JUNE 7-8, 2023

MEETING OF THE BOARD OF DIRECTORS

BRUSSELS, BELGIUM	BOD/2023/06 DOC 02	FOR INFORMATION

REPORT FROM THE CEO

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

OVERVIEW

When I first addressed the Board six months ago, I shared my appreciation for your support as I was taking the reins of GPE at a pivotal time in the midst of a global education crisis that had potentially dire consequences for children, economic growth and political stability.

My first country visit as GPE CEO was to Ethiopia—a country facing significant challenges due to COVID-19, food insecurity, and conflict—to call for increased investment in education. Ethiopia is Africa's second most populous country and one of its fastest growing economies. This visit coincided with the International Day of Education, an important moment to focus on the role of education as a precondition for stronger economies and fairer, more stable societies.

For the past six months, I have been advocating for more and better financing for education and have met with key stakeholders across the partnership, in Europe, the Middle East, Asia, and Africa. As a partnership, it is our shared responsibility to ensure that education remains high on the global political agenda and to renew our commitment to invest in education.

And as a new CEO, it is my priority to ensure that GPE is fit for the future. GPE has been conducting several discussions with the World Bank on institutional arrangements. I have also participated in discussions, including one under the leadership of High-Level Steering Committee (HLSC) on the sidelines of the World Bank Spring Meetings, on how the sector can collaborate to increase its financing and in reducing fragmentation and transaction costs for partner countries. GPE also need to address the inextricably entwined crises of learning, climate change and ecological breakdown to make our education systems fit for purpose and to prepare today's children for the challenges and opportunities of tomorrow.

THE CEO'S DASHBOARD

$2.3 BILLION

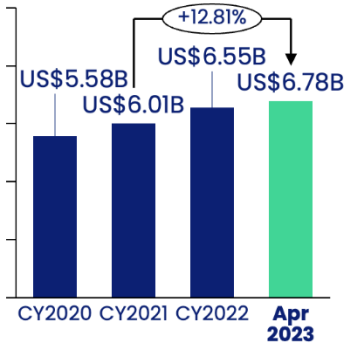
active implementation **grants** in **70 partner** countries

107 MILLION

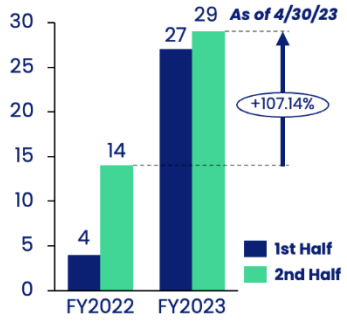
children and 675,522 **teachers**

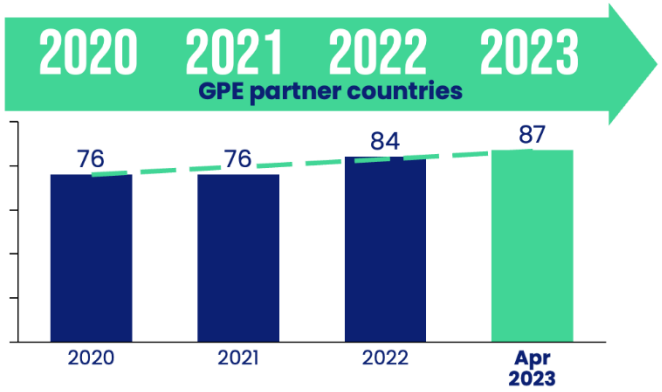
GPE Transformando la educación

Disbursement



Approvals under the new OM





1+ BILLION

people were reached since **Jan 2023**

79 EOL

grants to **63** partner countries

45 KIX

projects to **70** partner countries

DELIVERING TRANSFORMATIVE CHANGE THROUGH GPE 2025

GPE 2025 and its accompanying operating model represent a bold departure from business as usual, with a more ambitious aspiration for education system transformation. Initial learning suggests that the model is appreciated at the country level for its inclusiveness, policy dialogue, and flexibility. The partnership compact fosters deeper conversations on gender equality, while promoting government-led reform that creates excitement in countries and promises to deliver on system transformation ambitions. GPE's adaptability and focus on strengthening domestic financing, gender-responsive planning, inclusive policy dialogue, and data and evidence have been evident in draft and final partnership compacts.

