IMPLICATIONS OF HOSTING ECW

DRAFT REPORT

NOVEMBER 4, 2016

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them at the Board meeting.
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1. Executive Summary

The purpose of this assessment is to provide the Global Partnership for Education (GPE) Board with an independent analysis of the governance and operational implications of becoming the host entity for Education Cannot Wait (ECW), as well as to highlight key risks and opportunities of doing so. Our analysis has not revealed any financial, operational or governance considerations that, at this stage in the ECW design process that would preclude GPE from serving as a suitable and able host of ECW. While there are some important considerations on each of those dimensions, at this stage, we see them all as solvable through various different scenarios. We will revisit this analysis once the ECW design is finalized. Furthermore, additional detail around capacity and financial implications will be included in the February 2017 version of the assessment, after the design of the ECW operating model and results framework is completed (projected for January, 2017).

ECW is far more than a fund, creating significant implications for what hosting would entail. ECW is meant not only to be a funding mechanism, but also the vanguard of a movement to “transform the delivery of education in emergencies.” ECW has a significant political mobilization component at the global level, and a very intensive role at country level to facilitate evidence-based joint planning and response, particularly at the intersection of humanitarian and development efforts to educate children. Accordingly, the operating requirements extend beyond merely facilitating financial transactions, but also require robust external relations and policy advocacy, deep technical expertise, and very strong in-country engagement, all to bridge the current gap between humanitarian and development education sector planning and programming.

GPE has considerable experience working in fragile and conflict-affected states, with 28 (54%) of GPE’s DCPs classified as FCAS in FY2016. Of those, seven countries experienced an acute crisis during FY2016 with GPE adapting its support to those countries to support them throughout. Moreover, it has a partnership model that enables engagement of a wide array of stakeholders, a widely-endorsed approach that works through governments to build education systems, and deep expertise in education policy. It also has extensive experience managing a multi-donor funding platform and is generally perceived as a neutral broker in an otherwise heavily politicized space. GPE’s relationships, approach, and expertise constitute an existing structure within which ECW could be more likely to achieve its objectives. They also present an opportunity to bridge the humanitarian-development divide. In an ECW hosted at GPE, planning and program implementation for education in emergencies would be – by default – situated in the context of longer-term development objectives.

Given GPE’s current position as a leading multilateral entity funding and strengthening education systems, ECW presents an opportunity for GPE to take a big leap forward in its evolution towards being a truly global platform for financing the transformation of global education, especially for those children whose right to education is at risk due to conflict and protracted crisis. The central question underlying ECW hosting considerations is whether GPE expands its existing functions to offer an additional set of ECW activities or evolves into a broader funding platform upon which sit multiple funds. While the former option would likely maximize synergies, in the latter option, GPE, ECW, and potential other funds could have some differentiation in terms of teams, structures, and processes as necessary to deliver on their individual offerings, while still benefitting from the shared services and coordination.

In light of the current GPE model and proposed high-level ECW model, there a five major considerations regarding a hosting arrangement: (i) how country offerings are designed (grant design) (ii) how functions are operationalized and managed (Secretariat operations and
leadership), (iii) how decisions are made (governance arrangements), (iv) how and by whom grants are managed (grant management), and (v) where the fund is held and in what form (asset management). Options considered for Secretariat operations and leadership include (i) majority shared functions, with a CEO overseeing a joint GPE-ECW leadership team, and (ii) many shared functions supporting differentiated country-level functions (e.g. country support, transaction support, quality assurance), with a platform managing director overseeing a GPE director and an ECW director. Options considered for governance arrangements include (i) expanding the current GPE board and establishing a specific ECW committee alongside the existing GPE committees, and (ii) creating an elevated governing body overseeing two executive boards (one for GPE and one for ECW), with the majority of on-going decision-making lying with the executive boards. Options for asset management will depend on whether ECW could fall under the same hosting and donor agreements that currently govern GPE operations. Options for grant design and grant management will be considered following the design of the ECW operating model and results framework.

The GPE Secretariat will benefit from having many of the building blocks in place, including an experienced country support team and technical anchor, a growing knowledge-brokering role, and a strengthened monitoring and evaluation function. However, significant investments would still be required across several areas. The country-level engagement model would also need to evolve significantly, moving from a model today where one country support team member serves four to five countries to one that could feature a dedicated lead, full time, to support some of the most complex countries in crisis. The quality assurance and risk management function would have to be further strengthened, and would need to be equipped to meet the challenge of a potentially broader range of grant agents and grant recipients, as well as more countries with volatile operating environments. Finally, the Secretariat leadership team would need to evolve to include an ECW lead or director with the latitude and capacity to engage in political mobilization around the importance of education in emergencies. This could include support from an enhanced policy advocacy function.

The Board will also be considering Dalberg’s capacity review of the GPE Secretariat (Assessment 1), which has recommendations for the operational changes and additional resources required to deliver on GPE 2020. While it is not possible to go into a similar level of detail on the implications of hosting ECW at this time, two things should be highlighted: (i) many of the recommendations around building out execution capacity, adopting more disciplined approaches to work planning, and investing in information technology and data systems are critical for building a GPE within which ECW can thrive; however, (ii) the capacity required to execute ECW should be seen as necessarily additional to the capacity required to deliver on GPE 2020. While there are sure to be synergies between GPE and ECW, particularly across the proposed shared functions and across various country support activities, attempting to establish ECW within GPE with a skeletal team could jeopardize the operations of both entities. Initial estimates suggest that the incremental headcount required for operationalizing ECW within GPE could range from 20 to 30 roles, although these could be phased in over a few years.

Hosting ECW implies some operational risks for GPE, but the can be mitigated and should also be balanced against important risks of not hosting ECW. The effort and time required to set ECW up for success would necessarily divert senior leadership and some technical staff away from core GPE tasks. The GPE Secretariat is already implementing reforms aimed at improving the support it provides to countries and its ability to deliver on GPE 2020. It is also in the process of developing a Financing and Funding Framework (FFF) to allow for more tailored funding and more flexible approaches to attracting finance. Making the necessary investments in Secretariat resources will be critical to ensuring a successful transition of ECW to GPE alongside these existing efforts. Hosting ECW also entails financial risk: donors could divert contributions from GPE’s core operations to
ECW rather than providing additional resources. However, it should be noted that this has not been the case for UNICEF, the interim host of ECW, thus far. Moreover, not hosting ECW could also risk diversion of funds from GPE. More broadly, an ECW not hosted at GPE risks further fragmenting financing for education in countries affected by conflict and could constitute a missed opportunity for achieving greater coherence between short and long-term programming.
2. CONTEXT

2.1. ESTABLISHMENT OF ECW

Education Cannot Wait (ECW) is a landmark global effort to ensure that some of the world’s most vulnerable children – those affected by conflict and crisis – can access their fundamental right to learning and education. 75 million school-aged children and youth are currently not in school due to conflict and crisis. There is an immediate and urgent need to provide educational support to these young people.

ECW is currently managed by a High Level Steering Group (HLSG), hosted at UNICEF. The HLSG is composed of senior-level stakeholders responsible for reviewing and approving the initial pipeline of investments. The HLSG is currently supported by UNICEF, which was selected as the interim host for an approximately one-year period. After this period, ECW will be transitioned to a permanent host, for which the selection process has not yet begun. Since May, approximately $120 million has been mobilized and $42 million of initial investments have been approved – though not yet disbursed – with another $30 million under review. This is relative to an annual disbursement target of $153 million in year 1 and $1.5 billion by 2020.

