

IMPLICATIONS OF HOSTING ECW

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1. EXECUTIVE SUMMARY

The purpose of this assessment is to provide the Global Partnership for Education (GPE) Board with an independent analysis of the governance and operational implications of becoming the host entity for Education Cannot Wait (ECW), as well as to highlight key risks and opportunities of doing so. This assessment is not intended to make a recommendation on whether or not GPE should host ECW. Rather, this analysis provides an objective assessment of the operational implications for GPE to consider as part of a wider set of strategic implications of serving as a host.

Our analysis has not revealed any financial, operational or governance considerations that, at this stage in the ECW design process, would preclude GPE from serving as a host for ECW. However, there would be significant structural and process implications. Although GPE and ECW share a mission of facilitating access to education for some of the most vulnerable young people in the world, ECW's proposed operating model and implied strategic focus differs from GPE's in a few key ways. ECW,

- Focuses a higher proportion (100%) of its operations in more complex and risky countries
- Has an operational model that will involve higher level of transaction costs due to the relatively high complexity of the design of the financing structures and funding mechanisms compared to GPE's current operational model
- Operates with a broader range of grantees, including local NGOs and potentially governments
- Will necessarily look outside of existing education system more than GPE is mandated to
- Has made relatively different decisions about what functions to build up or prioritize (i.e. focus Secretariat more on grant making, support, and fundraising, while leveraging other resources for knowledge creation and exchange, QA, M&E)
- Has an explicit mandate to engage in proactive advocacy across both the development and humanitarian sphere

One way to interpret ECW hosting considerations is to ask whether GPE expands its existing functions to offer an additional set of ECW activities (Scenario A) or evolves into a broader funding platform upon which sit multiple funds (Scenario B). Scenario A, which is resembles the original business case for ECW presented to the Board (BOD/2016/06 DOC 18), could be seen as maximizing potential synergies. However, given the operational differences between GPE and ECW, some variation of Scenario B is more appropriate. In this case, GPE, ECW, and potential other funds could have the necessary differentiation in terms of teams, structures, and processes to deliver on their individual offerings, while still benefitting from the shared services and coordination. This would enable the level of ambition outlined for ECW in the original proposal developed by the Overseas Development Institute (June, 2016) and the most recent operational model as presented to the ECW HLSG (Feb, 2017). Furthermore, Scenario B presents an opportunity for GPE to take a big leap forward in its evolution towards being a truly global platform for financing the transformation of global education, especially for those children whose right to education is at risk due to conflict and protracted crisis.

Ultimately, we would see a GPE hosting arrangement resulting in the 'platform of funds' of Scenario B. However, in the interim, while ECW disbursements and non-financial activities are growing and GPE is evolving its institutional and governance structures, there would be a 'light touch' phase in which the two organizations sit in the same place but are not integrated as in the planned steady-state. Our analysis suggests that incremental resource requirements between the two scenarios would be approximately 2 FTEs; thus, even the savings from increased synergies would not justify selecting Scenario A over B.

IMPLICATIONS

While the GPE Secretariat will benefit from having some of the building blocks in place, including an experienced country support team and technical anchor, a growing knowledge-brokering role, and a strengthened monitoring and evaluation function, significant investments in specialized expertise and additional capacity would still be required across most functions. The ECW country-level model would be largely different from that of GPE, with selection processes diverging, countries engaged changing from year to year, the range of different actors expanding and the majority of on-the-ground support being ad hoc. Knowledge brokering would cover a range of new topics and suitable methodologies. Monitoring and evaluation would occur in new contexts, on shorter timelines, and with new indicators. Donor relations would involve a more intensive level of effort for resource mobilization, given ECW's largely annual fundraising approach. ECW's relatively liberal policies around targeted contributions would impose higher transaction costs on the financial management of the funds. All of these differences would have implications for Secretariat structure and capacity

In the interim, while ECW annual disbursements are ramping up and GPE is establishing the necessary structures and processes, Secretariat operations could be structured in the following way:

- An ECW Director would be hired and an (acting) platform manager would oversee shared functions and platform-wide executive decisions
- Majority of functions would be shared while necessary structures and processes for differentiating country-level grant making are established
- Incremental resource requirements are estimated at 9-17 FTEs, assuming ECW annual disbursements (estimated conservatively at $100m) towards the end of the transition period. These would include:
    - 2-4 in grant management (expected to bring in new humanitarian expertise)
    - 1-4 in fundraising and innovative finance (many of whom are expected to bring new expertise or understanding of previously unaddressed networks)
    - ~1 in knowledge and 1 in M&E (expected to bring in new humanitarian expertise)

In steady-state, Secretariat operations could be structured in the following way:

- A permanent platform manager would oversee shared functions and platform-wide executive decisions
- Many functions would be shared, supporting differentiated country-level functions (e.g. country support, transaction support)
- Incremental resource requirements are estimated at 19-28 FTEs, assuming ECW annual disbursements can be proxied at 50-100% of GPE disbursements (~$250-500m). These would include:
    - 4-7 in grant management (expected to bring in new humanitarian expertise)
    - 4-7 in fundraising and innovative finance (most of whom are expected to bring new expertise or understanding of previously unaddressed networks)
    - ~1-2 in each knowledge and M&E (expected to bring in new humanitarian expertise)

The speed at which ECW will move to a steady state likely depends upon the intended scale up process for ECW operations and disbursements. ECW activities to-date, around initial investments and with $100M don't reflect the level of effort that will be required to scale up operations. It is important to recognize that it will be a fairly steep learning curve required to support current aspirations for ECW.

At the outset of the hosting arrangement, there would also be implications for institutional arrangements – around asset management (how and where funds are held) and the need for a legal entity – as well as governance structures:

- Asset management: options will depend on whether ECW could fall under the same hosting and donor agreements that currently govern GPE operations. If the Trustee deems this possible, GPE could open a sub-account within its current Financial Intermediary Fund (FIF) at the World Bank; if not, GPE would need to open a new FIF, implying additional set-up time of approximately six months and an incremental resource requirement of ~2 FTEs
- Legal entity: Ultimately this decision depends on ECW grantee eligibility. Without its own legal entity, GPE cannot grant directly to governments or smaller local NGOs. An important aspect of ECW's Breakthrough Fund (representing 90-95% of planned disbursements) is the goal to maintain broad eligibility and allow all types of organizations and entities to apply. Given that this tenet was central to many of the stakeholder discussions leading to the proposed operation model, it is a likely that a potential host would need to have a separate legal entity or plan to establish one in the long-run. At GPE, this would imply additional set-up time of approximately nine months to manage the process from beginning to end, and an incremental resource requirement of 1.5 FTEs
- Governance: ECW's proposed governance model calls for an Executive Committee with power over "decisions regarding crisis selection, most investments less than US$20 million, innovative financing mechanisms, and annual budgets" reporting up to the existing ECW High Level Steering Group (HLSG), which will make larger funding and broad strategic approvals. Additionally, the ECW Director would have the autonomy to approve funding below certain thresholds for 2 of 3 funding mechanisms. This represents a significant – albeit warranted, given the nature of ECW grant making – departure from the distribution of powers that currently exists within GPE. Thus, simply expanding the existing GPE Board runs the risk of leaving decision-making roles complex and disjointed, or limiting ECW autonomy to make decisions at different levels of authority. Rather, GPE and ECW could maintain separate Executive Committees (or Boards), while sharing an expanded HLSG. Given the significant overlap between members of the ECW HLSG and the GPE, it would be possible to elevate and expanded cross-fund HLSG that would meet agree on the most high-level decisions relevant to both. However, updating GPE's governance model to accommodate these new bodies will be a significant undertaking.

In November, 2016, the Board also considered Dalberg's capacity review of the GPE Secretariat (BOD/2016/12–DOC 10 B) which had recommendations for the operational changes and additional resources required to deliver on GPE 2020. While it is not possible to go into a similar level of detail on the implications of hosting ECW at this time, two things should be highlighted: (i) many of the recommendations around building out execution capacity, adopting more disciplined approaches to work planning, and investing in information technology and data systems are critical for building a GPE within which ECW can thrive; however, (ii) the capacity required to execute ECW outlined in this report should be seen as necessarily additional to the capacity required to deliver on GPE 2020. While these estimates reflect some synergies between GPE and ECW, particularly across the proposed shared functions and across various country support activities, attempting to establish ECW within GPE with a skeletal team (relative, of course, to annual disbursements and activities planned) could jeopardize the operations of both entities.

Hosting ECW implies some operational risks for GPE, but they can be mitigated and should also be balanced against important risks of not hosting ECW. The GPE Secretariat is already implementing reforms aimed at improving the support it provides to countries and its ability to deliver on GPE 2020. It is also in the process of developing a Financing and Funding Framework (FFF) to allow for more tailored funding and more flexible approaches to attracting finance. Making the necessary investments in Secretariat resources will be critical to ensuring a successful transition of ECW to GPE alongside these existing efforts. Hosting ECW also entails financial risk: donors could divert contributions from GPE's core operations to ECW rather than providing additional resources.

However, it should be noted that this has not been the case for UNICEF, the interim host of ECW, thus far. Moreover, not hosting ECW also risks diversion of funds from GPE. More broadly, an ECW not hosted at GPE risks further fragmenting financing for education in countries affected by conflict and could constitute a missed opportunity for achieving greater coherence between short and long-term term programming.

2. CONTEXT

2.1. ESTABLISHMENT OF ECW

Education Cannot Wait (ECW) – the first and only humanitarian fund for education in emergencies – was launched in May 2016 at the World Humanitarian Summit. The ECW fund is temporarily hosted at UNICEF and a review will take place to determine a permanent host.

In June 2016, the ECW HLSG established a task team to develop ECW's operating model, results framework, governance model and budget. The Task Team has subsequently developed an operating model that includes the design of the funding modalities and a detailed results framework. In addition, the Task Team has developed a governance model and budget. These inputs, which are pending HLSG approval, are used to inform the potential hosting implications outlined in this report.

The first funding for ECW was received in December 2016; initial disbursements will be made in February 2017 (subject to the approval of final proposals and grant agreements.) The ECW Secretariat and Director posts are still under recruitment. The ECW strategy has not yet been developed.[1]

Annex A contains further details of current status of ECW planning.

2.2. PURPOSE AND APPROACH

The purpose of this assessment is to provide the GPE Board and GPE Secretariat with detailed analysis of the implications of hosting ECW. Questions around the broader strategic imperative of whether or not GPE should take on ECW are beyond the scope of this exercise, although the findings can inform these strategic questions.

This assessment has five main analytical components, supported by additional detail in annexes:

- Section 3 defines hosting arrangements in terms of two conceptual scenarios. Under Scenario A, ECW will be initially hosted as an expanded GPE offering. As ECW reaches a 'critical mass' of disbursements (50% or more of GPE's), it will transition to Scenario B under which ECW is hosted as a fund on the GPE platform.
- Section 4 discusses implications across capacity, governance and institutions.
- Section 5 analyzes the start-up and transition implications of GPE hosting ECW.
- Section 6 presents costs of hosting ECW under each scenario, including both recurring costs and transition costs.
- Section 7 details major risks and opportunities for hosting ECW and provides recommendations for how to capitalize on opportunities, mitigate risks, and manage the transition.
- Annexes provide additional detail on context, implications for secretariat operations, assumptions driving secretariat capacity analysis and costing analysis, and analysis of alternative hosting arrangements.

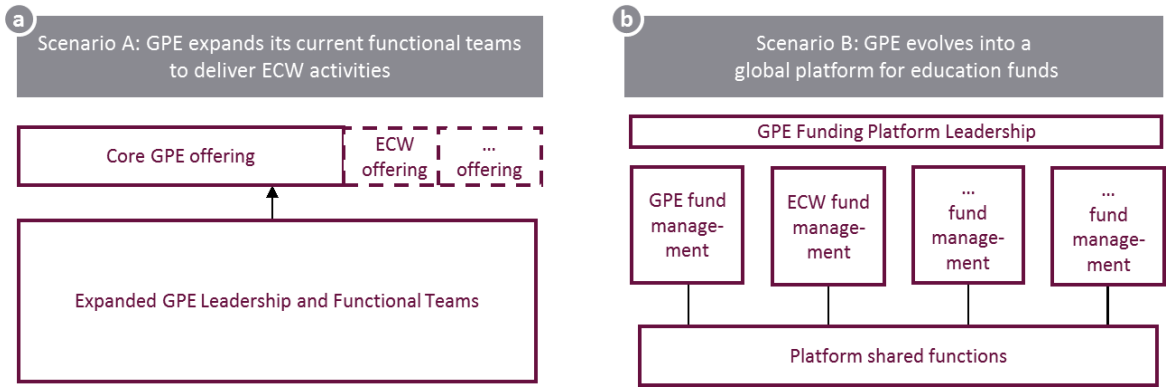
[1] 23012017 ECW Update and Budget Decision

3. OPTIONS FOR HOSTING

The operational implications of hosting ECW will depend on a number of design decisions that are still being finalized. These include the operational coordination between GPE and ECW funding mechanisms, governance arrangements, where and in what form the fund is held what form (asset management), whether a separate legal entity will need to be established, and how functions would be operationalized and managed (Secretariat operations).

