

 **NOVEMBER 30, DECEMBER 1 AND 3, 2020**

MEETING OF THE BOARD OF DIRECTORS

VIA VIDEOCONFERENCE

BOD/2020/11/12 DOC 05

FOR DECISION

GPE 2025 OPERATING MODEL FRAMEWORK

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered to be public documents only after their appraisal by the Board. It is understood that Board members will circulate Board documents among their constituency members prior to Board consideration for consultation purposes.

Summary of Grants and Performance Committee input on the proposed operating model (see Annex 6 for detailed Grants and Performance Committee input):

- The Committee notes the proposals are consistent with key inputs provided by DCPs and evidence from the country-level and independent summative evaluations.
- The Committee broadly supports the expanded scope of the system capacity grant, providing support for a wide range of country capacity needs and noted that while the flexibility provided by the system capacity grant is valuable, support for education sector plans, which are the central country-level document, must be maintained.
- The Partnership compact has potential for promoting greater alignment through country-level dialogue on needs and priorities. However, the risk of increased transaction costs as part of the EPR principles of the Partnership compact must be managed, particularly where LEG capacity is weak. Greater clarity on the roles and responsibilities of partners in the development of the compact is needed. There is also a need to balance country-level decision making and Board oversight. The Committee further noted that there is still a lot of detail to work through.

- There is a need for more detailed parameters for assessing the proposed operating model requirements to facilitate decision making and ensure consistency in how requirements are applied to different countries.
- Strategic coherence across the full range of GPE support to countries is critical. Complementarity between the system capacity grant and the system transformation grant is particularly important. The Partnership compact can play an important role in ensuring this strategic coherence.

Feedback from the Developing Country Partner (DCP) Focal Point Consultation in October 2020

- The Operating Model is making very good progress, especially in respecting and driving greater country ownership, contextualization and adaptability. In theory the Compact supports decentralized mutual accountability, a focus on system improvements and addressing bottlenecks.
- Strong support for the progress on the Compact, Sector Capacity Grant, Transformation Grant, Multiplier, requirements approach and incentives. This can work at the country level with some adjustments after having addressed concerns.
- Concerns remain over the reality of development partners committing to alignment, mutual accountability (especially with grant agents) and reducing distortions of government systems: DCPs have repeatedly called for the Operating Model to reduce such distortions, so development partner assurances and practice will be critical. This includes in the critical area of data and information systems.
- Questions remain over transaction cost reductions: it is moving in the right direction, but concerns were expressed whether the Board would accept necessary changes and streamlining, focusing on the key strategic decisions.
- Countries and their education systems will be enduring a COVID 19 post-traumatic shock. The Operating Model must take this into account. This makes it doubly important that capacity within the education system is enhanced at all levels.

Objective

1. This document presents the Global Partnership for Education 2025 operating model for decision. The main body of this document presents the overall framework of the proposed operating model. Annexes 1-4 detail the primary mechanisms through which the operating model will work. Annex 5 assesses these mechanisms against the Effective Partnership Rollout principles and describes interlinkages between components of the operating model. Annex 6 summarizes Grants and Performance Committee input on the proposed operating

model. Annex 7 lists the proposed countries, and corresponding indicative allocations, for the pilot of the operating model starting in January 2020.

Recommended decision

2. **BOD/2020/11/12-XX—Operating Model:** The Board of Directors:

1. Approves the GPE 2025 operating model framework as set out in BOD/2020/11/12 DOC 05, including the decision-making process to determine final allocation amounts and subsequent grant approvals.
2. Requests the Secretariat, in consultation with the relevant Board committees and partners, to pilot and operationalize the following aspects of the proposed model, emphasizing the need to embed the Effective Partnership Rollout principles in operationalization:
 - a. The Partnership Compact as set out in Annex 1 to BOD/2020/11/12 DOC 05.
 - b. The System Capacity Grant as set out in Annex 2 to BOD/2020/11/12 DOC 05.
 - c. The System Transformation Grant and approach to operating model requirements and incentives as set out in Annex 3 to BOD/2020/11/12 DOC 05, with the Secretariat to develop detailed criteria and methodology for assessing requirements, to be peer reviewed by experts.
 - d. The Independent Technical Panel to assess operating model requirements, with a full proposal for the Independent Technical Panel and its terms of reference to be presented for Board decision in February 2021.
3. Approves the countries, and the corresponding indicative allocations, proposed for the pilot of the GPE 2025 operating model starting in January 2021, as set out in Annex 7 to BOD/2020/11/12 DOC 05. Requests the Secretariat to update the Board on lessons learned and proposed adaptations from initial experience in implementing the operating model in June 2021.
4. To galvanize global, regional and national capabilities and resources needed to support the achievement of country reform priorities, the Board agrees to mobilize strategic capabilities to address key constraints to transformational change as described in Annex 4 to BOD/2020/11/12 DOC 05. Specifically, the Board:
 - a. Approves an initial allocation not to exceed US\$2 million to commence implementation of the approach to mobilizing strategic capabilities, in consultation with relevant Board committees and partners. Requests for additional funds will be considered by the Board based on an analysis of needs and initial implementation progress.

- b. Delegates authority to the CEO to approve such funds to applicable organizations in the form of grants from the GPE Fund or as Secretariat Administered Operating Expenses based on its assessment of the most efficient modality, provided they have been selected as part of an open and transparent process.
- c. Requests the Secretariat to report to the Grants and Performance Committee semi-annually on any arrangements that have been entered into to facilitate oversight and to include reporting on financed strategic partnerships in annual reporting on grants to the Board of Directors.

Background and overview

4. The Board approved the GPE 2025 strategic framework comprising the vision, mission, goal, three country-level objectives, and an enabling objective (BOD/2020/06-07) in June 2020. Taken together, the three country level objectives describe a “system transformation” approach which sources, supports, and sustains transformative reforms with the potential for impact at scale. The enabling objective aims to reinforce country capacity for system transformation, by leveraging the Partnership’s strategic capabilities including capacity to raise more and better finance and advocate for education; local, regional, and global expertise; and cross-sectoral collaboration. The proposed operating model, along with the financing and funding mechanisms and the monitoring, evaluation, and learning framework, puts this system transformation approach into action.

5. The operating model has been developed through an extensive consultation and co-design process. In December 2019, the Board requested the Secretariat to develop options to operationalize strategic shifts in GPE’s ways of working (BOD/2019/12-12). A multi-staged Board consultation process was then undertaken from March to June 2020 comprising webinars and surveys on options for GPE’s strategic aspiration and ways of working. The Board discussed areas of consensus on the operating model which emerged from this consultation process in June 2020.

6. Building on these areas of consensus, the Secretariat undertook a co-design process with constituencies and Board committees on proposals on the operating model between June and November 2020. This has included several rounds of updates, consultations and workshops with developing country partner focal points, donor representatives, grant agents, civil society organization partners, multilateral agencies, the private sector constituency; private foundations, as well as the Strategy and Impact (SIC), Grants and Performance (GPC), and Finance and Risk (FRC) committees of the Board. The Board discussed initial feedback from the first round of consultations in September 2020 (BOD/2020/09 DOC 06).

7. The development of options for the operating model has been consistently informed by independent evidence on the effectiveness of the GPE 2020 operating model. This evidence includes the portfolio of [country-level evaluations](#), the education sector plan development grant evaluation, the [Effective Partnership Review](#), and the [Independent Summative Evaluation](#) of GPE 2020. The 2020 Grant Status Report, which analyzes processes adopted for the COVID-19 accelerated funding grants, has informed proposals on grant quality assurance and approval. The following section presents this evidence alongside key feedback from consultations, and the concluding section presents the GPE 2025 operating model framework.

Evidence on the GPE 2020 operating model and feedback from consultations

8. The key findings on the effectiveness of the GPE 2020 operating model are: (i) the Partnership has had success in improving the quality of education sector plans, but these plans are often insufficiently prioritized and achievability, country-ownership, monitoring and implementation of these plans is weak; (ii) while funding model requirements (in the areas of domestic finance, sector plans, and education data) played a role in keeping these critical issues on the policy agenda, their effectiveness has been limited and they have resulted in negative unintended consequences in some cases; (iii) there is a need to strengthen mutual accountability at the country-level, including alignment and harmonization of external financing; (iv) GPE funding is the cornerstone of GPE leverage at the country-level, and the use of incentives, such as the variable part of implementation grants, show promise in fostering inclusive policy dialogue and implementation of strategies focused on addressing system bottlenecks; and (v) the model lacked a systematic approach to country capacity development and there was little learning at the country-level on the drivers of system-wide change and the delivery of impact at scale.

9. Feedback from consultations emphasized the need to operationalize a system transformation approach¹ through a simplified operating model with the flexibility to better adapt to country contexts. All partners agreed that domestic finance should remain a core component of the operating model but suggested a context-driven approach to funding model requirements that incentivizes progress. There was also strong agreement on the need to embed the Effective Partnership Rollout principles in the operating model, particularly reducing transaction costs. Developing country partners also called for a demand-driven funding mechanism that builds national capacity to develop and implement sector plans and policies and make evidence-informed decisions.

¹ See the Ministerial Advisory Group Aide Memoires from November 2019 and March 2020.

