JUNE 4-6, 2024 - MEETING OF THE BOARD OF DIRECTORS, BERLIN, GERMANY
BOD/2024/06 DOC 02 - FOR INFORMATION

REPORT FROM THE CEO

Please note: In accordance with the GPE Transparency Policy, documents are public only after their appraisal by the relevant governance instance. Governance officials may circulate documents to their constituency for consultation purposes, except for documents of a confidential nature.

OVERVIEW

The scale of the learning crisis and the changes in the external environment demand that GPE evolve. Since the last CEO report in December, three core principles have underpinned the work that we have been doing to ensure the Secretariat – and the partnership – can deliver on our ambitious vision and mission in the years to come:

- **Delivery:** Improving our ability and effectiveness to serve partner countries and help them deliver better learning outcomes for children.
- **Efficiency:** Maximizing our impact and value in a resource-constrained environment.
- **Innovation and adaptability:** Thinking outside of the box and adopting new ways of working to keep GPE fit for the future.

At the June 2024 Board meeting in Berlin, we are asking the Board for decisions on several strategic areas.

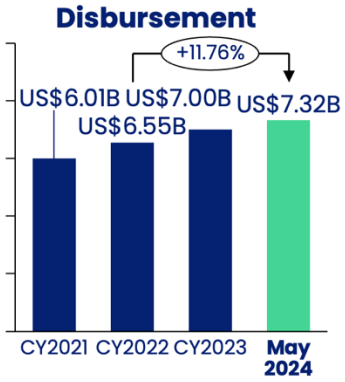
THE CEO'S DASHBOARD

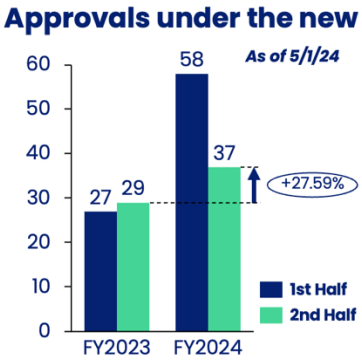
$2.5 BILLION

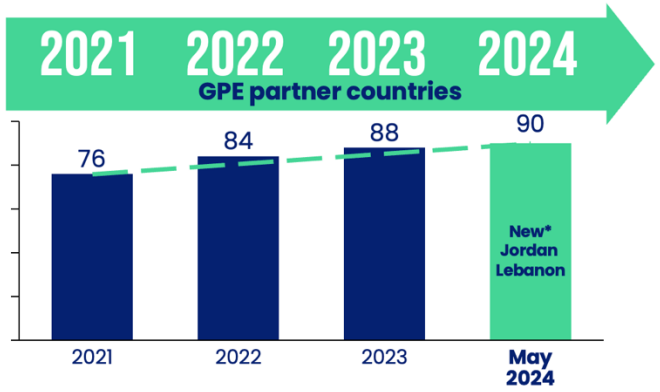
active implementation **grants** in **75 partner** countries

227 MILLION

children, 1.4 million **teachers** and 21,034 **classrooms** - GPE2025







$3.5 BILLION

mobilized from 62 co-financiers in 45 countries

$70 MILLION

the first major climate investment in education

1.4 MILLION

girls reached by **GEA**'s first **US$100 million**

GPE Transforming Education

A quality education for every child

In 2023 there was a **significant acceleration in partner countries identifying and agreeing on their vision for transforming education**. Thirty-three partner countries finalized ambitious partnership compacts which can be used as a basis to leverage partnerships and funding around priority reforms with the greatest potential to improve education outcomes. Compact priorities emerging show that countries are focused on improving quality learning, more equitable and inclusive education, quality teaching, foundational learning, and pre-primary education. GPE's flexible grant funding catalyzes diverse forms of support from a range of partners, boosting investments in country-led reforms and critical education priorities.

