The Education Sector Investment Case Approach

Options for mobilising more and better financing at the country level

Final draft

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Preface and acknowledgements

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This is the final draft being shared with the Board of Directors to inform a decision in December 2018. It builds on previous drafts and incorporates the feedback from DCPs, the FRC and the Secretariat in September and October 2018.

Executive summary

Introduction

Originally mandated as part of GPE's Financing and Funding Framework, the Education Sector Investment Case (ESIC) approach seeks to leverage national Education Sector Plans (ESPs) to increase more and better aligned or harmonised funding for the education sector at the country level. The work delivers a proposal to operationalise the ESIC approach at the country level, based on:

- the learnings from a review of comparator approaches on what an investment case should look like[1];
- the demand-side perspectives: developing country partners' (DCPs') priorities;
- the supply-side perspectives: the funders' priorities; and
- country-level actors' roles and the experience from a country case study.

The ESIC approach is defined as a process to strengthen the national dialogue around education financing, providing a clearer understanding of the priorities of demand-side and supply-side actors. This process may include a product/s, of which the content and format might vary, depending on the type of financing partners in a particular context.

What does an investment case look like?

The review of analogues suggests **it does not serve the purpose of mobilising more and better financing to create a pre-defined template of a 'case for investment' product or process, targeting multiple audiences**. Furthermore, the review of ESPs' financing frameworks shows how, although these vary greatly across ESPs, the necessary information for an investment case, i.e. *why* and *how* to invest in education in the country, is already in the ESP or generated through the ESP development process. Consultations with the supply side and with the FRC further support this finding.

The review of analogue approaches reveals that the 'investment case' documents implemented by comparator organisations are generally not focused on mobilising additional resources. They are, in practice, plans with programmatic priorities – more like a business plan. The target of these investment cases is usually only one source of funds (e.g. World Bank International Development Assistance (IDA), the UK Department for International Development (DFID), the private sector, Global Fund), and they are prepared mainly for that audience, not for an array of potential funders, as envisaged with the ESIC approach. Furthermore, they are often externally driven and produced with limited national-level capacity development.

ESPs already contain most of the elements to make the case for investment, and in many cases are also already being used to mobilise domestic financing. However, the information is not necessarily presented in a way that is automatically perceived as 'making the case for investment', and some of the content could

[1] The full review is available on request.

potentially be more effective in advocating for more and better aligned resources for education if it was presented in a different format. There is some scope for additional support to match supply and demand, repackaging some information from ESPs in the form of high-level pitches.

The demand-side perspective: DCPs' priorities

DCPs are the lead informants in developing the ESIC approach, and its primary user. When asked about their financial challenges in the education sector, 'not enough funds' was systematically identified as the top challenge, both from domestic as well as from international sources. At the same time, DCPs admit there are challenges in spending all funds, and significantly more challenges in the case of international funds than in the case of domestic ones. This means that while mobilising *more* funding for education is confirmed as the motivation for the ESIC approach, *better* alignment and harmonisation are also very important factors that must be taken into account.

When asked specifically which target source should be a priority for the ESIC approach, ministries of finance came at the top of the list. This is consistent with the feedback at the FRC meeting in April 2018, where **ministries of finance and existing partners were seen as the most likely source of additional and better financing** for education at the country level, and a key audience for the ESIC approach – as a target but also strategically as a partner. However, DCPs also expressed the need to engage more purposely with the private sector as a financing partner.

ESIC's audience therefore needs to be kept broad and the ESIC approach should provide flexibility to engage with all types of funders, not one or two in particular. The approach will vary depending on the context and the type of financing partners in a particular country.

The supply-side perspective: funders' priorities

Ministries of finance are not only influential in allocating government budget but also, importantly, in setting priorities for other financing partners, particularly regional and multilateral development banks (RDBs and MDBs). Ministries of finance should co-own the strategy to make a case for more and better financing for the education sector, as well as other centre-of-government ministries with decision making authority on domestic resources, such as Ministries of planning or Offices of the Prime Minister.

As with many funders, **the ministry of finance also needs to see that the ministry of education is able to spend all existing funds as a sign that it can absorb additional funds.** This shows they have the capacity to execute the budget, by having spent previous years' budgets. We often hear from ministries of finance that low execution rates prevent them from allocating additional resources to line ministries as they indicate challenges in spending funds. In response, ministries of education often claim that funds were not disbursed, and this is why the budget was not executed. The reality differs in each country. However, to mobilise additional resources from the national budget, the education sector absorption capacity and capability to execute and spend in an effective and efficient way will be fundamental.

Bilateral donors and MDBs and RDBs recognise that **decisions about how much is allocated at the national level are mainly 'exogenous' to the ESP**, as this depends on the country needs relative to other sectors (and other countries). During the interviews, bilateral donors identified technical roundtables or financing working groups guided by analytical work around ESP priorities as potentially helpful contributions. MDBs/RDBs emphasised the importance of any attempt to ‘make the case’ to be based on **priorities which are owned and evidenced**, regardless of the form.

Current roles and learnings from the country case study

What actions are set out in the GPE guidelines regarding mobilising more and better financing at the country level, and who are the actors that are responsible for these actions? Such actions fall quite broadly across all actors as part of their general commitment to delivering Sustainable Development Goal (SDG) 4 and supporting a realistic ESPs. The actors with a more specific responsibility are DCPs, as they have responsibility for the sector.

As might be expected, the case study confirmed that active donors in the education sector in a country co-develop the ESP. Therefore, it is their day-to-day job to identify unfunded priorities and maximise the potential to invest. In the case of MDBs/RDBs, they did not feel they required additional ‘convincing’. Regarding the private sector and large philanthropic foundations, there seemed to be a particular interest by the DCP to explore these in the case study country, as well as during the validation meeting in October 2018.

Perhaps inevitably, when exploring the process of targeting and mobilising funds for the ESP in a harmonised manner across the different audiences, it is difficult to be very specific. Successful mobilisation often happens in an opportunistic manner and certainly involves engagement through a long period of time (e.g. 12–18 months); it also often includes a political dialogue around priorities, and joint project development aligned with the organisation's funding cycle.

Operationalisation of the ESIC approach

The operationalisation of the ESIC approach takes into account the following conclusions:

- There is **no possible pre-defined template** to draft a ‘case for investment’ product or process for the education sector at country level, targeting multiple audiences.
- The responsibility for mobilising more and better financing at the country level falls broadly across all actors, with **DCPs in the lead**, as the actors with responsibility for the sector.
- Additional support from GPE **should not be outsourced to a third party**, and should instead reinforce country-facing support from existing actors.
- Keeping **transaction costs low** will be critical.
- As a new initiative, the ESIC approach requires an **incubation period** during which the experience and the issues arising during an 18–24-month period can be captured and assessed before scale-up.
- Additional support to mobilise more and better financing **will not be appropriate everywhere.**

In practice, the ESIC approach support would include:

A. scoping for the potential to mobilise more and better financing for education;

B. supporting the development of documents, building on analysis underlying the ESP to make a better case for investing in education targeted to specific audiences; and

C. supporting for convening financing partners.

The ESIC approach therefore reinforces existing GPE processes and keeps transaction costs low.

Sample materials that can support mobilisation efforts have been produced. These should be treated as illustrative and include (i) some materials which analyse information to understand the potential for mobilising resources; and (ii) other materials that aim to translate ESPs into investment opportunities.

In order to align with existing processes, it is proposed that **the support should build on existing timelines around the ESP development process**.

The **selection of countries** to receive support during the 18–24-month incubation period should be done considering:

- the explicit demand by DCPs, built into the application process for the ESP Development Grant (DG);
- the timing of the ESP development process;
- variations in geography and language; and
- capacity to absorb additional financing.

The proposed approach takes into account the country-level actors' current roles and responsibilities and the challenges documented in the recent effective partnership study (Ruddle *et al*., 2018). Given the innovative nature of the ESIC approach, and the fact that it is a new initiative, in order to maximise synergies, **it is proposed that at least for the first two years of implementation, the support is mainly provided by the Secretariat, working closely with DCPs**. This would not involve bringing in new actors and would minimise transaction costs.

Monitoring and learning mechanism

The FRC and Board will need a mechanism for monitoring progress and learning at the end of the 18–24-month incubation period, in order to inform the decision to continue the approach, scale up further, or close down. The proposed monitoring framework is designed to be efficient to implement, commensurate with the level of resources to be contributed to the approach in the incubation period. It can be reported against ahead of the FRC and Board meetings in 2020.

The monitoring framework identifies 12 indicators which would assess the success of the ESIC approach over the criteria of relevance, effectiveness, efficiency, and impact. Each of these indicators can be reported against by the Secretariat, which would collect and keep track of the relevant data. To maximise synergies, it should be carried out as part of the Portfolio Review.

Risks

The proposed draft ESIC approach recognises that it is not possible to fully mitigate the risks identified, some of which come with any new 'mechanisms' offered to countries. However, it proposes an operational model that aims to build as much as possible on existing ESP development processes and to maximise synergies with existing roles. It proposes an incremental approach that is less disruptive to ongoing country-level discussions.

The approach relies heavily on the motivation and interest of the DCPs to explore the ESIC approach over and above existing ESP development processes, and it relies on the time available from key Secretariat staff.

Resource implications

The estimated amount of resources required to operationalise the ESIC approach is about 48 days of Secretariat staff time per country, plus some funding for travel. This includes time for four components:

- Component 1: Developing and disseminating information on the ESIC approach;
- Component 2: Country requests and selection;
- Component 3: Direct support to countries, including scoping work; developing products and support to meetings and events; and
- Component 4: Monitoring and learning.

As it is proposed that the incubation period covers four to six countries, this implies that **between 200 and 296 days will be required for four to six countries,** respectively. In addition, some resources should be provided for reimbursable expenses.

Next steps

This is the final draft presented to the GPE Board of Directors for decision at the meetings in December 2018. This draft has been recommended for approval by the Finance and Risk Committee (11th of October) and validated by DCPs (23rd of October).

If approved by the GPE Board of Directors on the 6th and 7th of December 2018, its implementation can start in January 2019.

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List of abbreviations

ASA	Advocacy and Social Accountability
BOD	Board of Directors
CA	Coordinating Agency
CSO	Civil society organisation
CSR	Corporate social responsibility
DCP	Developing country partner
DFID	Department for International Development (UK)
ESA	Education Situation Analysis
ESP	Education Sector Plan
ESPDG	Education Sector Plan Development Grant
ESPIG	Education Sector Plan Implementation Grant
FFF	Financing and Funding Framework
FRC	Financing and Risk Committee
GA	Grant Agent
GFF	Global Financing Facility
GPE	Global Partnership for Education
ICT	Information and communication technology
IDA	International Development Assistance
IFFEd	International Finance Facility for Education
KIX	Knowledge and Innovation Exchange
KOICA	Korea International Cooperation Agency
LCY	Local Currency
MCH	Maternal and child health
MDB	Multilateral development bank
NGO	Non-governmental organisation
Norad	Norwegian Agency for Development Cooperation

OECD DAC	Organisation for Economic Co-operation and Development – Development Assistance Committee
PAD	Project Appraisal Document
QAR	Quality Assurance Process
RDB	Regional development bank
RMCH	Reproductive Maternal and Child Health
SDG	Sustainable Development Goal
TVET	Technical and vocational education and training
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

PART A: Background and scoping

1 Introduction

1.1 Mandate for ESIC

In GPE's Board March 2017 meeting, the Board directed the Secretariat to work on the ESIC approach, as follows (per Board of Directors (BOD)/2017/03-06):

a. *Agrees to GPE working with countries to develop an Education Sector Investment Case in support of credible education sector plans as outlined in BOD/2017/03 DOC 03 Annex 1, and to the Secretariat's active engagement with all relevant partners to achieve greater additionality, coordinated financing, co-financing, and leveraging to crowd in resources to finance the education sector plan. The Education Sector Investment Case will draw on countries' financing framework and implementation plan.*

b. *Notes that the investment case approach therefore implies a larger role for GPE in: a) translating education sector plans and policy to investment opportunities; b) convening relevant financiers to facilitate participation in country-level transactions; and c) using GPE capabilities and resources to leverage better-structured and/or more harmonized and aligned financing.*

c. *Notes this will require investment in differentiated skill sets and increased country support, and requests the Secretariat to develop a proposal in consultation with relevant partners and committees for how it will roll out these efforts in as efficient and effective a manner as possible and report to the Board by the end of 2017.*

1.2 ESIC's contribution to GPE 2020 Strategic Plan

ESIC therefore seeks to contribute to Strategic Objective 4 in the GPE 2020 Strategic Plan, 'Mobilise more and better financing', which includes three results:

a. Encourage increased, sustainable, and better coordinated international financing for education by diversifying and increasing GPE's international donor base and sources of financing.

b. Advocate for improved alignment and harmonisation of funding from GPE and its international partners around nationally owned ESPs and country systems.

c. Support increased, efficient, and equitable domestic financing for education through cross-national advocacy, mutual accountability, and support for transparent monitoring and reporting.

The country-by-country operationalisation of the ESIC approach therefore contributes in aggregate to Global-Level Strategic Objective 4.

Box 1: Understanding alignment and harmonisation

Alignment

Based on the GPE strategic note on alignment and systems strengthening (GPE Secretariat, June 2017), alignment of external aid is defined as using the partner country's institutions, human resources, procedures, and tools as the mainstays for the implementation of aid.

Alignment is measured by indicator 29 of the GPE's Results Framework which estimates the 'proportion of GPE grants aligned to national systems'. It can be broken down into seven dimensions, covering the strategic, administrative, and financial systems of GPE DCPs: plan, budget/parliament, treasury, procurement, audit, accounting, and report.[2]

The GPE strategic note on alignment and systems strengthening provides very helpful examples of what it means to use a partner country's system, which ESIC needs to take into account if it is to improve alignment. This means considering the implications of ESIC in the use of human resources, procedures, and tools, as well as country level institutions.

In many countries, alignment is adhered to when it comes to following nationally owned ESPs, but much less so when it comes to the use of national systems for the delivery of aid. In 2016 only 31% of GPE ESP Implementation Grants (ESPIGs) were considered aligned.

Harmonisation

According to the Paris Declaration on Aid Effectiveness[3], donors harmonise when they implement common arrangements and simplify procedures. These include common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating, and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort, as well as working together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews. This implies a more effective division of labour. Under this principle of the Paris Declaration, partner countries commit to providing clear views on donors' comparative advantages, and on how to achieve donor complementarity at country or sector level. Donors commit to making full use of their respective comparative advantages by delegating authority, where appropriate, to lead donors for the execution of programme, activities, and tasks.

Indicator 30 of GPE's Results Framework aims to assess the extent of harmonisation of external financing in DCPs, which is encouraged as a fundamental principle to enable more organised and effective interventions.

The indicator estimates the proportion of GPE grants using: (a) co-financed projects, or (b) sector pooled funding mechanisms. Co-financed project funding refers to funding coming from more than a single partner to support a common project. Sector pooled funding refers to a diverse group of grant or credit modalities with varying instruments and mechanisms to support implementation of an endorsed national ESP. The specificity for sector pooled funds is that multiple contributing partners deliver funds in a coordinated fashion to support implementation of the national education plan, or specific parts thereof.

1.3 Operationalisation

According to the Board's resolution, the ESIC approach will achieve its aim by increasing GPE's role, as a partnership, to include:

i. translating ESPs into investment opportunities;

ii. convening the relevant financiers to facilitate participation in country-level transactions; and

iii. using GPE's capabilities and resources to leverage better-structured and/or more harmonised and aligned financing.

The first two of these roles (*i.* and *ii.*) are anticipated to be distinct and stand-alone processes contributing to 'more financing', i.e. the first part of Strategic Objective 4. The latter role (*iii.*) is closely linked to 'better financing', i.e. the second part of Strategic Objective 4.

The ESIC approach is not the only initiative being pursued by GPE to catalyse more and better investment in education at the country level. In July 2017, the Board also approved the operationalisation of the GPE Multiplier. Originally allocated $100 million, the Multiplier was scaled up to $300 million upon recommendation by the FRC in July 2018. Box 2 provides further details.

Box 2: The GPE Multiplier

The GPE Multiplier is a new type of grant that supports countries in implementing ESPs. Based on eligibility and allocations agreed by GPE's multi-stakeholder BOD, individual countries can unlock up to $25 million in additional funding from GPE. The main requirement to access this funding is mobilising at least $3 in new and additional external financing for every $1 from the GPE Multiplier (GPE Multiplier Factsheet, July 2018).

Funding used to unlock the Multiplier can come from a range of sources. The Multiplier grant can be used to lower the interest rate on concessional lending – for example, from MDBs. It also works alongside non-traditional sources of development finance, such as support from philanthropic foundations or private capital. In practice, most of the co-financing comes from MDBs' lending, but it also comes from grants from bilateral donors and private foundations.

The experience with the GPE Multiplier shows how it is indeed possible to unlock additional funding for the education sector, aligned with countries' priorities. It is, however, essential to keep transaction costs low and minimise duplications with existing GPE processes.

1.4 Defining the ESIC approach

The Board resolutions state that 'the Education Sector Investment Case will draw on countries' financing framework and implementation plan', emphasising its in-country focus. ESIC is therefore not explicitly focused on increasing overall financing for education globally, but rather focuses on individual countries' financing frameworks and implementation plans.

The proposed ESIC approach recognises that its form will vary depending on the country (i.e. the demand side) and the potential for increased and better financing for that specific case (i.e. the supply side).

Based on feedback from DCPs regarding their financing challenges and priorities, and the consultations with supply-side actors to determine what enables funders and potential funders to mobilise funding for education, the ESIC approach identifies options to strengthen dialogue to mobilise more and better aligned and harmonised resources at the country level building on existing systems and anchored in DCPs' priorities regarding which funder(s) to target.

Box 3: Defining the ESIC approach

The ESIC approach is a process which may include a product/s, of which the content and format might vary, depending on the type of financing partners in a particular context.

The ESIC approach is a way of strengthening the engagement and emphasis on education financing, considering:

- options for **dialogue** around financing for education to mobilise resources;
- options for **content**, taking into account what has been done (ESP) in a particular country; and
- options regarding other types of **format** or ways to communicate financing needs for education in a particular country.

In line with the Board's instruction in the Financing and Funding Framework (FFF), delivering the ESIC approach at country level will require additional resources, and implies a differentiated role for the GPE Secretariat.

1.5 Structure of this paper

This document is structured as follows:

- **Part A** provides the background information and findings from the scoping work, and aims to answer the following questions:
  - What does an investment case look like? (Section 2)
  - What are DCPs' priorities? (Section 3)
  - What are the funders' perspectives? (Section 4)
  - What have we learned from a country case study? (Section 5)

- **Part B** proposes how the ESIC approach can be operationalised, and covers:
  - the implications for mobilising more and better financing for education (Section 6);
  - the support that will be provided to mobilise more and better financing at the country level, including the country selection and timing, sample materials, and proposed roles during the incubation period (Section 7);
  - the monitoring and learning mechanism following an 18–24-month incubation period (Section 8);
  - the risks identified and how these can be mitigated (Section 9);
  - the resource implications (Section 10); and
  - the next steps (Section 11).

2 What does an investment case look like?

As a starting point to inform development of the ESIC approach, the team reviewed two types of documents to gain insights into what might go into an education sector investment case. Section 2.1 summarises findings from a review of other investment case type approaches and documents in international development financing, to understand who they target, how they are developed, what their format is, and the extent to which they aim to mobilise more and better financing. Section 2.2 summarises findings from a review of ESPs, looking at what content is usually contained in an ESP (in the financing section or elsewhere) which might contribute towards an investment case. Further methodological details are provided in Annex A.1 (review of benchmark comparators) and Annex A.2 (review of ESPs financing frameworks).

2.1 Review of benchmark comparators: summary of findings

ESIC's objective is to mobilise more and better aligned and harmonised funding at the country level. With a view to drawing out lessons for the development of the ESIC approach, the team reviewed the experience of benchmark comparators which appear to have similar objectives (more financing for a particular sector). The full list of nine comparators is provided in Annex A.1 and the key features of the most relevant ones are summarised in Table 1. The review of benchmark comparators showed that there is currently no analogue that targets multiple audiences and mobilises resources at the country level.

The 'investment cases' that were reviewed **are not actually used to mobilise additional resources**. They are, in practice, plans with programmatic priorities – more like business plans. For example, a global fund might develop an investment case, but this document justifies and details the level and programming of the fund's own resources that have already been earmarked for the country. Put differently, resources are already there, and these documents are used to detail how they are prioritised and spent at the programme level to further justify the investment.

The target of these investment cases is usually only one source of funds (e.g. World Bank IDA, DFID, private sector, Global Fund), and they are prepared mainly for that audience, not for an array of potential funders, as is envisaged with the ESIC approach. This follows the logic that each funder has different requirements and due diligence processes mandated by their home countries (in the case of public bodies) or 'investors' (in the case of the private sector) in regard to making commitments and disbursements to countries.

As expressed by members of the FRC, although the benchmark comparators reviewed (mainly from the health sector) are aligned in terms of high-level national-level sector plan objectives, in practice they often involve a parallel planning process for the purpose of accessing the earmarked funds. This is in contradiction with GPE's principles of country ownership, harmonisation and alignment, and inclusive partnership. The analogues therefore do not serve ESIC's objective of better alignment and harmonisation.

In sum, the benchmark comparators reviewed are not used to mobilise *additional* resources (which is ESIC's first motivation, i.e. more financing) and the review as well as the FRC raised concerns with regards to what extend they support *alignment* and *harmonisation* (which is ESIC's second motivation, i.e. better financing). We elaborate below on the two key questions:

1. Who do these analogues target? (And therefore do they lead to better alignment and harmonisation of education financing?)
2. Do they mobilise funding at the country level? (And therefore do they lead to more financing?)

Table 1: Summary of main benchmark comparators' key features

Benchmark comparator	Who does the investment case target?	What form does it take?	Is it aligned to a national sector plan?	Is it used as a resource mobilisation tool?
HIV Investment Case	Primarily external partners (Global Fund, President's Emergency Plan for AIDS Relief, Bill and Melinda Gates Foundation, etc.)	Usually a stand-alone document, often produced by external consultants (funded by UNAIDS)	It is aligned to the National Strategic Plan against HIV/AIDS	No. It is more like a business plan, with programmatic priorities
Global Financing Facility (GFF) Maternal and Child Health (MCH) Investment Case	Primarily World Bank IDA and domestic resources	Repurposed/repackaged World Bank Project Appraisal Document (PAD) or national strategy on Reproductive Maternal and Child Health (RMCH)	There is usually a national RMCH strategy it refers to	No. It is more like a business plan, with programmatic priorities
The Power of Nutrition	Global-level fund targeting the private sector	Its implementing partners (World Bank and the UN Children's Fund (UNICEF)) make the case	To the extent that its implementing partners do	No. The appeal is at the global level
DFID business case	DFID	Five-case model: strategic, appraisal, commercial, financial, and management	It refers to the national education plan	No. It lays out programmatic priorities

2.1.1 Who does the investment case target?

In the case of HIV, the HIV programmes in low-income countries are primarily funded by external partners, including the US Government as the largest source (through the President's Emergency Plan for AIDS Relief), the Global Fund itself, and other bilateral sources and foundations (in particular, the Bill and Melinda Gates Foundation). In these countries, the HIV Investment Case, in particular, is primarily aimed at motivating revenue from external partners (one of whom is the Global Fund), rather than from government. One result of this is that the HIV Investment Case is more likely to be aspirational in nature and will include scenarios relating to very ambitious international targets. In other words, it is not realistic in terms of the likely funding that can be mobilised.

