GLOBAL PARTNERSHIP for EDUCATION

BOD/2014/06 – DOC 03 Rev 1
Meeting of the Board of Directors
Via Audio-conference
June 2, 2014

CHAIR'S SUMMARY

1. Introduction

1.1 Julia Gillard, Chair of the Global Partnership for Education, welcomed participants.

1.2 Lisa Gomer, Chief Operating Officer, was requested to take a roll call and confirmed a quorum was present, after which the Chair commenced the meeting (see Annex 1 for list of participants).

1.3 The Chair advised the Board that the issues for discussion on Available Resources were critical in order for the Board to determine how it will allocate resources after the replenishment.

2. Available Resources

2.1 The Chair introduced the topic, noting the recommendations presented to the Board today were the result of both previous Board discussions and subsequent work of the Governance, Ethics, Risk, and Finance Committee (GERF). She expressed her deep appreciation of the work done by Minister Thiam and the members of the GERF for developing these recommendations.

2.2 At the request of the Board Chair, Padraig Power, Senior Financial Officer, briefly introduced the Board Document (BOD/2014/06/ DOC 02) and the GERF recommendations. The Senior Financial Officer reminded the Board that "available resources" was not the same as the amount of funds pledged at replenishment. There are many costs that the Global Partnership has to cover from the replenishment figure before it can determine how much will be "available" for program implementation grants. He reminded the Board that currently, the Global Partnership is estimated to have a carryover of approximately US$527 million. In addition, funds will be needed to cover the costs of the Trustee and the Secretariat, as well as agency fees and supervision allocations, other small grants such as education plan development grants and program development grants, and for any additional provisions the Board wishes to establish.

2.3 The Senior Financial Officer also stressed that much of the complexity in this paper relates to the issue of "prioritization" and this would only be relevant if the level of available resources are insufficient to fund all eligible countries. He explained that while the hope is that this will not be necessary, the GERF recognized its duty to prepare for this eventuality to ensure the Board is in a position to make decisions on allocations no matter what level of resources are available.

2.4 The Senior Financial Officer briefly summarized the rational of each of the recommendations contained in Decision Point 1. The Board Chair then opened discussion on each of the five recommendations contained in Decision Point 1.

Decision Point 1 – Recommendation 1 – Minimum Acceptable Allocation

2.5 The Board Members agreed with the GERF recommendation and approved the following decision:

BOD/2014/06-01 – <u>Available Resources for Allocation:</u>
"1. a. The minimum amount that will be used to calculate the maximum country allocations (MCAs) for all eligible countries is US$2 billion, subject to the provisions of paragraph 1.e."

Decision Point 1 – Recommendation 2 – Use of an Unfinanced "Carryover"

2.6 The Board Members agreed with the GERF recommendation and approved the following decision:

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>
"1.b. Taking a maximum unfinanced "carryover" of up to 20% of the global value of the MCAs expected to be approved in the 2015-2018 period in order to prudently manage GPE funds. The level of the carryover will be based on a detailed analysis of projected grant allocations to ensure cash flow needs will be met. The GPE Secretariat will present this analysis to the GERF with each semi-annual financial forecast.

Decision Point 1 – Recommendation 3 – Projection of Donor Contributions

2.7 The GPE Secretariat explained that some Board members had expressed concerns with the GERF proposal on how to calculate projections. They thought it was unrealistic to only take into consideration written documentation from a donor outlining that they intend to pledge. Board members did not think that this would be workable in practice for all donors. Therefore it was proposed that some flexibility should be provided to the GERF when reviewing projections to allow them to make a recommendation to the Board on the type and amount of projections that can be included in the forecast of available resources. This approach to review projections on a case by case basis would still maintain the sensible oversight arrangements proposed by the GERF.

2.8 The Secretariat introduced alternative decision language during the audio call which removed reference to obtaining written documentation from donors. While Board members generally supported the revised language, some members noted that in future as a matter of good governance, it would be preferable if alternative decision language was circulated to the Board in advance of such calls. In addition, clarification was provided that the Board would receive information from the GERF on the basis for their recommendation on the amount of projections to be included, and the Board would make the final decision. Based on this clarification, the Chair deemed that there was sufficient consensus on this item for the decision to be approved.

2.9 The Board Members approved the following alternative language:

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>

1. c. A projection for additional resources that may be pledged after the replenishment pledging conference in June 2014 may be included in the forecast to determine available resources for Program Implementation Grants. The GERF will review all pledges received during the Replenishment Pledging Conference, and after consultation with the Secretariat, will make a recommendation to the Board for their approval of the dollar amount that should be used as projections.

Decision Point 1 – Recommendation 4 – Timing of Announcements of Maximum Country Allocations

2.10 Some Board members agreed that it may be difficult to announce maximum country allocations for 2015 and 2016 by 30 June 2014 and that some flexibility might be required on the timing. The Secretariat noted that there is a risk that if donor pledges are not very clear and specific in terms of the amount and timing of expected payments and ensuring no duplication with existing pledges, that further follow up work may be required after the replenishment to clarify the amount that may be considered for the forecast of available resources. The Board Chair proposed that the language of the recommendation be modified with the addition of "by 30 June 2014 or as soon as possible thereafter".

