
Memorandum of Understanding

between

GLOBAL PARTNERSHIP FOR EDUCATION

and

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION**

**on the Hosting Arrangements for the
Global Partnership for Education Secretariat**

Dated April 14, 2019

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING on the Hosting Arrangements for the Global Partnership for Education Secretariat (the “Memorandum”), dated April 14, 2019, is entered into between the GLOBAL PARTNERSHIP FOR EDUCATION (GPE) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively, the “World Bank”, and together with the GPE, the “Participants” and each a “Participant”).

WHEREAS:

(A) The Education for All-Fast Track Initiative (EFA-FTI) partnership was launched in June 2002 to operationalize the strategy endorsed by the Development Committee to scale up education for all efforts and to use a systemic and integrated approach to education that would help countries accelerate progress from whatever point they are at along the education and development continuum, supported by the EFA-FTI Catalytic Trust Fund established in November 2003 and administered by the World Bank and with program management support provided by an EFA-FTI Secretariat based in the World Bank;

(B) In August 2011, the EFA-FTI partnership was renamed as the Global Partnership for Education and in September 2011, the Global Partnership for Education Fund was established as a Financial Intermediary Fund to support the GPE and managed by IBRD as trustee;

(C) From the GPE’s inception as the EFA-FTI partnership, the GPE Secretariat has been based in, and hosted by, the World Bank;

(D) In December 2018, in a spirit of partnership and collaboration, the GPE Board of Directors resolved to accept the revised hosting arrangements proposal submitted by the World Bank.

NOW, THEREFORE, the Participants hereby mutual decide as follows:

ARTICLE I FRAMEWORK FOR COOPERATION

Section 1. The Participants accept the following underlying principles of the hosting arrangements for the GPE Secretariat:

(a) *Accountability.* The GPE Board of Directors is fully responsible for setting strategic direction, strengthening and growing the partnership, financial oversight, establishing policies, acquitting fiduciary duties, evaluating performance, managing and mitigating risks and delivering constant improvement. The World Bank is responsible for actively performing its duties as Board member and for providing administrative support and infrastructure to ensure GPE has the optimal operating environment at a reasonable cost. The specific responsibilities and limits thereto, including with respect to the Secretariat and the Grant Agents, are expressed in the Charter of the GPE. The GPE Secretariat is embedded in the administrative structure of the World Bank, and all GPE

Secretariat staff are employees of the World Bank. As such, all World Bank policies apply to all activities undertaken or managed by the GPE Secretariat staff, including human resources (HR) policies and procedures which apply to employment conditions for GPE Secretariat staff, and administrative policies and procedures which apply to travel, facilities, corporate security, information security, corporate procurement, administrative expenses, ancillary expenses, among others.

(b) *Clarity of Roles and Responsibilities.* Success of the World Bank-GPE partnership is dependent on the clear articulation of the roles and responsibilities of each partner within the partnership, supported by regular and open interactions and dialogue to validate and confirm understandings.

(c) *Agility and Flexibility.* The World Bank strives to be a constructive, complementary and agile partner to GPE. In this spirit, the World Bank has sought to review all aspects of the partnership and employ maximum flexibility in areas deemed necessary to facilitate the fulfillment of GPE's mandate, while remaining within World Bank policies and procedures and within acceptable levels of risk. Where there is a shift in responsibility, there will be a corresponding shift in risk.

ARTICLE II GOVERNANCE AND ACCOUNTABILITY

Section 1. *Status of the GPE Secretariat.*

(a) The GPE operates under a Charter and the direction of the GPE Board of Directors (the "GPE Board"), and is hosted by the World Bank.

(b) The GPE Secretariat is fully funded by GPE Contributors through the GPE Fund or through other acceptable funding arrangements and is led by the GPE Chief Executive Officer (CEO). The World Bank will not bear any costs associated with activities and functions of the GPE Secretariat, unless otherwise mutually decided by the GPE Board and the World Bank.

(c) The GPE Secretariat is embedded in the administrative structure of the World Bank. As such, all World Bank policies, including policies on HR, corporate procurement, operational procurement, and the World Bank's Administrative Manual, apply to all activities undertaken or managed by the GPE Secretariat staff, regardless of the source of funding.

(d) Within the World Bank, the GPE Secretariat resides within a Vice Presidential Unit (the "Host VPU"), led by a Vice President (the "Host VP") and operating under the leadership and direction of the President of the World Bank.

Section 2. *Privileges and Immunities.* The IBRD is an international organization established under international treaty and governed pursuant to its Articles of Agreement, which were ratified and signed by the governments of its 189 member countries. It is not resident or domiciled in the United States or any other country and is therefore not subject to regulation in any jurisdiction. The IBRD Articles of Agreement provide privileges and immunities which limit the ability of member countries to impose regulations or restriction

on the IBRD. These privileges and immunities apply to the GPE Secretariat while it is hosted by the World Bank.

Section 3. *Staff Accountability.*

(a) GPE Secretariat staff are employees of the World Bank and are therefore subject to the relevant staff rules on employment in the World Bank. In accordance with the GPE Charter, the employment conditions for the GPE Secretariat will be determined in line with the HR policies and procedures of the organization in which the Secretariat is based.

(b) Under the IBRD's Articles of Agreement, officers and staff of IBRD, in the discharge of their offices, owe their duty to IBRD. GPE Secretariat staff also have a duty to serve the best interests of GPE and the GPE Board. The Participants accept that GPE Secretariat staff satisfy their duty to IBRD by fulfilling their responsibilities in relation to their work programs to GPE and the GPE Board and acting within the World Bank's HR policies and procedures. Work programs of GPE Secretariat staff are assigned by GPE Secretariat management, without interference from the Host VPU. There will be no retribution or other adverse consequences for GPE Secretariat staff who criticize the performance of the World Bank in its roles as Grant Agent or Trustee.

(c) The Participants will strive to ensure strong strategic alignment on the overarching vision, mandate, objectives, and modalities of the GPE Secretariat.

(d) The GPE Secretariat and the Host VP will (i) provide relevant and adequate guidelines for handling any conflicts that might arise between the World Bank's mandate and the objective and instructions of the GPE Board, (ii) identify and promptly manage potential conflicts, and (iii) provide adequate disclosure to other partners, World Bank Management, the GPE Board, GPE Secretariat staff, clients, and the public that GPE Secretariat staff are World Bank staff.

(e) In the event of a question concerning a GPE Secretariat staff's duty of loyalty, the question will be brought to the GPE CEO, the GPE Board, and the Host VP for resolution consistent with the mandates of both the World Bank and the GPE. The World Bank's Office of Ethics and Business Conduct can provide advice to staff and address any potential cases of misconduct.

Section 4. *Duties of GPE Secretariat Staff.*

(a) The GPE CEO is accountable to the GPE Board in relation to the GPE's strategy and objectives as directed by the GPE Board, and for abiding by the provisions of this Memorandum. The GPE CEO may execute all decisions of the GPE Board provided they do not conflict with World Bank policies and procedures and that relevant funding is available.

(b) Considering the level of responsibility, size of the work program, and cost of comparable positions within the operational VPUs of the World Bank and in partner organizations, the position of GPE CEO will be at the Director-level within the World Bank's organization structure.