As the operational and strategic details for ECW are further developed, there will be multiple potential hosting arrangements. For the purpose of our analysis, we refer to two potential hosting arrangements that have been previously considered, recognizing that the final view may not directly reflect what is presented**.** In Scenario A, existing GPE functional teams, governance structures, and donor and grant agent relationships, among other aspects, would be altered as necessary to manage a larger set of activities (e.g. ECW, in this case). This is an adaptation of the scenario presented in the original business case submitted by the Secretariat (BOD/2016/06 DOC 18). In Scenario B, GPE, ECW, and potential other funds could have some differentiation of teams, structures, and processes as necessary to deliver on their core activities, while still benefitting from the shared services and coordination. This reflects an updated understanding of the identity of and aspirations for ECW, which are likely to warrant a more separate identity in terms of both brand and operations.

Figure 1: GPE as deliverer of expanded activities vs. GPE as global platform for education funds



Analysis suggests that Scenario A is not viable in light of the current proposed ECW operational design and governance structure. Ultimately, the governance structure and Secretariat role required to effectively deliver on the ECW operational design diverge in a few key areas. In the first place, the distribution of decision-making power across the different levels in the governance structure reflect the relative required speeds of disbursement. Country-level engagement differs across the two funds, with ECW prioritizing countries on an annual basis and providing in-country support on an ad hoc basis. This implies a different role and structure for those supporting grant making.

Scenario B would be most aligned to ECW's proposed design and better suited for enabling ECW to realize the ambitions laid out in the original proposal developed by the ODI (i.e. $3.5bn disbursed by Year 5) without being hampered by existing structures and processes.

The following section outlines the hosting implications across a variety of considerations, while supporting the conclusion around the viability of the two scenarios in more detail.

4. HOSTING IMPLICATIONS

The following sections outline implications across the different hosting considerations (i.e. grant offerings, asset management, need for a legal entity, governance arrangements, and Secretariat structure and capacity), not all of which are dependent on the scenarios outlined previously.

4.1. POTENTIAL SYNERGIES ACROSS GRANT OFFERINGS

Given that ECW's ongoing operational design is outlining a fairly distinct grant offering to that of GPE (see Annex A), synergies across the two will be primarily in the form of strategic and operational coordination. It is unlikely that a hosting arrangement would result in many structural changes to grant design, with the exception of a potential structural link between ECW's First Response window and GPE's accelerated fund. This would be true across both Scenario A and Scenario B.

For additional analysis on where coordination would be most necessary, refer to the ECW interface memo also prepared independently by Dalberg (BOD/2017/03 DOC 03 – Annex 4). Relevant sections are attached in Annex F.

4.2. ASSET MANAGEMENT

Unlike other hosting considerations, the options for asset management will primarily be the consequence of other strategic decisions, as opposed to driving strategy themselves. GPE can either create an ECW sub-account in its current financial intermediary fund (FIF) held at the World Bank; or, it can create a separate FIF. The choice will depend on whether the Trustee requires a separate hosting agreement, due to ECW's mandate or fund size, and on whether donors interested in contributing to ECW are willing to do so in accordance with the existing GPE donor agreement. According to the Trustee, any significant discrepancies between ECW and current GPE operations requiring changes to the GPE charter would reduce the likelihood of being able to open a sub-account. Additionally, a separate FIF may be required in the event that ECW disbursements match those of GPE; however, this is not a definite rule and would be subject to further discussions.

In the case of a sub-account, ECW funds are stored in a sub-account of the GPE fund and are subject to the same policies as existing GPE funds. This could require changes to existing GPE agreements, depending on requirements from the donors, but would be the faster of the two options. Because the sub-account would essentially copy existing arrangements, the main additional requirement would be separate accounting and reporting for receipt and use of ECW contributions. Establishing a sub-account would also require amending the GPE contributions and safeguards policies to account for current policies recommended for ECW. Overall, the complexity and duration of the process would depend on the degree of customization required from donors in relation to ECW contributions. If donors were to accept the current GPE Trustee responsibilities and standard terms and conditions as outlined in existing contribution agreements, the process could be expedited.

In the case of a new FIF, the Secretariat would need to facilitate the development of a fund governance document and standard terms and conditions for donor contribution agreements, as well as liaise with the Trustee and donors to facilitate separate individual contribution agreements from those of the GPE Fund. Overall, this option requires the most renegotiation with the Trustee and the most time to execute. The key steady-state implication is increased requirements in terms of financial reporting, with separate reports required for each FIF.

At this time, it is not clear whether a separate hosting agreement would be required. The Trustee would need to be further consulted as the process continues. Additional donor consultations will be required to test whether a different donor agreement would be required.

4.3. CREATION OF A LEGAL ENTITY

Hosting ECW would also require GPE to expand the number and type of grant agents and recipients, and may well require GPE to launch a separate legal entity. Currently, GPE funds are disbursed through accredited grant agents, including multilaterals, bi-laterals, and international non-governmental organizations (INGOs), as per rules for FIFs within the World Bank. Of 54 active Education Sector Program Implementation Grants as of June 30, 2016, the World Bank managed the majority (64.8%), followed by UNICEF (24%), with the remaining managed by DFID, SIDA, UNESCO, and AFD.[2] Implications on the list will depend on the range of grant agents envisioned within ECW (pending approval of the operating model). If the funds are channeled through multilaterals, bi-laterals, and INGOs, which can all be accredited, current GPE requirements would be met. The actors could then work with local implementation partners as sub-grantees, providing oversight and implementation support as required. However, if the intent is for ECW to channel funds directly through local NGOs and other local partners, many of these entities would not meet GPE requirements. Under this approach, a separate legal entity would be required. Furthermore, the GPE Secretariat's oversight and monitoring capabilities would need to be strengthened to properly address this new group. While granting more flexibility, this would entail increased responsibilities: separate rigorous audit, fiduciary risk management, and inspector-general functions would need to be established. Given the high risk nature of ECW grants, operationalizing a new legal entity would be a significant endeavor.

Establishing an independent legal entity would need to be spearheaded by an entity outside of the World Bank system, but with the approval of the World Bank. More specifically, GPE would need to identify a host country willing to provide privileges and immunities for a GPE legal entity. It would also need to confirm that the World Bank would be willing to provide administrative services to the new legal entity (i.e. continue to host a Secretariat) under an administrative services agreement (hosting agreements). Under these conditions, one would not be obligated to re-locate the entire current GPE Secretariat to another country. Both the GPE Board and the World Bank would have to approve of and be fully engaged throughout the process. This would require a significant amount of time on both sides.

As is the case with other implications of hosting, the final decision would need to be considered in conjunction with implications of the newly proposed Financing and Funding Framework.[3] Dalberg will conduct this analysis for the February 2017 Board meeting.

4.4. GOVERNANCE ARRANGEMENTS

ECW's proposed governance model is comprised of a high-level steering group, executive committee, task teams, independent proposal review panel and ECW secretariat. The HLSG is designed to provide political advocacy and strategic oversight and decision making for ECW. Below the HLSG, the Executive Committee supports the HLSG in its operational and fiduciary oversight responsibilities. Given the time-sensitive and time-intensive nature of funding education in emergencies, the Executive Committee will have decision making authority in selection of crises to be funded, approval of investments less than $20M, screening of innovative financing mechanisms and non-traditional contributions, and approval of annual reports and financial statements.

[2] GPE, Portfolio Review, 2016.

[3] See recent Board decisions BOD/2016/06 DOC 15 and BOD/2015/12/DOC 10.

Executive Committee decisions must align with the ECW strategy approved by the HLSG. The executive committee is supported by three task teams and an Independent Proposal Review Panel, to review the technical soundness of proposals for grants and make recommendations on funding in the Acceleration Facility and Multi-Year Window. The ECW Secretariat conducts the core operations of the fund.

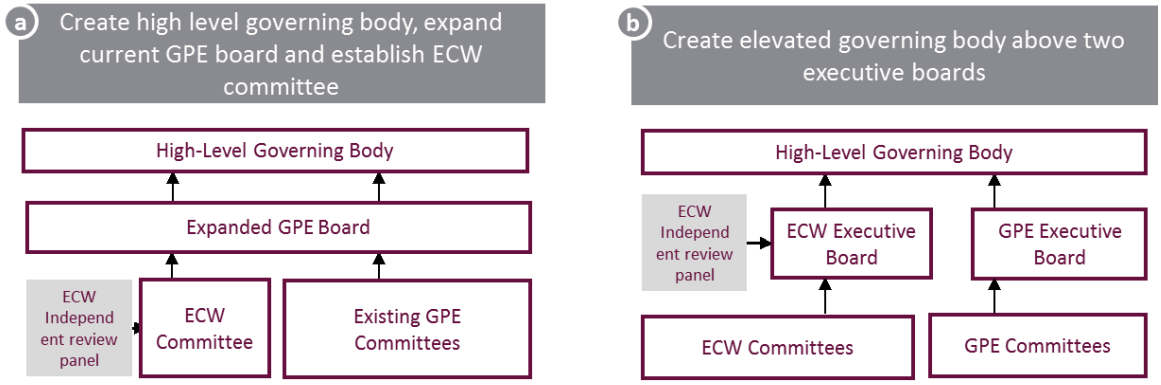
ECW's high level steering group is primarily responsible for oversight and decision making of the fund. While it is smaller in size than the GPE Executive Board, there are overlapping members of the ECW HLSG and GPE Executive Board as demonstrated in *Table 1. Composition of ECW High Level Steering Group (HLSG*). For example, all of the initial donor countries on the HLSG are also represented on the GPE Executive Board.[4] This implies that a shared governance structure between GPE and ECW could be feasible.

Table 1. Composition of ECW High Level Steering Group (HLSG)

Constituency	Representative[5]	Overlap with GPE Executive Board[6]
Chair	UN Special Envoy for Education, Gordon Brown	-
Donor	EU, United Kingdom, United States, Norway, Canada	EU, United Kingdom, United States, Norway, Canada
Beneficiary Country	Minister of Education, Lebanon; Former President of Tanzania	-
Civil Society	Save the Children (alternatively Plan International)	-
Private Sector	TBC	TBC
Private Foundation	Dubai Cares	-
Individual Members	• 3 UN Agency Heads: UNICEF, UNESCO, UNHCR • Chair of the Global Partnership for Education (GPE) • Head of the Inter-Agency Network for Education in Emergencies (INEE)	• 3 UN Agency Heads: UNICEF, UNESCO, UNHCR • Chair of the Global Partnership for Education (GPE

[4] Individual representatives on the GPE Executive Board and HLSG are not the same, but represent the same countries.
[5] See Education Cannot Wait High Level Steering Group Terms of Reference, 27 June 2016
[6] http://www.globalpartnership.org/about-us/board

Figure 2: Scenarios for governance arrangements



Although multiple scenarios have been presented in previous versions of this paper, based on the evolution of the ECW governance model, the most viable option is Scenario B: to create an elevated governing body above two executive boards. As mentioned above, ECW has maintained a high level governing body and executive committee, which suggests that a shared governing body with separate ECW and GPE executive boards would be the most appropriate structure. The high-level governing body would make platform-level decisions (e.g. regarding Secretariat budgets). In adding or modifying constituencies, the high level governing body would need to carefully consider implications on relative levels of democratic representation across the constituencies. In addition, this governance structure requires clearly delineated roles and responsibilities between the Executive Boards and the high level governing body. An MoU would be developed to ensure coordination between the two executive boards.

In Scenario B, separate ECW and GPE executive boards are established to allow each to focus on decision-making for its relevant fund. The ECW Executive Board is comprised of senior-level stakeholders and holds primary decision-making power over ECW political advocacy and strategic oversight and decision making.[7] In addition, the ECW Executive Committee would require sufficient autonomy for separate disbursement processes and timelines to effectively respond to emergencies. The ECW independent review panel would support the ECW Executive Board. The GPE Executive Board reflects GPE's existing governance structure, including its committees.

While previous work considered whether a shared board would be possible (Scenario A), the evolution of ECW's governance model indicates that this option would not be feasible due to different proposed distributions of decision making power across GPE and ECW. It is unclear how these differences would be bridged and, at the very least, this would entail cumbersome governance reviews on top of those that both organizations have just undergone.

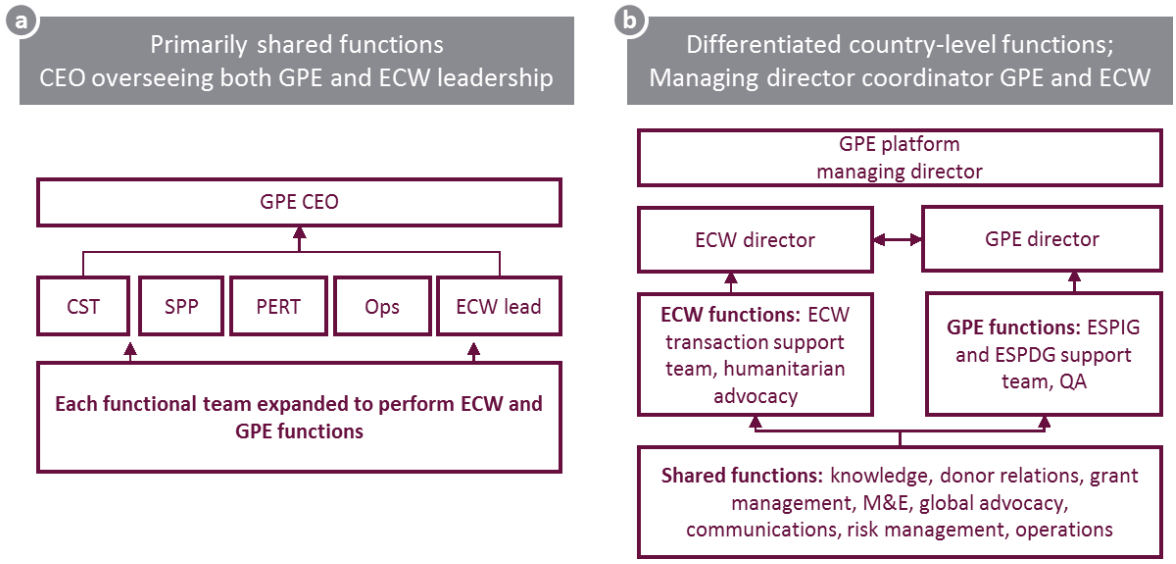
4.5. SECRETARIAT OPERATIONS

Like potential governance arrangements, options analyzed for Secretariat operations were also linked to the two hosting scenarios introduced previously. In the case where ECW is seen as an expansion of the GPE offer (Scenario A), most functions would be shared and an ECW lead would oversee ECW operations and report into the GPE CEO. Were ECW to be seen as a separate fund on the GPE platform, many functions would remain shared; however, those most critical to ECW's separate operating identify (e.g. primarily country-level grant management and advocacy) would

[7] The HLSG is currently charged with overseeing ECW during the interim period. Depending on the wishes of the current HLSG members and other stakeholders, the HLSG could simply evolve into the permanent ECW Executive Board within the new hosting structure. It is also possible that the HLSG's composition could be altered during the transition to a permanent host.

report to an ECW director. The ECW director would have an equivalent GPE director and both would report into a GPE platform managing director.

