

REPORT OF THE GOVERNANCE WORKING GROUP: RECOMMENDATIONS ON BOARD STRUCTURE: ANNEX 9: AMENDMENTS TO THE GPE FUND GOVERNANCE DOCUMENT

For Decision

1. BACKGROUND

1.1 The GPE Fund Governance Document was approved by the Board at its meeting in Kigali, Rwanda on 18-19 May 2011 (BOD/2011/05-02). At that time the GPE Fund was called the “Education for All Fund”.

1.2 In August 2011, the Board approved the change, as of 7 November 2011, of the name of the partnership to the Global Partnership for Education and the name of the Education for All Fund to the Global Partnership for Education Fund. The Board also requested the Secretariat to revise documentation, including the Fund Governance Document, to reflect the new name (decision BOD/2011/08-01).

1.3 In October 2012, the Secretariat circulated to the Board a proposed decision by no objection to amend the GPE Fund Governance Document as reflected in this document (now being proposed with a few additions), and the Charter. One objection was made and the decision did not pass.

1.4 The decision made by the Board to establish the Governance Working Group in November 2012 requested that the GWG take this proposal forward.

1.5 The current versions GPE Fund Governance Document is posted on the GPE website.

2. REASONS FOR RECOMMENDATION

Board members should note the following amendments to the GPE Fund Document, none of which raise substantive changes to the operations of the Fund:

- The term “Transfer Agreement” is replaced with “Financial Procedures Agreement” and “Transferred Funds” with “Cash Transfer”, to be consistent with other World Bank Financial Intermediary Funds. These changes will also be reflected in other GPE documents.
- Consistent with the proposed amendments to the Charter, the term “Implementer” is replaced with “Managing Entity”, “Local Donor Group” to “Development Partner Group”, etc.
- As the Chair is no longer employed by a partner, the Secretariat budget and the Chair’s budget are combined into one “Operating Expenses Budget” which will be approved by the Board. Note that the Secretariat will be presenting to the Board on an annual basis its work plan (including Chair travel and other Chair-related expenses) as the basis for the Operating Expenses Budget
- The document clarifies that that only the Board of Director’s approval of a Supervising or Managing Entity is subject to consultation with the Trustee and not the activities being approved for funding.

3. CSO ELIGIBILITY FOR FUNDING

Board members should be aware that the current version of the GPE Fund Governance Document limits eligibility of funding to multilateral and bilateral donors who are represented in the Board’s constituencies (see definition of “Supervising Entity” and “Managing Entity”, which limit eligibility to “Multilateral Agency Partner” and “Donor Country Partner”).

It is anticipated that proposed amendments to these sections will be recommended by the FAC as part of the “Managing Entity Expansion Plan”, which will expand eligibility to non-governmental organizations, in line with the Strategic Plan.



The **Global Partnership for Education Fund** (the “Trust Fund”) is a multilateral financing mechanism to support the work of the Global Partnership for Education, a global partnership of developing and donor countries and agencies, civil society organizations, members of the teaching profession, private foundations and the private sector, focusing on accelerating progress towards the Education for All goals.

The purpose of the Trust Fund is to manage contributions in support of the “Eligible Activities” described in Section 1 as approved from time to time by the Global Partnership for Education Board of Directors (the “Board”). This Governance Document establishes the operating and decision-making procedures for the Trust Fund. In case of any conflicts, the provisions of the Charter of the Global Partnership for Education, as may be amended from time to time, shall supersede the provisions of this Trust Fund Governance Document.

Capitalized terms used hereinafter shall have the meanings ascribed to them below:

- (a) **“Activity” or “Activities”** means an activity, a set of activities, or a part thereof, to be financed with funds from the Trust Fund, as approved by the Board based upon a Proposal;
- (b) **“Agency Fees”** means the fees charged by a Supervising Entity or Managing Entity and agreed by the Board in order to assist in the defrayment of administrative and other costs incurred in connection with the management and administration of Cash Transfers;
- (c) **“Allocation”** means the portion of the Trust Fund funds that has been approved by the Board for allocation to Activities;
- (d) **“Board”** means the Board of Directors of the Global Partnership for Education, as described in the Charter;
- (e) **“Cash Transfer”** means the cash payment made to a Supervising Entity or Managing Entity under a Financial Procedures Agreement/Arrangement or Financial Procedures Memorandum to IBRD for the approved Operating Expenses Budget;
- (f) **“Chair”** means the independent, non-voting Chair of the Board and the Global

¹ This Annex reflects some further adjustments made by the Trustee of the GPE Fund after initial circulation to the Board, which were accepted by the Board and approved at its meeting on 18 November 2013 (decision BOD/2013/11-06).