ECW achieves impact through five highly complementary pathways:

- Political will: Mobilizing political commitment to education as a top priority during crises,
- Facilitation: Joint planning and response to join-up humanitarian and development efforts,
- Financing: Generate and disburse new funding,
- Local capacity: Strengthen capacity in education clusters to respond to local crises, and
- Knowledge and data: Improve accountability.

It is key to note that Education Cannot Wait is not simply another fund, but a broader movement aimed at “transforming the delivery of education in emergencies.” The ECW business plan states that the purpose of ECW is to “generate greater shared political, financial and operational commitment to meet the educational needs of millions of children and young people affected by crises.” ECW’s ambitious theory of change calls for mobilizing political commitment, at the highest levels, to make the kind of bold changes needed to ensure that children have access to quality education. In many instances, the key roadblocks to providing quality education are as much, if not more so, a challenge of difficult political tradeoffs as one of financing alone. ECW has been established to address the key challenge of education not being prioritized in humanitarian responses efforts, and the relatively poor coordination of the planning and financing of education services across humanitarian and development actors.

The various activities for ECW are currently envisioned to run through two primary mechanisms: an Acceleration Facility and a Breakthrough Fund, with a cumulative disbursement target of $3.85 billion by 2020. That said, plans for financing sources and funding mechanisms are still being developed and will be further defined in the coming months. The local capacity building and knowledge brokering functions are currently envisioned as being delivered via the Acceleration Facility.

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1 Oversees Development Institute, “Education Cannot Wait: Proposing a Fund for Education in Emergencies,” May 2016.
2 ODI, “Education Cannot Wait.”
**Figure 1. ECW financing sources and funding mechanisms**

<table>
<thead>
<tr>
<th>Funded activities (i.e. via other actors)</th>
<th>Non-funded activities (i.e. ECW operations)</th>
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<td><strong>Acceleration Facility</strong></td>
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<td>• Aid donors</td>
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<td>• New donors</td>
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<td>• Private sector</td>
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<td>• Foundations</td>
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<td>• Innovative financing (e.g. crowdfunding, social impact bonds, microloans)</td>
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<td><strong>Funding Mechanisms</strong></td>
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<td>• Research for publications and guidelines</td>
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<td>• Capacity-building for existing actors</td>
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<td>• Development of working platform</td>
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<td><strong>USG</strong></td>
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<td>• Crisis actors, new partners, Education Cluster, INEE</td>
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This understanding of ECW has a number of implications for hosting:

- **The political mobilization and joint planning and response functions should not be understated in terms of their importance for realizing ECW’s full potential and as such will need commensurate levels of capacity investments.** The crucial element of ECW’s mandate and vision is joining-up governments, humanitarian relief providers, and donors at both the national and global levels to create coherent and effective pathways to education, spanning a timeline from the immediate aftermath of crisis to recovery and beyond. To be clear, ECW should be designed to work through existing channels, notably Education Clusters and local education groups (LEGs). However, one of the key raisons d’être of ECW is that these two mechanisms do not always work in a coordinated fashion in the transition from crisis to recovery. Even when they do work well together, they leave a gap: there is a dearth of financing for activities that do not sit neatly within either immediate response or the longer-term building of public education systems. ECW has an essential role to play in promoting and funding these linkages. Playing this role well will require robust capacity around global and regional advocacy, as well as local-in-country support leads able to engage deeply at key moments in joint planning efforts, working through established mechanisms.

- **There is a strong need for expertise and access to a deep and rigorous evidence base.** ECW’s role to support joint planning and effective grant making must be informed by the growing evidence base on how to realize learning, equity, and inclusion outcomes even in the face of crisis and conflict. Programs funded through the Breakthrough Fund in particular should be based on rigorous needs assessment and informed by a robust knowledge base about the types of interventions that both enable immediate access to quality education that meets short-term needs of affected children and set the stage for longer term integration of those children into host community education systems in the medium to long term.
In this way, the funds disbursed through the Breakthrough Fund become an instrument to enable larger change – transformation of how education is delivered in a crisis – rather than simply a near-term funding mechanism. This has implications for how the ECW operations are conceived of overall. If ECW were simply a financing facility, aimed at plugging a modest financing gap with well-structured, straightforward grant making, a more conventional Secretariat structure would suffice. However, in this case, the funds themselves are a means through which ECW aims influence the broader humanitarian and development landscape. As a result, the design, disbursement, and evaluation of these grants needs to be informed by the latest evidence on how to realize equity, learning, and inclusion outcomes for children, and structured in a way that holds parties accountable for realizing these outcomes. The permanent host of ECW needs a team of people who bring both deep operational expertise from specific country contexts and subject matter experts with access to the latest research on the global level.

2.2. DEVELOPMENTS AT GPE

GPE has been an active partner in the early work to establish and launch ECW. The GPE Board and Secretariat supported preparatory work leading to the creation of ECW and a number of GPE Board and Secretariat members are contributing to its ongoing development during this interim period. Chair of the GPE Board, Julia Gillard, has been among ECW’s key champions.

In order to assess the possibility of hosting ECW, the GPE Secretariat developed an initial business case. Presented to the GPE Board in June 2016, the “Initial GPE Business Case for Hosting ECW” suggested a high degree of alignment between GPE and ECW in terms of mission and theory of change and put forward an operational model for ECW hosted at GPE. The business case also highlighted the high-level changes to GPE’s capacity, expertise, and structure that would be necessary to operationalize this model and called for further analysis of what these changes would entail. The Board asked the GPE Secretariat to work with Dalberg Global Development Advisors to test and further build out the key elements of this case. The ongoing development of ECW and GPE’s current review of its own operations make the need for this analysis timely.

The Boston Consulting Group (BCG) has been asked to design the ECW operating model and results framework. Given that this work is ongoing and will not be finalized until January, 2016 (projected), the analysis that follows is preliminary, partial – in particular, with regards to grant design, implementation, and management – and subject to change. It will be further detailed and finalized for discussion at the February 2017 Board Meeting. While we present some positions, we make no concrete recommendation. In the meantime, Dalberg is actively liaising with BCG to ensure alignment between these two pieces of work.

2.3. PURPOSE AND APPROACH

The purpose of this assessment is to provide the GPE Board and GPE Secretariat with detailed analysis of the implications of hosting and financing ECW. Questions around the broader strategic imperative of whether or not GPE should take on ECW are beyond the scope of this exercise, but findings can inform these strategic questions.

This assessment has six main analytical components:

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3 See BOD/2016/06 DOC 18, June 2015.
• Section 3 defines hosting arrangements in terms of five key components and presents options these components. It then analyzes the implications of GPE hosting ECW for each of the five components across the different options.
• Section 4 discusses the capacity implications for Secretariat operations.
• Section 5 analyzes the start-up and transition implications of GPE hosting ECW. (to be included for February, 2017 Board meeting)
• Section 6 presents costs of hosting ECW under each scenario, including both recurring costs and transition costs. (to be included for February, 2017 Board meeting)
• Section 7 details major risks and opportunities for hosting ECW and provides recommendations for how to capitalize on opportunities, mitigate risks, and manage the transition.
• Section 8 presents a recommendation for which options to select in hosting ECW. (to be included for February, 2017 Board meeting)
• Annexes provide additional detail on the capacity implications for Secretariat operations and options for hosting components not included in the scenarios.
3. Options for Hosting and High-Level Implications

Determining the implications of hosting ECW begins with defining what hosting entails. In light of the current GPE model and proposed high-level ECW model, there are five major hosting arrangement considerations: (i) how country offerings are designed (grant design) (ii) how functions are operationalized and managed (Secretariat operations and leadership), (iii) how decisions are made (governance arrangements), (iv) how and by whom grants are managed (grant management), and (v) where the fund is held and in what form (asset management). Over the coming year, possibilities for hosting arrangements may be affected by either or both of two ongoing processes: the further development and operationalization of plans for ECW and the further development and operationalization of the Financing and Funding Framework (FFF).