(c) The relationship between the GPE CEO and the Host VP will be an administrative one. The role of the Host VP is to ensure that the provisions of this Memorandum are executed. The Host VP facilitates the smooth operation of the GPE Secretariat within the World Bank, with the overarching goal of helping the GPE deliver on its mandate as successfully as possible. In instances where the GPE CEO or GPE Secretariat management have concerns with respect to the level of service being provided by the World Bank as host, they will promptly raise, and jointly resolve, these concerns with the Host VP subject to the available resources and capacities of the World Bank.

(d) All GPE Secretariat staff report to the GPE CEO. The duties and accountabilities of GPE Secretariat staff will be reflected in the applicable job descriptions or terms of reference in their recruitment, which will be consistent with the World Bank's Principles of Staff Employment and Staff Rules.

Section 5. *GPE Secretariat Budget and Staffing Plans.*

(a) The World Bank as host to the GPE Secretariat bears the responsibility for GPE Secretariat staff and the risks associated with the conduct and safety of such staff. As the GPE increases its funding levels and staff size, the risk to the World Bank increases and such risk will be assessed through a mechanism of review of the GPE Secretariat's budget and staffing to: (i) ensure that the World Bank is able to carry out its responsibilities as expressed in this Memorandum; (ii) ensure that the World Bank understands the risks it is assuming and has the appropriate mitigation measures; and (iii) explain the GPE's financial and staffing outlook to various constituencies within the World Bank.

(b) The Host VP will receive the GPE Secretariat's annual budget and staffing plans once annually at the same time these are communicated to the Finance and Risk Committee (FRC) of the GPE Board. The Host VP will review the budget and staffing plans from an administrative perspective considering factors such as alignment of staffing plans with available resources, and conformity with the World Bank's HR and resource management policies and procedures. The Host VP will share, within three (3) weeks from receipt of the budget and staffing plans, the results of such review with the GPE Board through the FRC on an annual basis. This review applies only to the GPE Secretariat's annual budget and staffing plans and does not apply to any other papers or documents submitted to the GPE Board that refer to the GPE Secretariat's budget and staffing plans.

(c) The GPE Board will have discretion over staffing and budget issues on the basis that all decisions are made within the World Bank's HR policies and procedures, including caps on grade levels, calibration of GPE Secretariat staff with all other World Bank staff, and defined compensation bands. Subject to approval by the GPE Board, GPE Secretariat staffing levels may increase notwithstanding constant or reduced World Bank staffing levels. World Bank Management will continue to report staffing levels of all hosted secretariats of Financial Intermediary Funds (FIFs), including the GPE, to the World Bank's Executive Directors. GPE Secretariat staffing levels will be reported independently of those of the Host VPU.

(d) The World Bank acknowledges that the GPE Board has endorsed a 5 to 7 percent of total funding ratio for operating expenses and that sufficient levels of funding will be

available to fully fund the GPE Secretariat, and that as the level of GPE funding grows, the proportion of funding allocated to operating expenses may decrease.

(e) The GPE CEO and the GPE Secretariat can make decisions with respect to additional cost efficiencies, such as staff travel in economy class or a leaner management-to-staff ratio, provided such efficiencies are included in the annual GPE Secretariat budget and staffing plan in consultation with the Host VP and approved by the GPE Board. In the event that additional cost efficiencies are achieved during the year, budget reallocations may be made during such year.

Section 6. *Roles of the World Bank.* The Participants accept that within the partnership, the World Bank performs the following distinct roles:

(a) *Host of the GPE Secretariat.* The World Bank provides the GPE Secretariat with access to the full suite of the World Bank's administrative support services, including HR, information technology systems, legal, accounting, travel, security, facilities, and internal justice. The World Bank allows the GPE Secretariat to use the support services and facilities of World Bank offices globally and to locate staff there. The GPE Secretariat will have equal access to all World Bank services, offices, and facilities as those of all other World Bank units. The World Bank views the provision of this support as a service to the global community, and they are therefore provided at a very reasonable cost. The World Bank does not generate any profit from the provision of such services. The World Bank is a facilitator and will not seek to interject itself in any way to the governance structures of a FIF. If there are any changes in World Bank policies and procedures that may impact GPE, the Host VP will inform and discuss such changes with the GPE Secretariat and the GPE Board.

(b) *Trustee.* The Development Finance Vice Presidency of the World Bank (DFi) provides financial services to the GPE in the capacity of Trustee of the GPE Fund. This distinct and visible role includes the receipt of contributions, holding and investing of funds, transfer of funds to implementing agencies as well as accounting, reporting, financial and fiduciary management, and ensuring compliance with established procedures and internal controls.

(c) *Grant Agent.* The Education Global Practice of the World Bank acts in the capacity of Grant Agent for the GPE Fund. The World Bank acting as Grant Agent is not involved in the approval of allocations to itself; to facilitate this separation of functions, the World Bank's representatives on the Grants and Performance Committee (GPC) and on the GPE Board recuse themselves from the GPC's and the GPE Board's decisions involving a funding proposal to the World Bank in accordance with the GPE's Policy on Conflicts of Interest. All Grant Agent staff who serve on a GPE body are required to recuse themselves from decisions that affect the World Bank.

(d) *GPE Board Member.* The Senior Director of the Education Global Practice of the World Bank currently acts as a member of the GPE Board, as one of two representatives of multilateral and regional development banks. As Board member, the World Bank representative will play an active role in setting the vision, mission, goals and objectives of GPE's strategy, approving GPE's strategic plans and policies, annual budgets and staffing plans, and driving and monitoring the performance of the partnership to deliver on

the GPE strategic plans adopted by the GPE Board. The World Bank representative, along with the other Board members, will provide governance and financial oversight to ensure that the GPE is structured, governed and functioning efficiently, effectively and ethically, and will monitor and assess the overall effectiveness and risks associated with GPE's work and implementing risk mitigation measures.

Section 7. *Host Vice Presidential Unit.*

(a) The hosting structure for the GPE Secretariat within the World Bank will provide an opportunity for greater strategic alignment and coherence between the GPE Secretariat and the Host VPU and will provide a platform for frequent and collaborative knowledge-sharing and dialogue.

(b) Beginning January 1, 2019, the GPE Secretariat will be hosted in the Human Development (HD) Vice Presidency of the World Bank as it provides the greatest opportunity for strategic alignment and coherence between the Education Global Practice and the GPE. Such organizational proximity will facilitate greater alignment on education sector planning, coordination on Sustainable Development Goal 4 monitoring, ensure harmonization with the education aid architecture, and permit the GPE Secretariat to benefit from the World Bank's country-level footprint. GPE Secretariat staff will be invited to take part in such flagship events as HD Week in addition to receiving routine updates on HD initiatives and invitations to sector learning events. Moreover, there are significant synergies with the World Bank's Human Capital agenda as well as the scale-up in support for the education sector, and the critical focus on education outcomes. The benefits of greater strategic alignment between the Education Global Practice and the GPE outweigh the costs of perceived conflicts of interest, which will be managed and minimized through the adoption of specific mitigation measures.

