

# GPE Financing and Funding Framework

*Cambodia Board meeting*

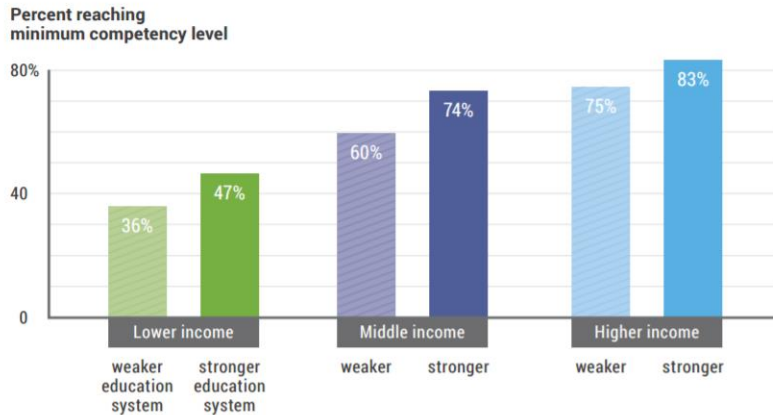
Board Meeting – 01 December 2016

# Foundations for the FFF

The FFF seeks to incorporate the critical ingredients of education system transformation

## Strong Education Systems will be essential to realizing GPE 2020

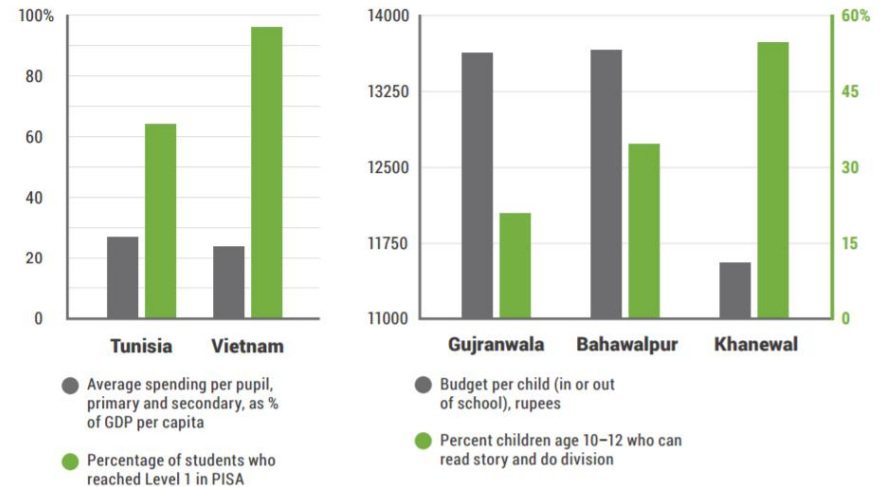
Figure 9. Stronger systems deliver better learning outcomes



Source: Education Commission analysis (2016) based on data from the Systems Approach for Better Education Results (SABER) initiative and other systems data.<sup>95</sup>

## More Money ≠ More Learning if Systems are Weak

Figure 11. More spending does not necessarily lead to more learning



## CRITICAL INGREDIENTS FOR EDUCATION SYSTEM TRANSFORMATION:

Funding

Capacity

Leadership

Ideas

Data

Learning Equity

Efficient and effective systems

FUNDING FOR EDUCATION SECTOR STRENGTHENING

Results

Funding based on achievement of sector-wide results

Implementation

Needs-based allocation

Preparation

Planning and support for requirements

Education system development and strengthening

Innovation

Knowledge and good practice exchange

Advocacy and social accountability

Interface with ECW

TBD following hosting decision

System reinforcement

Support to reinforce systems investments

Resources support education sector plans

Domestic financing

Public | Private

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

GPE grant financing

Core | Targeted

Financing unlocked by GPE

MDB & development partners | Private investment | Disaster and political risk

SUBJECT TO APPROVAL OF CONTRIBUTIONS AND SAFEGUARDS POLICY

# Consideration of the FFF Today

We are at the point of seeking Board approval on the overarching FFF architecture



## The draft FFF is...

- The **overarching architecture** for GPE's approach to financing and funding, starting in 2018
- A holistic framework that consists of a set of **flexible funding and financing options** for countries to consider based on their needs and interests
- High-level framework that allows the **design process to continue into 2017**



## The draft FFF is not...

- The **final product** the Board will review in February 2017
- A “**one-size fits all**” approach that GPE countries must follow
- A detailed **operational or implementation plan**
- Every idea the SFWG considered; some were **not prioritized for inclusion**
- Fully **stress-tested**

