DECEMBER 7, 8 AND 10, 2021

# MEETING OF THE BOARD OF DIRECTORS

VIA VIDEOCONFERENCE

# MEETING REPORT

## INTRODUCTION

This report presents a high-level summary of decisions and key discussion points. The agenda and documents for the Board meeting can be found on the GPE website. The list of participants is presented in Annex 1.

## TUESDAY, December 7, 2021

### 1. Opening of the Meeting

1.1 The Board Chair called the meeting to order at 7:00am Washington, D.C. time.

1.2 In his opening statement, the Board Chair expressed his gratitude for being entrusted the important role of the Chair and thanked Alice Albright for her exceptional leadership as the CEO. He highlighted the uniqueness of GPE's model in its country-driven approach and focus on system transformation, anchored in an inclusive and diverse partnership. He noted the importance of continuing to learn from collective setbacks and urged Board Members to focus on issues of strategic importance and act in the best interest of GPE, with consideration to balanced engagement and discussion.

1.3 In her opening statement, the Board Vice-Chair applauded GPE's tremendous growth and ambition, stressing the need to continue learning, self-reflect and engage in open and inclusive discussions. The Vice-Chair pledged to build on governance reforms and make GPE a model of effective governance.

## 2. CEO Report (BOD/2021/12 DOC 02)

2.1 Alice Albright provided the Board with her reflections on GPE's progress over the last decade, in light of her tenure as GPE CEO nearing its end. First, she noted key trends from the GPE annual Results Report, namely improvements in learning outcomes, gradual closing of the gender gap and increases in education financing. At the same time, she noted that progress can be tenuous in view of external factors and that GPE must remain agile and ambitious. Second, the CEO acknowledged that education has gained prominence in domestic political agendas and that GPE partners have been instrumental to this success. Third, she pointed to the growth of the GPE platform, as seen in larger and diversified donor base, broader set of grants and tools, diverse country programs, enhanced country-level partnerships, gender hardwiring in the new Operating Model, focus of learning and refinements to GPE governance. She urged the Board to maintain its sense of ambition and aspiration in order for GPE to fully achieve its potential.

***Discussion***

2.2 Board members warmly welcomed the new Chair and Vice-Chair and expressed their deep appreciation to the CEO for her strong and active leadership that has made GPE what it is today, a partnership with proven power to influence education outcomes.

2.3 Board Members highlighted several areas for continued focus including gender equality, COVID-19, participation in local education groups, fragile and conflict-affected states (FCAS), youth engagement and domestic financing.

## 3. GPE's Financial Position: Financial Forecast (BOD/2021/12 DOC 03 REV.1)

3.1 Padraig Power, the Chief Financial Officer, presented the Financial Forecast as set out in DOC 03 REV.1.

3.2 Dirk Reinermann, Director for Trust Funds and Partner Relations at the World Bank, presented an overview of the initial proposal for the Currency Hedging solution, noting that GPE fund is exposed to changing exchange rates due to most of its contributions being in non-US currencies. In the last two replenishments, GPE has experienced reductions in its resources due to these fluctuations. He highlighted three main areas. First, the trustee works on a systemic solution that could also benefit all Financial intermediary Funds (FIFs). Second, he informed that an effective currency hedging solution reduces losses but also gains due to better predictability. Third, he mentioned that any currency hedging solution would be

part of trustee services, independent from hosting arrangements. Due to pilot costs and changes needed on the GPE governance framework and contribution agreement, agreement with donors is needed before developing a full proposal for GPE Board consideration. The trustee assured of its commitment to finding a suitable solution.

***Discussion***

3.3 Board members welcomed the Financial Forecast presentation and the Currency Hedging update from the trustee. The following key points were raised:

- **Financial Forecast.** The need to analyze how GPE will address this financial gap was raised, particularly considering the target to raise an additional $1 billion, the foreign exchange exposure, and Norway's reduced pledge.
- **Currency hedging.** Several Board members requested further analysis of measures to mitigate the foreign exchange fluctuation and possible negative impact on GPE resources, including the need to provide a clear timeline on when this solution is expected, benchmark against other organizations and allow more technical discussions with donor and country partner' representatives to better understand implications.

