

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

EMIRATE OF DUBAI – BOD/2024/12 DOC 10 - FOR DECISION

FINANCING AND FUNDING OF GPE2030

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Key issues for consideration:

- At its October meeting, the Finance and Risk Committee (FRC) considered a series of recommendations related to eligibility and allocation, GPE work in crisis contexts, gender equality and inclusion and leveraging finance, which would feed into GPE’s case for investment for the fifth replenishment period (2026–2030) and preparations for timely implementation of GPE 2030. As these recommendations also relate to several programmatic issues of the upcoming strategy, members of the Performance, Impact and Learning Committee (PILC) shared their input during this session.
- While members expressed their support for GPE focus on low-income (LICs), lower-middle-income countries (LMICs) and IDA-eligible small island and landlocked developing states (SILDS), there were concerns about including upper middle-income countries (UMICs) for GPE support given scarce resources. The Committee agreed to recommend instead that options would be developed for further consideration in April.
- Members urged GPE to be more ambitious about gender equality. The importance of mainstreaming climate change was also emphasized by several members. Several members believed it was premature to discontinue the Girls’ Education Accelerator (GEA) as a standalone targeted financing mechanism at this stage, while at the same time recognizing that fundraising for the GEA remains a challenge. It was agreed to recommend to the Board that further options for the future of this mechanism should be examined and presented back to the Committee in April.
- The recommendations related to the UMICs, Girls’ Education Accelerator and gender equality and inclusion were revised to reflect the comments.

Objective

1. This document requests the Board to consider recommendations on key issues and principles for the use of GPE funding to support the delivery of GPE2030. The requested decisions will allow further detailed technical design work to inform a Board decision in June 2025, and will feed into GPE’s case for investment for the fifth replenishment period (2026–2030) and preparations for timely implementation of GPE2030.

Recommended Decisions

BOD/2024/12-XX – Eligibility and Allocation: The Board of Directors determines that:

1. GPE's geographic footprint for the purpose of providing financial support shall continue to prioritize low-income countries, lower-middle-income countries, and IDA eligible small island and landlocked developing states (SILDS).
2. In line with the aim to leave no-one behind, and subject to availability of funds, GPE should explore options to support some upper-middle-income countries, including partner countries transitioning to such status, and in a targeted manner using differentiated approaches.
3. The basis for allocation of GPE funding shall continue to use needs-based allocation criteria that is equitable and prioritizes allocations to countries that have the greatest educational needs.

BOD/2024/12-XX – Mainstreaming resilience and mitigating the systemic impacts of crises including climate change: The Board of Directors determines that:

1. GPE funds, including through innovative finance mechanisms such as the Multiplier, should continue to support the strengthening of resilient education systems to better prepare for, respond to and recover from crises and changing contexts particularly the challenge of climate change.
2. In crisis situations, GPE's role is to sustain support to the government and partners to plan, respond and recover by promoting alignment and coordination including with ECW, strengthening capacity, sustaining continuity of education services, and building back better in terms of effective, responsive, and inclusive education system delivery. This includes promoting the inclusion of refugees and internally displaced populations into national systems. Noting that GPE grant funds play a critical role in supporting governments to prepare for and respond to crisis, they shall continue to be deployed through accelerated funding, and adaptations to the system transformation approach.

BOD/2024/12-XX – Gender Equality and Inclusion: The Board of Directors:

1. Recognizes the need and opportunity to further mainstream both gender equality and inclusion through the system transformation approach while reducing fragmentation and transaction costs.
2. Requests the Secretariat to adapt the System Capacity Grant guidelines to strengthen its focus on capacity building specific to gender equality and inclusion.
3. Encourages the development of Multiplier proposals that leverage additional financing and commitment to gender equality and inclusion.

4. Requests the Secretariat to continue exploring ways to mainstream gender equality and inclusion through its core funding mechanisms, based on lessons learned.
5. Requests the Secretariat to propose options for the future of the Girls' Education Accelerator in GPE2030.