The same is true to some extent for the MCH investment cases produced for the Global Financing Facility (GFF). These are often repackaged or repurposed versions of existing planning documents such as the World Bank PAD, and the process is designed to be compatible with resource mobilisation from World Bank sources, such as IDA, with a domestic component.

Power of Nutrition focuses on raising money at global level through coordination of international appeals, which are augmented by their participating partners. The resulting funding is programmed through the implementing partners, which include UNICEF and the World Bank. Power of Nutrition is therefore not engaged in resource mobilisation at country level. The mechanism for multiplying private-sector donations at global level is, however, an interesting model for GPE.

The DFID business cases obviously target DFID funds and the 'investment case' follows the five-case DFID model: strategic, appraisal, commercial, financial, and management.

2.1.2 Does the investment case mobilise funding at the country level?

Neither the Global Fund nor the GFF make use of the investment case as a tool to mobilise *additional* funding at the country level – its function is more akin to that of a business plan, specifying the programme areas that require funding. The question of returns to investment is usually dealt with by reference to global-level research, but is not presented as a formal cost/benefit analysis. The same is true for DFID business cases, i.e. they are about spelling out programmatic priorities rather than an appeal for additional funds. In the case of Power of Nutrition, the appeal is made at the global level.

The question arises as to how additional revenues have been mobilised (if at all, and at which level, e.g. globally or at country level). We conclude that although investment case type documents have been produced to articulate and justify programmatic priorities at the country level, the advocacy happens at the global level.

For example, the investment cases for HIV/AIDS have not been primarily aimed at raising additional revenues at the country level in the sense that there has not been a formal process by which they are presented to potential contributors within the countries. They have, rather, been used to strengthen existing planning documents to add elements that may have been missing – such as a clear costing of alternatives, a discussion of possible efficiencies, and an analysis of possible financing sources. While HIV financing has not been falling globally, it is no longer growing substantially, and most countries have little expectation of major increases. The investment cases are thus not currently being actively used for advocacy purposes.

2.2 Review of ESP financing frameworks and implications for 'making the case for investment'

The team reviewed selected ESP financing frameworks in order to assess to what extent ESPs already contain the elements of an investment case. The desk review shows that ESPs already contain most of the elements of an investment case found in the benchmark comparators.[4]

Although financing frameworks vary highly across ESPs, the necessary information on *why* and *how* to invest in education in the country is already there. However, this is not necessarily presented in a way that is automatically perceived as 'making the case for investment', and some of the content presented in a different format could potentially be more effective to advocate for more and better aligned resources for education.

Some of the key elements that could be pulled out from ESPs to construct an investment case are as follows:

1. An explanation of the returns to investment: This is implicitly included in the ESPs. This element does not require detailed quantitative economic modelling. Where country-level evidence is not available, globally-derived evidence would be sufficient for this purpose. ESPs also explain how the strategies in the education sector link to the overall national development vision and international goals, and therefore the priority and commitment afforded by government to education.

2. Discussion of alternative cost scenarios relating to different targets, or different time scales for reaching the targets: Targets may include reaching or exceeding international benchmarks for government funding. This element includes an estimation of financial costs, financing sources, and financing gaps when compared with currently expected revenues.

3. Discussion on the efficiency and effectiveness of service delivery: These are generally already included and built into the ESP. In some cases, further measures are included in one or more of the scenarios being presented.

4. Discussion of alternative funding modalities, including innovative mechanisms, earmarked levies (where appropriate), impact bonds, and so forth: All of the ESPs show a breakdown of the estimated resources available for the ESP. Usually this is the domestic government budget, and external support from donors.

ESPs therefore *de facto* already contain most of the elements to make the case for investment, and in many cases are used to mobilise domestic financing. For example, the Policy Brief on GPE's engagement on Domestic Financing for Education describes how in the Democratic Republic of Congo the budget share for education increased from 16.8% in 2013 to 17.8% in 2014, and how in Niger it has increased substantially since it joined GPE (Fast Track Initiative) in 2002. More broadly, increasing domestic resource commitments for education is a key component of the GPE model, with a target of at least 20% of post-debt service government budget allocated to the sector.

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[4] Full report available on request.

3 The demand-side perspective: DCPs' priorities

The ESIC approach seeks to meet the needs of DCPs by providing a proposal to more systematically consider options to mobilise resources at the country level. **DCPs are the lead informants in developing the ESIC approach, and its primary user**.

DCPs have been consulted in three key stages:

- at the DCP workshop in December 2017, ahead of the Board meeting in Paris, with 47 participants;
- at the DCP workshop in June 2018, ahead of the Board meeting in Brussels, with 8 participants;
- at a DCP validation workshop in October 2018 in Paris, with 8 participants.

We summarise below the feedback gathered around two key aspects: who should the ESIC approach target, and what should it look like in terms of product (content and format) and process. Further details on these consultations can be found in Annex Annex A.

3.1 Who should the ESIC approach target?

Different financing partners require different products and/or processes when making decisions on what to fund, and how much. Understanding which funder ESIC should prioritise is therefore key to defining its content, its format, and the dialogue process that could mobilise additional financing that is better aligned and harmonised.

In December 2017, when asked about the financing challenges in the education sector in their country, **DCPs systematically identified 'not enough funds' as the top challenge, both from domestic as well as from international sources**. Paradoxically, but perhaps to be expected, DCPs admit challenges in spending all funds, particularly due to challenges in the predictability of funding, and this is worse in the case of international funds than in the case of domestic funds. This suggests that alignment and harmonisation are also very important factors to take into account in the ESIC approach.

In June 2018, **when asked specifically which financing partners should be ESIC's priority, seven out of the eight DCPs responding gave ministries of finance the highest possible score** (5 out of 5). This was followed by bilateral donors active in the education sector and MDBs and RDBs, which were the next highest. The other options given (private sector, development finance institutions, and bilateral donors not yet active in the education sector) were given lower scores. When asked about engagement with the private sector or non-traditional donors, participants gave specific examples of how engaging with them in particular cases had led to improving the alignment of their investments with government demands (e.g. Nicaragua, Tajikistan). Both in June and in October 2018, DCPs expressed the need to engage more purposely with the private sector as a financing partner.

The ESIC approach should therefore consider the private sector and non-traditional donors as well for those countries where they might be a source of significant funding, to improve its alignment with the ESP and potentially to mobilise greater funds.

This is consistent with the discussion at the FRC meeting in April 2018 where **ministries of finance and existing partners were seen as the most likely sources of additional and better financing for education at the country level**, and a key audience for the ESIC approach, as a target but also strategically as a host. However, DCPs also expressed the need to engage more purposely with the private sector as a financing partner.

ESIC's audience therefore needs to be kept broad and the ESIC approach should provide flexibility to engage with all types of funders, not one or two in particular. The approach will vary depending on the context and the type of financing partners in a particular country.

3.2 What should ESIC look like in terms of product and process?

Taking into account that ESIC's audience is being kept broad, ESIC's form needs to recognise the diversity of perspectives and ways in which financing partners or funders engage in the education sector. There is therefore no possible pre-defined template for drafting a 'case for investment' product or process that can target such a broad audience simultaneously. Instead, **the ESIC approach will vary depending on the context and the type of financing partners in a particular country**. It also needs to take into account the stage in the ESP process a country is at, i.e. whether it is during the development of the ESP or its implementation.

In December 2017, when asked at which stage within the ESP development process it would be useful to engage potential funders, **DCPs ranked the top stages as those happening at the start of the ESP development process**, i.e. during the education situation analysis and diagnostic, and when priorities are set. DCPs ranked as the least important stages when the plan is finalised and when it is disseminated.

This suggests that a potential entry point to have the dialogue around financing of the ESP is in the early stages, when assessing the level of commitment from donors at the Local Education Group (LEG), so the level of ambition of the ESP can be adapted accordingly, i.e. by knowing how much funding you can count on, you will scale up or down your interventions, and might also include or exclude certain programme elements.

Also in December 2017, when asked about the forms of potential engagement that would be useful, DCPs ranked roundtable discussions as the most important, followed by a 'launch' event of the ESP development process.

In June 2018, participants were asked again about the timing of engagement. Consistent responses pointed towards the early stages of the ESP development process. In this case, we specifically gave the option of engaging potential funders 'when you work on the financing framework and costing' and this scored the highest, followed by 'when you set policy priorities'. **Respondents noted that the ESIC approach should engage partners at multiple times**, and the lowest score was given for the option of engaging them 'as you finalise the plan'.

We further asked about the content and format of the product; responses were mixed, without a clear pattern. This is consistent with the finding that **there is no single content or format that will work across countries and funders.** It is not possible to define whether the content of an investment case should be based exclusively on the existing content of the ESPs or if it would require new content, and, if so, which content specifically. Similarly, when asked about the ‘packaging’ or the format of this product, there were no strong views or commonalities, although a ‘brochure’ was slightly favoured, relative to a video or a PowerPoint presentation.

Most importantly, participants were asked about the form of the dialogue or facilitation process to mobilise financing for education. **Seven out of the eight DCPs gave ‘a joint appeal with the ministry of education and the ministry of finance’ the highest possible score** (5 out of 5). Roundtable discussion(s) also scored highly, as well as presentations to the parliamentary committee as a way of lobbying to support more domestic funds to education. This is consistent with prioritising domestic public financing as a key audience for the ESIC approach and as a partner.

4 The supply-side perspective: funders' priorities

This section summarises the findings from consultations with financing partners. The objective of the consultation was to gather views from supply-side actors about:

- how financing decisions are made within their organisation;
- the information that their organisation uses to make these decisions, where it comes from, and how it is used; and
- which processes their organisation participates in to make these decisions (e.g. LEG meetings, donor-led forums, etc.).

Based on these consultations, we elaborate in the following sub-section on the considerations for potential forms of products and processes that can be explored when targeting particular funders.

The funder types, their financial instruments, and DCPs' priorities are categorised in Table 2.

Details on the supply-side consultations are provided in Annex A.5.

Table 2: Categorisation of funder types and DCPs' priorities

Category of financing source	Public/ private	Financial instrument	Notable features	DCPs' priorities
Ministry of finance	Public	Government budget	Influential in allocating government budget and in setting priorities with MDBs and Development Finance Institutions	The dialogue around education financing starts with the ministry of finance, both as a target audience but also as a 'partner' to make the case
Bilaterals[5] (established)	Public	Grants, guarantees, concessional loans	Alignment and harmonisation are important drivers for including this segment in ESIC	Established bilaterals remain a key priority for DCPs and are recognised as an important source of aligned financing. However, predictability of funding remains a key concern
Bilaterals (new)	Public	Grants, guarantees, concessional loans	Likely only a short list, but bilateral donors with an increased focus on education represent clear potential for increased funding	New bilaterals only came up moderately as a priority. This might be because of the perceived transaction costs of bringing new bilaterals in and difficulties in convening them (as presumably they are not part of LEG)
RDBs/MDBs (e.g. World Bank, African Development Bank)	Public	Sovereign loans (varying levels of concessionality)	Able to operate at scale in many geographies; greater flexibility in deploying a variety of financing instruments could be explored	DCPs noted that there is space for making a better case with RDBs/MDBs, which are seen as multipliers. They negotiate their intersectoral allocations mainly through the ministry of finance
Private foundations or corporate social responsibility (CSR)	Private	Grants	Often highly flexible; alignment goal is critical given that priorities are often quite specific	DCPs mentioned the importance of bringing private foundations and CSR to the table to improve alignment of existing investments. There is also an appetite for bringing them in to fund specific areas of ESP, such as innovative initiatives or funding a specific emergency need, noting they have more flexible requirements than public funds

[5] This covers DAC bilaterals in principle only. Non-DAC bilaterals (e.g. China, Saudi Arabia, and Qatar) are left outside the ESIC approach in its initial stages as it is not possible to gather relevant information.

4.1 Ministries of finance and other centre-of-government decision makers

A dialogue process with the ministry of finance should be part and parcel of the development of ESPs, to ensure buy-in from the start, as well as other centre-of-government ministries involved in the decision making of resource allocation, such as Ministries of Planning or Offices of the Prime Minister. Ministries of finance should co-own the strategy for making a case for more and better financing for the education sector, recognising the competing demands for the country's domestic resources and the time of ministries of finance staff.

Ministries of finance are not only influential in allocating government budget but also, importantly, in setting priorities for other financing partners, particularly RDBs and MDBs. This is why they are both a target and a partner for mobilising more and better-targeted financing for the education sector.

As a **target**, the ministry of education needs to frame the **dialogue** around in-country budgeting processes, both in terms of timing as well as content. From experience, we know that plans and budgets are often not fully aligned, meaning that funding needs identified as a priority in sector plans are not necessarily reflected in the national budget. Furthermore, when funds are allocated, these are not always disbursed or spent, for a variety of reasons, including liquidity constraints for ministries of finance or weaknesses in budget execution by spending units. Ministries of education are aware of these challenges affecting the adequate funding of the sector. To work more closely with the ministry of finance, ministries of education could be more explicit on specific challenges affecting the funding of the sector, both in terms of securing allocations from the national budget (in conversations with the ministry of finance, cabinet, and parliament), as well as executing the budget as approved by parliament.

In each country, there are particular stages of the budget preparation process at which key financing decisions are made. For example, one key stage is around the time when the cabinet sets the aggregate expenditure ceiling which is then distributed across line ministries. The ministry of education needs to be ready at this stage to make a case to increase their proportion of the total government budget. Another key stage is during the bilateral negotiations between the ministry of finance and line ministries, to ensure all the relevant documentation presented as part of the budget proposal is clear and consistent with the instructions set by the ministry of finance. Engaging with parliamentarians is particularly relevant in this case in those countries where members of parliament have a significant influence on allocation decisions. Finally, once funds are allocated, it is important to anticipate disbursements and spending in line with an annual working plan to ensure the budget is executed as planned and funds are utilised for the purpose they were intended for in the ESP.

DCPs suggested that the engagement with potential financing partners should happen at the earliest stages of the ESP development process. However, in the case of ministries of finance as a target for additional resources, the annual calendar of the budget cycle would determine the timing to ensure that the plan translates into budget allocations and then budget disbursements. It is also important to involve ministries of finance in the ESP preparation as part of building ownership and engagement on the discussions around financing.

In terms of **product**, the case for an additional share of the budget needs to clearly show the link between the national strategic plan, the ESP, and the budget, and it needs to be in the format that is most compatible with ministry of finance processes along the different stages of the budget cycle.

We emphasise, however, that any attempt to mobilise additional resources from the national budget (via a ministry of finance) must recognise that budgeting is both a political as well as a technical process. Generating a nation-wide campaign at the country level for more financing for education, which can put pressure at the political level to increase funding for the sector, is recognised as a channel by which to domestic resources are mobilised. Civil society plays a central role in advocating for additional resources for the education sector. GPE has initiatives that specifically aim to strengthen civil society's advocacy and accountability in the sector, and to mobilise resources from the national budget, namely:

- the Domestic Resource Mobilisation workstream; and,
- the Advocacy and Social Accountability mechanism.

These can be used to support country-level efforts to strengthen the case for more funds from the ministry of finance. There are many examples of civil society successfully advocating for increased budgets for education. Some of these are described in GPE's Policy Brief on 'GPE's Engagement on Domestic Financing for Education' (GPE, September 2016), which provides examples from Sierra Leone, Malawi, Bangladesh, and Timor Leste specifically for education.

As with many funders, the ministry of finance also needs to see that the ministry of education can absorb additional funds: the ministry of education needs to show it has the capacity to implement the budget and that it has spent previous years' allocations. We often hear from ministries of finance that low execution rates prevent them from allocating additional resources to line ministries as they indicate challenges in spending funds. In response, ministries of education often claim that funds were not disbursed, and this is why the budget was not executed. The reality differs in each country.

However, to mobilise additional resources from the national budget, the education sector absorption capacity and capability to execute and spend in an effective and efficient way will be fundamental. As many ministries of education struggle to execute their budgets, which are often already limited, it is important to continue to reinforce the public financial management capacity in order to enable them to credibly cope with additional resources.

When the ministry of finance is perceived as a **partner**, it can support the ministry of education in building momentum around a high-level forum internationally or domestically to make a joint appeal for more funds for the education sector. It can also support the dialogue with donors, who often seek co-financing from domestic resources when making financing decisions.

4.2 Bilateral donors

Bilateral donors can be categorised into existing or new donors. As better alignment and harmonisation are key objectives of the ESIC approach, we differentiate between bilateral donors who are members of the DAC, such as DFID, Norwegian Agency for Development Cooperation (Norad) or Department of Foreign Affairs and Trade (Australia), and those that are not (e.g. China, Saudi Arabia, and Qatar). The latter are not covered at least in the initial stages of the ESIC approach given the difficulties in gathering relevant information and not being identified as a priority by DCPs.

Bilateral donors recognise that, given their own constraints, while ESPs are helpful to understand the government's priorities, their **content** does not influence the amount allocated. As explained clearly by one supply-side actor, donors use the ESP to see which of their (i.e. the donors') priorities are in it, so they can make sure that the allocations they come up with and their programmes are aligned with the ESP. The ESP is not the starting point: the starting point is the donors' overall strategy for the education sector. Donors use the ESP to identify which of their strategies may map onto the ESP in a particular country. The prioritisation of their funding is therefore to some extent exogenous to the ESP, in the sense that their programmes are not set by the ESP (although the ESP is used to ensure that their own programmes are aligned with it).

However, there are instances where stronger ESPs have led to bilateral donors mobilising additional funds – for example, around the Jordan ESP 2018–2022. In these cases, the government works with key partners to understand potential weakness in existing ESPs and a process which includes additional analytical work and consultations follows. As a result, ESPs end up with a stronger financing framework, which can be used to make a stronger case for investment.

In terms of what makes an ESP stronger or easier to repackage to make the case for investment, some of the financing partners consulted to date suggest that perhaps more programmatic prioritisation is required as part of the ESP development process. While some of the stronger ESPs provide a breakdown of resources currently committed to fund parts of the ESP, there is very little discussion on financing mechanisms or detail on the funding gap (for example, what type of investments remain unfunded), and how it might be closed. Some supply-side actors consulted seemed to agree that additional content in ESPs in this regard would be helpful. Along similar lines, the one concern most often mentioned by supply-side actors consulted with regards to the content of ESPs is that they are not realistic enough, in the sense that they are too ambitious (and sometimes seen as a 'wish-list'), which is consistent with GPE's monitoring that identifies 'achievability' as the weakest indicator in ESPs.

In terms of **format**, financing partners suggested that ESPs are unwieldy documents, which are difficult to distil. A repackaging of existing content or zooming into particular areas could be helpful in some cases. This would only make sense, however, as part of a bigger dissemination strategy for ESPs and after close consultation with specific funders, to make sure that the repackaging effort is targeted so as to be useful to them in guiding financial decision making. It is worth recalling here that DCPs are of the view that the engagement with partners would be most useful at early stages in the development process, although both, the supply and the demand-side, emphasised that engagement is a continuous process.

In terms of **process**, 'costing and financing' is already an element of the GPE Guidelines for ESP preparation (Component 4). In order not to undermine current ESP development process efforts, if additional content is a necessary component of making the case for investment then potentially enhanced dialogue around the Quality Assurance Process (QAR) process (if applying for ESPIG) can be explored, with an explicit focus on the financing frameworks of the ESPs. However, this needs to be mindful of the findings of the effective partnerships study, which found that DCPs, grant agents (GAs), and coordinating agencies (CAs) tend to feel the QAR process is already very time-consuming. There were suggestions to potentially have technical roundtables or a financing working group within LEGs in cases where there is demand from DCPs. Some familiarisation with donors' education sector strategies that are active in the country, or that could potentially be brought in, will help to target the message for the case for investment.

Importantly, increased demands around the ESP development process should be balanced against **concerns expressed around lack of ownership or deviation from the *real* government priorities**. Focusing too much on what a particular donor or donors might be interested in clearly risks reversing the sequencing as regards setting priorities: the government guides with the ESPs, to which donors should align themselves, in line with the Paris Declaration principles.

One of the supply-side actors specifically mentioned that there is the perception from country partners that they are being pushed to design ESPs just because of the resources that they get from GPE, and sometimes they just put them aside and do their own thing, and there are various plans that are not speaking to each other. Another supply-side actor acknowledged that although they try to align, what happens in practice is that if their priorities are not in the ESP they engage with government to try to see how they can work together to improve alignment.

4.3 MDBs or RDBs

This category could also include development finance institutions, such as the International Finance Corporation, the European Bank For Reconstruction and Development, or CDC Group. These are currently not covered in this document as they were not identified as a priority by DCPs and they have very different appraisal requirements when making financing decisions.

MDBs and RDBs start the funding allocation process by producing a country strategy paper. This is a diagnosis which looks at a particular country and puts forward a think piece on where the barriers to growth and poverty reduction are. It provides a comprehensive overview and lays out channels to support development, one of which is almost always education. The bank conducts a series of country surveys to get direct information on national priorities, 'game changers' in the development space, etc., and education typically comes up very high in the resulting agenda, if not the highest.

MDBs/RDBs have a formulaic approach on the country allocation for part of their funding (e.g. IDA). However, the in-country sectoral allocation is a much more qualitative negotiation process with the ministry of finance as the primary decision maker on the DCP's side. The negotiation process between MRBs/RDBs and the ministry of finance is around how to allocate financing across different sectors. There is no pre-determined benchmark or proportion regarding how much education needs from IDA, International Bank for Reconstruction and Development (IBRD), or from a country's overall share of financing. It is a demand-driven process. It varies from country to country as there needs to be alignment of national development goals and distribution of resources across sectors so the bank also looks at what other partners are doing.

At the country level the dialogue is led by the bank's country directors, who are the face of the organisation and negotiate the investment priority lists. The ministry of finance then sends a request to the MDB/RDB highlighting the needs and topics, and the amount requested for a particular sector. Based on what the bank receives from government and on the country allocation for a particular country, the bank regional department, in consultation with the education department, makes a decision regarding the trade-offs between the requests. The agreed amount is then set and, once this is confirmed, the design for a particular project starts.

Similar to the case of bilateral donors, when asked if the bank could put more money into the education sector on the basis of a strong ESP, banks explained that the ESP is helpful in order to prioritise within a country, to understand the vision, and to understand where the country wants to get to. However, the decision on how much is allocated is mainly ‘exogenous’ to the ESP as it depends on the country needs relative to other sectors (and other countries). It is mainly based on the case made by the ministry of finance, which should draw on the ESP. In practice, the view is that the ESP is not what compels donors to finance more or less; these decisions are made elsewhere. Credibility might be hurt if the ESP is of very poor quality but then it is probably an indication of other problems. The quality of the ESP reflects a certain level of political will at the country level, as well as a set of basic institutional functions that can play a role in achieving education outcomes.

When discussing particular **content** that helps the MDB/RDB to make its own case for investment internally, respondents highlighted that having a clear owner and an informed evidence base is much more important than the product itself, whichever form it takes. The **format** is not seen as playing an important role in the case of MDBs/RDBs. The respondents felt it was important not to aim for the perfect document/product that looks polished and complete. They would feel more comfortable with an imperfect document/product that has some credible parts that are owned by government. There is always some ‘walking in the dark’, which is preferred to a planning document that does not truly reflect national buy-in and ownership.

Regarding content, the bank carries out its own studies, the timing of which are not necessarily aligned with the development of the ESP as they are often regional or globally initiated when a particular need is identified. The findings of the studies are then disseminated to specific countries and it is up to the countries how they are used. If the country requests it, the bank intervenes and starts its internal programme development process, and it relies on its own evidence. According to the respondents, additional or repackaged information in ESPs would not add value.

