STRENGTHENING THE GLOBAL PARTNERSHIP'S OPERATIONAL PLATFORM – ("WORKSTREAM 1")

For Decision

1. STRATEGIC PURPOSE

1.1. The Board decided in BOD/2014/12-02 to undertake a process to update and adopt a new Strategic Plan for the next period of the Global Partnership for Education ("GPE" or "Global Partnership") work. As input into the strategic planning process, the Board requested that the Secretariat prepare a paper focused on ways of strengthening GPE country level activities. This paper, entitled, "Strengthening the GPE Country Level Operational Platform" is presented in Annex 1 to this paper.

2. BACKGROUND

2.1. At its Strategic Planning Retreat, the Board mandated the Secretariat to develop a paper that would analyze key challenges and propose key opportunities for strengthening the GPE country-level operational model. The attached paper (Annex 1) sets out six major areas for further strengthening. It indicates areas where there is a need for further analysis, and identifies key decisions for the Board.

2.2. At the broadest level, the paper argues that the Global Partnership needs to develop a stronger and more consistent touch at the country level. To do so the Global Partnership will need to consolidate existing improvements, and in some instances invest further, in six key areas:

a. Strengthen the Global Partnership's Contribution to Education Sector Plans and Planning Processes

b. Promote More Inclusive and Evidence-Based Sector Policy Dialogue

c. Address Challenges in Grant Development and Management

d. Scale up Monitoring and Evaluation to Drive Learning and Improvement Across the Partnership

e. Leverage Knowledge and Evidence for Stronger Outcomes

f. Diversify Financing for Lower Middle Income Countries and Fragile and Conflict Affected States

2.3. The Board will be asked to discuss and agree to the broad directions proposed for each of these items. Many of the issues raised in this paper are already being addressed as part of the investments made in the Secretariat at the December 2015 Board meeting. These include strengthening the Secretariat's Quality Assurance, Technical Anchor, Fiduciary Oversight and Country Advisory functions.

2.4. Based on the actions described in Annex 1, additional resources for Items 2.21 to 2.25 might be imagined within the range currently devoted to the GPE Global and Regional Activities program and evaluation functions (e.g., approximately US$35 million over three years). In recognition of the current constraints on the GPE Fund, it is not imagined that all of these resources will come entirely from the GPE Fund. Rather, the paper suggests the Board approve a mechanism for receiving targeted funding from donors for its knowledge building, evaluation and capacity building activities.

2.5. Where the Board has expressed limited consensus or expressed the need for further analysis, in particular regarding Item 2.26 (Diversification of Financing for Lower Middle Income Countries and FCAS), the paper invites the Board to request additional analytic work from the Secretariat in time for the October 2015 Strategic Planning Board Retreat. This work would build on an initial paper prepared for the Governance, Ethics, Risk and Finance Committee and is attached as Annex II to this paper.

3. RECOMMENDED DECISION

3.1 The Secretariat requests that the Board of Directors approve the following decision:

BOD/2015/05-XX—Strengthening GPE's Country Level Operational Platform ("Workstream 1"): The Board of Directors:

1. Broadly endorses the efforts proposed by the Secretariat set out in sections 4.1 and 4.2 in Annex 1 of BOD/2015/05 DOC 05 to strengthen the consistency and effectiveness of GPE processes related to national education sector planning and the implementation of these

plans, and requests the Secretariat to map out the associated actions and the resources needed in an Implementation Plan that will accompany the final Strategic Plan.

2. Emphasizes the need for improvements in the mechanisms used to administer GPE grants at the country level, and requests the Secretariat to undertake an analysis of the role and function of the Supervising Entity/Managing Entity ("SE/ME") within the Global Partnership for presentation at the October 2015 Board meeting. The paper should include:

    a. key actions on how to improve GPE's existing approach of working with SE/ME's as noted in section 4.3a in Annex 1 BOD/2015/05 DOC 05 to ensure more consistency in SE/ME practices and better alignment to GPE country-level processes and goals; and

    b. an analysis of the option of working without an SE/ME in some contexts, addressing the advantages, costs, and risks associated with such a change in the GPE operating model and proposing a timeline for the development of criteria and procedures as noted in section 4.3b in Annex 1 BOD/2015/05 DOC 05, if such an option is deemed acceptable.

3. Recognizes the essential role played by monitoring and evaluation and the need for further investment in this area as noted in section 4.4 in Annex 1 BOD/2015/05 DOC 05, and requests the Secretariat to develop, by the October 2015 Board meeting, a costed plan, with different options (high, medium, low) for supporting:

    a. a common GPE Results Framework;

    b. a comprehensive corporate monitoring and evaluation strategy; and

    c. a package of support for improving national data and monitoring efforts, in particular in the areas of assessing learning outcomes and monitoring sector financing through national education accounts.

4. Recognizes the need for the Global Partnership to play a stronger role in developing and disseminating knowledge across the Partnership on key issues of strategic importance, as identified in the GPE Strategic Plan as noted in section 4.5 in Annex 1 of BOD/2015/05 DOC 05, and requests the Secretariat to develop a five year plan for investing in knowledge, data

and research, including a program to replace the existing Global and Regional Activities, for approval by the Board at its October 2015 meeting.

5. Recognizes the need to seek additional financing for the purposes of knowledge exchange and evaluation (sections 2.2d and 2.2e above), and requests the Secretariat to develop a mechanism that will allow the Global Partnership to receive contributions from its Partners for initiatives related to evaluation, data, and knowledge exchange as noted in section 4.5 in Annex 1 of BOD/2015/05 DOC 05 for approval by the Board at the October 2015 Board meeting.

6. Recognizes the differentiated needs of GPE developing country partners, the opportunities to increase the supply of available resources, and the current challenges in providing sufficient funding to GPE-eligible lower middle income countries (LMICs), and requests the Secretariat to prepare an analysis for the Board meeting in October 2015 of the strategic implications, risks and opportunities associated with the introduction of new financing mechanisms and innovative financing approaches for eligible lower-middle income countries and countries facing fragility and conflict.

4. PLEASE CONTACT Karen Mundy at kmundy@globalpartnership.org for further information.

5. ANNEXES

5.1. This paper contains the following annexes:

Annex 1: Strengthening the GPE Country Level Operational Platform – ("Workstream 1")

Annex 2: Financial Mechanisms (GERF/2015/04 DOC 04)

ANNEX 1: STRENGTHENING THE GPE COUNTRY LEVEL OPERATIONAL PLATFORM – ("WORKSTREAM 1")

1. INTRODUCTION

1.1 The Global Partnership for Education ('Global Partnership' or 'GPE') is a multi-stakeholder partnership that supports the development of equitable and high quality learning systems in low and lower middle-income countries so that all children and youth achieve their right to quality basic education. Throughout 2015 the Global Partnership will develop its new five-year Strategic Plan (2016-2020).

1.2 The Global Partnership has changed enormously since its creation as the Fast Track Initiative in 2002. In particular, following its rebranding as the Global Partnership for Education in 2011, the Global Partnership has improved many aspects of its country-level operations, as well as its governance structures at the global level. It has improved its financing mechanisms, ensuring that allocations are targeted to countries where the need is greatest, and expanded its work in low-income and conflict-affected states. As a result, the Global Partnership for Education has emerged as the fourth largest donor to basic education at a time when other multilateral and bilateral flows for this purpose are in decline. The Global Partnership has also improved the results focus of its financing, by introducing a new funding model in 2014 that is designed to promote strengthened national sector plans, data and financing as well as the achievement of key educational results in the areas of equity, learning and efficiency. Furthermore, in recognition of the need for a stronger oversight across its activities and for enhanced capacity to respond to the technical requests of its partners, the Global Partnership has also invested in a modest expansion of its Secretariat to support the partnership's country-facing activities and processes.

1.3 Nonetheless, there is still a need for further improvement in the Global Partnership for Education's country-level work, especially as Global Partnership prepares itself to deliver on the expanded ambitions for education laid out in the United Nation's Sustainable Development Agenda and the Framework for Action that will be discussed at the Incheon World Education Forum. At the Board's Strategic Planning Retreat in December 2015, key issues related to the consistency and quality of GPE processes at the country level were raised, and a request was made to the Secretariat to develop proposals to strengthen these processes. This paper responds to that request. It incorporates comments received from each of the Global Partnership's Board committees (Governance, Ethics, Risk and Finance Committee; Country Grants and Performance Committee;

Strategy and Policy Committee; and the Coordinating Committee), and it also draws upon an extensive internal mapping exercise carried out within the Secretariat. The paper is organized into four main sections: overview of the Global Partnership's country-level operations and theory of change; roles and responsibilities; key challenges and opportunities.