Figure 3: Options for Secretariat operations and leadership



As previously discussed, Scenario B allows flexibility for different operating models – particularly at country-level – while capturing synergies across less differentiated functions. This is appropriate given grant design and management processes are intended to differ significantly between the two funds. Figure 4 outlines the structural differences between the two scenarios. It adopts a different categorization of functions in order to align with existing ECW plans; the mapping of this categorization to the Secretariat structure approved by the ECW HLSG in June 2016 and key Secretariat activities outlined by BCG in the ECW operating model design is contained in Annex B.

Figure 4. Structural difference between Secretariat functions in each scenario

Function	Scenario A	Scenario B
Front office	None	New platform managing director role created; new ECW director role created, largely focused on political mobilization
Advocacy	None	New small ECW team created (sitting with current GPE team)
Fundraising and innovative financing	Current GPE team (PERT) expanded with new expertise	
Strategy	Current GPE team (SPP) expanded with new expertise	
Grant management	New ECW coordinating team established within CST to manage Breakthrough Fund and within SPP to manage Acceleration Facility; majority of members of Breakthrough Fund team are also CST country leads, while all of members of Acceleration Facility are additional *(note: based on minimal country-level engagement planned for ECW)*	New ECW coordinating team established separate from GPE grant management to manage Breakthrough Fund (to coordinate with relevant GPE CST members); Acceleration facility team established within SPP (alongside KGPE), but communicated externally as a separate team *(note: based on minimal country-level engagement planned for ECW)*
Knowledge	Current GPE team (SPP) expanded with new expertise	
Monitoring & evaluation	Current GPE team (SPP) expanded with new expertise	
Quality assurance and risk management	Current GPE team (OPS) expanded for corporate risk Assumes QA is largely outsourced	
Operations	Current GPE team (Finance and Operations) expanded; Additional capacity may be required if new FIF established (independent of Secretariat operations option)	
Communication	Current GPE team (PERT) expanded	

Structurally, the key differences between the two scenarios are related to the grant management and front office functions, both of which are key to ECW's operations and identity. It should be noted that analysis suggests the difference between incremental resource requirements for the two scenarios would be approximately 5 FTEs; thus, even the savings from increased synergies would not justify selecting Scenario A over B.

IMPLICATIONS

Regardless of scenario, hosting ECW implies a significant shift from GPE's current operations, with the greatest changes in grant making and management, associated country-level engagement, quality assurance and risk management, as well as fundraising and operations. The current proposed operating model design includes multiple new mechanisms, some with several windows. These mechanisms differ from those at GPE in terms of modality, grantee eligibility, and application process. They will be associated with different types and levels of Secretariat support and will generally imply engagement with a broader set of in-country actors, particularly humanitarian actors and civil society. Quality assurance and risk management could also become more important and more involved as a result of these changes, depending how responsibilities are shared between ECW and its grantees.

However, despite the differences in how country-level grant making will work across the two funds, it will be important to consider how best to coordinate engagement with countries given the potential overlap. 28 (54%) of GPE's DCPs classified as FCAS in FY2016. Of those, seven countries experienced an acute crisis during FY2016 with GPE adapting its support to those countries to support them throughout. While 'ECW countries' will be selected on an annual basis

as opposed to being ongoing members of a partnership, making it difficult to assess the exact overlap; 2 of the 5 countries currently planned to receive ECW 'initial investments' in 2017 are also GPE countries.

The donor relationship function would also require a significant increase in work in order to mobilize not just more financing, but a much more diverse and complicated array of financing, including private foundations, blended finance, and other forms of finance that involve very high transaction costs. Finally, while the nature of the operations' teams work may not change drastically, the number of transactions for which it would be responsible could increase significantly due to faster and smaller disbursements, new financing instruments, a larger and more diverse group of grant agents as well as the potential establishment of a new FIF and/or separate legal entity.

Table 2 below summarizes the drivers of change for each function, the key changes, and the extent of the change, in terms of what it would require fully operationalize. Further detail for each function is presented in Annex B.

Table 2: Key changes by function

Function	Driver	Changes
Front office	Leadership	• Need for a new ECW director to be the "face" of ECW in one scenario; at the very least, need to be more visible in the humanitarian space
Advocacy	Messaging	• Shift in content of work to include focus on education in emergencies • Broadening of target audience from development actors to include humanitarian actors
	Partnership	• Broader range of global and, particularly, local partners with which to collaborate
Fundraising and innovative financing (Donor relations and components of finance at GPE)	Quantum	Increased annual disbursement targets and, consequently, more involved replenishment efforts
	Diversification	• Shift from relatively few donors to expanded targeting of private sector, foundations, and high net-worth individuals • Shift from relatively few financing sources being open to sources such as crowd-funding, social impact bonds, and micro-levies (longer-term)
	Format:	• ECW will conduct annual fundraising vs. GPE's current approach to multi-year replenishment campaigns.
Grant management	Grant offering:	• Increased complexity of grant offering (e.g. 4 windows within one funding mechanism) • Shift to include two additional country-level funding mechanisms (one of which is associated with a much shorter timeframe than the ESPIG) and one additional mechanism focused on creation of EiEPC-focused global and regional public goods
	Grantees and implementers	• Shift from small list of grant agents (bi-laterals, multilaterals, and INGOs) to expanded list • Shift in type of stakeholders engaged from mainly working with governments to interfacing with a wide array of actors
	Partners	• Increased importance of collaboration with humanitarian cluster and civil society, given on the ground expertise
Knowledge brokering	Content expertise	• Increased number of areas of expertise to be covered; regularly changing knowledge priorities, depending on countries in which ECW is operating year-to-year, type of grant, and level of support required

	Collaboration:	• Increased collaboration in creation and dissemination of knowledge
Monitoring and evaluation	Indicators:	• New set of outcomes (several of which will be more difficult to collect) to track across broader number of countries • Shift to track short-term as well as long-term outcomes
	Methods:	• Need for faster M&E, given shorter disbursement timelines for some mechanisms / windows; need for modes of operating in data-poor contexts
Quality assurance & risk management		• New types of grants require increased support, processes, and tools • Higher-risk situations mean importance of risk management function
Operations	Institutional arrangements:	• Likely creation of legal entity requiring additional legal and risk resources, in addition to capacity for reporting and accounting • Potential creation of FIF requiring additional reporting and accounting
	Nature of transactions	• More financing sources and funding mechanisms lead to more complex operational procedures • Increased number and type of grant agents to be reviewed and accredited, with possibility of direct disbursement • Shift from longer disbursement timelines to rapid response • Increase in relatively smaller transactions (whether due to current size of ECW, absorption capacity of grantees, or differing needs)

ADDITIONAL CAPACITY REQUIRED

Across all functions, hosting ECW would also require additional capacity. While incremental changes will vary between the two scenarios for Secretariat operations, they will both be based on back office synergies at the very least. As noted previously, these scenarios were developed for the purpose of estimating head count and resourcing implications for the Secretariat. They are not intended to be a precise blue print for how the Secretariat should structure their teams; rather they provide a range of potential resourcing implications under different levels of integration. In the event that GPE does host ECW, we would recommend that the resulting organizational structure be developed by the GPE Secretariat itself once there is greater clarity on the overall size and scope of ECW at that time.

Figure 5 **presents the additional capacity associated with the two hosting scenarios. The differences between the scenarios are driven by (i) the level of integration of functions and (ii) the ECW annual disbursement figures assumed.** As discussed previously, Scenario A is most appropriate in the event that ECW disbursements remain smaller than those of GPE (50% or lower, for the purpose of this analysis). The creation of operational differentiation in Scenario B is most justified when ECW disbursements are approaching or comparable to those of GPE (50% or higher – capped at 100% of GPE disbursements for the purpose of the analysis below).[8]

[8] Assuming GPE annual disbursement of $500M.

Figure 5. Additional capacity required, by scenario

	Interim	Steady State
	Additional capacity (# of FTEs)	Additional capacity (# of FTEs)
Front Office	2	2
Advocacy	1	1
Fundraising and innovative financing	1 - 4	4 - 7
Strategy	0	1
Grant management	2 - 4	4 - 7
Knowledge brokering	0 - 1	1 - 2
Monitoring and evaluation	1	1 - 2
Risk management	0	0
Operations	2 - 3	4
Communication	0 - 1	1 - 2
Total	9 - 17	19 - 28

FIF would imply 2 more people and setting up a legal entity would imply 3.5 more people, per GPE Secretariat recommendation

5. SET-UP AND TRANSITION IMPLICATIONS

ECW will transition from its temporary hosting arrangement to a permanent hosting arrangement at the completion of its model design and strategy process.

Transitioning to a permanent hosting arrangement will require additional capacity and development of new processes. However, the speed at which a new steady state of increased capacity and updated processes should be reached will ultimately depend upon how aggressive ECW plans to be in scaling up operations. The current level of ECW disbursements (~$100M) managed by UNICEF would be possible to host under interim conditions. The need for a shift to a new steady-state hosting arrangement will depend upon how quickly ECW scales up operations and disbursements, which will require new infrastructure and processes to support such a shift. If ECW rapidly scales and starts working with other local NGOs, this will require an accelerated transition to a new steady state scenario hosting arrangement. The overall transition process from interim to steady state hosting is likely take somewhere between six to twelve months, after the hosting decision has been made.

Establishing a permanent hosting arrangement will require sequenced decision making on hosting considerations. The GPE and ECW leadership would shepherd the process with support from an administrative assistant and small transitional team. This team will need to work closely with GPE and the World Bank. As a first step, the team should consider institutional implications of hosting ECW – including whether a FIF or a separate legal entity is required.

Perhaps the most significant initial consideration is the establishment of a legal entity. If finalized plans for ECW require funds to be channeled through multilaterals, bi-laterals, and INGOs, which can all be accredited, current GPE requirements would be met. However, if the intent is for ECW to channel funds directly through local NGOs and other local partners, many of these entities would not meet GPE requirements. Under this approach, a separate legal entity would be required. Aside from ECW considerations, there are already a number of separate issues that may necessitate a legal entity for GPE, for which work is already underway. The legal entity question is unlikely to change between the interim and steady state phases.

Another early institutional question to be answered is that of asset management. GPE can either create an ECW sub-account in its current financial intermediary fund (FIF) held at the World Bank; or, it can create a separate FIF. This would require inputs from donors in a separate FIF and depends upon obligations from the donors. Either options would require modifications to financial reporting systems. As previous discussed, understanding which is officially required would entail further discussions with the World Bank.

In transitioning to a hosting arrangement, a new governance structure would be adopted which would require modifications to the GPE charter. ECW has maintained a high level governing body and executive committee, which suggests that a shared governing body with separate ECW and GPE executive boards would be the most appropriate structure. However, during the interim state, while ECW remains relatively small in size, it is possible that a high level governing body and expanded GPE board could be feasible in the interim. A new structure will require reconsideration of governance processes, particularly representation and voting processes. Initially, interim governance structures will be put in place that will likely overlap with the set-up of a new steady state governance structure.

Integration of secretariat operations would be phased across scenarios. Initially, essentially all functions would be shared. In transitioning to steady state (Scenario B), many functions would

remain shared; however, those most critical to ECW's separate operating identify (e.g. primarily country-level grant management and advocacy) would be separated. Integrating secretariat operations would require the development of joint operating manuals and training on new processes for staff to effectively work together under a new shared structure in addition to a coordinated recruitment process.

Finally, in the transition to a hosting arrangement, GPE and ECW will have to establish how to coordinate across grant offerings. GPE and ECW will need to consider whether emergency offerings can realize more synergies under both hosting scenarios. (See options included in Interface Memo (BOD/2017/03 DOC – Annex 4) and Annex E of this document.)
Table 3 **below provides an illustrative transitional roadmap to a permanent ECW hosting arrangement**. This roadmap incorporates several assumptions.

- **Prior to kicking off the transition process, the roadmap assumes that key decisions preceding a transition would be would be made by June 2017**. The ECW HLSG would decide on the hosting process, and select GPE as a viable host before extending a formal offer for GPE to be a host. During the transition period, UNICEF would remain the interim host and oversee the grants that have already been approved and are in place to avoid any disruption at the grant level until the transition of ECW is complete and new lines of responsibility are clearly delineated under the new hosting arrangement.