The GPE 2025 operating model framework

10. Building on lessons from GPE 2020, the GPE 2025 operating model aims to support countries to deliver system transformation. The core components of the operating model can be organized in a framework comprised of three strategic shifts:

I. Strengthen mutual accountability for system transformation

- **Partnership Compacts (the “Compact”)** that will serve as strategic frameworks for the Partnership engagement in each country, which will facilitate the adaptation of the operating model to each country’s context and streamline operational decision-making. Compacts will describe transformation priorities, within sector policies and plans, that will be supported through GPE engagement. This will include how partners will align resources and capabilities to system transformation priorities, and the parameters for accessing and using GPE funding. (See Annex 1 for details)

II. Sharpen GPE funding for system transformation

- **System Capacity Grants** that expand and systematize GPE’s support for system capacity beyond sector analysis, planning and joint monitoring, to all aspects of developing and implementing transformative plans and policies. System capacity grants will provide flexible funding that will be available to countries throughout their policy cycles and can be drawn down flexibly to fund capacity development needs. (see Annex 2 for details)
- **System Transformation Grants** that:
 - Catalyze progress in the enabling factors for system transformation—equity, efficiency, and the volume of domestic finance; gender responsive sector planning, policy, and monitoring; data and evidence; and sector coordination through context-driven requirements and incentives.
 - Support countries to deliver system transformation by making focused, evidence-based investments in programs that unlock system bottlenecks and are driven by a results-based approach. (see Annex 3 for details)
- **Embedded monitoring, evaluation, and learning (MEL)** in country level processes and all GPE instruments to drive systematic learning on the delivery of impact at scale. (details embedded in Annexes 2 and 3)

III. Mobilize strategic capabilities to reinforce country capacity for system transformation

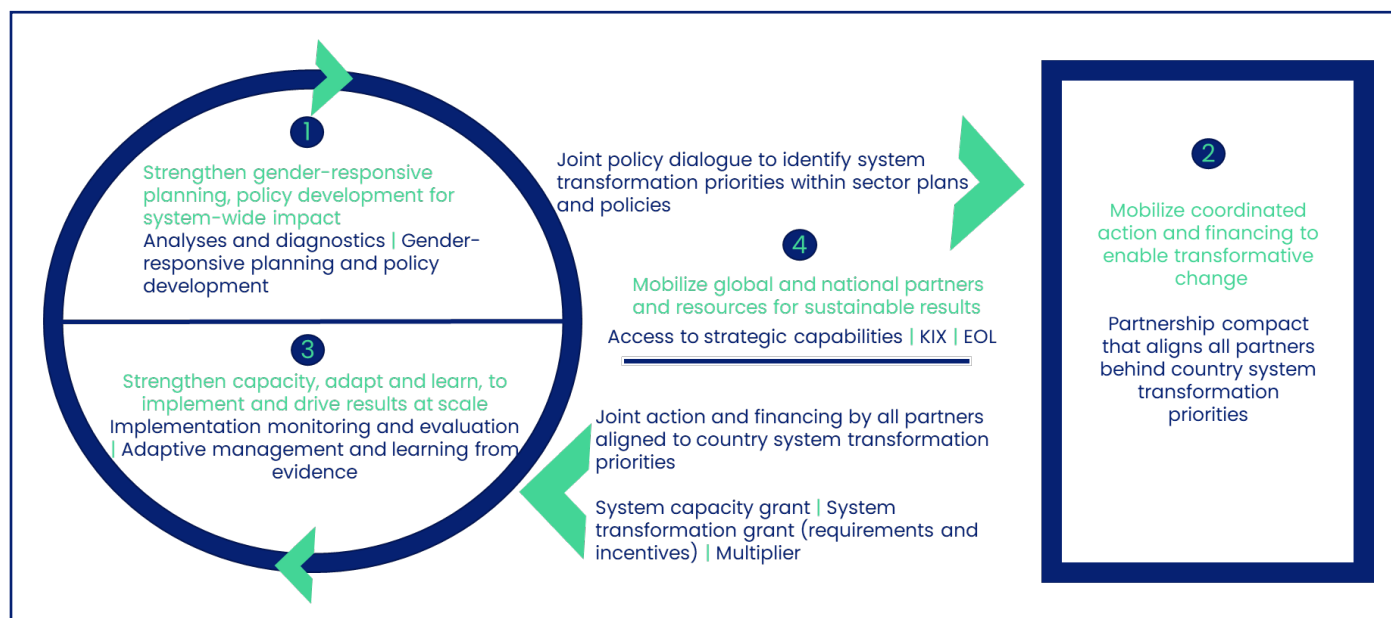
- **Strategic capabilities** including capacity to raise more and better finance and advocate for education; local, regional, and global expertise; and cross-sectoral collaboration that reinforce country capacity to deliver the ambition of GPE 2025. (see Annex 4 for details)

- The **Knowledge and Innovation Exchange** and **Education Out Loud** as core GPE programs to support strategic capabilities that reinforce country capacity.

11. In line with feedback from consultations on the need to reduce transaction costs incurred for GPE processes, the proposed operating model significantly streamlines GPE’s funding processes. Based on analyses conducted for the Grant Process Review, it is estimated that the proposed changes will reduce the time from the announcement of a country allocation to the first commitment of GPE’s main implementation grant from 40 months to 17 months (see Annex 3 for details).

Figure 1 provides an overview of the GPE 2025 operating model.

Figure 1: Overview of GPE 2025 operating model



Annex 1 – Partnership Compact

Annex 2 – System Capacity Grant

Annex 3 – System Transformation Grant

Annex 4 – Strategic Capabilities

Annex 5 – Assessment against Effective Partnership Rollout principles and inter-linkages between components of the operating model

Annex 6 – Input from the Grants and Performance Committee during its October 21-22 and November 3-4 meetings

Annex 7 – Countries and proposed indicative allocations for the pilot of the operating model starting in January 2021

Annex 1: Partnership Compact

Purpose and evidence

1. The strategic purpose of the Partnership Compact is to drive alignment and mutual accountability for system transformation. The Compact will elevate the partnership at the country-level to focus on specific country system transformation priorities, beyond GPE grants. This strategic focus will be driven by government-led policy dialogue on the actions all partners will take to align their resources and capacities behind system transformation priorities. This responds to evaluation findings on the need to strengthen mutual accountability at the country-level, including alignment and harmonization of external finance, and strong feedback from developing country partners seeking levers to align all partners to country priorities. It also responds to the evaluation findings on the need for better prioritization within education sector plans to improve their achievability. The Compact implements the Effective Partnership Rollout principle of decentralized mutual accountability by engaging the partnership at the country level in strategic decision making and rebalances the country-level model to focus on sector policy dialogue (beyond GPE grants). In addition, the Compact builds on the direction of the Effective Partnership Rollout LEG (local education group) self-assessment pilot, which attempts to convene partners around agreed priorities to which they will hold one another accountable.

2. Alongside its strategic purpose, the Compact enables better adaptation of the operating model to country context. The operating model mechanisms detailed in annexes 2-4 are flexible, requiring strategic choices on how these mechanisms are used in each country. These strategic choices include the identification of reforms in requirement areas in each country whose delivery may trigger additional funding allocations, the identification of results areas for the variable part of the system transformation grant, and if and how the country will access additional support from strategic capabilities. If the model is to be successfully adapted to context, these choices must be made at the country level, where the requisite contextual knowledge resides. The Compact development process will include a country-level dialogue on these choices and the Compact will record the outcomes of this dialogue. The proposal for the Compact responds to evaluation findings and consultation feedback on the need for a more flexible and context-driven model. The use of the Compact to enable a context-adapted operating model has governance implications detailed in paragraph 8.

3. Finally, by strengthening upstream engagement on the GPE operating model requirements and the use of GPE grant mechanisms, the compact can help to reduce transaction costs at later stages of GPE grant processes. It will enable a streamlined quality assurance process. It will also foster a country-level dialogue on the various streams of GPE finance available to each country (including innovative finance mechanisms). The

identification of co-financers/partners for these streams at the compact stage, can help to combine various streams of finance into a single grant, thereby reducing fragmentation and transaction costs. This dialogue on the best use of the full range of GPE mechanisms available to countries will strengthen the strategic coherence of GPE support to countries, both within the various forms of GPE Fund support available to countries and across GPE-funded interventions and those funded by other partners.

Key features

4. The Compact is a multi-year strategic framework for GPE engagement in each country and will consist of (see Box A1.1 for an outline of the Compact):

- An overview of country performance in operating model requirement areas (proposed to be equity, efficiency, and volume of domestic finance; sector planning, policy, and monitoring; data and evidence; and sector coordination) and gender equality in education; proposed reforms in requirement areas; and partner and GPE Fund support in the requirement areas.
- An overview of bottlenecks to system transformation; country system transformation priorities; and partner and GPE Fund support for country system transformation priorities.

Box A1.1: Outline of the Partnership Compact

Transforming education in country X

Introduction

The Compact brings together, under the leadership of the Ministry of Education, education partners to support the implementation of transformative policies with the potential to significantly accelerate access, learning, and gender equality. It reflects the key values and principles of the Global Partnership for Education and the GPE compact (see [GPE charter](#)).

Part 1: Enabling education system transformation (4-5 pages)

Overview of country performance in requirement areas and proposed reforms, incorporating a gender lens:

- 1- Equity, efficiency and volume of domestic financing; (ii) Effectiveness and efficiency of gender responsive sector planning and monitoring; and (iii) Sector coordination and (iv) Data and evidence
- 2- Partner support in requirement areas
- 3- Monitoring, evaluation, and learning priorities in requirement areas
- 4- GPE Fund support in requirement areas
 - a. Through system capacity grant
 - b. Through the system transformation grant (allocation-linked incentives for the delivery of reforms)
 - c. Access to strategic capabilities, KIX and EOL

Part 2: Delivering education system transformation (4-5 pages)

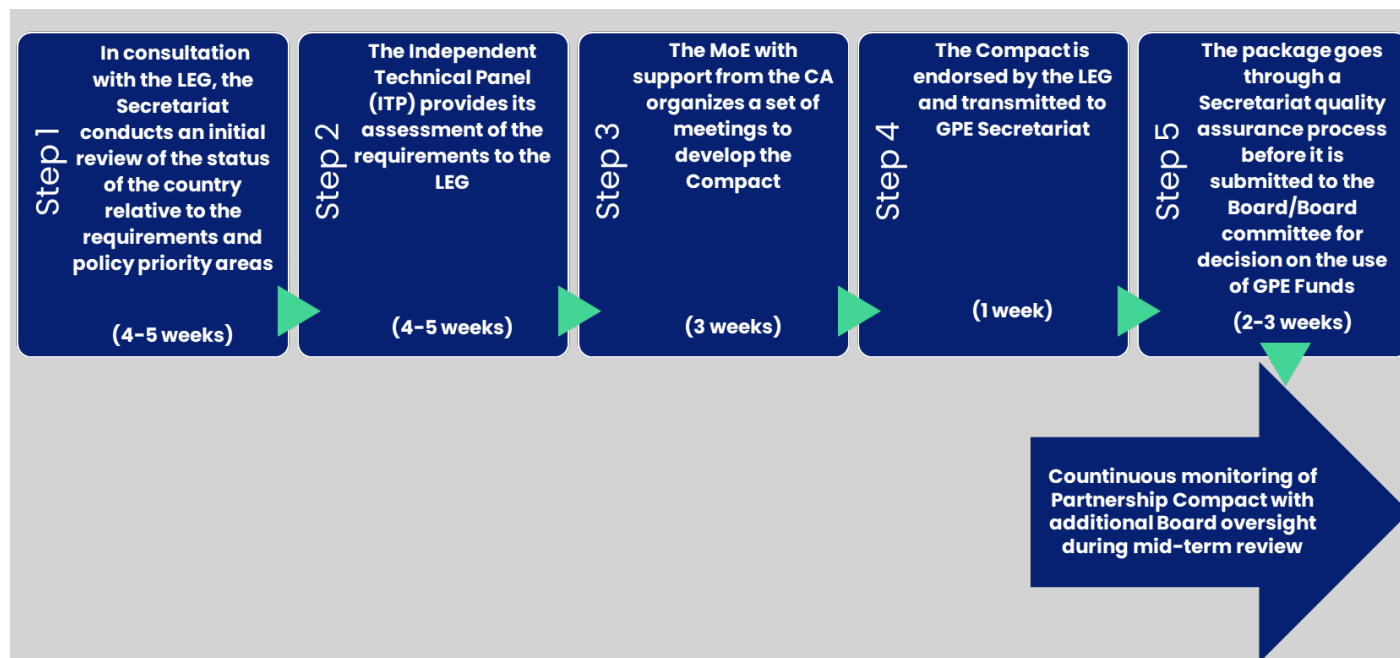
- 1- Overview of key education challenges and bottlenecks, focussing on GPE 2025 priority areas
- 2- Priorities for system transformation identified in national education plan or policy framework
- 3- Partner support to priorities for education system transformation
- 4- Monitoring, evaluation, and learning for system transformation priorities
- 5- Focus area for the GPE Fund system transformation grant
 - a. Strategy supported by the grant
 - b. Results area for the variable part
- 6- Additional GPE Fund support
 - a. Crowding-in additional external finance (multiplier, matching grants, convening funders etc.)
 - b. Accelerated funding (if active or requested)
 - c. Access to strategic capabilities, KIX and EOL

