

DECEMBER 4-5, 2024 - MEETING OF THE BOARD OF DIRECTORS

EMIRATE OF DUBAI - BOD/2024/12 DOC 03 – FOR INFORMATION

FINANCIAL FORECAST

Please note: In accordance with the GPE Transparency Policy, documents are public only after their appraisal by the relevant governance instance. Governance officials may circulate documents to their constituency for consultation purposes, except for documents of a confidential nature.

Key issues for consideration:

- At the October meeting of the Finance and Risk Committee (FRC), the Secretariat responded to questions to provide further clarification on the figures including for the Multiplier and the Girls' Education Accelerator. The Committee noted that disbursement levels were high in 2024 and should remain high through mid-2026. Beyond that would depend on the success of the next replenishment. Committee members noted the declining cash balances as disbursements increase but still expressed concerns that it was currently high.

Objective

1. This document provides the Board with an update on the financial position of the GPE Fund.

Background

2. Since the last Board meeting in June 2024, the overall financial position of the GPE Fund has remained relatively stable with minor improvements in exchange rates and some movements in donor pledges both positive and negative which have an offsetting effect. Therefore, no decisions are warranted at this stage on reallocation of resources.
3. While resource mobilization risks remain elevated, two donors have announced top ups to their original pledges (Japan and Spain), while the annual contribution of the United States has been maintained at current levels. One donor (Switzerland) has formally announced a small reduction to its overall pledge. This information has been factored into the forecast.
4. As we approach the end of the current financing period, there is continued risk that some donors may seek to defer some of their planned 2025 contributions into 2026 and beyond. This can increase liquidity risk in 2026 as cash reserves drop while disbursements continue to rise. This approach could also raise concerns around its impact on new donor pledges for the 2026–2030 financing period. Continuing to demonstrate need through high levels of approvals and disbursements will be important to maintain the case for timely payment of outstanding pledges.

5. Currency exchange volatility continues to be a risk. However, as the amount of outstanding pledges subject to this risk continues to reduce, the potential impact is lower. In addition, the Foreign Exchange Management Pilot previously approved by the Board [in June 2023](#) is now operational with hedges in place for six contributions totaling US\$116m.
6. Cash levels continue to decrease towards the optimal range of twelve to fifteen months disbursement cover and are expected to continue to fall towards the lower end of the range by the middle of 2025. Disbursements rose significantly in the 12-month period through June 2024 (FY24) to over US\$1 billion which also allowed operating expenses to fall to 5.6% of total disbursements for the period compared to 9% in FY23. On a cumulative basis for GPE2025, the rate is 6.9% and below the target ceiling of 7%.
7. With high levels of grant approvals expected and an increase in the active grant portfolio, disbursements should remain high, and cash levels will continue to fall. A new replenishment will be required no later than the first half of 2026 to ensure there is sufficient liquidity to cover planned disbursements and to provide predictability on the levels of new grant allocations in the 2026–2030 period.
8. While no additional funds are available for reallocation at this stage, fundraising will continue to try and raise resources to meet outstanding Girls' Education Accelerator and Multiplier demand. Both Spain and the United Kingdom have reallocated a portion of their pledge which meets the criteria for targeted contributions to the Girls' Education Accelerator in line with the flexibility set out by the Board [in June 2024](#). This does not impact the overall availability of funds for the Girls' Education Accelerator but does reduce the resources required from core contributions.
9. The West Bank and Gaza sub-account of the GPE Fund has also received pledges from several donors (Ireland, Norway, Germany, Spain, and the United Kingdom) that should now be sufficient to cover eligible grant allocations under GPE2025. One expression of interest to unlock US\$5 million of the Multiplier for West Bank and Gaza has been approved with matching co-financing from a private foundation. Efforts are ongoing to secure the co-financing to unlock the remaining US\$10 million that is available from the Multiplier.

Annex A – Financial tables

The following annex is available on the Governance Portal:

Annex B – Details of Grant Allocation, Approvals and Balances by Country

Annex A – Financial Tables¹

Table 1A – Forecast of Assets Available for Allocation (All Figures in US\$ millions, as of Sept 1, 2024)		
Opening Cash	1,379.6	<i>GPE Fund cash balance</i>
<i>Balance on Donor Pledges</i>	1,400.3	<i>Value of outstanding donor contributions based in USD</i>
<i>Projected additional donor contributions</i>	96.3	<i>Include projections for donors who could not pledge for the full period but intend to</i>
<i>Projected Investment Returns</i>	70.0	<i>Estimate of future investment returns on the GPE Fund</i>
(A) Total Resources Available	2,946.2	
<i>Disbursements on approved allocations</i>	(1,688.8)	<i>Funds required to disburse to Grant Agents on existing approved allocations</i>
<i>Balance on Multiplier Expression of Interest</i>	(403.7)	<i>Existing indicative allocations yet to be converted into GPE grants and reserved funds.</i>
<i>Provision for System Transformation Grants</i>	(1,940.7)	<i>Provision for remaining System Transformation Grants to be approved</i>
<i>Multiplier</i>	(40.0)	<i>Amount available for new Multiplier MCAs for West Bank and Gaza, and ACG SmartEd.</i>
<i>Girls' Education Accelerator</i>	(98.8)	<i>Outstanding value of GEA indicative allocations with secured financing</i>
<i>Program Development Grants</i>	(4.7)	<i>Balance of the PDGs for Replenishment 4</i>
<i>System Capacity Grants</i>	(168.1)	<i>Balance of the SCG MCAs for Replenishment 4</i>
<i>Provision for Strategic Capabilities</i>	(28.6)	<i>Balance on envelope for Technical Assistance Initiatives awaiting grant approval.</i>
<i>Provision for Agency Fees</i>	(82.5)	<i>Estimate for agency fees on future grant allocations</i>
<i>Provision for Operating Expenses (OPEX)</i>	(50.0)	<i>Assumptions for Secretariat OPEX for remainder of FY25, and 50% of FY26</i>
<i>Provision for Trustee Budget</i>	(2.8)	<i>Assumptions based on growth in GPE Fund balances and historic budgets</i>
<i>Provision for World Bank Indirect Cost Recovery</i>	(10.2)	<i>20.48% mark up as communicated by World Bank on projected Secretariat OPEX</i>
<i>Discounting on System Transformation Grants</i>	375.0	<i>Discount on grants to reflect that not all available funds may be approved or if approved, disbursed.</i>
(B) Total Funding to be set aside	(4,143.8)	
(C) Authorized Carryover to be financed from next financing period	1,200.0	<i>Amount that will need to be financed in the 2026–2030 period from future pledges</i>
(A+B+C) Projected Surplus/ (Deficit)	2.4	

¹ Sub-totals in the tables may not cast exactly due to rounding.

Table 1B – Girls' Education Accelerator	
Donor	US\$ millions
Belgium	2.5
Ireland	12.0
Germany	120.0
OSF	1.0
Dubai Cares	1.25
Harry Hole Foundation	1.5
Lego Foundation	15.0
Denmark	7.5
United Kingdom	40.8
Spain	3.3
Unlocked matching from PF/PS ²	18.75
Total Funds Available	223.63
Partner Country	
Congo, Dem. Rep	(25.0)
El Salvador	(5.0)
Somalia (Federal)	(18.76)
Somalia (Somaliland)	(6.24)
Zimbabwe	(12.4)
Cote d'Ivoire	(22.5)
Sao Tome and Principe	(1.3)
Ethiopia	(25.0)
Central African Republic	(10.0)
Total Grants Approved	(126.1)
Benin	(12.9)
Chad	(25.0)
Niger	(25.0)
Eritrea	(5.91)
Guinea	(10.0)
South Sudan	(10.0)
Mozambique	(10.0)
Total Indicative Allocations based on approved Strategic Parameters	(98.8)
Funding shortfall to be covered by core contributions per June Board decision	(1.25)

² Matching funds are available for contributions to the Girls' Education Accelerator (GEA) from Private Foundations and the Business Community – the matching funds are sourced from the overall Multiplier allocation and therefore subject to available funds.

<p>Countries with or expected to have approved strategic parameters for the GEA but currently unfinanced: Pakistan, Cameroon, Mali, Yemen, PNG, Afghanistan, Lao PDR, Nigeria, Togo, Comoros, Marshall Islands.</p>	<p>86.205</p>
<p>Current funding gap</p>	<p>86.205</p>

Table 2 (A/B) – FORECAST OF ASSETS

Table 2A – FORECAST OF CASH BALANCE						
<i>All Figures in US\$ Millions</i>	2024³	2025	2026	2027	2028	2029
A. Opening Cash Balance (as of Sept 1 2024)	1,379.6	1,094.9	871.2	193.2	(487.9)	(859.1)
B. Inflows	103.8	797.6	423.5	160.8	55.4	0.0
C. Outflows	(388.5)	(1,021.4)	(1,101.6)	(841.9)	(426.5)	(300.9)
D. Closing Cash Balance 31 December (A + B – C)	1,094.9	871.2	193.2	(487.9)	(859.1)	(1,159.9)

While the information in Table 1 is used to calculate overall resources available for allocation, this table shows the projected inflows (i.e. predominantly donor contributions) into the GPE Fund and outflows (i.e. predominantly grant disbursements) and the impact on the cash balance. GPE aims to keep cash balances within a range of 9–12 months of disbursements and the projections through end of 2025 are expected to be within that range. For a graphical representation, see Graph 1 below.

