JANUARY 31, 2023

MEETING OF THE BOARD OF DIRECTORS

VIA VIDEOCONFERENCE	BOD/2023/01/DOC 02	FOR DECISION

COMPREHENSIVE ANALYSIS OF GPE'S INSTITUTIONAL ARRANGEMENTS

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

Key issues for consideration:

- GPE's current hosting arrangements with the World Bank as agreed in the Memorandum of Understanding (MoU) remain in place through April 2025. During the Board retreat in December 2022 many Board members expressed concern with the risk involved in de-hosting by 2025 considering the current economic environment and risk to delivering on GPE's current strategy. Some also cited there are at present insufficient benefits to outweigh these risks.
- At the same time, many members feel existing institutional arrangements must change to allow GPE to meet the ambitious agenda of Partner Countries and the needs of the sector. To this latter end, Partner Countries have articulated their aspirations in a Communique to the Board, attached to this document as Annex A.
- Some Board members believe these issues need to be looked at in the context of how the education architecture needs to evolve along with GPE's future role within it. Board members agree that GPE needs to be ambitious in order to more effectively tackle the learning crisis.
- Considering the above, rather than focusing on a binary hosting/de-hosting decision, it may be more beneficial for GPE to find a compromise between these two positions in order to achieve consensus.
- Based on the Board retreat and subsequent inputs from Board members, there seems to be broad recognition that changes to GPE's institutional arrangements need to be looked at in the context of the overall global education architecture, and the extent to which the World Bank can provide operational flexibility. In the event that there are to be major changes to GPE's institutional arrangements, such as creation of a legal entity and potentially de-hosting the Secretariat, these arrangements will need to be phased in over a much longer time frame than by 2025 to better manage the risks involved.
- The consensus decision language proposed as Option 1 in this paper aims to recognize these issues in a manner that offers a clear pathway forward with the ability to propose and agree necessary changes by the end of 2023 that will take into account progress on discussions with the architecture, and also with the World Bank.

Objective

1. Per Board decision BOD/2022/06-07, the Board is requested to consider three decision options for a pathway forward regarding the future institutional arrangements for the Global Partnership for Education.

Recommended decision

BOD/2023/01-XX —GPE's Institutional Arrangements: The Board of Directors:

Decision Language Option 1:

1. Recognizes that GPE is a strong organization with the capability to fully support delivery of the current strategic plan.
2. In the context of examining how to best meet GPE's future needs beyond 2025, takes note of the findings of the independent consultant reports to examine the implications of establishing GPE as a separate legal entity.
3. Expresses its appreciation to the World Bank for hosting the GPE Secretariat.
4. Recognizes there are significant risks to ending the hosting arrangements at this time considering current economic conditions, the potential impact on staff, and delivery of GPE2025 which may outweigh the benefits of such a change in the short term. Further recognizes that for partner countries, the same economic environment compels the need for an urgent and innovative response.
5. Acknowledges there are advantages to the current institutional arrangements, but also the need for changes that will ensure the GPE Board has greater autonomy over its strategic vision, direction, funding, partnerships, and programs consistent with its status as a FIF hosted by the World Bank.
6. In this context, mandates the CEO, under the guidance of the EXCO and building on the progress to date to engage with the World Bank to further explore options that could achieve potential cost savings, fundraising instruments and greater operational flexibility.
7. Notes the call from partner countries in BOD/2023/01 DOC 02 Annex A for the Education Aid Architecture to strengthen its support for the role of partner countries to own and deliver education transformation, and that GPE has a unique role in helping convene partners and mobilize resources. Requests the SDG4 High-Level Steering Committee to consider this call in light of the global learning crisis, and the implications for GPE.
8. Requests the Secretariat to report back to the Board in June 2023 on progress and identify potential future changes that may be required for the next strategic plan period for Board consideration by December 2023.

Decision Language Option 2:

1. Recognizes that GPE is a strong organization with the capability to fully support delivery of the current strategic plan.

2. In the context of examining how to best meet GPE's future needs beyond 2025, takes note of the findings of the independent consultant reports to examine the implications of establishing GPE as a separate legal entity.

