

 JULY 26, 2023

## MEETING OF THE BOARD OF DIRECTORS

VIA VIDEOCONFERENCE

BOD/2023/07 DOC 02

FOR DECISION

### ADAPTATIONS TO GPE'S OPERATING MODEL

*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:

- As requested by the Board at its June meeting, the Performance, Learning and Impact Committee (PILC) discussed the proposed operating model adaptations on July 5, 2023. Members expressed their support for **phasing out the variable part** for system transformation or multiplier grants approved under GPE2025. There were diverging views on the requirement of results-based financing, however, the Committee reached consensus on recommending that partner countries be given flexibility to opt out by providing an explanation.
- **Top up triggers.** The Committee agreed that countries should be able to develop a program based on 100% of their allocation upfront and apply for 100% of their indicative allocation for a system transformation grant under GPE 2025 and that any top-up funds be formulated as incentives in the decision language. Members did not express support for deduction of the top-up amount from the 2026-2030 allocation. Members also decided to recommend that a top-up not be required for system transformation grants of \$10 million or less. Another point of agreement was allowing partner countries that do not apply for 100% of their indicative allocation but achieve the top-up triggers to reprogram the top-up funds as additional financing to the grant or to add them to its 2030 application.
- Members welcomed the proposal on the **use of mid-term reviews** as a basis for the strategic parameters for the 2026-2030 financing period and requested that this review be incorporated within existing sector processes.
- Committee members considered alternative proposals on the **ITAP review** and agreed to recommend maintaining the ITAP requirement and that countries eligible for multiplier grants and those with a system transformation grant allocation of under \$10 million may forgo an ITAP review.
- Members also agreed on recommending **the allocation of US\$ 2 million of System Capacity Funding**. The Secretariat addressed concerns raised about the roster of consultants, clarifying that they would be available to countries on demand and accountable to countries and local education groups.

## Objective

1. This document sets out the recommendations of the Performance, Impact and Learning Committee (PILC) on the proposed adaptations to GPE's operating model, for Board decision.

## Recommended decision

**BOD/2023/07-XX— Adaptations to GPEs Operating Model:** The Board of Directors:

1. Recalls its decision BOD/2020/12-03 on the GPE 2025 operating model and the importance of ongoing learning and adapting,
2. Endorses the principle of adaptive learning for continuous improvement as GPE transitions from one strategy period to the next,
3. Approves the following recommended changes as set out in BOD/2023/07 DOC 02 to further optimize GPE country level engagement and operations and reduce transaction costs:
  - i. **Phase out the variable part.** Emphasizing the important role of context appropriate results-based financing in GPE grants, determines that a mandatory variable part is not required for any system transformation or multiplier grant approved under GPE2025. Countries are expected to include results-based financing components within grants that are aligned with grant agent procedures. Countries that choose not to implement results-based financing, must provide an explanation in their grant application.
  - ii. **Results-based financing through top-up triggers.** Partner countries may apply for 100% of their indicative allocation for a system transformation grant under GPE 2025 with the understanding that any top up funds would only be released upon the achievement of the approved triggers at mid-term review. Partner countries that do not apply upfront for 100% of their indicative allocation but achieve the top up triggers, may continue to program the top up funds: (1) as additional financing or (2) as top up funds to any 2030 system transformation grant allocation, submitting a single application that includes the 2025 top up in addition to the 2030 allocation. A top up would not be required for system transformation grants of USD 10 million or less.
  - iii. **Use of the Mid-Term Review.** The mid-term review of the partnership compact shall to the extent practicable be integrated within existing sector processes and serve as the basis for the strategic parameters for the subsequent funding round for the 2026-2030 financing period. The Secretariat is requested to develop and communicate the necessary guidelines to support the mid-term review.

- iv. **Independent Technical Advisory Panel (ITAP) Review.** Maintain the ITAP requirement while requesting the GPE Secretariat to implement targeted measures to improve the relevance of recommendations and ensure timely report completion. All partner countries eligible for multiplier only grants, as well as those with a system transformation grant allocation of \$10 million or less, may forgo an ITAP review of the enabling factors.
  - v. **System Capacity Funding.** Allocates US\$ 2 million of System Capacity Funding to provide additional support for partnership compact development and review to be approved by the Secretariat as either grant financing from the GPE Fund and/or as administrative expenses. Requests the Secretariat to report on progress to the Performance Impact and Learning Committee at its first regular meeting in 2024.
4. Requests the GPE Secretariat, upon Board approval, to operationalize these changes, including communicating transition arrangement for those countries who are already advanced in developing partnership compacts and grant applications.

## Background and overview

2. The GPE2025 operating model was designed to be dynamic and adapted based on feedback and evidence of what works and what does not. This learn and adapt approach has been at the core of the roll-out since its inception. Over the past year, the GPE Secretariat has adapted and simplified processes and guidelines based on feedback while also considering more significant changes where the evidence has pointed to opportunities to reduce transaction costs and accelerate timelines.
3. At its December 2022 meeting, the Board expressed concern about the transaction costs for partners and the pace of grant approvals and called on the Secretariat to accelerate progress. The Board also noted the importance of maintaining strong inclusive country dialogue.
4. In February 2023, the Secretariat rolled out operational adaptations that have already helped to streamline and simplify the process. At the same time, the Secretariat, drawing on evidence to date, extensive internal consultations, and ongoing feedback from partners, drafted a set of more substantive changes to further streamline the model. Those changes, which require Board approval, were shared with partners through nine constituency-based webinars, and adjusted based on feedback before being proposed to the Board in June 2023.

5. At its June 2023 meeting, the Board requested the PILC to review the proposals and make a recommendation to the Board for its consideration at its exceptional July 26 meeting.
6. The PILC convened on July 5, 2023 to review the proposed adaptations including alternative options that reflected the Board feedback. PILC reached consensus on recommending the proposed adaptations to the Board.
7. Annex A provides an overview of opportunities to reduce transaction costs, which was submitted to the PILC meeting of July 5, 2023.
8. The original document presented to the Board in June 2023 is available on the Governance Portal.

### **Annex A - Overview of opportunities to reduce transaction costs**