Partnership for Education as a whole, as described in the Charter;

- (g) **“Charter”** means the Charter of the Global Partnership for Education adopted by the Board, as may be amended from time to time in accordance with its terms, which establishes the governance arrangements and roles and responsibilities of the partners in the Global Partnership for Education;
- (h) **“Contribution”** means the funds provided and to be provided by a Contributor to the Trust Fund, as specified in the Contribution Agreement/Arrangement, and **“Contributions”** means the aggregate of all the funds provided and to be provided to the Trust Fund;
- (i) **“Contribution Agreement/Arrangement”** means any agreement or arrangement between the Trustee and a Contributor setting forth specific terms and conditions for the receipt and use of a Contribution;
- (j) **“Contributor”** means any country (including any ministry and agency thereof) or, if agreed by the Board and the Trustee, such other public or private entity that provides a Contribution;
- (k) **“Coordinating Agency”** means the agency or organization within the Local Education Group responsible for coordinating members of the Local Education Group and serving as communications link with the Secretariat;
- (l) **“Developing Country Partner”** means a country: (i) that receives Trust Fund funds from a Supervising Entity through a Grant Agreement, or (ii) on whose behalf an Managing Entity implements an Activity;
- (m) **“Development Partner Group”** means donors active in the Developing Country Partner, multilateral agencies, civil society organizations, representatives of the teaching profession the private sector and private foundations as further described in the Charter;
- (n) **“Donor Country Partner”** means a country represented in a donor country constituency of the Board as described in the Charter;
- (o) **“Education Sector Plan”** means a Developing Country Partner’s national comprehensive education sector plan, endorsed by the Development Partner Group;
- (p) **“End Transfer Date”** means the last day on which transfers can be made from the Trust Fund as determined by the Board in consultation with the Trustee;
- (q) **“Financial Procedures Agreement/Arrangement”** means an agreement or arrangement between the Trustee and Supervising Entity or Managing Entity (excluding IBRD) setting out the financial procedures pursuant to which the Trustee makes commitments and transfers funds from the Trust Fund to such Entity under terms that do not involve Trustee responsibility post-transfer;

- (r) **“Financial Procedures Memorandum”** means a memorandum between the Trustee and IBRD setting out the financial procedures pursuant to which the Trustee makes commitments and transfers funds from the Trust Fund to units of the IBRD for each of: (i) the Operating Expenses Budget; and (ii) Activities for which the IBRD is acting as Supervising Entity or Managing Entity, under terms that do not involve Trustee responsibility post-transfer;
- (s) **“Global Partnership for Education”** means the global partnership formerly known as the Education for All Fast Track Initiative, established in 2002, of developing and donor countries, agencies, civil society organizations, members of the teaching profession, the private sector and private foundations and other development stakeholders, with the aim of accelerating progress toward the Education for All goals;
- (t) **“Grant Agreement”** means an agreement or other arrangement entered into between a Supervising Entity and a Developing Country Partner or other entity in respect of an Activity;
- (u) **“IBRD”** means the International Bank for Reconstruction and Development;
- (v) **“IDA”** means the International Development Association;
- (w) **“Local Education Group”** means the Developing Country Partner government and the Development Partner Group;
- (x) **“Managing Entity”** means any Multilateral Agency Partner or any Donor Country Partner approved by the Board, in consultation with the Trustee, to enter into a Financial Procedures Agreement/Arrangement or Financial Procedures Memorandum to receive Cash Transfers and implement Activities as approved by the Board;
- (y) **“Multilateral Agency Partner”** means any multilateral agency represented in the multilateral agency constituencies of the Board as described in the Charter;
- (z) **“Operating Expenses Budget”** means the budget resources associated with delivery of the Chair and Secretariat’s roles as set out in the Charter;
- (aa) **“Operational Manual”** means the manual or set of manuals and guidelines prepared by the Secretariat in consultation with the Trustee, comprising the detailed procedures for accessing, and reporting on use of, Trust Fund funds as may be amended from time to time;
- (bb) **“Proposal”** means any proposal submitted to the Board seeking Trust Funds for an Activity;
- (cc) **“Secretariat”** means the unit established within IBRD to support the work of the Board and Global Partnership for Education, as described in the Charter;

