RESOURCE MOBILIZATION STRATEGIC ISSUES PAPER

For Input

1. PURPOSE

The purpose of this paper is to set out some of the core issues regarding resource mobilization with a view to obtaining feedback from the Board of Directors prior to developing a detailed strategy that will frame the preparations for the next replenishment campaign. Information regarding current and projected funds for the GPE Fund is included in the Report of the Financial Advisory Committee (BOD/2012/11 DOC 07) in the context of the annual review of the indicative allocations for program implementation grants.

2. RECOMMENDED DECISION

This paper is for input only and no decision is being sought at this time from the Board of Directors.

3. BACKGROUND

3.1 The GPE Strategic Plan has as one of its five objectives for the period 2012-2015: "Expand the volume, effectiveness, efficiency and equitable allocation of external and domestic funding and support to education in GPE-endorsed countries". The Strategic Plan makes clear that resource mobilization for education in developing countries, not simply for the GPE Fund, is an important role for the Global Partnership.

3.2 At the Pledging Conference in Copenhagen in November 2011, 60 partners, including 15 donors and 30 developing countries, made financial and policy commitments to expand financing to both the GPE Fund and more broadly to basic education. This followed the earlier decision of the Board of Directors that the pledging event should include more than just a replenishment of the GPE Fund.

3.3 For the GPE Fund, from its inception to November 2011, contributions had just surpassed US$2 billion. Pledges in Copenhagen exceeded US$1.5 billion and the replenishment period 2012 to 2014 is expected to see contributions of over US$2 billion to the GPE Fund. This indicates a significant increase in the current pace of funding for the Global Partnership's own funds compared to its first eight years.

3.4 As is outlined in the latest report of the Financial Advisory Committee (BOD/2012/11 DOC 07), demand from developing country partners for GPE funding is unprecedented. This implies that funding requirements under the next replenishment to the GPE Fund will be significantly greater than US$2 billion. It should be heeded though, that this is in the current context of declining aid budgets.

3.5 The Secretariat is often asked to do more in the area of emerging donors or innovative financing, or raising funds from the private sector. There is also criticism that the GPE Fund is displacing bilateral or multilateral funding.

4. ISSUES FOR DISCUSSION

4.1 There are a number of strategic questions that need to be answered as set out in the foregoing paragraphs.

4.2 Role of the Secretariat: *What should be the role of the Secretariat in resource mobilization for i) the GPE Fund; and ii) broader financing for education in developing countries?*

The Board of Directors has agreed that the Secretariat should seek to raise resources for the GPE Fund and also mobilize other sources of funding for education in GPE developing country partners. It is very difficult to focus on one to the exclusion of the other and the combined approach has been working. In essence, the sources of funding for good education sector plans should not matter, just that it is provided, it is aligned, and that it is increasing. However, this broader scope has implications for resources, for Secretariat resource mobilization capacity, and also requires more sophisticated information on financing.

4.3 Appropriate investment in resource mobilization: *What is an appropriate investment (budget and time) for resource mobilization in the Secretariat?*

Currently, the Secretariat has two full-time equivalent positions focused on resource mobilization, slightly higher than the average of the past 10 months which has been 1.5. Some of the time of the Chair is also dedicated to this task. This compares with around 30 full time staff dedicated to fundraising at the Global Fund. The organizations are very different, in particular the size of the Global Fund Secretariat and the quantum of funds expected, so it is not possible to do direct comparisons, but the appropriate investment in resource mobilization within the Secretariat depends on the scale of ambition and scope of focus as well as the role of other partners.

4.4 Role of other partners: *How should other partners be actively involved in resource mobilization for i) the GPE Fund; and ii) broader financing for education?*

Clearly the Secretariat cannot be solely responsible for resource mobilization. In the lead-up to Copenhagen, CSOs played a critical role in successfully advocating for increases in funding. Given that there were, at the time, some CSO coalitions that were not necessarily fully in support of the Global Partnership, the potential for greater support is very large. Other "funds" make very effective use of champions amongst their primary donors placing political pressure on others. Partner country advocacy is also critical to both increasing overall support and to ensuring that education is given greater priority within existing ODA support. To date, the Global Partnership has not done well at pulling together a comprehensive collective effort in resource mobilization, something that it will have to do quickly.

4.5 Funding substitution: *How much attention should be paid by the partnership to funding substitution and additionality?*

It is difficult to state with accuracy the degree to which GPE funding has displaced other bilateral or multilateral funding. However, it is safe to say that it is occurring. Some bilateral donors have reduced support to basic education, and IDA funding for basic education in Africa has dropped precipitously for many countries with GPE support. Funding by developing country partner governments, on the other hand, has increased impressively, so at that level GPE funding has been additional. Greater analysis of funding trends is required, as well as on the efficiency and effectiveness of that financing.

