PREPARING FOR THE 2017 REPLENISHMENT

For Decision

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 paper is to update the Board on preparations for the GPE 2020 replenishment and provide the basis for a discussion on the proposed approach and the management of risks. It sets out replenishment objectives and outlines a strategy for achieving success. The paper provides the justification for the additional surge capacity required to support a replenishment campaign through 2017. Details on the resources sought are contained in this paper.

1.2 The Board is requested to provide feedback on the proposed objectives and strategy of the replenishment, provide guidance on how GPE might mitigate the identified risks, and consider approval of a supplementary budget for replenishment surge capacity.

2. EXECUTIVE SUMMARY

2.1 The 2017 replenishment campaign presents an opportunity to not just raise the funds needed to implement GPE 2020 but to help reset global education financing to meet the ambition of the Sustainable Development Goals. The growing momentum for a much more ambitious global education agenda was boosted by the September launch of the report of the Education Commission. Strong enthusiasm from civil society leadership and the influence of powerful individual champions, including the Commissioners, adds to the potential for 2017 to be a watershed year for education financing, with GPE’s replenishment providing a focus for delivering a substantive outcome. The substantial reforms, new strategic plan and accompanying results framework put GPE in a strong position to capitalize on this momentum.

2.2 Preliminary Secretariat analysis of the base needs to deliver the GPE 2020 strategy in accordance with the proposed Financing and Funding Framework suggests US$650-700 million per year will be required. More financing would ensure greater impact and enable support for...
strengthening education systems and learning and equity outcomes in both low-income and some lower middle-income countries, including by leveraging additional external financing. A more ambitious target is proposed by the Education Commission, which suggests GPE grow to US$2 billion per year by 2020.

2.3 A time-limited additional ‘surge’ budget will be needed to fully utilize this opportunity, applying lessons learned from past GPE replenishments and the recent replenishment successes of other global development partnerships. The three objectives of GPE’s campaign are to increase domestic financing, increase financing to GPE and to diversify GPE’s donor base. The replenishment campaign will work with champions and a broad civil society movement, while seeking to ensure that the value of investing in education is prominent in major public policy fora. Key risks, including uncertainty over Education Cannot Wait hosting, need to be addressed.

2.4 BOD/2016/12 DOC 10 B addresses the Dalberg review of Secretariat capacity. This paper merely addresses the immediate replenishment surge capacity requirements, which are calculated as US$2.435m for 2017.

3. RECOMMENDED DECISION

3.1 BOD/2016/12-XX–Replenishment 2017: The Board of Directors approves a supplementary budget for replenishment surge capacity for calendar year 2017 of US$2.435 million as set out in BOD/2016/DOC 09 Rev.1

4. BACKGROUND

4.1 The first GPE replenishment in 2011 marked the transition from a World Bank Trust Fund (EFA-FTI) to a new global partnership (GPE). In 2014, the second GPE replenishment introduced and featured the prospect of a new financing and operational model, garnering donor pledges totaling US$2.1 billion (against a target of US$3.5 billion) and pledges from developing country partners equivalent to an additional US$26 billion\(^1\) for the period 2015-2018. In spite of some additional commitments, exchange rate fluctuations have effectively reduced the value of the US$2.1 billion pledged to US$1.83 billion.

4.2 A lack of available finance led the Board to prioritize country grant proposals and defer consideration of new grants to lower-middle income countries. This means GPE is currently only considering new Education Sector Program Implementation Grants from the 33 low-income

\[^1\] Percentage increases in proportion of GDP or Government Expenditure were converted to dollar value by GPE Secretariat using 2014 exchange rates and 2014 IMF national growth and public sector expenditure projections.
countries amongst GPE’s 65 developing country partners. Lower middle-income developing country partners include several with significant numbers of out-of-school children.

4.3 In June 2016, the Board agreed to a new replenishment campaign (2018-2020) to raise finances to implement GPE 2020 and agreed that the replenishment campaign conclude in Q4 2017 or Q1 2018 (BOD/2016/06). The Board also reviewed the lessons learned from the GPE’s 2014 replenishment (BOD/2016/06 DOC 15). Key lessons learned included the need for a strong case for investment and theory of change; need to demonstrate results; adequate time, resources, and high-level champions to advocate effectively; the need to diversify donor and include the private sector and private foundations; the need to broaden the message outside of the education community and traditional donor markets; and the need to leverage better the DCP pledges toward increased donor commitment.

