JUNE 3-5, 2025 - BOARD OF DIRECTORS

PARIS, FRANCE – BOD/2025-06 DOC 02 – FOR INFORMATION

REPORT FROM THE CEO

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OVERVIEW

1. Since our last meeting in December, we have been navigating a radically different global landscape. Seismic shifts in donor priorities—both actual and anticipated—combined with reduced traditional aid flows from major donors and the diversion of funds from development to other spending in the United States and Europe, are significantly impacting GPE and our partner countries. In countries like Niger, Rwanda, and Sierra Leone, aid comprises roughly 20 percent of total education spending. In the Central African Republic and The Gambia, it reaches 50 percent. Reductions in Official Development Assistance (ODA) will have severe short- and long-term repercussions on education systems.

2. Despite the challenges of recent months, I am confident GPE will weather this storm — thanks to the strategic decisions of this Board to scale up resources, embrace our partnership and system-based approach, and improve efficiency and proximity to countries. Now is the moment for governments, civil society, educators, donors, and the international community to rethink, refocus, and restructure development efforts — championing an approach that is aligned, owned, and led by the people it seeks to serve.

3. These shifts in ODA compel us to ask: how can we do aid better? How can we center local leadership, sustainability, and effectiveness, rather than perpetuating dependency on external funding in low- and middle-income countries? GPE 2025 was built on an understanding that driving change within the complex landscape of an education system requires national leadership, a focus on delivery and the alignment of multiple actors. I am reassured that we have collectively agreed this is the right and continued approach for GPE 2030, and I look forward to our June Board meeting, where we will explore how aid can be truly effective and identify new opportunities for GPE to pursue.

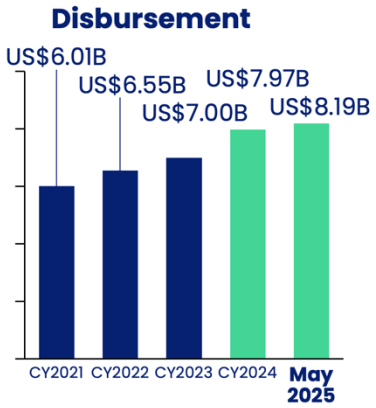
THE CEO'S DASHBOARD

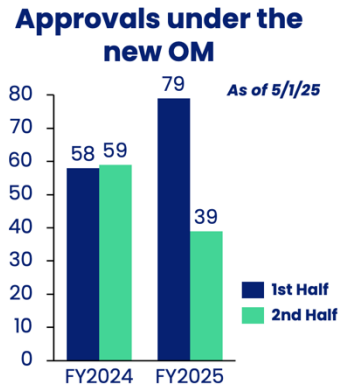
$3 BILLION

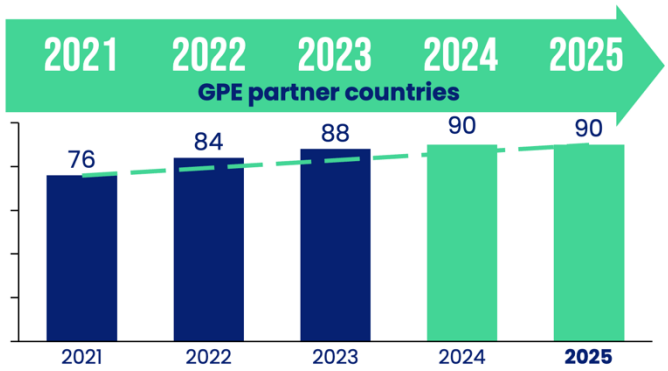
active implementation **grants** in **72 partner** countries

372 MILLION

children projected to benefit from GPE grants by end of December 2025







$3.7 BILLION

mobilized from 64 co-financiers in 52 countries

46% OF CY24

grants support mitigation and adaptation measures for **climate change**, up from 32% in CY23