3. Expresses its appreciation to the World Bank for hosting the GPE Secretariat.

4. Recognizing there are significant risks to ending the hosting arrangements at this time considering current economic conditions, the potential impact on staff, and delivery of GPE2025 which may outweigh the benefits of such a change, determines that delivery of GPE's strategic objectives for the foreseeable future are likely to be better served by remaining hosted by the World Bank.

5. Requests the Secretariat and the World Bank to submit a proposal for the extension of the hosting Memorandum of Understanding (MoU) beyond 2025 to the Executive Committee for its approval no later than 30th June 2024, and assess the need for any other amendments that may be necessary. This proposal should include a recommended extension period and mechanisms for any future review of the MoU.

Decision Language Option 3:

1. Recognizes that GPE is a strong organization with the capability to fully support delivery of the current strategic plan.

2. In the context of examining how to best meet GPE's future needs beyond 2025, takes note of the findings of the independent consultant reports to examine the implications of establishing GPE as a separate legal entity.

3. Expresses its appreciation to the World Bank for hosting the GPE Secretariat. Notes that GPE has significantly grown and evolved since inception and should continue to do so to meet the ambitious expectations of its stakeholders.

4. Determines that delivery of GPE's long-term strategic objectives and to facilitate its future role within the Education Aid Architecture would be better served by establishing GPE as a separate legal entity with its own Secretariat recognizing that:

    a. This approach should increase impact at country level, strengthen the autonomy of the GPE Board, increase the economy and efficiency of the Secretariat, enable greater flexibility to raise and deliver resources through differentiated modalities, improve the agility of GPE to address future challenges, and take advantage of emerging opportunities.

b. This is a natural evolution for GPE given its current size and future trajectory, and in no way reflects negatively on the services of the World Bank who have provided outstanding support to the GPE Secretariat since inception.

5. Requests the Secretariat in consultation with the Executive Committee to:

   a. Submit a proposal setting out the key principles and parameters that should guide the establishment of an independent GPE, along with a transparent process including key criteria for the selection of the HQ of an independent GPE legal entity for Board approval no later than 31st March 2023.

   b. Present a transition plan including timeline, and budget for review by the Finance and Risk Committee and recommendation to the Board at its June 2023 meeting.

6. Calls on the Secretariat and World Bank to work closely together to ensure a smooth and orderly transition of the hosting arrangements, that should seek to mitigate the risk of disruption to implementation of the strategic plan, resource mobilization efforts, and with due attention to staff concerns.

Background and overview

2. At its June 2022 meeting, the Board requested detailed analysis to support a decision on GPE's institutional arrangements (BOD/2022/06-07). This extensive analysis included (i) a detailed cost and value for money analysis on both the 'status quo' and 'mixed' scenarios, (ii) legal and governance research to clarify the optimal form an independent legal entity for GPE might take, with attention to implications for privileges and immunities, and (iii) more precision on possible locations for the 'mixed' scenario. These analyses were completed by KPMG and a legal expert, whose reports were considered by the Board at its December 2022 meeting.

3. At the Board retreat and meeting of December 5-7, 2022, the Board agreed that GPE needs to be more ambitious to respond to the multiple crises facing country partners, a learning crises compounded by the impact of COVID 19, food and energy crises, and climate disaster risks. The Board requested country partners to develop a statement of their aspirations for GPE and what capabilities GPE would need to fulfill those aspirations. As well, the Board requested the Secretariat draft a paper outling what GPE would be able to do with an separate legal entity that it cannot presently do hosted.

4. Enclosed to this document are three Annexes, the first being a communique from country partners that articulates country partners' aspirations for GPE developed during a meeting of partner countries on January 16, 2023, the second being a summary of the findings of a survey of Partner Countries, and

the third being a paper from the Secretariat on what capabilities it would be able to have with an independent entity.

Annex A – Communiqué from Country Partners
Annex B – Summary of Findings – Survey of Partner Countries
Annex C - Impact Document from the Secretariat