GLOBAL PARTNERSHIP for EDUCATION

BOD/2017/03 DOC 02
Meeting of the Board of Directors
March 1, 2017
Washington, D.C.

OVERVIEW REPORT OF THE STRATEGIC FINANCING WORKING GROUP

For Information

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them at the Board meeting.

1. STRATEGIC PURPOSE

1.1 The purpose of this document is to provide a summary cover note to the various papers being submitted by the Strategic Financing Working Group (SFWG) to the Board of Directors' meeting in Washington, D.C. on February 28-March 1, 2017.

2. SUMMARY

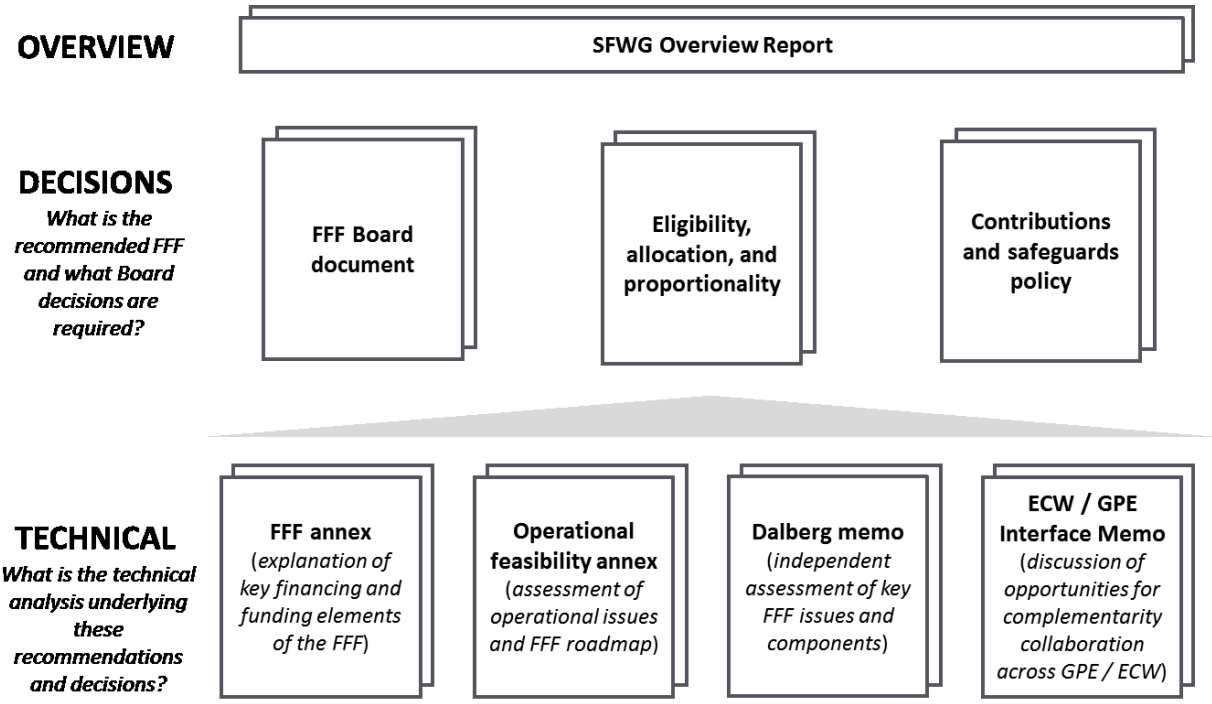
2.1 At its meeting in Cambodia in December 2016, the Board of Directors endorsed the proposed ambitious architecture of the Financing and Funding Framework (FFF), as outlined in BOD/2016/12 DOC 08A. This endorsement was grounded in the recognition that the Global Partnership for Education (GPE) will need a step-change in its approach to funding and financing in order to achieve the level of ambition called for by GPE 2020; maximize the unique window of opportunity for increased commitment to education outcomes; and underpin a successful replenishment round. In order to finalize the FFF for approval in February 2017, the Board of Directors requested the Strategic Financing Working Group to:

- Develop a proposal on eligibility for and allocation of GPE resources for the relevant components of the FFF.
- Work with the external firm to further stress-test the FFF and outline the options and operational implications and roadmap for development and rollout of the various components of the FFF.
- Consider implications of Education Cannot Wait (ECW) on the FFF pending the finalization of the operating model design, as was mandated in BOD/2016/12 DOC 18.

