Purpose

• Update you on progress made in rolling out the GPE Multiplier

• Summarize Maximum Country Allocations from the Multiplier recommended by the Grants and Performance Committee

• Enable seven (7) countries to submit full applications in 2018

• Set out financial position, drawdown rate, pipeline, and measures to reduce risks
GPE Multiplier

- Core component of the Financing & Funding Framework
- Crowd in new and additional finance for education in ESPIG- and non-ESPIG eligible countries
- US$ 100 mn initially to test model
- Potentially US$ 300 mn
Innovative finance to catalyze more and better funding for education

Can be combined with grants or loans

Leverages...
- World Bank IDA credits & grants
- Multilateral or Regional Development Bank loans
- Bilateral donor grants & loans
- Private capital

Implement high-quality, long-term, country-owned, stakeholder-led Education Sector Plans
Quality: a credible ESP, domestic resource mobilization, and data

Results: 30% of GPE funding linked to sector-wide results in learning, equity, and efficient & effective systems

Additionality: new external finance, implemented through a co-financed approach
Debt-sustainability

- Guidance calls for sufficiently concessional funding for high-risk countries
- Balance country ownership and Partnership concerns
- Scope to clarify this or create a “red line” rule when considering potential scale up
Delivery

• Board instructed Secretariat to operationalize the Multiplier in June at Ottawa (BOD/2017/06 DOC 08)
• Set out allocations & eligibility, flexibility
• Delegated authority to FRC for minor modifications
• Based on consultation, re-branded the GPE Multiplier to avoid confusion with GPE core fund
Delivery

• July – August: notifications to countries
• August – September: country-focused outreach to facilitate expressions of interest (EOIs)
• September, October: GPC reviewed EOIs
• December: Review recommended allocations
• December onward: countries prepare full applications
Expressions of Interest

• Countries asked for more certainty about future MCAs
• Developed short EOI form & process for countries to show how they meet Multiplier requirements
• GPC reviewed and recommended MCAs for Board’s consideration
<table>
<thead>
<tr>
<th>Country</th>
<th>ESPIG Allocation (All amounts in USD Millions)</th>
<th>Recc’d Multiplier Allocation</th>
<th>Funding mobilized</th>
<th>Co-financing instruments</th>
<th>Clarifications requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>5.7</td>
<td>15</td>
<td>50</td>
<td>IDA concessional loan</td>
<td>Loan size &amp; concessionality, size of grant financing</td>
</tr>
<tr>
<td>Kyrgyz Rep.</td>
<td>0</td>
<td>5</td>
<td>50</td>
<td>IDA &amp; ADB concessional loans</td>
<td></td>
</tr>
<tr>
<td>Nepal</td>
<td>5.6</td>
<td>15</td>
<td>69</td>
<td>ADB concessional loan; donor grants</td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>19.8</td>
<td>10</td>
<td>35.9</td>
<td>Bilateral concessional loan &amp; grant</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>0</td>
<td>10</td>
<td>30</td>
<td>IBRD concessional loan</td>
<td></td>
</tr>
<tr>
<td>Zanzibar</td>
<td>0</td>
<td>2.5</td>
<td>16.7</td>
<td>Donor and foundation grants</td>
<td></td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>0</td>
<td>10</td>
<td>43.5</td>
<td>Donor grants</td>
<td></td>
</tr>
</tbody>
</table>
Proving out the model

Supply
Is there enthusiasm from external financing partners to invest in education?

Demand
Will countries look for & use extra resources to crowd in new and better external support?
Crowding in new resources

- Recommended MCAs: $67.5 million
- Funding mobilized: $295.1 million

4:1 leverage
Demand for Multiplier resources exceeds initial US$ 100 mn

Mitigation:

• Paper to propose possible scale-up and options for eligibility & allocations for FRC and Board review
• Account for lessons-learnt and resource projections from GPE Financing Conference
Risks & mitigation (2/3)

Mitigation:

Deploying a focused, two-track evaluation strategy based on FRC’s recommendation

Failure to generate learning and improve process
Risks & mitigation (3/3)

Failure to place Multiplier’s initial US$ 100 million

Mitigation:

• Recommended MCAs account for $6.7 in every $10 of current capacity
• Two-step application process ensures consistency with GPE funding model
Summary of Finance and Risk Committee Deliberations

- Welcomed fast progress in rolling out Multiplier
- Emphasized the importance of an evaluation
- Agreed Board should exceptionally consider GPC recommendations of Multiplier allocations for three countries
- Noted the Secretariat’s explanation it would have been better to bring two of these exceptions to the attention of FRC prior to GPC review
- Noted there was a sufficient number & mix of countries to test the concept
- Agreed MCAs from the Multiplier could be announced in December with ESPIG MCAs at minimum levels
- Noted that Board’s deliberations on Financial Forecast and Financing Conference would be critical to any expansion decision.
Summary of Grants and Performance Committee Deliberations

- Recommended seven Multiplier MCAs to Board based on a review of the EOIs
- Noted Zanzibar’s eligibility does not set a precedent for other sub-national states
- One EOI was not recommended because of insufficient evidence of additionality
- Noted that Multiplier was envisioned to have sizeable allocations to be transformative Board could consider this in any scale-up of the Multiplier
- Requested points on EOIs for Ghana and Zimbabwe be clarified in applications, subject to the Board’s approval of the recommended allocations
- Noted that the GPC review was technical, and process & eligibility issues were FRC’s responsibility
- Emphasized it would have been preferable for FRC to clear exceptions in advance
- Requested additional guidance on additionality and debt-sustainability
**Decision points**

- **June 2017**
  - Initial design
  - GPE Board agreed eligibility & allocation for the initial US$100 million only

- **Dec. 2017**
  - Roll out
  - Up to nearly US$70mn could be ringfenced

- **April, June 2018**
  - Scale-up decision
  - FRC will consider options to recommend a decision to Board in June
  - May raise number of countries, review allocation levels
The Board of Directors are asked to consider approving the following decision:

**BOD/2017/12 XX—GPE Multiplier Maximum Country Allocations:**
The Board of Directors:

1. Approves the list of Maximum Country Allocations (MCAs) for the countries outlined in the table below. The MCAs will remain valid through the final funding round of 2018 unless otherwise adjusted by the Board, and will be subject to the requirements of the *Operational Framework for Requirements and Incentives in the GPE Funding Model* (Funding Model). MCAs are also subject to the relevant requirements of the Multiplier mechanism. For countries with an existing MCA, the amounts below are additional.
### Recommended decision (2/3)

<table>
<thead>
<tr>
<th>Country</th>
<th>ESPIG MCA (All amounts in US$ Millions)</th>
<th>Multiplier MCA</th>
<th>Total MCA</th>
<th>Reported additional co-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>5.7</td>
<td>15</td>
<td>20.7</td>
<td>50</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>0</td>
<td>5</td>
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<td>Zimbabwe</td>
<td>0</td>
<td>10</td>
<td>10</td>
<td>43.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31.1</strong></td>
<td><strong>67.5</strong></td>
<td><strong>98.6</strong></td>
<td><strong>295.1</strong></td>
</tr>
</tbody>
</table>
2. Requests the Secretariat to develop options for review by the Finance and Risk Committee and for their subsequent recommendation to the Board on the expansion of the Multiplier. The paper should include consideration of potential changes to eligibility, allocation, and modifications to improve the efficiency and effectiveness of the process. It should take into consideration lessons learned on the process to date from the relevant Committees and Partners involved, the projections of available resources arising from the GPE Financing Conference, and the evaluation of the Multiplier.
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