- (dd) **“Supervising Entity”** means any Multilateral Agency Partner or any Donor Country Partner approved by the Board in consultation with the Trustee to enter into a Financial Procedures Agreement/Arrangement with the Trustee, receive Cash Transfers and supervise an Activity;
- (ee) **“Supervision Allocation”** means the portion of the Trust Fund allocated to a Supervising Entity to offset costs associated with supervising an Activity, as approved by the Board at the time of approving an Allocation to a Supervising Entity;
- (ff) **“Transitional Education Sector Plan”** means the plan endorsed by the Development Partner Group that prioritizes part of a Developing Country Partner education system;
- (gg) **“Trustee”** means the IBRD serving in the capacity as the Trust Fund manager and providing a set of financial administration services as agreed with the Board and the Contributors;
- (hh) **“Trustee Budget”** means the administrative and other related costs incurred by the Trustee in connection with the performance of its financial administration services in support of the Trust Fund;
- (ii) **“Trust Fund”** means the trust fund entitled the “Global Partnership for Education Fund”;
- (jj) **“Trust Fund Governance Document”** means this document adopted by the Board, as may be amended from time to time in accordance with Article 8 of this document; and
- (kk) **“World Bank”** means IBRD and IDA.

1. Eligible Activities

The following activities are eligible for support from the Trust Fund:

(i) Country Level

- Support for development/revision of a national Education Sector Plan or Transitional Education Sector Plan for a Developing Country Partner;
- Support for development of a Proposal for support for implementation of an Education Sector Plan or Transitional Education Sector Plan; and
- Support for implementation of an Education Sector Plan or a Transitional Education Sector Plan

(ii) Global and Regional Level

- Knowledge and/or practice gap-filling initiatives and programs that address the Global Partnership for Education's priority thematic areas and enhance the capacity of Developing Country Partners to meet their education goals;
- Activities enabling scale-up of identified evidence-based good practices relevant to the Global Partnership for Education; and
- Activities focused on improving Global Partnership for Education accountability by strengthening availability and quality of data.

(iii) Other Costs

- Operating Expenses Budget;
- Trustee Budget;
- Agency Fees
- Supervision Allocations; and
- Any other activity approved by the Board.

2. Governance and Organizational Structure

The governance and organizational structure of the Trust Fund includes the Board, the Secretariat, the Trustee and the Supervising Entity or Managing Entity.

3. Board of Directors

(i) Roles and Responsibilities

Pursuant to the Charter, the Board makes funding decisions for the Trust Fund, monitors Trust Fund utilization and ensures that the Trust Fund is being used in line with the objectives and policies of the Global Partnership for Education, upon recommendations of committees established by the Board as relevant. The Board may exercise its roles and responsibilities as set out in the Charter and such other functions as the Board may deem appropriate to fulfil the purposes of the Trust Fund, including, but not limited to the following:

- (a) developing and/or amending this Trust Fund Governance Document, the Charter or any other document setting out the governance of the Global Partnership for Education and the operating procedures of the Board and its committee(s);
- (b) approving, in consultation with the Trustee, all Contributors to the Trust Fund that are not countries (including any ministry and agencies thereof);
- (c) For Allocations in support of all country-level and global and regional level activities listed in Section 1. "Eligible Activities" above:

- i. approving the eligibility and prioritization of Developing Country Partners and global and regional organizations to submit Proposals;
 - ii. approving new Allocations and cancelling uncommitted Allocations and informing the Secretariat and Trustee thereof;
 - iii. approving the Supervising Entity(ies) or Managing Entity(ies) for each Proposal, in consultation with the Trustee;
 - iv. deciding, in consultation with the Trustee and the Supervising Entities and Managing Entities, on the requirements for the content of and frequency for the periodic financial reports to be provided by Supervising Entities and Managing Entities for an Allocation and for the portfolio of Allocations of the Supervising Entity or Managing Entity;
 - v. deciding, in consultation with the Supervising Entities and Managing Entities on the requirements for the content of and frequency for the implementation reports to be provided by Supervising Entities and Managing Entities to the Board through the Secretariat for an Allocation and for the portfolio of Allocations of the Supervising Entity or Managing Entity;
 - vi. reviewing the financial and implementation reports referred to in paragraphs iv. and v. above, as consolidated by the Secretariat;
 - vii. deciding and informing the Secretariat, after consultation with the relevant Supervising Entity or Managing Entity, to direct the Trustee to: i. withhold transfers of the Trust Fund funds to a Supervising Entity or Managing Entity pursuant to a Financial Procedures Agreement/Arrangement or Financial Procedures Memorandum; and/or ii. require the Supervising Entity or Managing Entity to promptly return funds to the Trustee or to the dedicated account or accounts established by the Supervising Entity or Managing Entity to administer Cash Transfers. The Board may make this decision in the event that the Supervising Entity or Managing Entity has used Cash Transfers in a manner inconsistent with the terms of the corresponding Financial Procedures Agreement/Arrangement Financial Procedures Memorandum or the applicable decisions of the Board; and
 - viii. recommending to cancel funding for all or part of an Activity for reasons, but not limited to, the reasons set forth in paragraph vii above, and informing the Secretariat and the Trustee thereof;
- (d) approving Allocations for the Operating Expenses Budget on an annual basis;
 - (e) approving the Trustee Budget on an annual basis;
 - (f) approving any new Eligible Activities in addition to the activities listed in Section 1 above; and

- (g) determining the End Transfer Date in consultation with the Trustee and determining when to cease making Allocations from the Trust Fund.

(ii) Composition and Voting Rights

The composition and voting rights of the members of the Board and the procedures for decision-making by the Board shall be governed by the relevant provisions of the Charter, as may be amended from time to time in accordance with its terms.

The Board may delegate its responsibilities and decision-making authority over the Trust Fund to a committee of the Board, the Secretariat or to any other entity by means of a decision in writing approved by the Board in accordance with the terms of the Charter.

(iii) Committees

The Board may establish committees to assist it in its work from time to time. The terms of reference of any committee may be amended or rescinded by the Board from time to time.

(iv) Chair

The role of the Chair is set out in the Charter, as may be amended from time to time. The Chair shall work with the Secretariat to prepare Proposals for the Chair-related expenses in the Operating Expenses Budget on an annual basis for the approval of the Board.

4. Secretariat

The Secretariat supports the work of the Global Partnership for Education and the Board. The Secretariat is housed in the Washington, DC offices of the World Bank and comprises a team of professional and administrative staff employed by the World Bank.

The responsibilities of the Secretariat are set out in the Charter as amended from time to time. In addition, the Secretariat shall have the following responsibilities with regards to the Trust Fund:

- (a) preparing an Operational Manual, in consultation with the Trustee;
- (b) receiving Proposals for review by the Board and/or any committees established by the Board;
- (c) confirming that Proposals contain the necessary information for review by the Board or committees established by the Board, as appropriate;
- (d) notifying the Trustee of Proposals and associated Allocations as approved by the Board;
- (e) organizing meetings of the Board and committees thereof in connection with approval of Allocations;

- (f) drafting and circulating minutes of the Board and committees thereof in connection with approval of Allocations;
- (g) providing public information on the Trust Fund activities on the Global Partnership for Education website;
- (h) providing guidance to Local Education Groups, Coordinating Agencies, Supervising Entities and Managing Entities on the processes and requirements for Proposals;
- (i) receiving and consolidating annual implementation results reports from Supervising Entities and Managing Entities in a format approved by the Board, for distribution to the Board and the Contributors;
- (j) collaborating with the Trustee to ensure that the Trustee has all the information necessary to carry out its responsibilities;
- (k) preparing Proposals for the Operating Expenses Budget on an annual basis for the approval of the Board; and
- (l) performing any other functions assigned to it by a decision of the Board.