BOD/2024/12-XX – Leveraging Finance: The Board of Directors:

1. Refers to its decision ([BOD/2024/06-07](#)) to significantly scale up approaches including the Multiplier to mobilize additional financing and notes the ongoing technical analysis of suitable additional instruments for Board consideration in June 2025.
2. Determines that a partnership compact is required for all countries to access GPE Multiplier funds, and that Multiplier allocations should also have top up incentives linked to domestic financing and reporting of learning outcomes where appropriate.
3. To provide better predictability to countries to access the Multiplier, requests the Secretariat to propose adjustments to the basis of allocation for Finance and Risk Committee recommendation and Board decision. Such adjustments should limit the necessity of a first come first served approach, while still emphasizing the importance of timely mobilization of resources and related programmatic implementation

Background

1. GPE's current approach to finance and funding focuses on raising finance for education through three streams – domestic finance, financing for the GPE fund, and mobilizing additional finance from other sources. In June 2024 ([BOD/2024/06-07](#)), the Board recognized the need and opportunity to mobilize additional finance for education through scaling up GPE's support for innovative finance including the Multiplier. Further technical analysis is underway and will be submitted for FRC and Board consideration in the first half of 2025. GPE's existing system transformation approach already places a strong emphasis on the importance of domestic finance, and this can be further strengthened as outlined in Strategic Parameters for GPE 2030 Funding document (BOD/2024/12 DOC 10).
2. Taking the above into consideration, the focus of this document is on key principles and choices related to GPE funds allocation and eligibility, the details of which will be presented to the Board in June 2025, for its decision.
3. GPE Funds are currently deployed through several funding mechanisms that focus on direct implementation, namely the system transformation grant, Multiplier (system transformation grant with co-financing requirements), accelerated funding (fast track system transformation grant to adapt and respond to crisis), and the Girls' Education Accelerator (additional funding to a system transformation grant/Multiplier). Further funds are available to each country to strengthen system

capacity that can be used in a flexible manner. GPE also has dedicated reinforcing mechanisms that support Knowledge and Innovation Exchange (KIX), advocacy and social accountability through Education Out Loud, and technical assistance initiatives (TAI) to tackle complex cross-sectoral challenges impeding the achievement of education outcomes.

4. These grant mechanisms serve different but complementary purposes so that GPE can provide differentiated support based on context-specific needs of partner countries. At the same time, multiple grant mechanisms can lead to confusion and high transaction costs, and there have been repeated calls for both consistency and simplification as we move into GPE2030.
5. GPE's overall approach to financing and funding must support implementation of the goals and objectives of GPE2030 and be guided by our principles as set out in the Charter. One of the key considerations will be how best to balance the increasing demand and need for GPE support including from middle-income countries as set out in the "Leaving No-One Behind" proposal (BOD/2024/12 DOC 08) with ensuring that GPE's scarce financial and human resources are deployed in an equitable, efficient, and effective manner that prioritizes those with the most need.
6. Significant technical work and analysis is needed to ground detailed design choices on the specifics for each funding mechanism, and financing approach (including a planned review of GPE's [Contributions and Safeguards Policy](#) which governs the rules around targeted donor contributions), for Board decision in June 2025. However, it is important at this stage to advance as much as possible on the broader parameters of GPE's overall approach to financing and funding in order to complete the Case for Investment (to be launched in the second half of 2025) and to focus the remaining technical work.
7. Annexes A to D focus only on those matters that require Board decision in December 2024. Annex E provides an overview of the remaining funding mechanisms and planned next steps.