Section 8. *Cost of Hosting the GPE Secretariat.* The cost of hosting the GPE Secretariat is comprised of two main components:

(a) *Access to the Full Suite of the World Bank's Administrative Support Services.* This includes HR, legal, accounting, information technology systems, travel services, security, facilities, and internal justice, as well as support services and facilities of World Bank offices globally. The 17 percent mark-up on direct costs covers indirect costs such as the cost of offices, information technology equipment and services, security, HR support, accounting, legal, and external communications services. All costs related to World Bank governance, such as the Board of Executive Directors and the President's Office, or internal justice are borne directly by the World Bank and are not charged to the GPE.

(b) *Provision of Staff Benefits, including Health and Life Insurance and Pension Allocations.* The 70 percent benefits rate covers all non-salary components paid to staff, such as pension, disability, healthcare insurance, life insurance, and relocation costs on appointment and termination.

In the event of any change to these rates, these will be communicated in advance to allow the GPE Secretariat sufficient time for budget planning. In its annual review of budget and staffing plans of the GPE Secretariat, the World Bank will confirm the applicable cost recovery model for the subsequent year and indicate any changes where applicable.

Section 9. *Accountability of the World Bank as Grant Agent and as Trustee.*

(a) The World Bank acting as Trustee of the GPE Fund is accountable to the GPE Contributors and the GPE Board in accordance with the provisions of the Contribution Agreements/Arrangements entered into by the Contributors and the World Bank acting as Trustee, as well as the GPE Fund Governance Document.

(b) The World Bank acting as Grant Agent for the GPE Fund is accountable to the GPE Board and indirectly to the Contributors in accordance with the provisions of the Financial Procedures Memorandum, which has been approved by the GPE Board. The GPE Secretariat can reasonably hold the World Bank acting as Grant Agent accountable notwithstanding that the GPE CEO reports to the HD Vice President through:

- (i) the ability of Contributors to the GPE Fund to review and evaluate activities of a Grant Agent which is set out in the Contribution Agreements/Arrangements and the Financial Procedures Agreements/Arrangements;
- (ii) the ability of grant recipients, namely, the Developing Country Partners, who are represented on the GPE Board, to freely express their views on the performance of the Grant Agent;
- (iii) the ability of GPE Secretariat staff to: (A) provide oversight of the efficient and effective expenditures of GPE resources with appropriate safeguards and accountability and reporting; (B) monitor results at the country and global levels, in line with GPE strategies, objectives and policies; (C) provide quality assurance review of grant applications; (D) provide oversight of the implementation of the risk management policy and operational risk framework; (E) monitor and evaluate GPE-funded grants; and (F) be critical of the World Bank's performance as Grant Agent without risk of retribution or other adverse consequences; and
- (iv) the accountability mechanisms within the World Bank, including the Independent Evaluation Group, the Internal Audit Vice Presidency, and the Inspection Panel.

Section 10. *Management of Perceived Conflict of Interest Issues.*

(a) Any perceived conflict of interest (CoI) risks are currently being minimized through the employment of robust mitigation measures, which include (i) separating teams and information flows in relation to the World Bank's roles and activities, (ii) explaining the roles and duties associated with each of the World Bank's roles and activities to staff engaged in such role, and (iii) requiring staff behavior consistent with such roles and duties. The concerned World Bank Directors, namely, the GPE CEO, the Education Global Practice Senior Director, and the DFi Director, are responsible for identifying and managing real or perceived CoIs as they arise.

(b) When the GPE is hosted by the HD Vice Presidency, the World Bank will identify and address perceived CoIs through the adoption of the mitigation measures set out in the Annex to this Memorandum.

Section 11. *Human Resources; GPE Secretariat Staffing.*

(a) The GPE Board has the authority to select and dismiss the GPE CEO. As the GPE CEO holds a World Bank contract, the Host VP will be consulted at critical steps of the selection and dismissal. The GPE CEO is recruited through a competitive process, using a process for recruitment aligned with World Bank hiring practices. The GPE CEO has discretion and authority over GPE Secretariat staff to establish job descriptions, interview lists, interview processes, titles, promotions, and compensation decisions for all GPE Secretariat staff, in accordance with World Bank HR policies and procedures. The GPE Board or GPE CEO will determine the composition of shortlisting committees and interview panels in alignment with World Bank HR policies and procedures. The GPE CEO retains discretion on the timing and final decision of the appointment and dismissal of GPE Secretariat staff, subject to the World Bank's applicable HR policies and procedures, Principles of Staff Employment, and Staff Rules.

(b) The overall staffing structure of the GPE Secretariat is expected to be aligned with the funding sources of the GPE Secretariat work program. The duration of Term, Short- and Extended-Term Consultant, Short- and Extended-Term Temporary appointments will not exceed the closing date of the funding source used to pay for the appointment. Any costs associated with GPE Secretariat staff or consultant appointment, termination, redundancy, tribunal cases, or any other related costs will be borne by the GPE Board-approved administrative budget.

(c) In the event that the GPE Board decides to decentralize GPE Secretariat staff to locations outside of World Bank headquarters to better support the delivery of the GPE's strategy and mandate, the World Bank will be able to accommodate this to the extent that space is available in the chosen locations. Where space is not available at the chosen locations, the World Bank will facilitate the leasing of suitable space.

Section 12. *Human Resources; Performance Management and Promotions.*

(a) The performance review of the GPE CEO will be managed by the GPE Board Chair on behalf of the Governance and Ethics Committee (GEC) of the GPE Board and will include feedback from the GPE Board, GPE Secretariat staff, and other stakeholders. The GPE will continue to benefit from the World Bank's suite of performance evaluation tools, including multi-rater feedback, 360° review, staff engagement survey, Management Effectiveness Index, and calibration with other World Bank Directors, the output of which will be communicated directly to the GPE Board and will be incorporated in the GEC's CEO performance review. The calibration will provide the GPE Board with necessary information to determine their recommended rating of the GPE CEO according to the parameters established for World Bank Directors' performance rating in any given year. This rating will be provided by the GPE Board to the Host VP and entered into the World Bank systems. Provided that the recommended rating is aligned with that implied by the World Bank's performance evaluation tools, the recommendation by the GPE Board will be considered final.

(b) The GPE CEO will continue to be responsible for performance evaluation, talent management, promotions, and management of all other GPE Secretariat staff, in compliance with World Bank HR policies and procedures, including caps on grade levels, calibration of GPE Secretariat staff with all other World Bank staff, and defined compensation bands, and the implementation of the GPE Secretariat staffing plan approved by the GPE Board without interference from the Host VP. With respect to caps on grade levels, the GPE Secretariat will not be required to share with the Host VP the allocation of positions by grade, especially for grades GH and GI, and will instead be required to remain within the officially documented HR parameters applicable to all other World Bank units.

(c) The GPE CEO and other GPE Secretariat Managers will provide performance evaluations of the GPE Secretariat staff in accordance with World Bank HR policies and procedures. Input from relevant GPE partners may be sought as part of this review process. Performance ratings of GPE Secretariat staff will be determined by the GPE CEO in accordance with World Bank HR policies and procedures. The World Bank Human Resources Vice Presidency (WBG HR) will provide the GPE with information on caps on grade levels, the standard curve, promotion criteria, salary increases, and all other relevant information as and when this information is communicated to all World Bank units each year.

