

 **DECEMBER 5-6, 2023**

MEETING OF THE BOARD OF DIRECTORS

ZANZIBAR, TANZANIA

BOD/2023/12 DOC 02

FOR INFORMATION

REPORT FROM THE CEO

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.

OVERVIEW

This report marks one year since I started my term as GPE CEO in the midst of a global education crisis worsened by political instability and war, the pandemic, economic upheaval and climate change. GPE needs to better leverage its partnership and financing to address the silent emergency steadily growing in education in lower income countries amid a perfect storm of spiralling needs and diminished funding. A year into my role, I am confident that GPE is poised at an exciting juncture of transformation and growth.

Indeed, the successful negotiations with the World Bank on hosting arrangements will create a more enabling environment for GPE to address the current challenges and prepare for the future of the organization and the sector.

Over the past year, our concentrated efforts in securing more and better financing for education have borne fruit, showcasing GPE's leadership on global stages and underlining the significance of education as an invaluable investment. There is more to be done to ensure education remains high on the global agenda, especially with the forthcoming COP28 and the African Union Summit.

GPE's priority is to better support countries to transform education systems. Some significant progress is being made to catalyze transformative change through GPE 2025 and I want to ensure the organization is geared up to further this effort.

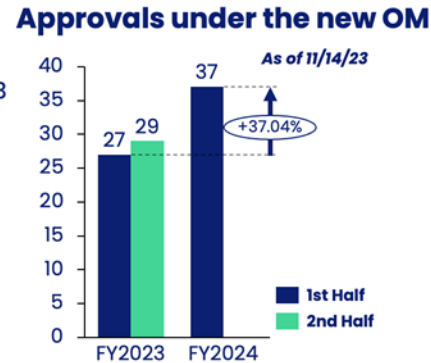
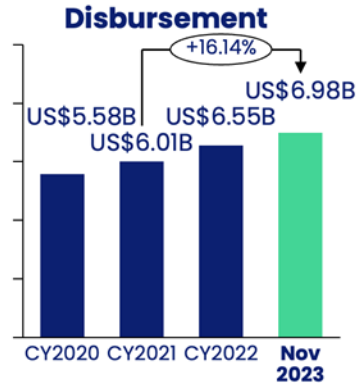
THE CEO'S DASHBOARD

\$2.8 BILLION

active implementation grants in 82 partner countries

227 MILLION

children, 1.2 million teachers and 15,000 classrooms – GPE2025



\$2 BILLION

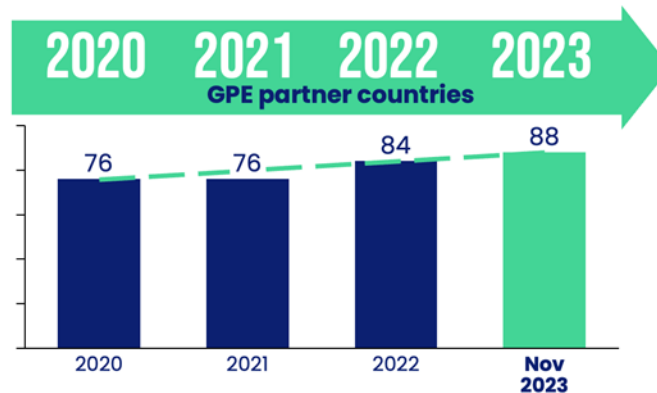
cofinancing toward US\$2.5B target for 2025

79 EOL

grants to 63 partner countries

45 KIX

projects to 70 partner countries



DELIVERING TRANSFORMATIVE CHANGE THROUGH GPE 2025

Key results and operation model implementation update. The past six months have seen notable progress in GPE's facilitation of finalized partnership compacts, demonstrative of the organization's commitment to supporting country-led, gender-inclusive dialogues on system transformation. A total of 13 additional countries have now finalized partnership compacts, culminating in a significant 32 compacts in total. Distinct trends have emerged from these compacts, with a strong emphasis on quality learning (14), equitable (12) and inclusive (11) education, quality teaching (10), foundational learning (9), and pre-primary education (4). Significant strides have been made in gender inclusivity, as evidenced by gender considerations being integrated into every priority reform of all partnership compacts. Examples include Cote d'Ivoire's robust reforms, informed by comprehensive gender analyses, and Solomon Islands' recent compact, which incorporates a gender equality and inclusion lens.