A commitment to **gender equality** is at the center of GPE25 strategy and the GPE Charter. Since the last CEO report, there has been a positive direction of travel regarding the integration of gender equality into the work of GPE. This includes an increase of the proportion of grants on track on how they integrate gender equality from an early stage of design. The way we measure how GPE grants contribute to advancing gender equality was also strengthened based on OECD methodology. A webinar held in March convened partners who contributed to the Going Further Together: A partnership approach to gender equality". The **Girls' Education Accelerator (GEA)** is now oversubscribed with US$176.5 million in allocations to address the causes of education disadvantage for girls within GEA eligible countries. GEA programs currently operational support combating harmful gender norms and creating safer learning environments. From programs already being implemented and under development, we estimate that the first US$100 million from the GEA will reach 1.4 million girls in El Salvador, Zimbabwe, DRC, Ethiopia, and Somalia. The roundtable co-hosted with Germany in March highlighted the benefits of the GEA to date and the on-going need for additional and targeted resources for marginalized girls.

With resources from the System Capacity Funding approved by the Board in July 2023, GPE hosted several regional workshops in which partner countries and other stakeholders gained a deeper understanding of systemic roadblocks to transforming education and how to remove them. Lessons learned show that workshops fostered inclusive dialogue and evidence-based prioritization of reforms; facilitated the integrating of a gender focus in discussions and partnership compacts enabled deeper discussions around what had not worked in previous investments and reform and encouraged deviation from business as usual. A reiterated lesson is the continued need for GPE to simplify its narrative on system transformation; keep a laser focus on gender hardwiring and strengthen a partnership-wide shared understanding of GPE's operating model. A national workshop hosted by Nigeria in January 2024 enabled the government, local education partners and six states–Abia, Akwa Ibom, Bauchi, Kebbi, Kwara and Lagos–to accelerate progress toward education reform prioritization likely to focus on foundational learning.

The recently completed **independent Thematic and Country-Level Evaluation** provided several key findings that are contributing to the operational model updates and strategy directions, especially with respect to the countries' mid-term reviews. The evaluation covered a sample of eight pilot and early cohort countries. First, the findings show that the operating model improved inclusive dialogue on identifying and prioritizing the conditions that impeded better education outcomes in partner countries. The findings also reveal that priority reforms vary in their transformative potential and there were gaps in theories of change and reform design, which are to be addressed as the reforms unfold. GPE's added focus on the equity and efficiency of domestic finance, along with its volume, led to context-relevant policy commitments on domestic finance. Different country capacities to address gender equality through planning and monitoring also require reinforcement. Attention is needed on implementation, resourcing, and establishing and strengthening monitoring, evaluation, and learning framework for the priority reforms. Work on providing guidance, especially on mid-term reviews, is underway and will help bolster countries' implementation plans.

GPE Technical Assistance Initiatives, previously known as Strategic Capabilities, are designed to tap into the vast expertise of the partnership and help reinforce countries' capacity for system transformation. The ***Climate Smart Education System Initiative*** is being expanded to additional cohorts of climate-vulnerable countries. Beginning with support to Malawi and Zimbabwe in 2023, the program has recently begun engagement in Cambodia, South Sudan, Ethiopia, Pacific and Caribbean regions, and will reach more than 22 countries by the end of 2024. The Building Resilience of Children and Communities through the Education Sector (BRACE) program together with Save the Children and the Green Climate Fund was launched at COP28. This unprecedented US$70 million investment will support partner countries to implement pathfinding programs for child-focused climate change adaptations, beginning in Cambodia, South Sudan and Tonga. In addition, initiatives to advance ***Gender Equality, Safe Learning, School Nutrition*** and ***Technology for Education*** are in different stages of operationalization. Each initiative will be piloted in 2 countries, with work commencing already in Sierra Leone and Nepal to address violence in and around schools under the leadership of the Safe to Learn coalition. The Gender Equality and Technology for Education pilots are expected to begin implementation shortly, with implementation of the School Nutrition Initiative pending accreditation of the World Food Program as a grant agent. Finally, the early pilot initiatives on ***Monitoring, Evaluation and Learning*** and ***Education Data Leadership Program***, are well advanced, creating learning pathways for partnership compact monitoring and private sector engagement.