Section 13. *Human Resources Support.* The WBG HR can accommodate short- to medium-term surges in demand for HR support from individual World Bank units, including the GPE Secretariat. Access to the World Bank's global pool of HR Business Partners provides the GPE Secretariat with the appropriate level of HR support that may be required at any point in time. To the extent that the GPE Secretariat requires extraordinary support from the WBG HR, such as the services of an external recruitment firm, such support will be negotiated and agreed between the Host VP and the GPE Secretariat. These discussions are expected to align with the Host VP's review of the GPE Secretariat's annual budget and staffing plans but may also take place as and when necessary throughout the year. It is expected that extraordinary HR support will not be required frequently or on a long-term basis.

ARTICLE III ADMINISTRATIVE MATTERS

Section 1. *Communications.* The GPE Secretariat's communications staff, under the guidance of the GPE CEO, will maintain regular and ongoing contact with World Bank External and Corporate Relations (ECR) regarding communications and outreach plans for GPE to ensure alignment and close coordination. The GPE Secretariat will inform ECR in advance of GPE communications matters that may have implications for the World Bank, or in instances when it is important to differentiate the actions taken by the GPE Board from those of the World Bank.

Section 2. *Position and Branding.* To maintain its position as a global champion of basic education, and to continue to raise its profile on the global stage, the Participants acknowledge that it is important for GPE to have an independent and distinct identity. As such, the branding of GPE's communications products are distinct and do not include World Bank logos. Recognition of GPE partners' contributions, including the World Bank, where relevant, is, however, encouraged.

Section 3. *Procurement.*

(a) The GPE Secretariat will consult semiannually with World Bank Corporate Procurement on projected procurement needs for GPE over the subsequent six (6) months. The GPE Secretariat and the World Bank will strive to ensure timely procurement, especially during the period prior to the end of the World Bank fiscal year.

(b) All GPE Secretariat procurement activities will be conducted in accordance with World Bank Corporate Procurement policies and procedures. The Resource Management Officer assigned to support the GPE Secretariat will provide guidance to staff, as needed, on administrative procurement and other contractual issues to ensure compliance with World Bank rules. The GPE Secretariat will have a dedicated transaction specialist to process administrative, procurement, and other transactions.

(c) To the extent that GPE Secretariat procurement activities will require extraordinary support from Corporate Procurement, the GPE Secretariat and Corporate Procurement may mutually decide to have a dedicated World Bank staff member, funded by the GPE Secretariat, to facilitate the applicable procurement processes. A service-level arrangement and the associated costs for Corporate Procurement's dedicated services will be negotiated at the time it is needed.

Section 4. *Information Technology.*

(a) The GPE Secretariat may, at its discretion, acquire information technology (IT) equipment and services it deems necessary to fulfill its mission. To the extent such equipment or services must operate within the overall security and information infrastructure of the World Bank, the GPE Secretariat and the World Bank will cooperate to ensure compatibility and security of such infrastructure.

(b) All GPE Secretariat staff will comply with all relevant World Bank IT security policies, standards, and procedures. This includes World Bank IT security accreditation of new systems and changes to existing systems which interface with the World Bank Group's network or systems, including World Bank Group data or branding. The World Bank holds in trust, for the GPE partners, ownership of the materials and intellectual property of all data and information produced by the GPE Secretariat and related to its grants. The World Bank will enable the widest access and use of data it receives and it produces consistent with the legal obligation to protect the rights of the owners of data, including the partner of GPE or the World Bank itself, and, in the event of the disengagement of the GPE Secretariat from the World Bank, the World Bank will transfer such ownership, materials, data, and information according to the terms of such disengagement.

(c) The GPE Secretariat will have dedicated, on-site IT staff contracted by World Bank Information and Technology Solutions (ITS) in accordance with the overall IT Building Support Model for the Host VPU. To the extent that the GPE Secretariat IT activities require extraordinary support from ITS, the GPE Secretariat and the World Bank may mutually decide to have a dedicated staff member provided by the World Bank, at the GPE Secretariat's expense, to facilitate the GPE Secretariat's information infrastructure project needs. A service-level arrangement and the associated costs for ITS' dedicated services will be negotiated at the time it is needed.

Section 5. *Travel and Security.*

(a) GPE Secretariat staff are included in the World Bank's operational security duty of care, whereby responsibility for the security and safety of World Bank personnel is shared between the World Bank and the individuals it employs. Within this framework:

(i) World Bank Corporate Security is accountable for leading the World Bank security management system globally;

(ii) heads of World Bank Country Offices have primary accountability for the security programs, safeguarding personnel, property, and programs at their assigned duty station country;

(iii) GPE Secretariat management is accountable for ensuring the understanding and compliance of GPE Secretariat staff with the World Bank's security management system in the conduct of GPE business; and

(iv) GPE Secretariat staff are individually responsible for key measures to help the World Bank Management account for and assist staff in response to global security threats and incidents, including: (A) ensuring their personal and emergency contact information and itinerary information are current at all times; (B) familiarizing themselves with World Bank security management systems and the security and safety recommendations and measures of the country or countries they plan to visit; (C) following Country Clearance measures for all destinations prior to travel; and (D) following World Bank security measures applicable to the country where they are traveling.

(b) The safety of World Bank staff is the World Bank's key priority. As such, World Bank staff must follow World Bank travel guidance; however, staff of Grant Agents follow guidance of their institution. It is sometimes the case that the World Bank's travel guidance is more restrictive than that of other Grant Agents; however, it is also sometimes the case that the World Bank's travel guidance is less restrictive than that of other Grant Agents. In instances where World Bank staff are unable to travel, they will leverage the presence of local World Bank staff and will rely, as needed, on third party providers or Grant Agents who have a comparative advantage in operating in fragile situations.

(c) The World Bank's security team operates on a consultative basis; that is, in areas where the World Bank has travel restrictions in place, the World Bank security team is available to provide guidance on appropriate safety measures; for example, they will be able to recommend specific modes of transport, or routes to travel. The World Bank's security team aims to facilitate safe travel without hindering or disrupting the activities and work of World Bank staff.

Section 6. *Access to World Bank Country Offices.* GPE Secretariat staff have the same rights and abilities to access World Bank country offices as World Bank staff. All staff are required to inform country office staff of their mission details, including timing and mission objectives, subject to mission clearance.

ARTICLE IV FUTURE CAPABILITIES

Section 1. (a) The GPE Secretariat and the GPE Board have identified capabilities that may be required at some point in the future to enable the GPE to meet its objectives. The World Bank notes that the GPE Board would like to explore the full set of capabilities potentially needed even if the GPE does not eventually decide to use them.

(b) The World Bank also notes that these capabilities are related to both the institutional arrangements of the GPE Secretariat, whether it is hosted by the World Bank or not, as well as the Trustee function performed by the World Bank, while a number are directly related to the Trustee function and will exist regardless of whether or not the GPE Secretariat is hosted by the World Bank.