Another MDB/RDB that was consulted clearly stated that it does not necessarily use the costing information that is in the ESP because the bank needs to do its own calculations from scratch, potentially using some of the figures found in the financing frameworks of ESPs. The informant stressed that convincing the bank on the need to invest in education is not an issue and there is no particular content or format that could add to the inside knowledge of the organisation.

In terms of **process**, the most relevant aspect in the case of MDBs/RDBs is the involvement of the ministry of finance, given its key role in the negotiations on deciding the sectoral allocations. It is worth noting the feedback provided by the World Bank as GA in the recent effective partnership study (Ruddle *et al*., 2018), where there is a mention of the GPE processes duplicating the World Bank’s own processes. Similarly, it is important to take into account the learning from the review of the Global Finance Facility for Every Woman and Every Child as one of the benchmark comparators, where the investment case was found to be a repackaged or repurposed World Bank PAD in some cases. Any dialogue process with MDBs and RDBs should therefore use the existing negotiation process the banks have as part of their engagement at the country level, led by the ministry of finance. No additional product is seen as valuable in regard to making the case for investment, and additional products risk yet more duplication.

4.4 Private sector

Here we refer to private philanthropic foundations and CSR.

During the June 2018 consultation in Brussels, DCPs mentioned the importance of bringing the private sector to the table to improve alignment of existing investments, and also potentially to request additional funding for the ESP. This is in line with the feedback gathered during the DCP consultation in Maputo, where some constituencies specifically felt the private sector should be encouraged to participate in LEGs and Joint Education Sector Reviews.

The financing partners consulted to date suggest that additional **content** is not in demand by large-scale philanthropic investors. Regarding DCPs, there is appetite among DCPs to bring the private sector in to fund specific areas of ESPs, such as innovative initiatives or a specific emergency need, noting they have more flexible requirements than public funds. Regarding the perspective of foundations, they see a value-add in funding innovation or experimentation.

Lack of alignment and harmonisation is a key concern for DCPs in the case of the private sector. The three foundations consulted confirmed that they cannot use government systems. They also confirmed that funding decisions are guided by their areas of business and comparative advantage in terms of thematic focus (e.g. learning through play) and location, while aiming to align with in-country plans and priorities.

In terms of **process**, DCPs noted that they want to increase the engagement with the private sector, recognising that they currently do a lot of work in the education sector and the closer it is to government, the greater the possibility for alignment. In Côte d'Ivoire, for example, the Jacobs Foundation is currently a lead member of the LEG and is actively supporting the multi-stakeholder dialogue on education financing. In Rwanda, foundations have also been attending the LEG discussions. In Nicaragua, the government actively engaged with all private sector partners to coordinate and monitor their activities in the education sector. In Liberia, there is a Philanthropy Secretariat in the Office of the President that provides advice that helps funders identify the right partnership 'matches' for their priorities and calls for foundations to get in touch.[6]

In the examples gathered to date there is appetite for greater participation in LEGs from both sides, which should contribute to improving alignment. However, one DCP noted that although it would be good to explore participation by the private sector, it will come with its own conditions, which might not be compatible with those of government.

The three foundations consulted stated that being engaged in national dialogues has influenced their funding decisions. Some of the financing partners consulted to date suggest that visibility and bilateral engagement with senior government officials is required.

[6] http://liberiaphilanthropy.org/what-we-do/

5 Country case study

5.1 Introduction

In order to further explore the ESIC approach, we explored what it would mean to pursue it in a particular country. The intention was not to pilot the entire ESIC approach but to understand how ESIC might work alongside existing ESP development processes and with in-country actors in a particular context.

As presented in Section 1.3, from the Board's resolution, GPE's more active role is envisaged to include (i) translating ESPs into investment opportunities; (ii) convening the relevant financiers to facilitate participation in country-level transactions; and (iii) using GPE's capabilities and resources to leverage better-structured and/or more harmonised and aligned financing.

Working with a specific country, we aimed to translate parts of the ESP into investment opportunities, understanding the demand-side priorities and the supply-side decision-making processes and constraints. We aimed to come up with arguments based on ESP priorities for potential partners in a particular country, and to assess what it would take to facilitate the process of reaching out and motivating contributions from these potential partners.

Some of the guiding questions used during the country case study and to prepare sample materials were:

- What types of funders are realistic targets to crowd in more finance behind the ESP? What geopolitical aspects condition this?
- What are the thematic priorities of these funders? What is their track record of support to education over the past five years, and how do they anticipate their approach or strategy evolving (if at all) in the next five years?
- How do these funders make decisions, and to what extent can we influence those decisions to mobilise greater resources? In what ways?
- What ESP content or processes can be repackaged to meet their requirements? i.e. what information do they need to make programmatic funding decisions, how, and when?

The answers to these questions are more art than science and can change rapidly, given their sensitivity to a particular country's political economy. The aim was not to come up with specific answers or prescriptive solutions regarding content/process but *to guide a dialogue and improve communication around a country's education financing needs*.

5.2 Selection and disclaimer

The following factors influenced the country selection:

- The availability and interest of the DCP focal point in country, as well as the GPE Country Lead, was particularly important.

- The consultancy team's prior experience in the country, in order for it to be able to capitalise on existing contacts and prior knowledge on the context and state of play in the education sector.
- The language spoken in the country, which needed to be English, so as not to constrain the ability of the team to interact with stakeholders.

Based on discussions with the Secretariat and the Country Support Team, Rwanda was selected.

While *real* information and discussions were used to generate sample materials for a particular country, these sample materials should be seen as illustrative, providing only a sample of what such materials might look like. They should not be seen as *real* materials. The sample materials have been complemented and adapted so as not to represent a particular country and they have been anonymised to make clear that they are only illustrative.

The sample materials produced are described in Part B, to guide the operationalisation of the ESIC approach, and are given in Annex B.

5.3 Learnings from the country case study

In the particular case of Rwanda, thanks to the well-established aid coordination architecture and External Finance Unit, all supply-side actors are to some extent being explored by in-country actors.

Nevertheless, there is the perception that more could be gained from more actively reaching out to financing partners, both those that are active as well as those currently not active in-country. The Ministry of Finance plays a leading role in the case of Rwanda in mobilising any additional resources and ensuring these are aligned with line ministries' priorities.

As might have been expected, the case study confirmed that active donors in the education sector in a country are co-developers of the ESP, and it is their day-to-day job to identify unfunded priorities and maximise the potential to invest. Some bilateral donors have relatively short planning cycles (e.g. KOICA's planning cycle is two years) and appear to have flexibility to increase funding if a case is made. Another bilateral explained how it had already prepared an additional case for headquarters on the basis of the emerging priorities of the ESP.

In the case of MDBs and RDBs, they did not feel they required additional convincing. They negotiate their loans at regularly set intervals with the Ministry of Finance and carry out regular evidence-gathering, appraisals, etc.

With regards to the private sector and large philanthropic foundations, there seemed to be particular interest to explore these. In this respect, the External Finance Unit of the Government of Rwanda had just updated its mapping of the private sector and philanthropic organisations working in Rwanda.

Successful mobilisation sometimes happens in an opportunistic manner and certainly involves engagement through a long period of time (e.g. 12–18 months), includes a political dialogue around priorities, and involves joint project development aligned with the organisation's funding cycle. We conclude that while some concrete materials and additional support reaching out to funders (including the ministry of finance) and communicating priorities might be helpful, this needs to adapt to the capacity and realities of each country.

PART B: Operationalisation

6 Implications for mobilising more and better financing

The FFF calls for GPE to take ‘a more active role’ in mobilising financing, and specifically to develop an ESIC approach to support the mobilisation of funding and improvement of its alignment and harmonisation at the country level. From a conceptual point of view, ‘making the case for investment’ may seem relatively straightforward: ‘approach potential funders, including ministry of finance, to explain the returns of investing in education or of a particular initiative’. As we have shown in previous sections, however, in practice this is quite complex.

Any decision around the allocation of resources includes a political process. This is particularly the case when considering the ministry of finance and decisions around the allocation of domestic resources. The ministry of finance is often perceived as having dominating authority over the national budget, which is where most of the domestic financing comes from. Ultimately, it is public demand that creates pressure for additional resources. The role of civil society organisations (CSOs) in improving more and better financing and making policy processes more accountable is, of course, very important.

The review has shown that, while additional support from GPE to make a better case for financing education is demanded, the form of this support needs to be non-prescriptive and to remain flexible, at least at the initial stages.

Based on the background and findings from the scoping work presented in Part A of this document, Part B proposes a way forward to operationalise the approach envisaged at the FFF. Table 3 summarises the implications of the findings from the scoping work which the ESIC approach needs to take account of in its operationalisation.

Table 3: Implications for the ESIC approach

	Implications	Justification
1	**There is no possible pre-defined template to draft a 'case for investment', targeting multiple audiences**	Instead, the ESIC approach should be flexible in terms of the 'product', sensitive to what can contribute to the national dialogue on education financing without duplicating existing efforts. The approach will complement existing processes (particularly ESP development) and use the content of the ESP as much as possible without adding on products/content to existing requirements.
2	**The responsibility for mobilising more and better financing at the country level falls broadly across all actors**	All actors have some responsibility as part of their general commitment to delivering SDG 4 and supporting a realistic ESP, including being adequately resourced. To play a more active role, GPE can provide additional targeted support to facilitate the dialogue around education financing at the country level, recognising that there are many factors contributing to this.
3	**Additional support from GPE should not be outsourced to a third party, and should instead reinforce country-facing support from existing actors**	The review of benchmark comparators and ongoing evaluations of the GPE ESP development process suggest that when the bulk of the analysis for the content of the ESPs or the hypothetical investment case is conducted by people outside the country concerned, there are challenges in national-level capacity building and ownership of the content. In the case of highly donor-dependent countries for HIV, it has often been the case that external consultants have prepared the investment case targeting the Global Fund or other funders, and they have had stronger links to donor concerns and donor advocacy. Often, these are externally driven processes conducted under time pressures, as might have been the case for some of the ESPs developed to access the ESPIG. While this approach has often worked well with regard to providing good-quality analysis, it can undermine country ownership and wider efforts to strengthen in-country capacities. Given the emphasis on domestic funding for an ESP, and in line with GPE principles, it is important that the ESIC approach is driven by country-level actors and makes use of domestic analytical capacity and consultancy that will be retained in the country. We note that this is often not the case in benchmark comparators. The review of benchmark comparators found that the advocacy role of investment cases in HIV or maternal health at the country level has not been a very important feature so they have been written mainly by and for external actors. In the case of the ESIC approach, domestic financing is the priority target and the GPE model has ownership of in-country partners at the heart of the partnership.
4	**Keeping transaction costs low will be critical**	The evidence generated shows that GPE actors like the CAs and GAs are heavily engaged in GPE processes. They already provide significant support and are unlikely to be able to lead an additional initiative. The evidence also indicates that keeping transaction costs low is critical. The Sector Finance Working Group (SFWG) and FFF envisaged that ESIC's role would be integrated within the Secretariat. This was understood as valuable to drive tight coordination with existing processes (like ESP development) and GPE resources (like the GPE Multiplier). In order to keep transaction costs low, the approach should be integrated within the ESPDG process. This would

	Implications	Justification
		minimise additional costs and ensure that countries integrate such elements in the ESPDG application. The ESIC approach requires the combination of education finance knowledge and skills (both soft and hard skills), as well as links with a wide array of financing partners and country-level actors. Recognising this, it would be helpful to have a person who is specialised in public finance to complement the Secretariat's support to countries provided by country leads.
5	**As a new initiative, the ESIC approach requires an <u>incubation period</u>, during which the experience and the issues arising during an 18–24-month period can be captured and assessed before scale-up**	The approach should not be rolled out to all countries immediately. It should instead start with a few countries in the first two years. We propose that there be an incubation period of 18–24 months when the ESIC approach covers between four and six countries. This requires a monitoring framework that can rapidly give an indication of implementation progress. This would be used to fine-tune a number of key components and provide sufficient elements for the Board to make an informed decision by mid-2020 regarding continuation, interruption, or scale up. The monitoring framework needs to allow a quick turn-around to facilitate further decisions by the Board. It should also be relatively cost-light (e.g. be done in four weeks, involving the Secretariat and GPE country-level actors). The operationalisation of the ESIC approach should therefore start with an incubation period to find out if the approach has traction, which could lead to a scaled-up version after two years.
6	**Additional support to mobilise more and better financing <u>will not be appropriate everywhere</u>**	Not all countries face the same challenges in education financing. In some cases, providing additional support to mobilise more financing for education will not be appropriate. For example, some countries face significant challenges in regard to spending all funds (as pointed out by DCPs in one of the consultations). At least during the incubation period, the support should focus on those countries where the capacity to absorb additional funding is high, judged by their ability to spend existing funding, to maximise the impact of the support. This does not mean that countries with low absorptive capacity should not get support; however, that support should be of a different nature, focused on addressing implementation constraints.

7 The support to mobilise *more* and *better* financing at the country level

7.1 Support to country-level efforts

The ESIC approach can provide additional support at the country level to strengthen the dialogue around education financing.

The ESIC approach consists of supporting countries to answer the following questions (as used in the country case study):

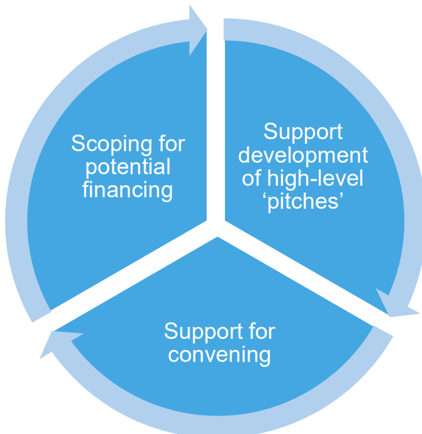
- What types of funders are realistic targets to crowd in more finance behind the ESP? What geopolitical aspects condition this? What role does the ministry of finance play?
- What are the thematic priorities of these funders? What is their track record of support to education over the past five years, and how do they anticipate their approach or strategy evolving (if at all) in the next five years? (This should include a review of funding from the national budget).
- How do these funders make decisions, and to what extent can we influence those decisions to mobilise greater resources? In what ways? (Including the ministry of finance).
- What ESP content or processes can be repackaged to meet these funders' requirements? i.e. what information do they need to make programmatic funding decisions, how, and when?

In practice, this support would include:

- scoping for the potential to mobilise more and better financing for education;
- supporting the development of products to make a better case for investing in education; and
- supporting meetings and events.

The ESIC approach therefore reinforces existing GPE processes and keeps transaction costs low.

Figure 1: Additional country-facing support focused on education finance



A. Scoping the potential for more and better funding

The first step in more actively mobilising more and better financing for education in a particular country will be to review the Education Situation Analysis (ESA) and the ESP in order to identify the unfunded priorities/gaps.

Second, as highlighted throughout, it will be important to consider the politics facing donors and governments when allocating resources. A potential way to do this is to map the accountability relations within the education system in the country. We provide a sample of these in Annex B. It will be particularly important to consider the role of civil society in advocating for more funds to education, as one of the accountability mechanisms that can generate public demand for additional and better funding.

Third, the team should specifically consider the role of the ministry of finance within the education system, and its role as a source of funding for the education sector, as well as as a partner to advocate for additional financing from external partners.

Fourth, the team should consider the role of, and mechanisms for, external financing in the country. This involves reviewing the aid policy environment and aid coordination architecture. In particular, the existence of an external relations unit in the ministry of finance (or equivalent) and the in-country process for working with financing partners. For example, is this the entry point for new funders to ensure financing is aligned and harmonised?

Fifth, the team should review the potential funders' strategies in the country and existing commitments.

Sixth, the team should consider the global strategies of non-active funders seeking overlap with ESP priorities.

Seventh, the team should review existing alternative mechanisms or funds for the education sector, and whether these are available in the country. This includes, for example, the International Finance Facility for Education (IFFEd), as well as the Education Outcomes Fund.

Eight, the team should understand the planning and fund allocation cycle of potential funders. For example, some funders may have a two-year funding cycle (like KOICA), while others might have a seven-year cycle (European Commission). When targeting beyond the ministry of finance, it will be important to also consider funders' timing in advocating for more funds. In some cases, there might be no room to mobilise additional funds at all.

Finally, taking into account the information gathered through these steps, options should be considered in terms of product and process that might support mobilising additional financing.

B. Development of supporting products to make the case for investment

This involves building the investment case argument/s for particular types of funders, along the lines of the sample materials in Annex B. The content, and work involved, is likely to vary considerably from country to country, and depending on the existing analysis already available in the ESA and ESP.

This would involve further consultation with key experts and light-touch repackaging of materials. It would not involve primary data collection or research, though it may also draw on international literature.

It is important that this does not become a re-doing or re-analysing of ESPs. The additional support needs to work closely with the team preparing the financing framework to distil potential arguments for a given audience.

C. Support meetings and events

Based on the scoping for the potential for more and better funds, the ESIC team should consider the process for mobilising these funds.

The Board resolution anticipated that the ESIC approach would include convening the relevant financiers to facilitate participation in country-level transactions. In addition, the ESIC team could support meetings and events by making contact with potential funders identified through the GPE network (e.g. through the External Relations team of the Secretariat). If interest arises, the ESIC team would facilitate the potential funder reaching the right people at the country level, including staff in the ministry of education, as well as in the ministry of finance (e.g. external finance unit). The ESIC team would follow up or accompany the evolving dialogue. It would be part of its role to manage expectations, in terms of processes and pace, from demand-side and supply-side actors.

The types of events the ESIC team could support are varied. This could include everything from organising meetings with funders in-country to share the products discussed above, contact with funders based remotely, through to holding a roundtable or even a joint appeal by the minister of education and the minister of finance.

For small meetings with funders, the ESIC team would do the outreach and bring in these other actors for the meetings as required. For larger events, the DCP and/or GA is likely to need to play a larger role in organising (venues, catering etc), the scale of which will really depend on the DCP's ambitions and the budget they have available within the ESPDG. The team would also want to consider synergies with other activities in-country, such as advocacy work by CSOs and the Advocacy and Social Accountability.

While there is caution on the proposal with regards to the potential of this support to attract more and better financing, the experience with the GPE Multiplier has shown how GPE can influence supply-side actors when taking a more active role and providing the possibility to leverage financing. The possibility of leveraging additional external resources has proven to be a key consideration regarding what motivates supply-side actors, including bilateral donors, MDBs or RDBs, as well as private sector funding. The availability of potential subsidies from GPE (such as the GPE Multiplier), as a way to increase funding, should also be considered for all actors.

Furthermore, discussions with DCPs and during the country case study suggest that there is demand for additional support in the area of education financing. The proposed approach responds to this demand.

7.2 Sample materials

We prepared sample materials to guide the ESIC approach. These should be seen as illustrative, providing a sample of what these materials may look like. Not all of the materials will be relevant in all contexts. The sample materials are provided in Annex B and can be grouped into: (i) those used to understand the potential for mobilising resources; and (ii) those that aim to translate ESPs into investment opportunities.

i. Materials to explore the potential for mobilising more and better financing

In order to understand the education financing landscape, we prepare a set of materials:

- Recognising the political nature of resource allocation, we prepared a hypothetical map of the actors of the education system and the accountability relationships that govern it. This is particularly important when considering raising additional funds from the national budget. (Annex B.1)
- A brief analysis of publicly available data on existing external financing in the country. (Annex B.2)
- A table that can assist in mapping priorities with potential solutions, briefly summarising: strategic priorities as found in the ESP, the resources needed, the potential solution, the financing instrument, and the process to access the funds. (Annex B.3)

ii. Materials translating ESPs into investment opportunities

Based on the country case study, and with a view to 'translat[ing] ESPs into investment opportunities', as envisaged in the Board resolution, we prepared sample materials that distil some of the information of the ESP targeting specific audiences. In particular:

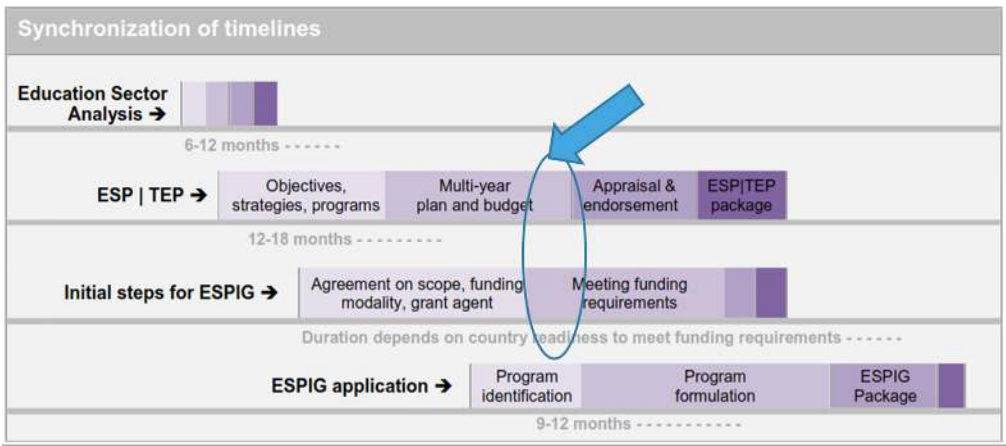
- the Ministry of Finance to support the negotiation for increased funding from the national budget (Annex B.4).
- a hypothetical funder focused on early childhood education, which is one of the priorities in the ESP (Annex B.5).

7.3 Country selection, process and timing

In order to align with existing processes, it is proposed that the ESIC approach support builds on existing timelines around the ESP development process. We propose that the support is targeted to those countries that are in the process of developing the ESP. As developing an ESP can take two years, we propose that in order for the support to be effective, countries should have completed the ESA before receiving support (although request can come earlier).

In particular, the support should come in while the multi-year plan and budget is developed and, where there is an ESPIG, when the meeting of funding requirements is starting to be discussed. This would maximise synergies and minimise transaction costs. At this point, the review of existing financing will be well advanced, as part of the ESP's financing framework, and the Secretariat would be actively engaged in supporting the ESP development and ESPIG application process, including QAR 1.

Figure 2: Timing of support within the ESP and ESPIG



The request for ESIC support would not affect the overall process of reviewing an application to the ESPDG. The support would be integrated into the ESPDG, in terms of involving Secretariat participation in-country, and if funding is needed as part of the approach (for example, for convening events) this would be funded from the ESPDG.

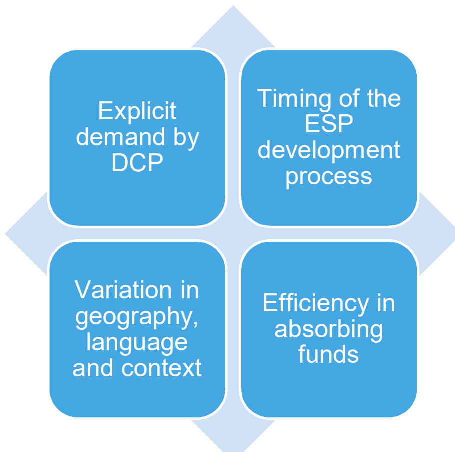
The DCP submits the ESPDG application as usual: the government signs and submits the complete application, together with the required deliverables, to the Secretariat at the following address: **'***gpe_grant_submission@globalpartnership.org'*, copying the CA, the GA, and the GPE Country Lead. We therefore propose that the request for Secretariat support for the ESIC approach be built into the application process for the ESPDG.