Statement of endorsement

5. The Compact is not intended as a substitute for sector plans or policies, rather, the priorities identified in the Compact will be within existing plans or policy frameworks. GPE will continue to support and incentivize countries to develop and implement effective education sector plans and policies. Compacts will be living documents, and they will be updated by LEGs as needed. These updates will draw on ongoing sector planning and policy processes to ensure Compact priorities are fully aligned to national plans and policies. A mid-term review will assess progress in key areas of the Compact, including the System Transformation Grant.

6. The Compact will be developed by LEGs under the leadership of the government. The system capacity grant will provide funding necessary for this process, including, where applicable, for strengthening the coordination capacity of Ministries of Education and for services provided to the LEG by the Coordinating Agency. The development of the Compact will be a time-bound process, generally expected to be developed within two months. The Compact leverages country policy cycles to avoid additional transaction costs. For instance, the Compact will build on existing policy dialogue and foster further dialogue in key areas. The Compact will utilize all existing diagnostics and other evidence available at the country-level, while the system capacity grant will support the production of diagnostic evidence on an ongoing basis. Similarly, the Compact will be based on existing plans and policies, with the system capacity grant supporting planning and/or policy development on an ongoing basis. The country-level process for developing the compact (including policy dialogue on operating model requirements leading up to the development of the compact) is described in Figure A1.1.

Figure A1.1 Process for the development of the Partnership Compact



Assumptions

7. The proposal for the Compact is predicated on the following critical assumptions:

- Partners at the country-level are committed to participate in, facilitate, and abide by the Compact.
- Country-level coordination mechanisms (such as LEGs) are functional and effective forums for the policy dialogue required to develop a Compact. Or, these mechanisms

can be strengthened through a combination of actions by Partners, and GPE-funded incentives and support.

- GPE adopts a context-driven operating model with flexible mechanisms (see examples listed in paragraph 2 of this annex), necessitating strategic choices on the use of these mechanisms at the country level.

Governance implications

8. The adoption of the Compact will enable the Board to focus on the strategic parameters of GPE engagement in each country. The Board will decide on country allocations, how top-ups to minimum allocations are linked to reforms in requirement areas (see Annex 3), and on the focus areas of GPE System Transformation Grants (these parameters will be set out in the Compact). Operational decision making, such as approval of GPE grants within those Board-approved focus areas, will be delegated to the Secretariat. This responds to the Independent Summative Evaluation recommendation that the Board focus on the “what” of GPE engagement, delegating the “how” to the Secretariat.

Annex 2: System Capacity Grant

Purpose and evidence

1. The purpose of the System Capacity Grant is to provide continually available and flexible funding to support system-wide capacity strengthening across all aspects of GPE’s country-level objectives. It responds to the finding, in the country-level and independent summative evaluations, that the GPE 2020 operating model lacked a systematic approach to supporting country capacity, particularly for the implementation of education sector plans. It also responds to the strong call from developing country partners for a demand-driven funding mechanism that builds national capacity to develop, implement, and monitor sector plans and policies.

Key features

2. The system capacity grant subsumes the current Education Sector Plan Development Grant (ESPDG) and continues the evolution of the ESPDG that was expanded to include funding for joint sector reviews. It also builds on the pilot financing for sector coordination under the Effective Partnership Rollout. The system capacity grant provides funding for a broad range of eligible activities throughout countries’ policy cycles (Table A2.1).

Table A2.1: Activities eligible to be funded by the system capacity grant

<p>Country-level objective 1: Strengthen gender-responsive planning, policy development for system-wide impact</p> <p>Eligible activities:</p> <ul style="list-style-type: none"> • Gender responsive sector planning, including operational planning and budgeting • System diagnostics and education sector analyses, including on gender • Planning for system resilience and inclusion of refugees 	<p>Country-level objective 2: Mobilize coordinated action and financing to enable transformative change</p> <p>Eligible activities:</p> <ul style="list-style-type: none"> • Strengthening sector coordination, including LEGs and joint sector reviews • Establishing and operating pooled funding mechanisms • Strengthening budget processes and Ministry of Finance engagement • Analyzing efficiency of education expenditure • Cross-sectoral convening 	<p>Country-level objective 3: Strengthen capacity, adapt and learn, to implement and drive results at scale</p> <p>Eligible activities:</p> <ul style="list-style-type: none"> • Strengthening data systems • Training and support for government staff and central and decentralized levels • Technical assistance to support implementation capacity
<p>MEL component:</p> <ul style="list-style-type: none"> • System diagnostics and analyses for design policies and programs 	<p>MEL component:</p> <ul style="list-style-type: none"> • Monitoring the effectiveness of the country-level partnership 	<p>MEL component:</p> <ul style="list-style-type: none"> • Sector plan implementation monitoring • Evaluation of specific policies and programs in priority areas

3. All developing country partners will be eligible for the system capacity grant. Grant allocations will range from \$1,000,000- \$5,000,000 over a five-year period, depending on the size of the school-age population².

4. System capacity grant application procedures will be simplified, in line with the current process to access an ESPDG. Approval will be within the Secretariat's delegated authority. An initial allocation from the system capacity grant will be available to fund a limited set of activities, including those related to the development of the COMPACT. Subsequently, the COMPACT will identify focus areas for the system capacity grant aligning closely with gaps identified through the assessment of country performance with respect to the four requirement areas listed above. This will ensure a systematic focus of the capacity grant on the areas of greatest need.

5. The full amount of the system capacity grant does not need to be programmed in advance. Countries can draw down system capacity grant funding flexibly to allow them to respond adaptively to needs that arise during implementation of plans or policies not fully anticipated in advance. For instance, a country faced with a plan or policy that stalls during implementation may choose to use their system capacity to fund a study to identify implementation challenges and remedial actions.

Assumptions

6. The proposal for the system capacity grant is predicated on the following critical assumptions:

- The system transformation grant will also support country capacity in its area of focus. However, with the proposal to focus the system transformation grant sharply on specific policies and programs that address critical system bottlenecks (see Annex 3), the system capacity grant will complement the transformation grant by supporting system-wide capacity. Focus areas for each grant will be identified in the Compact to avoid duplication across grants and with capacity support activities funded by partners.

Governance implications

- None. Following current GPE policy on approval of grants of value less than \$10 million, approvals related to the system capacity grant will be delegated to the Secretariat.

² There may be contexts, such as highly federalized systems and countries with specific capacity challenges, where additional funding may be required. Parameters for such additional funding will be proposed based on learning from implementation of the system capacity grant.

Annex 3: System Transformation Grant

Purpose and evidence

1. The system transformation grant has two primary purposes:

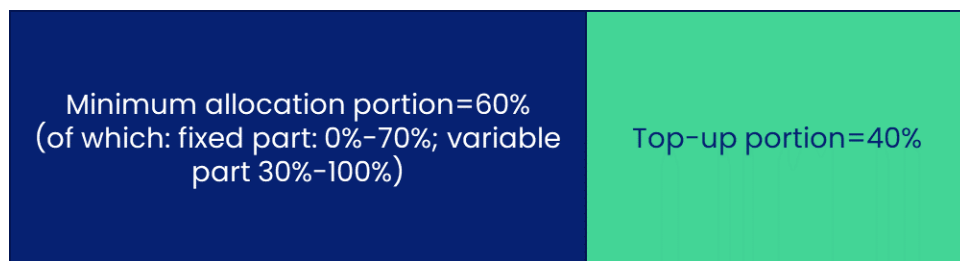
- Catalyze progress in GPE 2025 operating model requirement areas— proposed to be equity, efficiency, and volume of domestic finance; sector planning, policy, and monitoring; data and evidence; and sector coordination—through context-driven requirements and incentives. This responds to evidence from the country-level evaluations that while the funding model requirements in the GPE 2020 operating model helped to raise critical issues in policy dialogue, their effectiveness was limited because they were insufficiently contextualized, leading in some cases to negative unintended consequences. The need for context-driven requirements and incentives was confirmed in consultations with constituencies and committees.
- Support countries to deliver system transformation by making focused, evidence-based investments in programs that unlock system bottlenecks. This responds to the finding from the independent summative evaluation that GPE funding can add value by being strategically selective, as well as the recommendation that GPE prioritize funding more sharply on improving the critical systemic conditions necessary for a government to effectively implement education sector plans and policies.

Key features

2. Eligibility and indicative allocation for system transformation grants are covered in BOD/2020/11/12 DOC 06.

3. The system transformation grant has two portions: a minimum allocation portion and a top-up portion (linked to a context-driven requirements and incentives approach). The components of the system transformation grant are described in Figure A3.1.

Figure A3.1 Components of the system transformation grant



1. **Features of the context-driven requirements and incentives approach to determining system transformation grant allocations**

4. As in the GPE 2020 operating model, requirements will play a role in determining country funding allocations. However, the GPE 2025 operating model will adopt a more context-driven approach to requirements and introduce incentives for progress. The requirements and incentives approach will operate in four requirement areas: equity, efficiency, and volume of domestic finance; sector planning, policy, and monitoring; data and evidence; and sector coordination (see Table A3.1 comparing GPE 2020 requirement areas to GPE 2025 requirement areas).

