JUNE 4-6, 2024 – MEETING OF THE BOARD OF DIRECTORS - BERLIN, GERMANY

BOD-2024-06-DOC 07 – FOR DECISION

GREATER OPERATIONAL FLEXIBILITIES

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.

Objective

1. The Board is requested to review the work to date done on fundraising approaches and operational flexibilities after the December 2023 decision (BOD/2023/12 01), and consider a roadmap for the creation of the non-profit legal entity, for its decision.

Proposed Board Decision

BOD/2024/06-XX – GPE's Operational Flexibilities: The Board of Directors:

1. Refers to its decision on institutional arrangements from December 2023 (BOD/2023/12-01) and welcomes the progress made by the Secretariat and World Bank towards achieving greater operational flexibilities for GPE.
2. Thanks the World Bank for continued strong collaboration and partnership towards finding operational flexibilities to enhance GPE's impact for partner countries.
3. Requests the Secretariat to update the Board on its work to achieve greater operational flexibilities at the December 2024 Board meeting.
4. Notes the analysis set out in Annex C of BOD/2024/06-DOC 07 that establishing a non-profit legal entity in Switzerland could be beneficial to support GPE objectives, particularly around resource mobilization.
5. Requests the Secretariat to work with external legal support, the World Bank, and in cooperation with relevant and interested GPE partners to advance the actions set out in a roadmap in the consultant's report (BOD/2024/06-DOC 07 Annex C) for the creation of such an entity, and to submit the necessary information for final Board decision at either the December 2024 or June 2025 Board meeting.

Background and overview

1. At its December 2023 meeting, the Board of Directors mandated the Secretariat to further explore fundraising approaches and operational flexibilities in the context of developing its next strategic plan and approach to financing and funding.
2. Options for a Separate Legal Entity: A legal expert, Dr. Tim Nielander, was hired and began work in February. Per the consultancy terms of reference (Annex A), Dr. Nielander undertook a Phase I analysis of the potential of legal non-profit entities in the jurisdictions of the United States, the United Kingdom, France, Switzerland, the UAE, and Singapore to deliver the capabilities GPE requires in a separate legal entity (see Annex B for a summary of the Phase I report).
3. Based on this Phase I desk research, GPE's CEO requested that the consultant undertake further analysis to examine more closely the costs, steps, timeline, risks, and implications of establishing a separate non-profit legal entity in Switzerland. Switzerland was selected as the jurisdiction that would afford the entity the fullest range of capabilities in a non-profit legal entity compared to the other jurisdictions. The Secretariat may facilitate similar reports for the Board's consideration of other possible non-profit legal entities in other jurisdictions at a later date should the Board determine there is a clear business rationale for doing so, but for the time being only the report on the Swiss option is being submitted for Board consideration.
4. Dr. Nielander has completed his Phase II report that provides the basis for a roadmap towards creating a separate legal entity in the jurisdiction of Switzerland (see Annex C for the Phase II report).
5. As previously communicated, while the GPE Secretariat may provide analysis and advice to the Board, all the formal steps necessary to establish a Swiss non-profit would need to be undertaken by interested GPE contributor(s) and other GPE Board stakeholders, rather than the GPE Secretariat.

Annex A – Terms of Reference – Senior Legal Advisor for Separate Legal Entity

Annex B – Summary of Phase I Report of the Senior Legal Advisor

Annex C – Phase II Report of the Senior Legal Advisor

The following annex is available on the Governance Portal:

Annex D – Frequently Questions Asked