Where the Secretariat receives more requests for ESIC support than it has the capacity to meet, the Secretariat will select countries to achieve variation in geography and language, and considering the external support already provided through the ESP development process (with a view not to duplicate that support), as well as the capacity of the country to absorb more funds. In particular, the Secretariat will consider the team working on the ESP financing frameworks and how it can complement existing efforts.

The selection of countries to receive support during the 18–24-month incubation period will therefore be done considering:

- the explicit demand by the DCP, built into the application process for the ESPDG, to ensure ownership of the support and avoid duplication with existing in-country processes;
- the timing of the ESP development process to maximise synergies and reduce transaction costs;
- variation in geography, language and context to avoid concentration and inform scale-up; and
- capacity to absorb additional financing, as the support targets a resource mobilisation constrain, not a disbursement one.

Figure 3: Country selection considerations



7.4 Proposed roles during the incubation period

The team conducted a review of responsibilities of key actors in terms of where they have responsibilities relating to *more and better financing*. This is given in Annex A.7. Given this mapping and the recent findings on key actors' challenges in fulfilling their respective functions in the effective partnership study (Ruddle *et al*., 2018), we discuss here the potential role for key actors to provide additional support to mobilise more and better financing for education at the country level.

What actions are set out in the GPE guidelines regarding mobilising more and better financing at the country level, and who are the actors that are responsible for these actions? Such actions fall quite broadly across all actors as part of their general commitment to delivering SDG 4 and supporting a realistic ESP, including being resourced adequately. The actors with a more specific responsibility are DCPs, as the actors with responsibility for the sector.

It is clear that the additional support needs to be 'owned' by **DCPs**, and specifically by the ministry of education. DCPs are the chairs of the **LEGs** and the leading voice for any country-level operations. They are therefore the natural owners of the ESIC approach, with the ministry of education as the focal point. The ministry of finance will need to be closely involved to mobilise better financing for education.

More generally, the Secretariat has a role to play in providing support to DCPs, the LEG, and CAs to strengthen in-country processes, to support policy dialogue through the LEG, and to provide guidance and tools to support joint sector reviews. The Secretariat also promotes and supports knowledge exchange across GPE. The Secretariat is also seen as being in the unique position of having an overall view of GPE in different countries. Development partner respondents spoke about the Secretariat as an 'honest broker that acts in the best interests of global education development and as having neutral convening power, which is particularly useful in politically contentious contexts' (Ruddle *et al*., 2018).

The Secretariat is well placed to play a key role in the implementation of the ESIC approach. Given the innovative nature of the ESIC approach, and its being a new initiative, in order to maximise synergies, the Secretariat should be heavily involved in its operationalisation at the country level at least during the incubation period of two years.

We therefore propose that, at least for the first two years of implementation, **the support is mainly provided by the Secretariat to the DCP-led ESP development process**.

- The DCP's ministry of education will be invited to specify in the ESPDG application who will work with the Secretariat team on a technical level to co-develop and lead the dialogue in-country around education financing.
- The Secretariat's role will be to support DCPs in their efforts to mobilise more and better financing, and to convene the relevant actors at key stages. The Secretariat will keep up to date with the various funders' latest thinking and options, and will support DCPs to play a 'public relations' role to better communicate the education financing needs in a particular country.
- In addition, the Secretariat will be up to date with the latest global financing mechanisms targeting the education sector, including the GPE Multiplier, IFFEd, and the Education Outcomes Fund.

The scope of the additional support will seek to avoid duplication of existing efforts and will be integrated with the ESP development process. Where requested, the support will also seek to align with the in-country budget process in order to support the negotiations on the annual budget, beyond the commitments in the ESP. This will not bring in new actors and will minimise transaction costs.

During the proposed incubation period, learnings will be gathered, and particular features tested. Ultimately, the ESIC approach would ideally be integrated as part of the regular activities of ministries of education and ministries of finance, perhaps in an LEG sub-working group.

Finally, as core members of the LEGs, CSOs will play an important role in making use of the materials produced during the process, to advocate for additional funds. There are many examples of civil society's advocacy for increasing education budgets.[7]

[7] See, for example, GPE (2017), 'GPE's Engagement on Domestic Financing for Education', Box 6.

8 Monitoring and learning mechanism

We have proposed an 18–24-month incubation period to operationalise the support to the ESIC approach. If approved, the FRC and Board will benefit from a workstream for monitoring progress and learning at the end of this period, in order to inform any future decisions about scaling up the approach.

Here, we set out a proposed **monitoring framework that can be reported against ahead of regularly scheduled Board and FRC meetings in 2020**. The monitoring framework provides a selection of potential indicators. It is not designed to be an impact evaluation: there is no counterfactual and rigorous evidence of impact would be difficult and unjustifiably costly to attain. Rather, some subset of these indicators can be monitored by the Secretariat. If the ESIC approach continues or is further scaled up, the same monitoring framework could be used at regular intervals, such as yearly.

The monitoring framework set out below identifies 12 indicators which could be used to assess the ESIC approach. They seek to measure its relevance, effectiveness, efficiency, and impact.[8] These indicators have been chosen as they can be reported by the Secretariat collecting and keeping track of the relevant data throughout the process of operationalisation, rather than relying on others' inputs. The exception is indicator number 8, which requires feedback from partners in-country via an online survey.

To maximise synergies, it should be done as part of the Portfolio Review.

Table 4: Monitoring framework indicators for ESIC approach

#	Indicator	What it aims to measure	How it is collected
Relevance			
Is the ESIC approach suited to the priorities of DCPs, as the target beneficiaries?			
1.	Number of DCPs requesting the ESIC approach/support	This gives an indication of whether DCPs feel that support for mobilising more and better financing, through Secretariat support, is a valuable exercise, given it requires their own time commitment too	Secretariat to track requests for ESIC support in ESPDG applications/ revisions
Effectiveness			
Did the ESIC approach achieve the activities and outputs it intended?			

[8] These are four of the five OECD DAC evaluation criteria. The fifth criteria, sustainability, relates to whether the benefits of an activity are likely to continue after donor funding has been withdrawn. In this case, there are various ways in which sustainability could be interpreted and it is considered to be too early to assess this after less than two years of implementation.

#	Indicator	What it aims to measure	How it is collected
2.	Number of countries where the ESIC approach has been used	The scale of support to countries reached	Secretariat to track
3.	Total number of 'pitches' or other briefing/advocacy products produced	The level of output produced by the ESIC team	Secretariat to track
4.	Total number of country-specific meetings with potential new funders (not necessarily held in-country)	The level of engagement with new funders	Secretariat to track
5.	Total number of roundtable or advocacy events with multiple existing/potential funders	The level of engagement with existing and new funders which contributes towards advocating the case for investment and improving alignment of investment in education	Secretariat to track
Efficiency			
What level of outputs were achieved for the inputs?			
6.	Average number of ESIC support missions per country receiving ESIC support. *This is defined as any mission in which ESIC support is taking place. A mission by two Secretariat staff members would count as one mission.*	This indicates how much resources are needed per country, and gives a sense of the prospects for scale-up. Over time, it could be that more missions are required in order to have greater success, but the aim would be to reduce the missions in order to be more efficient and eventually hand more of the function over to in-country actors.	Secretariat to track
7.	Average number of working days used by the Secretariat per country for ESIC support. *This is defined as time spent by Secretariat staff on the ESIC support, per country.*	This is to track the amount of resource in terms of Secretariat staff time needed per country supported by the ESIC approach.	Secretariat to track
8.	Average number of working days estimated to be used by in-country partners on the ESIC approach. Disaggregated	This is to track the amount of resource in terms of time needed per country supported by the ESIC approach from other partners in-country.	Online survey. In the case of low response rate, the Secretariat

#	Indicator	What it aims to measure	How it is collected
	by MOE, MOF, GA and CA.	This is the only indicator which depends on the online survey being completed by actors in-country. It should thus only be taken as indicative since survey responses may be low and it requires an estimate which may be subject to inaccuracies.	could call partners in-country to ask this specific question.
9.	Average additional cost per country (including funding for consultants, events; not including travel)	This would help to budget an appropriate amount for future scale-up for any additional resources needed, such as for holding events or bringing in additional expertise	Secretariat to track
Impact			
What does success look like? (It is evidence of more funding, or better aligned funding, having been mobilised. Whilst it is unrealistic to expect more or better funding to start flowing within the course of 18 months, there are intermediate indicators of progress which can be collected)			
10.	Total number of funders expressing interest in funding ministry of education or ministry of finance priorities, following conversation or approach by ESIC team (either verbally or informally via email) Disaggregated by new funders and existing funders	This is an indication of successful efforts at matching supply and demand, and is more realistic within the time period than confirmation of funds	Secretariat to track, collecting information from CAs/DCPs. Informal email expressions can be provided as proof. Chasing written proof is not anticipated
11.	Total number of funders with formal agreement of new or better aligned funding (e.g. through an announcement, memorandum of understanding, PAD, business case), following conversation as part of the ESIC approach	Confirmed funding is the ultimate goal and so this should be tracked, although the likely lag time means it is not anticipated to come to fruition during the incubation period	Secretariat to track, collecting information from CAs/DCPs

#	Indicator	What it aims to measure	How it is collected
	Disaggregated by new funders and existing funders		
12.	Total number of new partners joining the LEG, following interactions as a result of the ESIC approach efforts	Partners joining the LEG is an indicator of improved alignment, and particularly harmonisation	Secretariat to track, collecting information from CAs/DCPs

In addition to collecting the data and reporting on these indicators themselves, we suggest the Secretariat sets up **a short online survey for key respondents in the countries where the ESIC approach has been implemented**. This survey would seek to elicit perceptions and feedback on how the approach worked, what was successful, and what could be improved. The findings of the survey would relate largely to *effectiveness and impact.* They are intended to complement the indicators in the framework above, but not be relied upon given that response rates may be low. An example survey template is attached in Annex C.1. This survey could be set up online (e.g. *Survey Monkey)* and emailed to the focal points from MOE, MOF, the CA and the GA. The Secretariat would not be included, but would be asked to provide inputs to learning for improving the ESIC approach if continued.

In addition, the ESIC approach contributes to a number of indicators in the GPE Results Framework. However, the likely contribution will be small in relation to the overall indicator results, and there will be a lag time. Annex C.2 outlines how the approach links to the Results Framework.

9 Risks

A number of risks were identified during the inception phase, mainly through the consultation with Secretariat staff. These included risks with regard to the prioritisation of the use of limited capacity both within the Secretariat and at the country level, and risks on aid effectiveness.

The proposed draft ESIC approach recognises that it is not possible to fully mitigate the risks, some of which come with any new 'mechanisms' offered to countries. The ESIC approach will inevitably demand capacity from existing actors if it is to have a return. However, it proposes an operational model that aims to build as much as possible on existing ESP development processes and to maximise synergies with existing roles; and it proposes an incremental approach that is less disruptive to ongoing country-level discussions.

The approach relies heavily on the motivation and interest of the DCPs to explore the ESIC approach over and above existing ESP development processes, and it relies on the time available from key Secretariat staff. This is taken into account in the discussion around resource implications.

The potential benefits of the ESIC approach in a particular country will need to outweigh the costs and identified risks in order for its continuation to be recommended.

Table 5: Risks and comments

Risk	Comments
Capacity risk	
In-country capacity: Countries already go through a long and complex process with GPE to access ESPIG; ESIC would add to the process, without a guaranteed return.	The ESIC approach should only be taken forward in those countries were DCPs demand it. The proposed operationalisation for the first two years includes significant support by Secretariat key staff to minimise the demands on countries.
GPE's Secretariat capacity: If delivery of ESIC implies that the Secretariat takes a much more active role in country-level support, this will have capacity implications for the Secretariat.	The proposed operationalisation takes this more active role into account and includes indications regarding the required capacity in terms of the Secretariat's time for the first two years, over and above the Country Support Team.
Increasing further the efforts/capacity in planning vs implementation: Over the years there has been debate in GPE on whether there is too much focus on 'good plans', rather than on their operationalisation. The ESIC approach could further increase the focus on 'what' the education sector aims to achieve, rather than on the 'how'. There is evidence that suggests that challenges abound at the operational level, given the number of education plans that are not implemented as planned.	The proposed approach does not include a pre-defined product/template with information requirements on 'what' the education sector aims to achieve. The proposed approach focuses on narrowing down the options around programmatic priorities for particular funders, i.e. on 'how' the education sector can achieve its ambitions.
Adding confusion to GPE processes: Confusion on the different terminologies and	The incremental approach aims to mitigate this by starting out with four to six countries

processes, (e.g. ESP, ESPIG, quality assurance process of ESPs, Multiplier Fund, ESIC, etc.) There could be potential confusion in the roll-out, based on experience of the Multiplier fund.	in the incubation period of two years, to map out specifically how it fits with other GPE processes. The proposed operationalisation does not foresee the ESIC approach being rolled out to all countries until it has proven its benefits during the incubation period of two years.
Risks on aid effectiveness	
Potential fragmentation: Shifting focus from ownership and alignment to project or tied funding that reflects donor priorities. For example, countries could start paying more attention to planning for what investors want to hear rather than their existing sector operational plans.	Ministries of finance are a key audience for ESIC. Part of the intention is that ministries of education speak more of the language of ministries of finance. The ministries of finance are expected to respect the sector's operational plans. The ESIC approach is built around the ESP development process, to facilitate a more focused dialogue specifically around financing. To the extent that the ESP development process is owned by DCPs and reflects its priorities, so will the ESIC approach.
Increasing transaction costs: Many countries have difficulties in preparing ESPs and often hire consultants to do a significant part of the work, with funds from the ESPDG. This might add another layer of consultants needed and increase the already high costs of developing ESPs in order to build in the investment case aspect. It might also mean preparing a different message to suit a different audience.	This risk remains and presents one of the major challenges to the operationalisation of the ESIC approach. In order to avoid a situation in which the ESIC approach is 'outsourced' to consultants, the proposed operationalisation includes significant additional support from the Secretariat. The responsibility for implementing the ESIC approach in a particular country is not outsourced. It might indeed mean preparing a different message for a different audience. This would, however, be based on the information already gathered as part of the ESP development process and potential shifts in global priorities.
Instrument risk: The easiest sources of funding may be a bad match for a country's needs. For example, ESIC could make it easy to raise debt finance from MDBs, increasing indebtedness above what would have been the case without ESIC.	It is expected that the team carrying out the ESIC approach will take this into account when reviewing potential funders.
Substitution risk: Raising funding from particular funders at the country level might substitute for funds mobilised at the global level.	The proposed ESIC approach sees the ministry of finance as the priority source of additional resources. The operationalisation foresees a significant role for the Secretariat staff, who should mitigate this risk in consultation with the Secretariat's team on external partnerships.

10 Resource implications

Considering the ongoing institutional arrangement discussions and the human resources processes, we suggest that the ESIC approach be limited to two or three countries per year in 2019 and 2020, with a total of between four and six countries during the incubation period.

We anticipate that after 18–24 months, and assuming the ESIC approach has achieved its objectives in at least one country (i.e. it has mobilised additional resources and made resources better aligned), other countries will be interested in applying an analogous approach, so resource requirements would increase. There will, however, be some efficiency savings from learnings and synergies created in the incubation period.

We discuss here the resource implications for the incubation period, which we suggest should be no shorter than 18 months, i.e. from January 2019 to June 2020, and resources should be made available to run until December 2020.

10.1 Components

The resource implications can be broken down into four components. Components 1, 2, and 3 relate to the resources required for the management and oversight of the ESIC approach. Component 3 demands most of the resources and covers the direct support to countries and Component 4 is for the monitoring and learning mechanism.

Component 1: Developing and disseminating information on the ESIC approach

This involves developing and disseminating information products about the ESIC approach, the support available, and how to request it. This would be carried out by the Secretariat and the information would be disseminated to countries.

Component 2: Country selection and timing

This involves discussion between actors in-country and some engagement and clarification with the Secretariat, preparation of requests for support to implement the ESIC approach, and review of requests by the Secretariat.

Component 3: Direct support to countries

This is described in Section 7 above and includes the following elements:

A. **Scoping work**. This involves the scoping activities up to the point of planning what options are appropriate (content, dialogue, format, and so forth). The substantial work here would be done by the Secretariat, working alongside the DCP, which would require document review, a country mission, and consultation with other partners to understand the priorities and funding environment.

B. **Development of products**. During the incubation period, we propose that products are co-developed by DCPs, with substantial support from the Secretariat. This would ensure products are anchored by DCPs while recognising the need for additional capacity.

C. **Meetings and events**. The types of events could be very varied. We include here time for the DCP and Secretariat, as well as resources to hold the meetings or events. We anticipate that the funds for these events would come from the ESPDG, as part of the ESP development process.

Component 4: Monitoring and feedback

For now, we are proposing a rapid monitoring exercise following the first 18 months, based on the framework set out in Section 8 above. This is intended to require minimal resources, mostly carried out by the Secretariat but with some input from the DCPs and in-country actors in completing the survey. The findings would be used by the Board in June 2020 to make a decision about the future continuation of the ESIC approach, and to incorporate learning into improvements if the approach does continue. If the ESIC approach does continue, a similar monitoring exercise could be carried out on a regular basis covering all countries receiving the support.

10.2 Scenarios

We have set out an indicative resource requirement for the incubation period, with two scenarios:

- Scenario 1: the ESIC approach is implemented in four countries during the incubation period; or
- Scenario 2: the ESIC approach is implemented in six countries during the incubation period.

The resource requirements for Scenario 1 and Scenario 2 are presented in Table 6 below. This is based on our experience and estimates of time required for the activities, but it is likely to vary by country based on ambitions for the ESIC approach, available data, and choice to engage made by partners in country. The expenses required for trips or meetings will, again, vary by country, and we see this as an upper bound.

Table 6: Estimate of resource requirements

		Per country	Scenario 1: Four countries in a two-year incubation period	Scenario 2: Six countries in a two-year incubation period
Secretariat				
1	Developing information about the approach and request process		8 days	8 days
2	Requests: support and review	4 days	16 days	24 days
3	Direct support to countries, including: scoping, developing products, and supporting meetings and events	40 days Expenses for additional trips: $15,000 (Expenses for events/meetings estimated at $15,000)	160 days Expenses for additional trips: $60,000 (Expenses for events/meetings estimated at $60,000)	240 days Expenses for additional trips: $90,000 (Expenses for events/meetings estimated at $90,000)
4	Monitoring and feedback	4 days	16 days	24 days
	Total Secretariat	**Total: 48 days** **Reimbursable for additional trips: $15,000**	**Total: 200 days** **Reimbursable for additional trips: $60,000**	**Total: 296 days** **Reimbursable for additional trips: $90,000**
Resources not anticipated in additional funding (opportunity cost)				
	DCPs	8 days	32 days	48 days
	CAs	4 days	16 days	24 days
	GAs	4 days	16 days	24 days
	Total other actors	**16 days**	**64 days**	**96 days**
Overall total				
	All actors	64 days Expenses for additional trips: $15,000 Expenses for events/meetings: $15,000	264 days Expenses for additional trips: $60,000 Expenses for events/meetings: $60,000	346 days Expenses for additional trips: $90,000 Expenses for events/meetings: $90,000

11 Next steps

This is the final draft presented to the GPE Board of Directors for decision at the meetings in December 2018. This draft has been recommended for approval by the Finance and Risk Committee (11th of October) and validated by DCPs (23rd of October).

If approved by the GPE Board of Directors on the 6th and 7th of December 2018, its implementation can start in January 2019.

Bibliography

GPE (2016a) ‘GPE Strategic Plan 2016–2020: GPE 2020. Improving learning and equity through stronger education systems’.

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GPE (2017b) ‘BOD/2017/03 Doc 03 – Annex 1. Financing and Funding Framework, Annex 1: technical annex’.

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Annex A Methodological annex

The approach and methodology for the development of the ESIC approach was presented as part of the Inception Report. A number of intermediary outputs were foreseen. These have been further enhanced by a more thorough consultation process with supply-side actors, DCPs, and the Secretariat.

A summary of inputs and consultations is given in Table 7 below.

Table 7: Summary of intermediary outputs and consultations

Intermediary output or consultation	Date	Description
Presentation and materials for DCP consultation	1 December 2017	In-person consultation in Paris with 47 DCPs
Consultation with Secretariat	7 December 2017 to 15 February 2018	Consultation with key Secretariat staff, including five members of the Country Support Team
Inception Phase (final draft)	22 February	Overall approach, methodology, and risks, as well as summary of DCP consultation
Review of benchmark comparators	8 March	Review of nine analogues to distil lessons and elements for ESIC design
Presentation to the FRC sub-committee	19 March	Presentation of Inception Report and findings of benchmark comparators for initial engagement and guidance
Review of ESP financing frameworks	27 March	Review of six financing frameworks of ESP to identify existing elements of investment cases in them
Synthesis note on findings from benchmark comparators and ESP financing frameworks	4 April	Note synthesising the findings from the review of benchmark comparators and financing frameworks of ESPs and implications for ESIC
Presentation to the FRC committee	21 April	Presentation of scoping phase findings and key design elements: 1) motivation; 2) hypothesis; 3) audience; and 4) engagement opportunities
Supply-side consultation: instruments, protocols, and interviews	21 May to 22 June	Instruments, protocols, and semi-structured interviews with 10+ supply-side actors
DCP consultation: instruments and workshop facilitation	11 June	Workshop preparation and questionnaire development Presentation on ESIC development to date and questionnaire of key design elements (content, format, and process)
Secretariat consultation: ESIC options paper	11 June, 5 and 11 July (options paper	Update on the development of the ESIC approach for consultation with the Secretariat to solicit views on defining the ESIC approach as

Intermediary output or consultation	Date	Description
	drafted by 20 June)	the set of options (presented in table format) and agree on next steps
The ESIC approach Draft 1	17 July	First draft of the ESIC approach document. This draft presented the skeleton of the ESIC approach. It defined the ESIC approach as a set of options to be further populated and refined through the country case study and consultations
Country case study	29 July to 3 August	A country mission to Rwanda was undertaken to gain a better understanding of the implications of operationalising the ESIC approach at the country level, and to produce sample materials that would form part of the ESIC approach
Consultation with the FRC sub-committee on Draft 1, and written feedback from the FRC	6 August	Discussion on four key questions on the proposed approach: 1) perceived value of different funders; 2) where should the additional support come from?; 3) guidance on resource implications; and 4) incubation period and scale of the monitoring and feedback loop
Consultation with Secretariat	August	The Secretariat provided written feedback on the first draft and, as a result of it, substantial changes were made to the proposed approach, avoiding narrowing the ESIC approach down to a matchmaker function. This was also in line with the feedback received from the FRC
The ESIC approach Draft 2	12 September	Second draft of the ESIC approach document. This draft developed the roles and responsibilities further, and included the monitoring and learning mechanisms, as well as details on the resource implications
Written and verbal feedback from the Secretariat	September	The Secretariat provided further feedback on the second draft, particularly around the roles and responsibilities of implementing the ESIC approach in the first 24 months period and the country selection and timing
ESIC approach Draft 3 for FRC and DCPs	**26 September**	**The third draft incorporated comments from the Secretariat in September. It has been/is being presented to the FRC and to DCPs on 10 and 23 October, respectively, for final consideration and recommendation**
Final deliberation and recommendation by the FRC	10 October	Presentation to the FRC for deliberation and recommendation to the Board
Final deliberation and recommendation by DCPs	23 October	Presentation to DCPs for deliberation and validation
ESIC approach Final draft for the Board	**1 November**	**The final ESIC approach document (Draft 4) incorporates FRC and DCP comments and, if instructed, will be submitted for Board's discussion**

We further present details on the instruments used for the desk review and for the consultations as follows:

1. review of benchmark comparators;
2. review of ESP financing frameworks;
3. DCP consultations;
4. FRC consultations;
5. supply-side consultations;
6. Secretariat consultations;
7. mapping of current roles and responsibilities; and
8. country mission plan.