The **Knowledge and Innovation Exchange (KIX)** supported the identification of transformative reforms in over 15 partnership compacts by generating relevant knowledge and strengthening national capacities for informing policy and practice with evidence. For example, the Africa 21 Hub informed the partnership compact discussions in Burkina Faso,

Niger, Senegal, and Chad. In Tanzania, CAMFED participated in the compact development process, brought its KIX-supported research on girls' education to the table, and became the grant agent for the Girls Education Accelerator. KIX Hubs have also supported intercountry exchanges on partnership compact priorities. The KIX LAC Hub supported El Salvador to learn from Chile following their priority on early childhood education, while the KIX Africa 19 Hub supported Zanzibar to learn from Zambia on establishing a Teachers Council, following prioritization in their partnership compact.

Education Out Loud (EOL) has played a critical role in supporting civil society participation in policy dialogue with 51 national education coalitions (NECs) participating in local education groups, 46 policy changes influenced by CSOs, and coalitions actively engaged in 35 partnership compact development processes. EOL-supported grantees leveraged 31 social accountability mechanisms to enable civil society to continually promote accountability, push for transparency in the education sector, and advocate for policy solutions to create inclusive, transparent, and effective education systems.

Effective Partnership Engagement is key to delivering transformative change through GPE 2025. Over the past 6 months, the Secretariat facilitated 20 webinars and workshops, an e-learning series on GPE 2025, two regional constituency meetings – one for the Latin America and Caribbean in March and one for the Asia and Pacific constituency in May, an experience sharing webinar for new coordinating agencies, and a grant agent in-person workshop in Washington DC and Paris. These activities have deepened the understanding of GPE's operational model and grant processes among partners and have strengthened sector coordination and system transformation discussions at the country level. The **grant agent workshop** also allowed ample space for discussing the recommendations outlined in an independent review of the grant agent selection process commissioned by the Secretariat to identify potential areas for improvement and strategies that could enhance the diversity of grant agents. The workshop was also an opportunity to share good practices and ways to address challenges, improve grant implementation and the prevention of sexual exploitation, abuse, and harassment. The independent review of the grant agent selection process under GPE 2025 was informed by interviews with a significant number of relevant stakeholders and detailed country case studies. The review raises some issues undermining the current process and advises for stronger involvement of the Secretariat. At its May 8 meeting, the Executive Committee received an update on two proposed short-term adaptations to the grant agent selection process to strengthen the selection process and alleviate pressure on the government in resolving concerns from partners that may not have been recommended for selection. First, should any concern emerge from the selection committee's recommendation, partners would be able to request a review of the selection process conducted by the Secretariat to decide whether there is cause for revisiting the recommended choice of grant agent. Second, to avoid undue pressure on the government, updated guidance will clarify that the government is

expected to follow the selection committee's recommendations. If the government disagrees with the recommendation, it must justify its position to the Secretariat which will consider this disagreement on its merits through a review process. Further adaptations of the grant agent selection process will be proposed in light of the independent evaluation and consultations during the grant agent workshop. The Secretariat is also exploring additional opportunities to bring both grant agents and coordinating agencies together to learn from one another, in order to improve both sector coordination and GPE grant processes at country level.

GPE's FINANCE

Since the December 2023 Board meeting, there has been an improvement in the financial position of the GPE Fund, primarily driven by increased investment returns on the Trust Fund. This provides the opportunity to increase allocations to the Girls' Education Accelerator (GEA) in response to the Board's request and to address some unmet demand for the Multiplier program.

Disbursements significantly increased in 2023 to over US$700 million, compared to just over US$500 million in 2022. With grant approvals projected to increase further in 2024, disbursements are expected to increase even more, decreasing cash levels throughout 2024 and 2025. The number for early 2024 (first quarter) disbursement was US$300 million and will rise to over US$600 million by June based on submitted cash transfer requests which are currently being processed. We are projecting disbursement levels to significantly increase on 2023 levels this year.

Grant approvals will increase significantly as record number of strategic parameters approved in the FY2023 suggests that more countries will access their system transformation grants. Partner countries are also utilizing more system capacity grant resources, increasing further funding access in 2024. Therefore, grant approvals are expected to rise significantly in 2024. In 2023, 107 grants were approved. Between November 2023 and April 2024, GPE approved 54 transformative reform grants, totaling US$474,645,041. These included 16 implementation grants (US$458,550,000), 16 system capacity grants (US$12,237,634) and 22 program development grants (US$3,857,407). In this period, 18 implementation grants became active worth US$364,913,800.