Annex A – Eligibility and Allocation

Annex B – Mainstreaming resilience and mitigating the systemic impacts of crises including climate change

Annex C – Strengthening Gender Equality and Inclusion

Annex D – Leveraging Finance

The following annex is available on the Governance Portal:

Annex E – Financing and Funding: Other Considerations

Annex A – Eligibility and Allocation

1. While eligibility and allocation decisions related to each GPE funding mechanism for GPE2030 are yet to be determined, strategic direction from the Board, informed by FRC recommendation and PILC input, will be important for shaping this work.
2. **GPE’s geographic footprint** has traditionally focused on low-income countries (LIC), lower-middle-income countries (LMIC), and IDA eligible small island and landlocked developing states (SILDS). GPE allocations have also sought to ensure the majority of GPE funds are allocated to LICs.
3. However, the number of LICs has reduced significantly with 33 countries graduating to middle income status over the past 20 years leaving just 25 LICs out of the 94 eligible GPE partner countries today. Several partner or eligible countries over the course of GPE2025 have also transitioned from lower to upper-middle-income (UMIC) status (Algeria, Belize, El Salvador, Indonesia, Mongolia, Moldova, and Ukraine) and under existing policy will no longer be eligible for funds under GPE2030.
4. The first issue for consideration is whether GPE should move away from an absolute requirement that the majority of GPE funds should be allocated to countries that are economically classified as low-income countries, and instead agree on a broader principle that **“GPE resources should be prioritized for countries with the greatest educational needs”** . This will of course continue to ensure substantial funds go to countries classified as low-income countries but provides more nuance and flexibility to recognize that economic classification doesn’t fully capture the needs of children who are not in school or learning, and that there are far fewer countries classified as low income today than there were several years ago, despite a growing education crisis.
5. The next issue then relates to how GPE resources can be allocated to prioritize countries with the greatest need, by maintaining the current practice of having a needs-based allocation formula. The current allocation formula includes variables that look at poverty as expressed by GNI per capita, educational vulnerability as expressed by the number of out of school children at primary and lower secondary levels, learning, and fragility. While the variables that comprise the formula will require adjustment to factor in updated data and the goals and objectives of GPE2030, the decision to continue to use a needs based formula as the basis for establishing an equitable indicative allocation can be determined now.
6. The implications of such a decision would be not to further explore the use of a demand driven competitive allocation approach and to continue to reward performance through Top ups and encouragement of results-based financing where appropriate rather than hide performance elements within a formula.
7. If approved, the Secretariat will concentrate efforts on the formula itself including the variables to use, and related elements such as potential modifications to grant floors

and ceilings, and whether regional allocations in some cases such as the small islands may be beneficial. Details including scenarios of allocation levels by country based on various replenishment scenarios will be presented to the FRC in April 2025 for Board decision in June 2025.

8. Finally, while some partner countries and UMICs have made economic progress, middle income countries are home to 62% of the world's poor and many still have significant educational challenges particularly on learning outcomes, and access for disadvantaged populations (see BOD/2024/12 DOC 08).
9. It is therefore proposed that in addition to maintaining a geographic footprint focused on LICs, LMICs, and SILDS, support could be **expanded to also include UMICs under GPE2030, using a differentiated approach and subject to availability of funds.**
10. In some cases, UMICs are not necessarily interested in GPE for its funding, but rather for what the partnership has to offer. These countries can also bring expertise and experience that can benefit existing partner countries. If financial support is to be provided, it would be limited. For example, GPE support may be limited to access to expertise from KIX or could involve small grants through the technical assistance initiatives, and/or small system capacity grants. It could also involve continued access to limited amounts of the Multiplier particularly for existing GPE partners that are or recently transitioned from LMIC to UMIC status. Given the better economic conditions of UMICs, a higher co-financing requirement could be applied in these cases. Any financial support would need to be focused and prioritized such as addressing the needs of their most vulnerable populations or very specific bottlenecks in the education system.
11. While the specifics of any GPE support for UMICs would need to be further developed including through consideration of available resource scenarios, a strategic decision on the Board's intent would be beneficial now.

Annex B – Mainstreaming resilience and mitigating the systemic impacts of crises including climate change

1. GPE’s existing strategy stresses the importance of resilient education systems given the number of countries impacted by climate change, the potential impact of future global pandemics such as COVID 19, and ongoing risk of natural disasters, and other forms of crisis, and conflict.