# FFF Design Considerations

Critical input we heard from Board members during the retreat session

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## STRATEGIC

- **Put partner country needs at the core of the FFF**, with new funding and financing approaches tailored to meet country context and capacity
- **Avoid fragmentation and bolster coherence** of FFF activities with the 'new' funding model, both to ensure alignment with ESPs as well as to streamline operations
- Further reinforce the promotion of **domestic resource mobilization** across the FFF

## OPERATIONAL

- Ensure **clarity in GPE's role and unique value-add** in multi-stakeholder activities under the FFF such as MDB co-financing or the establishment of country funding platforms
- Define **clear operational roles for the Secretariat**, and draw on the capabilities of Partnership members in delivering on new activities under the FFF
- Assess **partner country capacity** for executing new funding and financing transactions, and develop processes to build capacity and provide adequate support through the FFF
- Further **build on lessons learned** to inform new funding and financing activities
- Ensure that **transaction costs are proportionate** to the benefits of FFF activities, from the perspectives of both the Secretariat and country-level partners

## **BOD Document: Preamble**

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Under present trends, only 1 out of 10 young people in Low Income Countries will be on track to gain basic secondary-level skills by 2030. Recognizing the untapped potential of an entire generation, the world is rallying around these young people through Sustainable Development Goal 4, pledging to deliver high quality education to all children as a fundamental human right. As the only multilateral entity devoted exclusively to mobilizing financial and political support for bold advancements in education systems, GPE is the major platform to champion these efforts. GPE 2020 commits to an ambitious set of goals that will improve education outcomes for children across a large number of developing countries. GPE's new Financing and Funding Framework (FFF) has been designed to enhance and maximize the impact of GPE's strengthened operational model. The FFF will enable GPE to realize a step-change in the level and quality of finance mobilized for global education transformation efforts. It provides the Partnership with a comprehensive and essential set of new capabilities to ensure all children realize their right to education.

While these decisions are compartmentalized, it should be noted that all components of the FFF play essential, inseparable roles required for the success of the FFF and GPE 2020 and should be understood as a logical whole. Given this context, the SFWG recommends the Board approve the following decisions.

# **BOD Document: Decision Text (1 of 3)**

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## **BOD/2016/12-XX–Financing and Funding Framework:**

The Board of Directors:

1. Recognizes that GPE will need a step-change in its approach to funding and financing to achieve the level of ambition that GPE 2020 calls for, in order to maximize the unique window of opportunity for increased commitment to education outcomes, and to underpin a successful replenishment round.
2. Endorses the proposed ambitious architecture of the Financing and Funding Framework (FFF) as outlined in BOD/2016/12 DOC 08A as a means of achieving this step-change.
3. Notes that, in order to deliver on GPE 2020, the FFF should:
  - a. Consider the opportunities for strengthening the current funding and operating model, given its centrality to GPE goals (while referencing other committees' work in this area).
  - b. Include funding mechanisms in the areas of i) Innovation, ii) Knowledge and Good Practice Exchange, and (iii) Advocacy and Social Accountability that reinforce the operating model.

## BOD Document: Decision Text (2 of 3)

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- c. Enable GPE to leverage new and better structured forms of financing for education, including through:
  - i. co-financing of education sector programs at a country-level with multilateral development banks and other development partners, including loan buy-downs.
  - ii. crowding in of private investment capital to strengthen education sector outcomes.
  - iii. disaster and political risk financing (subject to further exploration following the conclusion of The Rockefeller Foundation-supported analytical exercise).
- d. Enable GPE to become more flexible in accessing or mobilizing new resources for education, including through:
  - i. domestic financing (public expenditure and country-specific private grant resources).
  - ii. targeted financing (subject to further exploration following the conclusion of the Contributions and Safeguards Policy development process).