2.2 The SFWG met face-to-face immediately after the Cambodia Board meeting and again in Paris in early February. It established sub-groups to take forward different aspects of work. Key elements of this FFF have been tested through a very well attended technical workshop for financing experts as well as an inclusive process involving representatives from Developing Country Partners (DCPs). Throughout the FFF design process we received very positive signals from both potential new donors, as well as DCPs themselves, that the improvements will be seen as a bold step in the right direction

2.3 The SFWG is presenting to the Board of Directors a fully integrated package of documents that is best described in Figure 1 below:

Figure 1: SFWG Papers for the February 2017 Board Meeting



2.4 The Financing and Funding Framework Paper (BOD/2017/03 DOC 03) sets out the final proposed design of the framework, with associated decision language (noting that detailed design of individual components will need to be undertaken throughout 2017). The Eligibility and Allocation paper (BOD/2017/03 DOC 04) sets out a proposed approach to eligibility across all funding mechanisms, an allocation formula and approach for Education Sector Program Implementation Grants and a proposal for a Leverage Fund that non-ESPIG eligible lower-middle income countries could compete for. The paper comes with its own decision language. The final paper for decision by the Board (BOD/2017/03 DOC 05) is the proposed Contributions and Safeguards Policy, which

involved extensive consultation as part of its development. The FFF, proposals on Eligibility and Allocation, and the Contributions and Safeguards Policy are central to the viability of the FFF and should be considered as an integrated package.

2.5 The SFWG is also providing some supporting documentation in annexes of a more technical nature, including 1) a technical paper with explanations of the key financing and funding elements; and 2) an operational implications assessment and roadmap which outlines the work needed consequent to the decisions put before the Board. Dalberg has also provided a short memo to the Board on their professional assessment of the FFF. Finally, Dalberg has prepared an annex on the interface between the FFF and ECW, something that has been requested by both GPE and ECW.

2.6 In addition, Dalberg has prepared for the Board's information their assessment of the implications of hosting ECW. Any hosting decision rests with the ECW High-Level Steering Group and it plans to review long-term hosting arrangements this year, resulting in a formal approach to its preferred host. Were GPE to be the entity so approached, a formal Board consideration would then be required. This paper is therefore an assessment of the implications of hosting ECW, should a decision be required in future.

3. KEY CONSIDERATIONS

3.1 The SFWG believes it has developed an ambitious, exciting and far-reaching package for Board approval that builds on the significant operating reforms of GPE while directly addressing the imperative of implementing GPE 2020. The FFF provides a comprehensive foundation for both diversifying and increasing GPE's resources. By creating a platform for resource mobilization and deployment that locks into GPE's current operating model, GPE will be better able to make improvements in capacity, data, innovation, and governance and maximize its impact on education systems. We believe that, if implemented, our recommendations will not only see GPE take a dynamic leadership role in the education sector, but will also directly lead to many more children benefitting from improved learning and equity, and significantly strengthened education systems.

3.2 The SFWG believes the FFF is both relevant and realistic, will not lead to unnecessary transactional costs and will also not over-burden partner countries or other members of the partnership. The FFF presents a range of more diversified tools that are demand driven, and an enhanced and expanded role for the GPE. We believe that to succeed the FFF will require a full and enthusiastic support from all partners and cannot be assumed to be driven by the Secretariat alone.

3.3 The SFWG believes that roll-out of the FFF should commence immediately after the upcoming replenishment, i.e. from January 2018. The period 2018-2020 offers the opportunity for

a graduated growth for GPE as different mechanisms and approaches are rolled-out in a staged way, informed by continuous learning. We encourage the Secretariat and relevant sub-committees to be bold in implementation.

3.4 While the SFWG has taken into account the work of the Education Financing Commission, it has been driven in its thinking by GPE 2020 and the directions of the Board.

3.5 The package provided for the Board should not be seen as either the formal Business Case for replenishment or as setting replenishment targets. Any figures or scenarios presented are merely illustrative. We do, however, provide a minimum figure that we believe is required to finance the FFF over the coming three years. Anything below that sum would require a more substantial prioritization process and could undermine the integrated nature of the FFF and its impact.

3.6 The SFWG considers its work to be complete following the Board meeting concluding on March 1, 2017. Assuming sufficient Board decisions, further detailed design work and implementation (of which there is much) should be the responsibility of the Secretariat and relevant Committees.

4. SFWG MEMBERSHIP

4.1 The SFWG has been co-chaired by Sue Graves (Donor 6) and Tony Baker (CSO 1). Participation has been mostly constant throughout the past 12 months, including regular participation from Minister Manigat (GERF Chair and LAC) and Joseph Nhan-O'Reilly (SPC Chair). Other membership at different times comprised representatives from CSO 2, Africa 3, Africa 1, Asia/Pacific, Africa 2, Donor 1, Donor 2, Donor 3, Donor 4, Donor 5, Donor 6, The World Bank, and Private Foundations/Private Sector.

4.2 The SFWG has been ably supported by the Secretariat and Dalberg.

5. CONCLUSION

The SFWG thanks the Board of Directors for the confidence placed in it and is pleased to deliver the package of recommendations for due debate and consideration.

We commend the FFF and other recommendations to the Board.