5. Trustee

- (a) The IBRD will serve as Trustee for the Trust Fund.
- (b) The Trustee, will establish the Trust Fund to receive Contributions, and will hold in trust, and administer the funds, assets and receipts that constitute the Trust Fund, pursuant to the terms of the Contribution Agreements.
- (c) The Trustee, shall: (i) agree, in addition to the Board to any Contributor to the Trust Fund that is not a country (or ministry or agency thereof); and (ii) be consulted by the Board on its approval of the Supervising Entity(ies) and Managing Entity(ies) for each Activity.
- (d) The Trustee shall enter into Financial Procedures Agreements/Arrangements or Financial Procedures Memorandum, as appropriate, with Supervising Entities and Managing Entities.
- (e) The Trustee will, subject to the availability of applicable funds held in the Trust Fund as determined by the Trustee and subject to the terms of the Contribution Agreements, commit, transfer and/or use the Trust Fund funds for any purpose approved and in the amount allocated by the Board, in accordance with the terms of this Trust Fund Governance Document and the Contribution Agreements/Arrangements. Commitments and transfers of the Trust Fund funds to the Supervising Entities and Managing Entities will be made pursuant to the applicable Financial Procedures Agreement/Arrangement or Financial Procedures

Memorandum.

- (f) Upon the transfer of such funds to the relevant Supervising Entity or Managing Entity, the Trustee shall have no responsibility, fiduciary or otherwise, for the use of these funds including to the Supervising Entity, the Managing Entity, the Contributors or the Board.
- (g) The Trustee will require, and accept from, the Supervising Entities and Managing Entities certain periodic financial reports, as decided by the Board and agreed between the Trustee and the Supervising Entity and/or Managing Entity.
- (h) The Trustee will provide to the Board regular reports on the financial status of the Trust Fund, as set forth in the Contribution Agreements.
- (i) The Trustee will prepare a Proposal for the Trustee Budget on an annual basis for the approval of the Board.
- (j) The Trustee will be accountable to the Board for the performance of its functions.
- (k) The Trustee will collaborate with the Secretariat to ensure that the Board has all the information necessary to carry out its responsibilities.

6. Supervising Entities

Supervising Entities may be appointed for country-level activities and for global and regional activities described in Section 1. (i) and (ii) above. For country-level activities, the Supervising Entity is proposed by the Local Education Group and is subject to approval by the Board in consultation with the Trustee.

Each Supervising Entity will be responsible for:

- (a) appraising the Proposal of the Developing Country Partner for Activities in support of implementation of its Education Sector Plan or Transitional Education Sector Plan, with consideration for alignment of the Proposal with such plan, country and sector circumstances, and capacity concerns, according to the Supervising Entity's own policies and procedures;
- (b) entering into a Financial Procedures Agreement/Arrangement or Financial Procedures Memorandum, as appropriate, with the Trustee;
- (c) entering into Grant Agreements with the selected recipients, including but not limited to, Developing Country Partners and/or other organizations that will implement the Activities;
- (d) using Cash Transfers and supervising Activities carried out therewith in accordance with: (i) its own policies and procedures including those related to audit, eligible expenditures, employment and supervision of consultants and the procurement of

goods and works and its framework to combat fraud and corruption; and (ii) the applicable decisions of Board, including the purpose for which the specific Allocations have been approved by the Board;

- (e) maintaining books, records, documents and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the Cash Transfers;
- (f) providing certain periodic financial reports for both individual Allocations and for the portfolio of Allocations of the Supervising Entity, as decided by the Board and agreed with the Trustee; and
- (g) providing certain periodic implementation reports for both individual Allocations and for the portfolio of Allocations of the Supervising Entity, as approved by the Board.

7. Managing Entities

Managing Entities may be appointed for country-level activities and for global and regional activities described in Section 1. (i) and (ii) above. For country-level activities, the Managing Entity is proposed by the Local Education Group and is subject to approval by the Board in consultation with the Trustee.

Each Managing Entity will be responsible for:

- (a) using the Cash Transfers and delivering the Activities carried out therewith in accordance with: (i) its own policies and procedures including those related to audit, eligible expenditures, employment and supervision of consultants and the procurement of goods and works and its framework to combat fraud and corruption; and (ii) the applicable decisions of the Board, including the purpose for which the specific Allocations have been approved by the Board;
- (b) entering into a Financial Procedures Agreement/Arrangement or Financial Procedures Memorandum, as appropriate, with the Trustee;
- (c) maintaining books, records, documents and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the Cash Transfers;
- (d) providing certain periodic financial reports for both individual Allocations and for the portfolio of Allocations of the Managing Entity, as decided by the Board and agreed with the Trustee; and
- (e) providing of certain periodic implementation reports for both individual Allocations and for the portfolio of Allocations of the Managing Entity, as approved by the Board.

8. Amendments

This Trust Fund Governance Document may be amended by agreement of the Board, in accordance with the provisions of the Charter.