

Considerations for the Future of GPE

A report for the GPE Board

1. CONTEXT

1.1 At the GPE Board of Directors' retreat in December 2022, the Board asked the Secretariat to prepare a short paper outlining possible country-level efficiency and effectiveness benefits that might accrue should GPE establish a separate legal entity.

Discussion during and following the Board meeting suggests that a binary choice between “staying” and “leaving” lacks a common strategic vision for the future. Therefore, this paper touches on how GPE could evolve to be more effective in delivering support to partner countries while also supporting the sector to be more effective.

1.2 There is no question of the importance of education. However, the world faces a learning crisis – post-COVID seven out of ten children are estimated not to be acquiring minimal literacy proficiency by age 10. This is far below national and global development needs, while most individuals will not have the skills they need to succeed in the workforce of the 21st century.

1.3 In spite of this crisis, international **investment in education has not been prioritized to the same extent as other sectors** such as health or climate change, irrespective of education's role to achieve sustainable gains in both areas. The education sector has created a number of smaller, specialized organizations and associated funds. Despite good-faith efforts to coordinate and collaborate among the players, many observers (including the High-Level Steering Committee of the Global Education Cooperation Mechanism) have noted that **the sector has become fragmented. Without better coordination, the efficiency and coherence in delivering support to partner countries will be increasingly impeded.** Moreover, the sector has failed to deliver on learning, especially for the most marginalized, while the various education funds must compete for increasingly constrained donor funding.

1.4 On a more positive front, the sector is endowed with a broad and growing array of organizations—multilateral, bilateral, civil society, foundations, and businesses—providing implementation and financial support, as well as technical leadership. Global sector coordination is beginning to improve with the creation of the High-Level Steering Committee of the Global Education Cooperation Mechanism. Moreover, the UN Secretary General, through the Transforming Education Summit, has brought political attention to the urgent need for resources and new ways of working to address the education crisis that is crippling global development and contributing to multiple other crises.

1.5 As a partnership, GPE brings together most actors in the education community—including 85 partner countries—in support of a country-led and evidence-based approach to transforming education systems to deliver learning results at scale. At the same time, many Board members have noted that GPE could be more flexible, nimble and responsive to country partner needs, while potentially realizing some savings that can be directed to country partners. **Accordingly, it behooves the GPE Board to consider the role GPE could and should**

play in supporting the education sector and what administrative arrangement is required to meet that purpose.

2. COUNTRY-LEVEL BOTTLENECKS

2.1 GPE is a strong organization, though against the global background it does face an immediate need for some solutions around operational bottlenecks to achieving better efficiency and effectiveness at the country level. We saw through the COVID grant experience the benefits of GPE customizing support by country context and being nimble. Moreover, GPE would benefit by taking advantage of the range of partners in the sector, while being able to raise and better safeguard more financing.

2.2 Our preferred model under the current financing cycle is to continue to operate through grant agents at the country level, though we have observed that in many countries a choice of suitable grant agent is not available, or available grant agents are unable to cover the geography or focus that is best suited to system transformation. That model may well require modification in future cycles. We have already noted the unwillingness of most bilateral agencies to act as grant agent. The menu of grant agent options for countries to choose from remains relatively limited. We have also observed unseemly political competition between potential grant agents in a few cases. So, **while the model is excellent in theory for the current GPE 2025 cycle, there are some notable contextual operational limitations.**

2.3 It would therefore be beneficial in future funding cycles if GPE were able to leverage the full collective capabilities of GPE partners and deploy finance at scale without restriction on the types of entities that can receive funding directly from GPE. Some significant options include:

- **Supporting the development or use of pooled funding arrangements** where a suitable grant agent is not available or where this direct approach offers greater value for money and promotion of country ownership. Where pooled funding is already established, funding could flow more quickly, enabling more rapid implementation. GPE has long advocated for more pooled funding arrangements where appropriate, but we have seen some diminution of this across the sector and the bilateral donors who have been at the forefront are not available to us as a grant agent.
- **Directly funding a government** to promote country ownership, equality among partners, and use of national systems, where government capacity is strong as evidenced through Public Expenditure and Financial Accountability (PEFA) assessments and a specific GPE grant level capacity assessment.