In alignment with these efforts, GPE launched the operational paper "**Going Further Together: A partnership approach to gender equality**" in September. GPE's commitment to gender equality has seen momentum with the approval of six new Girls Education Accelerator (GEA) allocations. However, it is imperative to note that the demand for GEA now surpasses its capacity, necessitating discussions at the FRC and Board levels regarding additional fundraising.

Learn and adapt. GPE recognizes the importance of adaptability and continuous learning. Recent initiatives include hosting regional workshops, introducing e-learning modules on system transformation, and dynamically altering country engagement strategies to cater to unique challenges. Findings from GPE's portfolio of monitoring and evaluation provide an opportunity to learn from the evidence and experience amassed to sharpen GPE's approach to supporting education system transformation in partner countries. The external longitudinal Thematic and Country-Level Evaluation (TCLE) and related country case studies assessing the model's support to system-level reform design and implementation at the country level will run through 2026. There are early signs that GPE's operating model is driving a positive shift in how countries think about and design education reform, but further reform prioritization is needed. The initial findings of the evaluation focusing on the early implementation of the model in eight countries support evidence-based learning for continual refinement of the model as reflected in the revised guidance, approaches, and Board-approved adaptations.

Five bold adaptations, approved by the Board in July 2023, were introduced to enhance operational efficiencies while upholding GPE 2025's core principles. These adaptations included changes in results-based financing mechanisms that introduced more ways for countries to access 100% of their allocation, removed top-up requirements for system transformation grants under US\$10 million, and phased out the variable part in favor of more context appropriate and grant agent lead result-based mechanisms. This would also help reduce transaction costs significantly in grant design and its follow-up. To facilitate the development and continuity of the partnership compact, the Board approved US\$2 million of additional funding under a global system capacity grant to support initiatives such as regional workshops or the development of a roster or regional/national consultants; approved the use of the mid-term review as the basis of subsequent funding round (2026-2030) saving partner countries' and the Secretariat's time and resources and allowing a

smoother transition; and approved the removal of ITAP as a requirement for countries with less than US\$10 million STG allocation and those with only multiplier grants. Since July 2023, the Secretariat has implemented the above adaptations by ensuring that changes and simplifications are communicated internally and externally. Work on the processes and guidance documents for the mid-term review and the use of the global system capacity grant are currently under development with staff dedicating time to leading work on each of these areas.

GPE emphasizes collaboration, efficiency, and meeting partner countries where they are. Following an initial successful workshop in Conakry in May 2023 with Guinea, Central African Republic, and Mali, two subsequent regional workshops were organized: one in Madagascar with Burundi and Djibouti in July 2023, and another in Cameroon with Togo and Mauritania in October 2023. These events fostered shared experiences and collaborative reform visions. Furthermore, GPE's adaptability is evident in its bespoke approaches tailored to unique country contexts, be it supporting non-formal education in Syria's affected areas, fostering new partnerships in Vietnam, or aiding Morocco's ambition to digitalize its education system.

Key Results in Partnership Engagement to Deliver Change Through GPE 2025.

The Knowledge and Innovation Exchange (KIX) continues to evolve in response to emerging demands, with a surge in high-quality research production and the subsequent use of KIX-supported evidence in decision-making at the educational forefront. Stories of research uptake are featured, including Chad's formal endorsement of the EdTech innovation being scaled by the 'Bridges to Impact through Innovation EdTech' project, to teach math and reading to refugee and displaced children through a highly contextualized digital technology. In September nine new KIX data and data use research grants were approved from over 140 submissions while in October, nine new Gender Equality and Inclusion grants were approved from a pool of 330 submissions. In November, research calls on two further themes aligned with GPE2025 were launched - Teacher Professional Development and Early Childhood Care and Education.