1.4 At the broadest level, this paper argues that the Global Partnership for Education needs to develop a stronger and more consistent touch at the country level. To do so, the Global Partnership will need to consolidate existing improvements, and in some instances invest further, in six key areas:

1. Strengthen the Global Partnership for Education's contribution to education sector plans and planning processes
2. Promote more inclusive and evidence-based sector policy dialogue
3. Address challenges in grant development and management
4. Scale up monitoring and evaluation to drive learning and improvement across the Partnership
5. Leverage knowledge and evidence for stronger outcomes
6. Diversify the Partnership's approach to financing in lower middle income and fragile and conflict affected states.

1.5 The Board will be asked to discuss and agree to the broad directions proposed for each of these items. Based on the Board's decisions, the Secretariat will draft a three to five year work-plan and estimate of resource implications for delivering on these key items for the October 2015 Board retreat. However, it should be noted that many of the issues raised in this paper are already being addressed as part of the investments made in the Secretariat at the December 2015 Board meeting. These include strengthening the Secretariat's quality assurance, technical anchor, fiduciary oversight and country advisory functions.

1.6 Based on the actions described in this paper, additional resources for Items 1-5 might be imagined within the range currently devoted to the Global Partnership's Global and Regional Activities program and evaluation functions (e.g., presently $35 million over three years), with co-investment from key partners. In recognition of the current constraints on the GPE Fund, it is not imagined that all of these resources will come from the GPE Fund. Rather, the paper suggests the Board approve a mechanism for receiving targeted funding from donors for its knowledge development, evaluation and capacity building activities.

2. THE GLOBAL PARTNERSHIP FOR EDUCATION'S COUNTRY-LEVEL OPERATIONAL PLATFORM

2.1 The Global Partnership for Education's operational platform is built around a unique partnership-based approach. At the global level the Global Partnership aims to promote the coordination and cooperation of developing countries, donors, development partners and other key stakeholders from civil society and the private sector in order to raise international awareness and mobilize predictable international and domestic resources to meet needs in the basic education subsector.

2.2 At the country level (which is the focus for this paper) – the Global Partnership's partnership model focuses on enhancing the capacity of local actors to deliver **four key results** in the **basic education subsector**: **access, quality, and equity,** supported by **stronger and more inclusive education systems**.

2.3 The Global Partnership has three main levers through which it influences and supports the achievement of these key results in basic education. It supports the development of **credible sector plans**; it **fosters inclusive and evidence-based sector policy dialogue** and **mutual accountability** for delivery of key results laid out in the sector plan; and it provides **financing to governments to support improvements in basic education** (including increased government financing**)**.

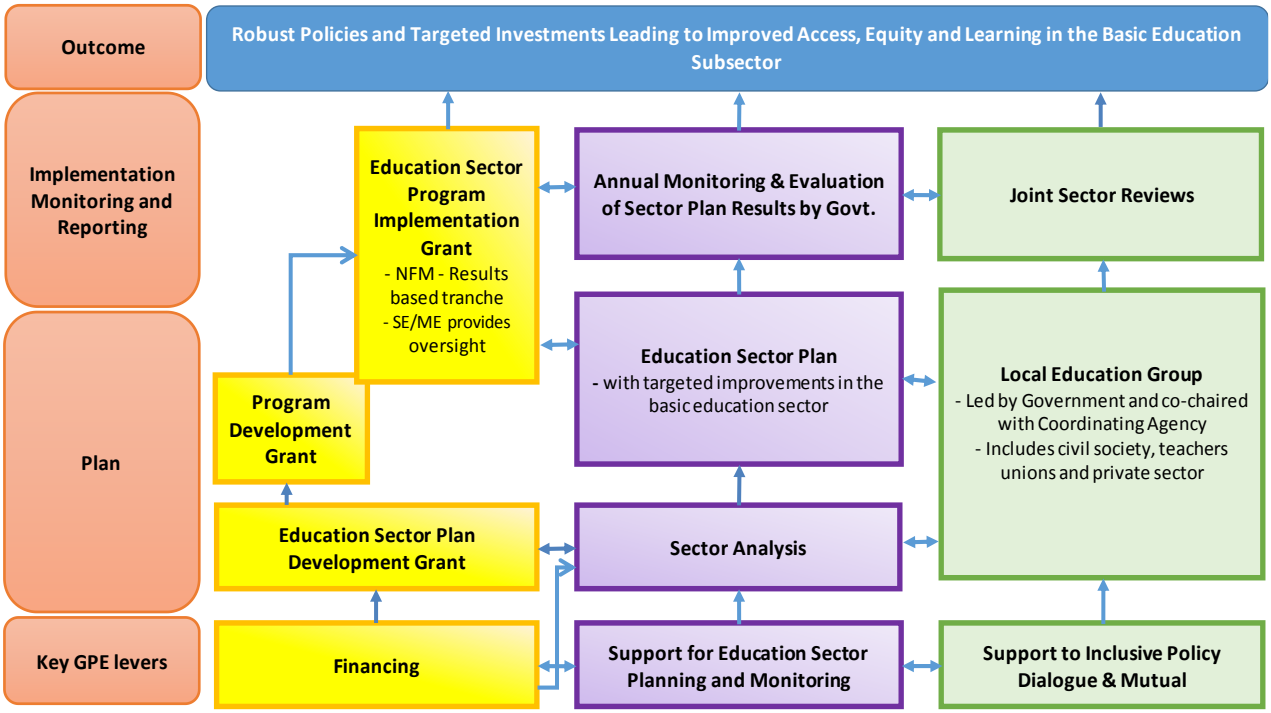
2.4 In order to strengthen national capacity and national systems, the Global Partnership for Education aims to:

- promote and support the development and adoption of **credible country-owned education sector plans** (including through the Education Sector Plan Development Grant, initiated in 2012 and expanded in 2014 with increased financing for education sector analysis);
- foster **inclusive and evidence-based sector policy dialogue,** by bringing diverse actors around the table to support a national education sector plan through an in-country coordination mechanism generally referred as the Local Education Group (LEG);
- provide **predictable financing based on need**;
- use a results-based approach to financing that provides **incentives for countries to meet specific performance criteria** and outcomes (through the New Funding Model adopted in 2014, under which 30 percent of each country's allocation is triggered by achievement of results);

- support **improved collection and use of data and evidence** about what is and is not working in the basic education subsector (including through the requirement for a data strategy in the New Funding Model and through support for its support for education sector analysis);
- promote **greater alignment and harmonization of aid** to basic education at the country level, by encouraging all partners to harmonize their aid around the government's sector plan and strengthening national systems;
- support **mutual accountability and transparency** among key stakeholders at the national level in order to drive better implementation and overall results and performance (in terms of improved financing and achievement of outcomes for children);
- provide **a platform for knowledge exchange across the Partnership** to improve understanding about how to support the development of more effective and inclusive education systems and implement changes in the basic education subsector that achieve stronger educational outcomes for all children.

2.5 The Global Partnership for Education's underlying **theory of change** at the country level is captured in Figure 1 below. The Global Partnership funds sector analysis and the development of sector plans. Under the New Funding Model adopted in 2014, the Global Partnership provides grants that support the implementation of the sector plan with a particular focus on basic education. Seventy percent of the grant is released based on fulfillment of criteria around the sector plan's credibility, financing and evidence-base, while the remaining 30 percent is provided based on the achievement of specific sector results in the dimensions of equity, efficiency and learning outcomes. During the plan implementation phase, the Partnership fosters inclusive and evidence-based policy dialogue and mutual accountability through the monitoring of results.

Figure 1: The Global Partnership for Education's Country-Level Levers and Theory of Change



2.6 Several important assumptions underpin the results chain implied in this diagram:

- Global Partnership funding and the work of country-level development partners (through the LEG) support governments to produce credible, evidence-based and costed education sector plans that target key bottlenecks in the achievement of GPE's access, learning and equity goals in the basic education subsector;
- The Global Partnership's Funding Model leverages stronger policy dialogue focused on critical barriers to the achievement of results, in particular around the dimensions of equity, efficiency and learning outcomes;
- Education sector plans have programs and activities that lead to the achievement of results in the areas of equity, access and learning in the basic education subsector;
- Inclusive and evidence-based policy dialogue enhances the likelihood of implementation and achievement of results by leveraging joint problem solving and mutual accountability.