## 4. Operating Model Roll-Out

### Status of country pilots and lessons learned (BOD/2021/12 DOC 04)

4.1 Jo Bourne, the Secretariat Chief Technical Officer presented an update on the Operating Model roll-out, including the status of country pilots, lessons learned, strengthening of human rights principles and hardwiring of gender equality, as set out in DOC 04.

***Discussion***

4.2 The following key points were raised:

- **Lessons learned from the pilots.** Board Members stressed the need to learn from the roll-out in pilot countries to refine and improve the Operating Model roll-out for cohort 2. Board Members requested more information on evidence of system transformation; experience with the partnership compacts; feedback from grant agents and coordinating agencies; and remaining implementation challenges.
- **Challenges on the ground.** Based on feedback from the ground in partner countries, some Board Members expressed concern that the new operating model process is complex, introduces unpredictability and increases transaction costs. Several Board

Members called for greater clarity on synergies and links to existing Education Sector Plans, cautioning that without this, the new funding model will create challenges for prioritization between the Education Sector Plan development process and the GPE Operating Model process, in particular the partnership compact development and top-up funding process. Several Board Members noted the need for delays in pilot roll-out and ITAP processes to be closely monitored.

- **Gender hardwiring.** Board Members welcomed the approach on gender hardwiring, in particular the country-driven aspect, while at the same time requesting concrete details of how gender equality will be addressed at every stage of the Operating Model and highlighted the role of global standards in supporting country partners to address gender equality.
- **Human Rights.** Several Board Members called for effective operationalization of human rights principles in ensuring the right to education to all, including the most marginalized.

4.3 In response, the Secretariat reiterated that continuous refinements of the Operating Model are taking place based on feedback received from all constituencies, in particular through the pilot learning framework, and that further webinars are planned on different aspects of the Operating Model. The Secretariat noted that it is still too early to see concrete evidence since many elements of the Operating Model are still being tested and are being rolled out at the same time. The Secretariat took note of the country-level challenges, in particular the issue of transaction costs, while at the same time highlighting the challenge of how to square the ambition of the Board with the impact at the country level.

4.4 The Board Vice-Chair highlighted the importance of mutual accountability when it comes to communicating to the Board on the roll-out of the Operating Model and the need to be cognizant of how quickly and efficiently lesson learned can be integrated.

## Multiplier Efficiency (BOD/2021/12 DOC 05) and Frontloaded Cofinancing (BOD/2021/12 DOC 06)

4.5 Padraig Power, the Secretariat Chief Financial Officer (CFO), presented the recommendation for a delegation of authority to the Secretariat to approve indicative Multiplier allocations, in an effort to improve efficiency of operations, as set out in DOC 05.

***Discussion***

4.6 Board Members strongly supported the delegation of authority to the Secretariat, to increase efficiency and the Board's ability to focus on strategic matters. Some Board Members expressed concerns on the Multiplier's additionality while others called for an independent evaluation of the Multiplier. The Secretariat clarified that evaluations on all GPE's financial instruments are contemplated in the Monitoring, Evaluation and Learning workplan approved by the Board.

4.7 On Day 3, the Board Chair reviewed the decision language and declared consensus on the following decision:

**BOD/2021/12-03 - Delegation of Authority to Secretariat to approve indicative Multiplier allocations:** The Board of Directors:

1. Taking note of decision FRC/2021/10-02, approves the proposed delegation of authority to the Secretariat to approve indicative Multiplier allocations based on valid expressions of interest, as set out in Annex B of BOD/2021/12 DOC 05.

## Frontloaded cofinancing (BOD/2021/12 DOC 06)

4.8 The CFO presented the proposed operational details to the frontloaded cofinancing approach, as set out in DOC 06.

***Discussion***

4.9 Board Members supported the proposed operational details presented, although some expressed concerns. The need to safeguard the principle of alignment to GPE strategy and ensure that there is no perception of advantage for one grant agent (GA) was raised. Some Board members also raised the potential influence that the co-financing partner might have over a small subset of country partners, and the need to look for other regional development banks as co-financiers before moving forward. The Secretariat noted that these concerns were raised and clarified during the last October FRC meeting and, on this basis, the Committee recommended that the Board approve the proposal.