4.4 Today, GPE has in place a new five-year strategy, GPE 2020, and the evidence of early results from a reformed operating and funding model. While donor resources continue to be constrained – and large European donors’ responses to new refugee crises have further limited available resources – there is a growing recognition of the value of education and the historical under-resourcing of the sector. For example, it was notable that education spending was largely protected when European donors reallocated aid funds to finance refugee support in early 2016 and the United States, France and Italy have all increased their annual level of contribution to GPE in the past several months.

4.5 Political interest in financing education has been further prompted by evidence of the cost of inaction in the International Commission on Financing Global Education Opportunity (Education Commission) report, ‘The Learning Generation, Investing in education for a changing world’ and the 2016 Global Education Monitoring (GEM) report. The GEM report finds that on current trends, “universal primary completion will be achieved by 2042, universal lower secondary ...in 2059 and ... upper secondary in 2084.”. The Education Commission calculates that business as usual would mean that in 2030 only half of the world’s youth – over 800 million people – will not have the basic high-school level skills needed in the workplace. Further, one out of 10 young people in low-income countries will not be on track to gain basic secondary level skills. The Commission’s analysis showed that an alternative outcome is possible and that by 2030 effectively all children could be in school and learning.

4.6 The Commission set out an agenda for action focusing on four necessary transformations in education: system performance, innovation, inclusion and finance. While system reforms are necessary to achieve greater efficiency and more effective use of currently available resources, more financing is needed. The Commission estimates that 97% of the funds needed globally should be
raised domestically. However, low-income countries will not have the fiscal capacity to do this and up to 50 percent of their education budgets in 2030 will need to be externally financed.

4.7 The Commission sets out a path to significantly raise resources available to education and to ensure that they are more effectively spent, including prioritizing the poor and early years of education and focusing on strengthening education systems, which aligns with the approach of GPE 2020. It calls for a Financing Compact whereby the international community steps up its support as developing countries demonstrate their own strengthened commitment. The Commission proposes a number of steps to improve the effectiveness and efficiency of international finance, inter alia, by providing “a much higher share of ODA ... through multilateral institutions, including global partnerships.” It specifically envisages a larger role for GPE: “The GPE is carrying out a major set of reforms and, if they are successful, their financing should increase to $2 billion per year by 2020 and $4 billion per year by 2030.”

4.8 The GPE replenishment campaign offers an opportunity to harness the growing global momentum for transforming education outcomes, to generate political commitment at the highest levels in both developing and donor countries, and to translate that commitment into increased resources. Arguably, 2017 presents a unique opportunity for a step-change in commitment to education – domestically and globally.

4.9 The Norwegian government is sponsoring the Education Commission to continue for a further twelve months and providing support for the Commissioners to advocate for global education. The reach and influence of the 22 Commissioners and 5 co-sponsors is extensive across sectors and geographical regions. GPE has been in touch with a number of the Commissioners in recent months to secure their help for our replenishment.

4.10 A recent meeting of the Chief Executive Officers of the world’s leading international development civil society organizations agreed that 2017 is “a big opportunity for education and education financing” and identified the GPE replenishment as “an exciting and transformational pledging moment” and committed their organizations to campaigning for its success.

4.11 In September 2016, the Global Fund to Fight AIDS, TB and Malaria concluded its replenishment at a meeting in Montreal hosted by the Canadian Prime Minister. It raised US$12.9 billion to finance its programs over the coming three years. Global Fund leadership identified the following elements as key to their success: a clear case for investment based on simple messages pitched to decision makers; building momentum through the campaign; clear strategies at individual country level; increased domestic commitments by developing countries; and, critically, a strong replenishment host engaged at the highest levels.
4.12 BOD/2016/12 DOC 10B considers the Dalberg assessment of Secretariat capacity. The second strategic imperative outlined in the assessment is:

“Strengthen the Secretariat's capacity to support the Partnership's convening power, thought leadership, and advocacy as called for in GPE 2020, especially towards international and domestic resource mobilization”

4.13 The Secretariat has noted the benchmarking against comparable organizations which confirms a very significant under-resourcing of the Secretariat to deliver on GPE’s thought leadership and advocacy objective. It is proposed to examine the best deployment of resources and subsequent additional needs and present proposals to the Board later in 2017. This paper simply addresses the immediate needs to execute a successful replenishment in 2017 and leaves the broader strategic and long-term approach to a more objective and considered process. There is immediate and ongoing work required on replenishment.

