PRINCIPLES AGREED FOR THE HOSTING MEMORANDUM OF UNDERSTANDING BETWEEN THE WORLD BANK AND THE GLOBAL PARTNERSHIP FOR EDUCATION

For Decision

1. PURPOSE

The purpose of this paper is to seek the Board of Directors' endorsement of a set of principles that will underpin the Hosting Memorandum of Understanding ("Hosting MoU") between the World Bank and the Global Partnership for Education ("Global Partnership" or "GPE"). The Hosting MoU will address the issues identified and endorsed by the Board of Directors in the *Status Quo Plus* Implementation Plan in October 2012.

2. RECOMMENDED DECISION

The Secretariat requests that the Board of Directors approves the following decision:

BOD/2013/11-XX — Principles of the Hosting Memorandum of Understanding between the World Bank and the Global Partnership for Education: The Board of Directors:

a. endorses the principles which are agreed for the Hosting MoU ("Hosting MoU");

b. delegates authority to the CEO of the Global Partnership for Education to complete negotiations with the World Bank to finalize and sign the Hosting MoU based on these principles, by 31 March 2014; and

c. requests the CEO to consult with the GPE Governance Working Group, or its successor committee on the negotiations of the Hosting MoU.

3. EXECUTIVE SUMMARY

3.1 MoU as Relationship Management Framework. The Hosting MoU will address the specific issues set out in the *Status Quo Plus Implementation Plan*. In addition, the Hosting MoU attempts to deal comprehensively with the unique administrative and trust fund roles that the World Bank plays with the Global Partnership, reflecting the World Bank's framework for partnership engagement, across the life-cycle of partnership activity. The role of the World Bank as a Supervising or Managing Entity for the Global Partnership will be dealt with in a separate agreement.

Both the World Bank and the Global Partnership agree that, given the rebranded and reorganized functions of the Global Partnership, and the fact that the Global Partnership is independently funded and governed, the relationship with the World Bank has matured to one that is broadly collaborative. That relationship is different in kind from the activities carried out under the Fast-Track Initiative, when the Secretariat operated as a unit of the World Bank.

After extensive consultation and discussion, the GPE Secretariat has synthesized input from the many units in the World Bank with which the Global Partnership interacts and with GPE stakeholders into a set of principles that will be finalized in the Hosting MoU, if the GPE Board were to endorse them. The GPE CEO would then complete negotiations with the World Bank to finalize and sign the document.

The Hosting MoU, when executed, will serve as a living document, which will provide a framework for working together with the World Bank and managing the collaborative relationship between the Global Partnership and the World Bank, through the establishment of a GPE/World Bank - Working Group ("**WG**"). The WG concept has been accepted by the World Bank as a useful mechanism to serve as a planning, coordination and issue-identification body. The WG would provide a real-time opportunity to refine the relationship as management and structural changes occur within the World Bank and the Global Partnership.

3.2 Discretion and Responsibility. The most complex area that will be addressed in the Hosting MoU is the balance between GPE discretion and GPE responsibility for its decisions and functions. The WG will provide a mechanism for refining that balance over time and thus cannot be fixed with finality, given the World Bank's current internal restructuring exercise. The Hosting MoU thus provides a framework for collaboration to

manage the on-going and changing relationship that exists and will continue to change between the Global Partnership and World Bank, as both parties seek to address development challenges in the education sector.

4. BACKGROUND

4.1 Independent Report of the GPE: Hosting Review; 1 June 2012. In 2012, Dr. Alison Evans presented the Hosting Review to the GPE Board, identifying several areas where changes could be made to operational performance, covering vision and leadership. The specific recommendations of the Evans Report are reproduced below (in italics) along with the suggestions on how the GPE Secretariat proposes to address them (in bold):

- ***Improving the performance of the Global Partnership inside the Bank*:**
  - *"More senior leadership of the Secretariat"*: **which has been addressed in part by the appointment of a CEO and the ongoing recruitment of senior staff in the Secretariat, changes to be memorialized in the Hosting MoU**.
  - *"A clearer statement of roles and responsibilities between the Secretariat, the Board and Bank management, supported by the possible establishment of an Executive Committee of the Board to improve decision-making speed"*: **which is addressed through the work of the Governance Working Group and the principles that will be memorialized in the Hosting MoU**.
  - *"A decision-making role for the Board Chair in performance managing/recruiting senior leadership in the Secretariat"*: **which has been addressed in part by the appointment of the CEO and is one of the principles that will underpin the Hosting MoU.**
  - *"Agreement with the relevant Sector Board that only 1 short listed candidate per GPE term/ETC post should be internal to the Bank (except for fiduciary management positions)*: **this issue has been clarified. The current status is that WB staff needs to be on a long list but there is no requirement for GPE to have its shortlist reviewed by a Sector board.**
  - *"Agreement on a cap for staff recruited from within the Bank into the Secretariat (i.e., "no revolving door")"*: **there is no current cap or floor**

for the number of WB staff working in the GPE Secretariat. All positions are competitively bid and the best candidate selected. This issue will be memorialized in the Hosting MoU.