4.10 On Day 3, the Board Chair reviewed the decision language and declared consensus on the following decision:

**BOD/2021/12-04 - Operational Details: Frontloaded Cofinancing:** The Board of Directors:

1. Recalling decision BOD/2020/11/12-06, approves the operational details to the frontloaded cofinancing approach, as set out in Annex A of BOD/2021/12 DOC 06;

2. Instructs the Secretariat to ensure that operationalization does not compromise country leadership or the role of local education groups, and adheres to all GPE safeguards and quality assurance standards, without restricting choice of grant agent or source of co-financing to access the Multiplier;
3. Requests the Secretariat to update on the performance of the approach as part of GPE's Results Framework and Corporate Risk Framework, and the monitoring mechanisms set out in Annex B.

**WEDNESDAY, DECEMBER 8, 2021**

## 5. Opening of the Meeting

5.1 The Chair noted the agenda for Day 2, focused on the Midpoint Review of the Memorandum of Understanding between GPE and the World Bank on the Hosting Arrangements. The objectives included: i) receive a report back from the Executive Committee, ii) discuss the report prepared by Dalberg consultants and iii) make a decision on the next steps.

## 6. Midpoint Review of the Memorandum of Understanding (BOD/2021/12 DOC 07)

6.1 At the outset, the Board Member for MLA 3 representing the World Bank declared a conflict of interest, as the host organization of GPE.

6.2 In order to contextualize the discussions, the Board Vice-Chair, in her capacity as the Chair of EXCO, reported to the Board on the recommendations of the Committee. She informed that out of the three options, the EXCO broadly supported a combination of negotiating changes regarding identified priority issues including currency hedging, cost recovery, IT capabilities, direct funding, and private sector engagement in the Hosting MOU, while at the same time commissioning an assessment of non-binary institutional hosting options.

6.3 The CEO and members of the Management Team provided the Secretariat perspective. The CEO stressed that hosting is a key strategic consideration for GPE that will determine its future trajectory. She noted that despite good will, GPE is not able to execute its strategies to their full potential due to structural limitations related to World Bank policies and processes that force compromises on the execution GPE Board's direction. The Secretariat further outlined that in terms of strategic challenges, GPE is faced with limited ability to enter into private partnerships and private funds and cannot provide direct

funding to partner countries due to lack of its own legal entity. In terms of administrative challenges, GPE is unable to control costs, deploy talent globally without being negatively affected by World Bank HR policies, nor develop operational systems suitable to its business model and needs.

6.4 The Dalberg consultants conducting the midpoint review of the Memorandum of Understanding presented the conclusions of their report, as set out in DOC 07.

***Discussion***

6.5 The following key points were raised:

- **Support for EXCO recommendation**. While some Board members supported Option 2 (negotiate with the World Bank) exclusively, a majority of Board members supported the combination of Option 2 and Option 3 (explore non-binary options) as recommended by EXCO. After considerable discussion, Board members agreed that both options should be pursued simultaneously. Board Members were assured that both options would be given utmost effort and commitment from the Board leadership and Secretariat.
- **Key challenges/priority areas:** Several Board members highlighted specific priority areas, noting that the challenges are more strategic than administrative in nature. Members emphasized the need for the negotiations and alternate options to match the long-term ambitions of GPE, have direct funding relationships with partners, and access modern, bespoke operating mechanisms. In addition, areas such as cost recovery and conflict of interest were suggested to be discussed with the World Bank. Members encouraged the Secretariat to enter the negotiation in good faith and good sense, bearing in mind that, due to its tremendous growth, this is a logical organizational dynamic that GPE has arrived at.
- **Analysis:** Some Board Members emphasized that all voices should be heard throughout the process through wide engagement. Furthermore, several Members reminded the Board that the analysis should consider both tangible and intangible benefits to all options, as well as consider the possibility of hosting in other cities. In addition, some Members noted that different cost assumptions and benchmarks with other similar funds should be taken into account. Members highlighted that the overarching goal should be to find an option that allows GPE to help more children in the long term. Furthermore, some Members suggested that while participation of the Secretariat staff in negotiations is essential, any assessment of options should not be overly resource intensive for the Secretariat. The Secretariat confirmed that the

analysis, particularly that with external consultants, could be structured in a way to reduce the workload on the Secretariat.

- **Positive aspects of hosting agreement.** Some Board Members noted that the current hosting agreement with the World Bank is important from a strategic and political perspective and has served GPE well. Following discussions in 2018, some Members believed that the situation has improved in terms of independence of the Board and reducing conflicts of interest. While most Members recognized the issue of cost increase, some Members felt that the consequences of de-hosting might result in more severe financial and non-financial costs.