5. **GPE 2020 REPLENISHMENT GOAL AND OBJECTIVES**

5.1 The replenishment campaign is framed under GPE 2020 Strategic Objective 4, to mobilize more and better financing. *The goal for the replenishment campaign is to ensure that the resources are available to deliver on GPE 2020*. This includes domestic resources and financing of the GPE Fund.

5.2 The proposed objectives of the GPE 2020 replenishment are:

- To generate increased domestic resources for education in developing countries
- To generate increased external resources to enable GPE to better support DCPs
- To diversify donor contributions to GPE

1. **Domestic Resource Mobilization:**

5.3 GPE 2020’s increased focus on domestic finance includes an indicator on the proportion of DCPs that will increase their public expenditure on education or maintain sector spending at 20 percent of general government expenditure or above. A related international benchmark, which takes account of the need for governments to raise sufficient revenue, is for governments to spend 4 to 6 percent of GDP on education.

5.4 GPE’s policy dialogue and program support requirements provide some levers to encourage sustained or enhanced education expenditure but ensuring the political will at the highest levels to invest in education is the ultimate driver of domestic resource allocation.
5.5 The question is what does success on domestic resource mobilization look like in the replenishment campaign context?

5.6 In the 2014 GPE replenishment, DCPs committed a total of US$26 billion in additional resources in the period 2015-2018. The GPE Secretariat is currently reviewing progress in meeting those pledges and will have a progress report ready in January 2017.

5.7 More broadly, the most recent available data shows GPE developing country partners are increasing their domestic education financing at a faster rate than other developing countries. Data shows that 47 percent of GPE developing country partners spent at least 20 percent of total government expenditure on education. And a further 26 percent of countries are increasing their public expenditures to education, bringing them closer to the 20 percent benchmark.

5.8 Among the lessons learned from the last replenishment: First, the credibility of financial commitments from DCPs is higher when it comes from the political leadership and finance ministries in support of the education ministries. Secondly, there is great potential for DCP commitments in advance of the replenishment to leverage increased donor financing.

5.9 The Education Commission report calls for a ‘compact’ on financing where the international community, including sovereign donors and the private sector, step up contributions in response to increased domestic commitments. Successful replenishment campaigns are rooted in generating a momentum of enthusiasm for increasing financing.

5.10 This would suggest there is benefit in sequencing pledging to create an earlier opportunity for developing country partners to make commitments. It also would suggest that in addition to gathering new pledges at a GPE event, aggregating the commitments that have been made through the GPE model, as well as commitments made by DCP leaders in various international fora, will send a strong message of developing country partner commitment to domestic resource mobilization.

2. **Increased financing for the GPE Fund**

5.11 The Education Commission argues that increasing the volume of external financing alone will not be enough to deliver lasting change. In line with GPE 2020’s Strategic Objective to mobilize more and better financing, the Commission argues that the way that funding is allocated and provided also needs to be addressed. Multilateral institutions like GPE should deliver a greater share of ODA. As noted in paragraph 4.7 above, the Commission believes GPE financing should potentially reach US$2 billion per year by 2020 and US$4 billion by 2030.
5.12 The key to increasing the contributions from donors is to have a strong investment narrative. The current work of the Strategic Financing Working Group (SWFG) in developing a new Financing and Funding Framework (FFF) will define what sort of GPE donors may be asked to finance; and create a platform to diversify the donors to GPE. The FFF decisions rest with the Board. If we continue with business as usual, then a narrow GPE focused on low income countries is all that is possible. However, GPE 2020 sets out an ambitious agenda that will require a more far-reaching FFF and financing. As part of the Secretariat’s analysis for the SFWG, an annual level of financing from all donor sources of US$650-700 million will be required to implement the FFF as a base case. Far greater levels of annual financing would be easily absorbed and indeed would ensure much greater impact.

5.13 In other words, the replenishment target range, assuming Board approval of the FFF, is between US$650 million per annum over three years and US$2 billion per annum by 2020.

3. **Diversify donor base**

5.14 Three donors made up approximately 50 percent of donor commitments for the period 2015-2018. Over 98 percent of GPE Fund resources are sourced from sovereign donors. GPE is supported by 18 sovereign donors, compared to 25 supporting GAVI, the Vaccine Alliance and 58 governments that pledged support to the Global Fund to Fight AIDS, TB and Malaria at its September 2016 replenishment conference.

5.15 GPE seeks to actively diversify its concentrated donor base by:

- Attracting new sovereign donors.
- Increasing contributions from existing donors to better spread the concentration of funding sources.
- Attracting new private sector and private foundation donors.