- *"Agreement on a modus operandi for sole source/non-competitive bidding (for Secretariat specific purposes) up to a maximum financial threshold"*: **although this has not been a significant current issue for the Secretariat, the Hosting MoU will provide for a semi-annual procurement plan where these issues may be specifically addressed**.

- ***Improving operational performance at country level:***
  - *More independent technical input*: **currently dealt with by the Global Partnership through the proposed Supervising and Managing Entity Eligibility Expansion Plan and a review of other potential implementation modalities, not necessary to be memorialized in the Hosting MoU**.
  - *An urgent accreditation process for non-Bank supervising entities with streamlined fiduciary requirements*: **currently dealt with by the Global Partnership through consultations with Supervising Entities and Managing Entities toward setting standards applicable to all.**
  - *Agreement that the Bank will deploy its latest "Program 4 Results (P4R)" modalities where it is the supervising entity (which allows for the use of country systems and the co-mingling of funds)*: **will be dealt with by the GPE/WB Working Group discussed below.** *More active Secretariat support to Local Education Groups, greater representativeness and support for innovative partnerships:* **the WB and GPE agree to further collaboration to support and strengthen the Local Education Groups, the details of which will be dealt with by the GPE/WB Working Group discussed below.**

4.2 *Report of Board Working Group on Evans* Review. The Board Working Group on the Evans Review presented a report to the GPE Board on 9 October 2012, which included a detailed implementation matrix identifying the issues to be addressed as well as specific actions and desired outcomes. That report, (*BOD/2012/10/ DOC 01)* and the issues set forth in its *Implementation Plan* will be specifically addressed by the Hosting

MoU. Annex 1 to this paper provides a matrix of the issues identified in the *Status Quo Plus Implementation Plan* and how those issues are addressed by the specific principles that will be memorialized in the Hosting MoU.

4.3 Agreed Principles of Hosting Framework. As noted in Sections 4.1 and 4.2 above, some of the issues raised by the Evans Report and *Status Quo Plus Implementation Plan* have been dealt with through changes in policy or practice, or they are being addressed by other work streams (e.g., the work of the Governance Working Group). Even so, the Hosting MoU will address additional concepts in an attempt to anticipate other areas of collaboration between the World Bank and Global Partnership and how those may be addressed within the framework of the relationship with the World Bank.

In order to come to a final agreement on the Hosting MoU, the World Bank and the Global Partnership have agreed to the following principles:

- **GPE-World Bank Working Group**
    - The Global Partnership and the World Bank will establish the GP/WB Working Group ("WG") as a mechanism to plan and coordinate future activities including coordinated innovative financing activities in GPE-funded countries, collaborative media and results' reporting activities, risk assessment and management, review of the partnering relationship between the World Bank and the Global Partnership and any other matters.
    - The Global Partnership will produce a written report of WG meetings to provide the Global Partnership's Board of Directors regular updates to identify successes resulting from the partnering relationship and to identify any challenges that require attention or guidance from the Global Partnership's Board of Directors.
    - It is anticipated that modifications to the partnering relationship may be required in light of the World Bank's *Global Practices Initiative* and its *Country Partnership Framework,* as those initiatives are currently titled, and as necessary to further optimize the working relationship between the parties.

- **Discretion and Responsibility**

- The World Bank may agree with the GPE CEO on flexibility in some Human Resources, Procurement practices to the extent possible, and, in cases where the risk and potential liability to the World Bank is deemed high, the Global Partnership and the World Bank will agree in good faith on GPE's responsibility to assume potential financial risks, including a proposed reserve for potential indemnities.