Table A3.1: Comparison of GPE 2020 and GPE 2025 requirement areas

GPE 2020 operating model requirement areas	GPE 2025 operating model requirement areas	Implications for allocations and the use of GPE grants
<p>Share of public expenditure spent on education (and share of education expenditure spent on primary education)</p> <p>Key indicators/criteria:</p> <ul style="list-style-type: none"> • Commitment to increase expenditure on education towards 20% of the national budget or maintain at that level • If the country has not reached Universal Primary Education, a commitment to allocate at least 45% of the education budget to primary education 	<p>Equity, efficiency, and volume of domestic public expenditure on education</p> <p>Key questions:</p> <ul style="list-style-type: none"> • Is public finance for education equitably allocated and reaching the poorest and most marginalized? • Is public finance for education efficient (including sector budget processes and their link to sector planning/policy; public financial management practices; and the internal efficiency of the education system)? • Is the volume of public finance for education sufficient to accelerate progress (including, but not limited to, an assessment against the standard 20% of the national budget)? 	<p>Where the assessment of the domestic finance requirement indicates that the volume of domestic public finance for education is very low and declining, and no agreement is reached at the country level on reversing this trend (where the volume of domestic public expenditure is measured by the share of public expenditure spent on education, public education expenditure as a share of GDP, and the resulting per capita public expenditure on education, amongst other variables): the Board may decide to withhold the entire system transformation grant (minimum allocation and top-up portions)</p> <p>Where the above conditions are not met but the assessment of the domestic finance requirement indicates major challenges in the equity, efficiency, and/or volume of domestic finance that cannot be addressed solely through a capacity strengthening approach: the Board may decide to incentivize domestic finance</p>

		<p>reforms through the top-up portion of the system capacity grant</p> <p>Where the assessment of the domestic finance requirement indicates capacity gaps (such as analysis of domestic finance and public financial management systems in education, budgeting procedures, strategic dialogue with ministries of finance etc.) in the area of domestic finance: use of the system capacity grant</p>
<p>Credible education sector plans</p> <p>Key indicators/criteria:</p> <ul style="list-style-type: none"> • An endorsed education sector plan that meets GPE/IIEP minimum quality standards • A costed multi-year implementation plan covering at least the first 2 years of the ESPIG • In fragile and conflict-affected states, a costed Transitional Education Sector Plan (TESP) can fulfil this requirement 	<p>Sector planning, policy, and monitoring</p> <p>Key questions:</p> <ul style="list-style-type: none"> • Is there an education sector plan or policy framework? • Is the plan/policy framework gender responsive? Does it adequately address inclusion (e.g. children with disabilities, refugees, or other excluded groups) across all sub-sectors? • Does the plan or policy framework have clear priorities for the education sector? • Is planning for sector priorities supported by a results framework? • Is an operational plan available and is it used as a reference for annual budget preparation, both for public resources and external finance? • Is sector monitoring regular and does it inform forward planning? • Is sector monitoring effective? Is reporting, 	<p>Where the assessment of the sector planning, policy, and monitoring requirement indicates that there are major challenges in sector planning, policy, and monitoring (that cannot be addressed solely through a capacity strengthening approach), including where existing plans and policies are not gender responsive: use of the system capacity grant to strengthen gender responsive planning, policy, and monitoring <u>is required</u> AND the Board may decide to incentivize improved planning, policy, and monitoring through the top-up portion of the system transformation grant</p> <p>Where the assessment of the sector planning, policy, and monitoring requirement indicates capacity gaps in gender-responsive planning, policy, and monitoring: use of the system capacity grant</p>

	including on externally financed programs, on-plan and on-budget?	
<p>Reporting of key education data (or a funded plan to develop necessary data systems)</p> <p>Key indicators/criteria:</p> <ul style="list-style-type: none"> An education sector analysis conducted no more than three years prior to the grant application submission Availability of basic financial and education data disaggregated by gender and socio-economic status or a time-bound plan to develop or strengthen the national education management information system A system or mechanism to monitor learning outcomes or a time-bound plan to develop mechanisms to monitor learning outcomes Reporting of critical data to the UNESCO Institute of Statistics 	<p>Data and evidence</p> <p>Key questions:</p> <ul style="list-style-type: none"> Do legal frameworks, organizational structures, and budgetary practices enable effective education data production and use? Do education management information systems, learning assessment systems, and household surveys produce timely and reliable data? Is data disaggregated by gender, location, socio-economic status, disabilities and other relevant factors? Is education sector data accessible and used to inform policy and practice? 	<p>Where gender- and disability-disaggregated data on key education indicators is not available: use of the system capacity grant to strengthen gender- and disability-disaggregated data <u>is required</u></p> <p>Where the assessment of the data and evidence requirement indicates major challenges in the availability and use of data and evidence that cannot be addressed solely through a capacity strengthening approach: the Board may decide to incentivize improved data and evidence through the top-up portion of the system transformation grant</p> <p>Where the assessment of the data and evidence requirement indicates capacity gaps in data and evidence: use of the system capacity grant</p>
<p>Note:</p> <p>The current model does not have elements of sector coordination – functional LEG/dialogue, alignment of external funding with country systems, co-financing/pooling of external funding – as formal requirements. However:</p> <ul style="list-style-type: none"> The existence of a LEG is de facto required to submit any funding applications 	<p>Sector coordination</p> <p>Key questions:</p> <p>Coordinated finance and funding:</p> <p>Alignment/use of country systems</p> <ul style="list-style-type: none"> Is a funding mechanism that is aligned with national systems available (cf. GPE alignment criteria and benchmarks)? Does it have a good track record on absorption, system 	<p>Where the assessment of the sector coordination requirement indicates major challenges in sector coordination that cannot be addressed solely through a capacity strengthening approach: the Board may decide to incentivize improved sector coordination through the top-up portion of the system transformation grant</p> <p>Where the assessment of the sector coordination requirement</p>

<p>- GPE guidelines, including procedures for the choice of grant agent, point towards the use of the most aligned funding mechanism available. The current grant quality assurance process assesses whether the most aligned modality is used or whether there is a reasonable justification for not using the most aligned modality available.</p>	<p>transformation and sound fiduciary management? GPE assumes this mechanism should be used and improved. What would be the justification for not using this mechanism for the system transformation grant?</p> <ul style="list-style-type: none"> • If no viable aligned funding mechanism exists, is there a plan to develop one over the longer term, with system capacity grant support? What would be the justification for not planning this? <p>Harmonizing/pooling donor funding</p> <ul style="list-style-type: none"> • Does a co-financed or pooled funding mechanism exist? Is it aligned with national systems? Does it have a good track record on absorption, system transformation and sound fiduciary management? What would be the justification for not using this mechanism for the system transformation grant, particularly if it is also aligned with national systems? • If no viable co-financed/pooled funding mechanism exists, is there a plan to develop one over the longer term? What would be the justification for not planning this? <p>Coordinated action:</p>	<p>indicates capacity gaps in sector coordination: use of the system capacity grant</p> <p>Where the assessment of the sector coordination requirements indicates opportunities for GPE funding to use aligned modalities: grant agent selection for the system transformation grant will include willingness to use aligned modalities as a criterion (amongst other criteria adopted by the LEG) and quality assurance processes will aim to maximize alignment</p>
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	<ul style="list-style-type: none"> • Is there a government-led LEG or equivalent coordination mechanism(s) for the education sector? Is the coordination mechanism supported by a clear mandate, functions, and objectives that are articulated and agreed by key stakeholders? • Is the coordination mechanism inclusive and representative of key education stakeholders? • Does the coordination mechanism foster evidence-based dialogue and coordinated finance and action during planning, implementation and monitoring? 	
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5. Context-driven requirements and incentives require two modifications to the GPE 2020 funding model requirements. First, adopting a multidimensional assessment of requirement areas based on country conditions instead of a global standards approach. Multidimensionality refers to a more comprehensive analysis using existing data on each country in each requirement area (see Box A3.1 on the approach to assessing requirements; multidimensional assessments of country performance in requirement areas will be summarized in the Compact). Second, modifying the incentives generated by the requirements approach by linking allocations to progress in requirement areas. This marks a shift from the incentives generated by the current binary approach to requirements, where a country had access to either its full allocation if requirements were met or had no allocation if they were not. Incentives allow the operating model to meet countries where they are and introduce levers to drive the implementation of ambitious but achievable reforms.

Box A3.1: Approach to assessing requirements

The shift to context-driven requirements suggests a holistic assessment of country conditions in the requirement areas. This requires a multi-dimensional analysis of country performance in the four requirement areas, the identification of major challenges in each, and how these need to be prioritized (i.e. what the most critically binding constraints to system transformation are).

Country status with respect to the requirements will be assessed against the full set of existing data and evidence in each country. For each requirement area, a core set of indicators will be developed which will be used in all countries. Trends in the core indicators and benchmarking core indicators against comparator countries will be key aspects of the assessment. Alongside these core indicators other contextual variables and evidence will be considered. The analysis will be jointly conducted by the LEG and the Secretariat, used for policy dialogue by partners, and will be summarized in the Compact. The Compact will also record country-level agreement on policy actions and reforms to be undertaken in requirement areas.

The system capacity grant will fund analyses in these areas on an ongoing basis. Such analyses, along with other existing data and analyses produced by partners will be used to assess performance in requirement areas. Evidence gaps identified through the assessment of requirements will be addressed on an ongoing basis.

When is a requirement not met?

GPE countries are likely to face numerous challenges in the requirement areas. A requirement is not met if both the following conditions hold:

- A major challenge is identified. A major challenge is defined as a significant impediment to accelerating progress in access, learning, and gender equality, and thus to system transformation. An example would be a country with poor education outcomes, where the current level of domestic public finance and efficiency of expenditure is very low suggesting that education outcomes will not improve.
- The major challenge identified is not being addressed. In the example above, it may be the case that the challenge of inadequate and inefficient finance had already been identified and the government has regularly increased public expenditure during previous years. The commitment of the government is evidenced by its track record and partners are confident that the challenge is being addressed. In such cases, the requirement should be assessed as met.