(c) The following capabilities have been identified as being potentially required in the future to enable the GPE to meet its objectives: (i) the establishment of an expanded fund-raising model to facilitate receipt of contributions or in-kind support from non-traditional donors; (ii) innovative financing mechanisms; (iii) currency risk management through hedging; (iv) the provision of funds directly to national governments and other non-traditional entities in grant execution, hereinafter referred to as "direct access"; and (v) rapid disbursement through fast-track procedures or hosted facilities.

Section 2. *Funds or In-kind Support from Non-Traditional Sources.*

(a) The World Bank, acting as Trustee of the GPE Fund as well as other FIFs, currently accepts contributions from sovereign and non-sovereign contributors provided they meet the following criteria:

(i) activities to be financed are in keeping with the IBRD and IDA Articles of Agreement, and are consistent with the World Bank's purposes and mandate;

(ii) activities to be financed are aligned with the World Bank's strategic priorities;

(iii) the risks arising from the GPE Fund, including those arising from any conflicts of interest or any restrictions on its use, are explicitly considered and are judged to be acceptable and manageable by the World Bank;

(iv) the World Bank has the necessary decision-making authority in the use of the funds to fulfill its roles in administering the GPE Fund;

(v) the World Bank does not accept any contribution to the GPE Fund that imposes nationality restrictions on procurement, as distinct from national restrictions on recruitment, which may still be accepted; and

(vi) the GPE Fund is of a sufficient size to ensure efficient administration, and the World Bank recovers the costs of performing agreed roles in administering the GPE Fund, taking into account benefits associated with such funding.

(b) To deliver development finance solutions to client countries, the World Bank is increasingly expanding its engagement with non-traditional donors, including all types of entities with legal personality established in member countries. Over the last ten years, the World Bank Group has received USD 4.2 billion from foundations, corporations, and academic and research institutes, and over the last five years, more than two hundred entities have been screened under the World Bank's integrity due diligence process.

(c) In relation to pro bono services, the World Bank utilizes its convening power to pull together the top experts from around the world to work together on finding solutions to development challenges. The World Bank has entered into memoranda of understanding with partners which set out partnership parameters and collaborative initiatives that do not involve a direct exchange of financial resources.

(d) The World Bank's approach to accepting contributions from ultra-high net worth and high net worth individuals is to work through intermediary foundations. To date, the World Bank has not received contributions directly from individuals, and this is likely to remain unchanged for the foreseeable future as the World Bank is not equipped to perform due diligence on individuals. The World Bank will not be able to assist the GPE in establishing a subsidiary entity as this may involve, among other things, a dilution of the World Bank's privileges and immunities.

(e) Contribution Agreements/Arrangements and Financial Procedures Agreements/Arrangements are currently standardized based on the direction of the GPE Board. In the event that the GPE Board decides that these agreements be customized, the World Bank, acting as Trustee, will work with the GPE Board and the GPE Secretariat to facilitate this.

Section 3. *Innovative Finance Initiatives.*

(a) The World Bank is committed to working with FIF secretariats and governing bodies to develop innovative financing structures where appropriate.

(b) Accordingly, the World Bank, acting as Trustee of the GPE Fund, will collaborate, where feasible, to leverage funding for GPE programs through innovative financing instruments and programs, including market-based solutions.

(c) The GPE Board may decide that the GPE move into more innovative forms of finance, such as Development Impact Bonds (DIBs), potentially as an outcomes funder or as a partner or host of an outcomes funder.

(d) DIBs may be structured in different ways, but typically involve a service provider, an investor, an outcome payer, and an outcome evaluator, and a set of agreements among these participants.

(e) The exact nature of GPE's role as an outcomes funder will need to be clarified to determine what would be required of the World Bank to support and facilitate this financing model. For example, whether the GPE, acting through the World Bank since the GPE lacks legal personality, will itself serve as the outcomes funder, or whether the GPE will approve an allocation to a Grant Agent for the latter to serve as an outcomes funder.

(f) The former may require the World Bank, acting on the GPE's behalf, to enter into a Framework Agreement with the other participants to lay out the basic relationships and responsibilities under the DIB, and an Outcome Agreement with the investor or investors to set out the World Bank's payment obligations to the investor or investors and the financial terms. Payments may be made to non-state and for-profit organizations acting as impact investors, as well as service providers, third-party evaluators, and technical or legal advisors. The World Bank's undertakings under the Framework Agreement and the Outcome Agreement will likely be beyond the scope of its limited trustee role or will require modification of this trustee role. A new framework may also need to be developed and approved by World Bank Management or the World Bank's Executive Directors to authorize the World Bank to engage in DIBs and serve as an outcomes funder.

(g) The latter may be accommodated almost immediately if one of the Grant Agents for the GPE is ready to assume the role and responsibilities of an outcomes funder. It is envisaged that the Financial Procedures Agreement/Arrangement with the Grant Agent will require little or no modification for the Grant Agent to perform the role of an outcomes funder.

Section 4. *Currency Risk Management.*

(a) The GPE Fund is exposed to fluctuations in foreign exchange (FX) rates because the holding and operating currency of the GPE Fund is the United States Dollar (USD) while contributor pledges and contributions are primarily made in national currencies.

(b) To facilitate a comprehensive FX risk management solution, the World Bank, acting as Trustee of the GPE Fund, has undertaken a comprehensive review of options to manage the FX risk, including the establishment of an FX hedging program within an overarching FX Exposure Management Framework. This review included anticipated costs, risks, risk mitigation measures, possible collateral requirements, legal implications, and challenges to gaining capital market access.

(c) The objective of an FX Exposure Management Framework will be to minimize the effect of FX fluctuations by hedging as much of the non-USD cashflows as practicable at the time of, or soon after, signing of Contribution Agreements/Arrangements. The objective of hedging would be to lock in, at the time of hedging, the USD equivalent value of future cash installments as agreed with contributors, thereby providing a known level of available funding. It is noted that while a hedging strategy may prove effective in insulating the GPE's funding from FX fluctuations, potential gains from currency movements would also be foregone.

(d) The option deemed most appropriate for the GPE Fund and available for further pursuit involves the GPE accessing the capital markets as part of IBRD's Trust Fund Pool. This will involve using the World Bank's existing Trust Fund ISDA Master Agreements in place with market counterparties to hedge currency risk and will therefore have the significant advantage of leveraging the World Bank's existing infrastructure, relationships and experience. The GPE Fund can potentially benefit from the fact that there are other transactions, unrelated to hedging, with counterparties, which may lead to reduced collateral requirements. In addition, due to the pooled nature of the investments, the burden

of collateral payments will not fall singly on a single trust fund but, rather, the pooled cash is used for any collateral requirements.