Building Resilience

2. The climate crisis is making extreme weather more frequent, more intense and is multiplying the threat of conflict, health emergencies, poverty, food insecurity, and forced displacement. 400 million students globally experienced school closures from extreme weather since 2022 with a disproportionate impact on the poorest countries which lost 18 school days annually on average¹. In 2020 COVID-19 disrupted education for an astounding 1.6 billion learners.² The risks posed by climate and public health emergencies are very real for GPE partner countries.
3. Preparedness for the impact of such shocks is not only cost-effective, it saves lives, mitigates learning losses and helps mobilize human capacity for problem-solving and informed action. GPE helps partner countries develop **resilient education systems** by supporting planning and capacity development, building on data and evidence, and promoting contingency planning and targeted strategies to keep children, including the most vulnerable, learning.
4. Under GPE2030, GPE is poised to continue its existing efforts to address the challenges to education of climate change and environmental degradation, strengthen its existing operations to better address these increasing risks and explore new financing options. First, GPE can continue its existing work through the [Climate Smart Education System](#) technical assistance initiative to enhance countries' capacities to mainstream climate change adaptation and environmental sustainability into education sector plans, budgets and strategies, and their capacity for cross-sectoral coordination on climate and environment-related policy and programming. In addition, the [Building the Climate Resilience of Children and Communities through the Education Sector \(BRACE\)](#) is helping to mobilize co-financing from the climate sector to enable stronger climate adaptation efforts in education.
5. The Secretariat will develop further ideas for consideration in the first half of 2025 on options to strengthen its operational policies and procedures in terms of how the impact of climate change is factored into GPE funded programs, and related reporting.

¹ Sabarwal, Shwetlena; Venegas Marin, Sergio; Spivack, Marla; Ambasz, Diego. 2024. World Bank [Choosing Our Future: Education for Climate Action](#)

² https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid-19_and_education_august_2020.pdf

The Secretariat will also explore how innovative finance approaches including the Multiplier can strengthen this approach further, and any potential changes to the technical assistance initiative on climate.

Supporting Governments and Partners to respond to a crisis

6. As was witnessed with COVID-19, there are events that can force even the most stable countries into crisis. Remaining engaged during crisis situations allows GPE to support partner countries in preserving development gains, protecting education systems, and building resilience and recovery with a particular focus on the most vulnerable populations, including girls, who are more likely to suffer severe loss of learning and education opportunity. In response to COVID-19, GPE supported governments and partners to respond by promoting alignment and coordination behind national response plans and funding mitigation and recovery. Through a multi-country grant, GPE supported COVID response planning in 87 countries early in the pandemic, and within a few months of the outbreak had provided half a billion dollars in accelerated funding grants to more than 60 countries.
7. Accelerated funding approaches and the ability to adapt GPE processes and requirements have proven to be an important tool to support GPE partner countries. There are several instances where partner countries have chosen to draw on their core allocations to address needs related to a crisis, whether related to a political crisis, conflict, disaster, or influx of refugees from neighboring countries. It is critical to continue to allow countries to quickly access a portion of their country allocation to address urgent needs if they choose to do so, and to be able to take a pragmatic and flexible approach to funding particularly in situations where GPE can't engage directly with the government or de-facto authorities of a state.
8. GPE's approach in such situations ensures systematic consultation with both the local education group and education cluster (where active). The Secretariat closely coordinates with Education Cannot Wait (ECW) to maximize complementarity and avoid duplication. The relationship with ECW has grown steadily over the years and a joint information note is currently being finalized that will provide greater clarity on how GPE and ECW coordinate efforts and adapt to the range of contexts in countries where both organizations are providing support.