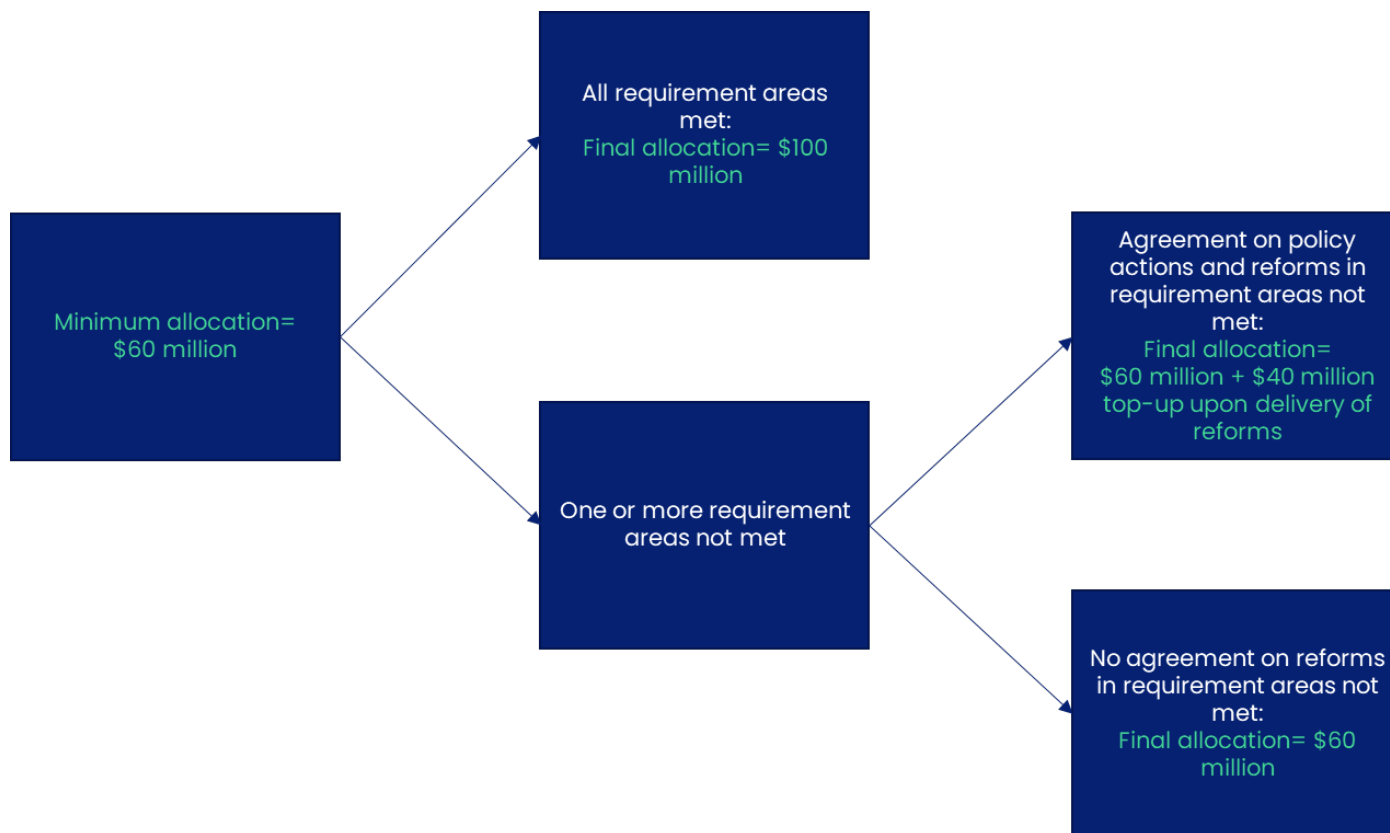
The identification of major challenges will be based on clear criteria. An Independent Technical Panel would make recommendations to the Board on whether requirements are met using existing data and

6. The introduction of incentives impacts countries' final allocations. Each country will be provided an initial minimum allocation of 60% of the total allocation generated by a needs-based allocation formula³. If all requirement areas are met, this minimum allocation will be topped-up immediately by 40% of the allocation generated by the needs-based allocation

³ Complex emergencies like Syria may require a unique approach, which would require Board approval. Where there is no reasonable justification provided for not meeting a requirement or agreeing on reforms, the Board reserves the right not to provide funding.

formula, resulting in the country receiving its full allocation up-front. When one or more requirement areas are not met, but agreement on reforms in those requirement areas is recorded in the Compact, the minimum allocation will be available immediately with the possibility of a top-up linked to the delivery of the agreed reforms, following a results-based approach. The incentives approach is illustrated in Figure A3.2.

Figure A3.2: Illustration of the scalable incentives approach



7. Triggers for top-up allocations will be contextualized to ensure that low-capacity countries are not precluded from accessing top-ups. All triggers for top-up allocations will be assessed simultaneously, no earlier than 2 years and no later than 3 years from the start of the system transformation grant.⁴

8. This assessment will part of the mid-term review of the Compact by the LEG, with Secretariat support. The mid-term review of the Compact will include a mid-term review of grant implementation. Where grant agents conduct mid-term reviews of grants, LEGs will draw on these reviews for their assessment. If the assessment of program implementation

⁴ The overall resource envelope for the system transformation grant will include assumptions to factor in that not all incentives will be achieved. Any excess funds will be made available to the Board for re-allocation through the regular financial forecasting process.

is unsatisfactory, the government and partners would discuss possible updates to the Compact including the best alternate use of GPE funds. If the update would require GPE funds to be used for different priority areas, Board approval of the revised priorities for the system transformation grant would be required.

Assumptions related to the context-driven requirements and incentives approach to determining system transformation grant allocations

9. The proposal for a flexible approach to requirements and incentives is predicated on the following assumptions:

- Data gaps will not stall the assessment of country performance in the requirement areas. Instead, any data gaps identified will be addressed on an ongoing basis, including through partner support, the system capacity grant, and incentives linked to top-up allocations.
- Top-ups to allocations will be used strategically and the most critical requirement areas in each country will be prioritized. Top-ups will be linked to policy actions and reforms in at most two requirement areas with no more than four triggers for the release of top-ups. This will prevent undue complexity and dilution of incentives.

2. Features of the minimum allocation portion of the system transformation grant

10. The minimum allocation portion of the system transformation grant will support the delivery of an evidence-based program to unlock specific bottlenecks to system transformation, particularly in GPE 2025 priority areas. These bottlenecks will be identified through existing evidence and policy dialogue based on existing policy documents. The focus area of the program will be noted in the Compact and will be drawn from existing sector plans and policies. The change to the system transformation grant from the education sector plan system implementation grant (ESPIG) is the extent to which it is focused on a program that unlocks specific system bottlenecks, while ESPIGs supported a subset of activities within sector plans that were not always strategically aligned and may or may not have contributed to unlocking bottlenecks.

11. As in the case of ESPIGs, the minimum allocation portion of the system transformation grant will have a results-based funding component, i.e. a variable part. The variable part will range from 30%-100% of the minimum allocation portion, depending on country capacity and appetite for results-based funding, as determined at the country-level. The fixed part of the minimum allocation portion will be fully aligned to the variable part, i.e. the fixed part will fund activities related to the transformative strategy incentivized by the variable part. This differs from the current policy on the variable part which requires results-based funding triggers in three fixed dimensions—equity, efficiency, and learning—in all countries. The number and choice of dimensions will now be determined at the country-level, with the requirement that these be aligned to the focus area identified in the Compact.

Funding triggers may be outcome or process-related, if implementation of these processes contribute to unlocking a critical system bottleneck⁵. The variable part will not apply where the minimum allocation portion of the system transformation grant is less than \$15 million. A variable part for a grant below \$15 million does not generate effective incentives in most contexts and imposes high transaction costs on partners and demands on Secretariat capacity. Criteria for exempting fragile and very low capacity contexts from the variable part will apply.

12. A key feature of the system transformation grant is evidence-based design and learning from evidence throughout implementation. To this end, program design will focus on deploying evidence-based solutions to system bottlenecks and monitoring, evaluation, and learning will be embedded in the system transformation grant. Strengthened quality assurance processes will systematically assess the use of evidence in designing solutions and the system transformation grant will require evaluations of:

- Interventions supported by the system transformation grant that do not have enough existing evidence of their effectiveness, evaluations of which would add to evidence-based knowledge in GPE partner countries.
- Contributions of the system transformation grant to unlocking the system bottleneck on which it was focused.

13. Multiplier grants (previously multiplier ESPIGs) will be available to all system transformation grant-eligible countries (BOD/2020/09-02). See BOD/2020/11/12 DOC 06 for further details on multiplier grants. Where feasible, multiplier grants will have the same focus areas as the minimum allocation portion of the system transformation grant. The multiplier will not be split into a minimum allocation and top-up portion.

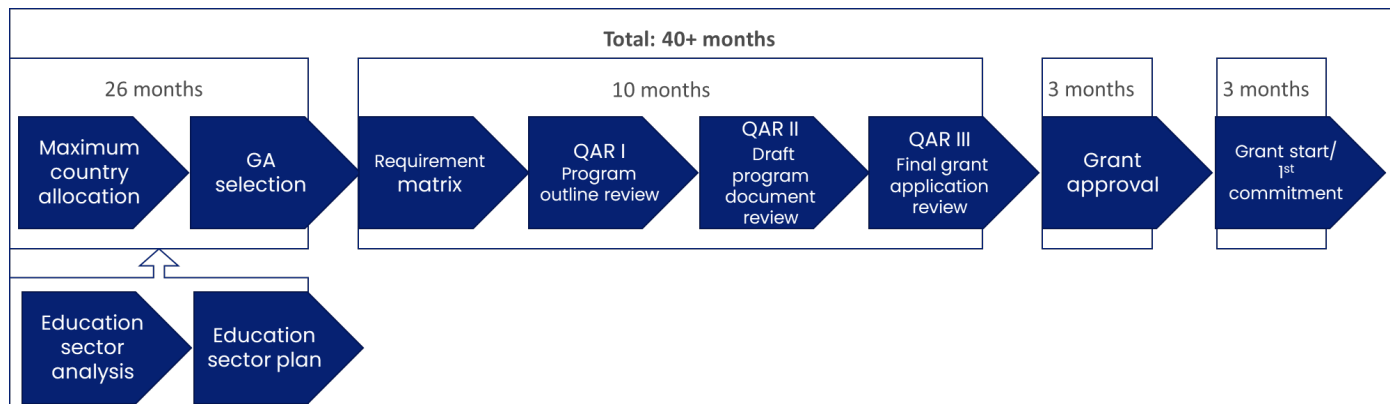
14. Accelerated funding grants for countries to minimize the impact of crises on the education sector will also continue to be available to for all system transformation grant-eligible countries. Accelerated funding can be requested by countries that have not prepared Compacts if they meet the criteria for accelerated funding. The criteria to access the accelerated funding will be revised to adapt to the new operating model.

