JUNE 3-5, 2025 – MEETING OF THE BOARD OF DIRECTORS
PARIS, FRANCE– BOD/2025/06 DOC 08 – FOR DECISION

MODIFICATIONS TO THE CONTRIBUTIONS AND SAFEGUARDS POLICY

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.

Key issues for consideration:

- The Finance and Risk Committee considered and recommended to the Board the proposed modifications to the Contributions and Safeguard Policy at its April 2025 meeting.
- The Committee's discussions focused on the implications of the proposed changes. Members underlined the need for further flexibility within the policy to address specific situations and facilitate increased contributions.
- Members suggested additional explanatory material be made available for the Board which has been added to the governance portal as Annex C.

Objective

1. The document sets out a Finance and Risk Committee recommendation on the proposed modifications to the Contributions and Safeguards Policy (the "Policy") required to operationalize the approach to financing and funding under GPE2030, for Board decision.

Recommended decision

BOD/2025/06-XX— Modifications to the Contributions and Safeguards Policy: The Board of Directors:

1. Approves the changes to the Contributions and Safeguards Policy proposed in Annex A and revised Safeguards set out in Annex B of BOD/2025/06 DOC 08.
2. Requests the Secretariat to update the policy reflecting these changes and publish the revised policy.

Background and overview

1. The Board approved the Contributions and Safeguards Policy in 2017. It outlines the principles under which donors can contribute to the GPE Fund, focusing on the circumstances and safeguards that govern the use of targeted or earmarked contributions. In 2020, the Policy was updated to better align with GPE's approach to operationalizing innovative financing mechanisms as part of GPE2025. Since then, the Secretariat has regularly monitored the effectiveness and risks associated with the changes and found that the policy functions as intended.

2. A review of the Policy is now required as part of the new financing and funding framework for GPE2030. A key objective of GPE2030 is to mobilize additional finance. In a challenging donor funding landscape, GPE needs to have flexible tools that can facilitate this objective.

3. The Secretariat's assessment of the Policy under GPE2025 has been positive. Soft earmarking for a number of countries was facilitated in the context of pledges at the 2021 Financing Conference. Hard earmarking through the dedicated sub-account of the GPE Fund for West Bank and Gaza has provided the resources to allow for full funding of eligible grants. Targeted contributions for the Girls' Education Accelerator have helped fund 15 grants, while additional contributions allowed for the expansion of several Technical Assistance Initiatives.

4. While not all requests to target funds could be accommodated due to the application of stringent safeguards, the Secretariat still considers the Policy to be effective. The Policy will maintain unrestricted contributions as the preferred method of contributing to the GPE. While targeted financing has its drawbacks, it is critical to achieving significant benefits for increased financing for education.

5. The proposed revisions aim to enhance clarity and formalize current practices. While some changes are minor adjustments, others are more substantial. The proposed substantive changes (Annex A) and the revised Safeguards (Annex B) include greater flexibility for contributors to thematically target their funds to countries as opposed to thematic targeting restricted to the regional or sub-regional level. It also includes increased flexibility to target funds to countries that will allow them to increase the size of their System Transformation or Multiplier allocation, and for sovereign donors to target a higher share of their contributions.

6. The Secretariat believes the risks around these changes are manageable based on experience to date and the robust Safeguards in place (See Annex B). Greater flexibility in a resource constrained environment should facilitate increased contributions. In the event that the proposed Non-Profit Legal Entity to support GPE is willing and able to contribute to the GPE Fund, the provisions of the Policy will be applicable to such contributions.

7. Annex A outlines the proposed changes, which will be incorporated into the policy upon Board decision. Annex B provides an overview of the proposed editorial amendments, particularly in relation to Safeguards. Annex C is a frequently asked question document.