In addition, there may be some delivery mechanisms where GPE can obtain greater effectiveness and efficiency where more aligned modalities are not appropriate. These might include, among others:

- **Channeling smaller grant allocations** such as a portion of system capacity grants directly to government, or other local entity.
- **Directly funding local NGOs to support marginalized groups such as refugees.**

- **Directly financing private sector implementors.** Many donors work through consulting firms, or private sector implementing entities within their aid programs. This option is not available to GPE and could be a valuable option in certain contexts.

2.4 In theory much of the above can be achieved via the existing grant agent arrangements through sub-contracts, however in some contexts there may be improvements in efficiency, cost savings and effectiveness by having the capacity to engage directly into separate funding agreements. To do so, GPE would need to have a legal status in some shape or form to meet Trustee requirements. **We propose that the Secretariat further explore with the World Bank and Trustee whether arrangements might be made for a legal entity running parallel to the World Bank as host.**

3. GLOBAL-LEVEL BOTTLENECKS

3.1 The global development space is currently very crowded, constrained economically and competitive. It is imperative that GPE expand its resource base. If we want GPE to be more effective and efficient GPE requires a greater diversity of partnerships and contracts at the global level. GPE's lack of legal status hinders this to some extent since some entities and contracting arrangements are precluded, irrespective of whether they would further GPE's vision and mission. Two areas stand out:

- **Facilitating the creation of national legal entities** (e.g., US 501c3, or charitable foundation) **that could offer tax efficient vehicles to mobilize direct contributions from the public or business.** GPE's offering is highly attractive to wealthy (and other charitably-minded) individuals and foundations where in our view there is significant potential for resource mobilization.
- **Working with commercial Banks to facilitate a more comprehensive approach to currency hedging.** This would enable us to hedge based on pledges which in the last 18 months would have potentially saved the Partnership US\$200 million.

3.2 To achieve this would require a separate legal status, further reinforcing our recommendation to engage the World Bank and Trustee on possible options.

4. THE LONGER TERM VIEW

4.1 While the previous two sections have addressed some of the more immediate bottlenecks that GPE may want to address further in the short-medium term, **in the longer term GPE will benefit from the Board considering this year where GPE may fit into the overall architecture of the education sector.**

4.2 We do not believe that a definitive decision on future administrative arrangements can be made without consideration of the longer-term strategic positioning of GPE within the sector.

4.3 A faster, nimbler and more responsive GPE, while essential, will not fully address the challenges to efficient and effective education sector fund management and strengthening of the education aid architecture, vitally important for GPE's goal of achieving system

transformation and results at scale. In Board discussion, UNESCO and others raised the idea that **greater cooperation and synergies around fundraising, advocacy and other aspects could help the whole sector and set it on a path to aid funding levels closer to health and climate change**. It was described by one Board Member as aiming to “raise all the boats in the harbor” at the same time, noting that GPE has been very influential in increasing domestic financing. **Board Members also expressed significant and justified concerns over fragmentation and cost inefficiencies due to duplication across the sector.**

4.4 We do not have any immediate concrete recommendations to make on this subject since this is an iterative and high-level political issue. However, we do believe it to be important that the Board considers where GPE fits longer term in the architecture and the specific capacity and capabilities that it can bring. **We would suggest that the High-Level Steering Committee (HLSC) of the Global Education Cooperation Mechanism provide some immediate thinking and direction** and the Secretariat stands ready to support any work in this regard.

4.5 Moreover, in the context of any such HLSC guidance, **we also recommend that the Secretariat come back to the Board before the end of 2023 with some initial proposals for any strategic changes to GPE’s operational capabilities, scope and institutional arrangements over the longer term to 2030.**