Further details are available upon request.

A.1 Review of benchmark comparators

A.1.1 Objectives

The objective of the review of the benchmark comparators was to examine the way in which investment cases are used by other development funding sources or financing mechanisms, with a view to understanding the lessons learned and most appropriate application to the context of ESIC.

A.1.2 Selection of benchmark comparators

The selection of benchmark comparators during the inception phase was based on their similarity, in terms of both scope and function, to the objectives of ESIC; the selected comparators were drawn from different development sectors, as follows:

1. the Global Fund for HIV/AIDS, Malaria and Tuberculosis;
2. investment cases produced by countries to support their HIV strategic plans;
3. the investment case for maternal, newborn and child health, 'An evidence-based approach to creating an investment case for maternal, newborn and child health in Bangladesh, Nepal, Indonesia and the Philippines', by UNICEF;
4. GFF on MCH;
5. the 'Childonomics' methodology;
6. Power of Nutrition;
7. The methodology used in DFID education business cases;
8. business cases in Bill and Melinda Gates Foundation project proposals; and
9. IFFEd – *Included after consultation with the FRC sub-committee on 19 March.*

A.1.3 Guiding questions to assess comparators

The attributes of each of the comparators has been reviewed against eight guiding questions identified during the inception phase (*i* to *viii* below), plus one which was added during the review, in view of ESIC's objectives (*ix*). These questions are as follows:

i. What economic and impact analyses are conducted, and/or what other types of supporting evidence about value for money is included, to 'make the case' for investment?

ii. How are specific projects and expenditure programmes profiled or featured to 'make the case' for investment, and why?

iii. What link does the analogue case have to its relevant sector plan document? For example, is it part of in-country sectoral planning processes? To what extent is this a by-product of, or a supplement to, the sector planning process?

iv. How does this analogue take into account the local private sector at the country level? Does it engage with the national private sector? Does the private sector align with the national sector plan? Which form of the private sector exactly? (See Annex D for an initial categorisation of funders, including different forms of private sector.)

v. How does the analogue engage with the expertise and implementation capacity of civil society at the country level?

vi. How is the investment case document/material actually used? What are the processes around mobilising resources, and how does this vary by country (if at all)?

vii. How does the process of securing funding commitments actually work? i.e. how are funds that are mobilised actually committed and ultimately disbursed? Do the country owners see any efficiencies or ways in which this analogue has streamlined resource mobilisation?

viii. What are the processes and methods for monitoring progress and measuring success?

ix. What are the results in achieving their goals? To what extent has this helped with alignment and harmonisation of donor resources? To what extent have they been incremental?

A.2 Review of ESP financing frameworks

A.2.1 Objectives

To determine the potential added value of ESIC, we review the financing frameworks of ESPs vis-à-vis the elements expected in an investment case, with a view to understanding to what extent what is already included in ESPs can be the basis for ESIC.

A.2.2 Selection of ESPs

Six ESPs were selected based on the following factors:

1. Already being assessed as having a sound financial framework. This comes from GPE's Results Indicator 16 a) – an endorsed ESP or Transition Education Plan (TEP) meeting quality standards, and sub-criteria 5 on a quality ESP is that it is achievable, within which one sub-indicator is a complete financial framework which contains:
    - domestic resources for the education sector;
    - domestic resources allocated to specific ESP programmes;
    - capital and recurrent expenditures; and
    - the financial gap.
2. Expecting to develop/submit an ESPIG grant application in the coming months.
3. Use of the English language.

A.2.3 ESPs' financing frameworks and questions

The attributes of each of the ESPs' financing framework has been reviewed against guiding questions identified during the inception phase, adapted during the review as elements emerged. There is one additional question (2D) and one that was slightly amended (4B).

These questions are as follows:

1A Does the ESP contain a description of social and economic returns to a successful education programme in the context of national development?

1B Can these returns be quantified?

2A Does the ESP contain an estimation of the financial costs of delivering the services?

2B Are there possible alternative scenarios (for example, relating to different rates of scale-up)?

2C Are the resulting financing gaps presented?

2D Are other challenges in financing education recognised?

3A Does the ESP include a discussion of ways in which future costs may be reduced through more efficient or effective service delivery?

4A What are the different sources of finance to implement the ESP?

4B Does the ESP include a discussion of potential ways to increase these sources of finance, or to seek new funding?

4C Does the ESP analyse existing and potential funding mechanisms?

5 Does the ESP include a summary of non-public sector resources anticipated in the plan?

A.3 DCP consultations

DCPs were consulted in three key stages:

- at the DCP workshop in December 2017, ahead of the Board meeting in Paris, with 47 participants;
- at the DCP workshop in June 2018, ahead of the Board meeting in Brussels, with eight participants;
- at the DCP validation in October 2018, with 8 participants.

Full details on the data and information gathered are available upon request.

A.3.1 DCP consultation in Paris in December 2017

A total of 47 DCPs participated in the ESIC session in Paris on 1 December 2017. The participants were divided into groups, which conducted focused discussions on the challenges in financing ESPs and potential ways to strengthen the engagement of ‘investors’ – existing and new, and domestic and external.

The groups were divided into three groups along constituency lines, with one group combining constituencies of anglophone Africa (Africa 1 and 3), another group Africa 2, and a third group mixing Latino America and the Caribbean, Easter Europe, Middle East and Central Asia, and Asia and Pacific.

After a 25-minute facilitated discussion, DCPs were asked to complete a questionnaire to capture their perspectives on three broad issues:

1. What are the financial challenges in the education sector in your country?
2. At what stage of the ESP would it be useful to engage potential funders to promote more funds, that are better aligned and better harmonised?
3. What forms of potential engagement would be most effective?

For each question, we provided a set of discrete answers, along with their average score. In addition, we provided space to add an answer freely, specified under ‘other’.

We collected responses for 40 DCPs, representing 87% of the total population of respondents.[9] In addition, a number of civil society representatives participated in the session but they were not asked to complete the questionnaire and are therefore excluded from the questionnaire respondents’ population.

It is important to note that what was planned to be a 75-minute session was cut down to 45 minutes due to the delayed start after the lunch break. Participants had very little time to discuss the issues presented to them and very little time to answer the

[9] Details of population and questionnaires received are available on request.

questionnaire. While responses might not be as robust as they could have been after a more in-depth discussion and with more reflection time, they still provide important insights into DCPs' perspectives. A similar or adapted questionnaire can be used to expand and validate this feedback.

The responses provide important insights into DCPs' perspectives, although more in-depth discussion and reflection time would be needed for more robust answers.

A.3.2 DCP consultation June 2018 in Brussels

Ahead of the Board meetings, eight DCPs participated in the consultation session in Brussels on 11 June.

This consultation was used to update them on the ESIC approach development process and to request feedback on the evolving thinking with regards to its audience and form, based on the findings from the desk review and the inputs from the FRC and the Secretariat during inception and scoping.

The feedback from this session was collected in the form of notes on the discussion plus input collected through written questionnaires.

The session was structured as follows:

- **Introduction** (15 minutes) – Presentation on background and state of play: motivation for ESIC, work done to date, including Board meeting in March 2017, inception and scoping phase, and FRC meeting in April.
- **Focus group discussion** (75 minutes) – Participants were asked to provide feedback around four topics:
    - Who should ESIC target? (20 minutes)
    - Which form should it take? (20 minutes)
    - How would ESIC fit into your ESP or ESPIG timelines? (20 minutes)
    - What are the resource implications? (15 minutes)

  The facilitators guided participants through the various options, giving specific examples where available. Participants were asked to share examples from their own experiences and to be specific regarding examples that ESIC can build on.
- **Questionnaire** (30 minutes) – Participants were asked to reflect on the discussion and fill in a brief questionnaire asking (with discrete options and open space) to comment on the design questions.
- **Looking ahead and engagement opportunities** (30 minutes) – Participants were asked about potential further engagement opportunities. They were specifically asked to participate in another consultation around September, once ESIC was shaped and ahead of the presentation to the FRC in October 2018.

A.3.3 DCP validation in Paris in October 2018

Eight DCPs participated in the validation in October 2018. The objective of this session was to share the proposed operationalization for the ESIC approach for validation of accuracy regarding DCP perspective, as well as to enhance DCP voice before the final proposal is presented to the Board in December.

The Secretariat and the consultants provided participants with a thorough overview of the development process and the proposal on the way forward. This was followed with an open questions and answer session, and a structured discussion around selected key elements.

We asked:

- Do the findings reflect DCPs views?
- What needs more emphasis or nuance?
- What are the key messages from DCP perspectives?

The list of topics to discuss was kept flexible to adapt for interest/demand.

All DCPs agreed that the findings and the proposed way forward reflected their perspectives. A few suggestions were made on amendments to the core documents, including on keeping the audience broad and not just the Ministry of Finance, emphasising that the proposal keeps transaction costs low, and that the selection of countries for the incubation period should be demand driven and include a variety of country contexts.

These have been incorporated in the final draft.

A.4 FRC consultations

There have been four consultations with the FRC:

- remote consultation with the FRC sub-committee on 19 March 2017;
- in-person consultation with the FRC on 18 April;
- remote consultation with the FRC sub-committee on 6 August, and written feedback from the whole committee; and
- in-person consultation with the FRC on 11 October.

A.4.1 First consultation: FRC sub-committee on 19 March

The first touch-point with the FRC on the ESIC approach was on 19 March, with the self-selected FRC sub-committee. The opportunity was used to present the Inception Report and findings of benchmark comparators for initial engagement and guidance. A number of points were made around the importance of understanding what is missing in the current ESP financing frameworks (recognising costing has improved), to focus on domestic financing and existing bilateral and multilateral funding, rather than on private sector or non-traditional donors, and to avoid going down the route of comparators in the health sector, which had been detrimental to national health institutions.

A.4.2 Second consultation: in-person with the FRC on 18 April

The consultancy team presented an update on progress made in structuring and developing the ESIC approach at the FRC meeting on 18 April 2018.

The consultancy team requested feedback on key design elements: 1) motivation; 2) hypothesis; 3) audience; and 4) engagement opportunities.

In response, committee members made a number of points, including the following:

	Point made by the FRC (from the official minutes)	Consultants' interpretation/response
1	Do not equate GPE's role in the education sector with other organisations' roles in the health sector. Historically, GPE has contributed to the building of the education sector holistically, while the health sector has largely become de-structured and weaker.	There are no analogues. We should not use the products or processes built by others – the health sector in particular.
2	ESIC should not be constructed to answer the demands of donors – this would be detrimental and not necessarily responsive to the needs of countries.	Avoid fragmentation or creating pre-defined templates/products for a particular financing partner.
3	How the ESIC (and ESPs) are articulated should reiterate the importance of domestic financing. The ESIC should be designed to facilitate a strategic national dialogue principally looking at domestic resources for education.	The role of ministries of finance are key in the ESIC approach, both as audiences as well as hosts.
4	Conversations around the mobilisation of private sector resources should come under the private sector strategy development.	The private sector might be one of many potential audiences of ESIC but it is not the priority one. The private sector development strategy should cover the mobilisation of private sector resources.
5	It is important to think strategically about whether the ministry of finance is the host or target of the discussion meant to be facilitated by the ESIC.	Currently included as ideally a 'co-owner' of ESIC with the ministry of education.
6	In most ESPs the financing section is the weakest. Costing has improved but the financing is still the weakest. Ministries of finance are not at the table when the ESP is being developed.	The proposed ESIC approach seeks to engage ministries of finance as co-owners of the ESIC, in an effort to increase its role in the development of ESPs. The ESIC approach builds on existing ESPs in such a way that greater focus is put on the financing sections of ESPs, which should support their improvement over time.
7	Need a better overview of series of meetings, moments, and discussions that will lead to effective advocacy for domestic resources for education. Currently, the GPE model does not include explicit discussions with ministries of finance or parliamentary committees.	The ESIC approach proposes to have the ministry of finance as a co-owner, as a way to increase the interaction between ministry of education and ministry of finance, and also proposes engagement with the relevant parliamentary committees. This has been included in the sub-section on ministries of finance.
8	Huge investment by non-governmental organisations (NGOs) is not included in the ESPs at all, and so it is so not accounted for.	This suggest ESPs should aim to be more comprehensive in identifying investments by financing partners funding projects off-budget. The ESIC approach can support this process.

9	Additionally, advocacy goes beyond just engaging and finding resources, as currently included in ESIC. Where does the role of CSOs come in?	Intersection with the Advocacy workstream to be considered.
10	The UN Education, Scientific and Cultural Organization (UNESCO) is helping countries to develop new sector plans, which include SDG 4 goals, so it would be good to link with UNESCO and International Institute for Education Planning (IIEP).	Limited information gathered to date. Unclear how this is being taken into account in the ESP development process. To the extent it is taken account in ESPs, it will also be taken into account when using the ESIC approach.
11	Also, look at parallels with IFFEd's work. It is helping countries to prepare investment plans.	IFFEd reviewed as part of the benchmark comparators. Difficult to draw lessons as it is in the early stages.
12	Finally, there may be lessons to learn from IDA on the potential case that can be made.	The World Bank is one of the supply-side actors consulted. The GFF, which mainly targets IDA and domestic financing, is one of the comparators.

Outcomes of the meeting as per the minutes: the Secretariat and consultants will continue to develop the structure for ESIC, taking into account feedback from the FRC.

A.4.3 Third consultation: Remote, with the FRC sub-committee on 6 August

The remote consultation with the FRC sub-committee on 6 August was used to discuss the first draft of the ESIC approach.

A.4.3.1 Questions discussed with the FRC

The team received feedback on four core questions:

- **Question 1**: What is your perception of the value of these different potential sources of additional funding?

Background: To cover the financing gaps in ESPs, the study team explored the extent to which financing partners (the 'supply side') have the flexibility to mobilise resources in response to 'a better case' for unfunded priorities generated through the ESP/sector planning process.

The team consulted with archetypal funders based on the scope set out by the FRC, the FRC sub-committee, and DCPs: ministries of finance, RDBs and MDBs, bilateral donors, large-scale philanthropies.

More can to be done to make a case for funding education to the ministry of finance. Traditional donors at country level co-develop the ESP. Therefore, their allocations generally approximate how much they want to/can invest. However, internationally mobile but locally allocated funding may be a source of truly additional support. (Examples include large-scale philanthropies and highly concessional lending windows that a country either is not accessing or not using for education).

- **Question 2**: Given these findings, where should the matchmaking role sit, i.e. who supports the process directly? Possible options: within the Secretariat?

Outside the Secretariat, tendered to an external firm or included in the terms of reference of, for example, the GA?

Background: The consultation process so far has included DCPs, a country visit, and feedback from other key stakeholders of GPE. The evidence generated shows that GPE actors like the CA and GA are heavily engaged in GPE processes. They are unlikely to be able to lead the matchmaking function. The evidence also indicates that keeping transaction costs low is critical.

The Sector Finance Working Group (SFWG) and FFF envisaged that ESIC's 'matchmaking' role would be integrated within the Secretariat. This was understood as valuable in order to drive tight coordination with existing processes (like ESP development) and GPE resources (like the GPE Multiplier).

- **Question 3**: What is the FRC's guidance regarding resource implications, given the state of evidence on the ESIC approach and parallel discussions on resourcing for Knowledge and Innovation Exchange (KIX) and Advocacy and Social Accountability (ASA) and on institutional arrangements?

Background: Ongoing discussions regarding Institutional Arrangements suggest that increasing the Secretariat's headcount will be challenging. This is particularly true for new initiatives that are still generating evidence of impact, which would include ESIC.

Depending on the FRC's input about where the ESIC function could be anchored within GPE, the resource implications of the initial ESIC approach could range widely.

At a low end, this would be analytical support and a share of the Secretariat's time. At the upper end, a larger number of countries with longer-term engagement and support would require up to three full-time equivalents.

- **Question 4**: Do you agree that there needs to be a check on added value and progress after 12 to 18 months? What form should this analysis take?

Background: The evaluation requirement for the ESIC approach indicates that it will be necessary to check the added value of this matchmaking function after a 12- to 18-month implementation cycle (for example, January to December 2019).

Evidence on traction is needed to feed back to the FRC by March 2020 to inform a recommendation for continuation, termination, or scale-up to the Board's June 2020 meeting.

The Secretariat's monitoring and evaluation function could report evidence of matches made (such as meetings, contacts, and resources mobilised, etc.). This could be validated by the relevant DCP, GA, and CA of the country. (However, this would imply an additional reporting burden on in-country partners). This would allow quick turn-around to facilitate further decisions by the Board. It would also be relatively cost-effective (e.g. could be done in four weeks between the Secretariat and GPE country-level actors).

Alternately, a full-scale evaluation could be commissioned. The study team believes independent evaluation tendered to an external firm would be resource-intensive. It would take no less than six months to develop and deploy.

A.4.3.2 Feedback and revisions made

The FRC sub-committee provided verbal feedback. In addition, the draft was shared with the whole committee requesting written feedback. Very valuable feedback was received. As a result, the team substantially revised the approach, including:

- providing a greater focus on domestic financing, especially from the national budget;
- providing a greater focus on the role of civil society in advocating and mobilising more funds;
- avoiding narrowing down the role to a matchmaking function and instead focusing on supporting countries making a better case;
- providing details on how the support builds on existing processes;
- providing options for resource implications; and
- referring to linkages to other initiatives, such as IFFEd or the Education Outcomes Fund.

Furthermore, the feedback received confirmed that:

- there should be an incubation period to further refine the approach, after which there should be a monitoring and feedback mechanism to recommend the scale-up or interruption of the support;
- the monitoring and feedback mechanisms should be relatively light touch, avoiding the need for large amounts of resources and time; and
- the ESIC approach should not be outsourced to a third party. It should instead build on existing roles to more actively support resource mobilisation at the country level.

A.4.4 Fourth consultation: in-person with the FRC on 11 October

The FRC was presented with a comprehensive overview on the background and findings from the scoping work and the proposal going forward.

The FRC made a number points including on the audience (welcoming an emphasis on the Ministry of Finance, the learning mechanisms, the need to ensure diversity in the selection of countries and the coordination with other initiatives (KIX and ASA).

In response, the Secretariat gave further reasoning behind a number of elements, including about the GPE resource envelope, the complementarity with KIX and ASA, the thinking around data gathering, the inclusion of co-financing partners and LEG and the monitoring and learning mechanism.

It was agreed that the Secretariat would incorporate these comments to the final report and the FRC should recommend the Board to approve the suggested decision.

A.5 Supply-side consultations

The Inception Report had foreseen that the inputs from the supply side would be focused on the most likely audience for the ESIC approach. However, at the FRC meeting, the audience was not narrowed down and an enhanced consultation was designed to gather views from a broader array of actors in a more systematic manner than originally anticipated.

The consultation incorporated in the ESIC approach Draft 1 took place between 21 May and 22 June. Further consultation took place during the country mission and as the approach was refined.

A.5.1 Objectives

The objective of the consultation was to gather views from supply-side actors about

- how financing decisions are made within their organisation;
- the information that their organisation uses to make these decisions – where it comes from and how it is used; and
- the processes their organisation participates in to make these decisions (e.g. LEG meetings, donor-led forums, etc.).

A.5.2 Selection of respondents

A longlist of potential actors was developed, including nine bilateral donors, four MDBs/RDBs, nine private sector actors (mainly foundations), as well as country-level private companies engaging on Corporate Social Responsibility (CSR) and ministries of finance.

From these, a shortlist was selected in consultations with the Secretariat, taking into account the 'type of funder', the spread in terms of share of education as a percentage of total overseas development assistance, as well as the possibility to schedule interviews at short notice and being able to draw lessons that would be more widely applicable. It was not intended that the shortlist would be a representative sample of potential supply-side actors for the ESIC approach, nor a fully-fledged study. The purpose was to gather high-level views and perceptions, and examples of information and information processes that lead to funding allocation decisions. The shortlist did not include country-level companies engaging on CSR as they were deemed to be too country-specific. The ministry of finance perspective was to be covered through the team's collective experience of working with ministries of finance in sector-level financing.

The team extended their stay during the June Board meeting in Brussels to opportunistically 'catch' supply-side actors on the side of the DCP consultation and Board meetings.

Over the course of four weeks, a total of 11 supply-side actors were interviewed, as follows:

- **Bilateral donors**
  1. DFID
  2. Norad
  3. US Agency for International Development (USAID)
  4. Global Affairs Canada (GAC)
  5. Agence Françaies de Développement (AFD)
  6. European Commission

- **Regional/Multilateral Development Banks**
    7. World Bank
    8. African Development Bank
- **Private foundations**
    9. MasterCard Foundation
    10. LEGO Foundation
    11. Jacobs Foundation

A.5.3 Interview protocols

A cover email, a short introductory statement to be read by the interviewer and a consultation guide were designed. The cover email was either sent by the Secretariat's liaison officer with the relevant supply-side actor, by the Secretariat's lead in the development of the ESIC approach, or by the consultancy team, copying in the relevant staff. The consultancy team then followed up on scheduling and sent the consultation guidelines in advance so those respondents that wished to do so could prepare their answers in advance.

A.5.3.1 Cover email

Dear XX

My name is XX and I am working with the Global Partnership for Education (GPE) on a study exploring ways to mobilise more and better funding for the education sector through an investment case approach. This email is to request your participation as an interviewee to understand how your organisation makes country-level education financing decisions, and whether better information or coordination could lead to incremental financing.

We would be grateful if we could have one hour of your time between the 31st of May and the 18th of June for a phone interview.

About the Education Sector Investment Case Approach

As part of GPE's Funding and Financing Framework (FFF), the Board approved an approach that would evolve GPE's role from supporting the development of Education Sector Plans (ESPs), to also taking a more active role in realising GPE's goal of more and better financing, which is Strategic Objective 4 in the GPE 2020 Strategic Plan. The Education Sector Investment Case approach (ESIC) is a means to operationalise this objective, by creating a tangible process and product that would help GPE to make progress towards its broader goals of increasing the quantity and quality of finance for education.

What are we asking from you?

In order to do this, we are collecting views from financing partners in the education sector, such as yourselves, as well as from representatives from developing country partners. We hope that you will be willing to take part as we consider the views of financing partners to be a key contribution to shaping ESIC.

You do not need to prepare in advance. We will brief you on the background and ask you a few questions about how financing decisions are made within your organisation, the information that your organisation uses to make these decisions, where this information comes from, and the processes your organisation participates in to make these decisions (e.g. local Education Group meetings, donor-led forums, etc.).

Thank you very much in advance for your collaboration.

Best regards

A.5.3.2 Introduction read to interviewees

Thank you for agreeing to take part in this interview. I'll start by briefly introducing myself and the study.

My name is XX and I am working with the Global Partnership for Education (GPE) on a study exploring ways to mobilise more and better funding for the education sector through an investment case approach.

What do we mean by an Education Sector Investment Case approach?

This is what this consultancy is exploring; we will present our proposal to the GPE Board of Directors in December. What's the motivation/mandate for this work? As part of GPE's Funding and Financing Framework (FFF), the Board approved an approach that would evolve GPE's role from supporting the development of Education Sector Plans (ESPs), to also taking a more active role in realising GPE's goal of more and better financing, which is Strategic Objective 4 in the GPE 2020 Strategic Plan. The Education Sector Investment Case (ESIC) is a means to operationalise this objective, by creating a tangible process and product that will help GPE to make progress towards its broader goals of increasing the quantity and quality of finance for education.