2.7 The Global Partnership for Education's operational platform does not function in *exactly* the same way in every country since it depends on national capacity and country-specific coordination mechanisms. Since 2010, it has been modified to meet the specific needs of countries that are fragile, affected by conflict, or facing emergencies. For these countries the Global

Partnership supports "**Transitional Sector Plans**" that are modified to the needs and capacities of fragile and conflict-affected states. It also introduced an **accelerated funding mechanism** that allows developing country partners to rapidly access up to 20 percent of their GPE allocation on the basis of an **emergency plan** developed jointly by the Education Cluster and the Local Education Group. Where a government is not recognized by the international community, or when it lacks capacity to implement proposed actions, GPE funds can be channeled through a Managing Entity, capable of directly ensuring the delivery of services and/or making arrangements with other partners for implementation.

3. ROLES AND RESPONSIBILITIES AT THE COUNTRY LEVEL

3.1 At the country level, the Global Partnership for Education's operational platform relies on the government, supported by a range of development partners, to engage at different phases of a national planning cycle. Different stakeholders are expected to make key contributions to the enactment of the Global Partnership's theory of change, anchored in the compact and the partnership principles set out in the GPE Charter. The roles and responsibilities of each partner at the country level is summarized in the Global Partnership's Country Level Process Guide (2012) which is currently under revision to reflect requirement in the New Funding Model.

3.2 The Global Partnership's operational platform is thus delivered through what might be described as a "distributed system", as elaborated in more detail below.[1] Distributed systems offer many advantages – they can leverage existing expertise and resources from heterogeneous partners and they can increase mutual accountability. They do not rely primarily on compliance or contractual relationships. Instead they work by building a common set of expectations and commitments to shared goals, procedures and behaviors. But distributed systems also pose particular challenges related to consistency; coordination of complex transactions where there are multiple stakeholders with competing interests; accountability for performance and outcomes; and ability to steer performance towards mutually agreed results.

3.3 The primary actor in the Global Partnership's country level-activities is the government. But the Global Partnership also recognizes the importance of harnessing partnership to support governments. Thus, the Global Partnership's theory of change relies on the development partners

[1] The term "distributed system" is drawn from the field of information technology, where efforts to promote logical integration of disparate platforms and systems is seen as essential to harnessing the power of big data.

and other local stakeholders to anchor robust sector policy dialogue. These actors are grouped into consultative bodies, known as **Local Education Groups**. Furthermore, GPE presently relies on partners provide direct oversight and supervision of GPE grants – a role labeled "**Supervising or Managing Entity.**" The **GPE Secretariat** and the **GPE Board – in particular the Country Grants and Performance Committee --** also play important roles in quality assurance, grant approval and grant monitoring.

3.4 Below we describe the roles and responsibilities of actors in the Global Partnership's operational platform, and some of the challenges faced in their interactions. (See Appendix 1 for a further description of roles and responsibilities at five main stages of the policy cycle: sector analysis; plan development and appraisal; program development; implementation, and monitoring and evaluation.)

a) **Governments**

All of the Global Partnership for Education's country-level work builds on the **government's** central role in providing sustainable education services**.** In the Global Partnership's theory of change governments take the lead in developing their own education sector plans (ESPs), policies, strategies and programs, and implement these to achieve key outcomes in access, equity and learning. The Global Partnership's role is to strengthen government capacity for planning, implementing and monitoring the ESP and to promote aligned support to the government through the ESP endorsement process. The government is also the primary owner and implementer of GPE financed activities, which support the ESP. The primary accountability of the government is to its citizens; thus adoption of the ESP by an elected government body is the primary process through which an ESP becomes a legitimate national plan.

b) **The Local Education Group**

In the Global Partnership for Education's theory of change, **"Local Education Groups"** (LEG) are central platforms for the partnership at the country level, playing key roles in fostering inclusive education sector dialogue for the development, appraisal and endorsement of sector plans. LEGs are also responsible for producing agreement around GPE grant proposals; monitoring grant and sector performance; and promoting harmonization and alignment of donors behind the sector plan. LEGs vary widely in composition and organization across developing country partners. Ideally, LEGs are led by the government and are supported or co-led by a lead development agency, referred to as a **Coordinating Agency** (CA). LEGs

are (ideally, but not always) comprised of key stakeholders, including representatives from donor agencies, civil society and teachers' organizations, INGOs and the private sector.

Within the **LEG**:

i. **Coordinating Agencies** play a key role by facilitating the work of the LEG under government leadership and serving as a communication link between the LEG and the GPE Secretariat. They also facilitate the LEG in supporting and monitoring the development, appraisal, endorsement, implementation and monitoring of the ESP. Under the Global Partnership' New Funding Model, they also facilitate discussions around the requirements and incentives-based parts of the education sector plan implementation grant (ESPIG). However, Coordinating Agencies receive no funding from the GPE Secretariat and have no formal contractual relationship with the partnership beyond their commitment to the GPE Charter and the Terms of Reference they adopt with their role.[2]

ii. **The Development Partner Group** (DPG) is typically led by the Coordinating Agency, and is responsible for **endorsing ESPs** – which implies that it has formally met to review the ESP and its appraisal report. This endorsement is a signal that the DPG agrees to align support behind the sector plan. The DPG also signs off on applications for GPE grants. The DPG is ideally comprised of all donors, development agencies, and other education partners including civil society; but their composition, technical capacity and procedures vary between countries. There are frequent inconsistencies in their engagement process – related in particular to the political pressure that emerges around acting as both an advocate and a quality assurance mechanism in relation to ESPs and GPE grants. Members of the Development Partner Group may also face dissonance between GPE goals and procedures and the goals and procedures of their own organizations.

iii. During the implementation phase of an Education Sector Plan, the **Joint Sector Review** (JSR) often acts as a focal point for the inclusive and evidence based sector policy dialogue fostered by the LEG. JSR's are typically organized annually or bi-annually by the government in cooperation with the DPG and other stakeholders. They are a key opportunity for strengthening mutual accountability between development partners and government, and for examining progress and bottlenecks and adjusting

[2] See the Global Partnership for Education's Terms of Reference for Coordinating Agency (2012).

implementation accordingly. JSRs vary in form and function across different GPE developing country partners, in particular in the extent to which they are based on evidence, report on progress against key goals in the ESP, and are published. Much could be done to support LEGs seeking to strengthen JSRs.

c) **Supervising and Managing Entities**

The Global Partnership for Education also relies on partner organizations to play the role of **Supervising or Managing Entities** (SE/ME), to provide country-based monitoring and oversight of its two main grants (the Education Sector Plan Development Grant and the Education Sector Program Implementation Grant). Selection of the Supervising Entities, their key roles, and the way this relationship is managed are described below.

A **Supervising or Managing Entity** is a development partner organization[3] that acts as financial intermediary for GPE grants. It is typically a major development partner to the education sector. SEs are responsible for monitoring the implementation of GPE grants, providing fiduciary oversight, and ensuring that governments report on outcomes from the grants and that these outcomes are transmitted to the GPE Secretariat and Board. MEs take a more hands-on role in implementation in contexts of limited capacity—sometimes implementing directly and sometimes sub-contracting implementation. SE/MEs are expected to report routinely to the LEG on progress. They are also expected to work towards greater use of aligned modalities in delivery of their financing[4]. There is currently no guidance around SE/MEs responsibility for representing the common principles and priorities of the Global Partnership in policy dialogue with the government, nor are there clear expectations of its responsibilities for reporting to the Local Education Group.

Development Partner Groups play a central role in the **selection of Supervising or Managing Entities for GPE grants** – though this is ultimately a government decision. According to GPE guidance, the Development Partner Group is responsible for establishing

[3] In addition to multilateral and bilateral partners, international NGOs are also eligible to become Supervising and/or Managing Entities following completion of an assessment process. The Board approved in December 2014 (BOD/2014/12-10) the following organizations: Save the Children US, Save the Children UK, Concern Worldwide, and Global Campaign for Education (for Civil Society Education Fund only) as eligible Supervising and/or Managing Entities. Additional organizations interested in becoming eligible can contact the Secretariat to discuss the process.

[4] In practice most SE/MEs have continued to use project-type modalities, and the GPE Secretariat has no process for moving its major SE/MEs towards use of country systems, besides facilitating discussions and requesting justification during the grant development process.

criteria for selection based on the Global Partnership's SE/ME Terms of Reference,[5] and for ensuring a sound and transparent process is used to recommend a specific agency to play this role. In practice this process is inconsistent across countries—in many countries there is only one SE/ME option available, which can limit possibilities for identifying the most appropriate financing modality; and in some countries where there is more than one option, political tension around the selection can arise.