However, feedback from the country level and Secretariat staff indicates that the model involves complex processes, which must be addressed to reduce transaction costs for countries. Pre-grant application processes have been time consuming, and concerns have been raised about the complexity of results-based financing.

To date, 77 partner countries are developing partnership compacts, with 19 countries sharing drafts or finalized compacts with the Secretariat. As these compacts progress, they will contribute to the growth of GPE's grant portfolio, as outlined in the GPE's Finance section below. In May 2023, the first regional workshop brought together Mali, Guinea, and the Central African Republic to support the rollout of the operating model.

To address implementation challenges, the Secretariat has increased in-country engagement with over 55 missions since January, supporting evidence-based policy dialogue towards the identification of priority reforms. Revised guidelines were rolled out in February 2023, in response to feedback collected over the previous months. These have focused on streamlining the enabling factors analysis and improving the clarity of information provided. Further work has been done to mainstream gender equality and human rights across all the enabling factors, and the gender equality dimension is now included throughout the process, rather than being added as one specific policy outcome.

Country dialogue on gender equality is being enhanced through the partnership compact process strengthened by new tools and processes, including a forthcoming paper aimed at supporting all partners to better operationalize gender hardwiring in GPE's operating model. We have also clarified that the variable part does not apply to the Girls' Education Accelerator (GEA), which should reduce transaction costs for eligible countries. Drawing on experience and expertise across all GPE partners continues to be important to deliver our ambition on gender equality at country level and we had a recent example of this at the regional workshop partnering with the Gender at the Centre Initiative (GCI).

While the adaptations to the model are anticipated to offer increased clarity and support to countries, they fall short of eliminating major elements of the model that contribute to complexity and time consumption. These include: (i) the high bar set on documentary evidence to verify the status of the four enabling factors; (ii) the difficulty in compiling domestic finance data to show evidence of government commitment to education; (iii) the back and forth and added value of the

Independent Technical Advisory Panel (ITAP); (iv) time needed to negotiate and monitor variable part indicators (previous operating model).

In an effort to further reduce transaction costs while preserving valuable elements of the model, such as inclusive policy dialogue, country ownership, mutual accountability, and hardwiring gender equality, the Secretariat is proposing bolder adaptations. These adaptations are informed by consultations with over 150 staff members along with nine webinars attended by 141 participants, representing various stakeholders across the partnership throughout March, April and May 2023. These modifications aim to preserve the core values of GPE 2025 while addressing concerns about complexity and transaction costs, paving the way for more effective transformation of education systems worldwide.

Continuously refining the operating model is central to GPE's commitment to being a learning partnership. To support this commitment, the Secretariat has established a cross-team with the mandate to coordinate, facilitate, and disseminate learning from the operating model rollout. The core principles of the learning function within the Secretariat include creating short feedback loops or learning moments at all levels and being flexible, responsive, and adaptive based on evidence. Lessons learned and adaptations based on evidence will be regularly communicated and discussed with country partners, the Performance, Impact and Learning Committee (PILC), and the Board.

GPE also has a robust, Board-approved evaluation portfolio. The external longitudinal Thematic and Country-Level Evaluation (TCLE) has commenced, assessing the operating model's implementation at the country level in support of transformative reforms and system-level change. The evaluation will run through 2026, with the first set of findings available by the end of CY2023. Dissemination and learning loops will be embedded in each phase of TCLE to support timely, evidence-based decisions on GPE support modalities and the operating model. The Secretariat is also reviewing all grants that closed between 2018 and 2022 to assess overall grant performance and to synthesize lessons, with the findings available by October this year.