The central question underlying ECW hosting considerations is whether GPE expands its existing functions to offer an additional set of ECW activities or evolves into a broader funding platform upon which sit multiple funds. In the first case, existing GPE functional teams, governance structures, and donor and grant agent relationships, among other aspects, would be altered as necessary to manage this larger set of activities. In the latter case, GPE, ECW, and potential other funds could have some differentiation of teams, structures, and processes as necessary to deliver on their core activities, while still benefitting from the shared services and coordination.

Figure 2: GPE as deliverer of expanded activities vs. GPE as global platform for education funds

Below we outline options for the hosting arrangement considerations; each is loosely associated with one of these visions of a future GPE as ECW host. However, we do not explicitly consider how options regarding each of the five hosting considerations introduced above can be consolidated into one cohesive scenario. This would be premature, given the ongoing work on developing the ECW operating model. The revised draft of this report for the February 2017 Board Meeting will propose one coherent scenario.

3.1. Grant Design

Here, ‘grant design’ refers to the interface between different grants. Development of the interface will require balancing the nature of the grant based on the needs it is intended to address and the potential value gained by coordinating grant processes and implementation.
This section will be developed following definition of ECW operating model and presented at February 2017 Board meeting.

3.2. SECRETARIAT OPERATIONS AND LEADERSHIP

3.2.1. OVERVIEW

**Figure 3: Options for Secretariat operations and leadership**

- **Option A**: Most Secretariat functions are jointly managed by restructured teams. Aside from the Director, and a few key positions to support the ECW’s external work, all other additional capacity to implement ECW is infused into the existing GPE Secretariat operating model. Functional teams within this model are jointly responsible for ECW and GPE grant making and associated political mobilization and knowledge brokering roles. All other services are shared as well. An ECW lead is hired at the same level as the current GPE Secretariat Leadership Team to manage ECW activities across the functions. He/she reports to the overall GPE Secretariat CEO.

- **Option B**: Each fund has a somewhat differentiated operating identity. GPE operates as a fund that focuses on medium-long term public education system strengthening, while ECW operates as a fund that provides funding for immediate during and transitional support following emergencies and protracted crises. Accordingly, each has dedicated teams for key functions that are tailored to its unique positioning, notably in-country support, technical expertise, and some components of advocacy. Both teams are then supported by a roster of shared services and back office functions. Separate quality assurance teams may be required for each fund, but this will depend on the final design of ECW offerings. An ECW director is hired to sit at the same level as a GPE director; both of these individuals, their responsibilities and, ultimately, the collaboration and coordination across funds, are overseen by a GPE platform managing director.

**Option A** maximizes potential synergies within the Secretariat; however, **Option B** allows flexibility for different operating models – particularly at country-level – while capturing synergies across less differentiated functions.

3.2.2. IMPLICATIONS

Capacity implications across these two options will be discussed in Section 4.
3.3. GRANT MANAGEMENT

To be developed following definition of ECW operating model and presented at February 2017 Board meeting.

3.4. GOVERNANCE ARRANGEMENTS

3.4.1. OVERVIEW

**Figure 4: Options for governance arrangements**

**Option A:** The current GPE Board is expanded to include higher-level stakeholders (e.g. from ECW’s HLSG) representing both humanitarian and development actors. Decision-making power for GPE grants and ECW grants is respectively delegated to sub-committees supported by technical panels. The High-Level Governing Board might meet once a year, while the Executive Boards would meet at the same frequency as the current GPE Board. An enhanced Governance, Finance, Risk, and Ethics (pending outcomes of the ongoing governance review) could serve both ECW and GPE needs, while a separate ECW committee could be established to focus on ECW strategy, policy, and grant-making, leaving the existing Country Grants and Performance Committee and the Strategy and Policy Committee to focus on the remaining GPE activities. The Coordinating Committee would continue to play its role of coordinating across the other committees.

**Option B:** Separate ECW and GPE executive boards are established to allow each to focus on decision-making for its relevant fund. An ECW Executive Board is comprised of senior-level stakeholders and holds primary decision-making power over ECW funds and activities. The GPE Executive Board reflects the existing governance structure, including its committees. A high-level governing body – to include members of the ECW HLSG granted decision-making power over ECW in this interim period – would make platform-level decisions (e.g. regarding Secretariat budgets). The expanded GPE Board would meet at the same frequency as the current GPE Board. GPE committees would remain structured as they are; ECW committee structure will map to the governance requirements outlined in the finalized ECW operating.

**Option A** would require the least number of changes to the existing GPE governance arrangements, but would limit autonomy for ECW-specific decision-making. **Option B** would require developing new processes for both the High-Level Governing Body and an ECW Executive Board, but would provide autonomy and flexibility for both GPE and ECW to exercise decision-making power over use of funds and operating activities.

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4 The HLSG is currently charged with overseeing ECW during the interim period. Depending on the wishes of the current HLSG members and other stakeholders, the HLSG could simply evolve into the permanent ECW Board within the new hosting structure. It is also possible that the HLSG’s composition could be altered during the transition to a permanent host.
3.4.2. IMPLICATIONS
In either scenario, governance arrangements have implications in terms of new structures and processes.

Option A: Expanding the current GPE board to include higher-level stakeholders (e.g. ECW’s HLSG) representing both humanitarian and development actors and establishing a specific ECW committee supported by a technical panel would require alterations to GPE’s existing processes. Under GPE’s current Board and Committee Operating Procedures, sub-committees can be established, with their terms of reference approved by the Board through the Board’s standard decision-making procedures. The ECW Committee would need to be delegated sufficient decision-making power over ECW strategy, advocacy work and grant making and would need to operate according to altered decision-making processes that enable faster disbursement timelines. While the Board’s composition would need to be changed through amendments to the GPE charter, the high degree of overlap between the organizations represented in the GPE Board and the ECW HLSG suggests that creating a single board would not require major modifications. However, in adding or modifying constituencies, the GPE Board would need to carefully consider implications on relative levels of democratic representation across the constituencies.

Option B: Establishing separate ECW and GPE executive boards overseen by a high-level governing board would require the establishment of new structures and processes. At a high level, this would involve transitioning the current ECW HLSG into a comparable entity that would provide on-going leadership and governance and including additional members to ensure that the resulting High-Level Governing Board represented both GPE and ECW. This would entail determining: (i) how to refine or adjust the composition, including criteria to select members and processes for changing membership over time; (ii) content of decisions, including the delineation of roles and responsibilities between the Board and the Secretariat, and (iii) decision-making processes, including voting rights and voting procedures. An MoU would be developed to ensure coordination between the two executive boards.