This interview contributes to shaping this ESIC approach.

What are we asking from you?

This interview will elicit your views on behalf of your organisation, XXX, about:

- *how financing decisions are made within your organisation;*
- *the information that your organisation uses to make these decisions, where it comes from and how it is used; and*
- *the processes your organisation participates in to make these decisions (e.g. Local Education Group meetings, donor-led forums, etc.).*

Disclaimer before we start

The interview should last around an hour. Before we go any further, I want to let you know that I will take notes as we speak. The notes will be used to synthesise views from you, as well as from others, to shape ESIC. The final report will acknowledge which stakeholders we spoke to.

Am I ok to continue?

The questions will quite closely follow the questions I sent in the initial email, but I'll ask follow-up questions if there's something I'd like to know more about. As we only have an hour, please prioritise the issues you feel are most important to put across.

A.5.3.3 Supply-side consultation guide

1. Background
    a. What is your role in the organisation? Are you involved in country- or sector-level funding decisions within your organisation? If yes, explain your role.
2. Financing decisions in your organisation
    a. How do country-level funding decisions get made within your organisation? For example, how does programme X in country Y for amount Z get determined and funded?
        - Is there a quantitative or formulaic approach with country and sector allocations?
        - Is it more of a qualitative approach, subject to evolving priorities?
        - How frequently do you observe shifts in how country or sector allocations are set?
        - Have you seen an example of a case where country or sector allocations are increased because of particularly strong or high-quality evidence about the 'case' for education in a country?
        - What about increases because of a particularly strong engagement process by potential funders?

    b. At what level in the organisation does a decision maker sit for country-level funding decisions?
        - At HQ or in a regional or country office?
        - How often does that person/ those persons engage with country stakeholders? With whom in-country?
        - How deeply do they engage individually vs. relying on other staff members to form views and report back with recommendations? What are the roles of those other staff? What information do they report back to inform decisions?

    c. About the role of ESPs:
        - To what extent are ESPs considered in forming your organisation's overall education allocation decisions in a given country vs other sectors?
        - To what extent are ESPs considered in forming your organisation's individual programme choices within a country education funding envelope?
        - What are your views of the effectiveness of ESPs in aligning different sources of education financing to government plans and systems? Do you have any examples or personal observations of successes or challenges?
        - What are your views on the effectiveness of ESPs in raising incremental funding for education?

3. ESIC feedback [Recap notion of ESIC as an information product and/or process]
    a. About the **information** that ESIC needs to contain
        i. What information or data does your organisation use to support decisions on education sector funding? For example:
            - data on the importance or scale of the 'need' in education;
            - recent track record of improved education sector outcomes (if so, which outcomes?);
            - other evidence of good governance or promising signs of progress in the education sector;
            - specificity and/or credibility of proposed interventions or education investments;
            - evidence of the economic impact of proposed interventions or education investments;
            - information on what other partners are funding and how; and/or
            - other?
        ii. Where does this information come from? ESPs? External reports? Studies you commission?
        iii. What are your views on the quality of the information that drives your internal funding decisions on education? Have you observed instances where deficiencies in completeness or accuracy of that information have held back or reduced funding allocations?
        iv. In the end, how important is the information in driving decisions? For example, would decisions most likely have been made anyway because a specific country or theme was a priority of the organisation? Would more funding potentially have been allocated if there was better information?
    b. About the **facilitation process** it needs to play:
        i. What processes does your organisation participate in to support these decisions? For example:
            - LEG meetings;
            - development partner group or other donor-led forums;
            - events with ministry of education stakeholders;
            - others.
        ii. Who initiates your participation in these types of processes or events?
        iii. What are your views on the quality of these processes in aligning education financing to government systems and processes?

What went well in a successful example you've observed and what stuck out in a challenging example?

iv. In your view, do these processes help to increase funding for education?

A.6 Secretariat consultations

There have been a number of consultations with Secretariat key staff. These have included the following:

- Preparing for the December DCP consultation (November 2017): Ahead of the DCP meeting on 1 December, we held a series of structured conversations and brainstorming sessions with key Secretariat staff, including Theodore Talbot, Raphaelle Martinez, and Janne Kjaersgaard Perrier.
- During the inception phase (December to February 2018): During inception, we spoke to six members of the Country Support Team, five country leads, and one education specialist.
- In preparing the ESIC approach document (June and July 2018): The consultation at this point was used to update the Secretariat on the feedback gathered in the consultations with the FRC (April 2018), the supply-side actors (May–June 2018), and DCPs, and to brainstorm the ESIC approach. All the discussions were facilitated by Theodore Talbot and included: a discussion with Karen Mundy and Raphaelle Martinez on 11 June, a discussion with Karen Schroh and Sven Baeten on 5 July, and a discussion with Karen Mundy on 12 July.
- Feedback on Draft 1 via email (August 2018): This was used to significantly review the proposal presented in Draft 2, including not narrowing down the support to DCPs to a matchmaker function. Instead, this draft proposed additional support to DCPs to more broadly strengthen the emphasis on financing in the development of ESPs.
- Feedback on Draft 2 via email and verbal (September 2018): The revised proposal was broadly accepted as comprehensive enough to allow the FRC to make an informed decision. The Secretariat asked to shorten some sections further and move content to the annex, or remove it altogether.

These consultations have been incredibly valuable. Some members of the Secretariat have continuously raised serious concerns around the operability of the ESIC approach and the risks it carries. Some have questioned its added value, and if it has any at all. All have raised concerns about the resource implications, particularly in terms of demands on DCPs' time, and on the Secretariat's own time.

The risks were summarised in the Inception Report and clustered mainly around two key concerns: capacity risks and risks related to aid effectiveness. These are now included in the core text of this proposal, in Section 9, along with comments on how the ESIC approach aims to mitigate these. In Section 10, we provide sufficient detail on resource implications to allow an informed judgement on the way forward.

A.7 Mapping of roles and responsibilities for mobilising *more and better financing*

The following table was developed based on a review of 14 GPE documents. Sections relevant to more and better financing were mapped to the actors and across the phases of the national planning cycle and GPE funding cycles. The 14 GPE documents have been paraphrased. The numbers at the end of each cell indicate the source document, as listed below the table.

The boxes have been colour-coded to reflect the following categories of roles and responsibilities:

Resource mobilisation	Alignment/harmonisation	More general coordination/consultation

Table 8: Roles and responsibilities for more and better financing

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
Phase						
General roles	DCPs commit to the following actions: Provide strong and increased domestic financial support to education. Prioritise sufficient and equitable domestic financing for education and ensure transparent reporting of budgets and expenditures. Lead effective and inclusive			ToRs for CAs do not address mechanisms for broader coordination of education sector developments, which depend on in-country arrangements and organisation of development aid. 8 A facilitating role in implementing the guiding principles of GPE (inclusive, evidence-based policy dialogue), engaging the government and development partners, CSOs, teachers, and private sector. Key role in ensuring harmonised support for development	Donors, multilaterals, CSOs, private foundations, and the private sector commit to: - Increase support to government ESPs, including through technical and financial support. - Assist in mobilising resources (on a long-term and predictable basis) and aligning them with the priorities of DCPs. - Harmonise procedures and utilise country systems as much as possible. 12	Lead fundraising efforts for the GPE Fund, and support increases to domestic and external funding for education: through country visits, discussions on the development of ESPs, and joint sector reviews, and through discussions on meeting the GPE funding model requirements related to domestic financing commitments. 13. Results framework indicator #31 records country missions addressing domestic financing issues. • Through efforts to mobilise the collective

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
	mechanisms for policy dialogue that allow meaningful participation by stakeholders. 12			effectiveness, as well as mutual accountability and transparency. 8 General objectives include: i) Facilitate work of the LEG, to enable support to the government, with low transaction costs. Coordinate members for joint monitoring of ESPs. Ii) Foster strong, inclusive approach, to ensure harmonised support for the ESP. 8		strength of the partnership to advocate for increased education financing from all sources. 13 Collect, monitor, and share among partners global and country-level information on education financing. 12
ESPDG	Government leads the ESP development process. 4		GA in charge of preparing the ESPDG proposal and administering the grant. GA prepares concept note, which includes responsibilities and roles for ESP preparation, reporting lines. 4	CAs' role is in facilitating and supporting a collaborative process. The CA supports the government in ensuring that the consultative process is transparent and sufficient. 4	For the ESPDG, the consultative process within the LEG is particularly critical to the development of the ESPDG application. The LEG serves as a consultative and advisory forum for supporting the sector analysis and ESP/TEP development 4	Explaining GPE funding requirements and quality assurance milestones, Stays informed on progress through engagement in the ESP planning process. 4
			GPE funding is expected to be additional and to contribute to overall costs. ESPDG applications are therefore expected to demonstrate		Funding for ESA could include public financial management analysis, to inform the LEG regarding identifying and agreeing the most appropriate funding modality for ESPIG. 4	

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
			government as well as other partner support to the development of the ESP/TEP. 4			
			Concept note would set out the process for devising financing options, determining if they are realistic, and discussing and agreeing the resources available to the sector, including with ministry of finance			
ESP preparation	Country-led. government has responsibility for decisions and committing resources, and implementation. 1	Ministry of finance should be involved. They should agree to the macro-economic framework used in the financing analysis. 1			Involving the LEG in policy dialogue will facilitate partners' commitment to contributing funds to ESP implementation. 1	
	If domestic financing is insufficient, are the needs for donor				If domestic financing is insufficient, are the needs for donor contributions quantified? 2	

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
	contributions quantified? 2					
	ESPs must be backed by strong government and development partner commitment to implement and finance the actions needed to achieve progress. 6					
	Should be a participatory process to build consensus. 1					
	Analysis of capacity for plan implementation should include examination of aid effectiveness principles – extent to which external resources and implementation					

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
	modalities support development of national systems and capacity. 1					
TEP-specific	To what extent does the estimation of financial resources cover all domestic and external resources (including those from bilateral and multilateral agencies and NGOs)? If domestic financing is insufficient, are potential sources of external financing identified (e.g. donors, private sector, foundations, remittances) and quantified? 3				To what extent does the estimation of financial resources cover all domestic and external resources (including those from bilateral and multilateral agencies and NGOs)? If domestic financing is insufficient, are potential sources of external financing identified (e.g., donors, private sector, foundations, remittances) and quantified? 3	
	Is the plan sufficiently directive to serve as guidance for ministry staff and development partners over the medium	How did the ministry of finance participate in the preparation of the TEP? 3			Is the plan sufficiently directive to serve as guidance for ministry staff and development partners over the medium term? To what extent do development partners and NGOs align their support with the TEP?	

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
	term? To what extent do development partners and NGOs align their support with the TEP? To what extent do humanitarian and development partners harmonise their efforts to align with the TEP? 3				To what extent do humanitarian and development partners harmonise their efforts to align with the TEP? 3	
ESPIG – GA selection			GA will generally use its normal operational and fiduciary mechanisms, so it should be selected on the basis of how well these meet GPE objectives around systems building and capacity strengthening 5	Developing consensus around selection of GA, which should be integrated into broader dialogue around aid effectiveness, coordination, harmonisation, and alignment. This is to streamline and reduce transaction costs. 5	GA selection should begin with discussion in the LEG on possible aid modalities, in line with aid effectiveness principles, including potential for alignment with national systems and reduced fragmentation of external aid resources. 5	
ESPIG – funding modality				CA facilitates constructive dialogue with the LEG on the funding modality. 6	Choice of funding modality should be underpinned by aid effectiveness principles:	

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
					budget support preferred. 6	
ESPIG – general principles			The GA utilises and aligns with country procedures and systems to the largest extent possible and as agreed with the LEG. Where the GA cannot transfer funds to the government, the GA ensures collaboration with relevant national partners is maximised. GA participates fully in country-led dialogue mechanisms for planning, implementing, monitoring, and evaluating the ESP, as a member of the LEG. Supporting the CA in proposing joint sector reviews, supporting the government in taking a leading role and in	CA has a role to play in terms of facilitating a collaborative process among all members of the LEG during programme development and implementation to enable collective and aligned support to the government. 6		

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
			providing information on progress. 5			
ESPIG – grant design			GAs have responsibility to ensure: grant and programme designs are strong; realistic assessment takes place regarding what is achievable (more about the ESPDG /grant than the ESP); grant activities are fully aligned with broader sector dialogue and priorities, shaped by ongoing			

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
			collaboration through the grant cycle with government and DPs through the LEG. 5			
ESPIG QAR	Need to see evidence of commitment to finance the ESP. 6			Facilitates discussion of readiness to fulfil funding requirements. 8	Need to see evidence of commitment to finance the ESP. 6	QAR 1, country readiness, includes 2. Evidence of commitment to finance the endorsed ESP, including govt and DP commitment. This is to promote mutual accountability. 6
GPE Multiplier	All the same as ESPIG, no specific mention of whose responsibility it is to mobilise interest in Multiplier ESPIG. 10			All the same as ESPIG, no specific mention of whose responsibility it is to mobilise interest in Multiplier ESPIG. 10	Requires at least $3 in new/additional external funding mobilised for each $1 of ESPIG Multiplier. LEG selects GA. 10	

	DCP – Ministry of education	Ministry of finance	GA	CA	LEG	Country Lead
ESP implementation				CA supports the government in bringing together GPE partners, and leads or assists the LEG in supporting and monitoring all stages of ESPs. 9 Reports on progress of ESP implementation, including on funding commitments and disbursements to the DCP, the Board, and GPE at large through the Secretariat. 12	Development partners mobilise financing for the ESP, ideally longer term and more predictable, to supplement domestic financing. Promote better alignment of national education planning budgeting, procurement and auditing systems. 9 Private sector partners help support the education system and align corporate giving with the priorities of the ESP. 9	

Sources used and reviewed:

1. Guidelines for ESP preparation
2. Guidelines for ESP appraisal
3. Guidelines for TEP appraisal
4. ESPDG guidelines
5. GA ToRs
6. ESPIG guidelines
7. Policy on ESPIG
8. CA ToRs
9. How GPE works in partner countries
10. GPE Multiplier guidelines
11. GPE domestic financing policy brief, September 2016
12. Charter
13. Secretariat mapping
14. Results framework technical guidelines: Indicator 31

A.8 Country mission plan

A.8.1 Purpose and scope

The main purpose of the country case study is to explore the ESIC approach, a set of options to mobilise more and better financing for education at the country level. The country case study will give an indication of what it means to pursue a subset of these options that are relevant to the country context.

A team of two international consultants will travel to the selected country for one week and work alongside a national consultant and GPE in-country partners to facilitate the in-country ESIC country case study. Given the limited engagement of the consultants in this process, we propose to explore particular aspects of ESIC to collect evidence during the one-week mission.

As explained in the Inception Report, it is important to note that the intention is not to pilot the entire ESIC approach, but rather to understand how ESIC might work alongside existing ESP development processes and with in-country actors in a particular context. Once operationalised, the ESIC approach may involve working over a longer period in parallel with the ESP development and implementation process.

The output of the country case study will be used to finalise the ESIC approach with the lessons from the specific country.

A.8.2 Country selection

The selection of the country is essential to the success of this phase, as well as in order to build potential demand to take the ESIC approach forward. Given the short time with in-country partners that will be available within one week, the following factors influenced the country selection:

- the availability and interest of the GPE focal point in country, as well as the GPE Country Lead;
- the consultancy team's prior experience in the country, to capitalise on existing contacts and prior knowledge of the context and state of play in the education sector; and
- the language, which needs to be English so as not to constrain the ability of the team to interact with stakeholders.

Based on discussions with the Secretariat and the Country Support Team, Rwanda was selected.

A.8.3 Methodology

The case study will be conducted in three main stages:

Stage 1: Desk review and preparation for in-country mission (weeks 1 to 3)

During this stage, we will review key documentation on the country ESP development process, education, and the public financial management systems. This will include (but not be limited to): the ESA, the ESP, the GPE grant PAD, and education planning documents of financing partners. We will also seek to carry out a rapid stakeholder mapping of the main players in education in the country. We expect to find most of this information in the documentation review and through consultations with the GPE Country Lead.

A full list of stakeholders to be consulted will be elaborated in this stage, and is expected to include representatives from:

- the Ministry of Education, including the GPE focal point and the director for planning and/or budget in the ministry;
- the Ministry of Finance, including the responsible liaison officer with the Ministry of Education, a representative from the external relations department(s), and a representative from the budget department;
- bilateral donors, including those active in the education sector as well as some that are not, and the European Commission;
- MDBs and RDBs, including the World Bank; and
- private foundations and private firms engaging in CSR working in the education sector, as well as at least one that is not.

We will prepare the scheduling for the visit in collaboration with the GPE Secretariat and, in particular, the Country Lead, to minimise disruption and ensure alignment with ongoing country-level processes. The GPE Country Lead is requested to facilitate in this process to make introductions—where necessary and appropriate—to the relevant actors, including to the GPE focal point from the Ministry of Education, the GA, and the CA. As much as possible, we would seek to secure meetings ahead of the visit, to maximise our consultation time in country.

Travel arrangements and logistics also need to be completed in this stage, including obtaining visas.

Stage 2: In-country mission (week 5)

During the in-country mission, the team will focus on spending as much time as possible in consultations with the Ministry of Education ('the demand side') and financing partners ('the supply side'). We will put a particular focus in the Ministry of Finance and its role in the ESIC approach.

We will conduct key informant interviews in the country. These will be largely based on the questionnaires and semi-structured consultation guidelines prepared for the DCP and supply-side consultations in June 2018, and adapted based on the documentation review and stakeholder mapping carried out in stage 1.

Similar questions will be put forward both to the demand side (Ministry of Education) and the supply side (financing partners). This will help us to triangulate the information and explore the potential mismatch in priorities in the financing of education in the country.

Broadly speaking, we will seek to answer five questions:

(1) Does the Ministry of Education play an active advocacy role in mobilising funds for the education sector in the country? How?

a. Specifically, have any of the proposed options in the ESIC approach been tried before? If so, what do you think led to their success or failure to mobilise additional funding for education?

(2) Are the proposed options relevant for this country specifically? Why or why not? In other words, how do you think they could be effective in mobilising additional resources from a particular funder?

(3) Are there successful experiences currently not captured which have resulted in mobilising additional financing in the country?

(4) What is the appetite for trying out the options and how would it align with other processes in the country – e.g. ESP process, platforms for philanthropic funding?

(5) What resources do you foresee would be required to try a particular option[10]?

As much as possible, respondents will be presented with particular examples based on content from the ESP and existing platforms.

Stage 3: Lessons learned and output (weeks 6 to 7)

The lessons learned from the country case study will feed into the ESIC approach, particularly with regards to its operationalisation.

We will produce draft sample materials, as applied to the selected country (a hypothetical product, in the sense of what documents ESIC would have produced in the country's particular context, targeting a subset of the supply-side actors). The intention is that if there is demand from the country, this can be taken forward as one of the two to three countries implementing the ESIC approach in 2019.

It is important to note, however, what these 'sample of materials' might be and what they cannot be. These materials are likely to be two- to four-page documents summarising the argument for a particular funder to guide the dialogue process. The materials will be a production of the consultancy team and will not be 'validated' or be able to carry the government's branding, given the short engagement in country. They will be kept as internal team working documents, which can be taken forward in 2019 if the country demands it. The materials we use for the country case study would need to be tested through a long engagement process before it can be claimed that they are effective. Otherwise, we risk ESIC being quickly dismissed as 'naïve'. The materials should therefore be seen as documents to guide the dialogue and give suggestions of particular content that would then need to be repackaged through a much more substantial process. For example, during the country case study:

- We will have prepared two to four pages with arguments for the Ministry of Finance, which can serve as a starting point, but the actual document the Ministry of Finance would need at the end of the day will be a more robust or different budget proposal from the Ministry of Education, as part of the budgeting process. We would add a discussion on the timing and format of the ultimate document that the Ministry of Finance needs, but not the document itself. We would also add a discussion on the

[10] Specific examples of responses will be provided based on the list from the DCP questionnaire.

process, e.g. dialogue with Parliamentarians at particular times, but not actually carry it out.

- Similarly, we will have prepared one to two pages with arguments for a bilateral donor, but ultimately the bilateral donor will need a full in-house investment case before the funding decision is made. The outcome of the case study will just do the former, i.e. prepare summaries with arguments to be pursued further, but not the latter (ultimately this will be a donor's own strategic document, e.g. a DFID business case).
- Finally, we might also include a one- to two- page document with arguments for a foundation.

Annex B Sample materials

The team undertook a country case study to generate actionable learning for the ESIC approach. This case study generated several key inputs to support the approach in other countries. These materials are not representative of the country and have not been validated, and are therefore presented for a notional or generic country and so are referred to throughout as ‘examples’, ‘samples’, or ‘mock-ups’.

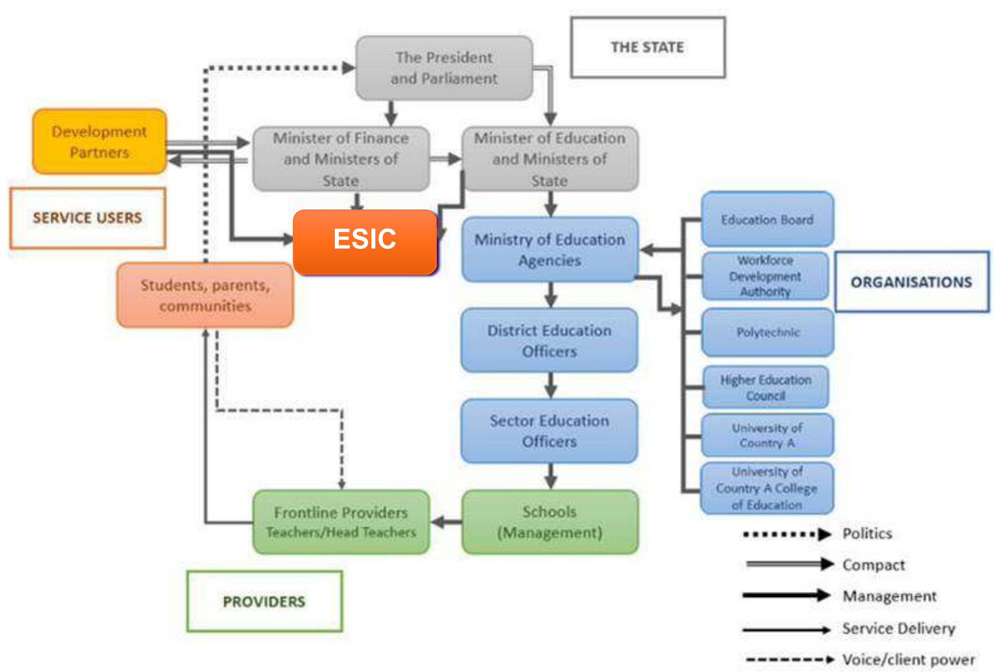
The materials developed as part of the country case study include:

- a mapping of accountability relationships in the education system;
- brief analysis of external financing;
- a table mapping DCPs priorities and funders’ priorities;
- a pitch targeting the Ministry of Finance to support the negotiation for increased funding from the national budget; and
- a pitch focusing on early childhood education, which is one of the priorities of the ESP, targeting a hypothetical funder interested in ECE.

B.1 Mapping of accountability relationships in the education system

To better situate ESIC’s role in a country’s education system, we have sought to map the accountability relationship in a particular country. A mapping of accountability relationships is represented in the figure below.