Additionally, an external evaluation of the Multiplier has been completed, highlighting the financial and value additionality of the instrument while identifying improvements under GPE 2025. Key results indicate that the Multiplier has successfully attracted US$1.5 billion in additional or redirected funds to the education sector in the 27 evaluated countries, unlocking US$300 million in Multiplier grants. The Multiplier has fostered co-financer investments that align with sector priorities, increased dialogue, expanded local education group (LEG) membership, and has even created LEGs in some cases. The evaluation provides key recommendations to further strengthen these aspects of the Multiplier while maintaining simplicity for partner countries to support GPE's objective of education system transformation.

As CEO, I am dedicated to our commitment to being a learning partnership, and refining the operating model is crucial to this pursuit. The partnership consistently unites in innovative and creative ways to support the implementation of GPE 2025. The ongoing objective for partnership engagement is to enhance the understanding of specific roles and responsibilities, address questions and concerns, and create opportunities for partners at individual and collective levels to voice their opinions on the progress of the operating model and its support for system transformation. For instance, between December 2022 and June 2023, over 20 webinars and

workshops on different aspects of the operating model have been conducted in collaboration with partners, including the partnership compact, specific grant mechanisms, and broader sector coordination. During the first-ever Foundational Learning Exchange summit in Sierra Leone, partner country focal points were brought together in order to learn from one another's experiences with the operating model. In May, a workshop was held for three African countries to advance specific elements of the model. The Africa constituency meeting in December 2022, the Asia and Pacific constituency meeting in March 2023, and the Eastern Europe, Middle East, and Central Asia constituency meeting in May 2023 provided unique opportunities to gather partner countries to discuss the implementation and lessons learned related to GPE's operating model and approach to system transformation. Additionally, these meetings strengthened relationships among partner countries and shared good practices for enhancing their education systems. Listening to partners remains a priority, and the proposed adaptations now before the Board reflect the outcomes of that attentive approach.

Over the coming months, efforts will be made to continue listening and delivering impact for partners. This includes formally launching an e-learning series on the operating model, providing dedicated training and capacity development to new and ongoing grant agents, supporting communities of practice that have emerged from the operating model development, and continuing the effective partnership webinar work and partner country constituency meetings. GPE will keep searching for additional opportunities to learn, adapt, and encourage partners to involve the organization in their dialogues.

GPE'S FINANCE

Since the Finance and Risk Committee (FRC) meeting in October 2022, the financial position of the GPE Fund has improved, mainly due to the weakening of the US dollar and increased pledges from Germany and Japan. This improvement has reduced the projected deficit in available funds from US$118 million to US$9 million meaning no reductions in planned allocations need to be considered by the Board.

The GPE Fund is still exposed to currency exchange risk, and the Foreign Exchange Management Proposal recommended by the FRC for Board approval will allow for currency hedging to partially mitigate the risk of currency exchange volatility. Given the current global economic challenges characterized by high inflation, interest rates, public debt levels, and the impact of the war in Ukraine, it will be critical to intensify efforts around resource mobilization both to secure contributions from existing pledges and to secure new contributions, notably for the GEA.

There is growing demand for GPE funding, particularly for the GEA, and it is likely that without additional contributions, the GEA will be oversubscribed by the end of 2023. The Secretariat will discuss options with the FRC at its next meeting if demand exceeds supply.

Disbursements in 2023 are expected to exceed US$700 million, which is a significant increase from the US$500 million recorded in 2022. Grant approvals are also expected to increase, with several grants slated for approval in 2023, to more than double the levels in 2022. Additionally, donor contributions have continued to flow in since the Global Education Summit, with 32% of donor pledges converted to contributions as of February 2023.