5.16 One objective of the FFF is to provide a financing and funding menu that is more attractive to a broader range of public and private donors. Private sector and private foundation strategies are in development and will help guide our active engagement with these two sectors. The initial success of attracting new donors with the *Knowledge and Good Practice Exchange* has demonstrated that there is interest if we are able to diversify our financing and funding mechanisms. At the same time, we need to manage expectations of the prospect of private contributions. The Global Fund, which has demonstrated success at diversifying its donor base and engaging private sector support, still receives 95 percent of its financing from sovereign donors.
6. **REPLENISHMENT CAMPAIGN APPROACH**

6.1 Based on the lessons learned and the experience of other partnerships’ replenishment campaigns, the GPE 2020 replenishment is built on the following three pillars. These pillars apply at the global and regional level as well as in the individual markets that will be the focus of the replenishment campaign.

i) **Champions**

6.2 The secretariat will recruit and work closely with select high-level champions to encourage public and decision-maker support. The Education Commissioners represent the single most influential collection of champions but other senior political figures and influential individuals are also potential advocates. The GPE Global Ambassador, Rihanna, has indicated her preparedness to actively support the replenishment, as have a number of current and former heads of government from the global north and global south, and other champions for education.

ii) **Advocacy partners**

6.3 Several leading civil society advocacy organizations have committed to campaigning for a successful GPE replenishment, in addition to the national coalitions of the Global Campaign for Education. These include organizations that are not principally concerned with education issues but see the value of investing in education to achieve broader development objectives, or recognize the particular opportunity for education to feature in 2017. The Secretariat is collaborating closely with civil society advocacy groups and other partners as they develop their 2017 campaign plans.

iii) ‘**Turn up the volume**’ and ensure education is on the agenda of key public policy forums

6.4 Expanded communications capacity will be needed, including to fuel partner communication channels with new digital and print materials in appropriate languages and to coordinate key messaging to support advocacy partners and champions.

6.5 A Case for Investment will be produced and published in several languages. This will set out the rationale for increasing financial commitments to achieve GPE 2020 and the added value of GPE as a vehicle for financing education. It is proposed to finalize the Case for Investment immediately following the Board’s decisions on the FFF in March and roll it out with targeted roadshows and through high-profile public fora. Specific venues to reach target audiences have been identified, including for developing country and donor country decision makers, and private sector and private foundation leaders.
6.6 Key global and regional events in 2017, which present the opportunity to highlight the value of education and the case for investing more in GPE, include the triennial meeting of the Association for the Development of Education in Africa and the annual Global Education and Skills Forum. However, as important will be elevating education financing to fora that bring together decision makers and leaders. This means engaging in fora such as the World Economic Forum, the G7 and G20, and African Union Heads of State meetings.

6.7 At the national level, campaigns will be tailored to reflect political realities, budget and decision-making cycles.

6.8 Lessons learned from previous GPE replenishments, as well as the replenishments of other partners, shows that the engagement of the GPE partners themselves will be critical. Board members should be strong advocates for the replenishment at the national, regional and global level. Securing a host and a team of replenishment champions from the leadership of influential GPE partners will also help define the success of GPE 2020 replenishment.

7. IMPLICATIONS FOR SECRETARIAT RESOURCES

7.1 The GPE Secretariat seeks a one-time budget surge to resource the 2017 replenishment campaign. In June 2016 the Board approved six months of surge capacity to get the campaign started, including three temporary staff positions through to December 2017. The Secretariat considers that it will in fact be able to meet the bulk of the replenishment surge requirements with judicious deployment of consultants, in spite of time limitations on their use imposed by World Bank human resources rules. Only one 12-month temporary staff position is considered necessary, namely in the donor team to help strengthen donor outreach and support as we seek investments in the new FFF (assuming it is approved) and greater diversity of GPE’s funding base. Table 1 sets out the requested surge budget of US$2.435 million. The costs associated with the main replenishment event in late 2017, associated procurement contracts and communications products are not included in the current request. Other funds have had great success in securing funding of much of these costs by the eventual host. It would be premature to seek resourcing for any of this until greater clarity on exact timing, the host and nature of the event(s) is secured.
### Table 1: GPE Surge Capacity Needs for 2017 Replenishment