2.11 All Board members agreed by consensus on this revised language:

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>
"1. d. The announcement of Maximum Country Allocations for eligible countries will be made on an annual basis as follows:

i. announcement by 30 June 2014 or as soon as possible thereafter of maximum country allocations for 2015 and 2016;
ii. announcement by 30 June 2015 of maximum country allocations for 2017; and
iii. announcement by 30 June 2016 of maximum country allocations for 2018."

Decision Point 1 – Recommendation 5 – Prioritization if Resources are Insufficient

2.12 It was noted that prioritization would only be relevant if the level of available resources for program implementation grants was less than US$2 billion, and in that case, the GERF outlined options, but not recommendations, on the potential areas for reductions in funding. It was stressed that there is no consideration of cancelling the allocations for the countries expected to apply in Round 2 2014, but that there is an option not to make a provision for <u>new</u> allocations in the 2015-2018 period considering that implementation on the grants approved in Round 2 2014 are unlikely to be complete until sometime in 2018.

2.13 The Chair explained that it may be too early for the Board to take a decision on prioritization before the replenishment, and noting that the GERF will be meeting on the evening of the replenishment, recommended that the GERF consider the issue further and make a specific recommendation to the Board on the order of prioritization, if necessary.

2.14 Some members also noted the importance of supporting Small Islands and Landlocked Developing States in line with the eligibility criteria approved by the Board in February 2014, and expressed the view that they should not be considered for reductions or removal. The Secretariat noted that exempting the Small Islands and Landlocked Developing States would not have any material impact on the financial situation as the allocations would be less than US$20 million and had no concerns if the Board adopted that approach.

2.15 The Board Chair noted the recommendation is adopted with the following amendments:
- Deletion of the reference to the Small Islands and Landlocked Developing States as a potential option for reduction or removal; and
- Addition of the following language "The GERF will make recommendations to the Board on the prioritization of possible reductions if necessary"

2.16 The Board Members approved the following:

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>
1.e. In recognition of four guiding principles: priority to fund Program Implementation Grants as its core business; to fund all eligible GPE countries wherever possible; to prioritize the funding of the Low Income Countries; and to maximize predictability for countries by having only one cut-off point.

i. If the level of available resources as determined by the GERF, based on a forecast provided by the GPE Secretariat, is equivalent to or exceeds the minimum allocation level of US$2 billion, all eligible Low Income Countries (LICs) and Lower Middle Income Countries (LMICs) may apply for funding based on the calculation of their Maximum Country Allocation;

ii. In the event that the level of available resources is less than the amount required to finance all eligible countries but higher than the amount required to finance only the eligible LICs, then reductions in some or all of the following provisions will be applied in an order to be determined by the Board following a recommendation of the GERF, until such time as the level of available resources is sufficient to finance all eligible countries:

a) provision for unanticipated contingencies and innovative financing to leverage other external funding;

b) consideration of not making a new allocation for those countries expected to apply in Round 2 2014, considering that implementation is unlikely to be complete until 2018, and the CGPC has recommended that those countries that do not apply in Round 2 2014 have the flexibility to resubmit in 2015; and

c) allocations to LMICs may be reduced proportionally to a minimum of 60%;

iii. In the event that the level of available resources is less than the level required to fund all Low Income Countries, even after adopting the reductions in the provisions outlined in paragraph e. ii. above, then the amount used for calculation of Maximum Country Allocations will be reduced to the actual level of available resources and applied only to Low Income Countries. This will ensure that all Low Income Countries will receive a Maximum Country Allocation to apply for a Program Implementation Grant.

Decision Point 2 – Creation of a US$125 million Provision

2.17 The Chair recalled that the aim of this decision was to create a provision in the forecast to give the Board the flexibility to allocate such funds in the future if it so determined.

2.18 One Board member expressed concern that agreeing to a provision of US$125 million for innovative financing and humanitarian or emergency situations suggested that programmatic decisions had already been taken on these two issues. The Chair noted that it would be clearly

stated in the Chair summary of the audio-conference that the decision on allocating a provision of US$125 million did not mean that there had been a decision on the substantive aspects of innovative financing or support in humanitarian or emergency situations and that these two issues would be discussed during the upcoming June board meeting.

2.19 The Board Members then agreed on Decision Point 2, as recommended by the GERF:

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>
2. Establishes an initial provision of US$125 million to allow the Board to allocate resources for future programming and unexpected events such as nominally US$100 million for innovative financing and US$25 million for humanitarian or emergency crises.

Decision Point 3 – IDA Eligible Small Island and Landlocked Developing States

2.20 Some members noted that the amount allocated to Small Island and Landlocked Developing States may be insufficient. The CEO noted the concern and explained that this issue could be monitored and will form part of the annual review proposed by the GERF.