- **From a staffing perspective, this assumes that UNICEF will hire a director (for which the process is already underway) before a permanent hosting decision is made**. ECW's director will work in close coordination with GPE secretariat staff and the World Bank as the legal trustee. In addition, it assumes that UNICEF will hire an interim ECW Secretariat and until the ECW Secretariat is fully staffed will continue to rely on voluntary contributions of secondees.

- **Finally, the transitional roadmap functions under the assumption that ECW's operational model is approved by the HLSG**. Proposed timelines are preliminary and subject to change as based on further developments in the ECW fund design, strategy and scale-up plan.

Table 3: Transitional roadmap to permanent ECW hosting arrangement

		2017							2018		
Hosting consideration	Activity	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Hosting decision	HLSG extends formal offer for GPE to be the permanent ECW host										
	GPE Board and World Bank (as legal entity) agree to host ECW										
Secretariat operations and leadership	Assemble a transition team to oversee changes, led by the ECW director with support from the interim ECW secretariat, GPE staff and external consultants										
	Appoint platform manager (GPE CEO could serve as acting platform manager in the interim)										
	Transition interim secretariat staff to GPE										
	Onboard new ECW staff to World Bank system and platform										
	Hire additional, short term GPE staff as interim capacity										
	Develop joint operating manuals to guide integration processes across joint functions										
	Integrate shared GPE/ECW functions (knowledge, donor relations, grant management, M&E, global advocacy, communications, risk management (corporate), operations)										
	Train new staff in ECW Secretariat in functional roles										
	Hire permanent platform manager										
	Hire additional capacity, as necessary in moving towards steady state to reflect increase in activities through increased disbursements										
Asset management	Determine whether a new FIF is necessary										
	If not, begin consultations with World Bank to establish a sub account.										
	Implement required amendments to the GPE contributions and safeguards policies for ECW										
	Establish separate accounting and reporting for receipt and use of ECW contributions										
	If FIF is necessary, obtain World Bank approval to create separate FIF										
	Develop a fund governance document for the new FIF										

	Develop new standard terms and conditions and negotiate donor contribution agreements											
	Modify financial reporting to meet requirements for each FIF											
Legal entity	HLSG decide whether ECW will be operating with INGOs (e.g., UNICEF, Save the Children) or other entities											
	Determine if necessary to launch a separate legal entity due to ECW's intended grant agents											
	If separate legal entity required, identify potential ECW legal sponsors											
	Consult with World Bank on feasibility of continued hosting of ECW Secretariat under potential new legal arrangement											
	Consult internally to determine implications of new legal entity											
	Obtain World Bank approval of conditions for new legal entity											
	Initiate proceedings to establish new legal entity											
	Establish necessary legal and assurance services											
Governance	Establish interim governance arrangements											
	Design new governance structure (considering distribution of decision-making power, and composition / voting rights across the various bodies) for approval											
	Develop MoU to ensure coordination between the two executive boards											
	Establish necessary processes tailored to ECW needs											
	Establish ECW disbursement processes and timelines to effectively respond to emergencies											
	Implement new governance structure											
Grant offerings	Decide whether to implement direct structural link between ECW First Response Window and GPE's Accelerated fund											
	Re-assess conditions for GPE's accelerated funding mechanism, given ECW's First Response Window											
	Establish protocols for communication when GPE and ECW operate in overlapping geographies											

6. COSTS

NOTE: Preliminary costing assumptions, based on ECW operating model.

Hosting ECW would have also financial implications, including recurring costs and transitions costs. Recurring costs are on an annual basis and include four primary cost categories: human capital (comprising staff salaries), operations infrastructure (rent/IT/communications), Secretariat travel and technical assistance, and Trustee costs (comprising financial and program management, investment management, accounting and reporting, and legal services).

The below projected costs are estimates based on the potential of ECW's latest operating model. Separately, an ECW task team is developing its own budget for approval by the ECW HLSG, which is not reflected below.

Figure 6. Recurring costs, by scenario

	Interim		Steady State	
	Min	Max	Min	Max
Human resources				
Front office	$344,379	$344,379	$344,379	$344,379
Advocacy	$103,520	$103,520	$103,520	$103,520
Fundraising and innovative finance	$142,515	$492,070	$492,070	$880,620
Strategy	$0	$0	$142,515	$142,515
Grant management	$198,449	$396,898	$396,898	$737,862
Knowledge brokering	$0	$142,515	$142,515	$285,030
Monitoring and evaluation	$142,515	$142,515	$142,515	$285,030
Risk management	$0	$0	$0	$0
Operations	$183,365	$286,885	$366,730	$366,730
Communications	$0	$79,845	$79,845	$159,690
Human resources total	$1,114,743	$1,988,627	$2,210,987	$3,305,376
Operations infrastructure (rent, IT, communications) total	$89,179	$159,090	$176,879	$264,430
Secretariat travel and technical assistance				
Grant and recipient support	$137,498	$137,498	$183,330	$183,330
Donor outreach	$53,900	$53,900	$107,800	$107,800
Pre-accrediting of grant agents	$58,879	$58,879	$73,599	$73,599
Technical assistance (experts, consulting fees, including M&E support)	$240,000	$320,000	$400,000	$480,000
Secretariat travel and technical assistance total	$490,277	$570,277	$764,729	$844,729
Trustee fees				
Financial and program management	$51,000	$51,000	$204,000	$204,000
Investment management	$35,000	$87,150	$87,500	$175,000
Accounting and reporting	$6,750	$6,750	$27,000	$27,000
Legal services	$19,000	$19,000	$76,000	$76,000
Trustee fees total	$111,750	$163,900	$394,500	$482,000
Total recurring costs	$1,805,949	$2,881,894	$3,547,095	$4,896,535

Figure 7. Transition costs, by scenario

The key transition costs are admin support for the transition lead (likely the ECW director), recruiting costs and external consulting support where necessary. The ECW Director would work closely with the GPE Secretariat and Board to oversee a transition. The below figure describes the costs in each transition scenario. In the interim phase, recruitment fees are lower due to fewer additional staff.

	Interim		Steady State	
	Min	Max	Min	Max
Admin support for transition lead	$55,934	$55,934	$55,934	$55,934
Recruitment	$54,750	$69,350	$91,250	$105,850
Consulting support for advocacy, strategy and communication functions	$45,000	$45,000	$45,000	$45,000
Total	$155,684	$170,284	$192,184	$206,784

7. OPPORTUNITIES AND RISKS

Hosting ECW would present GPE with unique operational, governance and financial opportunities and risks. The following list complements the opportunities and risks presented in the strategic case to provide more detail on key opportunities and risks and guidance on how they can be capitalized on and mitigated, if GPE were to become the permanent host of ECW.

If GPE hosts ECW, there is an opportunity to realize greater operational scale and efficiency through shared functions between the two funds. In particular, there is an opportunity to deliver both funds with greater levels of operational efficacy by leveraging the technical expertise within GPE, and existing processes for grant making and supervision. From an operational perspective, hosting ECW at GPE also presents the unique opportunity of providing countries with a more integrated suite of offerings.

Hosting ECW presents an opportunity for GPE to realize the benefits of an HLSG-level entity in a new governance structure. In this respect, the proposed hosting governance structure with a shared GPE / ECW HLSG presents an opportunity for GPE to have an even more robust set of high level leaders serving as champions for GPE's work. This will be particularly helpful for GPE2020 goals that rely upon high level political support, especially mobilizing more and better financial commitments to education systems.

Finally, hosting ECW would potentially strengthen the case for GPE to explore the establishment of a new legal entity, enabling a broader range of ways of working at the country-level. A new legal entity would expand the possibilities for working with a wider range of in-country entities to implement education initiatives. The efforts to establish and launch this entity could be more tenable if amortized across two major funding structures rather than for GPE alone. In doing so, both funds would then have access to a much more flexible range of operating modalities.

A primary risk of hosting ECW is the possibility of detracting from GPE's core operations. Operationally, hosting ECW presents a near-term risk of diverting GPE staff from other GPE activities during the initial transition phase. This can be mitigated only if GPE has sufficient capacity both to continue its core business and to operationalize ECW. Given that ECW is still evolving, mitigating operational risk also depends on flexibility on the part of GPE. If selected as the permanent host of ECW, GPE needs to be willing and able to adapt designated capacity in response to evolving or newly identified needs.

Hosting ECW also entails increased legal and governance risks, security risks, and personnel risks. An expansion of GPE's work – through ECW – into emergency contexts increases the risk of its operations. Understanding and developing the necessary processes to mitigate this risk requires a sophisticated monitoring and evaluation, quality assurance and risk management functions within the operations and governance processes. GPE would also need to introduce greater technical expertise in the area of best practices for operating in emergency contexts as well as a strengthened understanding of and relationships with local actors involved in emergency preparedness and response.

Hosting ECW also entails financial risk: there is a possibility that donors would divert contributions from GPE's core operations to ECW, **as opposed to providing additional resources**. However, it should be noted that this has not been the case for UNICEF, the interim host of ECW, thus far. Moreover, not hosting ECW could also incur a risk of diversion of funds in additional to greater fragmentation of aid towards education. If GPE hosts ECW, it can work to mitigate this risk

through two main actions. First, it can pursue a strategic approach to resource mobilization that targets new donors and incentivizes them through new financing sources and possibilities for targeting contributions. Second, GPE can implement a strategic contributions and safeguards policy that ensures sufficient funds for GPE core activities.

Finally, hosting ECW entails a risk of generating confusion or misunderstanding of GPE's mission that undermines stakeholders' commitment to GPE. Like capitalizing on the opportunity for increased visibility, mitigating this risk depends on GPE pursuing a strategic communications plan that reassures stakeholders of the continuation of GPE's core model and the added value of hosting ECW.

In the short-term, GPE needs to capitalize on opportunities and mitigate risks through key actions during this transition period, including the following:

- The current HLSG presents an opportunity. As a group of senior-level stakeholders with relevant expertise and knowledgeable about ECW's mission, objectives, and development, the HLSG needs to be actively involved throughout the transition period, regardless of the ultimate governance arrangement.
- Supported by the continued involvement of the HLSG, GPE would need to ensure that grants approved during the transition period are appropriately disbursed and tracked. This may entail the use of ECW's interim processes during the transition period, or may entail increasing GPE engagement on an earlier timeframe, if GPE applies to be and is selected as the permanent host.
- A smooth transition would require dedicated time and effort on the part of GPE's senior leadership and some technical staff. To some extent, this can be mitigated by an influx of surge capacity to manage the transition, but there would still be a significant risk in diverting these staff members' time from other crucial activities.
- A smooth transition depends on ongoing engagement with the World Bank, both to make use of World Bank support and to ensure compliance with all World Bank rules and regulations.

ANNEX A: EXTENDED CONTEXT

Education Cannot Wait (ECW) is a landmark global effort to ensure that some of the world's most vulnerable children – those affected by conflict and crisis – can access their fundamental right to learning and education. 75 million school-aged children and youth are currently not in school due to conflict and crisis.[9] There is an immediate and urgent need to provide educational support to these young people, which ECW aims to address.

ECW is currently managed by a High Level Steering Group (HLSG), hosted at UNICEF. The HLSG is composed of senior-level stakeholders responsible for reviewing and approving the initial pipeline of investments. The HLSG is currently supported by UNICEF, which was selected as the interim host for an approximately one-year period. A process will soon be launched to determine the permanent hosting arrangements. An ECW task team has developed an Operational and Results Framework.

Since ECW's launch in May 2016 at the World Humanitarian Summit, ECW has secured pledges of approximately US$ 113.4 million from ten Contributors and funding has started to flow into an ECW Special Account and to UNICEF through bilateral agreements with some Contributors. This is relative to an annual disbursement target of $153 million in year 1 and $1.5 billion by 2020.

ECW achieves impact through five strategic functions:

- **Inspire political commitment**: Expand political commitment for education in emergencies (EiE), to draw attention, mobilize resources, and support local governments.
- **Joint planning and response**: Promote crisis specific assessments and prioritized multi-year plans to connect interventions, service delivery and government support.
- **Generate and distribute new funding**: Mobilize and disburse additional funding and new investments with an emphasis on additionality and sustainability.
- **Strengthen capacity**: Work with partners to invest in capacity strengthening for response and recovery, and fill the gaps
- **Improve accountability**: Improve accountability and understanding of 'what works' through investment in data collection and analysis

It is key to note that Education Cannot Wait also has a mandate to engage in advocacy aimed at "transforming the delivery of education in emergencies." The proposed ECW operating model states that the purpose of ECW is to "address the $8.5B financing gap necessary to provide education support to the estimated ~75 million children and youth affected by crises worldwide."[10] ECW's ambitious theory of change calls for achieving this goal through the platform's five strategic functions.

The success of ECW will be measured by three core results: (1) Support for children and youth, as measured by the number of children and youth in school or equivalent non-school settings reached with ECW assistance, (2) Financing for ECW including leveraging non-traditional donors, as measured by ECW total funds raised, and (3) Joint coordination and planning to bridge the humanitarian-development divide through, as measured by the number of ECW-supported countries with inclusive, quality humanitarian and development plans. In the longer-term, core results will incorporate greater focus on equity, learning outcomes, and overall funding to Education in Emergencies. This assumes improvement in data collection and measurement capabilities, potentially funded through ECW's Acceleration Facility.