6.6 **Response from the World Bank**. At the request of the Board Chair, the Board Member representing the World Bank responded to the comments. He noted extensive conversations at the highest level of management on the midterm review report, including the implications for other Financial intermediary Funds (FIFs) that the World Bank hosts. He explained that the increase in hosting fees was driven by World Bank Board request to move towards full cost recovery approach for all FIFs, although delay in implementation was provided to GPE. He further noted that the World Bank policies are set by its Board, which consists of representative of country governments. He expressed willingness of the World Bank to discuss further and negotiate. At the same time, he noted the significant legal implications of GPE providing direct funding, the cybersecurity considerations related to the IT restrictions and the potential of conflicts of interests in relation to engagement with private sector.

6.7 **External consultants.** The Board agreed to delegate the choice of the external consultants to EXCO in order to continue the study.

6.8 **Formal response from the World Bank.** Several Members advised that it may be useful to have a formal response from the World Bank on the Dalberg report, and a point was added to the decision language to this effect. The response is expected in early 2022.

6.9 On day 3, the Board Chair reviewed the decision language. The Board Member representing the World Bank clarified that currency hedging solution is not a hosting issue, but rather a trustee issue. The Secretariat confirmed that the listing of items to be included in the World Bank response is not exhaustive.

6.10 The Board Chair declared consensus on the following decision:

**BOD/2021/12-02-Midpoint Review of the World Bank-GPE Hosting Arrangements:** The Board of Directors:

1. Recalling decision BOD/2021/04-03, expresses its appreciation to the independent consultants and welcomes the report on the midpoint review of the World Bank-GPE hosting arrangements;
2. Mandates the Executive Committee to request a formal and timely response from the World Bank to specific issues, including fee structure and currency hedging;
3. Requests the Secretariat, under the guidance of the Executive Committee, to concurrently initiate negotiations with the World Bank to address identified issues in the Midpoint Review of the hosting Memorandum of Understanding;
4. Requests external consultants, under the continued oversight of the Executive Committee, to assess non-binary institutional hosting options based on their feasibility, costs, and alignment with GPE's mission, for Board consideration in June 2022.

## FRIDAY, DECEMBER 10, 2021

## 7. Opening of Meeting

7.1 The Chair reviewed the objectives for Day 3, including to i) decide on the next steps for the selection and recruitment of a new CEO, ii) finalize the outstanding decisions from Day 1 and 2, iii) receive an update on Afghanistan.

## 8. CEO Transition - Executive Session (BOD/2021/12 DOC 08)

8.1 The Board in executive session discussed the new CEO recruitment and selection process.

8.2 The Board Chair declared consensus on the following decision:

**BOD/2021/12-01 - Recruitment and Selection of a new Chief Executive Officer:** The Board of Directors:

1. Requests the Chair and Vice-Chair to lead the recruitment and selection of a new Chief Executive Officer on behalf of the Board of Directors;
2. Approves the Executive Committee recommendation on the composition of the selection committee to include: the Vice-Chair to chair the committee; four representatives of the Board constituency categories; and up to two World Bank representatives;
3. Further calls on constituency categories to determine which of their representative should join the CEO selection committee;
4. Endorses the proposal for Charles North, GPE DCEO, to serve as Acting CEO until the

new CEO has been appointed.

## 9. Finalizing Outstanding Items

9.1 The Board Chair resumed the open session of the Board to finalize outstanding decisions on the Midpoint Review of the Memorandum of Understanding, Multiplier Efficiency and Frontloaded Cofinancing, as recorded above.

### Update on Afghanistan

9.2 The Secretariat provided an update on Afghanistan, informing that a consultation meeting was convened among partners on coordinated approach to financing education in Afghanistan in October. All partners agreed that a single plan is essential, and development of a Transitional Education Sector Framework is underway, and will include humanitarian approaches. Given the lack of recognized government and based on GPE's framework on Fragile and Conflict Affected States, the Development Partner Group can play the role of the local education group, having the authority to approve any funding and re-programming of grants. Any decision will be put forward for Board approval, following endorsement of the transitional framework. The Secretariat stressed that funding will be underpinned by two principles: access to secondary education for girls and funding not going to the Taliban.