Annex C – Strengthening Gender Equality and Inclusion³

1. A significant emphasis under GPE2025 was the approach to hardwire gender equality. This was complemented by the introduction of the Girls’ Education Accelerator. The Girls’ Education Accelerator was a targeted financing initiative to mobilize and channel extra resources from donors to target the root causes of low levels of girls’ education in a subset of GPE eligible countries which faced the highest challenges. As we consider the approach to financing and funding GPE2030, the future of the Girls’ Education Accelerator also needs to be determined.
2. GPE2030 can sharpen the focus on reaching the most educationally marginalized communities through the ‘Leave No-One Behind’ agenda, and there is an opportunity to further hardwire gender equality and inclusion through the system transformation approach while further reducing fragmentation and transaction costs.
3. The Secretariat therefore recommends that the Girls’ Education Accelerator should evolve from a standalone targeted financing initiative that has been impacted by uncertain levels of resources, and to focus instead on further strengthening the gender hardwiring approach, tightening the focus on gender **and** inclusion within all GPE partner countries.
4. Instead of continuing with the Girls’ Education Accelerator in its current format, under GPE2030 the following actions will be explored as an evolution of the approach to hardwire gender equality and inclusion: this maintains the twin track approach of mainstreaming alongside targeting for certain groups of marginalized girls financed through core funding, with opportunities to mobilize additional resources through the Multiplier.

Proposal	Rationale
1. System capacity grant has a strengthened focus on capacity building specific on gender equality and inclusion	The system capacity grant is eligible for all GPE partner countries and financed from core contributions. Capacity on gender and inclusion is a particular challenge common across most countries. This relates to system weaknesses and cross sectoral approaches on addressing gender equality and inclusion particularly in relation to data, evidence and analysis to inform policy, planning and implementation.

³ This annex sets out the Secretariat’s analysis and its initial recommendation to the FRC. The recommended decision language was revised to request the Secretariat to propose options on the Girls’ Education Accelerator to respond to FRC’s concerns on the suggestion to discontinue this mechanism.

	There is scope to strengthen the design of the system capacity grant to ensure that this resource is utilized to strengthen system capacity on gender equality and inclusion for the poorest and hardest to reach girls and boys.
2. Explore use of Multiplier to incentivize commitments and finance to gender equality and inclusion	As there may be donors who can provide extra financing dedicated to girls' education and/or gender equality and inclusion, we will seek to offer opportunities to mobilize financing through the Multiplier focused on these priorities.
3. Strengthen existing approach to hardwiring through the STG and Multiplier	<p>Building on the findings of a rapid review of gender hardwiring to be conducted in 2025, we will look at recommendations to strengthen policies and practices in GPE's current approach. Expectations of grant agents and GPE quality assurance processes may be adjusted accordingly.</p> <p>Ensuring that quality data is available on GPE's support for gender equality and inclusion will also be a focus. This will not only be helpful for demonstrating results but also has the added benefit of facilitating soft earmarking from interested donors towards this area.</p> <p>The Secretariat will also examine options through the needs-based allocation formula to ensure that resources are channeled towards countries that have the greatest needs in this area.</p>

5. It should be noted that the Girls' Education Accelerator has been very beneficial in several countries to date where it has been made available. Any decision to discontinue the Girls' Education Accelerator is not based on any particular concern on the quality of the programs in terms of their ability to deliver results, nor a lack of prioritization for gender equality and in particular girls' education.
6. Instead, it is intended as a positive evolution that recognizes that evolving the focus on hardwiring which includes both a mainstreaming and targeted approach to gender inequality and exclusion through core funding mechanisms, can provide a more robust and sustainable approach.
7. It also has the added benefit of reducing complexity, and the number of grant mechanisms and related transaction costs which has been a concern raised by some partners.

8. Focusing on strengthening hardwiring through GPE's core grant mechanisms will also provide far greater predictability of funding for countries than the current targeted financing approach. This is an important consideration given a targeted financing approach is unlikely to raise sufficient resources to meet demand or provide the level of predictability that partner countries require for planning and programming.