What about quality assurance and performance of the SE/ME itself? The SE/ME relationship with the Global Partnership is primarily governed through a fiduciary agreement between the Trustee and the SE/ME. Development, implementation and reporting on activities is based on SE/MEs own procedures, although the Secretariat is currently piloting minimum reporting standards for SE/ME's at the Board's request. To date, the Global Partnership for Education has not developed routine procedures for monitoring the performance of the SE/ME. However, suggestions made by Board committees indicate a strong Board appetite for the introduction of a "framework agreement" with each SE/ME which could include joint commitment to common principles, a description of the value-added "offer" made by the individual agency, expectations for routine reporting to LEGs and the Global Partnership more broadly, and procedures for routine, transparent review of performance of SE/MEs by the partnership.

d) **The Global Partnership for Education's Secretariat and Board**

The GPE Secretariat has developed significantly since 2010, and now plays an important role in supporting country-level partners throughout the policy cycle. In relation to the policy dialogue fostered by the LEG, the Secretariat is now able to participate more consistently in discussions around the preparation of the sector analysis and sector plan. In accordance with its mandate, the Secretariat supports country level processes by creating various guidelines including country-level processes, terms of reference for SE/MEs and CAs, grant guidelines, and (in collaboration with UNESCO IIEP and other partners), sector planning guidelines and tools. The Secretariat has also begun to develop a more systematic way of monitoring the quality of its support to country processes. Despite these significant improvements, it is important to remember that the GPE Secretariat has no permanent country presence. The Secretariat continues to rely on in-country partners and can itself only play a modest role in providing

[5] Based on GPE's Terms of Reference for SE/MEs available at http://www.globalpartnership.org/content/terms-reference-supervising-entities ; and http://www.globalpartnership.org/content/terms-reference-managing-entities.

technical advice around sector plans and grants, monitoring sector and grant results, and promoting inclusive and robust policy dialogue among GPE partners during planning and implementation phases.

Both the **Board and the Secretariat play important roles in relation to the development of GPE grants and their management**. The Secretariat supports country processes related to the development and endorsement of the grant proposals, and accompanies grant proposals through the Board decision process for approval. The **Country Grants and Performance Committee** (CGPC) reviews the quality of the grant applications and the Board approves them. There is currently a lack of commonly agreed criteria for assessment of grant applications, although a broad framework is laid out in the funding model. Both the Secretariat and the Board play a role in monitoring the grants – the Secretariat reviews reports from the SE/MEs, annual ESP implementation reports of the government, undertakes monitoring missions including JSRs, and reports to the Board on grant implementation in the Annual Portfolio Review.

Finally the Global Partnership's Board and Secretariat also engage in a range of **global-level activities** intended to support and strengthen the achievement of key outcomes at the country level. These activities include advocacy and fundraising; as well as efforts to build and exchange knowledge and tools about policies and good practices across the partnership. **However, in the Global Partnership's current theory of change it is not clear how these global level activities are linked to and support core country-level processes** – a challenge taken up in 4.5 below.

4. KEY CHALLENGES AND OPPORTUNITIES IN THE GLOBAL PARTNERSHIP FOR EDUCATION'S PARTNERSHIP-BASED OPERATIONAL MODEL

Six key areas of challenge emerged from the December 2014 Board retreat and the Secretariat's internal process mapping of the Global Partnership's country-level operational platform, and our consultation with Board Committees. Key challenges for the Global Partnership come in areas anticipated for any distributed system: they are challenges in consistency, accountability, and the ability to steer all partners towards mutually agreed results. Opportunities to strengthen the Global Partnership's country-level operational platform are enumerated under each of the key areas of challenge below.

4.1. **Strengthen the Planning Process**

Fundamental to the Global Partnership for Education's theory of change is the notion that comprehensive, country-owned and costed education sector plans, based on sound sector analysis, will lead to the improved use of resources in the basic education subsector and effective implementation of the activities identified in the plan. Over its years of existence, both as the Fast Track Initiative (FTI) and as the Global Partnership for Education, significant investments have been made in supporting sector analysis and sector strategies. A recent decision to increase the maximum allocation for the Global Partnership's Education Sector Plan Development Grant (ESPDG) allows countries to request financing not only for the development of a sector plan, but also for a comprehensive sector analysis to promote evidence-based sector plans.

Recent analysis by the Global Partnership for Education secretariat suggests that many GPE partner developing country sector plans developed before 2014 do not meet broad minimum criteria (soundness, sustainability, relevance, coherence and ownership). [6] Much has been done or is underway to improve this situation:

- The Secretariat has supported the development of common tools and guidelines to support sector planning and sector analysis, including plan development guidelines, guidelines for sector analysis, guidelines for transitional sector planning and for conflict sensitive sector planning and gender sensitive planning guidelines.
- As a result of the 2010 evaluation of the FTI, the capacity of Secretariat staff has been expanded to allow it to play a more active role in fostering evidence-based and inclusive dialogue at plan development and implementation phases.
- The New Funding Model, with its requirements on financing, data systems, and the variable tranche which targets interventions in equity, efficiency and learning, is intended to foster more detailed and results focused policy dialogue at the planning and implementation stage.

Nonetheless, there is more that the Global Partnership for Education could do to enhance sector planning.

Four key opportunities to address this challenge were identified by the Secretariat.

[6] The sector plans analysed were developed before the 2012 planning guidelines were published, and before the Global Partnership's 2013-2014 Sector Monitoring Initiative and the recent increased involvement of Secretariat staff in planning processes. It is possible that such efforts have already resulted in improved ESP quality.

a) Routinely monitor and report on the quality of sector planning across the partnership (building upon the 2015 ESP analysis conducted by the Secretariat) and make reporting on this a central part of a commonly endorsed GPE results framework, so that all can learn and improve.

b) Invest in routine exchange of knowledge and good practice across the partnership to build consensus around the definition of credible, quality sector plans (including with country-level partners, donor headquarters, etc.); and include in this opportunities for peer review and South-South capacity development.

c) Produce diagnostic tools, thematic briefs and best practice case studies specifically targeted to improve planning in areas of key strategic importance to the partnership - for example, on key bottlenecks and barriers to improving equity and learning outcomes.

d) Introduce a more consistent arm's length "technical review" of draft sector plans. For example, a Secretariat-supported quality assurance process, or peer-review process, could be used to promote more robust and consistent policy dialogue within LEGs, and build national capacity for developing more credible plans.

These actions would build on the investments already made in developing stronger monitoring, evaluation and quality assurance functions within the Secretariat, and require only modest additional investments to support additional capacity development exercises or diagnostic tools.

4.2. Promote More Inclusive and Robust Sector Policy Dialogue During the Implementation of Sector Plans

Even if strong plans with appropriate focus on equity, learning and efficiency are in place, it is only through their implementation that countries and the Partnership can hope to achieve tangible outcomes. The Global Partnership supports implementation of education sector plans in two ways – directly, through the provision of its program implementation grants (ESPIGs); and through support for inclusive and evidence-based policy dialogue.

The Global Partnership relies on country-level partners to ensure that policy dialogue leverages mutual accountability, coordinated use of resources, and joint problem solving. For that dialogue to function, the Global Partnership for Education relies heavily on its partners, including:

- On governments to produce routine information and data about the functioning and achievements of the educational systems.

- On Local Education Groups and a Coordinating Agency selected by the LEG from among development partners to convene, monitor and ensure that local stakeholder voices are included.
- On civil society organizations, supported through GPE funding for Civil Society Education Funds (CSEF), to participate in policy dialogue, bring the views of communities to the table, and play an independent role in monitoring and accountability on behalf of citizens.

There are several weak links in this chain. First, governments themselves may have limited capacity and experience in spearheading evidence-based and inclusive policy dialogue. Second, Local Education Groups have varied and uneven capacity. They are not in any formal way accountable to the Global Partnership for Education for their activities, and they have limited information and support to help them improve their role in convening effective multi-stakeholder dialogue. Finally, civil society actors are often excluded from the policy table or may lack capacity to effectively play a role in accountability.

A key question for the Global Partnership for Education is how it can best improve the quality and efficacy of policy dialogue at the country level in ways that enhance implementation and ensure the achievement of key results in the basic education subsector.

