GPE Financing and Funding Framework

Assessment of draft FFF

November 30, 2016
Approach: The assessment reviewed funding and financing components and how they come together

• Funding: The assessment reviewed:
  – Enhancements to GPE’s current funding model
  – New reinforcing funding mechanisms proposed by the FFF

• Financing: The assessment considered what financing instruments and approaches are best placed to mobilize and deploy additional financing for education
  – Prioritization of financing instruments
  – Identification of broader opportunities for GPE to mobilize additional financing
The FFF proposes an appropriate set of funding mechanisms that allow for a more differentiated approach to meet the needs of GPE 2020.

**Funding for Education Sector Strengthening**

- **Preparation**
  - Planning and support for requirements

- **Implementation**
  - Needs-based allocation

- **Results**
  - Funding based on achievement of sector-wide results

**Domestic Financing**
- Public
- Private

**GPE Grant Financing**
- Core
- Targeted

**Financing Unlocked by GPE**
- MDB & development partners
- Private investment
- Disaster and political risk

**Support to Reinforce Systems Investments**
- Innovation
- Knowledge and good practice exchange
- Advocacy and social accountability
- Interface with ECW (TBD following hosting decision)

**System Reinforcement**
- Education system development and strengthening

**Resources Support Education Sector Plans**

**Subject to Approval of Contributions and Safeguards Policy**

GPE mobilizes grant financing from public and private donors & through innovative instruments. GPE grants crowd in co-financing from MDBs & development partners; mobilize private capital for education investments; and insure countries against adverse shocks.
Proposed enhancements to the current funding model are intended to strengthen GPE’s ability to deliver on GPE 2020

<table>
<thead>
<tr>
<th>Challenge areas highlighted by SFWG</th>
<th>Addressed by draft FFF?</th>
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<tbody>
<tr>
<td>Data and EMIS</td>
<td>Yes</td>
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<tr>
<td>Domestic resource mobilization</td>
<td>Yes</td>
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<tr>
<td>Alignment of international financing</td>
<td>Yes, but specific ideas not yet finalized</td>
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<tr>
<td>Continuity during emergencies</td>
<td>Pending further decisions on ECW</td>
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<tr>
<td>Support to refugees and displaced people</td>
<td>Pending further decisions on ECW</td>
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<tr>
<td>Accountability mechanisms</td>
<td>Yes</td>
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<tr>
<td>Results-based funding (RBF)</td>
<td>Partially</td>
</tr>
<tr>
<td>Support for national capacity building</td>
<td>Partially</td>
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<tr>
<td>Regional funding approaches</td>
<td>No</td>
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Proposed reinforcing funding features bring a more differentiated set of funding tools to better realize GPE’s Strategic Plan

<table>
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<tr>
<th>Dimension</th>
<th>Criteria</th>
<th>Innovation</th>
<th>KGPE</th>
<th>Advocacy and Social Accountability</th>
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</table>
| **Potential to deliver against GPE 2020** | • Potential impact against goals of 2020  
  • Potential to fund at scale  
  • Demand                                                                                     | MODERATE   | HIGH | HIGH                               |
| **Complementary additionality** | • Complementarity with existing GPE model  
  • Potential financing from a diverse range of new and existing donors  
  • Potential to promote additional financing for education                                      | HIGH       | MODERATE | MODERATE                         |
| **Operational feasibility**   | • Comparative advantage of GPE  
  • Transaction costs are not disproportionately high  
  • Potential to prioritize in case of low replenishment                                      | MODERATE   | MODERATE | MODERATE                         |
Proposed financing approaches in the FFF have potential to generate significant levels of external financing for GPE-aligned sector activities

<table>
<thead>
<tr>
<th>Prioritized for further consideration within overall FFF</th>
<th>Has potential, but requires additional exploration</th>
<th>Recommended to deprioritize</th>
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<tbody>
<tr>
<td>• Loan buy-downs</td>
<td>• Guarantees</td>
<td>• Development impact bonds (DIBs)</td>
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<td>• Leveraging concessional loans</td>
<td>• Bonds</td>
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<tr>
<td>• Disaster and political risk financing</td>
<td>• Levies</td>
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*Additional analysis to be completed with support from The Rockefeller Foundation*
Critical conclusions emerged from the technical consultation workshop

• The primary objective of the FFF is to deliver increased impact across GPE’s learning, equity, and efficient and effective systems outcomes: **more and better financing is the key lever required to do this**

• **The funding approaches need to be part of one cohesive narrative**; innovation and other reinforcing mechanisms should not be seen as something “on the side”

• **The FFF must promote an integrated program at the country level**; how to do this requires further stress testing, and will be the subject of further analysis and consideration by the SFWG and Secretariat in early 2017

• **The GPE model must contribute to promoting and increasing domestic financing**; this is a key priority for many donors, and is also a key desire of DCP partners

• Given the FFF’s deepening of GPE’s role in coordinating and anchoring education sector plans and investments, **further consideration must be given to what GPE is uniquely positioned to do within the architecture of the FFF**, particularly in relation to other actors working in the education sector at the country level
Other cross-cutting findings & initial implications

• The FFF has transformative potential for GPE because the architecture that underpins it will allow GPE to **continue to evolve its funding and financing offerings in a dynamic and flexible manner in response to country needs**

• The FFF is a holistic approach to education sector planning and investment, but given the different aspects of funding and financing engaged in the FFF, further consideration is required for **how these components come together into one operational framework**

• Operationalizing the FFF will have **institutional and capacity implications across GPE**:
  – The Board must ensure it has the **appropriate channels to engage key partners** – such as diverse actors across the private sector – and strengthen its **finance expertise**
  
  – Successful implementation of the FFF will require **strengthening and supplementing the Secretariat’s operational capacity** – as detailed in the accompanying GPE Secretariat Capacity Assessment report (**additional capacity implications will be shared with the Board in advance of the February 2017 Board meeting**)
  
  – The Secretariat should further consider the **capacity needs of GPE countries implied by the FFF**, and how to provide adequate support through GPE’s operational model