

## **GPE MATCH**

### **OPERATIONAL GUIDELINES**

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#### **1. PURPOSE**

The [GPE Board](#) has approved a one-to-one matching mechanism as an incentive for foundations and the business community to engage directly in the partnership and contribute their resources (assets, expertise and funding) at a global or country level to support education system transformation. For every US\$1 raised, or its in-kind equivalent, from the business community and private foundations, the GPE Match will provide an additional US\$1. Cross-sector partnerships with the business and foundation communities will be focused on the development and scaling of solutions, innovations and learning partnerships that meet country needs and priorities that unlock bottlenecks for system transformation.<sup>1</sup>

#### **2. HOW THE GPE MATCH WORKS**

Business partners and private foundations can trigger the GPE Match through two avenues:

- First, through the GPE Multiplier, an existing innovative finance mechanism. For every \$1 in additional and new grant funding or eligible in-kind support from private foundations or the business community, the GPE Match will add another \$1 from the Multiplier envelope.
- Second, the GPE Match will match contributions from private foundations and business partners to the Girls' Education Accelerator financing window for up to a maximum of 10 percent of the total amount for the accelerator, \$250 million.

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<sup>1</sup> The GPE private foundations engagement strategy (2017) focuses on leveraging expertise, resources and thought leadership. The private sector strategy (2018) highlights the need to tap into business expertise to design, innovate and support the development of solutions at the country level. The GPE 2025 operating model also indicates the importance of innovative financing mechanisms like the GPE Match to create strategic engagements with nontraditional partners.

## 2.1 Eligibility to Contribute

The initial amount for the GPE Match is \$100 million under GPE 2025, but this may be adjusted based on implementation of the mechanism and consideration of GPE's overall financial position. The total maximum amount (financial and/or in-kind) a single private foundation or business partner can trigger from the Match is currently \$25 million, with the flexibility to consider an increase on a case-by-case basis, taking into consideration overall demand for the mechanism.

To be eligible, partners interested in triggering the GPE Match will need to certify that their contribution is from private funds, not publicly sourced funds.

To further define eligibility, GPE will conduct due diligence on proposed partners to ensure proper fit and to avoid reputational risks (see appendix A). All proposed business alliances will be approved by the GPE Secretariat's Management Team.

All contributions will need to comply with GPE's *Contributions and Safeguards Policy* and any other relevant policies, including those of the World Bank, the host of the GPE Secretariat and trustee of the GPE Fund.

## 2.2 GPE Match: A 1:1 Match through GPE's Multiplier

[GPE's Multiplier](#) is an innovative financing instrument designed to mobilize and work alongside cofinancing from a range of partners. Countries use the Multiplier to crowd in new and additional external funding for education programs aligned to national priorities and the partnership compact. Grants from the Multiplier support system transformation in a country's education sector.

All GPE-eligible countries are eligible to access the Multiplier. The [list](#) confirming eligibility and country allocations for the Multiplier is set by the Board.

Countries work with a range of cofinancing partners, including private foundations and business partners, to unlock the Multiplier and mobilize new and additional funding for national priorities. The Multiplier will support areas identified in a country's education sector plan, compact with GPE or similar national planning document.<sup>2</sup>

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<sup>2</sup> A key element of the GPE 2025 strategy is the partnership compact, a strategic, high-level, evidence-based agreement between GPE and a country. The compact identifies key focus areas for GPE grants, targeting areas with potential for transformational change in education systems. A country will codevelop a compact as part of the process to access its system transformation grant. Not all countries are eligible for the system transformation grant, but all countries are eligible for the Multiplier. As a result, not all countries will have a compact in place when they develop and deploy a Multiplier grant.

For sovereign donors, the cofinancing threshold is 3:1, which means that a country will need to secure \$3 from these donors for every \$1 it wants to access from the Multiplier. For private foundations and business partners, the GPE Match lowers the cofinancing threshold from 3:1 to 1:1. Thus, for every \$1 a country secures in cofinancing (financial or in-kind) from foundations and business partners, they can unlock an additional \$1 from the Multiplier.