Programs are behind in a number of countries for multiple reasons, including the time taken to catch up on activities delayed due to the COVID-19 pandemic. Other exogenous factors include political crises, changes in government leadership, and natural disasters. The Secretariat is actively working with grant agents and partners on the ground and at headquarters to overcome the bottlenecks. The Secretariat engages with grant agents on their utilization, including on measures to deal with issues causing slower than expected disbursement (such as slow start, delayed verification of results, delayed implementation, and lack of ability to adapt to crisis environment). Information on grant status, including relative strengths and weaknesses per grant agents, is shared with grant agents' headquarters, and GPE's committees and Board. Regular grant monitoring missions are undertaken for off-track grants and large grants that are slow to start. Meanwhile, the process and timelines set out in the operational framework for fragile and conflict-affected states are also applied to activate resources in crisis contexts. GPE continues to navigate a challenging global environment marked by economic instability, high inflation, and geopolitical uncertainties.

Grant approvals will increase significantly with a number of grants from Cohorts 1, 2, and 3 expected to be submitted for approval in calendar year 2023, which should more than double the 2022 levels, and grow further in 2024.

Between January and April 2023 (as of April 25, 2023), GPE approved a total of US$72.5 million across various grant financing mechanisms. The grant portfolio comprises one system transformation grant (STG) valued at US$20 million, two Multiplier grants totaling US$10 million, six system capacity grants (SCG) amounting to US$2.2 million, and four accelerated funding (AF) grants worth US$40.3 million. In addition, GPE approved two strategic capabilities grants for the Climate Smart Education Initiative in Malawi and Zimbabwe, with a combined value of US$265,000. Furthermore, in December 2022, the Board reviewed and approved cost extension proposals for the KIX and EOL programs, resulting in an additional allocation of US$140 million for both initiatives.

Furthermore, system transformation grants have been approved for Nepal and Kenya, with Kenya's grant also encompassing a Multiplier component. Rwanda and El Salvador received Multiplier grants under the new model, while eight countries were granted accelerated funding under the same framework.

Innovative financing through the Multiplier is well advanced with US$337 million out of the US$755 million available in Multiplier funds under GPE 2025 now allocated. This has so far mobilized close to US$1.4 billion in co-financing from partners and GPE continues to expand the financial and value additionality of its innovative finance portfolio with new approaches such as Debt2Ed. GPE also strives to diversify the range of co-financing partners that are engaged with its partner countries including the Inter-American Development Bank (IDB) that as a first-time co-financing partner unlocked the Multiplier in Belize, a new GPE partner country. Additionally, GPE approved the first Multiplier accelerated financing in an emergency context in Ukraine, which saw private sector in-kind and financial contributions leveraging the Multiplier.

GPE has been operationalizing the Arab Coordination Group (ACG) SmartEd Initiative (SmartEd). This initiative brings together US$400 million in financing from the ACG and the Islamic Development Bank (IsDB), with an additional US$100 million from GPE through the Multiplier. The first SmartEd expression of interest mobilizing US$160 million in co-financing from Islamic Development Bank and

ACG funders has been approved for Uzbekistan, and further countries are working on developing expressions of interest through this approach.

Oversight remains a priority and the Secretariat is committed to reducing the risk of misuse of GPE funds and sexual exploitation, abuse, and harassment (SEAH) within GPE programs, among staff, partners and governance structures. As of April 2023, there are five open cases of misuse of funds and three open SEAH cases. In December 2022, seven fraud or misuse cases were reported to the Board, with three closed at that time and an additional two closed since then. The remaining two cases, which have not been satisfactorily addressed due to delays and unclear finalization timelines, are not expected to be material in nature.

SECURING MORE AND BETTER FINANCING FOR EDUCATION

As the journey to transform education globally continues, securing more and better financing for education remains a priority. In the first half of 2023, GPE has made significant progress in highlighting the importance of education funding and its impact on societies worldwide.

GPE continues to engage in strategic efforts to elevate education on the international agenda. During my CEO visit to Japan in March, I met with government officials, including the State Minister of Foreign Affairs and the G7 Sherpa, to ensure education remains high on the G7 agenda under the leadership of Prime Minister Kishida. During an event at the Diet on International Women's Day, Education Cannot Wait (ECW) CEO Yasmine Sherif and I advocated jointly for education financing. Later in March, parliamentarians from across the G7 united to urge G7 leaders to commit to protecting, prioritizing, and increasing official development assistance (ODA) to education after hearing the call to action from Minister Nesmy Manigat of Haiti and Professor Berhanu Nega of Ethiopia.