15. Figure A3.3 compares the process to access the main implementation grant (GPE 2020: ESPIG; GPE 2025: system transformation grant) between the GPE 2020 and GPE 2025 operating models

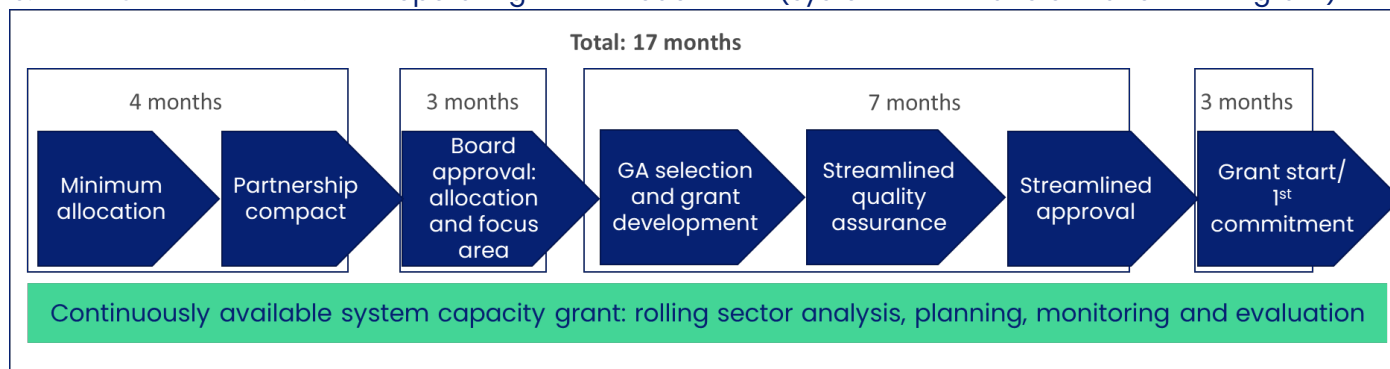
⁵ A robust and evidence-based theory of change should demonstrate the large-scale impact of addressing the bottleneck identified.

Figure A3.3: Process to access the main GPE implementation grant GPE 2020 vs. GPE 2025 operating model

a. GPE 2020 operating model (ESPIG)



b. GPE 2025 operating model (system transformation grant)



Assumptions related to the minimum allocation portion of the system transformation grant

16. The proposal for the system transformation grant is predicated on the following assumptions:

- Sufficient diagnostic evidence on system bottlenecks and their causes is available to design a system transformation grant to address these bottlenecks. This includes evidence produced by the system capacity grant on an ongoing basis.
- This evidence is used for policy dialogue when determining the focus area for the system transformation grant in the Compact and transformative strategies are embedded in education plans or sector policy frameworks.
- Suitable grant agents are available to support the design and implementation of a program in the focus areas for the system transformation grant identified in the Compact.

Governance implications

17. The system transformation grant requires a set of strategic decisions. On the top-up portion of the system transformation grant, these decisions are—whether a country where one or more requirement areas are not met is eligible for a top-up, and if so, to which of the requirement areas should the top-up be linked. The Board and LEG will be advised on whether operating model requirements are met by an Independent Technical Panel. The Independent Technical Panel will not have a decision-making role. Its purpose is to enable a more contextualized and multidimensional assessment of country status with respect to operating model requirements.

18. Such an assessment requires specific technical expertise. The Independent Technical Panel will consist of a pool of 10 to 12 seasoned international experts, with a chair and a vice chair. The role of the chair and the vice chair will be to coordinate the work of the Independent Technical Panel and consolidate the conclusions of the panel assessments. A vice chair enables simultaneous assessments in more than one country. The pool of experts would be initially approved by the Board based on expertise and experience in the requirements' areas. For each assessment, 3 to 4 experts would be mobilized (including the chair or vice chair). The Secretariat will present a full proposal for the Independent Technical Panel and its terms of reference for Board decision in February 2021.⁶

Table A3.4 describes the process for determining the use of the top-up portion of the system transformation grant and the point at which the Board decision will be taken.

Table A3.4 Process for determining the use of the top-up portion of the system transformation grant

Step	Action	By whom and for what
1.	Analysis of country context with respect to requirement areas	By the LEG (with Secretariat support and input for analytical work) for the country-level dialogue on requirement areas
2.	Assessment of the requirement areas (met/not met and identification of key challenges)	By the Independent Technical Panel to provide recommendations to the LEG and Board on whether requirements are met and the key challenges in the requirement areas, and to provide input to the country-level

⁶ The annual cost of the ITP is estimated to be around \$300,000, based on the following assumptions: 20 days of work per assessment (4 persons for 5 days), 2 days for the chair or vice-chair per assessment (coordination and consolidation), average daily fee 800\$ (seasoned international expert); 90 assessments done in a 5-year period.

		policy dialogue on key challenges and areas for reform
3.	Country-level policy dialogue on key challenges in requirement areas and proposed reforms (summarized in the Compact)	By the LEG, with Secretariat support, to agree on key reforms in requirement areas
4.	Quality assurance and preparation of Board decision package (based on the assessment of the Independent Technical Panel and the reforms proposed in the Compact)	By the Secretariat to provide recommendations to the Board on the use of the top-up portion of the system transformation grant
5.	Decision on whether to provide the top-up portion of the system transformation grant up front or to use it to incentivize reforms (as proposed in the Compact) in the requirement areas AND if used to incentivize reform, how the top-portion is allocated across specific reforms	By the Board/Board committee to determine the use of the top-up portion of the system transformation grant

19. The minimum allocation portion of the system transformation grant requires a decision on the strategic focus of the grant. These decisions will be taken by the Board based on the Compact. Once the Board approves the strategic focus of the minimum allocation portion, approval of the program design will be delegated to the Secretariat.

20. The proposed mid-term review of the Compact by the LEG may lead to additional Board oversight and decisions where GPE funds are not effectively supporting the priorities identified in the Compact. The Secretariat will also propose criteria on when Board decision will be required for modification or cancellation of poorly performing grants at the mid-term review stage.

Annex 4: Strategic Capabilities

Background

1. At its meeting in June 2020, the Board of Directors adopted the Enabling Objective to “Mobilize global and national partners and resources for sustainable results”. This objective is aligned with the strategic shift adopted in December 2019, to *leverage the power of inclusive partnership* (BOD/2019/12-12 Strategic Plan, 8).

2. The Strategic shift has been defined as “*harmonizing efforts, strengthening alignment, and purposefully engaging in strategic partnerships*”⁷⁷ to support transformation of education systems. Table 1 recalls the key elements of the strategic shift and corresponding actions presented to the Board in December 2019 and indicates the strategy’s approach to how these will be addressed.

Table 1

Elements of the strategic shift	Action	Strategy approach
Play explicit role in facilitating and supporting linkages and greater alignment of partner efforts and initiatives at country level, strengthening mutual accountability.	Secretariat and staff in partner agencies responsible for GPE spend more time on facilitating alignment and partnership at country level, including crowding in new resources and working with the wider education architecture in a responsive way	<ul style="list-style-type: none"> - Effective partnership engagement (EPR) - Partnership compact - MEL/Monitoring of effective partnership - FF innovative financing
<i>Continue support for key areas of current investment: knowledge and innovation exchange & civil society advocacy</i>	Based on results, expand support for Knowledge and Innovation Exchange and Education Out Loud	Rollout, monitoring, review and consideration of next steps for KIX and EOL as per existing agreements
<i>Serve as a platform for accessing and strengthening global and</i>	<i>Make a small number of investments in areas of strategic focus in order to support GPE partner efforts to</i>	

⁷⁷ Strategy Plan Pre-Read prepared for the December 2019 Board meeting available at <https://www.globalpartnership.org/content/presentation-strategic-plan-pre-read-december-2019>

<p><i>regional capabilities of the partnership to address specific constraints in country systems—work across partners to ‘close the gap’ on key results.</i></p>	<p><i>address specific constraints. Examples include targeted finance to accelerate efforts to improve global education data; supporting partnership advocacy efforts (e.g. ending violence in schools, social sector spending); and co-investing in evidence to support cross sectoral implementation.</i></p>	<p>Mobilize additional strategic capabilities as set out in this annex</p>
<p><i>Create and collaborate through cross-sectoral partnerships to mutually address shared challenges and leverage opportunities</i></p>		

Discussion

3. To effectively implement GPE 2025 and bring about transformational change in a world where the coronavirus is threatening to increase inequities and roll back progress achieved over decades, GPE needs to step up its efforts to mobilize resources and capabilities to accelerate education progress in partner countries. The global enabling objective adopted in June 2020 calls on GPE to serve as a platform for accessing and strengthening strategic capabilities.

4. While external grant funding and innovative financing are important ways to support transformational change in education systems, so too are access to expertise and innovation to address critical obstacles to change at scale. Partner countries are constrained in their ability to identify, access and integrate relevant innovation in sector reforms and to build capacity for their effective scaling. Owners of such strategic capabilities, in turn, are often constrained in identifying who needs their services and in gaining access to decision-makers and timely opportunities to contribute. Bringing together partner countries and owners of these strategic capabilities in a more systematic way should result in significant economies of scale.

5. GPE, with its broad partnership, global reach and country-level engagement, is well positioned to facilitate bringing the two together. By serving in this intermediation role, GPE will also avoid having to duplicate capabilities within the Secretariat that exist outside it.

6. GPE already has two key mechanisms for leveraging strategic capabilities: the Knowledge and Information Exchange (KIX), supports partner countries’ access to innovations and expertise, while Education Out Loud (EOL) supports community engagement and advocacy in GPE partner countries. There will be opportunities to improve the link between these

mechanisms and the operating model as the new strategy is rolled out. For example, the system diagnostics in a country may conclude that an improved strategy for the expansion of early childhood education is needed, and that the regional KIX hub offers knowledge that can be adapted to effectively scale up early childhood education. Or, the diagnostics could indicate that greater transparency around resource utilization would help address system inefficiencies, and that an EOL grant to a civil society partner offers an opportunity to complement government monitoring systems.