The Education Out Loud (EOL) 2024-26 grant portfolio is on track for completion by December 2023. This will empower over 80 grantees to contribute to transformative systems, leveraging innovative advocacy, shared learning, and social accountability tools, particularly in fragile contexts. In Yemen and Somalia, learning activities have helped civil society partners respond to education needs in emergencies. Similarly, learning collaboratives have helped civil society support reintegration of children into school through digitalization and other alternative means in Benin, Cameroon, Chad, Mali, and Togo. In Burkina Faso, radio broadcasts in local languages have been used to expand policy awareness, while in The Philippines, youth led school monitoring has contributed to effective policy engagement.

Furthermore, GPE's strategic capabilities technical assistance facility is positioning itself as a pivotal force in reinforcing partner country capacity for system transformation. As part of this facility, the **Climate Smart Education Systems Initiative** is currently deploying the expertise of Save the Children, UNESCO and UNESCO IIEP to provide support for climate resilience and sustainability in education to Malawi and Zimbabwe, with expansion to an additional 20 countries planned to begin in December (following the GPE Board decision in June 2023 to allocate an additional US\$15 million for scaling). Two other pilots are underway to inform GPE's technical support to enhance both data and monitoring: the **Education Data Leadership Program** is providing in-kind expertise from the private sector for better collecting, organizing, storing, using and sharing education data in The

Gambia. The **Monitoring, Evaluation and Learning initiative** is currently providing support to 7 countries, with a comprehensive report on lessons learned around compact monitoring expected by April 2024. The GPE Secretariat is also currently working with partners to develop and test initiatives in the following cross-sectoral areas: **(1) Gender Equality, (2) School Nutrition, (3) Safe Learning, and (4) Technology for Education**. Each initiative is expected to initiate pilots in 1–2 countries by early 2024, to help inform the potential for further expansion subject to positive initial results and additional co-financing. The School Nutrition Technical Assistance facility was just launched at the School Meals Coalition global meeting in Paris. This initiative will begin piloting in one country by 2024 with initial results informing GPE Board consideration to scale this support to reach additional partner countries.

In the realm of partnership engagement, constituency meetings in Latin America, the Caribbean, and Africa have deepened dialogues and fostered relationships among partner countries. GPE's consistent engagement through webinars and meetings has further solidified dialogues and collaborations with global stakeholders. The KIX Latin America and Caribbean Hub joined the constituency meeting in September and explored collaboration opportunities with the partner countries, including around partnership compacts. In the same month, the KIX Europe, Asia, and Pacific Hub welcomed Indonesia, Philippines, Sri Lanka, Tunisia, and Ukraine to the Hub, as well as nine Pacific Islands states. In October the two KIX Africa Hubs convened the KIX Continental Research Symposium for Africa, which brought together 250 ministries of education, research, academia, and civil society participants from 38 countries to discuss research and the uptake of evidence in policy dialogue, as well as strengthening connections with EOL partners and grantees.

To further support learning of partners around the operating model, the Secretariat has worked to develop 5 e-learning modules outlining: GPE's approach to system transformation, enabling factors, partnership compact, gender equality in the operating model, and GPE 2025 grants. These modules are now available on the GPE website, and I encourage all of you to explore them. Additionally, to further facilitate better understanding of GPE as well as aspects of the operating model, the Secretariat has organized a further 14 webinars and learning sessions with at least 8 partners in the first half of the year. The Secretariat has deeply benefited from the questions, feedback, and interest from partners across a number of issues and continues to work to ensure this valuable input is integrated into the way GPE progresses the operating model.

GPE'S FINANCE

Since the April 2023 FRC meeting, the GPE's financial status has improved, mainly due to favorable shifts in the US dollar and enhanced investment returns on the Trust Fund. However, political unrest in various nations has delayed access to System Transformation Grants, leading the Secretariat to adjust grant discounting. The previously predicted shortfall of US\$9 million in GPE 2025 allocations has now transformed into a surplus of US\$252 million, opening up possibilities for redistribution. Global economic challenges, intensified by the Ukraine conflict and increasing inflation rates, are pressuring donor governments' aid budgets, urging a shift in focus to sectors like health and climate.

On the brighter side, **disbursement** trends are on the upswing. As of the end of July, they stood at roughly US\$300 million and are expected to surge to US\$600–US\$700 million by 2023's close—a notable 20% increase compared to 2022. Notably, GPE's disbursement rates have not only achieved but at times surpassed original estimates, ensuring necessary funds are distributed efficiently.