Figure 4: ESIC role in the wider education system



The accountability relationships are grouped as follows:

Compact relationships are agreements (not always legally enforceable) that connect politicians or policymakers (i.e. the highest-level non-elected officials) and organisations (i.e. implementing agencies, such as the ministry bureaucracy or school management boards). Crucially, the difference between policymakers and service providers lies in the fact that the former have a higher degree of power to act on behalf of the 'state'.

Management relationships are those between implementing organisations and frontline providers, such as teachers and principals. The primary purpose of this type of relationship is to monitor the detail of the implementation of the agreement set out in the compact.

Client power is sometimes referred to as the direct, 'short' route of accountability. In education, this refers to parents choosing private schools for their children and holding those schools accountable through a credible threat of changing schools should the standards be unsatisfactory. Where a threat is not credible because of lack of information or the absence of alternative options, parents are only left with the option of using their voice and politics to hold politicians accountable. Politicians/policymakers must be able to do the same with providers, through well-set-out accountability mechanisms.

The voice relationship connects parents and organisations through a range of formal and informal processes, including access to information, voting for district leaders, patronage, complaints, etc. The richer and more educated, due to their increased access to information, are more likely to be able to exercise this accountability mechanism.

The politics relationship connects parents to representatives of the state through similar mechanisms to those used in the voice relationship.

This mapping of accountability relationships could be complemented with a light-touch analysis of the functioning of the system to deliver its goals in line with elements of the Pritchett's framework. For each relationship, it is possible to examine whether it is aligned with the goals of the system, as specified in the ESP, whether the financial resources and skills are available for achieving the goals, whether the information collected about the goals, and whether system actors are rewarded for good performance and sanctioned. This can shine a light on alignment towards system goals and areas of incoherence, and can help better target ESIC efforts.

We envisage that ESIC would operate primarily with institutions which enter into compact relationships with the ministry of education. These are the ministry of finance and development partners. ESIC would be managed by these actors, in the sense that:

- it would take as given the priorities of the system, as indicated by the ministry of finance and the ministry of education;
- it would rely as much as possible on existing country-level analytical work, complement it with global evidence, and repackage it so that it appeals to additional potential funders;

- ESIC would seek to align fundraising efforts with the existing processes for resource allocation by multilateral donors, bilateral donors, and philanthropic organisations at the country level – for example, by working in close coordination with the ESP process and LEGs. The ESIC approach would seek opportunities to inform existing funders of inevitable shifts in priorities and also to raise additional resources available at the global level towards existing and new ministry of education priorities; and
- the ministry of education and the ministry of finance, in particular, would hold the ESIC team accountable by being involved in the monitoring of the ESIC approach.

B.2 Brief analysis of external financing

An analysis of existing external funding flows into the education sector and other social sectors, particularly health, can help with:

- understanding the main sources of external financing in the education sector in a specific country, and their size;
- comparing external financing flows into the education sector with trends in other social sectors, and using the information to discuss the rational with funders; and
- identifying funders not active in the education sector but potentially interested in supporting it based on funding commitments to other sectors.

We analysed the most recent data (2016–2017) in a public database of external financing maintained by the Ministry of Finance. The analysis shows that:

1. IDA, USAID, African Development Fund (ADF), European Development Fund (EDF), and the Global Fund are responsible for the bulk of external funding in the country (see Figure 3 below).
2. Total external funding for education is approximately half of spending on health (comparing Figure 4 and Figure 5 below).
3. IDA, EDF, and ADF have some of the lowest spend on education as a % of total, particularly accounting for the fact that they are significant donors in-country (see second figure below).
4. KOICA is a significant donor in the education sector, which the analysis helped highlight as an important potential target for the ESIC approach. During the country visit, KOICA indicated that they would welcome additional engagement and analytic inputs in the form of ESIC.
5. The Belgian, Dutch, and German governments all commit significant resources in-country, but very little is on education.

In reviewing the country's aid policy, it became clear that a lot is explained by the agreed division of labour between government and donors. As agreed between them, donors should limit their active support to three sectors, to facilitate coordination and harmonisation efforts. The three sectors per donor are agreed with government and donors are asked not to spread themselves thinly or participate in more sectors.

Figure 5: Total external funding to the country, 2016–2017

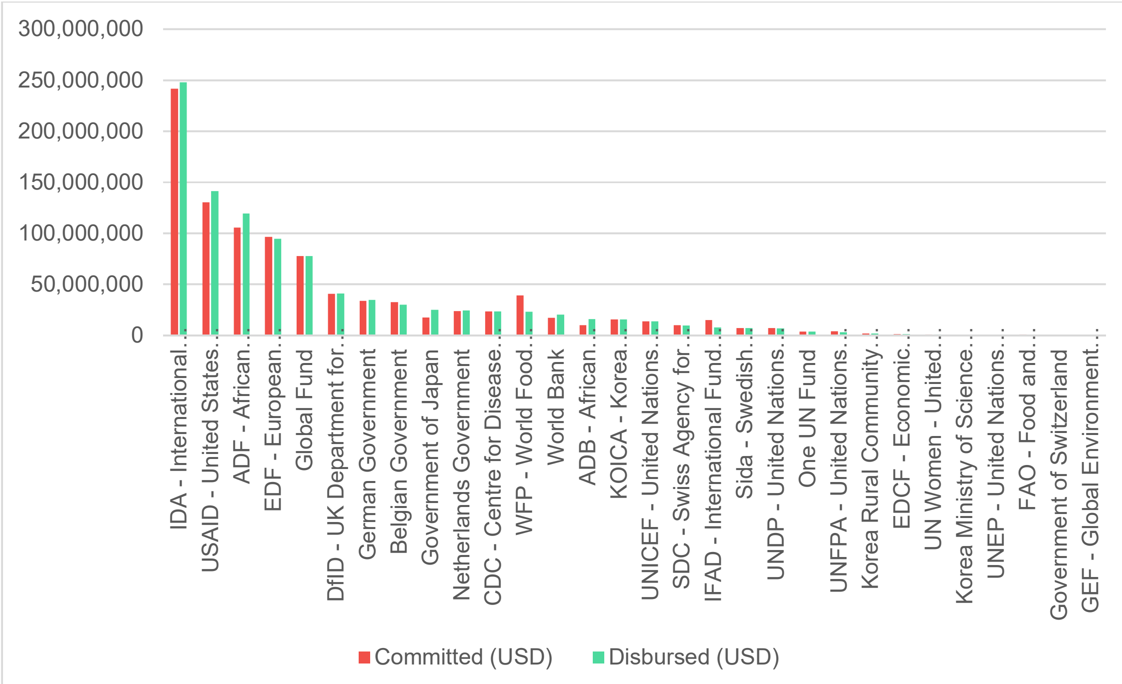


Figure 6: Education external funding, 2016–2017

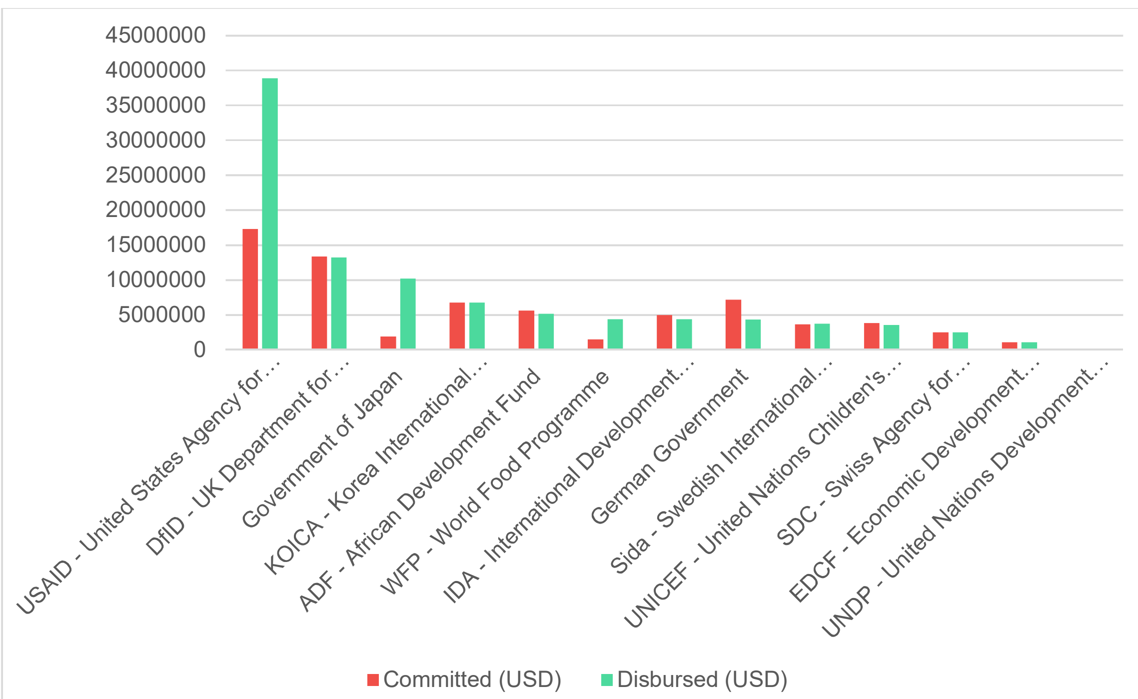
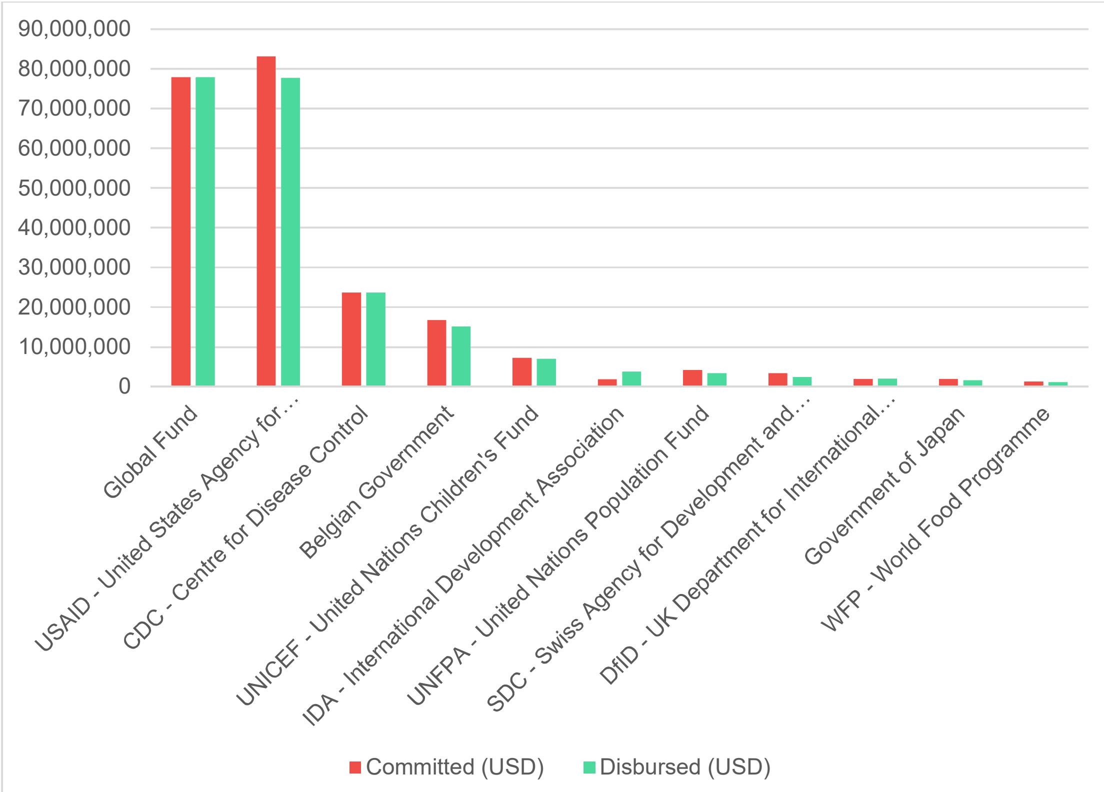


Figure 7: Health external funding, 2016–2017



B.3 Mapping DCPs' priorities and funders' priorities

The table below identifies the main unfunded strategic priorities from the ESP, summarises the resources needed to fill the gaps based on the ESP costing and any other available sources, identifies potential solutions, and gives an indication of the process required to access funds.

Table 9: Mapping DCPs' priorities and funders' priorities

Strategic priority from ESP	Resources needed	Potential solution	Instrument	Process to access funds
Strategic Priority 1: Strengthened continuous professional development and management of teachers across all levels of education	**Local Currency (LCY) 8.8 billion**	Ministry of Finance	Increased budgetary allocation to teacher salaries and teacher training line items	Stronger budget negotiation process
		King Baudouin Foundation US; Calouste Gulbenkian Foundation; Global Education Fund; Douglas B. Marshall, Jr. Family Foundation; Agha Khan Development Network; PaperSeed Foundation; Firelight Foundation; Fondation Les Paquerettes; Michael and Susan Dell Foundation; Planet Wheeler Foundation; Tinker Foundation; Waterloo Foundation; Central Square Foundation	Grant	Unsolicited proposals; open bids; closed calls; sometimes funds not open to public
Strategic Priority 2: Strengthened Science, Technology, Engineering, Math (STEM) across all levels of education to increase the relevance of education for urban and rural markets	**LCY 18.4 billion for STEM centres of excellence**	Ministry of Finance	New budget line for STEM education	Stronger budget negotiation process
		Google Foundation	Grant	Government needs to partner with non-profits such as universities (e.g. African Institute for Mathematical Sciences Next Einstein Initiative)
		Korea International Cooperation Agency	Grant	Joint project development aligned with the organisation's funding cycle

		The Wellcome Trust	Grants	Government to partner with research institutions and apply for funding
Strategic priority 3: Enhanced use of information and communication technology (ICT) to transform teaching and learning and support the improvement of quality across all levels of education	**LCY 26.4 billion (includes internet connectivity, computers, SMART classrooms and some training for teachers)**	Ministry of Finance	Increased budgetary allocation to capital investments for Ministry of Education. Increased budgetary allocation to school-related ICT infrastructure from other sectors (e.g. energy, infrastructure)	Stronger budget negotiation process
		King Baudouin Foundation US; Calouste Gulbenkian Foundation; Global Education Fund; MasterCard Foundation; David & Elaine Potter Foundation; Douglas B. Marshall, Jr Family Foundation; MacArthur Foundation; UBS Optimus Foundation; Agha Khan Development Network; Macao Tong Chai Charity Foundation; Firelight Foundation; Fondation Les Paquerettes; Gray Matters Capital; Human Dignity Foundation; Michael and Susan Dell Foundation; IDP Foundation, Inc.; Central Square Foundation; Indian School Finance Company	Grant	Unsolicited proposals; open bids; closed calls; sometimes funds not open to public

Strategic priority 4: Increased access to education programmes, especially at the pre-primary education levels	**LCY 14.2 billion**	Ministry of Finance	Increased budgetary allocation to pre-primary levels from Ministry of Education. Increased investment in infrastructure for the pre-primary levels from other line ministries (i.e. infrastructure)	Stronger budget negotiation process
		King Baudouin Foundation US; Calouste Gulbenkian Foundation; Douglas B. Marshall, Jr. Family Foundation; UBS Optimus Foundation; Aga Khan Development Network; Macao Tong Chai Charity Foundation; PaperSeed Foundation; Firelight Foundation; Fondation Les Paquerettes; Global Fund for Children; IDP Foundation, Inc.; CIFF; The LEGO Foundation; Fundacion Exito	Grant	Unsolicited proposals; open bids; closed calls; sometimes funds not open to public
Strategic priority 5: Increased access to education programmes, especially at the technical and vocational education and training (TVET) education levels	**LCY 53.6 billion**	Ministry of Finance	Increased budgetary allocation to TVET from Ministry of Education	Stronger budget negotiation process
		Comic Relief UK; The Goldman Sachs Foundation; Opus Prize Foundation; Segal Family Foundation; The Rockefeller Foundation; The Schmidt Family Foundation; Boston Foundation; Global Fund for Children; Bill and Melinda Gates Foundation; Firelight Foundation	Grant	Unsolicited proposals; open bids; closed calls; sometimes funds not open to public
		Global private companies operating in-country (e.g. Heineken)	Grant (CSR)	Memorandums of understanding with private companies to increase the relevance of skills training for the specific industries in exchange for private

				contributions to the education sector
Strategic priority 6: Strengthened modern school infrastructure and facilities across all levels of education	**LCY 279.6 billion**	Ministry of Finance	Increased budgetary allocation to capital investments for Ministry of Education. Increased budgetary allocation to school-related infrastructure from other sectors (e.g. infrastructure, energy)	Stronger budget negotiation process
		India, Kuwait Fund	Concessional loans	Joint project development aligned with the organisation's funding cycle
Strategic priority 7: More innovative and responsive research and development in relation to community challenges	**Not costed**	Ministry of Finance	Increased budgetary allocation to research and development in all line ministries	Stronger budget negotiation process
		Global academic institutions	Grants/scholarships/awards	Government to partner with research institutions and apply for funding

B.4 Example brief to support negotiations with the Ministry of Finance

This is formatted as a brochure and included at the end.

B.5 Example brief focusing on early childhood education investment case

This is formatted as a brochure and included at the end.

Annex C Monitoring and learning mechanism instruments

C.1 Proposed online survey for ESIC feedback

As proposed in Section 8, we provide below an online survey to gather feedback on ESIC ahead of the Board meeting in 2020.

Thank you for agreeing to complete this short questionnaire. The questionnaire is designed to seek feedback on the ESIC approach, in terms of your experience with it, what it has achieved, and how it could be improved in future. Your feedback is really important for the GPE Secretariat to learn and make sure we provide the best support to DCPs we can. Please answer the following questions.						
1.	Which country have you been involved with the ESIC approach in?					
2.	Please select your role	Ministry of Education	Ministry of Finance	CA	GA	
3.	Please estimate the number of days you and the colleagues in your organisation have spent working on the ESIC approach.					
	On a scale from 1, not at all, to 5, extremely, how useful/successful did you find the ESIC approach for:					
4.	Improving relationships between Ministry of Education and the Ministry of Finance/National Treasury	1	2	3	4	5
5.	Improving relationships between government and external partners	1	2	3	4	5
6.	Securing new funding from domestic resources through the Ministry of Finance	1	2	3	4	5
7.	Securing new funding from existing external partners (donors, foundations)	1	2	3	4	5
8.	Improving the alignment of funding from existing external partners	1	2	3	4	5
9.	Securing new funding from new external partners (donors, foundations)	1	2	3	4	5
10.	Improving the government's understanding of the investment case for education	1	2	3	4	5
11.	Improving government capacity to make the investment case for education	1	2	3	4	5
12.	Please tell us about any success stories as part of your experience of the ESIC approach					

13.	Please tell us how the ESIC approach could be made more effective (at securing more or better funding)					
14.	Please tell us how the ESIC approach could be made more efficient (requiring less time or resources from the government, CA, other LEG members of the Secretariat).					
15.	Finally, on a scale from 1, not at all, to 5, absolutely, to what extent do you propose that GPE scales up the ESIC approach to support other DCPs?	1	2	3	4	5
Thank you for taking part in this survey.						

C.2 Contribution to GPE Results Framework

The ESIC approach contributes to a number of indicators in the GPE Results Framework. However, the likely contribution will be small in relation to the overall indicator results, and there will be a lag time in feeding through the indicator changes. As a result, we do not advocate using the Results Framework as a way to monitor the ESIC approach specifically, but we outline here how the approach links to the Results Framework.

Table 10: Links between the ESIC approach and the Results Framework

Indicator	How ESIC approach is related
10. Proportion of DCPs that have (a) increased their public expenditure on education; or (b) maintained sector spending at 20% or above	A successful ESIC approach will contribute to this indicator; however, the scale in the incubation period is expected to be marginal, and the likely lag time to budgets and actual expenditure means no change is expected within the first 18 months.
28. Proportion of GPE donors that have (a) increased their funding for education; or (b) maintained their funding	A successful ESIC approach will contribute to this indicator. The indicator only captures GPE donors (DAC and non-DAC that report to the OECD CRS database), and the ESIC approach will target some new donors not captured here. As with indicator 10, the lag time will be too long to see change within 18 months.
29. Proportion of GPE grants aligned to national systems	The ESIC approach is not specifically aiming to influence GPE grants (ESPIG in particular), as there is already an established mechanism for designing and reviewing GPE grant programmes. However, it is possible that the ESIC approach will feed into conversations which lead to greater alignment of GPE grants in individual cases.
30. Proportion of GPE grants using: (a) co-financed project	As with 29, the ESIC approach is not specifically aiming to influence GPE grants, but a successful approach could contribute to this indicator.

or (b) sector pooled funding mechanisms	
31. Proportion of country missions addressing domestic financing issues	The ESIC approach would contribute to this; however, if the ESIC missions are integrated with the CL's QAR1 missions, it is likely the mission would have addressed domestic financing issues anyway.
34. Number of advocacy events undertaken with partners and other external stakeholders to support the achievement of GPE's strategic goals and objectives	The ESIC approach may involve advocacy events with partners; however, this indicator only includes regional, global, or cross-national events, and ESIC events would be country-specific.
36. Proportion of GPE Secretariat staff time spent on country-facing functions	The Secretariat role of working with countries on the ESIC approach will have a marginal effect on this indicator. The time required from members of the Country Support Team would presumably already have been country-facing time.

Early Childhood Education: A Critical Investment Opportunity

Investment proposal - 3 pages

- *Basic levels of attainment are low, and public spending on education as a proportion of total government expenditure falling despite growing needs.*
- *The critical gaps to be filled are teacher salaries and training and early childhood education. Early Childhood Education is critically underfunded, with a growing gap between the number of trained teachers and the number needed.*
- *Filling these gaps could cost between $8m and $17m per year. Improving education outcomes would pay off: the World Bank estimates that just one more year of schooling raises incomes by 8%.*
- *The Ministry of Education has a high-quality and politically salient ECE agenda. It focuses on* ***learning through play*** *and developing* ***socioemotional skills****.*
- *Despite clear commitment, investment in pre-school and primary by government is difficult because the payoffs are so distant.* ***Philanthropic organizations*** *are in a unique position to complement government efforts in this area.*

Note: This brief has been developed by OPM as an example. It does not represent the views of a government or the Global Partnership for Education. Its purpose is to stimulate discussion with stakeholders regarding the potential for this type of supplementary analysis to catalyze additional investment for the education sector.

Early childhood education

Enrolment is high but not enough children are learning: 98% percent of primary-aged children attend school, yet more than half of them are not learning. In English, only 45% of Primary 2 (P2) students achieve at the expected curriculum level. In mathematics, only 33% meet the Primary 2 learning benchmarks[i].

Low learning quality is expensive. Up to 70% of public resources, at the primary level, are spent on children repeating years of schooling. Improving learning not only benefits the child, but saves money by tackling repetition. The education system uses more than 25 student years to produce one primary-level graduate – more than four times the planned six years[ii].

Low teaching capacity at the primary level and low school readiness drive these bad learning outcomes. This is due in part to a lack of significant investment in good quality pre-primary programmes. Just over 12% of children, between the ages of 3-6, have access to any type of early learning and development services. These tend to be in urban areas and too costly for low-income parents[iii].