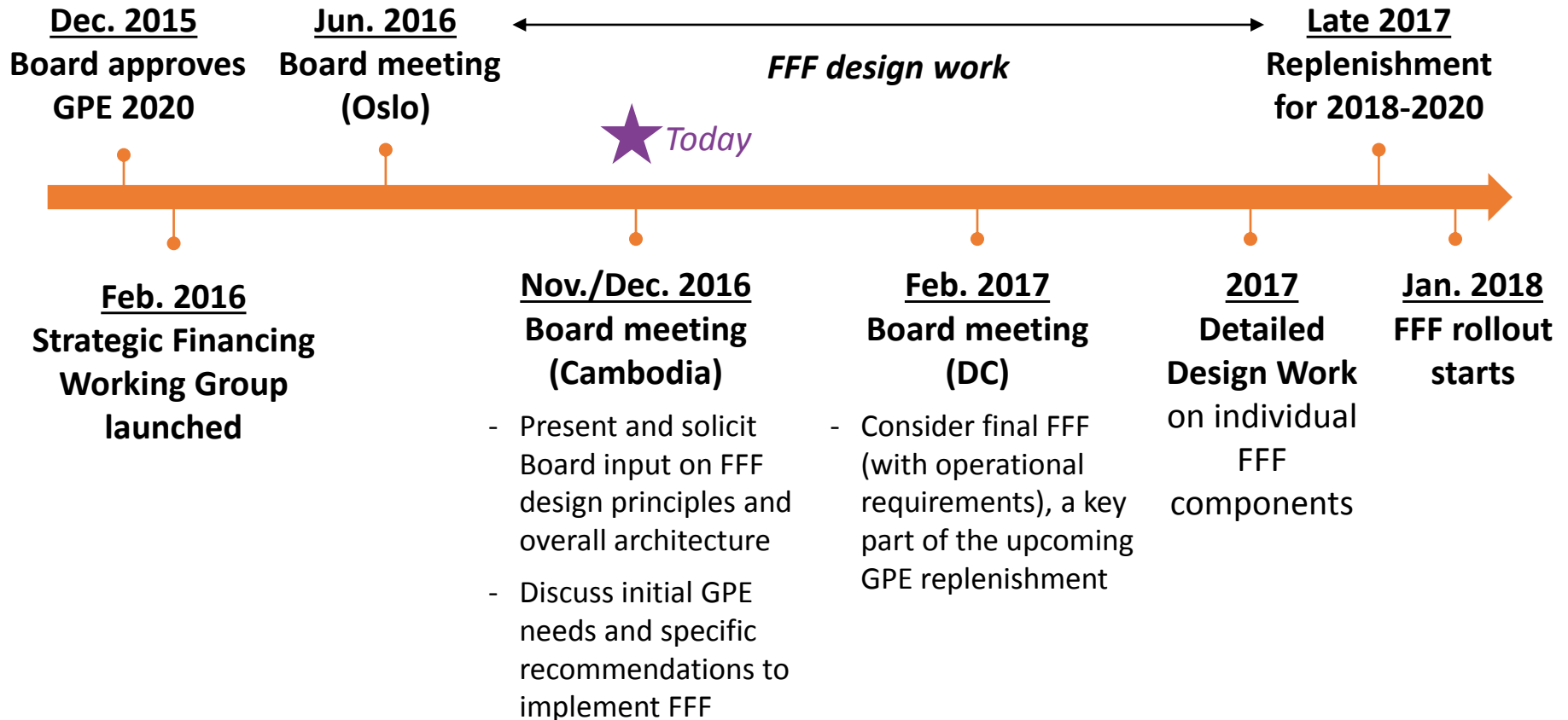
## **BOD Document: Decision Text (3 of 3)**

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4. In order to finalize the FFF for approval in February, 2017, requests the Strategic Financing Working Group to:
  - a. Develop a proposal on eligibility for and allocation of GPE resources for the relevant components of the FFF
  - b. Work with the external firm to further stress-test the FFF and outline the operational implications and roadmap for development and rollout of the various components of the FFF
  - c. Consider implications of Education Cannot Wait on the FFF pending the finalization of the operating model design, as was mandated in BOD/2016/12 DOC 18.

# Next Steps for the FFF

Recap of the timeline for the design and rollout of the FFF over the coming 12+ months



## Next Steps for the FFF

Continued design and assessment of operational implications for February Board meeting

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- ❑ Further stress test FFF components, including new reinforcing funding features and financing approaches, with partner countries, experts and partner institutions
- ❑ Define capacity requirements needed to fully implement the FFF at three levels: within the Secretariat, across the Partnership, and among partner countries
- ❑ Define eligibility and allocation approaches across different aspects of the FFF
- ❑ Further deepen approaches to leveraging MDB and partner financing
- ❑ Define likely scale of leveraging new financing, and link to replenishment strategy
- ❑ Develop different options for operationalizing new reinforcing funding mechanisms
- ❑ Advance private sector engagement strategy, and incorporate implications in the FFF

**In February, the Board will consider the operational and capacity implications for the FFF, as well as a road map for implementing it**