[9] Oversees Development Institute, "Education Cannot Wait: Proposing a Fund for Education in Emergencies," May 2016.
[10] BCG, "170119 ECW Operating Model"

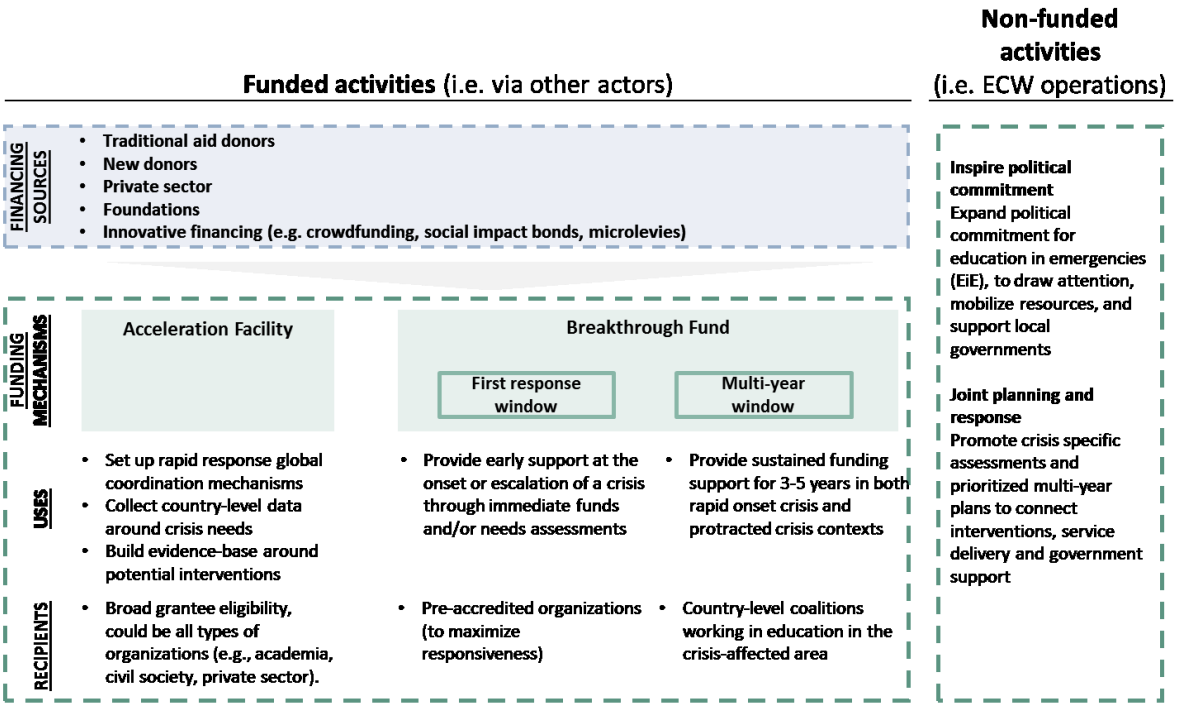
ECW is designed to achieve its objectives through two funding mechanisms: the Acceleration Facility and the Breakthrough Fund, with a cumulative disbursement target of $3.85 billion by 2020.

The **Acceleration Facility** will make targeted investments in global and regional public goods to advance the delivery of high-quality education services in crises, including knowledge brokering functions. Based on current estimates, it will account for ~5 - 10% of the total funding available from ECW.

The **Breakthrough Fund** is designed with two funding windows: the First Response Window and the Multi-Year Window which will cumulatively account for 90 – 95 % of ECW's funding. The First Response Window will provide early support at the onset or escalation of a crisis, and consists of four possible funding modalities: an initial provision of funds to an appeal, matched funding for a coordinated humanitarian response, funding for specific project proposals from pre-accredited organizations, and funding for needs assessments. The Multi-Year Window will provide sustained funding support for 3-5 years to help bridge the divide between acute emergency response and longer-term education systems strengthening work, and to provide multi-year funding in high need, protracted crisis contexts. Funding will be provided to joint proposals developed by a broad coalition of actors, and ECW will provide coalition-building and pre-grant application support to help facilitate the development of these proposals.

ECW will pursue a variety of financing strategies, including but not limited to raising unrestricted grant funding to a pooled fund from traditional donors, non-traditional donor financing, and innovative financing instruments. ECW is committed to leveraging new sources of financing as a core part of its fundraising strategy and its operating model is intentionally flexible to allow for new forms of financing and donor preferences.

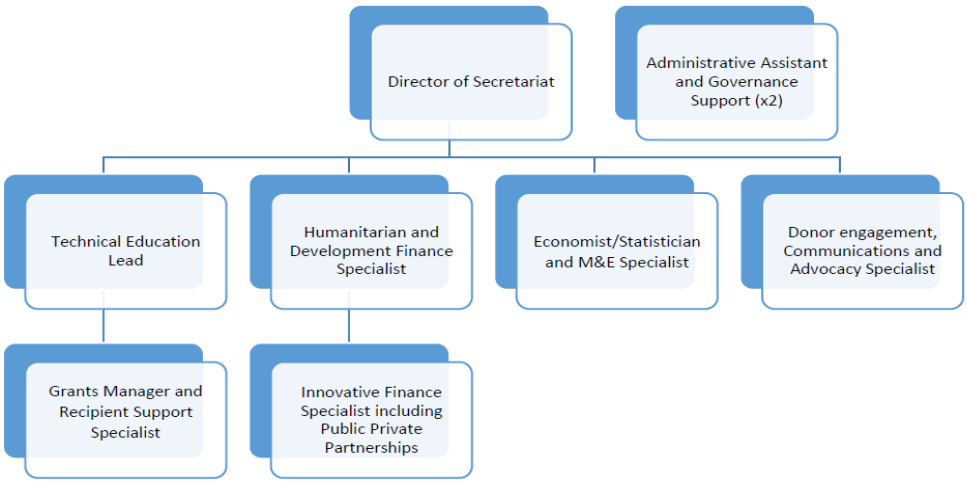
Figure 8. ECW financing sources and funding mechanisms



DEVELOPMENTS AT ECW

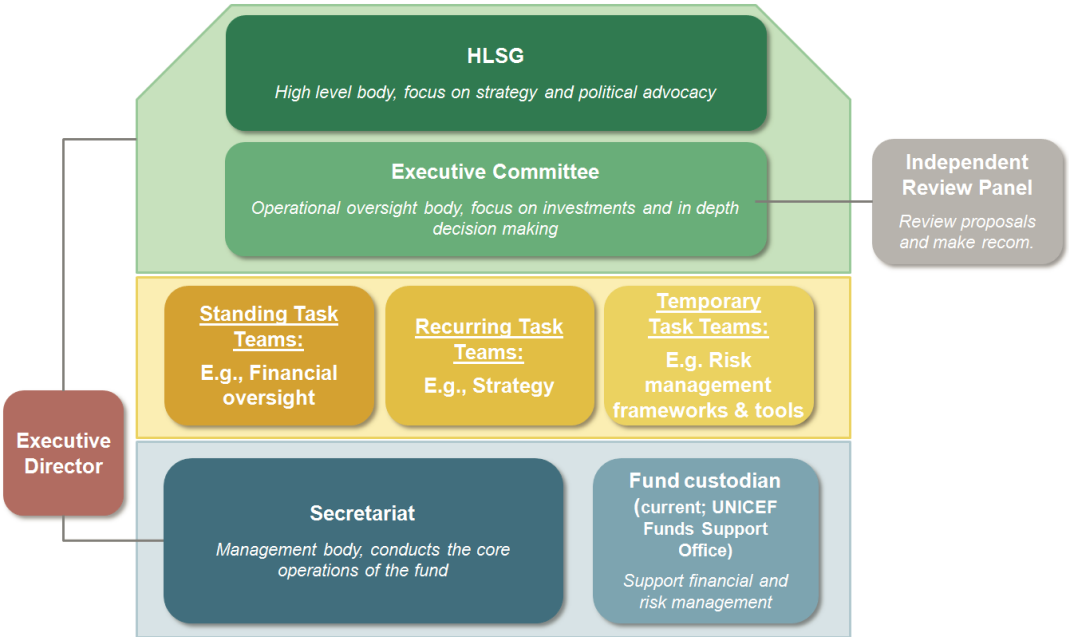
In June 2016, the HLSG approved a Secretariat structure, budget and Director Terms of Reference.

Figure 9. Approved ECW Secretariat Structure (from UNICEF)



In addition, an ECW task team has developed a proposed governance structure, as of January 23, 2017. This proposal includes the establishment of an Executive Committee with delegated authority from the High Level Steering Group, an Independent Proposal Review Panel, one Standing Task Team for financial oversight, one Recurring Task Team for strategy, and one Temporary Task Team for risk management. In addition, it recommends a revision to the current roles of the HLSG and HLSG focal points.

Figure 10. ECW Proposed Governance Structure (from UNICEF)



DEVELOPMENTS AT GPE

GPE has been an active partner in the early work to establish and launch ECW. The GPE Board and Secretariat supported preparatory work leading to the creation of ECW. GPE Secretariat members are serving in interim roles until permanent staff positions are filled. The chair of the GPE Board, Julia Gillard, has been among ECW's key champions.

In order to assess the possibility of hosting ECW, the GPE Secretariat developed an initial business case. Presented to the GPE Board in June 2016,[11] the "Initial GPE Business Case for Hosting ECW" suggested a high degree of alignment between GPE and ECW in terms of mission and theory of change and put forward an operational model for ECW hosted at GPE. The business case also highlighted the high-level changes to GPE's capacity, expertise, and structure that would be necessary to operationalize this model and called for further analysis of what these changes would entail. The Board asked the GPE Secretariat to work with Dalberg Global Development Advisors to test and further build out the key elements of this case. The ongoing development of ECW and GPE's current review of its own operations make the need for this analysis timely.

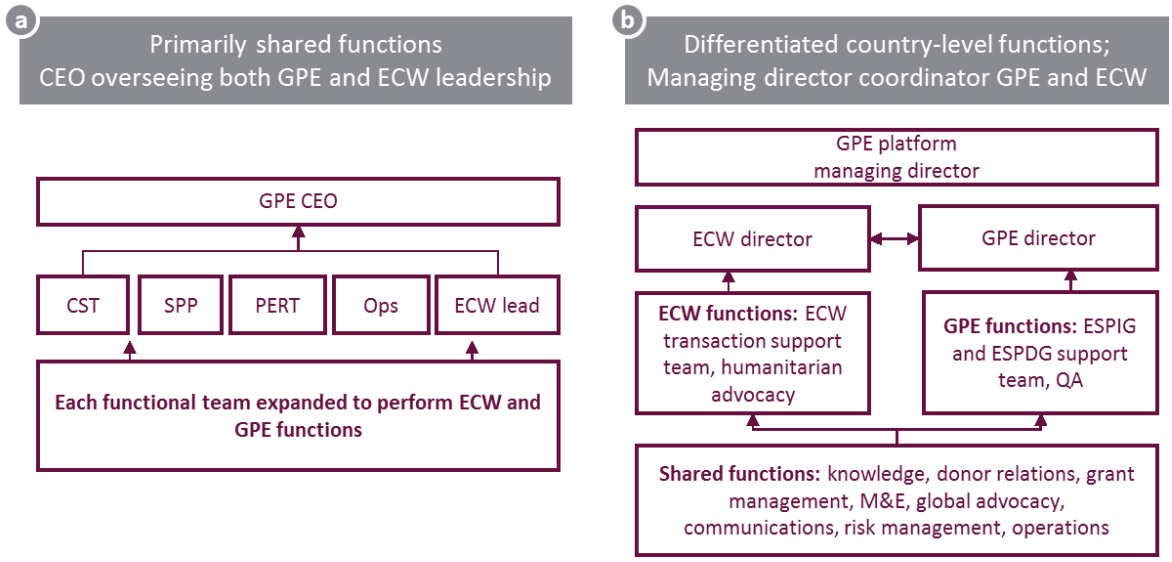
The analysis in this paper, particularly costing assumptions, are based upon the latest ECW operating model and results framework as of January 19, 2017 and is subject to change. Developing a view on hosting requirements may require iteration given that ECW is in its early stages (i.e., currently finalizing an operating model, developing its strategy in the next quarter and likely to learn and alter its own model and strategy over the first few years of operation.)

[11] See BOD/2016/06 DOC 18, June 2015.

ANNEX B: DETAILED IMPLICATIONS FOR SECRETARIAT OPERATIONS

The following sub-sections provide additional detail on the shift in each function, and on the implications of this shift for changes in ways of working and required additional expertise. Where relevant, they also clarify between structural and procedural changes that might differ between the two scenarios presented for Secretariat Operations.

Figure 11: Scenarios for Secretariat and leadership



Please note that the structural implications laid out in this section were developed for the purpose of estimating head count and resourcing implications for the Secretariat. They are not intended to be a precise blue print for how the Secretariat actually should structure their teams. The intention is to show the range of resourcing implications that would exist under different levels of integration and funding. We would highly recommend that a precise organizational structure for ECW hosting arrangements be developed by the Secretariat itself once there is greater clarity on the overall size and scope of what ECW will become.