7. Under the heading of strategic capabilities, and as part of the “enabling objective”, GPE would expand beyond KIX and EOL, by:

- a. **Advisory services on demand:** Identifying a limited number of core areas linked to the operating model requirement areas⁸, for which partner countries need capacity development support that can be provided by a global or regional partner across multiple countries. To meet this demand, GPE will contract or provide grant funding to that partner to provide advisory services on demand. Such areas could include, for example, advisory services on strengthening data systems needed to inform adaptive decision-making during implementation, support for robust monitoring of sector plan implementation, as well as evaluations of policies, programs, interventions, and innovations to drive evidence-based learning and improvement. Please see BOD/2020/11/12 DOC 10 – MEL for more details.
- b. **Access to identified solutions:** Identifying constraints and opportunities to transformation that are common to many partner countries, for which country partners are seeking support, and for which other organizations, including the businesses and foundation communities, are already championing solutions. In such cases, GPE may enter into a strategic partnership memorandum of understanding (MOU) with the complementary organization to enhance and facilitate collaboration. That collaboration could take place at a global or regional level or in individual countries⁹. While these MOUs are generally not funded, there may in some cases be need for “seed funding” or co-funding to facilitate collaboration and/or implementation. Examples could include global partnerships on advocacy for improved social sector budgets, regional initiatives to enhance connectivity, and

⁸ Proposed to be equity, efficiency, and volume of domestic finance; sector planning, policy, and monitoring; data and evidence; and sector coordination

⁹ For example, see ‘Enabling Conditions & Safeguards for Impact Bonds and Outcomes Financing’ in BOD/2002/11/12 DOC 07 Annex 5.

collaboration on water and sanitation in schools or on reducing the cost of learning materials.

- c. **Convening to address critical challenges:** Identifying a few critical and highly complex challenges common to multiple countries for which there are no clear solutions where GPE can play a convening role. In addition to being an active member of existing alliances seeking to address key challenges, GPE will convene key players and stakeholders when necessary to clarify issues, identify possible solutions and work with partners to address them. Examples could include school-based violence and distance learning during pandemics. Funding or co-funding from GPE may be needed to support the problem-solving process. Financial support for implementing solutions would have to be determined on a case-by-case basis. Where appropriate, this capability would be implemented alongside the proposed enhanced convening approach. Please see BOD/2020/11/12 DOC 08 Annex 3 for details. Concretely, challenges requiring both domestic policy innovation and aligned external support will benefit from the combination of peer learning (through this element of the strategic capabilities approach) and resource mobilization (through the enhanced convening approach to external finance, set out in the relevant document).

8. To solve key bottlenecks to transformative change in education, opportunities exist beyond the education sector. In many cases challenges are cross-sectoral, and the most impactful solutions come from collaboration with other sectors such as finance, health, nutrition, water and sanitation, climate change, and telecommunications. Often the funding and administrative oversight for these other sectors rest with a different ministry, and donor agencies often run such programs in parallel with little integration. The challenge is to identify opportunities for transformative change that would particularly benefit from cross-sectoral collaboration. As such, the three types of capabilities listed above may be employed to facilitate cross-sectoral, as well as education specific, collaboration.

9. In addition, these capabilities are held by many different types of organizations, including private foundations, multi-stakeholder alliances, business community partners, civil society organizations, and multilateral organizations. They may also be found in ministries of education in peer countries. Some partners have their own funding and are only looking to collaborate with GPE and partner countries. Others would need funding to deliver the identified service in a consistent way across multiple countries. GPE's approach needs to be flexible, while keeping transaction costs to a minimum. For strategic partnerships that require funding, resources could be provided through an agreed budget allocated for this purpose, be mobilized from a business community partner or private foundation, or could be financed through targeted financing to the GPE Fund by such a partner subject to the Contributions and Safeguards Policy (BOD/2020/11/12 DOC 09).

Principles

10. Strategic capabilities must add value to GPE's efforts to bring about transformative change. They will need to:

- a) *reinforce partner country capacity for system transformation*
- b) *be demand-driven and evidence-based*
- c) *be transaction light* and comply with GPE principles and policies
- d) *be deployed only when there are demonstrable efficiencies or other benefits*
- e) *avoid duplication and leverage existing partnership assets, and national, regional or global expertise*

Strategic capability lock into the operating model

11. Strategic capabilities can strengthen the effectiveness of the operating model in several ways:

- d. They would address, across a group of countries, needs and bottlenecks identified in country-level diagnostics and reviews of operating model requirements and through joint sector reviews, ongoing monitoring, evaluations and learning.
- e. They may lead to direct support, knowledge sharing or capacity building by a strategic partner.
- f. They would be documented in the Partnership Compact to enhance mutual accountability, transparency, avoid duplication and support the focus on transformation.
- g. They would complement investments made through system capacity grants and system transformation grants on a country level.

Next steps

12. **Advisory services on demand:** The Secretariat will proceed to work with DCP partners to identify the needs for requirements-linked advisory services that are in most demand, as well as other significant bottlenecks and challenges to change at scale. As the strategy progresses, additional areas to be addressed may arise through the Partnership Compact process and during implementation. The Secretariat will consult with the SIC on the list of advisory services required as they arise and proceed to facilitate their delivery through the appropriate mechanism. In some cases, the Secretariat may opt to work through a grant agent, depending on the nature of the services.

13. **Access to identified solutions:** The Secretariat will enter into MOUs under its existing authority where it identifies an appropriate partner for important issues identified by the

DCP partners. In cases where more than one organization could be a potential partner, the Secretariat will solicit expressions of interest and may either select one or more organizations or find ways to work with all of them.

14. **Convening on critical challenges:** To address complex issues, the Secretariat will work with DCPs to identify priorities, determine whether there are existing groups working on the issue, and assess GPE's comparative advantage. The Secretariat will proceed to engage as necessary to galvanize and strengthen attention to the issue. Where appropriate, the Secretariat could serve in a convening role and facilitate problem solving as was done for the Education Data Solutions Roundtable.

15. For all three categories, the Secretariat will establish a monitoring system to assess the effectiveness of strategic partnerships, to guide course correction and to enhance the effectiveness of the collaboration.

16. The Secretariat will report to the Board through the Grants and Performance Committee on an annual basis on progress in establishing these partnerships and on their implementation and impact.

Resource needs

17. The Secretariat requests an initial allocation not to exceed US\$2 million to commence implementation of the proposed approach to strategic capabilities. In the early months of the new strategy, this budget will provide timely financing to MEL support to countries, as well as provide grants to organizations to fulfill needs as they are identified.

18. The Secretariat will come back to the Board with any specific requests for funding required and the associated rationale on an annual basis.

Annex 5: Assessment against Effective Partnership Rollout principles and inter-linkages between components of the operating model

Assessment against the Effective Partnership Rollout principles

1. The Effective Partnership Rollout principles are to:

- Increase decentralized mutual accountability;
- Drive national government ownership and strengthen its capacity;
- Rebalance the country-level model to focus on implementation and sector policy dialogue;
- Reduce GPE processes and transaction costs.

2. Table A5.1 assesses the main components of the GPE 2025 operating model against the first three principles.

Table A5.1 Assessment of GPE 2025 operating model components against EPR principles

GPE 2025 operating model components	Effective Partnership Rollout principles		
	Increase decentralized mutual accountability	Increase national government ownership and strengthen its capacity	Rebalance the country-level model to focus on implementation and sector policy dialogue
Partnership Compact	<ul style="list-style-type: none"> • Foster country-level agreement on system transformation priorities and the actions of all partners in support of those priorities 	<ul style="list-style-type: none"> • Align partners behind national system transformation priorities through a government-led policy dialogue 	<ul style="list-style-type: none"> • Stimulate country-level sector policy dialogue on the enabling factors for system transformation and critical system bottlenecks
System capacity grant	<ul style="list-style-type: none"> • Support monitoring of the effectiveness of the country-level partnership 	<ul style="list-style-type: none"> • Provide continually available, demand driven support to build system-wide capacity and support policy development, implementation and monitoring 	<ul style="list-style-type: none"> • Support sector analysis and diagnostics • Support inclusive policy development process • Support country-level monitoring and evaluation of plan and policy implementation
System transformation grant	<ul style="list-style-type: none"> • Increase focus on sector coordination and alignment • Create country-level accountability for policy actions and reforms 	<ul style="list-style-type: none"> • Assess performance with respect to context-driven requirements through government-led, country-level dialogue 	<ul style="list-style-type: none"> • Focus on enabling factors for system transformation beyond individual programs and projects of partners

	<ul style="list-style-type: none"> • Increase focus on joint results in key priorities areas 	<ul style="list-style-type: none"> • Determine the critical system bottlenecks to be addressed through the system transformation grant through government-led, country-level policy dialogue based on education plans and sector policies 	<ul style="list-style-type: none"> • Incentivize implementation of policy actions and reforms • Focus dialogue on key policy issues and GPE implementation funding on critical system bottlenecks
Strategic capabilities		<ul style="list-style-type: none"> • Leverage partners' resources and capacities to reinforce country capacity 	

3. Table A5.2 analyses the drivers of transactions costs in the proposed model. Where transactions costs are expected to increase, the value-added of the corresponding transaction or process is described.

GPE 2025 operating model components	Drivers of reduced transaction costs	Drivers of transaction costs and value-added of corresponding transaction or process
Partnership Compact	<ul style="list-style-type: none"> • Synchronization of GPE support to country policy processes—no prerequisite analysis or planning phases to access GPE implementation grants • Aligning partners to national system transformation priorities • Facilitates streamlined grant application and approval processes (Board approves strategic parameters of country engagement; grant approval delegated to Secretariat) 	<ul style="list-style-type: none"> • Costs associated with preparing the Partnership Compact i.e. convening a policy dialogue at the country-level Value-add: Fostering strategic policy dialogue and mutual accountability for system transformation
System capacity grant	<ul style="list-style-type: none"> • Highly simplified application and approval procedures • Support for establishing pooled funding mechanisms, where appropriate • Support for strengthening sector coordination mechanisms such as LEGs • Support for cross-sectoral convening to promote coordinated responses 	<ul style="list-style-type: none"> • Separate grant from system transformation grant Value-add: Provides flexible and continually available support for system-wide capacity strengthening, compared to focused support for addressing specific system bottlenecks [Note: the system capacity grant subsumes the ESPDG which was also a separate grant from the ESPIG in the GPE 2020 operating model]

System transformation grant	<ul style="list-style-type: none"> Reduces transaction costs associated with verifying whether global standards are met Replaces pre-conditions for GPE implementation funding (education sector analysis and "credible" education sector plan) with assessments that meet countries where they are Streamlined application and approval processes Increased flexibility in variable part reduces transaction costs associated with identifying, agreeing, and verifying indicators across three dimensions 	<ul style="list-style-type: none"> Costs associated with multi-dimensional assessments of requirement areas and potential for costs associated with independent expert verification of requirements <i>Value-add:</i> Fosters country-level policy dialogue on the critical enabling factors for system transformation Transaction costs associated with top-ups linked to delivery of policy actions and reforms <i>Value-add:</i> Incentivizes the delivery of key reforms in requirement areas
Embedded monitoring, evaluation and learning	<ul style="list-style-type: none"> Reduces transaction costs associated with country-level data collection for strategic evaluations by creating a stronger country-level evidence base on an ongoing basis 	<ul style="list-style-type: none"> Costs associated with monitoring country-level partnership effectiveness, implementation of sector plans and policies, and impact evaluations of innovative interventions supported through GPE grants <i>Value-add:</i> Provide evidence critical to GPE 2025 country-level objectives and enable learning at country level
Strategic capabilities	<ul style="list-style-type: none"> Avoid duplication by mobilizing existing strategic capabilities Facilitate access to strategic capabilities for several partner countries versus country-by-country agreements 	<ul style="list-style-type: none"> Costs associated with identifying and mobilizing strategic capabilities <i>Value-add:</i> Facilitating access to strategic capabilities for partner countries in an efficient manner