(e) To ensure a hedging program is practical and effective, there are several important criteria that need to be met before such a program will be considered, including:

(i) *Nature of receivables to be hedged.* To minimize the possibility of financial loss and maximize the efficiency of a hedging strategy, only irrevocable contributions will be eligible for hedging. This is important because entering into hedging transactions will create a financial commitment on the part of the GPE Fund and cancelled payments will likely require these transactions to be unwound, resulting in a financial cost. These costs will be borne by the GPE Fund and may erode the benefit of establishing a hedging strategy. The World Bank, acting as Trustee of the GPE Fund, will therefore require GPE contributors who agree to have their contributions hedged to waive the right to unilaterally cancel contributions. GPE contributors who do not wish to have their contributions hedged will continue to have the right to unilaterally cancel contributions. If some GPE contributors decide not to hedge their contribution, the GPE Fund will be only partially hedged. Upon confirmation from all GPE contributors, the World Bank, acting as Trustee of the GPE Fund, will assess the proportion of the GPE Fund to be hedged, and assess whether the implementation of a hedging strategy will be sensible. Ideally, using the most recent replenishment amount of USD 2.3 billion as a benchmark, the proportion to be hedged will be greater than 50 percent of the total value of contributions. The minimum proportion will be dependent upon the composition of the contributions to be hedged, such as length of futures contracts, currency of denomination, and size of contribution, and the volatilities of the underlying contribution currencies.

(ii) *Consistency of Contribution Agreements/Arrangements.* Currently, all contributors to the GPE Fund are required to sign Contribution Agreements/Arrangements with the same terms. This would continue to be the case if a hedging strategy were to be implemented for GPE by the World Bank, acting as Trustee. All contributors to the GPE Fund will be required to approve the relevant amendments to the standard Contribution Agreement/Arrangement.

(iii) *Timing of Payments.* As the financial instruments purchased to implement the hedges will be aligned with the payment schedules of individual contributors, any changes to payment schedules may result in a hedging transaction being unwound. It will therefore be important to receive payments in a timely manner to avoid unnecessary costs. For the hedging strategy to be most effective, multi-year, instead of single year, contracts would be desirable.

(iv) *Liquidity.* The GPE Fund will need sufficient liquidity to make hedging practical and efficient.

(f) The World Bank, acting as Trustee of the GPE Fund, is not currently authorized to perform hedging services for trust funds and will need to obtain the necessary internal approvals to do so, including authorization from the World Bank's Board of Executive Directors. If the GPE Board decides that the World Bank shall continue to pursue an FX

hedging program for GPE and if the above criteria are satisfied, the FX Exposure Management Framework will be further developed and presented for approval by the World Bank's Board of Executive Directors. This will be the first time that the World Bank will provide hedging services for a FIF.

(g) The World Bank notes that the issue of FX hedging is a trustee-related issue and will remain regardless of whether the GPE Secretariat is hosted by the World Bank or is established as an independent legal entity. The World Bank, acting as Trustee of the GPE Fund, is committed to continue working with GPE toward determining an effective approach to managing currency risk.

(h) If it is decided that a hedging mechanism is not suitable for the GPE at this time, other options to mitigate FX risk include the following:

(i) *Encouraging contributors to make pledges in USD or Euro.* Perhaps the simplest approach to mitigate FX risk will be to encourage contributors to make pledges in USD, or Euro once established as a second holding currency. As the primary holding, operating, contribution and commitment currency is USD, FX risk within the GPE Fund will be significantly mitigated. This option will, however, increase the complexity on the part of many contributors whose national currency is neither USD nor Euro, and will effectively transfer the FX risk from the GPE Fund to the contributors as contributor budgets are almost always denominated in national currencies.

(j) *Second Operating Currency.* The decision in June 2018 to adopt the Euro as a second holding currency has the potential to mitigate FX risk to the extent that the fund balance held in Euro matches the anticipated Euro disbursements. It will not, however, address the FX risk arising from non-USD, non-Euro currencies. The GPE will still be exposed to FX risk on approximately 55 percent of the portfolio.

(k) The World Bank, acting as Trustee of the GPE Fund, recognizes the significance of the FX risk exposure of the GPE Fund, and is committed to working with the GPE Secretariat and the GPE Board to determine and develop the optimal FX risk management solution for the GPE Fund.

Section 5. *Provision of Funds to Non-Traditional Agencies.*

(a) FIF-supported partnership programs, such as the GPE, are designed to allow the transfers of funds from the FIF to implementing entities or Grant Agents, with the World Bank, acting as trustee of the FIF, having no responsibility for the use of the funds transferred and activities carried out therewith. When FIF funds are transferred to Grant Agents, these entities assume fiduciary responsibility over the FIF financing transferred to them and the activities carried out therewith.

(b) FIFs often disburse funds to a variety of implementing agencies. Traditionally, FIFs have made use of United Nations agencies and multilateral development banks as implementing agencies. The World Bank, acting as trustee, makes transfers to such agencies, for disbursement to country authorities or nongovernmental organizations, with

the agencies supervising funded activities in accordance with their policies and procedures. This practice is based on contributors' comfort that implementing agencies have adequate operational capacity and fiduciary procedures for monitoring the use of the funds.

(c) The ability to provide grant funding directly to partner country governments, local partners in country such as nongovernmental organizations or universities or into pooled funds, hereinafter referred to as "direct access", has been identified as a potentially important capability by the GPE Board.

(d) The World Bank views direct access as an important strategic issue for the GPE Board to consider as the provision of direct access will change the overall mandate and nature of the GPE as an institution and potentially result in an increase of risk and cost to the GPE. Specifically, if the GPE will engage in direct access on a scale envisioned, the GPE will move from being solely a financing platform and partnership to becoming a Grant Agent in its own right. This will be a significant strategic shift for the GPE and will make a direct evolution from the authorization to establish the GPE Fund as a FIF. The GPE Board will need to determine whether the benefits of engaging in direct access outweigh the associated increase in risks and costs, and whether a better alternative will be to continue to enhance the performance of accredited Grant Agents.

(e) The GPE's framework for accrediting Grant Agents, set out in the Eligibility Expansion Plan approved by the GPE Board in 2013 has been used to accredit ten Grant Agents thus far. Consistent with the Contribution Agreements/Arrangements with contributors and the GPE Fund Governance Document, the World Bank, acting as Trustee of the GPE Fund, reviewed the accreditation framework and determined that it presented an acceptable level of risk to the World Bank, acting as Trustee.

(f) The GPE Board may approve a new accreditation framework, or modify the existing one, to expand which entities may become Grant Agents. The World Bank, acting as Trustee of the GPE Fund, will assess the risk that any revisions may pose to the GPE and the World Bank and provide its non-objection. In this review, the World Bank will ensure that the accreditation framework includes high standards of social and environmental safeguards, anti-corruption procedures, financial controls, and fiduciary functions, and that the entities have a track record of project implementation in the country or countries.

(g) For-profit entities are not eligible to become Grant Agents even under a revised accreditation framework. However, the World Bank and the GPE will be able to contract with for-profit entities that are selected through an international competitive process to serve a function equivalent to that of a Grant Agent for a FIF.

(h) The GPE Secretariat will be responsible for assessing all entities, which will require additional staff time and resources. The World Bank, acting as Trustee of the GPE Fund, will review each individual entity from a risk perspective on a non-objection basis.