The table below maps the functional categorization that will be used for analysis in this paper against planned ECW Secretariat activities (as outlined in the operational design work developed by the Boston Consulting Group) and existing GPE teams and sub-teams

Table 4: Mapping of functional categorization to ECW Secretariat activities and GPE (sub-)teams

Categorization used for analysis in this paper	Activities outlined in ECW operational model	Related GPE teams / sub-teams
ECW Director's office	*No reference in plan*	Front office
Advocacy	Political advocacy and external relations	PERT – constituency outreach, PERT – communications (advocacy staff)
Fundraising and innovative financing	Fundraising, and innovative financing	PERT – donor relations, PERT – replenishment, SPP – strategy and policy (for PS/F engagement), OPS – finance
Strategy	Strategy	SPP – strategy and policy (strategy staff)

Grant management	Grant making and management	CST (excluding monitoring unit); SPP – strategy and policy (for KGPE management)
Knowledge brokering	Data and knowledge management	SPP – technical anchor
Monitoring and evaluation	Grant making and management	SPP – evaluation and results, CST – monitoring unit
Quality assurance and risk management	*No reference in plan*	SPP – quality assurance, OPS – finance
Operations	Governance support, budget management, financial and legal compliance	OPS – governance, OPS – budget, OPS – finance, OPS – org/HR/admin, OPS – events management, OPS – IT
Communication	Marketing and communication	PERT – communications

We now provide a more detailed view of structural, process, and capacity implications by functions.

FRONT OFFICE

Hosting ECW would require the hiring an ECW director alongside a GPE director, with a platform managing director overseeing them both.

Type of change	Interim	Steady State
Expertise	The director would need to be someone with strong leadership skills and high visibility and credibility among both development and humanitarian actors, while at the same time being an effective collaborator with the existing GPE leadership team.	
Structure	A platform managing director role would be created to oversee a GPE and an ECW director. Each director would manage its differentiated functions, drawing from the shared functions as necessary. The managing director would be responsible for overseeing the shared functions.	
Process	The hiring of an ECW director would need to be accompanied by clear operational procedures, most notably articulating how to realize the synergies of having two high profile directors under one managing platform director, while at the same time also providing clarity on broad roles and responsibilities. This would be particularly important to delineate when it comes to establishing reporting lines for various ECW Secretariat functional teams. It would also be crucial that the ECW Director is set up in a way that allows him/her to be held accountable for realizing key goals while also enabling him/her to draw on shared resources for key aspects of implementation.	

ADVOCACY AND COMMUNICATIONS

Hosting ECW could imply bringing the necessary expertise and capacity into the current GPE advocacy and communications teams (Scenario A) or creating a separate smaller team for humanitarian advocacy – though not communications (Scenario B).

Type of change	Interim	Steady State
Expertise	There is a unique "space" that the ECW advocacy could "own," centered around the kinds of educational interventions – both policy and programmatic – that best serve the immediate educational needs of children in emergencies while also creating clear transitional pathways so that those needs could be increasingly met by a strong, high quality public education system within host communities over time. Building up the expertise and capacity to have a true impact in this space would require investments both in policy expertise as well as in external relations expertise to effectively elevate these insights to high level political audiences. Secretariat members would need to have access to these networks and the ability to build and maintain relationships within them.	
Structure	While the majority of the advocacy function would sit on the shared platform, ECW would also have its own, smaller advocacy function, which would coordinate with the shared function.	

Process	Even within the shared advocacy and strategic communications function, processes would have to be established to ensure close coordination between GPE and ECW efforts and messaging.	Additional processes will be needed to ensure coordination between the larger shared and the smaller ECW-focused advocacy functions.

FUNDRAISING AND INNOVATIVE FINANCING

The shift in fundraising and innovative financing (equivalent to GPE's donor relations team) would entail an expansion of the number and types of donors, the types of financing sources, and the volume of financing.

Type of change	Interim	Steady State
Expertise	As is required in order to operationalize other functions, networks would be crucial. Staff would need to have knowledge of – and the ability to access – new donors, such as high net-worth individuals, and the know-how to secure commitments from them. The proposed ECW operating model also calls for the exploration of a complex array of innovative finance approaches (e.g. country-specific insurance schemes, development impact bonds, and risk-based financing), which would have additional implications in terms of the need for additional capacity and easy access to qualified external firms for specific transaction support.	
Structure	No structural changes; shared functions would expand to include ECW support.	Shared functions would expand to include ECW support, but be ultimately overseen by the platform managing director
Process	Operationalizing this change would require actively targeting new donors and strategic efforts to do so in ways that avoid diverting financing.	

STRATEGY

The shift in donor relations would entail an expansion of the number and types of donors, the types of financing sources, and the volume of financing, all of which constitute a significant change from GPE's current operations.

Type of change	Interim	Steady State
Expertise	ECW's operational design includes various strategy-setting activities for the Secretariat. As part of an overarching strategic planning process (to occur every 3-5 years), the Secretariat will be responsible for developing strategies to inform the focus, approach, and the crises eligible for selection within each funding window (i.e. first response, multi-year, acceleration facility). The strategy team would need to possess the relevant humanitarian expertise to inform these strategies.	

Structure	Given the timing of the ECW strategic planning process (every 3-5 years), this team would not need to expand to take on these strategic responsibilities; however, it will need to have a composition that allows for the required expertise.	No structural change to the team; team would be ultimately overseen by the platform managing director
Process	Strategy-setting timelines would need to be coordinated so that priorities across GPE and ECW were similarly coordinated. In either scenario, one person (either the CEO or the platform managing director) would ultimately be responsible for signing off on the strategy before it went to the relevant board(s) for approval.	

GRANT MANAGEMENT

As with donor relations, the shift in grant management would stem from an expansion in the number of funding mechanisms, grant agents, and grant recipients, constituting a fundamental change to GPE's current operating model, which largely revolves around one funding mechanism. Hosting ECW would imply either creating an ECW transaction team to manage all of the ECW grants separately (Scenario B).

Type of change	Interim	Steady State
Expertise	The additional expertise required for grant management entails understanding both the new procedures themselves and the type of technical support countries will require in order to prepare applications. Furthermore, members of these team would have to have experience with the operating in high-risk contexts.	
Structure	A larger ECW grant team would be created reporting through a team lead and into the ECW managing director. This team would also leverage the technical anchor within the Secretariat's existing SPP team, although it may hire specialists to sit in the team as necessary.	
Process	As with the establishment of any funding mechanism, new ECW funding mechanisms would require defining new allocation processes and eligibility criteria and developing guidelines and resources to support the grant application process. New processes would be needed to enable rapid disbursements, as well as for grant management, given potentially lower capacity grant agents and higher risk operating environments. The Secretariat would also have to clearly define the working relationship between the ECW transaction team and SPP and related procedures.	

KNOWLEDGE BROKERING

Hosting ECW could imply bringing the necessary expertise and capacity into the current GPE knowledge and brokering teams in the interim, but would require a separate ECW team at steady state, based on the recognition that ECW's knowledge brokering goes beyond evaluating investment opportunities. The knowledge brokering function envisioned via ECW would also have an enhanced role during the in-country work of joint planning and response. The business case and analytical work leading up to ECW's design has highlighted not only a funding gap, but also a knowledge gap in how to effectively bridge humanitarian

and development funding for education, as well as other sectors. This analytical work has revealed that children's educational needs are best met when expertise is infused from the very inception of the humanitarian response, fulfilling emergency needs while also planning for how those children's needs will be met in the years to come.

Type of change	Interim	Steady State
Expertise	Staff responsible for the ECW knowledge brokering would need to be well-versed in relevant theory and practice, including topics such as international humanitarian law and best practices in humanitarian intervention.	
Structure	The teams working on knowledge brokering within GPE's SPP team would expand to include technical support for ECW activities. This may require the creation of a new sub-team to house some activities under the Acceleration Facility.	While it may not be reasonable to set up an entirely new knowledge function to support ECW, different needs at country-level may require that some of the ECW knowledge support sit within an ECW transaction team (which would be responsible for various grant-related activities).
Process	Processes would have to be put in place to manage the allocation of SPP resources to GPE activities vs. ECW activities. While this is generally the case with all shared services, it will be particularly important with knowledge given the heavy demands that ECW activities might make on this function. More generally, the GPE Secretariat may need to adapt its current ways of working to adequately serve ECW knowledge needs, including building relationships with a broader range of potential partners and establishing mechanisms for providing guidance and resources quickly. The latter could possibly be accomplished by establishing a pool of relevant experts on which to draw if there is insufficient in-house expertise on a particular topic in the interim and, potentially, even the long-run.	

MONITORING AND EVALUATION

Hosting ECW would require a shift in the indicators collected, from tracking long-term educational outcomes to incorporating ECW specific indicators into the results framework. ECW's operating model has prioritized three core results (and corresponding indicators) to assess the general success of the ECW platform, particularly in terms of HLSG focus and external communication. These core results and indicators will evolve over time as ECW and its partners invest in improved data for education in emergencies. In the near-term, these are: 1) Support children and youth, 2) Raise funding for ECW, and 3) Bridge the humanitarian-development divide through joint coordination and planning. Over time, there are opportunities for GPE and ECW to coordinate in terms of data collection and management for M&E.

Type of change	Interim	Steady State

Expertise	As with grant management, the shift in expertise would be more minimal, with a need to understand new monitoring and evaluation procedures and how to address the additional challenge of data-poor environments.
Structure	Shared functions would expand to include ECW support, but be ultimately overseen by the platform managing director
Process	Operationalizing an adequate monitoring and evaluation function would entail mechanisms to enable more frequent monitoring – necessary due to shorter timelines for grant disbursement – and processes to obtain accurate data even in data-poor environments. This would build on ongoing efforts to strengthen the M&E function within the Secretariat. In addition, communication of M&E results would require differentiated processes to report of separate indicators.

QUALITY ASSURANCE AND RISK MANAGEMENT

At the corporate level, ECW and GPE would share risk management functions. ECW quality assurance at the grant level would require a more robust function commensurate with the high-risk operating contexts in which ECW will provide funding and specific expertise. ECW's grant level quality assurance function would be outsourced through technical support.

Type of change	Interim	Steady State
Expertise	Given the differences between the grants that ECW and GPE will offer, specific expertise in quality assuring humanitarian plans, needs assessments, etc. would be required. In addition, ECW will need expertise to evaluate risks for a larger pool of grantees that may implement ECW grants	
Structure	No structural changes; shared functions would expand to include ECW support.	
Process	Operationalizing more robust risk management would entail new processes to quickly assess and manage fiduciary risk, as well as mechanisms that can be activated in response to health and security risks for in-country partners. This would build on work around risk being conducted by the Secretariat. From a quality assurance point of view, ECW will develop processes to engage external technical support.	

OPERATIONS

The shift in operations would entail greater complexity of processes, including new reporting and auditing processes and a need for strengthened financial management.

Type of change	Interim	Steady State

Expertise	As with risk management, the current GPE Secretariat has significant relevant operational experience, limiting required additional expertise, provided capacity is adequately increased.	
Structure	No structural changes; shared functions would expand to include ECW support.	Shared functions would expand to include ECW support, but be ultimately overseen by the platform managing director
Process	None	

The Secretariat will also need to consider operations capacity implications of the asset management options, irrespective of how the functions are structured. As discussed previously, establishing a new FIF would require additional capacity to handle the incremental accounting and reporting responsibilities.

ANNEX C: SECRETARIAT CAPACITY ANALYSIS ASSUMPTIONS

The methodology for determining additional capacity required will entail a few key steps:

- Step 1: An ECW pipeline of activity will be determined per annual resource mobilization numbers, used as a proxy for annual number of grants. Scenario A assumes $100M - $249M is disbursed by ECW annually, whereas Scenario B assumes $250M - $500M disbursed by ECW annually.
- Step 2: For each function, either the annual number of grants or the annual resource mobilization target will then be multiplied by relevant ratios, including the number of countries per staff, staff per amount disbursed, and staff per function as a percentage of total staff, where appropriated. Ratios are benchmarked on GPE, the Global Alliance for Vaccines and Immunization (GAVI), and the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM). Where available, specific GPE Secretariat guidance will be used to inform additional capacity required.
- Step 3: In scenarios where functions are more integrated, the additional capacity resulting from Steps 1 and 2 will be scaled down to reflect efficiency gains from leveraging GPE's current structures and resources.