3.5. ASSET MANAGEMENT

3.5.1. OVERVIEW

Unlike other hosting considerations, the options for asset management will primarily be the consequence of other strategic decisions, as opposed to driving strategy themselves. Specifically, the choice will depend on whether the Trustee requires a separate hosting agreement, due to ECW’s mandate or fund size, and on whether donors interested in contributing to ECW are willing to do so according to the existing GPE donor agreement. According to the Trustee, significant discrepancies between an ECW sub-account and current GPE operations, requiring changes to the GPE charter, would undermine the viability of establishing ECW as a sub-account. The viability could also be affected by the volume of financing, although this would be a longer-term consideration as ECW volumes will ramp-up over time.

At this time, it is not clear whether a separate hosting agreement would be required. The Trustee would need to be further consulted as the process continues. Additional donor consultations will be required to test whether a different donor agreement would be required.

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5 Terms of reference for committees must outline: (i) membership; (ii) roles and responsibilities of the committee, including the decision-making, advisory and oversight authority delegated by the Board; and (iii) relevant procedures in addition to or in place of these Committee Operating Procedures. GPE, “Board and Committee Operating Procedures,” December 2015.
Option A: ECW funds are stored in a sub-account of the GPE fund and are subject to the same policies as existing GPE funds.

Option B: ECW funds are stored in a new financial intermediary fund (FIF), hosted at the World Bank – subject to the World Bank approval.

Option A would require less renegotiation with the Trustee and, consequently, would require less time to execute. Option B would require the development of new hosting and donor contribution agreements.

3.5.2. IMPLICATIONS

Asset management arrangements similarly have implications in terms of structures and processes.

Option A: Establishing ECW as a new FIF would require a completely new structure and new processes. As previously highlighted, developing the necessary detail and getting World Bank approval would likely take longer than in the sub-account option. At the outset, the Secretariat would need to facilitate the development of a fund governance document and standard terms and conditions for donor contribution agreements, as well as liaise with the Trustee and donors to facilitate separate individual contribution agreements from those of the GPE Fund. The key steady-state implication is increased requirements in terms of financial reporting, with separate reports required for each FIF. More generally, one should be prepared for the reality that Trustee responsibilities vary significantly by FIF and governance or grant management function within the Secretariat may need to adapt accordingly.

Option B: Establishing ECW as a sub-account within GPE could require changes to existing GPE agreements, depending on requirements from the donors; however, it would be the faster of the two options. Because the sub-account would essentially copy existing arrangements, the main additional requirement would be separate accounting and reporting for receipt and use of ECW contributions. Establishing a sub-account could also require defining new contributions and safeguards policies. Overall, the complexity and duration of the process would depend on the degree of customization required from donors in relation to ECW contributions. If donors were to accept the current GPE Trustee responsibilities and standard terms and conditions as outlined in existing contribution agreements, the process could be expedited.

If established as a sub-account, there could also be required changes to the newly proposed Finance and Funding Framework (FFF) and its associated Contributions and Safeguard Policies. The GPE Board is currently reviewing the FFF. Should ECW be taken on board, the FFF might need to be updated to accommodate the even wider range of financing sources envisioned by ECW business plan. Hosting ECW would therefore entail the development and approval of new financing sources and funding mechanisms, by the boards of both GPE and of the World Bank.
Similar changes would likely be needed for the contributions and safeguard policies, notably around the extent to which donors can target their funds.

Establishing ECW within the GPE fund would also entail expanding grant agents and grant recipients. Currently, GPE funds are disbursed through accredited grant agents, including selected multilaterals, bi-laterals, and international non-governmental organizations (INGOs). Of 54 active Education Sector Program Implementation Grants as of June 30, 2016, the World Bank managed the majority (64.8%), followed by UNICEF (24%), with the remaining managed by DFID, SIDA, UNESCO, and AFD. Implications on the list will depend on the range of grant agents envisioned within ECW (pending development of operating model). If the funds are channeled through multilaterals, bi-laterals, and INGOs, which can all be accredited, current GPE requirements would be met. The actors could then work with local implementation partners as sub-grantees, providing oversight and implementation support as required. However, if the intent is for ECW to channel funds directly through local NGOs and other local partners, most of these entities would not meet GPE requirements. Under this approach, a separate legal entity would be required. Furthermore, the GPE Secretariat’s oversight and monitoring capabilities would need to be strengthened to properly address this new group.

3.5.3. CREATION OF A LEGAL ENTITY

In either scenario, changes in grant agents and recipients could also mean a need to create an independent legal entity. Whether ECW is established as a separate FIF or a sub-account of GPE’s existing FIF, it is important to consider the limitations of FIFs within the World Bank. The most relevant at the moment (in advance of a finalized ECW operating model) is the inability to disburse funds directly to grant recipients, including national governments. Instead, funds must be channeled through an accredited multilateral, bi-lateral, or INGO grant agent. If finalized plans for ECW require direct transfers to recipients, a legal entity may need to be established in compliance with the World Bank’s regulations. While granting more flexibility, this would entail increased responsibilities: separate rigorous audit, fiduciary risk management, and inspector-general functions would need to be established. Given the high risk nature of ECW grants, operationalizing a new legal entity would be a significant endeavor.

Establishing an independent legal entity would need to be spearheaded by an entity outside of the World Bank system, but with the approval of the World Bank. More specifically, GPE would need to identify a host country willing to provide privileges and immunities for a GPE legal entity. It would also need to confirm that the World Bank would be willing to provide administrative services to the new legal entity (i.e. continue to host a Secretariat) under an administrative services agreement (hosting agreements). Under these conditions, one would not be obligated to re-locate the entire current GPE Secretariat to another country. Both the GPE Board and the World Bank would have to approve of and be fully engaged throughout the process.

As is the case with other implications of hosting, the final decision would need to be considered in conjunction with implications of the newly proposed Financing and Funding Framework. Dalberg will conduct this analysis for the February 2017 Board meeting.

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6 If ECW was established as a new FIF, different eligibility criteria for grant agents and grant recipients would be established from the onset.
7 GPE, Portfolio Review, 2016.
8 Current plans for ECW explicitly mention the possibility of accepting financing from high net-worth individuals. Direct disbursement is not explicitly mentioned but has not been eliminated as a possibility.
9 See recent Board decisions BOD/2016/06 DOC 15 and BOD/2015/12/DOC 10.
4. **Capacity Implications for Secretariat Functions**

4.1. **Delineation of ECW Functions**

Determining the implications of hosting ECW in terms of Secretariat operations depends on delineating a set of key functions. As described above, ECW will have a significant role as a funder of education in emergency settings, but more importantly, it will also lead a broader movement to transform how global and national actors coordinate and deliver education in these contexts. Accordingly, operationalizing ECW will require a secretariat that has a robust set of functions and capabilities. In order to operationalize this dual mission, the ECW Secretariat would need to fulfill the following key functions:

- **ECW Director’s office**: Serve as a strong voice and “identity” to effectively steward the function of increasing political commitment and to effectively engage the High Level Steering Group.
- **Advocacy and strategic communications**: Drive political commitment at the global and country levels in order to build coalitions for coordinated planning and programming.
- **Knowledge brokering**: Generate and disseminate high quality research on what does and does not work in terms of supporting education in emergencies, and on how to provide support in a way that bridges immediate responses to meet basic needs with longer-term educational sector strengthening.
- **Country-Level Engagement**: Engage deeply in joint planning and response efforts, working through existing mechanisms, but in a way that helps to join up humanitarian and development efforts. This includes supporting rigorous needs assessment, bringing evidence-based information forward on models that work in different circumstances, and playing a strong role in ensuring the overall quality and efficacy of program design and implementation efforts.
- **Donor relations**: Mobilize resources to reach a target of $3.85 billion over the next five years, including through seed financing from new donors, the private sector, and foundations.
- **Grant management**: Manage a robust set of grant agents and work effectively with grant recipients, including both governments and non-state actors. This includes management of the Acceleration Facility – intended to support advocacy, joint planning and response, and country-level capacity building – and the Breakthrough Fund – intended to provide rapid response, multi-year support, and targeted support to particular crises (“pop-up” funds).
- **Monitoring and evaluation**: Oversee and support data collection and analysis, the development of case studies, and impact evaluations, and ensure learnings are applied to drive continuous improvements in programming.
- **Quality assurance and risk management**: Assess and manage risks, particularly fiduciary risks, and respond appropriately to high-risk situations.
- **Operations**: Manage all financial operations – including conducting due diligence on fund recipients and ensuring compliance with relevant ethical standards and processes – as well as finance, governance, IT, administrative support, human resources, and routine communications.
4.2. OVERVIEW OF CHANGES

Comparing these functions to current GPE functions reveals that hosting ECW would constitute a significant shift from GPE’s current operations, with the greatest changes in the GPE leadership structure, country-level engagement, quality assurance and risk management and technical knowledge functions. The leadership structure would need to evolve to accommodate the lead of ECW, and more importantly, would need more latitude and capacity to effectively engage in political mobilization activities to truly realize the potential of ECW having a transformative impact. Country-level engagement would need to dramatically shift towards a model that enables much more in-country engagement, particularly in the joint planning processes, to realize the full impact in-country. The quality assurance and risk management function would become much more important and more involved in light of the nature of grant making (immediate response) and a much wider array of grant recipients. The donor relationship function would also require a significant increase in work, in order to mobilize not just more financing, but, according to the ECW business plan, a much more diverse and complicated array of financing, including private foundations, blended finance, and other forms of finance that involve very high transaction costs.

The following table summarizes the drivers of change for each function, the key changes, and the extent of the change, in terms of what it would require fully operationalize. Note that the ‘extent of change’ should not be read as a direct indicator of require additional headcount; rather it speaks to the change in the nature of the work, which may be informed by quantity in some cases.
Across functions, key process changes would entail new ways of working, in two primary ways. First, hosting ECW would require engagement with a much wider range of actors on the national, regional, and global levels. Second, it would require shortened timelines for all key processes and greater responsiveness to manage complications as they arise.

Hosting ECW would also require two main categories of additional expertise. First, it would require deeper knowledge of how to design, implement, and evaluate effective educational interventions in emergency settings. Specific expertise gaps that have been highlighted include direct, recent operational experience in some of the key regions that ECW may operate in where GPE currently does not, as well as specific functional areas of expertise such as humanitarian law. Second, it would require relationships with the humanitarian sector: for example, for advocacy, in order to exert the necessary influence; for country-level engagement, in order to enable successful planning and program delivery; and for donor relations, in order to identify new donors.
4.3. ADDITIONAL CAPACITY REQUIRED

Across all functions, hosting ECW would also require additional capacity. While incremental changes will vary between the two options for Secretariat operations, they will both be based on back office synergies at the very least. As noted previously, these options were developed for the purpose of estimating head count and resourcing implications for the Secretariat. They are not intended to be a precise blueprint for how the Secretariat actually should structure their teams. The intention is to show the range of resourcing implications that would exist under different levels of integration. We would highly recommend that a precise organizational structure for ECW hosting arrangements be developed by the Secretariat itself once there is greater clarity on the overall size and scope of what ECW will become.

**Figure 7. Difference between Secretariat functions in each scenario**

<table>
<thead>
<tr>
<th>Function</th>
<th>Scenario A</th>
<th>Scenario B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front office</td>
<td>None</td>
<td>New platform managing director role created; new ECW director role created, largely focused on political mobilization</td>
</tr>
<tr>
<td>Advocacy</td>
<td>None</td>
<td>New small ECW team created</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Current GPE team (SPP) expanded and strengthened</td>
<td>New ECW team established</td>
</tr>
<tr>
<td>Country-level engagement</td>
<td>Current GPE country leads expanded and elevated to be relationship managers for both GPE and ECW grants where both funds operate Where only ECW operates, ECW country leads established</td>
<td>New ECW country leads established for all countries working alongside GPE country leads (potential long-run option)</td>
</tr>
<tr>
<td>Donor relations</td>
<td>Current GPE team (PERT) expanded</td>
<td></td>
</tr>
<tr>
<td>Grant management</td>
<td>New ECW transaction team established for Acceleration Facility and Breakthrough Fund</td>
<td>Acceleration Facility lead established within existing GPE team (KGPE) and new ECW transaction team established for Breakthrough Fund</td>
</tr>
<tr>
<td>Monitoring &amp; evaluation</td>
<td>Current GPE team (SPP) expanded</td>
<td></td>
</tr>
<tr>
<td>Quality assurance and risk management</td>
<td>Current GPE team (Finance and Operations) expanded, with potential to embed some QA staff in ECW transaction support team and GPE grant support teams</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>Current GPE team (Finance and Operations) expanded; Additional capacity may be required if new FI established (independent of Secretariat operations option)</td>
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</tr>
</tbody>
</table>

The methodology for determining additional capacity required will entail a few key steps:

- **Step 1**: An ECW pipeline of activity will be determined according to annual number of grants, annual resource mobilization, and advocacy / coordination. These numbers will present a relatively conservative view, in light of some of the more ambitious targets being discussed.
- **Step 2**: For each function, either the annual number of grants or the annual resource mobilization target will then be multiplied by relevant ratios, including the number of countries per staff, staff per amount disbursed, and staff per function as a percentage of total staff. Ratios are benchmarked on GPE, the Global Alliance for Vaccines and Immunization (GAVI), and the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM).
- **Step 3**: In scenarios where functions are more integrated, the additional capacity resulting from Steps 1 and 2 will be scaled down to reflect efficiency gains from leveraging GPE’s current structures and resources.
To be analyzed following definition of ECW operating model and presented at February 2017 Board meeting.

4.4. LINK TO GPE 2020 CAPACITY ASSESSMENT (‘ASSESSMENT 1’)

The Board will also be considering Dalberg’s capacity review of the GPE Secretariat (Assessment 1), which has recommendations for the operational changes and additional resources required to deliver on GPE 2020. While it is not possible to go into a similar level of detail on the implications of hosting ECW at this time, two things should be highlighted: (i) many of capacity additions recommended in Assessment 1 are critical for building a GPE within which ECW can thrive; however, (ii) the capacity required to execute ECW should be seen as necessarily additional to the capacity required to deliver on GPE 2020. While there are sure to be synergies between GPE and ECW, particularly across the proposed shared functions and across the various country support activities, attempting to establish ECW within GPE with a skeletal team could jeopardize the operations for both entities. Initial estimates suggest that the incremental headcount required for operationalizing ECW within GPE could range from 20 to 30 roles, although these could be phased in over a few years.

The next version of this report (on implications of hosting ECW) for the February 2017 Board Meeting will more closely tie explicit recommendations around ECW to the outcomes of the capacity assessment.

To be further developed following definition of ECW operating model and presented at February 2017 Board meeting.
5. **SET-UP AND TRANSITION IMPLICATIONS**

While set-up and transition implications cannot be determined without clarity around the likely model and structure of ECW at the time of transition, one can expect the majority of costs to be attributable to recruitment, training, and staffing costs related to the surge capacity required to establish new processes and agreements.