2.21 The Board Members agreed on Decision Point 3, as recommended by the GERF.

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>
3. The allocations for IDA eligible Small Island and Small Landlocked Developing States will be approximately US$20 million based on the approach outlined in Annex 2 of BOD/2014/06 DOC 02, but with the understanding that for regional grants the grouping of the islands may be adjusted based on an analysis of what will work best for the countries involved.

Decision Point 4 – An increase in the CAP

2.22 The CEO noted that a counter-proposal on the level of the cap from the UK has been circulated in advance and restated the proposal. An increase in the cap will be linked to the level of available resources for program implementation grants as follows:

a. if the level of available resources for allocations is less than US$2.25 billion, the cap would remain at US$100 million;
b. if the level of available resources is between US$2.25 billion and US$2.5 billion, the cap would increase to US$140 million;
c. if the level of available resources is between US$2.5 billion and US$2.75 billion, the cap would increase to US$150 million; and
d. if the level of available resources exceeds US$2.75 billion, the cap would increase to US$175 million.

2.23 A member of the GERF noted that the revised proposal was consistent with the GERF approach that all eligible countries should benefit from an increase in allocations as the level of available resources increased but that it was important to include additional language to recognize the link between an increase of the cap and the size of the replenishment. Donor 4 proposed a review of the implications of the revised CAP midway through the coming pledging period to be undertaken by the GERF.

2.24 The World Bank stressed that they had previously objected to raising the level of the cap because it could substitute other resources, such as IDA. However, following consultations, they noted that demand for IDA funding has been strong and the risk is now reduced. Furthermore,

the World Bank stressed that the new funding model will be key to encourage diversification and additional funding. The CEO and the Chair of Board concurred and stressed the importance of this point while operationalizing the funding model.

2.25 The Board members agreed on the revised proposal to increase the cap with the inclusion of additional language linking the increase in the cap to getting a better replenishment, as follow:

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>
4. Noting the implications for the size of the replenishment, an increase in the cap will be linked to the level of available resources for program implementation grants as follows:

a. if the level of available resources for allocations is less than US$2.25 billion, the cap would remain at US$100 million;

b. if the level of available resources is between US$2.25 billion and US$2.5 billion, the cap would increase to US$140 million;

c. if the level of available resources is between US$2.5 billion and US$2.75 billion, the cap would increase to US$150 million; and

d. if the level of available resources exceeds US$2.75 billion, the cap would increase to US$175 million."

Decision Point 5 – Annual Review

2.26 Board Members agreed with the GERF recommendation and approved the following decision:

BOD/2014/06-01 [continued]– <u>Available Resources for Allocation:</u>
5. Requests the GERF to conduct an annual review of the current and forecasted financial position of the Global Partnership in order to make recommendations if necessary for adjustments.

3. Next Steps

3.1 The Chair announced a summary of the meeting would be circulated to the Board as soon as possible.

3.2 The next face to face meeting of the Board would occur in Brussels on 27-28 June 2014.

3.3 There being no further business, the Chair adjourned the meeting.

Annex 1 – Participants in the call

1. **List of Board Participants:**

Developing Country Partners	
Africa 1	Keratile Thabana, Board Member, Lesotho
Asia & Pacific	H.E. Lytou Bouapao, Alternate Board Member, Lao
E. Europe, Middle East & Central Asia	H.E. Nuriddin Saidov, Alternate Board Member, Tadjikistan
Donors	
Donor 1	Yvonne Stassen, Board Member
Donor 2	Chris Tinning, Board Member, Australia
Donor 3	Donal Brown, Board Member, U.K Christina Buchan, Alternate Board Member, Canada
Donor 4	Olav Seim, Board Member, Norway Nathalia Feinberg, Alternate Board Member, Denmark
Donor 5	Veronique Lorenzo, Board Member, European Commission
Donor 6	Maggie Koziol, U.S., on behalf of Natasha de Marcken
Non-Governmental	
Private Sector/Private Foundations	Amanda Gardiner, Alternate Board Member, Private Sector
Multilateral Agencies	
UNESCO	David Atchoarena, Alternate Board Member
UNICEF	Geeta Rao Gupta, Board Member
Multilateral/Regional Banks	Elizabeth King, Board Member, World Bank
Observers	
Donor 5	Audrey Martinenq-Duplessis, French Ministry of Foreign Affairs
Donor 1	Ronald Siebes, Netherlands

2. **List of Regrets from Board Participants**

Minister Thiam, Board Member, Senegal
Charles Aheto-Tsegah, Board Member, Ghana
Daniel Nkaada, Alternate Board Member, Uganda

3. **List of Chair/Secretariat Participants:**

Julia Gillard, Board Chair
Alice Albright, Chief Executive Officer
Lisa Gomer, Chief Operating Officer
Charles Tapp, Manager, Partnership and External Relations Team
Jean-Marc Bernard, Monitoring & Evaluation Team Lead
Paul Coustère, Country Support Team Lead
Padraig Power, Senior Financial Officer
Christine Guétin, Board Operations Officer
Johanna Van Dyke, Board Operations Officer
Michaelle Wane, Senior Board Assistant