Figure 12. Methodology to derive capacity implications

	Interim	Steady State
	Methodology	Methodology
Front Office	Benchmark on GPE front office, with reduced supporting staff	
Advocacy	Assume shared PERT communications, benchmark on GPE PERT constituency outreach staff	
Fundraising and innovative financing	Benchmark on GAVI and Global Fund, staff required/$mobilized, with reduced effort	
Strategy	No change	Fixed number of staff to lead strategy development every 3 – 5 years
Grant management	• *Breakthrough Fund*: Assume 2 ECW grant proposals per grants disbursed, one staff member per 4 grants • *Acceleration Facility*: Benchmark on GPE SPP KGPE management role	• *Breakthrough Fund*: Assume 2 ECW grant proposals per grants disbursed, one staff member per 4 grants • *Acceleration Facility*: Benchmark on GPE SPP KGPE management role
Knowledge brokering	Benchmark on GPE ratio: countries/SPP technical anchor staff	
Monitoring and evaluation	Benchmark on average of GAVI and GFATM ratios: countries/M&E staff, scaled down	
Risk management	Use GPE secretariat recommendation: no changes in risk management at corporate level	
Operations	Use GPE secretariat recommendation, scaled down for interim state	Use GPE secretariat recommendation expand capacity in program & corporate finance, governance, and budget/business services
Communication	Benchmarked on GFATM and GAVI, communications/$mobilized with reduced effort	
Total	9 - 17	19 - 28

For all ratios, "countries" is proxied by annual number of ECW grants.
FIF would imply 2 more people and setting up a legal entity would imply 3.5 more people (per GPE Secretariat recommendation)

Figure 13: Variables driving capacity

Variable	Value	Source / assumptions
Scenario A: ECW annual mobilization (MIN)	$100,000,000	Minimum ECW disbursement
Scenario A: ECW annual mobilization (MAX)	$249,000,000	Disbursement <50% of GPE annual disbursement
Scenario B: ECW annual mobilization (MIN)	$250,000,000	Disbursement 50% of GPE annual disbursement
Scenario B: ECW annual mobilization (MAX)	$500,000,000	Disbursement equal to GPE annual disbursement
Scenario A: ECW annual grants (MIN)	2	Dalberg estimates, based on interviews with GPE Secretariat (using ratio of 10 grants per $300M disbursed)
Scenario A: ECW annual grants (MAX)	8	Dalberg estimates, based on interviews with GPE Secretariat (using ratio of 10 grants per $300M disbursed)
Scenario B: ECW annual grants (MIN)	8	Dalberg estimates, based on interviews with GPE Secretariat (using ratio of 10 grants per $300M disbursed)
Scenario B: ECW annual grants (MAX)	14	Dalberg estimates, based on interviews with GPE Secretariat (using ratio of 10 grants per $300M disbursed)
GPE annual mobilization	$500,000,000	GPE annual mobilization
ECW applications / grant disbursement	2	Dalberg estimate
Grants reviewed / grant management staff	5	Dalberg estimate
M&E ratio, countries/#staff	4.17	Benchmarked on GAVI and Global Fund, Dalberg analysis
Change in M&E workload	30%	Assume it takes 30% less effort to manage ECW grant M&E process due to overlap with GPE partner countries
Donor relations ratio, staff/$mobilized (in USD, millions)	0.02	Benchmarked on GAVI and Global Fund, Dalberg analysis
Change in donor relations workload if build from existing GPE team	30%	Assume it takes 30% less effort to build from existing team, since this will require pursuing new donors, but will also make use of existing relationships. Institutional knowledge around two things
GPE, countries/SPP technical anchor ratio	6	Dalberg analysis from Assessment 1
Additional staff for operations, risk management	0	Recommendation from Padraig
Front office staff	2	Director, administrative assistant
Support on global knowledge activities	1	Dalberg estimate
SPP people/countries	0.52	Dalberg assessment 1

LINK TO GPE 2020 CAPACITY ASSESSMENT ('ASSESSMENT 1')

The Board will also be considering Dalberg's capacity review of the GPE Secretariat (Assessment 1), which has recommendations for the operational changes and additional resources required to deliver on GPE 2020.

Many capacity additions recommended in Assessment 1 are critical for building a GPE within which ECW can thrive; however, the capacity required to execute ECW should be seen as necessarily additional to the capacity required to deliver on GPE 2020.

Due to increased partnership and external relations capacity in GPE, capacity additions assume that communication functions would be shared, with one additional FTE of capacity required for constituency outreach in both an interim and steady state hosting arrangements.

M&E functions are scaled down by 50% across scenarios to reflect the increased M&E and capacity at GPE's secretariat, from which ECW would also benefit. Similarly, the knowledge brokering function would require scaled down support for knowledge activities, benefitting from strengthened, shared SPP capabilities.

Despite some clear overlap, attempting to establish ECW within GPE with a skeletal team could jeopardize the operations for both entities. Initial estimates suggest that the incremental headcount required for operationalizing ECW within GPE could range from ~10 to ~30 roles, dependent upon the ultimate size of ECW. These could be phased in over a few years.

ANNEX D: COSTING ANALYSIS ASSUMPTIONS

NOTE: Preliminary costing assumptions, based on ECW operating model.

COST CALCULATIONS

The methodology for cost calculations benchmarked on similar line items in GPE's current budget.

Figure 14: Cost calculation assumptions

Cost category	Approach
Salaries	Multiply calculated additional capacity by World Bank salaries, assuming the following breakdown in levels of new staff across functions: • Front office: 50% Director (GI), 50% Analyst (GE) • Advocacy: 100% Senior Professional (GG) • Fundraising and innovative finance: 100% Senior Professional (GG) • Strategy: 100% Senior Professional (GG) • Grant management: 100% Senior Professional (GG) • Knowledge brokering: 100% Manager (GH) • M&E: 100% Senior Professional (GG) • QA and risk management: 100% Manager (GH) • Operations: 100% Senior Professional (GG) • Communications: 100% Senior Professional (GG)
Rent, IT, equipment	• Benchmark on GPE ratio: current rent, IT, equipment costs /staff salaries
Travel and technical assistance	• Benchmark on GPE travel costs for similar objectives • Scale down when functions could leverage existing GPE travel (grant and recipient support, donor outreach) • Benchmark on ECW estimate for consulting support
Trustee Fees	• Benchmark on GPE Trustee fees, reduced in sub account A to assume shared functions • If FIF, scale up GPE Trustee fees due to additional complexity of ECW Fund and additional resources mobilized • Investment management fees benchmarked on GPE, as a % of funds disbursed
Transition	• Benchmark on GPE admin support salary (GC Program/Information Assistant) • Benchmark on GPE recruitment costs, scaling up and down to reflect number of new hires • Benchmark consulting support for advocacy, strategy and comms on ECW interim support budget

These approaches made use of a number of key data points.

SALARIES

Level	Salary	Source
GI	$264,534	• World Bank staff average salary at grade, 2015 • Dalberg analysis, based on list of GPE Secretariat members, 2016
GH	$200,468	
GG	$142,515	
GF	$103,520	
GE	$79,845	
GD	$69,346	
GC	$55,934	
Total	$264,534	

RENT/IT/COMMUNICATIONS

Variable	Value	Source
RENT/IT/Communications / total staff salaries	.08	• Dalberg analysis, based on GPE budget, 2016

TRUSTEE FEES

Variable	Value	Source
GPE Trustee fees: financial and program management	$204,000	• GPE Trustee Fees, 2016
GPE Trustee fees: Investment management (% of disbursements)	0.00035	
GPE Trustee fees: accounting and reporting	$27,000	
GPE Trustee fees: legal services	$76,000	
Increase in Trustee fees for ECW	25%	• Dalberg estimate

ANNEX E: ANALYSIS OF ALTERNATIVE HOSTING ARRANGEMENTS

Alongside the options for hosting arrangements included in the two scenarios, additional options for governance and asset management were considered and deemed to not be viable.

Alternative governance arrangement: ECW is established with decision-making power held by the current GPE Board. The HLSG is composed of senior-level officials, while the GPE Board tends to include stakeholders who represent a range of levels of seniority. This means the HLSG would be unlikely to report to the GPE Board. Additional permutations of this governance arrangement – including the establishment of a technical advisory group to guide the Board, or the partial expansion of the Board to incorporate additional representatives – would be unlikely to sufficiently resolve this concern.

Alternative asset management arrangement: ECW funds are part of the general GPE pool and contributions are designated through notional earmarking. ECW aims to mobilize a substantial volume of resources and build political will around education in emergencies. Notional earmarking occurs on a contribution-by-contribution basis and therefore does not enable the coordinated approach to financing or political mobilization ECW requires.

Establishing ECW through notional earmarking is also only possible if changes to GPE's operating model are relatively minimal, as determined by the Trustee. This would not be the case, with ECW requiring major shifts, including:

- Targeting: At present, donors contribute to the GPE Fund primarily through unrestricted contributions. With the establishment of GPE's Knowledge and Good Practice Exchange (KGPE), notional earmarking (or "soft targeting") became possible, subject to GPE's interim Guidelines, Safeguards, and Procedural Considerations. The Contributions and Safeguards Policy (CSP)[12] is currently under review: if new possibilities for targeted funding are approved by the GPE Board, implementing this option for ECW may be relatively easier.

[12] CSP will be considered by the GPE Board in December 2016 and finalized for adoption in February 2017.

That said, ECW funds would comprise a much larger pool than KGPE funds – and potentially than other funding mechanisms under consideration for targeting – and encompass a number of different funding mechanisms, meaning significant additional changes would be necessary.

- Eligibility criteria: ECW as part of the GPE Fund would require significant shifts in terms of eligibility criteria.

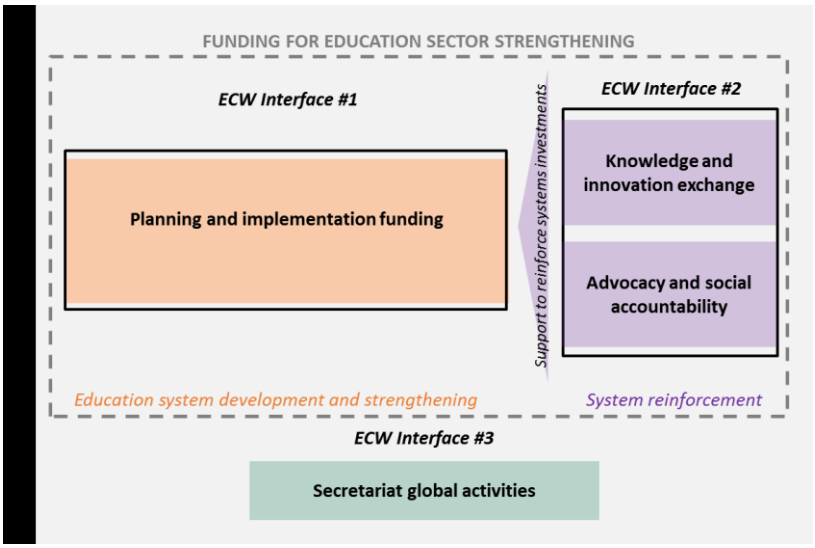
Notional earmarking is also rendered unlikely by the volume of financing. If ECW achieves its resource mobilization target, or even if it achieves a much less ambitious target, its resources would likely exceed those that can be designated through notional earmarking, as determined by the Trustee.

Secretariat operations: Secretariat functions are fully separate or do not reflect logical reporting hierarchies. If Secretariat functions are fully separate, there are no efficiency gains from hosting ECW, completely undermining the strategic case for hosting. Options for the degree of integration are also constrained by the need for logical reporting hierarchies: situations in which Secretariat members cannot be held accountable by their superiors undermine best practice in terms of organizational effectiveness.

ANNEX F: ECW INTERFACE

An ECW / GPE interface is considered across three dimensions: (i) planning and implementation funding, (ii) funding for global and regional public goods, and (iii) global Secretariat operations related to strategy, advocacy, and replenishment.

Figure 15*. ECW and GPE interface along three dimensions*



ECW will have two funds: **The Acceleration Facility** and the **Breakthrough Fund**.

- **The Acceleration Facility** will make targeted investments in global and regional public goods to advance the delivery of high-quality education services in crises. Based on current estimates, it will account for ~5 - 10% of the total financing on the ECW platform. Targeted investments will be made by conducting a focused Request for Proposal (RFP) process informed by ECW's strategy and aligned with ECW's five functions: political commitment, planning and response, financing, capacity, and accountability.

- **The Breakthrough Fund** is designed to account for ~90 - 95% of the total financing on the ECW platform, through two funding windows: the First Response Window and Multi-Year Window.
    - The First Response Window will provide early support at the onset or escalation of a crisis, and consists of four possible funding modalities:
        - An initial provision of funds to an appeal
        - Matched funding for a coordinated humanitarian response
        - Funding for specific project proposals from pre-accredited organizations
        - Funding for needs assessments.
    - The Multi-Year Window will provide sustained funding support for 3-5 years to help bridge the divide between acute emergency response and longer-term education systems strengthening work, and to provide multi-year funding in high need, protracted crisis contexts. Funding will be provided to joint proposals developed by a broad coalition of actors, and ECW will provide coalition-building and pre-grant application support to help facilitate the development of these proposals.

GPE has two funding mechanisms to respond in an emergency setting: **Accelerated funding**, and **grant reprogramming.**

- Through **GPE's accelerated funding** mechanism, countries can draw down up to 20% of ESPIG funds over a one year implementation period to meet immediate needs when a crisis strikes. These funds are only accessible when a humanitarian appeal has been launched and when a country can demonstrate that GPE funds will not displace government or other donor funds.
- In addition to drawing down accelerated ESPIG funds, **GPE grants can also be reprogrammed** to meet emergency needs. Restructured grants can be deployed for direct service provision to address urgent needs.

In addition to these funding mechanisms, GPE provides support through the **Transitional Education Sector Plan (TESP)**, for countries emerging from crisis. A TESP develops a common framework to align governments, development and humanitarian partners in support of education in early recovery activities.

GPE is also exploring options to support DCPs in accessing **risk financing** instruments.[13]

Figure 16. Resources across each interface

	GPE	ECW
Interface #1	• Implementation funding (accelerated funding and grant reprogramming) • Planning funding	• First response window • Multi-year window

Interface #2	• Reinforcement funding
	  ○ Knowledge and innovation exchange
	  ○ Advocacy and social accountability
		• Acceleration facility

Interface #3	• Advocacy, replenishment, strategy (global Secretariat activities)	• Advocacy, replenishment, strategy (global Secretariat activities)

[13] This work is on-going and the Secretariat will provide an update at a future board meeting.

KEY GPE DECISIONS TO BE MADE ACROSS EACH INTERFACE

GPE planning and implementation funding mechanisms and enhancements only represent one set of decisions that need to be made to determine coordination across the three interfaces. This section lays out, at a high level, key decisions for coordination required across each interface, including funding. It proposes rough dates, suggesting a sequencing of decisions necessary to determine an effective interface between GPE and ECW in emergency settings.