4. Table A5.3 describes how various components of the operating model are interlinked:

Table A5.3 Interlinkages between components of the operating model

Components of the operating model	Partnership Compact	System capacity grant	System transformation grant	Embedded monitoring, evaluation, and learning	Strategic capabilities
Partnership Compact		Partnership compact captures policy dialogue on capacity building needs and existing support provided by partners; initial tranche of the system capacity	Partnership compact describes proposed reforms in requirement areas which facilitates decision making on the use of the top-up portion of the system	Partnership compact identifies monitoring, evaluation, and learning priorities and capacity gaps; embedded MEL used to monitor	Partnership compact identifies countries' areas of need/demand for strategic capabilities to enable aggregation of need/demand

		grant can fund Compact development process	transformation grant; Partnership compact identifies the most strategic use of the system transformation grant to support key country priorities	implementation of the compact	across countries and convening of providers of strategic capabilities
System capacity grant	Partnership compact captures policy dialogue on capacity building needs and existing support provided by partners; initial tranche of the system capacity grant can fund Compact development process		Complementarity between system-wide capacity building through system capacity grant and capacity building focused on specific system bottlenecks through the system transformation grant (driven by Partnership compact process)	System capacity grant supports country capacity for MEL; embedded MEL monitors whether system capacity grants are implemented as designed and whether their objectives are met	Strategic capabilities complement system capacity grant where specific capacity needs/demand are identified across several countries and mobilizing strategic capabilities is the most efficient way to meet these needs/demand
System transformation grant	Partnership compact describes proposed reforms in requirement areas which facilitates decision making on the use of the top-up portion of the system transformation grant; Partnership compact identifies the most strategic use of the system transformation grant to support key country priorities	Complementarity between system-wide capacity building through system capacity grant and capacity building focused on specific system bottlenecks through the system transformation grant (driven by Partnership compact process)		Embedded MEL requires evaluations of system transformation grant interventions where existing evidence on proposed interventions is lacking and requires adherence to monitoring standards, including gender- and disability-disaggregated data (where applicable)	Strategic capabilities can complement system transformation grant by providing specific expertise in areas supported by the system transformation grant
Embedded monitoring, evaluation, and learning	Partnership compact identifies monitoring, evaluation, and learning priorities and capacity gaps; embedded MEL used to monitor implementation of the compact	System capacity grant supports country capacity for MEL; embedded MEL monitors whether system capacity grants are implemented as designed and whether their objectives are met	Embedded MEL requires evaluations of system transformation grant interventions where existing evidence on proposed interventions is lacking and requires adherence to monitoring standards, including gender- and disability-		MEL monitors and evaluates strategic partnership to assess effectiveness and value for money (if funded)

			disaggregated data (where applicable)		
Strategic capabilities	Partnership compact identifies countries' areas of need/demand for strategic capabilities to enable aggregation of need/demand across countries and convening of providers of strategic capabilities	Strategic capabilities complement system capacity grant where specific capacity needs and demand are identified across several countries and mobilizing strategic capabilities is the most efficient way to meet these needs and demand	Strategic capabilities can complement system transformation grant by providing specific expertise in areas supported by the system transformation grant	MEL monitors and evaluates strategic capabilities to assess effectiveness and value for money (if funded)	

Annex 6: Input from the Grants and Performance Committee during its October 21–22 and November 3–4 meetings

1. The Committee was mostly supportive of the proposed operating model. GPC members cited in particular:

- The consistency with EPR and key messages supported by DCPs: government ownership, flexibility, context-based requirements, and capacity building.
- The potential for increased alignment through dialogue in the partnership compact.
- The attention to gender equality in the system capacity grant and the system transformation grant.
- The focus on reducing transaction costs and streamlining governance processes, including the reduced number of variable part dimensions required (from three to one).
- The proposal to use the system transformation grant for focused, evidence-based investments to address persistent systemic bottlenecks at country level.
- The extended scope of the system capacity grant, providing support for a wide range of country level capacity needs while maintaining support for the education sector plan, which was emphasized by GPC members as a central document.

2. Some areas were noted for consideration/clarification or strengthening:

■ **Overall model:**

- The apparent complexity with an added component (partnership compact) and various grant windows with the associated risk of additional transaction costs.

■ **Partnership Compact:**

- Clarify better that the compact calls for a broader commitment of partners to the education sector overall and is not limited to GPE-specific engagement.
- Clarify better how the compact is not an additional process but is evidence-based linked to education sector plans and policies and reduces transaction costs.
- While the LEG has a key role in the model, capacity and inclusion varies. The risks posed by weak LEGs and/or LEGs that are not fully functional and effective must be addressed, given the greater focus on decentralized decision making. This requires striking a balance between country-level decision making and Board oversight.
- Alignment to the compact requires a change in behavior from development partners that may take time to achieve.

- Developing a compact may take more than the estimated 2-3 months given the need for dialogue and consultation.
- The government may not have the capacity to take the lead in the development of the compact with the drafting of the document falling on the coordinating agency or a consultant, resulting in decreased ownership by the government.
- Governments will need to adapt to engaging in negotiations with development partners on the compact.

■ **Operating Model Requirements:**

- While context-based requirements are welcome, particularly differentiation for low-capacity and fragile contexts, there should be concrete parameters. This is necessary to facilitate country-level discussions, minimize transaction cost in the assessment of requirements, and safeguard consistency and transparency in decisions. Clear requirements up front will also facilitate grant approval later in the process.
- The criteria for assessing domestic financing commitments needs to be clarified.
- The availability of data, particularly on domestic finance, remains a concern and could make the assessment of the requirement problematic.
- There is a risk that the flexible approach to requirements reduces developing country partner commitment to accelerating progress towards Sustainable Development Goal 4.

■ **System Capacity Grant**

- Considering use of the SCG for sector planning is voluntary, strongly incentivize countries with weaker sector planning processes to utilize this support.
- Encourage countries to submit combined applications for the different funding windows to limit transaction costs.
- Clarify who will administer the grants; how alignment of grants at different stages will be ensured; how success is measured; reporting requirements; the link between the SCG and the requirements.
- Ensure complementarity of the system capacity grant with the system transformation grant.
- Consider whether the funding level is sufficient to address persistent challenges.

■ **System Transformation Grant**

- Exemptions to the variable part for countries with low capacity should depend on clear criteria. It was noted that since the majority of GPE countries is fragile and/or conflict-affected, solely relying on that criteria could lead to most grants not having a variable part.

■ **Country Illustrations**

- Further testing with countries is needed

- Prescribed use of grants based on assessment of requirement areas needs to be balanced with country-led decision making

■ **Independent Technical Panel**

- There were mixed views on the use of the ITP. Some GPC members noted that expert assessment of requirement areas through the ITP will promote more nuanced and contextualized assessments if they are provided well-defined standards to assess against. Other members felt that the ITP would be less needed if requirements are clearly defined, and role could be retained by Board/GPC to continue to draw on strengths of the Partnership.
- Need to clarify difference in roles of ITP and Board/Board committees and scope of ITP work (role in assessment of requirements and in program design, if any)

■ **Embedded Monitoring, Evaluation, and Learning**

- Strong support for more systematic embedding of monitoring, evaluation, and learning in grants. There is a need for better evidence on the effectiveness of GPE's investments.

Annex 7: Countries and corresponding indicative allocations for the pilot of the operating model starting in January 2021

1. To commence implementation of the operating model in a manner that facilitates early lessons learned that can inform a broader roll-out, the Secretariat proposes to announce maximum allocation amounts for up to 5 countries to pilot the GPE 2025 operating model starting in January 2021.

2. In line with previous prioritization on allocation decisions, the Secretariat has identified countries that have indicated that they won't be able to apply for an outstanding Maximum Country Allocation (MCA), don't have an active ESPIG (and won't be able to apply for an outstanding MCA) or have ESPIGs that are expected to expire by the start of 2021. The Secretariat subsequently assessed other parameters that could facilitate or complicate compact discussion (GPE membership, sector planning cycle, upcoming elections), and based on those parameters pre-selected the following 5 countries.

Country ¹⁰ (all figures in USD millions)	Minimum Allocation	Potential Top Up	Potential Allocation
Democratic Republic of Congo	97.5	65	162.5
Kenya	32	21.3	53.3
Nepal	12	8	20
Tajikistan	6	4	10
Uganda	97.5	65	162.5

3. The allocation amounts are based on the allocation formula proposed in the Eligibility and Allocations Board document (BOD/2020/11/12 DOC 06) and specifically scenario 2 set out in Annex 1 Table 4 being the closest scenario for System Transformation Grant Allocations under a US\$5 billion financing campaign outcome.

4. As country ownership is crucial, the Secretariat is reaching out to these countries to request whether they would be available to engage in the development of the Partner Compact from the start of 2021, and subsequently develop an application by June 2022. Countries with an active ESPIG are also requested to confirm that it will be substantially implemented by application. Should any of the countries not indicate they want to be

¹⁰ Allocations are rounded to the nearest US\$100,000 and therefore the minimum / top up amount may be slightly higher/lower than the 60/40 split

considered for an allocation in the first wave by the time the Board meets, they will be removed from consideration and will have their allocation recalculated based on an assessment of available resources following the financing conference and announced as part of the second wave of countries in mid-2021.

5. The proposed allocations would be valid for applications received before 31 December 2022 unless otherwise extended by the Board. Should the financing campaign result in the ability to make a higher allocation available, the Board will be asked to increase the allocations for these countries accordingly.

6. In line with the proposed governance arrangements for the operating model, the Board will approve the actual allocation amount each country can apply for based on its consideration of whether operating model requirements are met as informed by the Independent Technical Panel, and the recommendations provided to the Board on the strategic focus of the grant following completion of the Partner Compact. This decision should be made through an Affirmative Vote process unless the Board Chair determines otherwise. Once made, the Secretariat shall have delegated authority to approve the final grant allocation.