Five key approaches to this problem are suggested:

a) Promote improved functioning of LEGs by: creating indicative Terms of Reference and best practice guidelines for inclusive policy dialogue at the country level; and by monitoring and reporting on good practices across the partnership.[7]

b) Make Joint Sector Reviews a required feature of membership in the GPE partnership. Publish the JSR reviews; share JSR lessons; monitor and share best practices among LEGs; support South-South exchange (building on the Global Partnership's 2013-2014 Sector Monitoring Initiative).

c) Develop targeted platforms to strengthen developing country efforts to improve the quality of government reporting on sector progress (see the examples of learning assessments and national education accounts highlighted in the section on monitoring below).

[7] As an examples of this type of best practice, one developing country partner Board member noted the innovative engagement of regional and district level stakeholders in the planning process, which has increased local ownership of the plan.

d) Create stronger linkages between global investments in knowledge and GPE country-level work. Consider focusing future investments in cross-national knowledge and best practice initiatives (such as presently undertaken through the Global and Regional Activities (GRA) Fund) on bottlenecks and barriers to achieving the shared goals of the Partnership (see item 4.4 below).

e) Encourage a closer link between GPE support to civil society (CSEF) and key GPE goals.

Similar to 4.1, actions proposed in this section build on investments already made to strengthen the country advisory and quality assurance functions within the Secretariat. They would require additional investment in monitoring, evaluation and sector analysis as outlined in Sections 4.4 and 4.5 below. The current proposal for CSEF funding has been prepared with item (e) in mind.

4.3. **Address Challenges in Grant Development and Management**

From its inception as the Fast Track Initiative, the Global Partnership has relied on partner agencies (Supervising or Managing Entities) to act as its intermediaries at the country level. SE/MEs work with country governments to develop GPE grants, and they provide ongoing technical support, monitoring and reporting on GPE grants. They are also expected to participate in and report on grant progress to the LEG.

The logic behind this arrangement is simple: the Global Partnership for Education (and FTI before it) was designed to utilize the existing expertise and capacity of its partners at the country level, in order to avoid the costs of a country level presence, and contribute to further harmonization among donors,

The Board has identified multiple challenges in this arrangement, which can be summarized as follows:

- There is often confusion over roles and responsibilities among the Local Education Group and its Coordinating Agency, the SE/ME and the government, including in the selection of the SE/ME and in the responsibilities for monitoring and reporting on progress in the sector.
- SE/MEs typically do not use aligned and harmonized modalities to deliver GPE grants, thus undermining the Partnership's commitment to using country systems and building country capacity.

- There are typically few agencies willing to play the SE/ME role at country level (thereby limiting choice of modalities). Where there is more than one willing SE/ME, GPE suggested procedures for selection are sometimes challenging due to political factors.
- In some countries, an existing pooled funding mechanism offers an opportunity to work without an SE/ME.
- SE/MEs struggle with high transaction costs when asked to follow GPE rules and procedures. At the same time, as the number of SE/MEs grow and Board requests for greater accountability increase, there is an increasing need to ensure that SE/MEs report into a common results framework. Minimum reporting standards for SE/MEs are presently being piloted.

Key questions for the Partnership in this area are a) how the Global Partnership for Education can improve the alignment, use of country systems and quality of programs when working with an SE/ME and b) whether the Global Partnership needs to operate through SE/MEs in all situations;

a) On the first point, how to improve GPE's existing approach of working with SE/ME's, the following actions are proposed:
   - Move from a "recommended" process for selection of SE/MEs at the country level to a required process, that is transparent, open and criteria based. As part of this process, the roles of the LEG and the government in making the selection should be clarified.
   - Further develop the Global Partnership's minimum fiduciary, monitoring and reporting requirements for SE/MEs based on the current piloting of these requirements. Included here should be an explicit procedure for routinely reporting to the LEG and government, and clarification of the role of the LEG and the Coordinating Agency in revising SE/ME reports.
   - Consider "framework agreements" with SE/MEs in which they establish their key competencies, agree to GPE principles, goals and procedures and adopt GPE reporting requirements.
   - Explore further options for alignment to country systems with key SE/MEs; and draw further on development partners that belong to the Public Expenditure and Financial Accountability (PEFA) initiative who have experience in delivering sector financing in more aligned ways (e.g. the European Commission).

b) On the potential for the Global Partnership for Education to work without an SE/ME as an intermediary, we note that this would be a significant change to the Global Partnership's operational platform, with costs and risks. For this reason it is recommended that the Board mandate the Secretariat to undertake further analysis, including on the following:

- The minimum fiduciary, monitoring and reporting capacity required by developing country partner (DCP) governments;
- Procedures and costs related to the introduction of a GPE audit or review process to assess national capacity to meet these standards;
- Secretariat capacity to provide ongoing oversight and recourse in case such standards are not maintained.

There are no major new resource implications for the first item (improving the SE/ME role). Further analysis is required before any estimate can be made of Secretariat resources required for the second item (working without an SE/ME).

4.4. **Scale Up Monitoring and Evaluation to Drive Learning and Improvement Across the Partnership**

One of the Global Partnership for Education's ongoing challenges lies in the area of monitoring and evaluation. Because the Partnership's theory of change focuses on country ownership and decision making, and utilizes a distributed platform that builds on the existing systems of SE/MEs, the Global Partnership has struggled to establish a unified results framework that allows it to roll up the achievements of its grants and its support to planning and inclusive policy dialogue. As a result, the Global Partnership has had trouble building a case for further investment in the Partnership.

More importantly, failure to invest appropriately in evaluation means that the Partnership is missing a vital opportunity to use monitoring and evaluation as a tool for mutual accountability and peer learning about what works and where there is room for improvement in efforts to achieve key goals.

Over the past three years the Secretariat has begun to address some of the issues associated with grant and sector monitoring challenges faced by the partnership, by:

- Introducing an annual Portfolio Review (since 2013);
- Introducing the Results for Learning Report;
- Increasing the Secretariat's financial oversight capacity;
- Piloting minimum reporting standards for SE/MEs;

- Creating an expanded monitoring and evaluation function within the Secretariat.
- Investing in Independent Evaluation (covering 5 years of activity);
- Making a variety of ad hoc investments in monitoring and evaluation of specific aspects of Global Partnership for Education activities (for example, the 2011 study *Making Education Aid More Effective*) and the current study of the quality of education sector plans;
- Working with the UK Department for International Development to develop an interim results framework.

Monitoring and evaluation of results and outcomes at the country level is another key challenge. GPE relies heavily on the availability of accurate and reliable governmental data. This is often missing in the areas of financing and learning outcomes (as well as for even more basic measures, as reported in GPE's Results for Learning Report). Under its New Funding Model, the Global Partnership has made the existence of reliable data a requirement for financing. It also continues to invest in national data management systems through its grants, and it is using its Global and Regional Activities Program to support the development of new tools and methodologies for collecting data (specifically on out of school children and on national education financing).

Yet the Global Partnership's efforts to ensure good quality monitoring and evaluation of the Partnership and its activities has been ad hoc, as has been its support to better monitoring and evaluation at the country level. It has not found a way to mine the opportunities for cross-national learning and exchange, and for mutual accountability that would come with a more integrated and comprehensive approach to monitoring, evaluation and data.

A key question for the partnership is how it can best invest in more robust monitoring and evaluation to support ongoing learning and improvements in its effectiveness.

Two key approaches to this challenge are suggested:

a) At the level of the partnership: Build a common results framework and a comprehensive monitoring and evaluation strategy by December 2015, integrating key goals and objectives agreed across the partnership as part of the Global Partnership's new Strategic Plan (2016-2020).

   - Ensure that this results framework and monitoring and evaluation strategy are aligned to systems for monitoring grants, plans, sector-policy dialogue and sector results.
   - Build support for cross-national learning and problem-solving into the monitoring and evaluation strategy.

b) At the country level: Consider targeted, cross-national investments in initiatives to support country-level monitoring and evaluation capacity. As examples of potential initiatives worthy of further investment, see the proposal for the International Platform Assessment for Learning-A4L;[8] and the work the Global Partnership is currently supporting on National Education Accounts, described in more detail in the recent report on the Global Partnership's Global and Regional Activities program available at:

http://www.globalpartnership.org/content/status-report-global-and-regional-activities-grants.