Innovative finance. To date, GPE has mobilized over US$3.5 billion in co-financing from 62 different partners, including 22 private foundations and business community partners, for 45 countries under GPE 2025. Remarkably, nearly half of this co-financing has come in the form of grants or in-kind contributions, significantly exceeding the US$3 billion target set in our Case for Investment for the 2021-2025 period and achieving this milestone well ahead of schedule. The total of co-financing provided by foundations and the private sector had

reached US$167 million, a remarkable growth providing clear evidence of the GPE Multiplier being a great mechanism to diversify the partnerships and increase alignment of different funding streams at country level. In response to the strong demand and success of the Multiplier, the Board, in December 2023, authorized an increase in the Multiplier's funding envelope from US$755 million to US$950 million for the GPE2025 phase. Despite this increase, the demand for the Multiplier has continued to grow at an accelerating pace, surpassing the available funds. This has resulted in the need to pause approvals of new Multiplier Expressions of Interest (EOI) and prompted the request to increase the funds available for the Multiplier and explore what possibilities there are to respond to the unmet demand at the June Board meeting. The success of the Multiplier combined with the significant challenges in mobilizing funds for education raises important strategic questions for how GPE can better seeks to use innovative financing to mobilize additional partnerships and resources to help partner countries achieve their goals its limited grant funds in the next strategic period. The Secretariat contracted the Boston Consulting Group (BCG) to support us in this initial analysis and they've now held five consultation sessions with Partner Countries, Donors, Multilaterals, Civil Society, and Private Sector & Foundations, along with presenting to the Finance and Risk Committee and Performance Impact and Learning Committee which have been very helpful as we approach the next phase of the work.

GPE continues to prioritize **oversight**, with the Secretariat committed to reducing risks related to the misuse of funds and incidents of sexual exploitation, abuse, and harassment (SEAH) across its initiatives and structures. The Secretariat actively supports key strategies, including empowering whistleblowers, protecting survivors, closely monitoring financial transfers, engaging third-party monitors in conflict areas, improving procurement practices, and enhancing collaboration with partner countries to reinforce legislative frameworks and legal agreements. As of May 2024, the Board received an update on 7 cases of fund misuse, of which five are existing cases and two are new. There was no open case related to SEAH. To address the potential underreporting of cases, the Secretariat organized a workshop in May 2024, during which the Secretariat and grant agents discussed measures to improve reporting of misuse of funds and SEAH.

ADVOCATE FOR MORE AND BETTER FINANCING FOR EDUCATION

Mobilizing more and better financing for education is a core part of GPE's mandate, and under the umbrella of the SDG4 HLSC, GPE is pleased to continue its role as a technical co-anchor of Functional Area 3 on education financing. Under this umbrella, GPE is leading action group 1 of the Multilateral Education Financing Initiative (MFEI) on developing a new narrative for the sector and has actively contributed to MFEI 2 on innovative financing. GPE also stands ready to support MFEI 3.

On the global stage, GPE has facilitated high-level discussions on fiscal space for education and innovative financing. In collaboration with Heads of State, including at the AU Summit with President Akuffo Addo of Ghana, GPE has driven initiatives on domestic financing. The Secretariat is also working with the Italian Presidency and G7 Member States to support the interests of partner countries, reinforce the AU Year of Education recommendations, and secure outcomes that prioritize global education for future G7 agendas, coinciding with our upcoming replenishment. GPE has ensured education is integral across all relevant ministerial tracks, holding formal roles in the G7 Education and Gender Equality Working Groups. As CEO, I was elected to serve on the G7 Gender Equality Advisory Council. Additionally, GPE has provided technical advisory support to the presidency and Member States for the inclusion of global education into the Foreign Ministers and Development Ministers declarations, and Leaders' Communique.

Domestic financing (**DF**) has been reaffirmed as a clear priority among the enabling factors for many countries going through the compact process. Of the 54 countries with endorsed compacts as of May 1, 2024, 35 have DF rated as a high priority (only 3 as low), and 20 have deployed DF triggers to access the STG top-up. With Secretariat support, triggers and reforms proposed to address bottlenecks are increasingly aligned with the selected policy priority reform, with an increasing focus on equity and efficiency to drive better financing. The Secretariat has also developed resources to better track DF reforms and outcomes and to support learning across countries and at global level. Additionally, GPE's role as a technical co-lead alongside the World Bank for the HLSC Functional Area 3 on Education Finance underscores its leadership in shaping global education financing strategies. GPE has taken the lead on the first workstream to develop a shared narrative on education finance, aiming to demonstrate the broad impacts of educational investment on sectors like peace, security, and climate.