Partners and countries can trigger the GPE Match by going through the same process in place for the Multiplier, including the application process and funding requirements. If a business partner or foundation and local education group are interested in this approach, they should liaise with the GPE Secretariat as early as possible.

A key first step to initiate the Multiplier application process is for the country to submit an expression of interest to the GPE Secretariat. The detailed process and procedures can be found [here](#).

Countries are encouraged to combine the Multiplier grant with other GPE grants to maximize *alignment* and minimize *transaction costs*. Other [GPE grants](#) include the system transformation grant, Girls' Education Accelerator grant and system capacity grant.

There are **two ways** through which foundations and business partners can channel their resources to trigger the GPE Match through the Multiplier:

*a) Through the GPE Fund*

If private foundations and business partners wish, they can channel contributions directly to the GPE Fund and direct their resources to specific countries, regions or thematic areas. With this approach, financial contributions are eligible for the match, but in-kind contributions are not. Thematic areas can only be targeted at a global or regional level. In the first case, GPE will allocate the contributions to the identified countries and then use the GPE Match to add the same amount of funding to these countries. In the case of targeted contributions to a particular thematic area, GPE will allocate these funds to countries that have prioritized the thematic area within the partnership compacts and then contribute a corresponding amount unlocked through the GPE Match. The process for both cases will be streamlined with GPE's Multiplier process.

Example: A foundation contributes \$20 million to the GPE Fund toward early childhood education in support of countries that have prioritized this subsector. While developing the partnership compact in a number of countries, the GPE Secretariat identifies programs that intend to include early childhood education as a component, then GPE allocates a portion of funds from the foundation's contribution to the country and unlocks a corresponding amount from the Multiplier for the country.

*b) At the Country Level*

Both financial and in-kind contributions made directly to in-country programs are eligible for the GPE Match. Foundations or business partners can seek guidance with GPE on how to engage with the ministry of education and local education groups to express interest in supporting the government to trigger the Match. This can be done by investing at the country level as cofinancing to the Multiplier grant, or in exceptional cases as a stand-alone but complementary program, which will also have to meet the standards of the Multiplier grant, including standards on system transformation. The first approach is called "cofinancing," the latter "parallel financing."

Evidence of cofinancing will need to be provided as part of the Multiplier application process and will be tracked over the course of program preparation. If the cofinancing is provided as parallel financing, explanation will be required for why a separate modality is necessary and how it is aligned with GPE funding.

Example: A country submits an expression of interest to apply for \$20 million from GPE's Multiplier. A business partner provides an in-kind contribution of \$5 million and a multilateral development bank provides \$45 million in the form of a concessional loan. This can trigger a total of \$20 million from the Multiplier if the expression of interest is approved and the business partner has been vetted: The business partner's contribution will be matched 1:1 (\$5 million) through the GPE Match, and the multilateral

development bank's contribution will trigger an additional \$15 million following the Multiplier's 3:1 cofinancing threshold for sovereign donors.

### 2.3 GPE Match for Girls' Education Accelerator

Under GPE's new strategy, gender equality will be hardwired into GPE's processes, grants, monitoring and learning, and dialogue. In addition, recognizing that girls' equality lags badly behind in some countries and that further resources are necessary to enable transformational change, a new Girls' Education Accelerator has been established.

*GPE's Contributions and Safeguards Policy* allows private foundations and business partners to earmark contributions to this window. Assuming due diligence requirements are met, for every \$1 of financial contributions, the GPE Match will add another \$1.

The GPE Match will match contributions for up to a maximum of 10 percent of the total target for the window (set at \$250 million). If the target for the window has been reached from other sources, the match will no longer apply.

For contributions to the Girls' Education Accelerator, only financial contributions will trigger the GPE Match, not in-kind contributions, unlike for the Multiplier.