9.3 Board Members highlighted the good cooperation and coordination among all the agencies around the development of the plan and the need to let the development partner group develop the program and unlock the funds quickly. Several Board Members stressed the key priorities of supporting girls' education and female teachers. The Secretariat expressed eagerness to re-program the funds within the framework and look for a new grant agent, considering the limited options on the ground. Board members emphasized that girls' education is a key priority and requested that stakeholders usually part of the local education group, like teachers' union, be encouraged to participate.

9.4 The Board member representing the World Bank, who is the grant agent, informed that various types of funds, including GPE funds, are co-mingled under one legal agreement for this program, and the World Bank management will discuss release of several of these funds. The Secretariat explained that resources that have not been formally committed yet can be cancelled by the GPE Board and freed up to be provided to other grant agents. Query was raised whether the former Minister of Education, former GPE Board member, was expected to be replaced. The Secretariat

explained that the constituency is re-competing the seat, and nomination is expected shortly. The Secretariat further underlined that given the unusualness of this situation, the appropriate governance pathway to approve any decision will be communicated in due course. The Board Chair closed the session by mandating the EXCO to follow-up and advise accordingly on the next steps, and informing that he will personally continue this conversation next week at the ReWired Summit in Dubai in an effort to influence a change of policy.

## 10. Close of Meeting

10.1 The Board would next convene in June 2022.

10.2 There was no other item for discussion. The meeting was adjourned at 9:40am.

## Annex 1: List of Board Participants

| | Name | Constituency | Role |
|---|---|---|---|
| | **Board Members** | | |
| 1 | Edgar Moyo | Africa 1 | BM |
| 2 | David Moinina Sengeh | Africa 3 | BM |
| 3 | Sonny Echono | Africa 3 | ABM |
| 4 | Yadav Koirala | Asia and Pacific | BM |
| 5 | Walipe Wingi *(represented Jimmy Uguro)* | Asia and Pacific | ABM |
| 6 | Didacus Jules | LAC | BM |
| 7 | Doris Gutierrez | LAC | ABM |
| 8 | Rangina Hamidi | EEMECA | BM |
| 9 | Donatienne Hissard | Donor 1 | BM |
| 10 | Sabina Handschin | Donor 1 | ABM |
| 11 | Line Baagø-Rasmussen | Donor 2 | BM |
| 12 | Per Magnusson | Donor 2 | ABM |
| 13 | Emma Spicer *(represented Alicia Herbert)* | Donor 3 | BM |
| 14 | Louise Holt | Donor 3 | ABM |
| 15 | Camilla Fossberg | Donor 4 | BM |
| 16 | Rashid Al Shamsi | Donor 4 | ABM |
| 17 | Martin Seychell | Donor 5 | BM |
| 18 | Heike Kuhn | Donor 5 | ABM |
| 19 | LeAnna Marr | Donor 6 | BM |
| 20 | Aedan Whyatt | Donor 6 | ABM |
| 21 | Kira Boe | CSO 1 | BM |
| 22 | Yona Nestel | CSO 1 | ABM |
| 23 | Solange Akpo-Gnandi | CSO 2 | BM |
| 24 | Abeer Darwazeh | CSO 2 | ABM |
| 25 | Haldis Holst | CSO 3 | BM |
| 26 | Dennis Sinyolo | CSO 3 | ABM |
| 27 | David Boutcher | Private Sector | BM |
| 28 | Emily Friedman | Private Sector | ABM |
| 29 | Euan Wilmshurst | Private Foundations | BM |
| 30 | Carolyne Ng'eny | Private Foundations | ABM |
| 31 | Stefania Giannini | MLA 1 | BM |
| 32 | Valerie Guarnieri | MLA 1 | ABM |
| 33 | Robert Jenkins | MLA 2 | BM |
| 34 | Becky Telford | MLA 2 | ABM |

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| 35 | Luis Benveniste | MLA 3 | BM |
| 36 | Syed Quadri | MLA 3 | ABM |
| | **Board and Committee Chairs** | | |
| 37 | H.E. Jakaya Kikwete | Board | Chair |
| 38 | Susan Liautaud | Board | Vice Chair |
| 39 | Nesmy Manigat | FRC | Chair |
| | Donatienne Hissard | PILC | Chair |