Despite most donors staying committed to their pledges and a lag in grant disbursements in 2022 and 2023, cash reserves will exceed the ideal twelve to fifteen-month disbursement coverage. The year from July 2022 to June 2023 saw disbursements rise by 15% compared to its predecessor, indicating a consistent decrease in cash from 2024 and a looming replenishment necessity by 2026.

Grant approvals are also increasing, with a confirmed figure of over US\$350 million already greenlit, an additional US\$700 million is anticipated to receive approval by late 2023 or early 2024. This momentum is fueled by a confirmed pipeline of nations that have ratified strategic parameters for both system transformation grants and Multiplier grants. It signifies GPE's commitment to facilitate and fast-track grants that drive education system transformation. Between July and September 2023, GPE approved 31 transformative reform grants, totaling US\$358,166,451. These included 9 implementation grants (US\$345,600,794), 11 system capacity grants (US\$10,391,788), and 11 program development grants (US\$2,173,869). In this period, 7 implementation grants became active worth US\$112,900,794.

Innovative Finance. Strong demand for the Multiplier has outpaced targets, with US\$540 million out of the US\$755 million envelope already assigned. As of now, 26 countries are leveraging the Multiplier to crowd-in cofinancing from a diverse range of co-financiers to unlock the Multiplier—a number likely to rise in 2024. Potential partner country demand and the Secretariat's analysis anticipates additional funding requests ranging between US\$400–US\$500 million, resulting in a projected funding gap of US\$185 million to US\$285 million under the GPE2025 framework.

All 88+ GPE partner countries are eligible to access Multiplier, and for several among them, it remains one of the main sources of leveraging grant financing for education programs. In a very tight fiscal environment of education financing, co-financers and partner countries particularly appreciate its capability to act as a catalyst for funding, addressing financing gaps, and broadening program outreach. Through the Debt2Ed, the first debt swap between France–Cote d'Ivoire and GPE was executed, expanding the application of Multiplier. The demand for the Multiplier continues its upward trajectory, paralleled by a growing diversity in co-financing. Currently, there are active discussions with the International Finance Facility for Education, the Green Climate Fund, The Caribbean Development Bank, the Asian Development Bank and the African Development Bank for Development. In light of this surging demand, the Board has been asked to increase the budget for the GPE2025 phase from US\$755 million to US\$950 million. This augmentation will elevate the total Multiplier financing, enhancing prospects of fulfilling the mounting demands of partner countries. Also, a substantial hike in the Multiplier's capacity to this scale will enable the allocation of a staggering US\$3.5–4 billion of fresh and supplementary co-financing from a diversified spectrum of co-financing partners under GPE2025. This achievement will surpass the US\$3 billion benchmark delineated in GPE's investment case for the GPE2025. It serves as a concrete testament that GPE's innovative finance instruments are fit for purpose and are well placed to bring new and additional resources to the sector.

As part of the proposed increase in Multiplier allocation up to US\$950 million, it is recommended to earmark an extra US\$50 million for the SmartEd initiative in collaboration with the Arab Coordination Group. This proposal stems from the encouraging developments and the potential to considerably magnify the volume and diversity of co-financing from the Arab Coordination Group members. To date, allocations totaling US\$55 million have been approved for two countries, namely Uzbekistan and Cameroon and a third Kyrgyzstan is expected to be finalized by December. This has further

catalyzed co-financing worth US\$220 million, adhering to and meeting the higher 4:1 co-financing ratio.

Oversight remains a priority for GPE. The Secretariat remains dedicated to minimizing the risk associated with the misuse of GPE funds and incidents of sexual exploitation, abuse, and harassment (SEAH) across GPE initiatives and structures. The Secretariat continues to promote key strategies, such as empowering whistleblowers, rigorously monitoring cash transfers, leveraging third-party monitors in conflict zones, refining procurement practices, and fostering collaboration with partner countries to strengthen legislative frameworks. As of November of 2023, there are 5 open cases of misuse of funds and 2 open SEAH cases. In June 2023, 5 fraud or misuse cases were reported to the Board, with 2 closed at that time.