GPE's engagement extends to **mobilizing resources** and shaping policy through strategic international dialogues. Recent travels by GPE's leadership to countries including Germany, UAE, Qatar, Saudi Arabia, Australia, and Vietnam have been instrumental in securing and advocating for increased education financing. GPE welcomed a pledge of more than US$3 million from Japan to help cyclone-impacted children in Mozambique return to school, and to increase education's resilience to climate change in sub-Saharan Africa. Saudi Arabia's formal contribution agreement for US$38 million was signed in Riyadh on the sidelines of the Human Capability Initiative and the US$2.5 million contribution from Dubai Cares to support the Girls Education Accelerator and Early Childhood Education was finalized. Australia, through DFAT, provided US$72 million in co-financing to unlock US$25 million from the GPE Multiplier for Indonesia. The US finalized its FY24 appropriations legislation approving US$922 million for basic education, and GPE welcomed the financial contribution of US$121.6 million. This is a 5-6% cut to both accounts in line with the overall reduction in

spending on foreign aid of the same percentage. During a signing ceremony in Hanoi in March, attended by GPE's Deputy CEO, Charles North, Vietnam's Deputy Minister of Education, Kim Chi, welcomed a US$2.6 million grant from the Nippon Foundation, unlocking an additional US$2.6 million grant from the GPE Multiplier. The announcement marks a milestone as it is the first time in GPE's history that an Asian foundation unlocks the GPE multiplier. Furthermore, GPE's participation in forums such as the 7th Africa Business Forum highlights its commitment to integrating private sector innovations in education, emphasizing technology's role in transforming education systems to fit 21st-century needs. More recently, during its 2024 Annual Meetings and Golden Jubilee Celebration, the Islamic Development Bank (IsDB), the Arab Coordination Group (ACG) and the Saudi Fund for Development (SFD) joined GPE in celebrating the success of SmartEd, an innovative financing instrument that has mobilized US$500 million for education initiatives. Building on this success, the partners pledged an additional US$350 million towards SmartEd: US$150 million from the IsDB, US$100 million from the Araba Bank for Economic Development in Africa (BADEA), US$50 million from the Islamic Solidarity Fund and US$50 million from GPE.

Looking ahead, GPE will continue to leverage its **strategic partnerships** at upcoming events like the AfDB Annual meetings as well as the UN General Assembly's Summit of the Future to advocate for sustained and increased investment in education. These platforms will serve as critical venues for advancing GPE's financial advocacy objectives, ensuring that education remains at the forefront of the global agenda and receives the necessary support to empower future generations. As part of the UN Secretary General's Our Common Agenda, the Summit of the Future, taking place at the UN General Assembly 2024 aims to breathe new life into the multilateral system to deliver the 2030 Agenda. It will culminate in a member state negotiated Pact for the Future, with chapters on financing for sustainable development, peace and security and youth. GPE has been working closely with UNESCO to support the advocacy efforts by the HLSC to keep education on the agenda of the Summit of the Future, and in particular will continue to advocate for more ambitious commitments on education financing. GPE and ECW continue to collaborate closely and leverage our partnership to ensure alignment and harmonized support to children in crisis-affected countries, including in West Bank & Gaza, DRC, Haiti, Sudan, and South Sudan.

SECRETARIAT MANAGEMENT AND BUDGET

The **FY25-27 Operating Expenses Budget and Staffing plan** reflects the need for GPE to continue to work in a constrained financial environment. In FY24, the Secretariat effectively managed its financial resources and the direct expenditure for the FY22-FY24 period was well within the estimated 3-year budget envelope.