4.6 Use of other processes: *What other processes can be used to further the education financing objectives?*

The Global Partnership should be more strategic in thinking through how other funding processes can help meet the partnership's funding objectives. The upcoming IDA 17 round is a valuable opportunity to promulgate thinking on questions of overall resource flows, including substitution issues. Similarly, replenishments of other development banks should be seen as opportunities. The current negotiations around the 2014-2020 European Union multi-year funding framework represent another context where the Global Partnership must be more active.

4.7 Emerging donors: *What is the real potential of emerging donor finances?*

Much is made of the potential of emerging donors in terms of an additional funding opportunity for the GPE Fund. For the most part, other global funds have failed to mobilize significant sums from these donors. The Secretariat's experience to date with emerging donors is that there is interest in the partnership, but without the opportunity of country or regional earmarking, the potential is much greater for aligning bilateral flows within a country. This is where the broader mandate of mobilizing additional resources for education is particularly helpful, whereas raising funds specifically for the GPE Fund has limited potential, at least in the short to medium term. Another lesson is that it is necessary to invest time and effort in cultivating relationships and trust.

4.8 Earmarking: *Should a separate fund be considered to capture private sector and private foundation resources? Or should there be earmarking?*

The private sector and private foundations have not contributed to the GPE Fund, in part because of perceptions that it does not provide adequate immediacy and accountability and also has limited focus on innovation. This raises the question of whether a separate fund should be established to attract this source of funding. The potential for raising additional funds could be enhanced if there were mechanisms for earmarking (e.g., fragile states, girls' education, regionally, etc.). However, there are significant drawbacks to such earmarking, which runs contrary to the GPE model. It is also unclear whether such an approach would lead to a major net increase in funding to basic education. If it could be shown that a net increase were possible, then does the anti-earmarking philosophy contradict the aim of maximising funding flows?

4.9 Innovative financing: *What is the potential for sources of innovative financing?*

Some donors, such as France, have long been advocates for innovative mechanisms of financing. France and others in the EU now seem set to introduce a Financial Transactions Tax, though health and climate change have thus far dominated discussion of any proceeds allocated to development activities. Debt swaps are mostly not relevant in GPE countries following HIPC and other debt forgiveness programs. There may be some limited potential for bond issues and the Secretariat will continue to provide input to the investigative work currently being undertaken by others. It is hard to tell what the overall potential of innovative financing might be.

4.10 Accurate data: *How can accurate and adequate data on education financing be assured?*

The latest report of the Strategic Plan Working Group to the Board of Directors (BOD/2012/11 DOC 03) highlights that greater transparency is necessary in terms of all sources of financing for education. To be able to advocate for resources, either globally or by country, much improved data will be required from donors, governments and others. Local Education Groups will need to incorporate sector financing reporting as one of their core functions.

4.11 Next replenishment: *When should the next replenishment event occur, where and with what focus?*

Much work is required in planning for the next replenishment. It will be necessary to avoid close proximity in timing with the Global Fund to Fight AIDS, Tuberculosis and Malaria (end 2013) and GAVI (spring 2014). A host and core sponsors need to be identified early and a full 18 months of preparation and intensive lead-up work will be required. The Secretariat believes that the policy-based approach taken in 2011 worked well and provides a compelling model for the next replenishment period. However, much higher-level political support for this process is needed, both for donor and developing country partners.

4.12 A compelling narrative: *How can the sector develop a compelling narrative about the importance of investment in education when results data is so short?*

From the perspective of resource mobilization, the inability of the education sector to capture outcomes in a manner similar to that achieved in the health sector is a

significant impediment. Greater cooperation between the two sectors is an important priority, both in terms of country level and global programs as well as for advocacy and joint resource mobilization. Sadly, health and education can find themselves competing for similar dollars, especially with declining aid funding. The education sector's narrative is still not sufficiently compelling, and it must invest far more resources to improve its ability to define results and outcomes.

5. IMPLICATIONS FOR SECRETARIAT RESOURCES

Implications for Secretariat resources will depend on the definition of the role of the Secretariat in resource mobilization plus the timing and scope of the next replenishment. Should the Board of Directors agree to a more active role for the Secretariat, consideration of increases to the Secretariat budget may be warranted.

6. NEXT STEPS

Based on comments and guidance received on this paper, a detailed resource mobilization strategy, with budgets and projections, will be developed for consideration by the Board of Directors at its next face-to-face meeting in 2013.