$1.4 BILLION

in GPE 2025 grants had a gender focus

IMPROVE EFFECTIVENESS IN OUR WORK WITH PARTNER COUNTRIES

1. GPE's theory of change focuses on partner countries implementing priority reforms to achieve scalable results, including addressing fundamental conditions for reform success and sustainability, and mainstreaming gender equality, inclusion, and climate change. This approach involves enhancing systems, policies, and capacities, mobilizing financing and partnerships, and ensuring national stakeholders lead and co-own the reforms. In a context of declining traditional aid, this strategy is increasingly relevant. The **MOPAN review** highlights GPE's strategic vision, its role in fostering inclusive policy dialogue, and its success in mobilizing finance and promoting gender equality in education systems. Similarly, the United Kingdom's **Foreign, Commonwealth and Development Office's** (FCDO) **review**, in which GPE scored highly, recognizes GPE's ability to secure new funds and co-financing partners and advance gender equality, inclusion and climate adaptation in education. The **MOPAN review** also notes GPE's commitment to continuous learning through evidence and stakeholder feedback, with partnership compact mid-term reviews being a critical opportunity to strengthen reform implementation.
2. **Strengthening delivery** - As governments and partners take stock of progress on their priority reforms through mid-term reviews, they are identifying measures to course correct and strengthen delivery. Following the mid-term review of its partnership compact, **El Salvador** updated its priority reform to align with the country's new national reform and their revamped strategic institutional plan. This resulted in a collective agreement to expand El Salvador's original priority reform from focusing solely on early childhood education to covering the transition into primary education. Similarly, **Tajikistan** used the mid-term review to adjust the trajectory of its competency-based education (CBE) reform, placing greater emphasis on anchoring it across the education system. More than a stocktaking exercise, the collective process resulted in a new monitoring framework with specific indicators and measurable targets to firmly operationalize the CBE reform. **Cambodia** advanced its teacher education reform through the Strengthening Teacher Education Program in Cambodia (StepCam), finalizing the Strategic Plan for Teacher Education 2024–2030 — a roadmap for operationalizing the country's most comprehensive teacher education reform ever. Led by the Ministry of Education and shaped through a participatory, inclusive, and consultative process, the plan outlines new pre-service training pathways supported by GPE: a 12+4 bachelor-level program and a BA+1 postgraduate diploma.
3. GPE continues to effectively **hardwire gender equality throughout its operations.** For implementation grants active in 2024, the share of funds aimed at gender objectives rose from 34 percent under GPE 2020 to 67 percent under GPE 2025. The recent independent learning review on GPE's work and progress to date on gender hardwiring found that there is significant progress from the GPE 2020 approach to

gender leading to better evidence use, deeper policy dialogue, and improved integration of gender equality in grant design. The review also provides useful signposting for GPE 2030 on areas to strengthen including technical support, accountability, capacity and leadership, especially at the country level.

4. **Catalyzing more and better domestic financing remains core to GPE's operating model.** Through the results-based financing (RBF) component of our operating model, GPE financially incentivizes countries to enhance the volume, efficiency, and equity of their education spending. This approach helps maximize the impact of domestic financing by enabling countries to better align resources with educational needs to achieve system transformation as outlined in their partnership compacts. **Sierra Leone** has been the first country getting access to the RBF component of its allocation. A new system identifying low-performing districts for teachers' allocation purposes led to the creation of additional 2,000 primary and 1,000 early childhood teacher positions, over half of which placed in disadvantaged districts. Initially funded by the GPE grant for one year, these are now integrated into the national payroll, demonstrating how RBF can incentivize sustainable and equitable domestic financing. In the past six months, five additional countries have reviewed their timelines for achieving their committed results, using this moment to update their progress.
5. Improving GPE's ability to **monitor and report results** is of paramount importance, and even more so in the current context. GPE 2030 is intended as a strategy refreshed and will be underpinned by refined objectives and a results framework which reflects where GPE can reasonably be expected to have direct or indirect influence on systems and grants.
6. **Strengthening the partnership of GPE**. The GPE Secretariat continues to strengthen **partner country engagement** by enhancing local capacity through targeted communications, monthly newsletters, and learning exchanges that support the rollout of GPE 2025 and drive system transformation. Recent learning exchanges included regional constituency meetings in El Salvador in April 2025 for Latin America and the Caribbean and in Vietnam in May 2025 for the Asia & Pacific, Eastern Europe, Central Asia, Middle East, and North Africa constituencies. Discussions focused on stress-testing the GPE 2030 strategy and Financing and Funding Frameworks, incentivizing joint sector and mid-term reviews, exploring emerging regional themes and evidence, and formulating consensus-based constituency recommendations for Committee and Board deliberations.
7. **GPE Forward** is advancing as planned, aimed at strengthening GPE's country team capacity to better serve partners, including moving staff closer to partner countries through regional hubs in Paris and Nairobi. The relocation of technical and operational staff closer to partners offers a strategic opportunity to improve delivery and efficiency, particularly given financial constraints. As part of the staffing plan approved by the Board in June 2024, 39 partner country-facing staff are transitioning