These approaches will require significant investment. If the Board agrees in principle with these broad directions, the Secretariat should be requested to develop specific proposals with associated resource implications, timeline and work-plan for each, including a high, medium and low scenario for each. **In light of the growing pressures on the GPE Fund, the Secretariat should also be invited to explore opportunities for matched financing from external sources for some of these efforts.**

4.5. Leverage Knowledge and Evidence for Stronger Outcomes

A common theme across the preceding sections is the need for the Global Partnership for Education to invest in knowledge-building and exchange about what works and why across the partnership. The Global Partnership's developing country partners and their development partners have expressed a strong interest in working together to leverage better data, stronger sector analysis, cross-national research on bottlenecks and barriers, and better understanding of country-led innovations and practices. Such investments are among the most important tools for addressing the challenges of consistency, alignment and effectiveness in the Global Partnership's distributed operational model.

[8] Assessment for Learning (A4L) is an international platform to support learning assessment systems, currently in the concept development phase. It has arisen out of the activities of the Learning Metrics Task Force, and, in particular, its recommendation that assessment be supported by the international community as a public good. It would seek to coordinate financial and technical support for capacity-building of national learning assessment systems, particularly for the low-income countries, including diagnostic analysis of needs and the preparation of a strategy. It would seek to bring all levels of assessment (classroom-level, national exams, and large-scale assessments) into alignment to ensure that assessments are directly supporting learning improvement. It will also support the access of low-income countries to international metrics, promote research, and thus enhance the availability of global data and knowledge on learning.

Since 2010, the Global Partnership for Education has struggled to define its role in relation to cross-national problem solving and learning from best practice. The Global Partnership has supported and helped incubate many global-level initiatives – in early grade reading, in education and emergencies, in and in early childhood education, to name but a few. Its most comprehensive investments are through the Global and Regional Activities Program - a program that is not directly linked to the Global Partnership's country-level activities, and which has been discontinued. GPE is often asked by developing country partners (DCP) to facilitate cross-national exchange. Donor partners continuously look to the Secretariat to play a stronger convening and hosting role for key initiatives or platforms in specific areas related to the Global Partnership's strategic goals and objectives.

Yet the Partnership lacks an agreed framework and approach to investing in and mobilizing knowledge, data, and research.

Furthermore, the Global Partnership lacks a financial mechanism through which its partners can pool financing around common platforms for investing in knowledge, data, and research. In this regard, the Global Partnership stands apart from most other multilaterals, which seek and accept dedicated financing from foundations, bilateral agencies, and private sector partners for specific knowledge-building activities.

How should the Global Partnership invest in knowledge, data, research and cross-national exchange, to support and strengthen its operating platform?

Two key opportunities are suggested for Board decision:

a) First, the Board should request from the Secretariat a five-year plan for investing in knowledge, data and research. The plan should clearly indicate how such investments are aligned to the Global Partnership's focus on strengthening sector plans and their implementation and its ultimate goals of improving equity and learning, which is its core business.

b) Second, the Board should mandate the Secretariat to establish a single mechanism or trust fund, under the oversight of the Strategy and Policy Committee (SPC), for receiving funds for knowledge, data and research-related initiatives from across the partnership. Administratively there are no restrictions upon receiving such contributions. The conditions or criteria for acceptance could be laid out in a short framework document, and should include the criteria that funding supports the core goals and objectives of the partnership, provides clear benefits to country partners, and has the approval of the Board (or the committee it delegates).

Similar to the recommendation on Monitoring and Evaluation above, the Secretariat should be requested to develop high, medium and low scenarios for its knowledge work. **In light of the growing pressures on the GPE Fund, the Secretariat should also be invited to explore opportunities for matched financing from external sources for some of these efforts.**

4.6. Diversify Financing Mechanisms for LMICs and FCAS

In its June 2014 audio conference the Global Partnership for Education Board agreed to set aside US$125 million in the event that it would establish additional financing mechanisms or platforms – the first for humanitarian/emergency funding, the second to provide innovative financing for non-ESPIG eligible lower middle-income countries (LMICs). Due to the Global Partnership's forecast of available resources, the Board removed this provision in December 2014 and requested further work be undertaken to explore options for increasing available resources. At its April meeting the GERF received an initial paper (Annex 2 to this document) from the Secretariat on these and other opportunities for diversifying the Global Partnership for Education's funding mechanisms.

There are three main drivers for consideration of diversification.

1. First, it is arguably the case that the Global Partnership needs **different mechanisms to best meet the increasingly differentiated needs of its country partners**. The cases of lower middle-income countries, and of countries affected by conflict and crisis are two such instances.

    a) Among GPE developing country partners there are many lower middle-income countries (as well as low-income countries expected to "graduate" to lower middle-income status). Currently LMICS's fall into two categories:

    - Those with GNI per capita below US$2,560 and primary completion rates (PCR) below 85 percent are eligible for ESPIGs. However, the Board has already reduced their allocations by 50 percent from the minimum allocation as calculated by the New Funding Model formula. The ability of the Global Partnership to provide financing from the GPE Fund for remaining eligible LMICs due to apply in 2017 and 2018 is very much in doubt. Countries affected include Senegal, Cameroon, Yemen, Sudan, Mauritania, and Pakistan.

    - Those LMICs with GNI per capita above US$2,560 and PCR below 85 percent, or LMICs with GNI per capita below US$2,560 but PCR above 85 percent are not eligible for ESPIGs and are only eligible for planning grants. The Board's June 2014 intention was to make these LMICs eligible for innovative financing approaches. However, with no

funding available, this was not possible. Countries affected include Vietnam, Ghana and Djibouti, for example.

b) In the case of humanitarian and emergency assistance, the Board's June 2014 intention was to set aside a small amount to develop a mechanism for addressing emergencies among its partner countries. Approximately 40 percent of the world's refugee populations live in GPE partner developing countries; and more than half of developing country partners are affected by crises or conflict. In such circumstances, where the impact of future or protracted crisis is severe, there is a arguably a need for rapid support to education to ensure displaced populations are served as quickly and consistently as possible, and that school systems themselves are rebuilt. Based on this need, the GPE Secretariat had begun to explore a set of modest options in keeping with the June 2014 Board intent. Recent calls for a humanitarian fund would clearly move beyond this more modest opportunity. The GPE Secretariat is presently awaiting the outcome of international deliberations being conducted under the auspices of a high level "Contact Group", which will report at the Oslo Conference in July 2015.

2. The second driver of diversification comes from the supply side: it is based on indications from GPE partners that they are willing to provide earmarked funding for specific regions or countries, and on the Secretariat's estimation that innovative financing, for example, in the form of debt buy downs to LMICs or debt swaps, is available and would assist the Partnership to achieve its replenishment targets. Note that the analysis presented to the GERF by the Secretariat (Annex 2) proposes ways in which such leveraged or earmarked funding could be structured to preserve or even improve the overall availability of funding for LICs and FCAS within the partnership.
3. The third driver of diversification comes from the demand side: Based on current projections of available resources, demand significantly outweighs supply and the Global Partnership is unlikely to have sufficient funding to finance all of the eligible countries and activities it would like to from the GPE Fund. For example, in relation to LMICs, the Global Partnership already made a decision on eligibility but faces a challenge in financing from the GPE Fund.

While these opportunities for financial diversification based on country context are significant, the GERF felt that they should be discussed within the context of the Partnership's strategic goals and objectives for the next five years. More information is needed about the extent to which such opportunities might impact the Global Partnership's core business. Furthermore, a careful analysis of the ways in which the Global Partnership can best leverage added value in specific contexts - such as in lower middle-income countries where universal primary education is near achievement; or in countries affected by conflict and crisis -- requires consideration of

how the Global Partnership's current operational model would need to be modified in order to make a significant impact.

Considering this, it is recommended that the Board mandate the Secretariat to develop further analysis of the strategic implications, risks and opportunities associated with new financing mechanisms, including innovative finance, focusing on implications within specific clusters of countries. In particular this paper should focus on the Global Partnership's support to 1) ESPIG eligible lower-middle income, and 2) lower middle-income countries not eligible for ESPIGs.

5. CONCLUSION

This discussion paper has described key areas of weakness in the Global Partnership's current operational platform. Based on these challenges, it has proposed improvements in six key areas. At the May 2015 meeting, the Board will be invited to discuss these proposed improvements, signaling those it sees as important priorities. Based on its discussion, the Board will request further analysis and information from the Secretariat and mandate the Secretariat to develop concrete plans or proposals for specific items.