Annex A – OVERVIEW OF PROPOSED MODIFICATIONS TO THE CONTRIBUTIONS AND SAFEGUARDS POLICY

Topic	**Current Approach**	**New Approach**	**Implications** (+ / -)
Hard Earmarking	Hard earmarking through separate accounting and sub-account is only permitted for West Bank and Gaza	Maintain current approach	None
Soft Earmarking that does not increase an allocation	Soft earmarking that does not lead to an increased allocation but facilitatives donor preferences for internal reporting: • Permitted for all donor pledges to any geography or theme • If thematic and geographic together – restricted to region/sub-regional level	Maintain current approach but add flexibility for combined thematic / geographic targeting to individual grant level where feasible. For example a donor wants $5 million of its contribution to go towards ECD in a partner country. There is a risk of distortion in that the partner country may then feel pressure to invest in ECD, which may not be the priority. The risk mitigation is that the	+ Will help facilitate more contributions from non-sovereign donors -/+ There is a risk of distortion but it is mitigated by the safeguard - There could be an increase in transaction costs to determine if all the conditions are in place to accept the funds

Topic	Current Approach	New Approach	Implications (+ / -)
		acceptance of the contribution is subject to the country planning to spend in the particular area, or already doing so; and the value of the thematic area spend exceeds the contribution	
Soft Earmarking that increases an allocation:			
• **Limits on Earmarking**	• No limit for private sector or foundations • Sovereign donors are limited at higher of $25m or 25% of pledge, subject to caps on eligible funding mechanisms and rules on additionality	• Maintain current approach for private sector and foundations • For Sovereign donors, increase the ceiling to higher of $50m or 50% of pledge, subject to caps on eligible funding mechanisms and rules on additionality (see also below)	+ Provide more flexibility to donors and improves resource mobilization prospects for reinforcing mechanisms and countries. - An increase in targeted contributions could limit funds for other activities, if there is a general decline in unrestricted contributions.
• **Additionality Requirement / Substitution Risk**	Earmarking permitted for eligible funding mechanisms or countries provided donor is	Maintain current approach but with greater nuance on determination of	+ Provides increased flexibility to assess donor contributions

Topic	Current Approach	New Approach	Implications (+ / -)
	increasing pledge / average contribution level	additionality and substitution risk	-May results in more judgement cases needing FRC input
• **Targeting to Individual Countries**	Currently permitted for System Transformation Grant prior to application to limit transaction costs Co-Financing to unlock Multiplier permitted through the GPE Fund	Allow additional targeted funding to be added post grant approval for both System Transformation Grant and Multiplier where practicable (further guidance would be developed)	- Additional programming post grant application will increase transactions costs + Provides an opportunity to mobilize more resources for system transformation in partner countries in a resource constrained environment. + Could allow donors to top up GPE Multiplier allocation to allow it to mobilize more resources from other sources of cofinancing
• **Eligible Funding Mechanisms for Targeting**	• **GEA** – Solely by Targeted Contributions	• **GEA – FRC recommend** it be funded from % of core funds plus maintain eligibility for targeted financing that could increase resources.	Implementation will depend on Additionality option above

Topic	Current Approach	New Approach	Implications (+ / -)
	• **KIX/EOL/TAI** – Core allocation can be increased • **System Transformation Grant** – for individual countries if targeted prior to application (see section above) • **MLT** – temporary approval due to Multiplier envelope depletion / No restrictions on co-financing through GPE Fund	• **KIX/EOL/TAI** – Maintain approach • **System Transformation Grant/Multiplier** – individual countries prior to or post application (See options in section above)	

Annex B – SAFEGUARDS

Required Changes in Red Text or ~~Strikeout~~

While the policy will still emphasize the preference to receive unearmarked contributions into the GPE Fund, the Board may continue to make exceptions to allow targeted contributions by a contributor for specific initiatives or geographic areas through a notional allocation, providing that it is mutually accepted within the GPE and does not specify earmarking in the Contribution Agreement signed with the Trustee.

