

## Case Study

# Global Partnership for Education – GPE Multiplier Fund

Author: Albiana Jasiqi, supported by NORRAG

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### Introduction

The Global Partnership for Education (GPE) introduced the GPE Multiplier Fund in 2017 as an innovative finance instrument that provides an incentive and the financial resources to catalyze “more and better investment” in education. The fund offers grants to lower middle-income countries, and its funding must be invested in combination with another grant or loan. With a total of USD 300 million, the GPE Multiplier Fund aims to help countries to mobilize investments and bring partners together to help governments build education systems with robust use of data and evidence.

### The problem

Some of the results of investing in education include higher incomes for individuals and the nation, decrease in social and economic inequalities, protection of children’s right to education, and assistance to achieve the sustainable development goals (SDGs). However, more financing is required to fill the annual funding gap of USD 39 billion, which would provide education to all the children worldwide by 2030, as estimated by United Nations Educational, Scientific and Cultural Organization (UNESCO) (Global Partnership for Education, 2019).

### Mechanism design

The GPE Multiplier Fund is a new grant—totaling USD 300 million—that aims to address the funding gap. It intends to enable countries to mobilize additional resources to strengthen their education systems by pooling funds, encouraging the mobilization of other sources, and combining traditional grants with results-based financing.

A country’s government can access a GPE Multiplier Fund grant if it is able to mobilize at least three times the amount granted by the Multiplier Fund from other sources. In other words, eligible countries can access the GPE Multiplier Fund by mobilizing at least USD 3 in new and additional external financing for every USD 1 from the Multiplier Fund. The rationale is that donors see an opportunity to secure more money for education and thus mobilize the required funding.

The GPE Multiplier Fund combines internal funding with other sources of external funding, and its funding can be invested together with another grant or be used to lower the interest rate on concessional lending, for example, from multilateral development banks, bilateral donor grants or loans, or non-traditional instruments or sources of funding. It can also work alongside other, non-traditional sources of development finance, including private capital (Global Partnership for Education, 2020).

Through this Fund, individual countries can release up to USD 25 million in additional funding from GPE. Almost USD 200 million in Multiplier grants is available for eligible countries.

## Country eligibility and requirements

There are three different types of eligible countries:

- Vulnerable lower middle-income countries
- Countries eligible for GPE implementation grants capped at USD 100 million or less than USD 10 million
- Countries not eligible for GPE implementation grants but eligible for other forms of GPE funding.

GPE provides detailed guidelines to countries for accessing the Multiplier Fund grant. The application requirements call for data-driven and outcomes-focused strategies. Similar to the eligibility of countries for other GPE implementation grants, the countries should have an evidence-based education sector plan (ESP) that provides “relevant and credible strategies” to improve access to education and learning for all children. To be feasible, an ESP must pay attention to financial, technical, and political constraints and stakeholders and be context-sensitive. To define and measure this progress, countries must present data and evidence strategies for planning, budgeting, managing, monitoring, and accountability. These should provide essential information on the education sector in general and marginalized groups in particular, on learning outcomes, and on education financing.

Regarding the allocation of funds, the Multiplier Fund combines a requirements-based and an incentives-based approach:



The use of results-based financing reflects GPE’s approach to have a “leveraging” effect on the development of national sector-wide policies, strategies, and systems. To access the fixed part of the allocation, developing country partners will need to fulfill a set of requirements related to the ESP, data, and domestic/external financing (see the requirements above). To access the variable part, the agreed goals and metrics must be reached, which are developed for each case. The variable part incorporates the results-based financing concept and applies it to a sector-level results-based approach, with an aim to provide additional “pull for change” under the broad headings of equity, efficiency, and learning outcomes.

Countries accessing a Multiplier Fund allocation amount of USD 5 million or less have the option to choose whether to include a variable part. GPE highly encourages it, considering that such application reflects a “strong focus on results, regardless of the approach chosen.”

## The Multiplier Fund in action

Nepal has received USD 15 million from the Multiplier Fund. An additional USD 64.5 million was mobilized as co-financing from the Asian Development Bank for comprehensive school safety and USD 3.5 million from the U.S. Agency for International Development for inclusive education. Furthermore, the Asian Development Bank has increased its co-financing to Nepal to USD164 million.

The Multiplier Fund grant of USD 3.5 million in Papua New Guinea was used with the mobilized additional USD 10.6 millions of co-financing from Japan. These funds aim to improve early grade learning outcomes in math and science, particularly in low performing provinces.

In Uzbekistan, the Multiplier Fund grant of USD 10 million was matched by almost USD 60 million of additional co-financing from the World Bank and the Global Partnership for Results-Based Aid. These funds will be used for reforms to expand early childhood services in the country.

## References

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