- **GPE Status**

  - The Global Partnership is financially independent of the World Bank. The GPE Board of Directors is responsible for approving the Secretariat's annual objectives, outcomes, staffing, budget and work plan.[1]

- **Human Resources**

  - A mechanism to resolve conflicting loyalty situations will be established.
  - The GPE CEO is accountable to the GPE Board of Directors with regard to objectives and outcomes. Additionally, the GPE CEO is accountable to the GPE Board of Directors, and will advise the World Bank, with regard to the Secretariat work plan and personnel and budget management.[2]
  - The GPE CEO is responsible for the appointment and dismissal of GPE Secretariat staff members, including determining the type and duration of appointments in accordance with the World Bank's Principles of Staff Employment and Staff Rules.
  - The Global Partnership will present a plan semi-annually to the VPU HR that describes the projected job descriptions and staffing needs for the Global Partnership over the subsequent six months. The Global Partnership and VPU HR will consult regarding such semi-annual plan to help plan in advance for staffing needs.
  - All GPE staff are World Bank staff and are required to comply with all World Bank policies, rules and regulations pertaining to their respective appointments.

[1] Charter of the Global Partnership for Education, paragraph 4.2.9.

[2] If endorsed by the Board, this will require an amendment to the Charter of the Global Partnership for Education.

- To the extent that GPE hiring activity requires extraordinary support from the VPU HR, the parties may agree to have a dedicated person provided by VPU HR (at GPE's expense) to facilitate the recruitment, interview, due diligence and appointments processes.
- No job description or title within the GPE Secretariat is intended to establish or entitle any GPE Secretariat staff to any particular appointment level within the World Bank's own recruitment and hiring processes.

- **Performance Management**

  - The GPE CEO provides performance evaluations of the Secretariat staff in accordance with World Bank policies and procedures. Input from relevant GPE partners is expected to be sought as part of this review process.

- **Procurement and Information Technology**

  - A Resource Management Officer assigned to support the GPE Secretariat will guide and direct staff, as needed, on procurement and other contractual issues.
  - The GPE Secretariat also has a dedicated, on-site IT Specialist contracted by the World Bank's Information Management and Technology department.
  - The Global Partnership may, in its discretion, acquire such information technology equipment and services as it deems necessary for the fulfillment of its mission. To the extent such equipment or services must operate within the overall security and information infrastructure of the World Bank, the parties will cooperate to help ensure compatibility and security for such infrastructure. To this end, (i) the Global Partnership will involve the World Bank ITS technical and security teams during the acquisition phase of any information technology equipment or services to ensure that infrastructure compatibility assessments, security assessments, certification and accreditation processes are performed at the appropriate stage of each project; and (ii) all GPE staff must comply with all relevant World Bank Group IT and IT security policies, standards and procedures.

- To the extent that GPE information technology activities require extraordinary support from the World Bank ITS department, the parties may agree to have a dedicated person provided by the World Bank (at the Global Partnership's expense) to facilitate GPE's information technology project needs.

- **Financial Coordination and Trustee Role**

  - The World Bank will provide the following reports relating to its responsibility as the GPE funds trustee, which include: (a) quarterly administrative budgets reporting, distinguishing between Financial and Program Management, Investment Management, Accounting and reporting and Legal services costs; (b) quarterly program disbursement; and (c) quarterly portfolio report, providing valuation and investment income details.
  - Except when a Financial Procedures Agreement or other agreement relating to in-bound or out-bound financing is entered into by the World Bank on a form of agreement pre-approved by the GPE CEO, the World Bank and the Global Partnership will jointly negotiate and approve agreements for inbound funding or outbound disbursements to ensure harmonization among donor and disbursement agreements. Financial Procedures Agreements with Implementing Agencies. The World Bank and the Global Partnership will jointly negotiate Financial Procedures Agreements with non-World Bank GPE program implementing agencies to ensure harmonization of such agreements with GPE-established standards applicable to implementing agency arrangements, including as established for CSO implementing agencies. To address perceived conflicts of interest, Financial Procedures Agreement with the World Bank will be on the terms and conditions applicable to implementing agencies as may be approved by the Global Partnership Board from time to time.
  - FPA Approval. The GPE CEO (or GPE Board at its request) will approve all FPAs prior to execution. The GPE CEO will be authorized to sign such FPAs on behalf of the Global Partnership alongside any World Bank person also required to sign pursuant to World Bank rules.

- Innovative Finance Initiatives. The Global Partnership and the World Bank will collaborate, where feasible, to leverage funding for GPE programs through innovative financing instruments and programs, including private sector engagement.

- **Other Principles**

  - For misuse of funds allegations, the World Bank, through its Integrity Vice Presidency (INT), would engage with the Global Partnership to find the best way to collaborate closely with it on matters of mutual concern to the Global Partnership and the World Bank in the area of fraud and corruption.
  - Many hosted partnerships have established affiliates as needed to further the hosted organization's objectives by activities, which are not easily or cannot be conducted by the host organization (e.g., including UNITAID with its affiliated Patent Pool). The World Bank recognizes the possibility, that, if the Global Partnership's Board of Directors should ever approve, GPE may establish such an affiliate as a non-profit that may provide services to further the Global Partnership's mission.
  - In the case of the GPE Secretariat's disengagement from the World Bank, a transitional period would be negotiated to allow for sufficient time to implement exit arrangements.
  - Any costs of disengagement, including severance payments, cancellation of lease agreements, and costs of any contractual arrangements that the World Bank has entered into on behalf of the GPE Secretariat will be covered from GPE trust funds resources.