SECURING MORE AND BETTER FINANCING FOR EDUCATION

Since the last report in June, the Secretariat has intensified its efforts to enhance GPE's financial support infrastructure. This rigorous engagement with key global stakeholders has yielded notable results. For example, following significant missions to countries including the United Kingdom, Italy, France, and Denmark, the Copenhagen conference on "Forging Futures" saw Denmark making a notable pledge of EUR 134 million for 2022–2025. Remarkably, despite prevailing fiscal constraints, the US House and Senate Appropriations Committees have recommended level-funding for GPE at US\$130 million. Additionally, The Harry Hole Foundation made a significant pledge of US\$1.5 million to the Girls' Education Accelerator, matched 1:1 by the GPE Match, underlines the trust and commitment of the philanthropic world towards GPE's mission.

Also, GPE has positioned itself prominently on major global platforms, advocating for enhanced education financing. During the United Nations General Assembly (UNGA) sessions, GPE consistently highlighted the importance of adequate funding for education. On invitation from the President of the General Assembly, the Chair addressed the High-Level Financing Dialogue, urging member states to ensure that education features strongly in the 2024 Summit of the Future's Pact and the 2025 Financing for Development Summit. Meetings with Heads of States from Cote D'Ivoire, Sierra Leone, and the African Union, underlined the critical need for domestic financing and leveraging the African Union Summit to ask partner countries to improve the volume, equity, and efficiency of education spending. At the Paris Summit for New Global Financing Act, the joint effort with UNESCO resulted in a robust commitment to education financing. GPE's collaborative approach with the forthcoming Italian G7 presidency is focused on reaffirming education's prominence in the 2024 agenda.

In parallel, targeted bilateral engagements have been instrumental. GPE's leadership visited several nations, including the UK, Italy, France, Denmark, Japan, and Korea, facilitating comprehensive dialogues across various sectors. These discussions revolved around the imminent global learning crisis, GPE's contributions to global challenges, and avenues for innovative financing for system transformation.

The upcoming months offer pivotal platforms for GPE to champion its mission. At COP28, GPE intends to launch a US\$70 million initiative in collaboration with the Green Climate Fund. This initiative aims to bolster the climate resilience of education sectors in 20+ countries. GPE's active participation at

the summit will also spotlight discussions on the Climate-Smart Education Systems Framework, fostering discourse on gender, connectivity, and evidence-based learning.

Furthermore, with the African Union designating 2024 as the 'Year of Education', the AU Summit emerges as a significant event. GPE's primary objective is to facilitate a robust discussion on enhancing fiscal provisions for education. This dialogue will serve as a foundational input for the G7 meeting in Italy in June 2024, ensuring that education retains its stature as a top funding priority.

SECRETARIAT MANAGEMENT AND BUDGET

During FY23, the **Secretariat effectively managed its financial resources**, resulting in total direct operating expenses of US\$47 million, notably below the projected budget of US\$50.2 million. This commendable financial prudence saw a significant portion of the US\$3 million savings arising from the deliberate pacing of the 5-year Monitoring, Evaluation, and Learning (MEL) Strategy. The saved US\$1.1 million has been earmarked for utilization in FY24. Additionally, the Knowledge Management and Information Systems (KMIT) department displayed fiscal prudence, saving US\$1 million due to the Secretariat's decision to undertake an exhaustive Enterprise Architecture Review before committing to new system investments. This amount has also been set aside for the FY24 budget. However, despite such financial stewardship, the FY23 expenditure amounted to 9% of the entire disbursements from the GPE Fund. While grant disbursements showed growth compared to FY22, the increase was slightly tempered due to the pacing of new grant approvals and certain unforeseen delays.

The last half year significant progress was made to **strengthen the Secretariat's management**. GPE strategic drive to offer unprecedented value to both the Secretariat staff and our Partner Countries. The establishment of an extended team in Chennai, chosen for its strategic cost and time zone advantages, has been a significant move. The reformed Secretariat Services function has now seamlessly transitioned into routine operations, with enhanced automated procedures promising heightened efficiency across various operational fronts. Notably, satisfaction surveys reflect an impressive 80% contentment rate amongst the Secretariat staff concerning the support they receive from this team. The past months have also seen the successful rollout of office return protocols, which, while fostering team collaboration, also highlighted the challenges in adapting to the new work environment. The event team's role now encompasses the organization of GPE Board Meetings, a testament to their capabilities as demonstrated by the well-organized Board Meeting in June. On the recruitment front, 23 requisitions have culminated successfully, reflecting a commendable representation from underrepresented regions and showcasing the strength of our internal talent pool.