(i) The GPE Fund Governance Document sets out the operating procedure of the GPE Fund as follows:

- (i) The World Bank, acting as Trustee of the GPE Fund, has established the GPE Fund to receive contributions, and holds in trust and administers the funds, assets and receipts that constitute the GPE Fund. The Trustee does not carry out any GPE activities.
- (ii) Contributors contribute financial resources to the GPE Fund under Contribution Agreements/Arrangements signed with the Trustee.
- (iii) The Trustee has entered into Financial Procedures Agreements/Arrangements with the Grant Agents, that is, the financial intermediaries, to set out the arrangements on the Grant Agent account, commitment of funds by the Trustee, transfer of funds to the Grant Agents, financial reporting, and so on.
- (iv) Based on an Allocation approved by the GPE Board, or on its delegated authority, the Trustee commits and transfers funds to a Grant Agent. The Trustee has no responsibility, fiduciary or otherwise, for the use of such funds or for the activities carried out with such funds.
- (v) The Grant Agents are responsible for the use of funds transferred and the activities carried out therewith in accordance with the Grant Agents' policies and procedures. The Grant Agents on-grant the funds to a recipient country and support the latter in the implementation and monitoring of the GPE-funded education sector plan and education sector programs, under a Grant Agreement or similar instrument signed with the recipient country.
- (vi) The Trustee has no contractual relationship with the recipient country.
- (j) Seeking to expand the mandate of the GPE to include the provision of direct access may yield important benefits, including capacity building and country ownership, however, expanding the eligibility of Grant Agents may expose the GPE to significant risks. The key risks associated with direct access include:
 - (i) *Potential for increased reputational risk.* The World Bank, acting as Trustee of the GPE Fund, has no supervisory relationship over Grant Agents, national governments, and local nongovernmental organizations, and does not assume fiduciary or operational responsibility for GPE funds after they are transferred. The success of direct access relies on the quality of the fiduciary and other standards and processes established by the GPE Board for approval of these new Grant Agents as well as the GPE Secretariat's ability to assess and ensure these standards are enforced. A set of accreditation criteria is employed to ensure Grant Agents have acceptable fiduciary and management policies, procedures and capacity to ensure GPE funds are used for their intended purposes and funds are recovered in case of misuse. Despite the accreditation process, there is always a risk that misuse of resources may occur. In cases of such misuse of funds, the GPE and contributors will be exposed to financial and reputational risk, and the World Bank will be exposed to reputational risk despite not having any fiduciary or oversight responsibility.

(ii) *Loss of additional support provided by traditional Grant Agents.* Traditional Grant Agents provide significant additional value by providing implementation support, including oversight of environmental and social safeguards management, technical assistance, and levers to ensure that GPE resources are used for their intended purposes. This support also includes the possible exercise of contractual remedies, such as suspension, which audit firms will not be able to provide or exercise. This additional support will be lost if direct access were adopted with the assumption that the GPE Secretariat's ability to directly oversee project implementation will be superior.

(iii) *Doubtful efficiency gains.* The cost of establishing and maintaining an alternative set of mechanisms to oversee financial transactions, procurement processes, audit functions, and recovery mechanisms in the case of misuse, would erode any financial efficiency gains.

(k) Given these factors, due consideration is given to a Multi-Donor Trust Fund (MDTF) as a more effective instrument to provide grant funding directly to partner country governments, local partners in country such as nongovernmental organizations, or universities. In an MDTF, the World Bank manages the funds and supervises the activities financed; GPE Secretariat staff, as World Bank staff, may serve as program manager or task team leader of an MDTF with the appropriate trust fund accreditation. The World Bank, as administrator of the MDTF, assumes full fiduciary responsibility, and the World Bank's operational policies and procedures apply. The World Bank will be able to contract with for-profit entities that are selected through an international competitive process.

(l) If the Education Cannot Wait (ECW) will be hosted as a FIF by the World Bank within a GPE "family of funds" structure, the accreditation framework of GPE will apply.

(m) If ECW will be hosted as a separate FIF, a new accreditation framework will be required to be developed and will be reviewed by the World Bank from a risk perspective on a non-objection basis.

(n) If ECW will be hosted by the World Bank within the GPE framework, a decision will need to be taken with respect to ECW's operating modality, whether as a FIF or as a standard World Bank MDTF where the World Bank exercises full fiduciary oversight.

Section 6. *Hosting of Other Institutions.*

(a) Like the GPE Board, the World Bank takes an informed approach to decisions to manage a new FIF and to host such fund's program management unit or secretariat, and considers a number of factors such as: (i) alignment with the World Bank's strategic priorities and comparative advantages; (ii) evidence of the need for collective action; (iii) value addition to existing programs and instruments; (iv) benefit to the World Bank's client countries; and (v) a shared commitment to common objectives, before making these decisions.

(b) The GPE Board confirmed its interest in being considered as host of ECW but also recognizes that additional analysis and information is required before the GPE Board can take a final decision on nominating the GPE to host ECW.

(c) The World Bank can host a range of different governance and operational structures within a FIF, as reflected in the range of FIFs currently hosted. The World Bank notes that ECW's overarching mission, objectives and operating model are closely aligned with the World Bank's strategic objectives. Accordingly, the World Bank is amenable to hosting ECW if asked to do so, and as necessary, will work with the GPE and ECW to find a structure that will be most appropriate for both institutions.

(d) The structure under which ECW may be hosted depends on the relationship with the GPE. The possible options are:

(i) *Hosted within a "family of funds" structure with the GPE.* If ECW will be hosted within the GPE, the World Bank can host the GPE and ECW within a "family of funds" structure where each will have a standalone work program and budget but will be governed by the same governing body. The hosting arrangements agreed between the GPE and the World Bank will also apply to ECW. Under a "family of funds" structure, ECW can be established as a FIF or a standard World Bank MDTF. Hosted as a FIF, ECW will operate through Grant Agents and adopt the same accreditation framework as the GPE. Hosted as an MDTF, ECW will be able to employ its current operating model.

(ii) *Hosted as a standalone FIF.* If ECW wishes to maintain its current governance structure and continue to be governed by the High Level Steering Group, the World Bank can host ECW as a separate FIF independent from the GPE. For operational continuity of ECW, the United Nations Children's Fund may continue to operate as a Grant Agent for all or parts of the ECW program.

(e) If ECW and the GPE decide to maintain their respective governing bodies but share some operational and delivery functions, the World Bank will need to fully understand the proposed relationships to determine the appropriate structure.

(f) The Participants acknowledge that the World Bank is not equipped to support a structure involving co-hosting, where GPE Secretariat staff are partitioned and based in the World Bank and in another legal entity. Such activity carried the risk of corporate liability to the World Bank and may give rise to a number of staffing issues.

Section 7. *Faster Disbursement of Funds in Emergency Situations.* The World Bank, acting as Trustee of the GPE Fund, will explore and discuss possible arrangements, within its capabilities, to expedite transfers from the GPE Fund to Grant Agents under certain circumstances, such as emergency situations. In cases where the World Bank is the Grant Agent, the World Bank may apply its emergency response procedures and small grants procedures to facilitate faster disbursement in emergency situations.

ARTICLE V DISPUTE RESOLUTION

Section 1. In the event of a dispute between the GPE Secretariat and the Host VP with respect to an administrative or hosting matter, such as working environment, employment conditions, HR support, administrative support, the budget and staffing plan, the Host VP and the GPE Secretariat will exert all efforts to resolve the dispute amicably.