4.4 Topics for Further Discussion and Negotiation.

The Global Partnership and the World Bank will discuss and come to agreement with respect to:

- The ability of the GPE CEO to establish job descriptions, interview panel composition, and titles and to have authority to make decisions on, promotions and performance related increases for all GPE staff.
- The ability of the GPE CEO to make the final decision on the appointment of a selected candidate to a GPE staff position after the World Bank's applicable due

diligence regarding security and background checks, and restrictions on a right of return to the World Bank in new contracts that will be issued to GPE staff.

- The notice requirements with respect to the renewal or extension of appointment contracts of GPE staff.
- Performance review and selection process of the GPE CEO by the Board of Directors with input from the World Bank.
- Any waiver of the application of Bank Staff Rules and Procedures.
- The preparation and submission of and consultation on a semi-annual procurement plan.

4.5 Consultation, Drafting and Negotiation Process. The Secretariat received input from a broad range of stakeholders whose input was synthesized to distill workable principles that could be agreed by the Global Partnership and World Bank, in a document of reasonable size. During the consultation, Secretariat representatives met with World Bank officials, including the Managing Director of Operations ("COO"), VP Africa, VP Human Resources, VP HDN, VP CFP, the Chief Risk Officer, World Bank legal advisors, and other interested World Bank stakeholders.

The World Bank has demonstrated good-will and has striven to organize meetings and a "corporate-wide" approach to engaging with the GPE Secretariat. With the endorsement of the GPE Board of Directors of the principles to be memorialized in the Hosting MoU, the GPE Secretariat will move from negotiation about the Hosting MoU principles into the technical aspects necessary to finalize the Hosting MoU for signature. This process will attempt to achieve a balance between maintaining flexibility in the hosting relationship and the operation of the WG while resolving the issues rose in the Evans' Report by 31 March 2014, including clarity on World Bank fees and the scope of discretion regarding human resources matters that can be delegated to the CEO.

5. FINANCIAL IMPLICATIONS

Currently, the Global Partnership reimburses the World Bank for trust fund services and administrative costs, some of which have not changed since the FTI was established. If the GPE Board of Directors endorses the principles of the Hosting MoU, options will be costed and provided to the Board as part of the normal GPE budgeting process. Those options could include, for example, reimbursing the World Bank for dedicated HR support on an exceptional basis. Given the expanding level of GPE activities,

administrative costs are likely to increase, and such costs should be consistent with other similar development partnership initiatives.

6. NEXT STEPS

If the principles of the Hosting MoU are approved and the CEO delegated authority to complete negotiations and finalization of the Hosting MoU in consultation with the Governance Working Group (or successor committee) as set forth in this paper, the GPE CEO plans to sign the Hosting MoU on behalf of the Global Partnership by 31 March 2014. If the negotiation process reveals that the World Bank requires any substantial alteration to the principles already agreed to and set forth in this paper, then the GPE CEO will consult with the Governance Working Group or its successor as necessary to obtain guidance to resolve the issue.

7. CONCLUSION

Given the importance of partnerships to the development agenda as noted in the report issued by the High Level Panel on the Post-2015 Development Agenda entitled "A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development" achieving a flexible, living framework is necessary to realistically manage the partnership between the World Bank and the Global Partnership created by the hosting relationship. The World Bank and Global Partnership require an efficient, coordinated relationship in order to deliver global education results. A balanced Hosting MoU will provide additional clarity and a framework for collaboration to support the education objectives supported by both the Global Partnership and the World Bank.