With regards to **Diversity, Equity, and Inclusion (DEI)**, this semester heralded significant strides in GPE Secretariat's commitment to Diversity, Equity, and Inclusion. An important step was the introduction of a DEI risk indicator in September 2023. This new risk framework was developed by the Secretariat DEI coordination group (or DEI Advocates) comprising of two non-managerial staff elected by staff and two managerial staff appointed by the CEO to reflect the Secretariat's commitment to be a safe, diverse, and fostering environment to work. The FY24 DEI compact aims to reach a moderate risk level by September 2024 with an initial focus on psychological safety.

When the Board met in January 2023 to deliberate GPE's **future institutional arrangements**, its collective view was a recognition both that GPE's hosting arrangement was not satisfactory and there were significant risks to de-hosting from the Bank. The Board mandated me to explore with the World Bank options to improve GPE's hosting arrangements to allow greater operational flexibility. The Board will consider GPE's institutional arrangements more fully at its upcoming meeting in December. I am pleased to report that substantial progress has been made. Since this past January's board meeting, Secretariat submitted three memoranda to the World Bank Vice President of Human Development. The first memo proposed a reasonable hosting cost recovery fee, the second memo proposed different modalities to receive support from non-sovereign donors ('money in'), and the third memo proposed an approach to provide a fit-for-purpose solution to strengthen country systems ('money out'). Working closely with members of the World Bank Board and staff from the Trustee, Legal, and budget teams, we achieved four critical outcomes. In response to the first memo and through GPE's advocacy efforts, the World Bank offered all FIFs hosted at the Bank a two-tiered hosting fee structure that would allow FIFs to pay a hosting fee reflective of actual services used. GPE will pay 20.5% on direct costs, a reduction from the previously stated rate of 24%. This will save GPE approximately US\$2 million per year.

In response to second memo, the Secretariat held a series of in-depth meetings that concluded with agreement that the World Bank could accommodate 14 out of 15 of GPE's desired options to receive non-sovereign support. In response to the third memo, GPE agreed with the World Bank to explore options to find fit-for-purpose solutions to support country partner systems. Finally, a fourth outcome from our discussions with the Bank was the World Bank's agreement to continue hosting GPE for the foreseeable future on the same terms as GPE's current hosting MOU. I look forward to discussing these achievements with the Board in December.

CONCLUSION

Since I joined GPE I have made it a priority to listen to our partners and staff. In these conversations, I have heard what we are doing well and where we can continue to improve. It is clear to me that GPE has the right vision and approach. But amid the spiraling needs and diminished funding, we need to rethink how we deliver on our vision and mission, how we innovate, learn and adapt to deliver better as a partnership. This means focusing on a few important aspects of our work:

- **The right narrative.** To ensure education is a top priority in the agendas of the leaders of the world, we need to make a more compelling case about education. GPE is actively contributing to the right narrative for the sector under the leadership of the HLSC as a follow-up to the Transforming Education Summit.
- **Leveraging GPE financing.** To meet spiraling needs and make the best of shrinking resources, GPE must find innovative ways to attract more resources to the sector and meet the needs of partner countries.
- **Leveraging the partnership.** Over the past couple of years, the partnership has grown and diversified. It is GPE's DNA and biggest asset which needs to be mobilized and leveraged from the onset of the compact development and prioritization through implementation and delivery in order to support system transformation.
- **Learning and adapting.** GPE 2025 emphasized becoming a learning partnership. GPE's structure and processes need to be adapted based on the evidence and experience

amassed to sharpen GPE's approach to support education system transformation and meet spiraling needs in partner countries.

- **Results.** In addition to developing a strong narrative for education and the sector, the success of GPE's next replenishment cycle will depend on our ability to demonstrate impact and results in driving a positive shift to transform education systems.
- **Culture.** As CEO, one of my key priorities is to ensure that GPE is a great place to work by improving the way we work together and building GPE as a community for all staff.