APPENDIX 1: KEY ROLES AND RESPONSIBILITIES OF GPE PARTNERS DURING THE NATIONAL EDUCATION SECTOR POLICY CYCLE

Roles in the Policy Cycle Stages	Government	CA as co-lead of LEG	SE/ME	Other LEG members	GPE Secretariat
Sector Analysis	• Leads sector analysis • Ensures inclusive consultation with education stakeholders within LEG, and beyond as appropriate • Signs off on ESPDG application as primary owner of the activities	• Facilitates inclusive consultation within LEG • Provides technical support • Provides financial support if possible • Coordinates application for ESPDG, facilitates LEG sign-off and submits the application to the Secretariat	• Provides technical and financial support along with other LEG partners As ME or SE for ESPDG: • Prepares ESPDG application • Manages or supervises implementation of ESPDG and reports on progress to LEG and Secretariat	• Provides technical and financial support to analysis • Signs off on ESPDG application • Reviews sector diagnostic and analysis	• Promotes inclusive and robust policy dialogue • Provides guidance and processes ESPDG • Reviews ESPDG progress and reports • Reports on ESPDG to Board as part of annual Portfolio Review
Plan Development & Appraisal	• Leads ESP development • Ensures inclusive consultation • Ensures appraisal results are discussed within LEG and agreed recommendations are used to improve ESP • Ensures ESP is adopted by the appropriate Government authorities and financed through national resources	• Facilitates inclusive consultation within LEG • Provides technical support • Provides financial support as available • Coordinates appraisal and endorsement of ESP	As SE/ME for ESPDG: • Manages or supervises implementation of ESPDG and reports on progress to LEG and Secretariat As LEG member: • Provides technical support • Provides financial support • Participates in appraisal process • Endorses ESP as LEG member	• Provides technical support • Provides financial support • Participates in appraisal process • Endorses ESP	• Promotes inclusive and robust policy dialogue • Promotes donor alignment and harmonization • Contributes to ESP discussions, in particular to promote GPE strategic goals and objectives • Provides sector planning guidelines/tools • Guides and processes ESPDG application, reviews reports and

					reports to the Board
Program Development (ESPIG)	• Approves selection of SE/ME for ESPIG grant • Leads on the identification of the scope of the ESPIG, and works closely with SE on program development • Ensures GPE requirements on evidence-based ESP, financing and data are met	• Facilitates selection of SE/ME for ESPIG according to TOR criteria • Coordinates ESPIG application process • Signs off on PDG application • Facilitates dialogue on GPE requirements • Facilitates dialogue on QAR Phase II comments from the Secretariat • Signs off on ESPIG application and submits it to the Secretariat	• Provides agency information required for SE/ME selection • Develops PDG proposal • Based on agreement with the LEG, develops ESPIG program in close collaboration with the government	• Assesses compliance with GPE requirements • Participates in the identification of the overall scope of the ESPIG, ensuring it is aligned to the ESP • Discusses the QAR Phase II recommendations • Signs off on PDG and ESPIG applications	• Provides guidance and participates in discussions on GPE requirements • Provides technical advice as needed • Leads GPE QAR process • Processes and approves PDG • Processes ESPIG application for Board approval
Implementation of ESP and ESPIG	• Implements ESP • Implements GPE grant activities	• Facilitates LEG dialogue on ESP and grant implementation progress and challenges • Supports government and SE/ME in addressing implementation issues	SE: • Provides fiduciary oversight and technical support for ESPIG • Ensures reporting on ESPIG progress to LEG and Secretariat ME: • Manages and implements ESPIG activities and/or sub-contracts to other implementers • Reports on progress to LEG and Secretariat	• Support implementation of ESP • Support government and SE/ME in addressing ESPIG implementation issues	• Provides GPE reporting guidelines and templates • Supports government and SE/ME in addressing implementation issues • Approves ESPIG program revisions in accordance with applicable GPE policies

Monitoring of ESP and ESPIG	• Monitors sector and ESPIG activities • Leads the preparation of JSRs • Provides annual reporting on sector implementation	• Coordinates LEG's support to sector and ESPIG monitoring • Supports the government in the preparation of JSRs • Facilitates JSR Aide Memoire and ensures it is shared with the Secretariat along with reports on sector implementation	• Monitors ESPIG activities • Supports and plays an active role in JSRs • Participates in the preparation of the Aide Memoire	• Support monitoring of sector and ESPIG activities • Participate and play an active role in the JSR • Participate in the preparation of the Aide Memoire	• Monitors sector and grant progress through CA and SE/ME • Shares good practices on JSRs • Participates in JSRs • Monitors quality of GPE support to countries • Reports to Board on sector and grants

ANNEX 2: FINANCIAL MECHANISMS (GERF/2015/04 DOC 04)

FINANCIAL MECHANISMS

For Discussion

1. PURPOSE

1.1 The purpose of this paper is to provide to the Governance, Ethics, Risk, and Finance Committee (GERF) for their consideration, information on the potential financial mechanisms that may be available to the Global Partnership for Education ("Global Partnership" or "GPE") to enable the partnership to increase its available resources and leverage additional funding to support GPE Strategic Objectives. This paper should be viewed within the broader strategic discussion of whether a single-fund model is still fit-for purpose in terms of leveraging the maximum level of financing available for education. As part of the Strategic Planning Process there will be a discussion of whether we should now be moving toward a GPE platform that allows for a more diverse range of funding options, including the possibility of humanitarian funding, but with the priority remaining on the GPE core fund, allowing for other funding sources to compliment this.

1.2 The GERF is asked to review the paper and report to the Board on the outcome of its deliberations.

2 BACKGROUND

2.1 At its special Board meeting in February 2014, the Board of Directors approved the eligibility criteria to access an Education Sector Program Implementation Grant (ESPIG) as:

- All Low Income Countries (LICs) combined with those Lower Middle Income Countries (LMICs) with a GNI per capita of US$2,560 or less combined with a Primary Completion Rate (PCR) less than 85%. In addition IDA eligible Small Island and Landlocked Developing States were also deemed eligible.

- The LMICs with GNI per capita of US$2,560 or less but PCR above 85% were not eligible for an ESPIG but could be eligible for innovative or leverage financing if the Board made funds available. LMICs with GNI per capita of more than US$2,560 but PCR below 85% would also be eligible for this type of funding.

2.2 At its June 2014, audio conference, the Board agreed to a provision of US$125 million to be set aside in the financial forecast in the event that it would establish a mechanism in the future for humanitarian/emergency funding or to support leverage funding activities for the non ESPIG eligible LMICs. The Board further agreed that in the event that available resources were insufficient to fund all eligible countries and this provision, then prioritization criteria would apply aimed at protecting the ESPIG allocations to LICs.

2.3 At its December 2014 meeting, the Board determined that prioritization criteria previously agreed was necessary, and it is also likely that further prioritization will be necessary at its May 2015 meeting. The impact of GPE's current funding situation is that unless additional financing is made available, its ability to provide substantial funding to countries other than LICs or supplementary funding in a humanitarian/emergency context, or for any other global or regional activities is severely curtailed.

2.4 The Board of Directors in December 2014 noted the issues impacting available resources, and in particular the need to consider options for improving prospects for reaching the replenishment target. This paper attempts to respond to this need.

3. ISSUES

3.1 While the GPE Secretariat will continue to engage with existing and potential donors to generate new and increased pledges for the GPE Fund as a priority, finding solutions to the issues below appear to offer the greatest potential to ensure we are leveraging the levels financing necessary to realize GPE Strategic Objectives.

1. How can GPE ensure that it can deliver on its commitments to provide meaningful support to LMICs without negatively impacting resources available for LICs?

2. How can we ensure that partners who want to provide new and additional financial support toward specific strategic objectives or regions of the Global Partnership are able to complement core GPE funding?

3. How can GPE prepare for the possibility of GPE funding for specialized support to crisis and conflict countries?

3.2 The next section explores how GPE could potentially facilitate solutions to these issues although it should be recognized that significant further work would be required to fully develop any of these concepts to the point where the Board could consider approval of them.

4. OPTIONS AND IMPLICATIONS

How can GPE ensure that it can deliver on its commitments to provide meaningful support to LMICs without negatively impacting resources available for LICs?

4.1 Firstly, the question of where GPE should prioritize its resources is a key strategic planning question. Therefore the proposed options outlined in this paper are based on the assumption that the Board does want to provide financial support to these countries for implementation of their education sector plans.

4.2 At present, the allocation formula and prioritization criteria adopted by the Board ensures that eligible LICs will receive the minimum allocation as recommended by the Board. Any move to provide financial support to LMICs needs to be designed to avoid negatively impacting this area.