ANNEX 1- MAPPING SPECIFIC STATUS QUO PLUS – IMPLEMENTATION PLAN REQUIREMENTS TO THE DRAFT PRINCIPLES

(Other items in the implementation plan related to country level collaboration will be dealt with by the GPE/WB Working Group)

Status Quo Plus – Implementation Plan Issues	**Proposed Solution**	**Action Taken**
World Bank human resources procedures service core World Bank business and are not easily tailored to Secretariat staffing needs (in terms of mix of skills/job titling and seniority). – Hosting Issue 2	A Memorandum of Understanding (MoU) to be prepared and agreed between the Board of Directors and the World Bank setting out: roles and responsibilities in decision-making on human resource matters, procedures for hiring Secretariat staff and terms for the participation by the Board in senior recruitments.	The principle is captured in the following principles that will underpin the MoU between Secretariat and the World Bank: *The GPE CEO is responsible for the appointment and dismissal of GPE Secretariat staff, including determining the type and duration of appoints in accordance with the World Bank's Principles of Staff Employment and Staff Rules.* *The GPE will present a plan semi-annually to the VPU HR that describes the projected job descriptions and staffing needs for the GPE over the subsequent six months. The GPE and VPU HR will consult regarding such semi-annual plan to help plan in advance for staffing needs.* GPE and the World Bank will discuss and come to an agreement on:

Status Quo Plus – Implementation Plan Issues	Proposed Solution	Action Taken
		- The ability of GPE to determine who may be placed on interview lists and recruitment long-list for a given GPE staff position; - The restrictions on a right of return to the World Bank in new contracts that will be issued to GPE staff; - The ability of GPE to decide on the timing and final decision of appointment to a given GPE staff position, subject to the World Bank's applicable due diligence regarding security and background checks; - Any waiver of the application of Bank Staff Rules and Procedures
World Bank rules on procurement are there to support its core business but are often too limiting for the scale and type of contracting undertaken by the Secretariat. This slows down and adds costs to Secretariat decision-making and delivery. Currently Secretariat staff leads on procurement themselves which adds costly steps to the process as not all are equally familiar with the rules and exemptions etc. – Hosting Issue 3	Introduce planning/coordination mechanism between the WB and the GPE Secretariat, including, where possible, pre-approved procurement contracts, and dedicated resources engaged by the GPE within the applicable World Bank Procurement unit, including for IT matters.	GPE will meet semi-annually with the Procurement teams in World Bank to discuss projected procurement needs. A Resource Management Officer assigned to support the GPE Secretariat will guide and direct staff, as needed, on procurement and other contractual issues.
World Bank staff rules put all matters relating to the World Bank – brand, identity etc. - above that of the Global Partnership. World Bank staff rules are a key part of the authorizing environment for	World Bank Group staff have loyalty obligations to the Bank but in the event that WBG staff are in a situation with a conflict	GPE and the World Bank will discuss and come to an agreement on the issue of GPE

Status Quo Plus – Implementation Plan Issues	Proposed Solution	Action Taken
the hosting arrangement but should not exclude the possibility of staff duly serving both the World Bank and the Global Partnership on an equal footing. – Hosting Issue 4	of loyalty, they should disclose the issue to their GPE and Bank tagged managers, and the office of Ethics and Business Conduct, from which the staff can seek guidance as to how to proceed.	staff duties of loyalty to the World Bank and a mechanism to resolve conflicting loyalty situations.
World Bank-led performance management of the senior team in the Secretariat skews incentives and gives the appearance of greater accountability to World Bank management than the Board. – Hosting Issue 5	The senior team in the Secretariat, with the exception of the CEO, will be evaluated by the CEO. The Board will organize a performance review of the senior team of the CEO with inputs from the World Bank.	GPE and the World Bank will discuss and come to an agreement on having the performance review of the GPE CEO done by the Board of Directors with input from the World Bank, and the procedure for the performance review of all other GPE staff.
The Partnership has relied heavily on the World Bank to perform as Supervising Entity. In line with other global programs, a broader participation from donor partners is vital to deliver a true partnership and break the perception that GPE funds are being used 'as if' World Bank funds at country level. – Partnership Issue 2	Broaden base of Supervising and Managing entities on common GPE standards, negotiated jointly with GPE staff and World Bank staff.	The Global Partnership Board of Directors will work toward setting standards applicable to all Supervising Entities and Managing Entities through a consultation process (Cf. Item 3 - Section 4 of the FAC Report).
The Global Partnership has not played a full leadership role in resource mobilization, relying too heavily on a few donor partners to carry most	GPE Secretariat has taken the lead in fund-raising activities. MoU also articulates a principle	The principle is captured in the negotiation of the MoU between Secretariat and the World

Status Quo Plus – Implementation Plan Issues	Proposed Solution	Action Taken
of the burden. Funding at the global level needs a wider range of contributors, while more emphasis needs to be given to crowding-in resources at country level through the demonstration effect of committed domestic resources and innovative aid modalities. – Partnership Issue 3	of collaboration to increase and broaden fund-raising/financing modalities.	Bank: *The GPE is financially independent of the World Bank and is funded by its donors.* *The GPE and World Bank will collaborate, where feasible, to leverage funding for GPE programs through innovative financing instruments and programs, including private sector engagement.*