*To be developed following definition of ECW operating model and presented at February 2017 Board meeting.*
6. **Costs**

*To be developed following definition of ECW operating model and presented at February 2017 Board meeting.*
7. **Opportunities and Risks**

**Hosting ECW would also address a number of opportunities and risks.** The following list complements the opportunities and risks presented in the strategic case to provide more detail on key opportunities and risks and guidance on how they can be capitalized on and mitigated, if GPE becomes the permanent host of ECW.

**Hosting ECW provides an opportunity for GPE to strengthen its core programming by undermining the likelihood that conflict and crisis interfere with systems strengthening.** The extent to which this opportunity is realized depends on GPE’s ability to think strategically about how to link ECW to the rest of its operations. The relation between ECW and GPE’s operations must be structured to enable coordinated planning and funding, not only from GPE’s perspective, but also from the perspective of grant recipients. This should be true regardless of the extent to which Secretariat operations are integrated, and more coordinated operations may not necessarily result from greater integration.

**Hosting ECW also provides an opportunity for GPE to play a greater leadership role in setting the global agenda on education.** Already widely respected in the education space, hosting ECW is an opportunity for GPE to further increase its visibility, in turn increasing its influence and resources and thus strengthening its work. To capitalize on this opportunity, GPE needs to be proactive in expanding its advocacy around education in emergency contexts and pursuing strategic communications.

**Finally, hosting ECW enables GPE to bridge the development-humanitarian divide in education, and presents a model that could be used for doing so in other sectors.** In order to achieve this, GPE needs to continually build expertise, develop and maintain relationships with humanitarian actors, and use its experience to inform knowledge products that are disseminated to a broad audience.

**A primary risk of hosting ECW is the possibility of detraction from GPE’s core business, both operationally and financially.** Operationally, hosting ECW risks diverting staff members’ – both in headquarters and in country – time and effort from other GPE activities. This can be mitigated only if GPE has sufficient capacity both to continue its core business and to operationalize ECW: this requires making a decision on whether to host based on the most up-to-date calculations of the implications of hosting and moving ahead with a bid for permanent host only if GPE is able to meet these requirements. Given that ECW is still evolving, mitigating operational risk also depends on flexibility on the part of GPE. If selected as the permanent host of ECW, GPE needs to be willing and able to adapt designated capacity in response to evolving or newly identified needs. Hosting ECW also entails financial risk: there is a high likelihood that donors would divert contributions from GPE’s core operations to ECW, as opposed to providing additional resources. However, it should be noted that this has not been the case for UNICEF, the interim host of ECW, thus far. Moreover, not hosting ECW could also incur a risk of diversion of funds in additional to greater fragmentation of aid towards education. If GPE hosts ECW, it can work to mitigate this risk through two main actions. First, it can pursue a strategic approach to resource mobilization that targets new donors and incentivizes them through new financing sources and possibilities for targeting contributions. Second, GPE can implement a strategic contributions and safeguards policy that ensures sufficient funds for GPE core activities.

**Hosting ECW also entails increased legal risks, security risks, and personnel risks.** An expansion of GPE’s work – through ECW – into emergency contexts increase the risk of its operations. While GPE is not a direct implementer, it could become increasingly responsible for the security of its
implementing partners. Understanding and developing the necessary processes to mitigate this risk requires a sophisticated quality assurance and risk management function within the operations team, adapting and following best practices for operating in emergency contexts, and a strengthened understanding of and relationships with local actors.

Finally, hosting ECW entails a risk of generating confusion or misunderstanding of GPE’s mission that undermines stakeholders’ commitment to GPE. Like capitalizing on the opportunity for increased visibility, mitigating this risk depends on GPE pursing a strategic communications plan that reassures stakeholders of the continuation of GPE’s core business and the added value of hosting ECW.

In the short-term, GPE needs to capitalize on opportunities and mitigate risks through key actions during this transition period, including the following:

- The current HLSG presents an opportunity. As a group of senior-level stakeholders with relevant expertise and knowledgeable about ECW’s mission, objectives, and development, the HLSG needs to be actively involved throughout the transition period, regardless of the ultimate governance arrangement.
- Supported by the continued involvement of the HLSG, GPE would need to ensure that grants approved during the transition period are appropriately disbursed and tracked. This may entail the use of ECW’s interim processes during the transition period, or may entail increasing GPE engagement on an earlier timeframe, if GPE applies to be and is selected as the permanent host.
- A smooth transition would require dedicated time and effort on the part of GPE’s senior leadership and some technical staff. To some extent, this can be mitigated by an influx of surge capacity to manage the transition, but there would still be a significant risk in diverting these staff members’ time from other crucial activities.
- A smooth transition depends on ongoing engagement with the World Bank, both to make use of World Bank support and to ensure compliance with all World Bank rules and regulations.
8. RECOMMENDATION

To be developed following definition of ECW operating model and presented at February 2017 Board meeting.
ANNEXES

Detailed implications for Secretariat operations options

The following sub-sections provide additional detail on the shift in each function, and on the implications of this shift for changes in ways of working and required additional expertise. Where relevant, they also clarify between structural and procedural changes that might differ between the two options presented for Secretariat Operations and Leadership in Section 3.2 (Figure X). It is important to note that the following analysis will remain fairly high-level until the ECW operating model and results framework are developed.

Figure X: Options for Secretariat operations and leadership

Please note that the structural implications laid out in this section were developed for the purpose of estimating head count and resourcing implications for the Secretariat. They are not intended to be a precise blueprint for how the Secretariat actually should structure their teams. The intention is to show the range of resourcing implications that would exist under different levels of integration. We would highly recommend that a precise organizational structure for ECW hosting arrangements be developed by the Secretariat itself once there is greater clarity on the overall size and scope of what ECW will become.
FRONT OFFICE

Hosting ECW would require the hiring of either an ECW lead alongside GPE leadership team (Option A) or an ECW director alongside a GPE director, with a platform managing director overseeing them both (Option B).

<table>
<thead>
<tr>
<th>Type of change</th>
<th>Option A</th>
<th>Option B</th>
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<tbody>
<tr>
<td>Expertise</td>
<td>The lead or director would need to be someone with strong leadership skills and high visibility and credibility among both development and humanitarian actors, while at the same time being an effective collaborator with the existing GPE leadership team.</td>
<td>A platform managing director role would be created to oversee a GPE and an ECW director. Each director would manage its differentiated functions, drawing from the shared functions as necessary. The managing director would be responsible for overseeing the shared functions.</td>
</tr>
<tr>
<td>Structure</td>
<td>An additional role for an ECW lead would be created within the current GPE Leadership Team. This role would report directly to the CEO and oversee ECW-specific activities across the GPE functions.</td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>Given that staff supporting ECW staff would be embedded across the various functions, it would important to delineate reporting between the ECW lead and those GPE leads responsible for overall functions.</td>
<td>The hiring of an ECW director would need to be accompanied by clear operational procedures, most notably articulating how to realize the synergies of having two high profile directors under one managing platform director, while at the same time also providing clarity on broad roles and responsibilities. This would be particularly important to delineate when it comes to establishing reporting lines for various ECW Secretariat functional teams. It would also be crucial that the ECW Director is set up in a way that allows him/her to be held accountable for realizing key goals while also enabling him/her to draw on shared resources for key aspects of implementation.</td>
</tr>
</tbody>
</table>