The following Safeguards shall apply to all contributions to the Global Partnership for Education Fund and address the specific risks of mission/partnership distortion, financial substitution and administrative burden:

Safeguard 1: All targeted financing offers must be assessed by GPE Secretariat for compatibility with GPE 2030, GPE Charter and GPE Contributions and Safeguards Policy. If additional financing involved, the Chief Executive Officer will approve. Where the Secretariat assessment or the CEO judges a case as unclear or there is a risk of substitution, mission distortion or undue influence on the work of the Secretariat, any targeted financing proposal will be put to the Finance and Risk Committee (FRC) for decision. The FRC will review and report on such decisions on targeted funding to the Board of Directors on a biennial basis with particular attention to the effectiveness of the safeguards in mitigating risk. The FRC will additionally undertake a full review of the Contributions and Safeguards Policy each financing period.

Comment – Ensures that targeted financing aligns with GPE 2030, replacing GPE 2025 and makes minor edits to clarify practice and intent.

Safeguard 2: All contributors must formally disclose any conflicts of interest and where relevant, indicate their formal agreement to GPE's Corporate Engagement Principles.

Comment – No change to existing safeguard

Safeguard 3: No contributions will be accepted for countries not eligible for GPE funding under the GPE allocation model, and any contributions that are notionally allocated on a geographic basis must not exceed the value of existing or planned allocations.

Comment – No change to existing safeguard

Safeguard 4: Any contributions that are notionally allocated on a thematic basis under the GPE allocation model must not exceed the value of components for that thematic area in GPE's existing approved grants. ~~No~~ Contributions ~~amount~~ can be both thematically and geographically targeted. ~~below the regional level by a sovereign donor.~~

Comment – The proposed change would allow flexibility to evaluate combined thematic and geographic targeting to an individual grant level when feasible. This allows a case-by-case review to determine if such targeting is acceptable.

Safeguard 5: No contributions will be accepted for any funding mechanisms outside of the GPE allocation model not preapproved as eligible for targeted contributions by the GPE Board of Directors.

Comment – No change to existing safeguard. List of eligible mechanisms covered in Annex A

Safeguard 6: No funding mechanism can be solely financed from targeted financing by a single contributor and should always be partly financed from unrestricted resources to ensure all GPE donors have a financial stake and ownership.

Comment – No change to existing safeguard

Safeguard 7: All bilateral (sovereign) donors will have the total of their targeted contributions to eligible mechanisms that results in an increase in the size of funds available for that mechanism capped at the higher of either 50% ~~25%~~ of their total contributions to GPE or $50 ~~25%~~ million for each financing period to prevent financing substitution. Targeted contributions may be capped or rejected in order to prevent exceeding the Board approved ceilings for the mechanism and avoid distortion.

Comment – The ceiling was raised for Sovereign donors from the higher of $25m or 25% of pledge to the higher of $50m or 50% of pledge.

Safeguard 8: No contributor can require separate technical or financial reporting beyond routine reports provided by the Secretariat or information normally provided to satisfy routine contributor queries.

Comment – No change proposed and designed to keep transaction costs low.

Safeguard 9: Individual targeted contributions that result in an increase in the size of a GPE allocation for eligible activities are subject to minimum threshold amounts as

determined by the CEO. Such contributions must demonstrate additionality ~~be demonstrably additional to a contributor's core pledge to the GPE Fund and their average annual contribution from the previous financing period~~ to prevent risk of substitution.

Comment – Edits to provide increased flexibility on the assessment of additionality to determine if the risk of substitution exists.

Safeguard 10: Targeted contributions shall include sufficient financing to cover any additional administrative costs arising from the targeting.

Comment – No change to existing safeguard

Safeguard 11: All contributors will sign GPE's standard contribution agreement with the World Bank as Trustee of the GPE Fund ~~used for the GPE Fund~~, irrespective of whether contributions are targeted or not.

Comment – No change to existing safeguard, but clarity that agreements are signed with the Trustee.

Annex C

Contributions and Safeguards Policy – Additional Explanations

Unrestricted Contributions

These are contributions made to the GPE Fund that are intended to support all eligible activities as approved by the Board. They represent the majority of funding received and are the preferred method of contribution to the GPE Fund.