GPE has been working to elevate education in key global forums and processes including at the United Nations. Building on the momentum of the Transforming Education Summit (TES), in April, ministers of education representing 86 GPE partner countries urged all countries and all partners to invest more, more equitably and more efficiently in education and called for education aid financing reform under the auspices of the HLSC. GPE will work with Member States and other stakeholders to advocate for increased investment in inclusive, quality, and equitable education, especially for girls and young women, to be central to the upcoming SDG Summit and next year's UN Summit of the Future. On April 28, I met with UN Permanent Representatives from 23 Member States for a roundtable co-hosted by Italy and Japan to highlight the need to elevate education in these agendas. The upcoming AU summit dedicated to education is also a unique opportunity to reiterate and keep global promises to invest in education.

GPE continues to **mobilize resources amid geopolitical tensions and shrinking ODA budgets**. Support from a fully funded GPE can contribute to countries building more sustainable, peaceful, and resilient societies, adding as much as US$164 billion to partner country economies, lifting 18 million people out of poverty and preventing early marriage for 2 million girls. As new CEO, one of my priorities was to secure additional resources to finance GPE 2025. Since December, I have traveled to Denmark, Geneva, Brussels, Japan, Saudi Arabia, the UAE, Kuwait, Qatar, and am heading to the UK and Italy after the Board meeting. Charles traveled to South Korea (with President Kikwete), Finland, France and Sweden. The Vice Chair, Dr Susan Liautaud will travel to Berlin to attend the

opening ceremony of the Special Olympics and for an event with Jochen Flasbarth, German State Secretary (BMZ) and Katarina Barley, Vice President of the European Parliament. GPE leadership also met with representatives from Portugal and Ireland, as well as the private sector and private foundations.

Through strategic media engagements, GPE's story has reached over a billion people across the globe, with interviews on prominent platforms such as CNBC Africa, France 24 English, BBC World News, Voice of America, BBC World Service radio, NHK World-Japan and International Development Journal. These appearances have shared the critical role of education in economic growth, social development, and political stability with diverse audiences. Furthermore, GPE's social media presence has grown, adding more than 11,000 followers since January.

GPE has also been collaborating with partners to better address the urgent impacts of climate change on education systems and promote education as a key driver for climate action. In April, during the World Bank Spring Meetings, GPE launched the **Climate Smart Education Systems (CSES) Framework**, to help governments and policymakers identify opportunities for leveraging the role of education in wider climate change, disaster risk and environmental efforts – and guide the international community to collaborate in the bold system transformation that we need. Education has enormous potential to mobilize youth for action on climate and build resilience, and to foster the innovation and skills necessary for the transition to a greener and more equitable future.

SECRETARIAT MANAGEMENT AND BUDGET

The **Secretariat FY24 Operating Expenses Budget** recommended by the FRC for Board approval is less than 2% higher than the FY23 budget in spite of high inflationary pressures. The total direct operating expenses envelope for FY22–FY24 is projected to be US$136 million, which is lower than the original estimate of US$150 million, with the Secretariat continuing to strive for savings and to keep operating costs as low as possible. Despite the results achieved by the Secretariat to keep its direct costs down, the impact of lower grant disbursements than projected will result in FY23 expenses exceeding the 7% targeted ceiling as a percentage of total disbursements from the GPE Fund. However, the FY24 budget is expected to be back in line as disbursements rise, and operating expenses on a cumulative basis under GPE 2025 should remain at or below 7%. The World Bank has informed the Secretariat in response to a request for a reduced rate that it has exceptionally decided to maintain its cost recovery rate in FY23 at 17% instead of the previously communicated 24% as a good faith gesture while World Bank senior management takes more time to consider a longer term solution. No decision has been communicated on the FY24 rate yet so the Secretariat has planned for budgeting purposes at 24% and will inform the Board as soon as the World Bank has communicated its decision.