into new roles closer to partner countries to improve operational effectiveness and ensure timely, impactful interventions. Existing staff assumed new roles in March 1, 2025, while external recruitment has been successfully completed, with country-level staff in place by September 1, 2025. A dedicated GPE Forward team, continues to implement change management and risk mitigation measures (e.g., workshops, training, roll out of new standard operating procedures, and monitoring) to facilitate the transition and staff relocation, while service to partner countries has been prioritized through transition plans. This shift aligns with a broader sector trend toward decentralization, bringing operations closer to the field to enhance service delivery and impact. To manage costs and bring staff closer to country partners, we have also initiated a voluntary relocation from Washington, D.C. to Paris and Brussels.

8. **Update on the reform of the grant agent selection process** – In line with the approved revisions to strengthen the grant agent selection process, the Secretariat has been drafting the standardized templates for the expressions of interest and scoring of proposals, using the good practices from different countries submitted for quality review. Consultations with stakeholders have been ongoing and will now transition further to testing the proposed templates.

9. **GPE's disbursements and grant approval -** Every partner country eligible for a system transformation grant has either applied or is on track to do so before the end of 2025. Despite the current context, 2025 will remain a significant year for both new grant approvals and disbursements.

10. **Disbursements** significantly increased in calendar year 2024, surpassing US$1 billion. This momentum continued into early 2025, with first-half disbursements reaching over US$422 million by June based on submitted cash transfer requests which are currently being processed. At present, liquidity risk remains stable. However, the cash balance is expected to decline sharply over the next 12 months and to fall below the optimal range, as projected donor payments remain significantly lower than projected high disbursements.

11. **Grant approval** levels remain robust, reflecting strong global demand across GPE's funding windows. As of May 2025, grants totaling over US$1.3 billion were approved, with an additional ~US$600 million anticipated for approval between May 2025 and June 2025. From November 2024 to May 2025, GPE approved 69 grants valued at US$845 million, including 31 system transformation grants (US$804 million), 17 system capacity grants (US$33 million), 20 program development grants (~US$4 million), and one supplemental funding top-up totaling US$4.5 million. Furthermore, 20 major implementation grants, totaling US$628 million, commenced during this period.

12. **Oversight**. The Secretariat continues to closely monitor, and address risks related to sexual exploitation, abuse, and harassment (SEAH) and misuse of funds. Over the past six months, progress in SEAH case reporting has been marked by the World

Bank's agreement to report cases to GPE, as well as the International Development Research Centre (IDRC) updating its policies and procedures to enable SEAH case reporting to GPE. Additionally, engagement with grant agents on low reporting levels has resulted in four new SEAH cases being reported to GPE. While reported cases represent only one aspect of a robust safeguarding system, and despite the persistent risk of underreporting by partners, GPE maintains a zero-tolerance policy for SEAH. The Secretariat remains committed to strengthening its PSEAH capacity through a cross-team approach to monitoring and policy implementation, the recruitment of a senior safeguarding consultant to support PSEAH initiatives, and the transition of country-level programmatic and technical PSEAH work to the Gender Equality and Inclusion practice. Since the last report, three misuse cases have been closed, while the Secretariat has received ten new credible cases on misuse of funds, bringing total number of cases under investigation by grant agents to 15.

INCREASE THE EFFICIENCY OF OUR BUSINESS AND OPERATIONS

13. As we see partners being immediately impacted by funding cuts, it is clear that GPE's role and operating model has never been more important. To ensure GPE remains fit for purpose to fulfil its mission in the current volatile environment, we have decided to proactively take action in several areas to mitigate our financial risks and strengthen the efficiency of the Secretariat. Over recent years—and especially during the past six months—we have made significant progress towards a more efficient Secretariat with limited operating costs and continued to explore ways to further reduce costs.