Hard Earmarking

The contributions are segregated and accounted for separately. For GPE, this only applies to the West Bank and Gaza sub-account of the GPE Fund. Donors may elect in their contribution agreement with the Trustee to allocate a specific amount to the West Bank and Gaza sub-account and the funds can only be used for the purpose of supporting those related eligible activities.

Example**:** Donor A pledges US$100 million to the GPE Fund of which US$5 million is intended to support West Bank and Gaza. Donor A signs a contribution agreement with the Trustee specifying that US$95 million is for the GPE Fund and US$5 million is for the West Bank and Gaza sub-account of the GPE Fund. The US$5 million contribution is accounted for separately and will only be used to fund eligible activities in the West Bank and Gaza. The remaining US$95 million will be used to support all other eligible activities of GPE outside of West Bank and Gaza.

Soft Earmarking – that does not result in a decision to increase an allocation

Donors sign the same contribution agreement as those providing unrestricted contributions and funds are co-mingled in the GPE Fund. However, the donor can indicate their preference that their contribution is notionally allocated to support a specific theme, region, or country, or combination of theme and country as now proposed to the Board. Provided the value of GPE's planned allocations exceeds the value of the amount being earmarked, the contribution can be accepted.

Example: Donor B for political or policy reasons pledges US$200 million to the GPE Fund and indicates its contribution is intended to support the 25 low-income countries (LICs) eligible for GPE support. As the value of GPE support to the 25 LICs far exceeds the value of the donor contribution, it can be facilitated. The contribution does not result in any specific decision to increase the allocations for LICs beyond what the Board has already planned for.

Example: Donor C provides a US$2 million contribution intended to support gender equality in Partner Country A. Partner Country A has a grant allocation with a specific component focused on gender equality with a budget exceeding US$2 million so the contribution can be accepted (assuming Board approves recommendation to allow thematic and geographic targeting at country level).

Soft Earmarking – that does result in a decision to increase an allocation

Donors sign the same contribution agreement as those providing unrestricted contributions and funds are co-mingled in the GPE Fund. Unlike the examples above, the contributions result in a decision to increase or provide a grant allocation. This assumes the Board has pre-approved such mechanisms as eligible and the contribution is deemed as additional to avoid any risks of substitution or distortion.

Eligible Grant Mechanisms – Girls' Education Accelerator, Knowledge and Innovation Exchange (KIX), Education Out Loud (EOL), Technical Assistance Initiatives (TAI), System Transformation Grants, and Multiplier.

Example: a donor provides US$50 million under GPE2025 and then increases to US$75 million under GPE2030 on the understanding that US$10 million of its pledge will be used to increase the funds available for a Technical Assistance Initiative. As the US$10 million is clearly additional and is intended for an eligible mechanism, the TAI will be increased by US$10 million.

Example: a donor providing US$100 million under GPE2025 reduces its pledge under GPE2030 to US$90 million due to budgetary cuts to its multilateral development budget. It subsequently identifies US$5 million from its bilateral development budget for Partner Country C which it can't find an easy way to program and requests to contribute these funds through the GPE Fund to increase the value of the System Transformation Grant in Partner Country C. Under the proposed revisions to the policy to take a more nuanced approach to the issue of additionality, this may be acceptable as the funds are clearly separate from the core budget allocation to GPE and it would not be possible to receive them for any other purpose but to support Partner Country C.

How much GPE funds are subject to earmarking?

While there is a significant amount that is subject to soft earmarking on a notional allocation basis that doesn't result in a specific decision to make an allocation available or to increase an allocation, the amounts that are hard earmarked or result in a decision to increase an allocation are limited.

The hard earmarked amounts for West Bank and Gaza are a little more than US$15 million to match the value of planned allocations. The Girls' Education Accelerator raised over US$200 million, while some US$50 million was contributed through the GPE Fund from private foundations as co-financing for the Multiplier. A small amount was also contributed from a sovereign donor to support a Technical Assistance Initiative and the Multiplier. In total, such earmarked contributions represent less than 10 percent of total contributions to the GPE Fund under GPE2025.