ADVOCACY AND STRATEGIC COMMUNICATIONS

Hosting ECW could imply bringing the necessary expertise and capacity into the current GPE advocacy and communications teams (Option A) or creating a separate team for humanitarian advocacy – though not communications (Option B).
### Implications of Hosting and Financing ECW Assessment DRAFT as of November 4, 2016

<table>
<thead>
<tr>
<th>Type of change</th>
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<tbody>
<tr>
<td><strong>Expertise</strong></td>
<td>There is a unique “space” that the ECW advocacy could “own,” centered around the kinds of educational interventions – both policy and programmatic – that best serve the immediate educational needs of children in emergencies while also creating clear transitional pathways so that those needs could be increasingly met by a strong, high quality public education system within host communities over time. Building up the expertise and capacity to have a true impact in this space would require investments both in policy expertise as well as in external relations expertise to effectively elevate these insights to high level political audiences. Secretariat members would need to have access to these networks and the ability to build and maintain relationships within them.</td>
<td>While the majority of the advocacy function would sit on the shared platform, ECW would also have its own, smaller advocacy function, which would coordinate with the shared function.</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
<td>Additional processes will be needed to ensure coordination between the larger shared and the smaller ECW-focused advocacy functions.</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td>Even within the shared advocacy and strategic communications function, processes would have to be established to ensure close coordination between GPE and ECW efforts and messaging.</td>
<td></td>
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</table>

### KNOWLEDGE BROKERING

Hosting ECW could imply bringing the necessary expertise and capacity into the current GPE knowledge and brokering teams (Option A) or creating a separate ECW team (Option B) based on the recognition that ECW’s knowledge brokering goes beyond evaluating investment opportunities to shape current debates on how to bridge the humanitarian-development divide, informing sectors besides education. The knowledge brokering function envisioned via ECW would also have an enhanced role during the in-country work of joint planning and response. The business case and analytical work leading up to ECW’s design has highlighted not only a funding gap, but also a knowledge gap in how to effectively bridge humanitarian and development funding for education. This analytical work has revealed that children’s educational needs are best met when expertise is infused from the very inception of the humanitarian response, fulfilling emergency needs while also planning for how those children’s needs will be met in the years to come.

<table>
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<tr>
<th>Type of change</th>
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<tbody>
<tr>
<td><strong>Expertise</strong></td>
<td>Staff responsible for the ECW knowledge brokering would need to be well-versed in relevant theory and practice, including topics such as international humanitarian law and best practices in humanitarian intervention.</td>
<td>While it may not be reasonable to set up an entirely new knowledge function to support ECW, different needs at country-level may require that some of the ECW knowledge support sit within an ECW</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>The teams working on knowledge brokering within GPE’s SPP team would expand to include support for ECW activities. This may require</td>
<td></td>
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</table>
the creation of a new sub-team to house some activities under the Acceleration Facility.

transaction team (which would be responsible for various grant-related activities).

**Process**

Processes would have to be put in place to manage the allocation of SPP resources to GPE activities vs. ECW activities. While this is generally the case with all shared services, it will be particularly important with knowledge given the heavy demands that ECW activities might make on this function. More generally, the GPE Secretariat may need to change its current ways of working to adequately serve ECW knowledge needs, including building relationships with a broader range of potential partners and establishing mechanisms for providing guidance and resources quickly. The latter could possibly be accomplished by establishing a pool of relevant experts on which to draw if there is insufficient in-house expertise on a particular topic in the interim and, potentially, even the long-run.

**COUNTRY-LEVEL ENGAGEMENT**

Among the most significant implications would be a required change in country-level interactions. Hosting ECW would either imply shifting the nature of GPE’s current work from being predominantly government-centered to working through a wide array of actors, while bringing the necessary expertise and capacity into the current GPE CST team (Option A). Or, it could imply creating a separate team for ECW transactions and in-country support (Option B).

<table>
<thead>
<tr>
<th>Type of change</th>
<th>Option A</th>
<th>Option B</th>
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<tbody>
<tr>
<td><strong>Expertise</strong></td>
<td>Additional expertise would also be required. While some GPE Secretariat members do have experience in conflict or fragile situations – through both GPE’s current work and prior work experience – there would be a need for staff with more experience working for or with humanitarian institutions.</td>
<td>During the initial transition period, GPE might take an approach similar to that outlines in Option B. However, as ECW transactions increased and the ECW and GPE teams formalized a working relationship, they might transition to something a bit more differentiated. GPE country leads could retain ownership over managing relationships in GPE partner countries for GPE grants, while working alongside new ECW country leads responsible for ECW grants. At present, GPE is working to roll out a new country lead staffing structure that ensures adequate coverage for high-risk geographies. Instead of being duplicative, additional ECW country leads could strengthen this objective, providing even more coverage in these operating contexts, while working primarily with emergency clusters as opposed to LEGs.</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>In ECW countries where GPE is already operating, GPE country leads would manage relationships with both humanitarian and development actors and pave the way for both GPE and ECW grants. In ECW countries where GPE is not operating, ECW country leads would be established. Where ECW is not operating, GPE country leads would continue with their current activities.</td>
<td>In ECW countries where GPE is already operating, GPE country leads would manage relationships with both humanitarian and development actors and pave the way for both GPE and ECW grants. In ECW countries where GPE is not operating, ECW country leads would be established. Where ECW is not operating, GPE country leads would continue with their current activities.</td>
</tr>
</tbody>
</table>
This would require a shift in GPE’s ways of working. While GPE is not considering a large in-country presence, successful operationalization of ECW would require more active country-level engagement, including potential engagement on the ground to build new relationships at the start of joint planning and response processes in new geographies. Unlike GPE grants, for which there is a pre-defined list of eligible grant recipients, ECW grants could entail a continually expanding scope of geographies. While it is likely that many of these countries would be predictable, the possibility that ECW, in a given year, could provide funding in a new geography, would also require more complicated staffing arrangements, such as core staff for likely geographies and roving staff for ad-hoc geographies, or processes that allow for the quick recruitment of staff with the relevant country-level expertise and relationships.

The strengthening of country-level engagement would also require close collaboration between existing GPE country leads and the additional capacity brought on to spearhead country-level engagement for ECW.

**DONOR RELATIONS**

The shift in donor relations would entail an expansion of the number and types of donors, the types of financing sources, and the volume of financing, all of which constitute a significant change from GPE’s current operations.

<table>
<thead>
<tr>
<th>Type of change</th>
<th>Option A</th>
<th>Option B</th>
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<tbody>
<tr>
<td>Expertise</td>
<td>As is required in order to operationalize other functions, networks would be crucial. Staff would need to have knowledge of – and the ability to access – new donors, such as high net-worth individuals, and the know-how to secure commitments from them. The ECW business plan also calls for a complex array of innovative finance approaches, which would have additional implications in terms of the need for additional capacity and easy access to qualified external firms for specific transaction support.</td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
<td>Shared functions would expand to include ECW support, but be ultimately overseen by the platform managing director</td>
</tr>
<tr>
<td>Process</td>
<td>Operationalizing this change would require actively targeting new donors and strategic efforts to do so in ways that avoid diverting financing.</td>
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</table>

**GRANT MANAGEMENT**

As with donor relations, the shift in grant management would stem from an expansion in the number of funding mechanisms, grant agents, and grant recipients, constituting a fundamental change to GPE’s current operating model, which largely revolves around one funding mechanism. Hosting ECW would
Implications of Hosting and Financing ECW Assessment DRAFT as of November 4, 2016

Imply either creating an ECW transaction team to manage grants in the Breakthrough and Pop-up Funds while expanding the existing GPE team working on KGPE to manage grants in the Acceleration Fund (Option A), or creating an ECW transaction team to manage all of the ECW grants separately (Option B).