14. **The Operating Expenses budget** for the FY25-FY27 period is expected to stay within 7 percent of total disbursements from the GPE Fund. Disbursements in this period are primarily driven by implementation of existing active grants and remaining grants to be approved under GPE2025. The budget for FY26 reflects priorities for the year around resource mobilization as GPE moves into the replenishment campaign, and implementation of the GPE Forward exercise as disclosed in the staffing plan discussed by the Board in June 2024. The FY26 direct operating expenses budget a less than inflation level of growth from the previous three-year period. Through tight budgetary control in FY25, and an effort to identify savings that could be applied to FY26, and carried forward to FY27, Secretariat's current assessment is that actual direct expenditure for the three-year period will not exceed US$158 million. This will generate a US$4 million saving in direct costs plus close to US$1 million more in World Bank cost recovery charges for hosting over this period. We will continue to strive to make even further savings on direct costs over the course of FY26 and FY27 to reduce that figure further.

15. As part of this FY26 Operating Expenses budget, **variable budgets** in areas not related to GPE Forward and the Replenishment are reduced compared to FY25 levels. That means teams will need to be as economical and efficient as possible on travel, short-term consultant budgets, and use of external firms. Reflecting the

strengthened staff capacity and the need to continue to strive for greater economies and efficiency, the Secretariat has proposed drastic reductions in the budget for short-term consultants with a 22 percent drop from FY25 levels, that is 50 percent lower than in 2023. The core **travel budget** is now 25 percent down from its peak in FY23 levels, with travel prioritized for partner country missions and resource mobilization. With more country focused staff now located in offices closer to their regions, mission costs and carbon footprints will be reduced. There is close scrutiny for the necessity of all travel, with missions, preferably multi-country ones, needing to be planned well in advance to avail of best possible fares.

16. **Staffing** – Over the past few years, we have been making significant investments in our staff and information technology (IT) systems to build our talent and capabilities for the future. Given the increased volatility and recent announcements impacting development finance budgets which creates a higher level of uncertainty on resource mobilization, the Secretariat will not increase regular staffing levels beyond the ceiling set for FY25.

17. **Continued discussions with the World Bank on cost recovery.** Under GPE's hosting Memorandum of Understanding (MoU) with the World Bank, a 17 percent mark-up on direct costs may be applied to cover indirect costs such as the cost of offices, IT equipment and services, security, human resources support, accounting, legal, and external communications services provided by the World Bank. The hosting MoU allows the World Bank to change this policy and GPE was initially informed in 2022 that a 28 percent rate would be applied. This was later lowered to 24 percent and further reduced to 20.48 percent following successful negotiations with the World Bank. The Secretariat continues to engage with the World Bank on this issue as to whether there is scope for further reductions. Per the December 2023 Board decision (BOD/2023/12-01) "that the Secretariat should remain hosted by the World Bank for the foreseeable future on the same terms as the current MOU", the hosting memorandum of understanding between GPE and the World Bank was extended before its expiry and will remain in effect until April 14, 2031.[i]

18. **GPE Digital Transformation Project**, initiated in 2022, remains on track and the first applications are expected by August 2025. The project introduces a new GPE IT services delivery model ("hybrid model"), negotiated with the World Bank Group (WBG) ITS, which grants GPE greater flexibility in identifying its own needs and selecting the most suitable IT solution. This is to be achieved through direct engagement with a long-term strategic partnership with a WBG-approved vendor. At the same time, WBG ITS will continue providing essential infrastructure, hardware, cloud platforms and integration points. The Secretariat has made substantial progress and has conducted a thorough analysis of all GPE business processes, created business process flow maps, collected initial requirements, initiated a new data governance model implementation, and launched a procurement process to select the implementing vendor. The new systems are expected to save significant

staff time that can be focused on supporting priorities and limiting the need for increased staffing levels. Effective change management remains essential to facilitate staff adaptation, ensuring optimal use of these systems to enhance data accuracy, consistency, and operational efficiency.