Activities to be supported through the Girls' Education Accelerator should align with those identified in systems transformation grants and Multiplier grants by complementing and extending their effects on gender equality.

Thirty partner countries are eligible for support from the Accelerator, to ensure prioritization of GPE's resources for lower-income countries with the greatest need in the area of girls' education.<sup>3</sup> The list of eligible countries can be found [here](#).

### 3. IN-KIND CONTRIBUTIONS

Verifying the cofinancing level of in-kind contributions requires an additional valuation process to ensure it is equivalent to the dollar amount provided by the GPE Match.

*Focused on expertise and innovative solutions:* GPE considers in-kind contributions as expertise-based partnerships that aim to share value to the country, GPE and business community partners. In-kind contributions will be limited to partnerships focused solely

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<sup>3</sup> Eligible countries for the Girls' Education Accelerator window: Afghanistan, Burkina Faso, Burundi, Central African Republic, Chad, Democratic Republic of Congo, Eritrea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Malawi, Mali, Mozambique, Nepal, Niger, Rwanda, Sierra Leone, Somalia, South Sudan, Sudan, Syria, Tajikistan, Tanzania, Togo, Uganda and Yemen.

on leveraging expertise and innovative solutions from reputable and socially responsible partners that currently have or will make long-term commitments to *education* and social development. As such, GPE will not consider a mass product donation (e.g., laptops) as expertise-based partnerships for the purposes of unlocking GPE's Multiplier. If donors want to contribute nonfinancial assets as part of sharing their expertise and capabilities (e.g., classroom or software to conduct capacity-building training), GPE will evaluate its necessity and efficiency in managing transaction costs and the expected impact generated from the partnerships to determine the acceptance of such contributions. As appendix B shows, business partners should assess in close coordination with the ministry of education and the local education group whether the intended in-kind contribution is eligible before starting the valuation process.

*Fair market value:* In-kind contributions will be valued at the fair market value applicable in a country or a region. Fair market value is defined as the cost at which the donated asset would have been normally sold in the market. For the valuation to be accurate, business partners will be responsible for estimating and documenting in-kind contributions as part of the GPE Multiplier application process when the expression of interest is submitted. Local education groups can provide support for the valuation process and verification of the result if needed. GPE reserves the right to request further information and conduct our own analysis to determine whether a valuation will apply for the purpose of the match.

For an example of the key steps of the valuation, please see appendix B.

## **APPENDIX A. DUE DILIGENCE**

The purpose of due diligence is to confirm the intent and corporate social responsibility history of potential business partners and background of philanthropic foundations, to mitigate reputational risks. It is required for all multinational companies and corporate and private foundations with whom GPE is considering a partnership.

Partnerships will be considered based on the following:

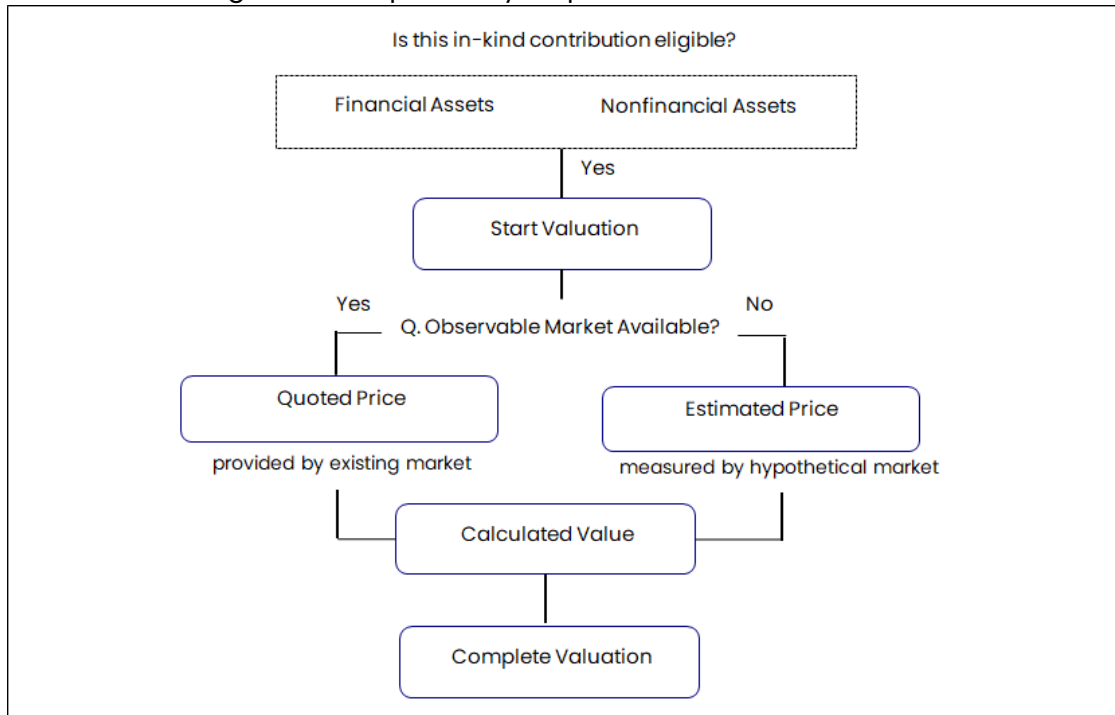
- i) Alignment with GPE's strategic objectives
- ii) Alignment with GPE's private sector and foundation engagement priorities
- iii) Assessment of GPE's environmental, social and governance requirements (including human rights law, child labor, etc.)
- iv) Reporting from third-party screening firms: Sustainalytics and RepRisk
- v) The World Bank's due diligence process

Subject to the result of the due diligence process, GPE's Management Team will make the final decisions on proposed partnerships with the business community and foundation partners.

**APPENDIX B. VALUATION OF IN-KIND CONTRIBUTIONS**

Contributing business partners value the in-kind contributions. The GPE Secretariat will review and approve the result of the valuation as part of the established GPE Multiplier process when the country partner submits the GPE Multiplier expression of interest. Figure 1 provides an example of the key steps in valuing in-kind contributions.

Figure 1. Example of Key Steps in the Valuation Process



**Types of In-Kind Contributions**

There are five types of in-kind contributions. The following table offers examples of each type and ways to calculate their value as a reference for donors and country partners.

| Types                | Examples – Items and calculation  |
|----------------------|---|
| Professional service | Experts, professionals from business community and foundation partners: Use person-day market rates in the country or district at the relevant level of input       |
| Intangible asset     | Software: Cost of software license for period of use<br>Data: Equivalent commercial cost of purchasing data or time/person power costs required to produce the data |



|  |   |
|--|---|
| Fixed asset                            | Land, building, transportation (vehicle): If it is donated to country partners, the full price supported by official document or data proving the price. If the donation is limited to the program duration, use the official rent price. Price calculation should be supported by official documents |
| Additional labor                       | Research, volunteer, administration, other donated labor: If available, use the official rate/appropriate at the relevant level of input  |
| Supplies related to intangible support | Office supplies, equipment: Use market price of materials/components as supplied  |

**Example of In-kind Contribution**

A company wants to support a GPE partner country by seconding their employees to work on a specific project prioritized by the ministry of education for a certain duration of time. For example, company X intends to second two data experts to work with the ministry of education in country Y to upgrade and strengthen their education management information system and strengthen the capacity of ministry staff to collect data on a regular basis. In this scenario, the company is willing to provide labor or expertise to a GPE partner country; thus, the valuation consideration is solely related to expertise (labor costs) and other direct costs. The company will need to calculate the value of this in-kind contribution and it must be included in the expression of interest a country must submit to unlock additional funding from the GPE Multiplier.