Table 2B – FORECAST OF UNCOMMITTED ASSETS						
<i>All Figures in US\$ Millions</i>	2024	2025	2026	2027	2028	2029
A. Opening Uncommitted Cash Balance (as of Sept 1 2024)	960.1	644.9	834.7	167.2	(482.5)	(837.9)
B. Inflows	103.8	797.6	423.5	160.8	55.4	0.0
C. Estimated Commitments	(419.0)	(607.9)	(1,091.0)	(810.5)	(410.9)	(321.5)
D. Funds Available to Commit (A + B – C)	644.9	834.7	167.2	(482.5)	(837.9)	(1,159.4)

While a grant may be approved for a 3,4, or 5-year implementation period, the funds are only committed (earmarked in the fund as available for the Grant Agent) on an annual basis. In order to commit funds, the cash must be available in the Trust Fund. Therefore the level of uncommitted assets is important for GPE’s ability to make grant approvals and funds available for Grant Agents. As donors make contributions into the Fund, it increases the funds available for commitments, however as grants are approved and subsequently committed on an annual basis, it reduces the available funds for commitment. The current forecast shows that GPE will run out of commitment authority in 2026 meaning that existing programs may need to be placed on hold. However there may be periods when levels of uncommitted funds are under pressure and therefore timely payment of donor contributions are important. It is also noted that a replenishment campaign will be expected to fund the 2026–30 period.

³ 2024 figures project from 1 September to 31 December 2024 so do not reflect inflows and outflows prior to that date.

Table 3 – Donor contributions and grant outflows⁴

STATUS OF 4 th REPLENISHMENT (All figures in Millions)		Pledge (local currency)	Paid as of Sept 1, 2024	Remaining Value Sept 1, 2024	Total Value Sept 1, 2024
Donor	CUR	Pledged Amount	US\$ Value	US\$ Value	US\$ Value
Australia	AUD	180.0	98.1	25.8	123.9
Belgium	EUR	28.0	23.0	7.2	30.2
Canada	CAD	300.0	179.6	44.5	224.1
Denmark	DKK	1,050.0	80.5	74.3	154.7
Dubai Cares	USD	2.5	0.0	2.5	2.5
Estonia	USD	1.0	0.8	0.2	1.0
European Union	EUR	700.0	450.6	302.5	753.1
Finland	EUR	25.0	29.2	0.0	29.2
France	EUR	333.0	267.0	97.0	364.0
Germany	EUR	330.0	222.3	138.5	360.8
Harry Hole Foundation	USD	1.5	0.3	1.2	1.5
Ireland	EUR	60.0	52.9	13.3	66.2
Italy	EUR	25.0	22.1	5.5	27.6
Japan	USD	24.7	24.7	0.0	24.7
Kuwait	USD	30.0	0.0	30.0	30.0
LEGO	USD	38.0	38.0	0.0	38.0
Luxembourg	EUR	2.5	2.2	0.6	2.8
Netherlands	USD	59.2	59.2	0.0	59.2
Norway	NOK	1,850.0	162.2	26.7	188.9
Open Society Foundations	USD	1.0	1.0	0.0	1.0
Republic of Korea	USD	15.8	8.3	7.5	15.8
Saudi Arabia	USD	38.0	38.0	0.0	38.0
Spain	EUR	25.0	5.7	21.9	27.6
State of Qatar (through EAA)	USD	20.0	0.0	20.0	20.0
Sweden	SEK	1,200.0	76.5	44.5	121.0
Switzerland	CHF	47.0	42.9	8.6	51.6
United Arab Emirates	USD	100.0	60.0	40.0	100.0
United Kingdom	GBP	430.0	74.9	487.4	562.2
United States of America	USD	480.0	480.0	0.0	480.0
Total			2,500.1	1,399.6	3,899.7
Balance on 3 rd Replenishment Pledges				0.8	0.8
Total Donor Pledges				1,400.3	3,900.4

⁴ Sub-totals in the tables may not add up due to rounding, and pledges may be subject to legislative approval processes. Some pledges are scheduled for payment beyond 2025.

Table 4A – Information on Active Grant Portfolio as of 1 September 2024 (All figures in US\$ millions)

Total Value of Approved & Active Grants	4,337.9
Total Value of Disbursements from the GPE Fund	2,649.1
Balance to be Disbursed from the GPE Fund for Grants	1,688.8

Table 4B – Information on Active Grant Portfolio as of 1 September 2024 (All figures in US\$ millions)

Grant Agent	Value of Approved and Active	Value of Disbursements	Value to be Disbursed
ADB	15.0	10.1	4.9
AFD	435.7	294.6	141.1
CAMFED	12.4	10.8	1.6
CARE	18.8	7.2	11.6
IADB	29.0	7.2	21.8
IDRC	153.5	94.6	58.9
	15.2	-	15.2
IsDB	91.6	12.9	78.7
OECS	10.0	7.2	2.8
OXFAM	133.3	92.2	41.0
Save the Children Australia	17.1	15.7	1.4
Save the Children Italy	2.6	0.9	1.7
Save the Children Norway	10.0	10.0	-
Save the Children UK	75.5	16.6	58.9
Save The Children US	168.4	123.4	45.0
Sida	239.1	199.8	39.3
UNESCO	143.3	87.6	55.6
UNICEF	1,023.3	713.6	309.7
World Bank	1,744.3	944.5	799.8
Total	4,337.9	2,649.1	1,688.8

Cash Balance (US\$ millions) based on Current Estimates