Despite high inflationary pressures, the **Operating Expenses Budget** in FY25, as recommended by the Financial and Risk Committee (FRC) for Board approval, is less than

2% higher than the FY24 budget. The **two multi-year surge budgets** also submitted to Board approval are projected to be within 7% of total disbursements from the GPE Fund on a cumulative basis over the FY25- FY27 period. Despite the significantly more challenging environment, the surge budget for GPE's fifth replenishment campaign is slightly lower than the previous one on account of increased levels of staffing in the Secretariat following the 2021 replenishment. The multiyear investment for the development, roll-out, and maintenance of a new, integrated IT system over the next three years will increase the efficiency of Secretariat operations. Looking ahead to FY25-FY27, the direct budget envelope, including the multi-year budgets, staffing plan and the World Bank hosting costs of 20.48%, is projected to remain within 7% of total disbursements over the course of these 3 years driven by a substantially increased active grant portfolio.

The Secretariat continues to refine its **staffing configurations** to align with the commitment to keep operating expenses within 7% of total disbursements from the GPE Fund, which is critical for supporting our partners efficiently and effectively. To respond to the higher workload created by the increased number of partner countries, alternative options to increase the number of staff while staying within the 7% threshold for operating expenses are being explored, including continue growing the GPE Paris office. The Board will also be asked whether GPE should establish an operational presence closer to partner countries, which would enable GPE Secretariat to deliver better for partners while significantly reducing travel costs and lowering our climate footprint.

In addition, the Secretariat continues its internal efforts to be **more efficient and effective in the way we work.** Launched in December 2023, Project Pilates is a key initiative to optimize the Secretariat's internal operations related to GPE's country work. The initiative seeks to fully leverage the enhanced managerial capacity brought about by the three new Regional Manager positions and the Chief Technology Officer (CTO) team, and to ensure GPE realizes maximum benefit from the upcoming IT systems upgrade. The outcomes of the initiative will include a stronger regional structure, clearer roles and decision authorities related to country work, and streamlined internal review processes, to boost efficiency and responsiveness. Should GPE expand its global footprint, these changes will also ensure the Secretariat is well positioned to implement with greater agility but continued focus on quality and standards.

Operational Flexibilities. At its December 2023 meeting, the Board of Directors mandated the Secretariat to further explore fundraising approaches and operational flexibilities in the context of developing its next strategic plan and approach to financing and funding. This work commenced in January 2024 and focuses on three work streams: sourcing more support from the private sector and foundations, piloting approaches to support country systems and exploring options to create a separate legal entity to receive funds.

Regarding the work to source more non-sovereign funding into the GPE fund, having agreed last year with the World Bank of the feasibility of most of the proposed ways to

receive non-sovereign support to the GPE Fund last year, the Secretariat is now assessing potential and exploring with the Bank Trustee and Legal how to operationalize these ways.

The Secretariat is also discussing with the World Bank the principles, risks, and design features of more flexible support to country systems. The aim is to develop, implement and evaluate a pilot jointly with the World Bank in a limited number of countries. The pilot would test an expanded range of options for how GPE delivers its funding to best meet partner country needs, including through private sector grant or fiduciary agents.

Exploratory work on a separate legal entity also commenced, with a senior legal advisor contracted to conduct analysis on the potential of legal non-profit entities in several jurisdictions. The Board will consider a recommended decision for further and more specific background analysis based on the consultant's roadmap of issues to clarify.

CONCLUSION

Initial feedback and evaluations have confirmed that GPE 2025 is a step in the right direction. However, education in GPE partner countries faces a multitude of challenges amidst shifting global dynamics. Amidst these challenges, there are opportunities with the success of innovative financing approaches and a growing number of tested and aligned financing mechanisms available to partner countries. Against this backdrop, the Board will be asked to consider a small number of strategic choices where a change in direction is warranted and some working assumptions on what remains valid from the current strategy. As GPE begins work for its next strategic plan, GPE 2030 for the 2026-2030 financing period, it is critical that it also reflects on how best to use its limited grant funds including through innovative finance arrangements to mobilize additional resources that are aligned with national education priorities, and support system transformation. This effort, supported by initial analyses and stakeholder consultations facilitated by the Boston Consulting Group, aims to redefine the scope of GPE's financial impact. The Board meeting decision will set the vision and direction of travel decision on whether GPE should aim to scale up our funding in this area under GPE 2030.