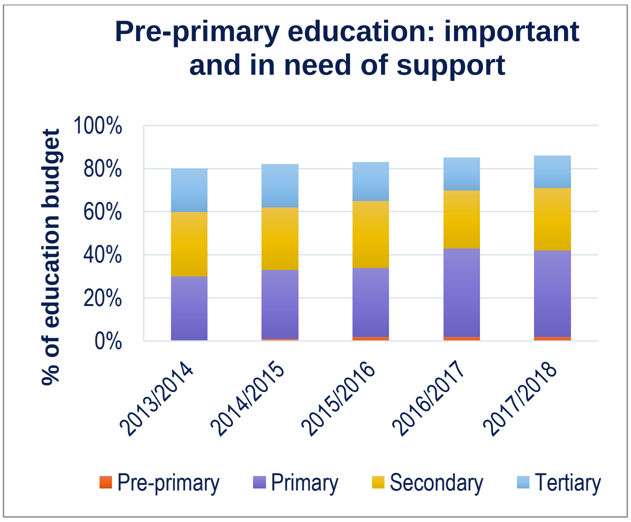
The national Early Childhood Development Policy, recognises that investments at the pre-primary level are extremely cost-effective. But this sector needs critical support as it competes with many others. The ECD received less than 2% of the education budget in 2017/18[ii].

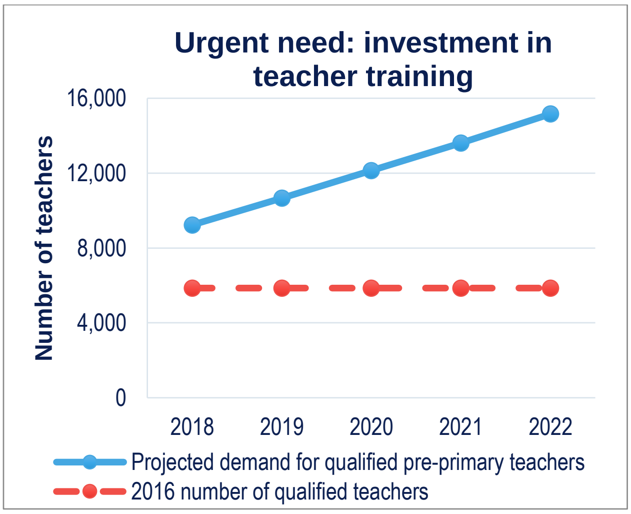
There is growing public demand for effective pre-primary education. The government is making strides to meet it. The gross enrolment rate in pre-primary has increased from 12.9% in 2012 to 23.75% in 2016[ii]. In response to growing demand, the number of public pre-schools has risen from one in 2011 to 1,474 in 2016[ii].

There is a clear and unmet need for more pre-primary teachers. Over 15,160 trained pre-primary teachers will be needed in 2022 compared to 9,230[ii]. The only pre-primary training provision in the education budget is for short in-service training for 5,859 teachers at the pre-primary level[ii].

A modest annual investment of approximately $8m in pre-primary would be sufficient to move the Ministry of Education away from the business-as-usual scenario and into a high-investment scenario[iv]. An investment of $17m would fund salaries for all pre-primary teachers for a year. This will translate into immediate better learning outcomes and into higher earnings and economic growth for future generations.

Increasing pre-school enrolment has a benefit-to-cost ration ranging from 6.4 to 17.6[v] in low- and middle-income countries. In this country, estimates suggest that total earnings increase over a 20-year horizon, using a 10% discount rate, equate to $51m (2012) – approximately three times what it costs to pay teacher salaries for a year. These are increases in earnings expected from students reaching a higher level of attainment the following year.





Source: Education Sector Analysis (2017)

Government buy-in for ECE

The government has made education a national priority. Low achievement at the primary level is incompatible with the country's ambition to become a knowledge-based economy. In early February 2018, the Prime Minister launched an unprecedented Quality Education Awareness Campaign to government officials by focusing on education service delivery quality through inspections[vi]. The new leadership in the Ministry of Education and the Ministry of Gender and Family Promotion has been tasked with addressing low learning achievement.

The government has an ambitious agenda for early childhood development, including pre-primary education and school readiness. In July 2018, the Prime Minister briefed both chambers of Parliament on what the Government is doing to promote of early child development[vii], firmly situating ECD as a key national priority with ambitious targets:

1. Improved access to school readiness programmes for children aged between 3 and 6 years by 2017/18--one of the 9 priorities in the Ministry of Education's Education Sector Strategic Plan (ESSP).
2. Additional access to three years of early learning for four-to-six-year-olds. This is in the *Early Childhood Development Policy (2016)* and the ESSP.

National ambitions: by the end of pre-primary, children should be able to..
• Explore and discover their surroundings and show awareness and respect for the environment; • Demonstrate basic mathematical skills through different educational games and songs; • Demonstrate sensory ability physical coordination, fine and gross motor skills; • Demonstrate self-care skills and good health habits; • Participate in and enjoy expressing themselves through a variety of creative arts; • Demonstrate social skills, interact peacefully with others and work in a team; and • Express themselves in the native language through speaking using a vocabulary appropriate to their level.

Source: Country A Curriculum Framework (2015)

There is a clear division of responsibility in delivering early childhood development priorities. The Ministry of Gender and Family Promotion, bears the overall responsibility for implementing the Early Childhood Development Policy, which covers programmes for children up to 6 years old. The Ministry of Education, is the lead ministry for early childhood education, which includes pre-school policy and planning. The Education Board has responsibility for implementation of these policies.

The competency based curriculum emphasises learning through play and the development of socioemotional skills. In 2016, the focus of the curriculum at all levels has shifted towards applying learning to real life situations. Syllabus units indicate specific games for the classrooms tailored to the learning outcome.

Windows of opportunity

Existing resources and budget allocations are not enough to meet these ambitious targets for pre-primary education. The critical constraint is the cost of constructing ECE centres and the payment of teachers. This represents a window of opportunity for the Ministry of Finance and its partners, as:

a. **There is evidence of school readiness programmes that work, and programmes that have worked in similar contexts.** Studies show that socio-emotional knowledge has a critical role in improving children's learning outcomes and life-long learning[viii]. In a neighboring country, children who had attended school readiness centres had higher skill levels than those who had no access to an early childhood education intervention, and even moderately higher skills than those who had attended formal a pre-school. Children not developing to their full potential can be associated with a 20% deficit in adult income[ix].

b. **ECE in the country can be scaled up cheaply.** Cost per child in 2016/2017 (including capital and recurrent expenditures) stood at $45[x]. Unit costs at the pre-primary level are 3.3 times lower than secondary level unit costs, 86 times lower than vocational training unit costs, and 22 times lower than higher education unit costs.

c. **The benefits of investing in ECE far outweigh the costs.** Increasing pre-school enrolment has a benefit-to-cost ration ranging from 6.4 to 17.6[xi] in low- and middle-income countries.

d. **Investing in education will pay off. Returns to education in the country are the highest in the world.** The World Bank carried out a study of private returns to schooling in 139 countries[xii]. The country ranked first, with the highest returns in education, based on the expected earnings of an individual with an additional year of schooling compared to the costs of attending school (like fees and tuition) and opportunity costs of foregone earnings. Each additional year of schooling raised potential income by more than 22%. That means that a child able to complete an extra year of schooling can expect to earn $122 for every $100 she would have earned without the extra year in school. If an ECD program can improve performance in the early grades, it can increase the probability of high school graduation with attendant improvements in future wages and employment opportunities.[xiii]

An annual investment of approximately $8m in pre-primary is sufficient to move the Ministry of Education away from the business-as-usual scenario and into a high-investment scenario[xiv]. It would enable the government to transition from low investment in ECE to a scenario which begins to close the financing gap. This means funding yearly capitation grants targeted at the pre-primary level, as opposed to the business-as-usual scenario which covers capitation grants every three years. **An investment of $17m** would fund salaries for all pre-primary teachers for a year. This is not currently covered by the government. Due to their patient capital, philanthropic organisations have a unique role to play in addressing the gap.

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i Country A Education Sector Analysis (2017)
ii Ibid.
iii UNICEF – Education in country A, Website accessed on 11/09/2018
iv Calculation based on Country A Education Sector Plan Costing
v Engle, P. L., Fernald, L. C., Alderman, H., Behrman, J., O'Gara, C., Yousafzai, A. & Iltus, S. (2011). Strategies for reducing inequalities and improving developmental outcomes for young children in low-income and middle-income countries. The Lancet, 378(9799), 1339-1353.
vi Country A News Website
vii News on official government website, Country A
viii Greenberg, M. T., Kusch, C., & Mihalic, S. F. (1998). Blueprints for violence prevention, book 10: Promoting alternative thinking strategies (PATHS). Boulder, CO: Center for the Study and Prevention of Violence.
ix Grantham-McGregor, S., Cheung, Y. B., Cueto, S., Glewwe, P., Richter, L., Strupp, B., & International Child Development Steering Group. (2007). Developmental potential in the first 5 years for children in developing countries. The lancet, 369(9555), 60-70.
x Country A Education Sector Plan Costing
xi Engle, P. L., Fernald, L. C., Alderman, H., Behrman, J., O'Gara, C., Yousafzai, A., & Iltus, S. (2011). Strategies for reducing inequalities and improving developmental outcomes for young children in low-income and middle-income countries. The Lancet, 378(9799), 1339-1353.
xii Montenegro, C. E., & Patrinos, H. A. (2014). *Comparable estimates of returns to schooling around the world*. The World Bank.
xiii Van der Gaag, J; & Tan, J.P (1998). Benefits of early childhood development program: An Economic Analysis. Washington DC: World Bank.
xiv Calculation based on Country A Education Sector Plan Costing

Investing in Education: Filling a Critical Human Capital Gap

Investment proposal - 4 pages

- *Primary levels of attainment are low. Government spending on education as a proportion of government expenditure is falling despite growing needs.*
- *Early Childhood Education (ECE) is critically underfunded. There is a growing gap between the number of trained teachers needed and the number available.*
- *Returns to the economy (in terms of higher wages) from an extra year of schooling are amongst the highest in the world, according to a World Bank study.*
- *A few years of early schooling can substantially increase the economic value of a person's skills.*
- *The Ministry of Education has high-quality and politically salient Quality Awareness and Early Childhood Development (ECD) agendas focused on improving basic skills.*
- *We can deliver on this ambitious political agenda by tackling two critical gaps: teacher salaries & training, and early childhood education.*
- *Filling these gaps would cost a modest US$ 8.1m and US$ 16.9m per year.*

Note: This brief has been developed by OPM as an example. It does not represent the views of a government or the Global Partnership for Education. Its purpose is to stimulate discussion with stakeholders regarding the potential for this type of supplementary analysis to catalyze additional investment for the education sector.

The importance of education

Education is a critical priority for the country. As the President said, the country "cannot derive full benefit from our natural resources or seize the opportunities of globalisation without first making the inherent potential of our people a reality."[i] In early February 2018, the Prime Minister launched an unprecedented Quality Education Awareness Campaign, which familiarised government officials with education service delivery quality through inspections[ii]. Similarly, an ambitious ECD agenda has been launched, which focuses on addressing stunting, improving socio-emotional skills and learning through play.

The Ministry of Education requires LCY 28.6 bn to make strides in meeting these commitments.

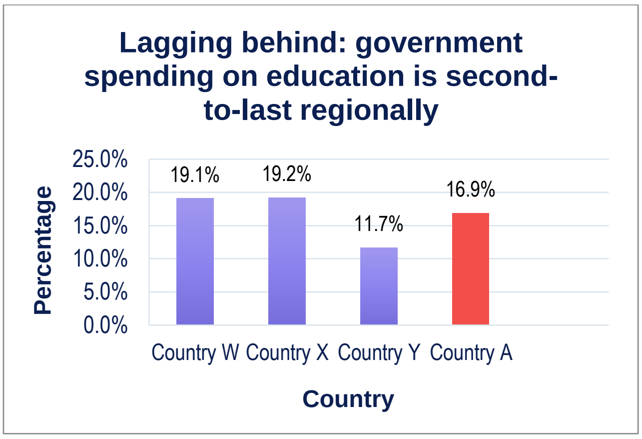
Current state of the education sector

Enrolment is high—but not enough children are learning. Ninety-eight percent of primary-aged children attend school, yet more than half are not learning enough. In English, just 45% of Primary 2 (P2) students achieve the curriculum expected level. In mathematics, only 33% meet the Primary 2 learning benchmarks[iii].

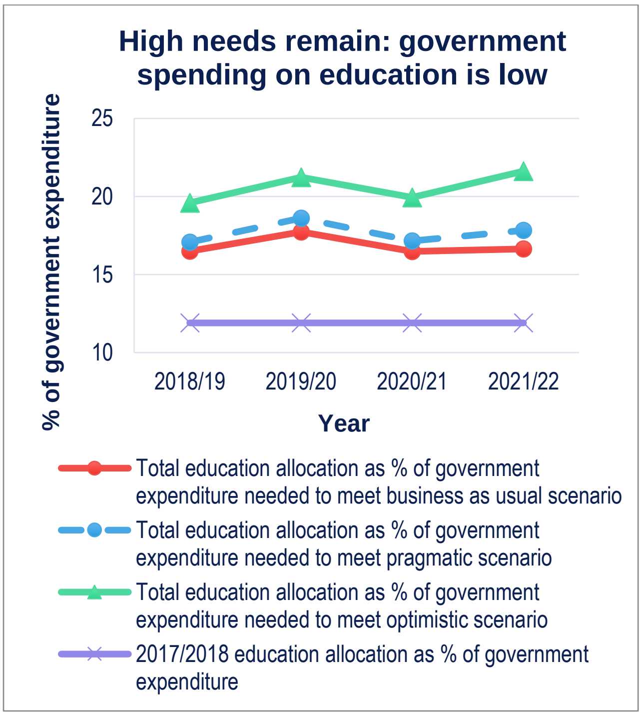
Poor primary achievement is a symptom of low school readiness. Just over 12% of children, between the ages of 3-6, have access to any type of early learning and development services. These tend to be in urban areas and are too costly for low-income parents[iv].

Poor school readiness and low achievement levels at the primary level are incompatible with the country's ambition to become a knowledge-based economy. The new leadership of the Ministry of Education and the Ministry of Gender and Family Promotion has been tasked with tackling low learning levels.

Low learning quality is expensive: 70% of public resources, at the primary level, are spent in order for students to repeat years at school. The education system uses 25.5 pupil years to produce one primary-level graduate, compared to the planned six years[v]. Tackling this problem would raise incomes in the future and lower the cost of education per student.



Source: UNESCO Institute for Statistics, 2013 data



Source: Country A Education Sector Plan Costing (2018)

Even though education has high returns, the government has one of the region's lowest levels of education spending as a share of the budget. Only one neighbouring country spends less of its total government resources on education.

This trend is getting worse. The percentage of the budget allocated to the education sector is decreasing. Education allocations have declined from 16.2 per cent in 2012/13 to 11.9 per cent in 2017/18. This is nearly 50 per cent below the global benchmark for education spending, established through the Global Partnership for Education (GPE) framework (20 per cent of the national budget).

Education is important for growth

Low investment in human capital could stall future economic growth. Education allocations as a proportion of government expenditure need to increase by at least 4 percentage points in 2018/2019 in order to meet basic needs.

Investing more can generate high returns. Returns to education are amongst the highest in the world. On average, a student with one more year of schooling would earn $122 for every $100, without the additional year in school.

Economic growth and education go hand-in-hand. Investment and planning in human capital makes a difference to the country's human capital outcome. The World Bank's Global Human Capital Index (GHCI) finds that countries with higher gross national income (GNI), and GDP per capita, have, on average, higher human capital development scores[vi]. Underperforming countries tend to neglect investment in the future of peoples human capital.

GDP has registered significant growth, but risks falling behind[vii]. The country scores the highest out of 17 low-income economies covered by the GHCI-- but ranks just 71st, when including wealthier nations. Progress is held back by:

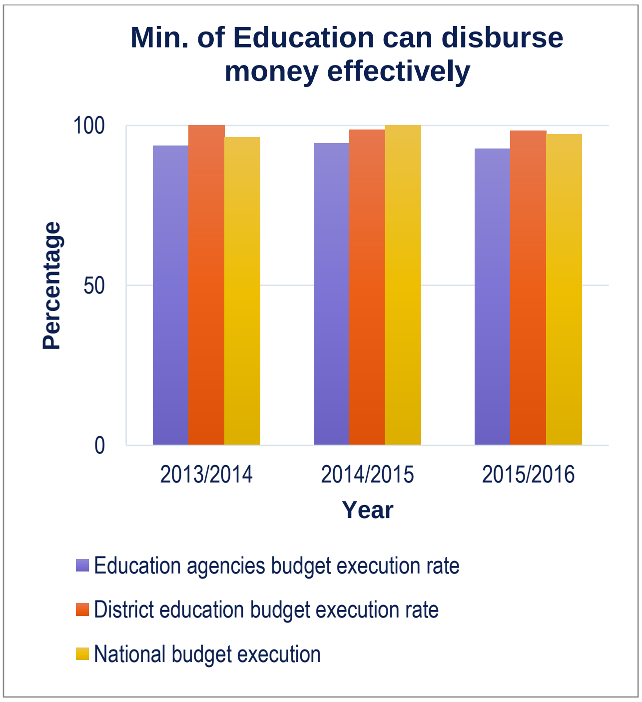
- Low attainment in basic literacy and numeracy in primary and secondary education: children are in school but not learning effectively.
- Low quality primary schools: schools are not good enough.
- Low share of high-skilled employment and low availability of skilled employees: higher-skilled employment is a small share of the economy, and employers struggle to find skilled employees.

The MOE seeks to invest in the future workforce of the country through foundational and job skills. The current education sector priorities are:

- Enhanced quality of learning outcomes that are relevant social and economic development areas;
- Strengthened professional development and management of teachers across all levels of education;
- Enhanced use of ICT to transform teaching and learning and support the improvement of quality across all levels of education; and
- Strengthened STEM across all levels of education to increase the relevance of education for urban and rural markets.

Prioritising education today means future increases of GDP. According to 2012 estimates, total earnings increases over a 20-year horizon, using a 10% discount rate, equate to a LCY 45 bn. These are increases in earnings expected from students reaching a higher level of attainment the following year.

Given the necessary resources, the Ministry of Education can deliver. The budget execution rate has remained near 94 per cent over the past few years. The increased spending at the local level, demonstrates the capacity of local education institutions. Country A's Policy and Institutional Assessment score in 2017, a measure of quality of policies and institutions, was 4.0, above the average of 3.2 in Sub-Saharan Africa.



Source: UNICEF (2017)

Windows of opportunity

The country's growth is constrained by underinvestment in education. Training and paying teachers at basic levels of education can help to solve this problem. This represents a window of opportunity for the Ministry of Finance and its partners:

- **Pre-primary and primary education can be scaled up at low cost.** Unit costs per child at the pre-primary and primary levels in 2016/2017 (including capital and recurrent expenditures) were only $45[viii]. These unit costs are 3.3 times lower than secondary level unit costs, 86 times lower than vocational training unit costs, and 22 times lower than higher education unit costs.
- **An increase in government budget allocation, as small as LCY 22.6 bn, will go a long way.** Creating incentives for teachers at all levels, and in teacher salaries and training at the pre-primary level, can be achieved with a 1.3 percentage point increase. Historically, the country's education allocations as a share of total government spending were 4 percentage points higher than they are today.
- **The MOE has strong budget planning and execution capabilities and will increase spending efficiency.** The budget execution rate has remained near 94 per cent over the past few years. Reforms are underway to remove unqualified teachers from the payroll.
- **Investing in education pays off. Returns to education here are amongst the highest in the world.** The World Bank studies the returns to education across 139 countries[ix]. Based on what individuals are expected to earn against costs for attending school (e.g. fees and tuition), as well as opportunity costs of schooling in the form of foregone earnings, the country ranked first as having the highest returns to education. On average, an additional year of schooling raises future earnings for someone more than 22%. Higher wages improve economic growth and support a larger tax base.

What can the additional investment fund?

Crucial investments to motivate teachers and scale-up early childhood education will have high impact and are low-cost. Filling these gaps would cost a modest LCY 7bn and LCY21.6bn per year.

1. Teachers

An extra LCY 7bn would make teachers more effective. These extra resources would be invested in training, or removing unqualified teachers, and attracting better graduates into the teaching profession, particularly at the lowest levels. Specific strategies to tackle these priorities have been formulated, but need to be funded.

The MOE is already implementing cost-cutting reforms. It is removing unqualified teachers and by offering incentives to teacher training institutions, it encourages them to admit students with high grades.

Gap Map: Key investment opportunities

Challenge	Strategy	Example Activities/Milestones	Funding needs
High rate of teacher turnover because of low salaries, difficult and bad working conditions, and lack of appropriate school management **1,000 teachers leave the profession every month**	Increment of teachers' salaries Review teachers' incentive package Set standards for school leadership	a. Conduct a high level political campaign to revamp the value of teaching profession b. Discuss, approve, and implement proposed teacher incentive package in 2018-19 c. Approve standards for school leadership d. Institute regular and fair school monitoring and evaluation mechanisms e. Incentivise new teacher applicants through preferential conversion of study loans into a grant for those who graduate and commit to serve as teachers for five years.	**An investment of LCY 7bn, or a 0.4 percentage point increase in allocation to education** as a share of government spending would fund a 5% increase in salary allocations for pay-for-performance schemes and similar reforms.

Source: Country A strategy for education, based on Education Sector Plan and Education Sector Plan costing

2. Early Childhood Education

In July 2018, the Prime Minister briefed Members of Parliament on what the government was doing to promote Early Childhood Development (ECD)[x], situating ECD as a national priority. The government has expressed two objectives:

1. Improved access to school-readiness programmes for children aged 3-6 years by 2017/18 (one of the 9 strategic priorities in the Ministry of Education's Education Sector Strategic Plan (ESSP)).
2. Additional access to three years of early learning for four-to-six-year-olds. This is part of Country A's *Early Childhood Development Policy (2016)* and the ESSP.

Funding is the key constraint for successfully scaling up ECE. Investing LCY 21.6 bn would dramatically raise the number of qualified teachers and fund their salaries.

Gap Map: Key funding opportunities

Challenge	Strategy	Example Activities/Milestones	Funding needs
Salaries paid for only two (2) pre-primary schools	Provide salary for teachers in the remaining public & government-aided pre-primary schools; Recruitment of qualified graduates from ECE option.	a. Planning & budgeting for pre-primary teachers' salaries; b. Earmarked transfers of funds to District.	**LCY 14.6 bn, or a 0.6 percentage point increase in education allocations** as a proportion of total government expenditure are needed to fund salaries for all pre-primary teachers.
There are not enough qualified teachers	Setting recruitment standards for pre-primary teachers; In-service Training.	a. Recruitment of qualified teachers; b. Training.	**LCY 7 bn, or 0.3 percentage point increase in education allocations** as a share of government spending can fund yearly capitation grants targeted at the pre-primary level, as opposed to the business as usual scenario which covers capitation grants every three years. Part of these grants can be targeted towards teacher training.

Source: Country A strategy for education, based on Education Sector Plan and Education Sector Plan costing

i Address by the President of Country A at the Human Capital Summit – World Bank Group Annual Meetings (2017)
ii Country A News Website
iii Country A Education Sector Analysis (2017)
iv UNICEF – Education in country A, Website accessed on 11/09/2018
v Ibid.
vi World Economic Forum, The Global Human Capital Report (2017)
vii Ibid.
viii Country A Education Sector Plan Costing
ix Montenegro, C. E., & Patrinos, H. A. (2014). *Comparable estimates of returns to schooling around the world*. The World Bank.
x News on official government website, Country A