19. **Managing a reduced aid environment.** Despite the news of funding cuts from our donor partners, there is unprecedented demand for GPE funds, with every system transformation grant eligible country on track to apply by the end of 2025. This high demand combined with recent reductions to donor pledges and increased uncertainty has created a projected deficit in GPE's financial position. Given these circumstances, the Finance and Risk Committee has recommended to the Board to reduce the amount of unfinanced obligations (carryover) from GPE2025 that must be financed from new donor pledges in the 2026-2030 period. The proposed reductions in planned grant allocations, if approved by the Board, will reduce the carryover from US$1.2 billion to US$950 million, will **avoid any disruption to existing (approved) grants** and ensure that affected countries still have significant GPE funds available. Even accounting for proposed reductions, we still expect to approve more than US$1 billion in new allocations between now and the end of this year.

SETTING GPE UP FOR A SUCCESSFUL REPLENISHMENT

20. The need for immediate investment in education is urgent, but the long-term sustainability of education systems depends on integrating diverse funding sources that drive progress toward quality education and contribute to the achievement of other global development goals. GPE's mobilization of resources, including ODA, plays a central role in this approach, not only by directly funding education but also by catalyzing domestic financing and attracting private sector contributions. GPE has long been ahead of the curve in recognizing the limitations of the traditional donor-recipient model, creating an integrated multi-stakeholder financing ecosystem that responds to education's evolving needs and supports lasting, equitable change.

21. **Expanding GPE's resource mobilization capacity.** In December, the GPE Board made the landmark decision to support the creation of an independent non-profit legal entity in Geneva, Switzerland, with the sole purpose to support GPE's mission and objectives. This entity will enable GPE to engage more deeply with companies, foundations, and high-net-worth individuals, complementing the integration of diverse funding streams. The decision to establish this entity has generated strong momentum among private foundations, with several actively supporting GPE through partnership explorations, secondments, and operational advice, further enhancing GPE's resource mobilization capabilities. Since the Board decision, the Ad Hoc working group of the GPE Board, together with the host government, key partners and external professional support worked together to complete the operational, legal and administrative steps required to establish the non-profit legal entity as per the envisaged timeframe, including its governance arrangements, founding

documents in compliance with applicable Swiss laws and regulations, and cooperation MoU between the non-profit legal entity and GPE Board. This initial phase should conclude as planned in June 2025 with the GPE Board's endorsement of the Coordination MoU, following which the entity will be officially incorporated and start operating.

22. **Attracting more diversified sources of financing.** GPE strategically deploys contributions to its Trust Fund, including ODA, to unlock additional resources, catalyzing investments from development finance institutions, the private sector, and philanthropic actors. Through its Multiplier, GPE maximizes these investments, ensuring they are directed toward achieving sustainable system transformation. An independent review found that GPE's programs (worth US$2.57 billion) co-financed by the Multiplier aligned with GPE 2025 priorities, and that co-financers engaged in the Multiplier due to GPE's convening power and coordination. In **Ghana**, a consortium of over 10 private and philanthropic funders (international) led by the Jacobs, UBS Optimus and Botnar foundations have worked with GPE and country partners to match dollar-for-dollar the GPE Multiplier grant for a total combined investment value of US$80 million. This innovative collaboration across private, philanthropy, national and multilateral actors illustrates how country-level public-private partnerships can unlock financing in new ways in support of national education priorities. The initiative, embedded in the Ghana Accountability for Learning Outcomes Project (GALOP) will target low-performing basic education schools, strengthen teaching capacity, accountability, and leadership systems towards stronger outcomes in foundational learning. In **Cambodia**, GPE's US$30 million Multiplier grant leveraged an additional US$60 million in concessional financing from the World Bank to support pre-primary education reforms, particularly for disadvantaged children. This includes ensuring access to at least one year of pre-primary education and establishing a system to assess the quality of learning.

23. Under the current strategic cycle, GPE has mobilized over US$3.7 billion in co-financing from 64 different partners, for 52 countries. This significantly exceeds the initial target of US$3 billion ahead of time. In its June 2024 meeting, the Board reaffirmed its commitment and intent to significantly increase the share of grant resources in the 2026-2030 financing period through innovative financing mechanisms including through the Multiplier to mobilize and scale additional finance for education. An external firm has been contracted to support the research and analysis, informing the recommendations and expanded menu of innovative finance options put forth at the June 2025 Board meeting. These recommendations include innovative finance solutions to mobilize additional resources to support system transformation and tapping into new sources of capital including through mobilizing climate, and domestic financing. Given GPE's strong track record and the likely direction of development financing in the future, the Board's decisions over the

past few years to scale resources for GPE's innovative finance are even more relevant and needed today.