4.3 The Secretariat believes that if there was a window for funding LMICs linked to leveraging additional financing to support implementation of a sector plan then this would have reasonable prospects of generating additional resources. While work has commenced on exploring options such as debt buy downs as a mechanism to leverage additional financing, the reality is that without dedicated funding for such an initiative, it is unlikely to have strong demand from countries that already can use GPE Funds for a traditional ESPIG.

4.4 Given the current resource constrained environment, it is unlikely that GPE funds can be allocated to such an initiative for the foreseeable future unless the Board decides to reconsider the prioritization criteria. This therefore means that additional funding would need to be sought. The funding could be targeted and ring fenced specifically to support the LMICs based on a minimum leveraging requirement. For example: GPE would provide US$1 in co-financing for every US$3 dollars provided by an external partner towards implementation of a program to support the education sector plan. Safeguards could include ensuring that the full value of the program is subject to the New Funding Model requirements and placing limits on the amount of support provided by GPE.

4.5 To ensure that funding for LICs is not placed in jeopardy if donors seek to divert funds to this window, the size of any such fund for LMICs could be placed at a percentage of the overall funds available for LICs. For example – if GPE agreed that 75% of available resources should be used for LICs, and if US$1.5 billion was available for LICs, then the size of the fund for LMICs would be capped at US$0.5 billion (25% of overall grant resources). If the LMIC cap was reached and donors wanted to add further funds to the LMIC pot, they would need to contribute these funds based on 75% of funds to LIC and 25% to LMIC fund ratio. These figures are illustrative.

4.6 The Board could also consider additional or alternative safeguards such as a requirement to contribute to the main GPE fund first before any targeting of funding to the LMIC pot, although consideration could be given to exemptions for certain categories of donors such as new donors or those that had not contributed in a number of years and had severe restrictions on their ability to fund non-earmarked funding mechanisms.

4.7 Typical leveraging modalities that could be considered from such a funding window would include:

- Debt buy downs with interested multilaterals (Islamic Development Bank and World Bank consultations are ongoing) but if the Government proposed other sources of financing, this too could be explored.

- Guarantees could also be explored based on the same principles and safeguards, although further work and technical expertise would be required for the GPE Secretariat.

- Debt swaps could be another viable mechanism to leverage additional financing for LMICs where there was an interested debtor and creditor country. This would involve a donor country agreeing with the debtor country on the amount of debt to be cancelled and converted to a contribution to GPE. For example: Donor X might cancel US$20 million of Debt from Country Y, and in return agree that Country Y would contribute US$15-20 million to GPE (this would be agreed between both countries). GPE would record the US$15-US$20 million as a contribution from the Donor X and then re-allocate it (and perhaps with an additional incentive amount) to Country Y upon a successful proposal being approved under the NFM.

- Challenge based traditional grants could also be used where GPE co-finances a program that applies through the NFM. For example – If a multilateral or bilateral provided US$75m in new funding to support the education sector plan, then GPE could use the 3:1 leverage ratio to provide an additional US$25 million to make it a US$100 million program that would be subject to the NFM. While normally the multilateral or bilateral would be the SE or ME, if they did not want this role and wanted to provide the contribution instead to GPE or directly to the alternative SE/ME than this could be facilitated although technically it would be considered earmarking if the funds were channeled through GPE.

How can we ensure that partners who want to provide new and additional financial support toward specific strategic objectives or regions of the Global Partnership are able to complement core GPE funding?

4.8 Private Foundations may be in a better position to provide financing if the funds could be targeted specifically for a given issue or project. Typical examples include funding to the GPE Secretariat to conduct research, evaluations or to pilot new innovative interventions in selected countries.

4.9 At present, GPE has no mechanisms in place to accept such contributions and this may be a missed opportunity. Administratively, there are no restrictions on receiving such contributions if the Board accepts them, although transaction costs (borne by the donor) to administrate a trust fund as a percentage of the contribution will be higher if contributions are small.

4.10 To mitigate the risk that GPE Secretariat resources are diverted to work on niche initiatives, a process could be established where the Secretariat sought the approval of the Board or Committee by outlining the purpose of the donation, and how it would support GPE Strategic Objectives, and the resources and risk implications of accepting and managing such an initiative before seeking or accepting a contribution.

4.11 Similar to the Foundations, donors have additional funding they can make available on top of their GPE pledge for specific regions or objectives. The European Commission already has a separate fund to the GPE Fund in order for us to accept funding for the Africa, Caribbean and Pacific region, in addition to their contribution to the GPE Fund from another financial instrument. Extending this option to other donors may increase the overall funding available.

4.12 In order to mitigate the risk of an imbalance of funds to one region, the allocation formula would remain strictly applied. For example – If the GPE Board had already announced a Maximum Country Allocation of US$10 million to Country X and a donor indicated they wanted to provide an additional targeted contribution for Country X, we could use these funds and therefore free up US$10 million for other activities and countries. Conceivably – if the donor wished to provide more funds than this for that specific country, then consideration could be given to this idea provided there were sufficient safeguards in place (cf. Para 4.6). For example if the donor had already made a substantial non-earmarked core contribution to the GPE Fund, then facilitating this targeted supplementary contribution may be beneficial in order to leverage additional funds for education in that country.

4.13 In addition to regional allocations, donors have indicated there may be additional funds available for specific objectives such as girls, teachers, disability or learning. Specific windows

could be opened for specific objectives. This could be targeted at funding the 30% variable tranche to respond to specific advances in these objectives, which would free up funds in the GPE Fund for other purposes, or as a challenge fund for countries to make specific investments in these objective areas. Opening of these kinds of windows must be directly aligned to GPE goals and objectives.

How can GPE prepare for the possibility of GPE funding for specialized support to crisis and conflict countries?

4.14 The GPE Secretariat is in the process of developing for consideration by the Board an options paper on the role of GPE in humanitarian responses to education. The key principle of any GPE engagement in education in conflict and crisis would be that the funds provided for this would be truly additional to GPE and would not compete with funding going to the GPE fund for its full funding of LICs. One option will likely include a separate fund. We propose that financial planning be done alongside this process to prepare for this possibility and to consider what would need to be put in place in order to operationalize an additional financial engagement by GPE for humanitarian aid to education.

4.15 This could take the form of earmarking of funding within the GPE Fund for humanitarian aid, or as a separate window or fund on the GPE platform for humanitarian funding. The advantage of the latter option is that it may be necessary in order to accept funds from donors out of their humanitarian envelopes.

4.16 A hybrid approach could also be considered where GPE agrees to allocate a certain percentage of overall available resources for these operations and allows targeted contributions to be received (Similar to para 4.5) up to that level. Whether the funding for these operations comes from the GPE Fund, or a separate Trust Fund or a combination of both then becomes a secondary issue.

5. RESOURCES AND RISK IMPLICATIONS

5.1 While the mechanisms outlined in this paper may create opportunities to increase the financial resources available to support GPE Strategic objectives, they can also create risks to the partnership model if not properly managed.

5.2 A move to facilitate more targeted contributions will create additional complexity and costs in terms of the operations of the Trustee and Secretariat, particularly in fundraising, country support, financial planning, management and reporting. The extent of this will depend on how far

GPE is willing to go in terms of flexibility to open up different mechanisms to leverage additional resources.

5.3 Further opening the door to allow targeted contributions may also place a strain on the partnership principles and the operations of the GPE Fund as donors may seek to reduce or limit core contributions to allow them focus more on their own strategic priorities through targeted financial support.

5.4 While these represent risks that are not insignificant, they also must be weighed against the risk of not seriously considering these options in light of GPE's current funding situation and GPE's desire to play a key role in leveraging additional financing and "crowding in" funding for education.

5.5 To ensure that the introduction of any of the mechanisms discussed in this paper do not negatively impact resources for LICs, the Board could agree on the minimum amount required to finance all eligible LIC. Once the required funding was projected to be available, the Board could agree that there should be no limit or restrictions on donors wanting to contribute additional targeted contributions to any Board approved initiative (subject to any rules the Board sets regarding requirements to make an initial non-earmarked core contribution to the GPE Fund etc. cf. para 4.6).

6. NEXT STEPS

6.1 The GERF is asked to consider the above issues, and report to the Board on the outcome of its deliberations. The information will also feed into the Strategic Planning process.

6.2 Should the GERF and Board find merit in further pursuing any or all of the potential mechanisms outlined in this paper, then they could request the Secretariat to develop a formal options paper for consideration by the GERF and then the Board at its December 2015 Board meeting.

7. PLEASE CONTACT: Padraig Power at ppower@globalpartnership.org or Karen Schroh, kschroh@globalpartnership.org for further information.