JUNE 3-5, 2025 – MEETING OF THE BOARD OF DIRECTORS
PARIS, FRANCE –BOD/2025/06 DOC 11 – FOR DECISION
MOBILIZING FINANCE FOR EDUCATION

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Key issues for consideration:

- In a joint session with the Performance, Impact and Learning Committee (PILC), the Finance and Risk Committee (FRC) considered proposed adaptations to the Multiplier and innovative finance approaches for the GPE2030 financing period, supported by Dalberg consultants' work on diversifying finance sources.
- Members acknowledged the need for innovative and flexible funding mechanisms to support global and domestic education financing, emphasizing the prioritization of low-income countries (LICs).
- The importance of maintaining a fair, evidence-based approach and ensuring quality assurance standards for all programs was highlighted. Members supported the proposed cofinancing requirements and suggested exploring new financing mechanisms like education bonds and debt swaps, while also stressing the need for safeguards and thorough analysis of transaction costs.

Objective

1. This document sets out a Finance and Risk Committee (FRC) recommendation on the proposed changes to the Multiplier and menu of Innovative Finance approaches applicable to the GPE2030 financing period, for Board decision. Information on eligibility and the basis of allocation of GPE funds for the Multiplier and innovative financing are covered in a separate document (BOD/2025/06 DOC 10).

Recommended Decision

BOD/2025/06-XX –Mobilizing Finance for Education: The Board of Directors:

1. Recalls its decision BOD/2024/06-07 that noted the importance of mobilizing additional finance to support system transformation through innovative approaches, and its intent to significantly increase the share of grant resources in the 2026-2030 financing period through mechanisms including the Multiplier.
2. Increases the minimum co-financing requirements to unlock the Multiplier from 3:1 to 4:1 from sources other than Private Foundations and the Business Community to be applied to new allocations under GPE2030.

3. Agrees to maintain the 1:1 Match for contributions from Private Foundations and the Business Community up to a value of US$250 million cumulatively under GPE2030. If this ceiling is reached, authority is delegated to the Finance and Risk Committee to increase the ceiling based on an assessment of opportunities and risks to be provided by the Secretariat.
4. Notes the analysis of additional instruments beyond those already in effect under GPE2025 that could potentially mobilize additional resources to support system transformation including through mobilizing climate, and domestic financing.
5. Recognizes the need for a flexible approach to take advantage of emerging and time sensitive opportunities, and to test new instruments and learn from experience.
6. Authorizes the Secretariat to approve Expressions of Interest from available funds based on the Eligibility and Allocation parameters agreed for GPE2030 for innovative financing arrangements provided such financing arrangements are aligned with or complement the priorities set out in the partnership compact and support the objectives of GPE2030.

Background

1. At its June 2024 meeting, the Board expressed its intent to significantly increase the share of grant resources in the 2026-2030 (BOD/2024/06-07) financing period through mechanisms including the Multiplier that would mobilize additional finance for education. It requested that the Secretariat further analyze and develop an expanded menu of options for the range of instruments that may be introduced for the 2026-2030 financing period.
2. The Secretariat commissioned Dalberg to undertake technical analysis and market scoping. Over the past several months, Dalberg engaged in consultations to inform this analysis and presented at two Partnership wide consultations in March 2025. The spectrum of Dalberg's analysis that underpins the recommendations to the Committee are set out in Annex A and focus on two areas, namely i) strengthening the Multiplier, and ii) strategic and flexible support for innovative finance.
3. In terms of adaptations to the Multiplier, the following key recommendations are proposed:
    a. Given strong demand for the Multiplier, there is an opportunity to mobilize even more financing by raising the minimum co-financing requirement from 3:1 to 4:1

b. The Match facility to mobilize financing from Private Foundations and the Business Community has continued to grow, and while increasing the match to 2:1 was an option considered, the partnership wide consultations have shown strong support for continuing to maintain the 1:1 match.

c. Maintaining the existing approaches while increasing overall allocation levels to the Multiplier and providing more predictable funds will improve prospects for mobilizing financing. These have been incorporated in the Eligibility and Allocation proposal (BOD/2025/06 DOC 10).

4. In addition to this, expanding the menu of ways GPE can mobilize additional finance include:

   a. Seeking to tap into new sources of financing, including climate financing that would build on GPE's existing Climate Smart Education Systems Initiative.

   b. Seeking to increase incentives to mobilize additional domestic financing for education including through debt swaps to free up fiscal space, but also to support national initiatives to raise revenue for education.

   c. Seeking to minimize capital fragmentation by pooling grants that could then make a portfolio of loans more concessional, secured by guarantees provided by other organizations such as IFFEd.

   d. Seeking to maximize capital effectiveness by using GPE grants as an incentive to mobilize co-financing from financiers focused on education outcomes

5. While the range of GPE operations is extensive, it is important to note that the intention is not to introduce a plethora of new funding mechanisms. Essentially, GPE will continue to provide Multiplier grants, with the co-financing mobilized through a wide variety of instruments that adhere to GPE's quality standards and support system transformation.

6. GPE will not duplicate but instead will leverage the expertise and financing of others by building partnerships with co-financiers and organizations that have the technical expertise, mandate, and financing available to support partner countries. This approach will also help limit transactions costs for GPE.

7. The Secretariat will remain lean and efficient. GPE's small team of financing experts will support our country teams by equipping them with the tools needed to identify and pursue opportunities that can mobilize financing for education at the country level.

8. A flexible approach will be required moving forward. The ways in which GPE's innovative financing portfolio will evolve will be different across partner countries depending on context and the opportunities available. The operational design of new instruments will in many cases need to be customized based on the specific financing arrangements. Testing such initiatives before actively pursuing opportunities to scale up or establish strategic partnerships will be important.
9. GPE has a strong track record of success, and both the Boston Consulting Group and now Dalberg over the past 18 months have recognized that GPE is well positioned to move forward. Given the likely direction of development financing in the future, the Board's decisions over the past few years to embrace this strategic direction are even more relevant today.
10. Subject to Board decision, the Secretariat will work on providing further operational guidance on the rollout of these changes and the expanded menu of opportunities.

The following annexes are available on the Governance Portal:
Annex A – Dalberg Analysis
Annex B – Glossary of terms
Annex C – Briefing packet (in English only)