24. **Advocate for sustainable financing for education**. GPE continues to advocate for the prioritization of education in key international forums, ensuring that education remains a global priority. By leveraging on-the-ground investments and the results achieved at the country level, GPE amplifies its impact, making a stronger case for increased financing and policy commitment toward education globally.

25. Over the past period, GPE engaged in key global policy moments, including the G7 Foreign Ministers Meeting, the SDG 4 High Level Steering Committee, Africa Skills Week in Ghana, FLEX Conference in Rwanda, and COP29 in Azerbaijan, advocating for education's critical role. GPE also continued its engagement with key political influencers, such as the African Union and the diplomatic corps in priority countries and worked with member states in New York to advocate for strong language on education financing in the Financing for Development outcome document, to be agreed at the Seville Conference in 2025. At the same time, GPE has focused on elevating the education finance conversation at the country level, particularly with ministries of finance. To this end, GPE launched a study with UNESCO/IIEP to explore effective collaboration practices between ministries of education and finance, ensuring that education financing becomes a priority at the highest governance levels. The study will also contribute to a broader report marking the 20th anniversary of the Paris Declaration of Aid Effectiveness, highlighting the critical need to align education financing with country systems for greater impact.

26. **GPE Technical Assistance Initiatives** are mobilizing partners to provide targeted expertise in important cross-sectoral areas which impact children's well-being and equitable education outcomes. The **Technology for Education Initiative**, in partnership with UNICEF and the EdTech Hub, supports partner countries to strengthen the use of technology to advance education sector reform priorities as identified in partnership compacts and beyond. In **Ghana**, the initiative will strengthen government capacity to use data on the role of technology in foundational learning with a view to improving the coordination of new and existing investments in technology. In **Tajikistan**, the initiative will develop an investment case for a cluster-school approach to increase access to digital education tools and connectivity. In February 2025, the initiative received additional financing from Japan bringing the total of countries to benefit from technical assistance to eight: El Salvador, Guinea-Bissau, Lao PDR, Lesotho, Malawi, and the Maldives in addition to the first two pilot countries. In support of this work, the initiative is exploring the possibility of working with Google to leverage the use of AI for education in Ghana and El Salvador.

27. **Replenishment runway.** GPE is preparing for its next financing campaign, scheduled to culminate in a pledging event in early 2026. The Case for Investment will demonstrate that GPE delivers results, provides good value for money, and is ahead

of the curve in adapting to the evolving landscape of development finance. This replenishment campaign comes at a critical moment for the education sector, with unprecedented demand for financing, but GPE's unique partnership approach, track record, and focus on sustainable financing position fit well to meet these challenges. I am counting on the support of everyone in the partnership for the upcoming replenishment campaign to ensure we secure the resources we need to meet unprecedented demand.

CONCLUSION

28. As we navigate an increasingly complex global landscape, GPE remains steadfast in its mission to transform education systems and deliver lasting results for the world's most marginalized children. The challenges ahead are significant. Yet, they reaffirm the urgency and relevance of our approach: one that is country-led and anchored in strong partnerships. The Board is asked to make important decisions that will enable GPE to maintain its current trajectory while further strengthening its ability to support country partners sustainably and effectively. These decisions include revised allocations to countries; refining GPE's objectives and results framework to focus on what we do best; and agreeing on a menu of options to expand or explore new financing and partnership opportunities. As we are preparing for our next strategic and replenishment cycle, these decisions will respectively improve GPE's operational efficiency and its ability to diversify its sources of funding through the creation of a non-profit legal entity.

29. As we look toward GPE 2030 and prepare for the upcoming replenishment campaign, our resolve must be clear: to mobilize bold, sustained investments; to prioritize our efforts on what we do best - convening partners; leveraging financing; supporting country partners; so as to ensure every child — regardless of circumstance — is learning thanks to a quality education.

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[i] In December 2023, the Board "Mandate[d] the CEO to work with the World Bank to extend the hosting memorandum of understanding before its expiry and without renegotiating the MOU make any necessary procedural updates to reflect agreements reached since it was originally signed." BOD/2023/12-01