Annex D – Leveraging Finance

1. In [June 2024](#), the Board set out its intent to significantly scale up the level of grant resources that would be deployed through innovative finance approaches such as the Multiplier. This decision recognized the success of the Multiplier to date and unmet demand from partner countries. However, it also recognized the significant needs for education financing, and the opportunity that innovative finance approaches present.
2. An external firm has been hired to support the Secretariat in further technical design work to inform such approaches including consideration of any modifications to GPE’s leveraged co-financing requirements. These issues will be brought to the FRC for consideration in April 2025, and to the Board for its decision in June 2025. Board constituencies will be consulted during this process as requested by the Board.
3. A scale up also has implications for GPE’s approach to fundraising for the 2026–2030 period. Maintaining the GPE2025 fundraising target of US\$5 billion for the GPE Fund for the GPE2030 period recognizes the challenging resource mobilization environment. However, where the ambition can increase significantly is through the amount of funds that GPE can leverage with its grant resources.
4. Under GPE2025, it was expected that US\$1 billion of the US\$5 billion target would go to the Multiplier. This US\$1 billion was expected to leverage a further US\$3 billion at the 3:1 rate. Essentially the case for investment was a combined target of US\$8 billion (US\$5 billion for the fund plus US\$3 billion in co-financing). The reality is of course that GPE has leveraged significantly more than US\$3 billion, well ahead of schedule and could have raised much more if grant funding was available.
5. If GPE were to seek to set aside US\$2 billion of the US\$5 billion through the Multiplier and related approaches, combined with an increased co-financing target of US\$4 or US\$5 for each GPE grant dollar it could seek to leverage US\$8 – US\$10 billion in additional finance. This would allow a case for investment to be built on a combined target of US\$13–US\$15 billion instead of US\$8 billion under GPE2025 (US\$5 billion plus either US\$8–US\$10 billion in co-financing). It would be a significant scale up in financing for education and ambition for GPE while being mindful of the challenging fundraising environment for GPE donors.
6. The Secretariat also acknowledges that there is some confusion between GPE’s system transformation grants and the Multiplier. The Multiplier is essentially a system transformation grant with a leveraged co-financing requirement and different branding. To access a system transformation grant or multiplier, all countries must complete the enabling factors analysis. GPE quality assures the multiplier in the same way as system transformation grant with the same expectations on issues such as hardwiring gender equality and inclusion.

7. However, there are some differences between the two. For example, under GPE2025, the partnership compact was optional for countries that could access the multiplier but were not eligible for a system transformation grant. Further, no top up was expected for the multiplier. Some partner countries however, recognizing its benefit, opted to develop a partnership compact. GPE2030 offers a unique opportunity to streamline and simplify. As such, under GPE2030, it is proposed that the partnership compact be made a requirement for all countries seeking to access a system transformation grant or multiplier. Considering adaptations to the operating model have brought the enabling factors analysis work more closely into the partnership compact, this change should not be particularly onerous on the small number of countries yet to complete one.
8. If all countries complete a partnership compact and with an expectation of a scale up in multiplier funding, top ups should also be applied to the multiplier focused on domestic financing and learning. These issues are elaborated further in the “Strategic Parameters for GPE2030 Funding” document (BOD/2024/12 DOC 10). This approach will allow GPE to simultaneously strengthen its overall approach to system transformation while allowing it to leverage billions more in financing for education.
9. A concern about the Multiplier has been the competitive nature of its first come first serve approach to funding. With a scale up in finance, GPE can move to a more predictable indicative allocation approach where more of the countries eligible for the multiplier can have the guarantee of a secured allocation. However, given that not all countries may meet the requirements to access the multiplier (e.g. demonstrating additionality of co-financing) and to ensure there is an incentive to mobilize and use resources quickly and efficiently, this guarantee can be time limited (for example 2-3 years) which would allow GPE to reallocate funds if needed from countries that did not avail of their allocation ensuring timely approval and disbursement of donor contributions.
10. The overall success of the replenishment will influence the size of the allocations and how many countries can have this guarantee, but it’s clear that we can and should move away from the first come first served approach where practicable. If the Board agrees with this direction of travel, further analysis and specific scenarios will be developed for the April 2025 FRC meeting and June 2025 Board meeting.