GPE Decisions		Approximate date
Interface #1: Planning and implementation funding	**Planning:** • Determine how GPE can tailor processes and/or the support it provides during planning to drive meaningful incorporation of general **resilience and preparedness** measures and refugees in planning	• By January 2018
	Implementation: *Funding* • Decide if GPE is to maintain **accelerated funding** mechanism in geographies where ECW is operating • Agree on conditions for accelerated funding mechanism (e.g., require targeted funding to minimize impact on overall ESPIG funds) • Explore possibility of direct **structural link** between ECW First Response Window and GPE accelerated funding • Determine, for **expediency**, whether GPE resources can provide initial support and be offset by ECW resources in cases where GPE would already have an existing mechanism in place *Functions* • Develop guidelines for how **country-level participating agencies** should coordinate where an ESPIG and the Multi-Year Funding Window co-exist • Explore the feasibility and potential benefits of a **shared data repository for M&E** of GPE and ECW grants, particularly in shared geographies	• By January 2018
Interface #2: Funding for global and regional public goods	**Reinforcement funding:** • Establish a process for **prioritizing areas of shared interest** across ECW's Acceleration Facility and GPE's Knowledge and Innovation Exchange, and coordinating investments accordingly • Determine how the GPE and ECW Secretariats will work together to **align across their respective processes** (e.g., application commissioning phase, grantee eligibility) • Identify additional responsibilities GPE staff may need to take on to **ensure coordination with ECW knowledge management staff** (e.g., share interim updates, joint evaluations of potential public goods investments)	• By January 2018

	**Note*: Decisions on funding for global and regional public goods interface to be decided after the ECW hosting decision in mid-2017, by which point ECW will have developed its strategy	
Interface #3: Global Secretariat activities related to strategy, advocacy, and replenishment	**Strategy, advocacy and replenishment:** • Identify additional responsibilities that GPE staff in SPP may need to take on to ensure **coordination for overall strategy** setting between GPE and ECW on an annual basis • Determine **processes for strategic coordination** across each of the grant interfaces, in terms of strategic planning, crisis selection and maximum funding levels • Determine how GPE's **advocacy and donor relations** teams will interact with ECW's political advocacy and external relations around messaging and relative roles with different stakeholders • Ensure that ECW and GPE **communications** teams **coordinate to ensure consistent outwards messaging**, except in areas where communication efforts are intentionally differentiated and not overlapping • Determine how GPE's **donor relations and replenishment** team will work with ECW's fundraising, financial management and innovative financing team to develop a **common approach and shared messaging** in outreach to shared donors • Determine how GPE and ECW donor relations and replenishment team can **coordinate in establishing relationships with new donors** and attracting other sources of innovative financing **Note*: These mechanisms of coordination will be developed over the 6 – 12 month transition to a permanent ECW host, and may be refined as ECW scales up operations and quantity of funds disbursed	• By June 2018

ECW AND GPE OFFERINGS ACROSS CRISIS NEEDS

Figure 17 provides a snapshot of planned ECW and actual GPE funding options across needs of crises, considering that these needs are not sequential and will often overlap. Additionally, it calls out options for funding for refugee populations, which can often be left out of the national process. This purposely does not explore the specifics of what each might fund, as neither organization sets parameters for this. Nor does it speak to the full range of non-financial support that each can offer. However, it does aim to highlight points at which ECW or GPE involvement and/or collaboration is most appropriate given the financial tools each [will] have to support its grantees.

This figure does not visually reflect proportionality or overall focus of each fund. Specifically, all of ECW's activities are indeed targeted and designed for countries in emergencies and protracted crises. GPE's activities are more broadly focused on systems strengthening and its mechanisms tend to be available options for its country partners but are not necessarily accessed by the majority.

Figure 17: Funding for education across needs of crises; Refugee funding

	Emergency funding across needs of crises						*Refugee funding sources*
Actor	**Resilience & preparedness**	**Early needs assessment**	**Early response**	**On-going response**	**Early recovery**	**Rebuilding**	**Refugee support**
ECW	•*No dedicated funding*, but can disburse funding to support resilience and preparedness of grantees	•First Response Window can fund rapid or comprehensive needs assessments at onset of a crisis	•First Response Window can provide funds at onset or escalation of a crisis	•Multi-Year Window can provide sustained funding for 3-5 years in high need, protracted crisis contexts	•Multi-Year Window can fund early recovery •Acceleration Facility can invest in systems strengthening for recovery	•Multi-Year Window can support early rebuilding efforts	•Strategic focus on refugees and IDPs; thematic fund earmarking allowed for marginalized groups in the Acceleration Fund
GPE	•*No dedicated funding*, but the ESPDG provides financial support to develop credible ESPs or TESPs, which are encouraged to include resilience measures	•*No dedicated funding*, but ESPIG accelerated funding could support an nearly needs assessment if recommended by the education cluster	•*No dedicated funding, but* ESPIG funds available through accelerated funding for up to 1 year (up to 20%) at the discretion of national governments	•*No dedicated funding*, but ESPIG funds can be programmed for on-going response	•ESPDG funds Transitional Education Sector Planning (TESP) which can support countries recovering from crisis •ESPIG funds can be programmed for early recovery	•ESPIG accelerated financing can be used for rebuilding education services •ESPIG funds can be programmed for rebuilding	•*No dedicated funding*, but refugee support could be included in ESPIG

ECW and GPE focus areas and opportunities to fill existing gaps:

- Given the different relative focus of each organization, the fact that they have mechanisms which could channel money to the same needs is not particularly duplicative; but they should remain coordinated should use of GPE's emergency-focus mechanisms increase
- Ultimately, education needs in humanitarian situations remain significantly underfunded, so both should work to expand available resources
- Given GPE's involvement in the education sector planning process, it is well positioned to incentivize resilience and emergency planning before a crisis strikes
- Refugees and IDPs require support in terms of both planning and increased funding; GPE is currently more likely to provide planning support while ECW has a strategic focus on the funding side[14]

POTENTIAL GPE / ECW COMPLEMENTARITY AND COLLABORATION ACROSS INTERFACES

Interface #1

This section presents three hypothetical scenarios to demonstrate how planning and implementation funding might interact under different circumstances. This will not always mean choosing one mechanism over the other; in many cases, particularly where the need is great, it may make sense for both GPE and ECW to provide funding in a complementary manner. This complementarity can be in a variety of forms, including: recipient (whereas GPE works with large, pre-accredited grant agents, ECW may be able to work with a wider variety of implementing partners including local, on the ground, partners), specific activity funded, or timing of disbursements.

The scenarios are illustrative and not an exhaustive list of possibilities.

[14] Currently, GPE ESPIG funding can support refugee and IDP populations, especially in an integrated way that also considers host community needs.

Scenario 1: GPE Partner country experiencing one-off disaster

In this scenario, we imagine that a country receiving GPE support in the form of an ESPIG is hit by an acute, one time crisis. The country launches a humanitarian appeal. ECW provides 'initial provision funds' (small initial provision of funds to a humanitarian appeal at the onset of a crisis) and matching funds through the First Response Window. The country must then consider whether or not to draw down 20% of its ESPIG through its accelerated funds.

Complementarity
Based on current design, GPE and ECW would operate on staggered time frames. ECW's First Response Window will use the 'initial provision of funds' modality, distributed within three weeks, to meet immediate education needs and support upfront costs of establishing an education response. ECW's initial provision funds are intended as a modality to incentivize the inclusion of education in humanitarian appeals. GPE's accelerated funding will be disbursed within eight weeks. Although it might be beneficial to try to structurally link these to mechanisms so that the money could flow even faster, countries could also coordinate the use of each grant based on immediacy of needs. The First Response Window may subsequently provide matching funds when there is likely to be a minimum level of funding flowing to education through a humanitarian appeal, such that matching will be impactful. The accelerated funds from GPE may be sufficient to merit ECW matching funds to meet the full set of emergency education needs, which could be one of several reasons why a country may draw down on its ESPIG.

Collaboration / coordination
From a coordination perspective, a structural link between the First Response Window and ESPIG Accelerated Funding could allow the accelerated funds to flow faster, if needed. In addition, a structural link between the two funding mechanisms could reduce transaction costs on the recipients, as it would allow both sets of funds to be delivered through one channel. The recipients could then direct funds to the most appropriate needs, reducing the transaction costs of on the ground coordinators.

Scenario 2: Country experiencing protracted crisis, with GPE planning support

In this scenario, we assume that a country is in the process of implementing GPE's Education Sector Plan Development Grant (ESPDG) to develop an Education Sector Plan (ESP), or in conflict affected and fragile states a Transitional Education Sector Plan (TESP). While implementing, it becomes eligible for ECW support within the Multi Year Window.

Complementarity
The ESPDG funds activities necessary to develop an education sector plan, including an Education Sector Analysis (ESA). The sector analysis includes context analysis, including demographic analysis, as well as analysis of existing policies, costs and financing, system performance and system capacity and marginalized groups, and is ultimately used as input for an education sector plan. As part of the grant application process, Multi-Year Window proposals require a needs assessment that provides a comprehensive understanding of 3 - 5 year education needs in the crisis-affected area, including the needs of marginalized groups. Multi Year Window grant proposals could benefit from inputs from the ESPDG to inform needs assessments. In addition, the Multi-Year Window funds can complement national government plans to address specific needs identified through the ESPDG.

Similarly, when a country applies to GPE for an ESPDG, it could incorporate any recent needs assessments (e.g., from the Multi-Year Window) in the application as evidence of existing resources that would support ESPDG activities. This would strengthen a country's application.

Collaboration / coordination
Collaboration between the GPE Secretariat and the grant management team at ECW could facilitate the flow of information from ESPDG's to inform prioritization and disbursement of funds in the Multi-Year Window. GPE staff can coordinate with the ECW staff to leverage existing information and relationships for GPE DCPs. Through this interface, the Multi-Year Window funding could be used to address priorities identified in (T)ESPs in protracted crisis situations.

Scenario 3: Country experiencing protracted crisis, with GPE implementation support (ESPIG)

In this scenario, we assume that a country is in the process of implementing a GPE ESPIG during an on-going crisis, and receives ECW funding from the Multi Year Window. The country also elects to reprogram its GPE ESPIG funding.

Complementarity
The ESPIG provides funding to partner countries for the implementation of the national Education Sector Plans, whereas ECW's Multi-Year Window provides sustained funding support for 3-5 years in both crisis contexts. ECW's Multi-Year Window funding is provided to coalitions of actors working in education in crises and aims to improve how work is conducted in the EiE sector, by engaging this broader set of actors. There is an opportunity for the Multi-Year Window to provide additional funding to different actors focusing on a specific response to a crisis, which ESPIG funds may be unable and/or unlikely to support.

Collaboration / coordination
Strategic prioritization upfront between the ECW Multi Year Window and the ESPIG will leave the Multi Year Window funds well positioned to address risks unaddressed by an existing or reprogrammed ESPIG. The GPE Secretariat can communicate awareness of gaps in the ESPIG programming during a protracted crisis to the ECW Multi-Year Window grant management team, with updates as crises experience change.

From an application and selection process, if a country applying for an ESPIG already receives ECW Multi-Year Funding, the country level coalition grantees should participate in the program identification consultation phase, and identify the most appropriate applications of GPE funds.

<u>Interface #2: Funding for global and regional public goods</u>

GPE and ECW both aim to increase the impact of their funding through targeted investments in global and regional public goods, led by the Knowledge and Innovation Exchange (GPE) and the Acceleration Facility (ECW). There is an opportunity for coordination particularly in terms of data gathering to support M&E and accountability. This could manifest in collaboration around or more structured coordination of data sharing between the ECW and GPE knowledge functions to ensure that both organizations can most effectively use the limited data available on education in emergency settings. GPE Knowledge and Innovation Exchange staff should develop and maintain a shared database.

Such coordination would allow both funds not only to increase the use of data to drive learnings and improved results, but also to make available more broadly information on

education in emergencies. In addition, availability of shared data to support M&E functions will reduce the burden and transaction costs for grantees working with GPE and ECW in the same geography.

In addition, GPE and ECW should coordinate on knowledge topics that are developed through public goods and thought leadership. GPE and ECW can collaborate to ensure complementarity of the work funded in this realm, both in terms of areas of shared interest (e.g., vulnerable populations) and separate non-overlapping interests. Coordination of GPE and ECW funding in this space can ensure that all investments link back to coordinated messaging that elevate each fund's respective mission, and shared objectives.

Interface #3: Advocacy, replenishment and strategy

GPE and ECW can amplify each other's voices through coordination across advocacy messages. This would require collaborative strategy setting between the two organizations, both broadly and with respect to specific focus areas (e.g. refugees and IDPs).

In terms of replenishment, coordination when approaching shared donors will benefit both GPE and ECW. The GPE PERT team and ECW's Donor Engagement, Communications and Advocacy Specialist team should maintain a tool to ensure coordination, such as a database tracking conversations to maintain coordinated communication. While there is some overlap in donors, ECW will also be leveraging new forms of financing as a core part of its fundraising strategy.

The SPP team at GPE should maintain communication with the ECW strategy team, remaining abreast of existing and future strategic priorities that will ensure overall complementarity and coordination between the two funds. This may be in the form of meetings at key points (e.g. as ECW develops it's 3-5 year strategy, or as ECW prioritizes countries for engagement) between the strategy leads of each organization.