<table>
<thead>
<tr>
<th>Type</th>
<th>Proposed amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Consultants (STCs/STTs) to December 2017, plus 1 one-year term position</td>
<td>US$1,655,000</td>
</tr>
<tr>
<td>Procurement services to June 2017</td>
<td>US$240,000</td>
</tr>
<tr>
<td>Travel to December 2017</td>
<td>US$140,000</td>
</tr>
<tr>
<td>Translation to December 2017</td>
<td>US$100,000</td>
</tr>
<tr>
<td>Creative communication production to June 2017</td>
<td>US$150,000</td>
</tr>
<tr>
<td>Donor and regional events to June 2017</td>
<td>US$50,000</td>
</tr>
<tr>
<td>CSO and youth engagement</td>
<td>US$100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>US$2,435,000</strong></td>
</tr>
</tbody>
</table>

#### 7.2 The short term consultancy arrangements are principally to perform the following functions:

- Place specialist support in a number of emerging donor markets
- Place specialist support in a few traditional donor markets to support civil society advocacy efforts
- Secure specialist support in domestic financing, domestic financing pledges and overall pledge monitoring
- Secure surge support for replenishment champions
- Secure specialist support for private sector engagement
- Secure specialist support for communications and design
- Secure specialist support in events, international fora and engagement with regional organizations (e.g. AU, G7, G20)
- Secure additional statistical and data expertise to respond to replenishment questions
- Secure analytical and writing expertise
- Secure additional administrative support staff to handle the surge
- Secure additional technical support for the SPP team related to replenishment
The functions are built on our experience from 2014 and advice received from colleagues at the Global Fund and GAVI.

7.3 The procurement services cover securing the services of a first tier creative/design company as well as locking in media services in a number of key markets (e.g., the Middle East). Travel is for champions. Translation is an important, though significant cost. The Secretariat expects to produce core replenishment materials in multiple languages. Tailoring to specific markets is an important lesson from past efforts. Creative communication production is for replenishment materials, such as the Case for Investment. A small sum to support regional events (e.g., a side meeting at the AU) is included, as is some support for CSO (e.g. organizing a parliamentarian meeting) and youth engagement.

7.4 The surge budget attempts to combine the ambition being sought with the reality of a tight funding environment and Secretariat absorptive capacity. Previous replenishment surge budgets were in the order of US$1.2 million over six months. The current request is a little over twice that amount over 12 months. The primary difference from 2014 is the four additional temporary positions which allow us greater continuity (impossible to achieve through consultants) and also the capacity to attract better talent.

8. RISKS

8.1 There are a number of risks that potentially inhibit a successful replenishment. These include:

i) Uncertainty over the future of ECW

8.2 A number of donors who are considering contributions to ECW Fund have advised that they are either waiting for certainty on ECW administrative (hosting) arrangements before contributing or are calibrating their contributions accordingly, with a relatively smaller initial pledge. Civil society advocacy partners advise that the uncertain relationship between ECW and GPE presents a degree of confusion which makes successful advocacy more difficult. There is growing pressure to resolve the hosting question speedily.

ii) Lack of coordinated engagement across the partnership

8.3 A successful replenishment campaign will depend on all partners’ active engagement. Ensuring adequate resources within partner organizations and at the GPE Secretariat to stay properly engaged and coordinated and to efficiently share quality communication materials tailored to local markets will be essential.
iii) **Failure to leverage the Education Commissioners and other champions**

8.4 The reach and influence of the Commissioners and their commitment to advocate through 2017 presents a unique, time-limited opportunity to transform global commitment to education. Failure to leverage the Commission’s ambition would be a significant lost opportunity not just for GPE’s own replenishment but more broadly for achieving the GPE 2020 Strategic Goal of more and better financing. It will be important to coordinate closely with the Commission and support Commissioners and other champions, including GPE’s Global Ambassador.

iv) **Elections in key donor countries**

8.5 Elections are scheduled between now and end 2017 in a number of key donor markets (including France, Germany, Netherlands, and Norway). It will be important to build and maintain support for education and GPE across the political spectrum. This obviously starts with the US, engaging the new Administration early on within the transition and to continue to work closely with Congress.

9. **NEXT STEPS**

9.1 The Board will be reviewing the architecture of the Financing and Funding Framework at its meeting in Cambodia. Assuming it is approved, as well as this replenishment surge budget, the next step will be the development of tailored evidence-based digital and print products articulating the added value of GPE and stepped up engagement with advocacy partners and high-level champions. A case for investment will be finalized and launched in April 2017, following final Board decisions on the FFF scheduled for February 28-March 1, 2017. The Secretariat is also completing a report on progress against the 2014 pledges and progress against the 2014 replenishment targets.

10. **PLEASE CONTACT** Geoff Adlide (gadlide@globalpartnership.org) or Karen Schroh (kschroh@globalpartnership.org) for more information.