and coaching for more effective meetings. At the individual level, the Secretariat is focusing on effective professional and career development, including pursuing a more robust planning process and providing coaching and courses on leadership and communications.

GPE staff are our greatest asset, and our approach to diversity, equity and inclusion (DEI) will ensure that GPE Secretariat is a safe and respectful environment, offering all staff the opportunity to work at their best. The Secretariat finalized a GPE DEI Compact in July based on the findings of a staff survey and extensive consultations across the Secretariat. It outlines our objectives, areas of work, and a set of specific actions, many of them already underway, such as hiring guidelines to attract and retain candidates, training focused on psychological safety and understanding unconscious bias, procedures for equity in decisions that affect staff, and a more effective and GPE-relevant talent management process, including greater use of 360-degree feedback to enhance accountability. A new survey is underway to gauge their impact. A DEI coordination group comprising

two trained managerial staff (appointed by the Acting CEO) and two trained non-managerial staff elected by Secretariat staff will take the Compact forward.

A small Secretariat team responded to the Board's request at the June 2022 meeting to further explore the 'status quo' and 'mixed scenario' options, including a comprehensive analysis of the costs, implications and risks of GPE becoming its own legal entity while retaining the World Bank as Trustee. KPMG Norway and an international legal expert have undertaken this analytical work. The Secretariat will support a webinar and consultations with all constituencies to ensure Board members are fully informed prior to the December retreat. The Board will decide on GPE's future institutional arrangements in late January.

MOBILIZING THE PARTNERSHIP TO SECURE FINANCING AND DRIVE CHANGE

The Transforming Education Summit (TES) was a key global moment to generate more political will for education at the highest levels. GPE partner country ministers of education met at the TES Pre-Summit in June and shared their views on transformation in the GPE Ministerial Communique on Transformation at Scale. GPE, through the ACEO's role on the TES Advisory Committee, contributed to this vision—which focuses on transforming systems, ensuring gender equality and improving financing—and it is reflected in the United Nations Secretary General's Vision Statement on Transforming Education.

Importantly, **GPE shaped the narrative on financing through its technical co-anchor role in Action Track 5**, highlighting domestic financing as the most sustainable and predictable source of financing, with focus on volume, equity and efficiency. In the run up to the Transforming Education Summit, GPE played a critical role in shaping the Summit's Action Track 5 – Financing of Education. At the Summit itself, GPE convened donors, the private sector, civil society and foundations around innovative approaches to financing, including ways to convert national debt payments into education spending. GPE is working with partners to develop a model, Create Space for Education, for debt reduction that would ensure the resulting increased fiscal space is directed towards the education sector. This would further the utilization and impact of GPE's Debt2Ed tool and complementary partnership capabilities. Through the rollout of the operating model and with partners, GPE will continue to support ways to systematize and strengthen policy dialogue between Ministers of Finance and Ministers of Education. The UNSG's Vision Statement called on donors to allocate 15-20 percent of official development assistance (ODA) to education, a new benchmark for international financing. GPE played a strong role in other key areas of thematic engagement, including on gender, education in crisis-affected contexts and climate-smart education systems.

At the Summit itself, GPE Board Chair H.E. President Kikwete was a leading voice for change, speaking at the Education in Emergencies and Financing spotlight sessions. At the Financing session, President Kikwete announced H.E. Nana Akufo Addo, President of Ghana, as GPE's new champion on domestic financing. GPE Youth played a key role in discussions leading to a bold Youth Declaration that highlights their collective sense of urgency to address the global education crisis. GPE advanced partnerships with the private sector through a Technology for Education Roundtable, featured Sierra

Leone's plans to transform their system for foundational learning and brought together partners to support education for children in Ukraine.

GPE will continue playing a key role in the financing discussion and in global public mobilization through the SDG4 High-Level Steering Committee. Importantly, GPE will work to ensure the key policy positions formulated at TES on financing, gender equality and systems transformation are reflected in the upcoming intergovernmental processes around the Declaration on Future Generations.

GPE continues to mobilize resources amid geopolitical tensions and shrinking ODA budgets. The U.S. increased its pledge for 2022 by US$45 million to a total annual contribution of US$125 million. The LEGO Foundation will contribute US$10 million to unlock the Multiplier for Kenya to be channeled through the GPE Fund. In addition to contributions to the GPE Fund, US$234 million has been allocated through the Multiplier under GPE 2025, leveraging US$1.06 billion in reported co-financing.

GPE has been working with partners to better address the urgent impacts of climate change on education systems and galvanize education as a key driver for climate action. GPE's current efforts include: the development of a framework outlining potential considerations for building climate-smart education systems; developing a strategic capability for climate-risk informed education planning and cross-sector dialogue; and exploring the potential for co-financing for adaptation and mitigation in and through education systems. To advance this agenda, GPE participated in multiple education-related events at COP27 to highlight the significant role of education for the wider climate change agenda.

CONCLUSION

It has been an honor and a privilege to serve as Acting CEO for almost ten months and to advance GPE's evermore important mission. I am most appreciative of GPE's exceptionally talented, committed and hardworking staff and their achievements despite all obstacles. I am excited to welcome and work with Laura Frigenti, our new CEO. With her leadership, the Partnership is better positioned than ever to play a vital role in supporting partner countries to transform their education systems, so all children learn and thrive and as a foundation for sustained, equitable development. GPE has risen to the challenge of the moment with significant achievements. The need and demand for GPE has never been greater.