Over the past six months, significant progress was made to **strengthen the Secretariat's management** to better support GPE's mission and ensure GPE is a diverse, equitable and inclusive workplace. A fully centralized team of operations and administrative assistance staff was established within Secretariat Operations in October 2022, covering essential functions such as HR, procurement, translation, events, administration, facilities, and policy assistance.
Staff learning remains a key focus, notably focused on the operating model, along with the introduction of a team leadership program focused on building capacity of key staff below the management team.

With regards to **Diversity, Equity, and Inclusion (DEI)** within the Secretariat, a DEI Advocates group was constituted in January 2023 following on from the work of an internal Diversity and Inclusion Task Force. The group is leading the process to develop a risk indicator that reflects the Secretariat's commitment to be a safe, diverse, and fostering environment to work. The DEI coordination team is fully active and engaging with the entire Secretariat, and a diversity-focused internship program has launched its second cohort. To further establish GPE as a great place to work, GPE Values were drafted, and will be socialized and embedded in relevant processes such as performance management, recognition, and recruitment. To seek ways to ensure staff accomplishments and commitment are recognized and known across the Secretariat, an appreciation program was launched. A vendor was also contracted to conduct a GPE staff engagement survey, with initial results and a dashboard capability for further analytics expected in June 2023.

Following an Enterprise Architecture Review completed by the World Bank in November 2022, GPE adopted a **hybrid IT services delivery model** to ensure more flexibility in adopting modern IT platforms and solutions specifically optimized for mid-sized grant-making organizations with strong advocacy and country engagement profile.

With respect to GPE's institutional arrangements, the Board mandated the Secretariat to negotiate on three areas of **operational flexibility**: (1) the cost recovery fee the World Bank charges GPE for the services and functions provided by the World Bank as administrative host of the Secretariat (2) the ability to receive funds from non-traditional donors, and (3) the ability to directly fund governments and other types of implementers under certain conditions. As of this report, two papers were sent to the World Bank, the first being a proposal for a cost recovery fee reflective of the Secretariat's service needs and the second being a proposal to receive funding from a wider range of sources than currently possible. A third paper on direct funding is under development. As yet, no formal response has been received, in part because of leadership transitions in several senior positions. I would like to thank our counterparts in the Human Development Vice Presidency for their support and guidance throughout, including Vice President Mamta Murthi, and Director for Strategy and Operations Alberto Rodriguez.

GPE Secretariat has taken proactive steps to identify values and behaviors that foster a respectful and productive workplace. Collaborating with the World Bank Group (WBG) Ethics, a mutual agreement was reached to retain the five World Bank values while supplementing them with 15 additional behaviors and two extra values. This inclusive process involved focus groups across all offices and a virtual session, as well as a "reference group" for further refinement. The finalized values have been shared with all staff members, promoting team-level discussions. While continuous dialogue and evaluation of these aspirations remain crucial, the upcoming months will see the integration of these values into processes such as performance management, recognition and recruitment. By embracing these values, GPE aims to create a workplace environment that champions respect, productivity, and inclusivity.

CONCLUSION

In conclusion, this report highlights GPE's strong commitment to driving progress in education and promoting diversity, equity, and inclusion in the workplace. The financial position of GPE has

improved and GPE has demonstrated a proactive approach in addressing operational challenges and seizing opportunities for growth. Through continued efforts in resource mobilization, grant approvals, and strategic partnerships, GPE has further solidified its role in supporting education initiatives around the globe.

The Secretariat's focus on strengthening management, staff learning and development, as well as fostering a diverse and inclusive work environment, reflects the organization's dedication to continuous improvement. As GPE navigates the evolving global landscape, the organization remains vigilant in monitoring risks and adapting to changing circumstances to ensure the efficient and effective allocation of resources.

GPE is well positioned to tackle the challenges ahead and continue its mission of transforming education systems for the benefit of millions of children worldwide.