<table>
<thead>
<tr>
<th>Type of change</th>
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<tbody>
<tr>
<td>Expertise</td>
<td>The additional expertise required for grant management entails understanding both the new procedures themselves and the type of technical support countries will require in order to prepare applications. Furthermore, members of these team would have to have experience with the operating in high-risk contexts.</td>
<td>A larger ECW transaction team would be created reporting through a team lead and into the ECW managing director. This team would also leverage the technical anchor within the Secretariat’s existing SPP team, although it may hire specialists to sit in the team as necessary.</td>
</tr>
<tr>
<td>Structure</td>
<td>An ECW transaction team would be created reporting directly to the ECW lead. This team would also leverage the technical anchor within the Secretariat’s existing SPP team. The Secretariat team currently supporting KGPE initiatives would be expanded to take on the activities within the Acceleration Fund.</td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
</tr>
<tr>
<td>Process</td>
<td>As with the establishment of any funding mechanism, new ECW funding mechanisms would require defining new allocation processes and eligibility criteria and developing guidelines and resources to support the grant application process. New processes would be needed to enable rapid disbursements, as well as for grant management, given potentially lower capacity grant agents and higher risk operating environments. The Secretariat would also have to clearly define the working relationship between the ECW transaction team and SPP and related procedures.</td>
<td>Operationalizing an adequate monitoring and evaluation function would entail mechanisms to enable more frequent monitoring – necessary due to shorter timelines for grant disbursement – and processes to obtain accurate data even in data-poor environments. This would build on ongoing efforts to strengthen the M&amp;E function within the Secretariat.</td>
</tr>
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MONITORING AND EVALUATION

Hosting ECW would require a shift in the indicators collected, from tracking long-term educational outcomes to incorporating short and medium-term indicators into the results framework. These implications will be further elaborated following the completed design of the operating model.

<table>
<thead>
<tr>
<th>Type of change</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Expertise</td>
<td>As with grant management, the shift in expertise would be more minimal, with a need to understand new monitoring and evaluation procedures and how to address the additional challenge of data-poor environments.</td>
<td>Shared functions would expand to include ECW support, but be ultimately overseen by the platform managing director</td>
</tr>
<tr>
<td>Structure</td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
</tr>
<tr>
<td>Process</td>
<td>Operationalizing an adequate monitoring and evaluation function would entail mechanisms to enable more frequent monitoring – necessary due to shorter timelines for grant disbursement – and processes to obtain accurate data even in data-poor environments. This would build on ongoing efforts to strengthen the M&amp;E function within the Secretariat.</td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
</tr>
</tbody>
</table>
QUALITY ASSURANCE AND RISK MANAGEMENT

The shift to stronger quality assurance risk management would ideally build on recommended changes in Dalberg’s capacity assessment; however, they would still be significant: hosting ECW would require a more robust risk management function commensurate with the high-risk operating contexts in which ECW will provide funding. These implications will be further elaborated following the completed design of the operating model and grant processes.

<table>
<thead>
<tr>
<th>Type of change</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expertise</td>
<td>The current GPE Secretariat has relevant quality assurance and risk management experience, meaning limited additional expertise would be required, but a clear need in terms of additional capacity.</td>
<td>Shared functions would expand to include ECW support, but be ultimately overseen by the platform managing director</td>
</tr>
<tr>
<td>Structure</td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>Operationalizing more robust risk management would entail new processes to quickly assess and manage fiduciary risk, as well as mechanisms that can be activated in response to health and security risks for in-country partners. This would build on work around risk being conducted by the Secretariat. From a quality assurance point of view, new processes would need to be developed to provide guidance to grant recipients.</td>
<td></td>
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</tbody>
</table>

OPERATIONS

The shift in operations would entail greater complexity of processes, including new reporting and auditing processes and a need for strengthened financial management.

<table>
<thead>
<tr>
<th>Type of change</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expertise</td>
<td>As with risk management, the current GPE Secretariat has significant relevant operational experience, limiting required additional expertise, provided capacity is adequately increased.</td>
<td>Shared functions would expand to include ECW support, but be ultimately overseen by the platform managing director</td>
</tr>
<tr>
<td>Structure</td>
<td>No structural changes; shared functions would expand to include ECW support.</td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

The Secretariat will also need to consider operations capacity implications of the asset management options, irrespective of how the functions are structured. As discussed previously, establishing a new FIF would require additional capacity to handle the incremental accounting and reporting responsibilities.
ANALYSIS OF ALTERNATIVE HOSTING ARRANGEMENTS

Alongside the options for hosting arrangements included in the two scenarios, additional options for governance and asset management were considered and deemed not to be viable.

Alternative governance arrangement: ECW is established with decision-making power held by the current GPE Board. The HLSG is composed of senior-level officials, while the GPE Board tends to include stakeholders who represent a range of levels of seniority. This means the HLSG would be unlikely to report to the GPE Board. Additional permutations of this governance arrangement – including the establishment of a technical advisory group to guide the Board, or the partial expansion of the Board to incorporate additional representatives – would be unlikely to sufficiently resolve this concern.

Alternative asset management arrangement: ECW funds are part of the general GPE pool and contributions are designated through notional earmarking. ECW aims to mobilize a substantial volume of resources and build political will around education in emergencies. Notional earmarking occurs on a contribution-by-contribution basis and therefore does not enable the coordinated approach to financing or political mobilization ECW requires.

Establishing ECW through notional earmarking is also only possible if changes to GPE’s operating model are relatively minimal, as determined by the Trustee. This would not be the case, with ECW requiring major shifts, including:

- Targeting: At present, donors contribute to the GPE Fund primarily through unrestricted contributions. With the establishment of GPE’s Knowledge and Good Practice Exchange (KGPE), notional earmarking (or “soft targeting”) became possible, subject to GPE’s interim Guidelines, Safeguards, and Procedural Considerations. The Contributions and Safeguards Policy (CSP)\textsuperscript{10} is currently under review: if new possibilities for targeted funding are approved by the GPE Board, implementing this option for ECW may be relatively easier. That said, ECW funds would comprise a much larger pool than KGPE funds – and potentially than other funding mechanisms under consideration for targeting – and encompass a number of different funding mechanisms, meaning significant additional changes would be necessary.

- Eligibility criteria: ECW as part of the GPE Fund would require significant shifts in terms of eligibility criteria.

Notional earmarking is also rendered unlikely by the volume of financing. If ECW achieves its resource mobilization target, or even if it achieves a much less ambitious target, its resources would likely exceed those that can be designated through notional earmarking, as determined by the Trustee.

Secretariat operations: Secretariat functions are fully separate or do not reflect logical reporting hierarchies. If Secretariat functions are fully separate, there are no efficiency gains from hosting ECW, completely undermining the strategic case for hosting. Options for the degree of integration are also constrained by the need for logical reporting hierarchies: situations in which Secretariat members cannot be held accountable by their superiors undermine best practice in terms of organizational effectiveness.

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\textsuperscript{10} CSP will be considered by the GPE Board in December 2016 and finalized for adoption in February 2017.