If amicable resolution is not possible, GPE Secretariat staff may avail themselves of the World Bank's various conflict resolution services under the World Bank's Staff Manual, including mediation services, the Ombuds Services Office, peer review services, and the World Bank Administrative Tribunal. If necessary, the dispute may be elevated to the World Bank CEO and the GPE Chair for resolution with finality.

ARTICLE VI FINANCIAL COORDINATION AND TRUSTEE ROLE

Section 1. *The World Bank, Acting as Trustee of the GPE Fund.* In its capacity as Trustee of the GPE Fund, the World Bank will provide the following services:

- (a) The Trustee will hold in trust, and administer the funds, assets and receipts that constitute the GPE Fund, pursuant to the terms of the Contribution Agreements/Arrangements.
- (b) The Trustee will manage the assets held in trust for the GPE Fund under the provisions of IBRD's General Investment Authorizations, which are approved by its Board of Executive Directors and determine the framework under which the Trustee provides investment management services to the GPE Fund.
- (c) The Trustee will agree, in addition to the GPE Board, to any contributor to the GPE Fund that is not a country, or ministry or agency thereof, and be consulted by the GPE Board on its approval of the implementing agencies for GPE programs.
- (d) The Trustee will, subject to the availability of applicable funds held in the GPE Fund as determined by the Trustee, and subject to the terms of the Contribution Agreements/Arrangements, commit, transfer and use the funds for any purpose approved, and in the amount allocated by the GPE Board, in accordance with the terms of the GPE Fund Governance Document and the Contribution Agreements/Arrangements. Commitments and transfers of GPE Fund funds to the Grant Agents will be made pursuant to the applicable Financial Procedures Agreement/Arrangement or Financial Procedures Memorandum.
- (e) Upon the transfer of such funds to the relevant Grant Agent, the Trustee will have no responsibility, fiduciary or otherwise, for the use of these funds including to the Grant Agent, the contributors, or the GPE Board.
- (f) The Trustee will require, and accept from, the Grant Agents certain periodic financial reports, as decided by the GPE Board and agreed between the Trustee and the Grant Agent.
- (g) The Trustee will provide to the GPE Board regular reports on the financial status of the GPE Fund, including the following: (i) quarterly contribution status; (ii) quarterly funding decisions and commitment of funds; (iii) quarterly GPE Fund disbursements; (iv) quarterly investment income details; and (v) annual administrative budgets reporting.

- (h) The Trustee will prepare a proposal for the Trustee Budget on an annual basis for the approval of the GPE Board and report actual costs incurred.
- (i) The Trustee is accountable to the GPE Board for the performance of its functions.
- (j) The Trustee will collaborate with the GPE Secretariat to ensure that the GPE Board has all the information necessary to carry out its responsibilities, and will collaborate with the GPE Secretariat and the GPE Board regarding any additional financial capabilities that may be required over time.

ARTICLE VII GENERAL PROVISIONS

Section 1. *Period Covered by the GPE Secretariat Hosting Arrangements.*

- (a) If the GPE decides to remain hosted by the World Bank, the World Bank will make every good faith effort to abide by the hosting arrangements for six years from the effective date of this Memorandum.
- (b) An assessment will be undertaken every three years to evaluate the applicability and relevance of the hosting arrangements. The World Bank or the GPE Board can request a review of the hosting arrangements earlier if warranted, in particular, if there is a significant departure from the directions, capabilities and arrangements set out in the Future Directions paper dated August 2018, or discussed subsequently, upon which the hosting arrangements are based.
- (c) The GPE acknowledges that the hosting arrangements are premised on the World Bank's continuing role as GPE Board Member and that, notwithstanding paragraphs (a) and (b) above, if the World Bank is no longer serving as a GPE Board Member, the World Bank reserves the ability to revisit these hosting arrangements.

Section 2. *Fund Governance Document.* The GPE Secretariat will consult with DFi on draft changes to the GPE Fund Governance Document prior to their approval by the GPE Board. In case of conflict between the provisions of the GPE Fund Governance Document and this Memorandum, the provisions of the GPE Fund Governance Document will prevail.

Section 3. *GPE Secretariat Disengagement from the World Bank.*

- (a) If the GPE Board so authorizes, the GPE may cause the establishment of an independent legal entity to provide services to further its mission, including without limitation for fundraising and provision of grant funding to local governments and civil society organizations. To the extent that the establishment and operation of such entity affects the responsibilities of the World Bank with respect to the GPE, such establishment and operation will be determined with the agreement of the World Bank. Any role taken by GPE Secretariat staff in such entity will be addressed between the World Bank and the GPE to ensure the entity's independence and separation from the World Bank and to mitigate any risk to the World Bank.

(b) In the case of the GPE Secretariat's disengagement from the World Bank, a transitional period will be required to allow for sufficient time to implement exit arrangements. The Host VP and the GPE CEO will initiate a discussion with the GPE Board regarding a procedure for an advance notice to be given by the disengaging Participant to the other Participant. 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 by the GPE Fund.

(c) During any mutually decided wind-down period, the GPE and the World Bank will strive to create a smooth transition for the benefit of GPE-funded countries, to help ensure uninterrupted program funding for programs that are in-process.

Section 4. This Memorandum is not intended by the Participants to be legally binding, and nothing contained herein, or any action taken by the Participants pursuant to this Memorandum will create or be construed to imply any agency, partnership, joint venture or fiduciary relationship between the Participants.

Section 5. This Memorandum may be modified by written mutual decision of the Participants.

Section 6. Nothing in this Memorandum is intended to be or should be construed as a waiver of the privileges and immunities of the World Bank or its officers and employees, which privileges and immunities are hereby specifically reserved.

Section 7. This Memorandum and the information with respect to the activities contemplated herein may be publicly disclosed. Such disclosure will be made in accordance with the Participants' respective disclosure or access to information policies. The Participants plan to consult with each other concerning the manner and form of any acknowledgement of the other Participant's support regarding the activities.

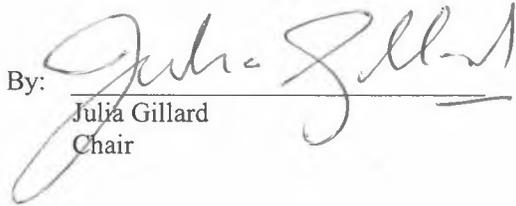
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**ARTICLE VIII
EFFECTIVE DATE**

Section 1. This Memorandum will come into effect on the date of signature, and remain in effect for six years unless terminated earlier by either Participant, provided, however, that such termination complies with the requirements of Article VII, Section 3 (b) and (c) of this Memorandum.

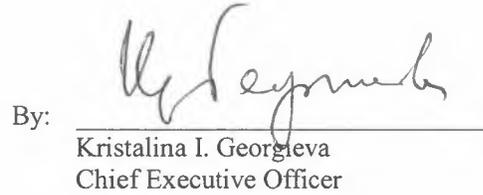
Signed in duplicate at Washington, D.C. on April 14, 2019.

**GLOBAL PARTNERSHIP FOR
EDUCATION**

By: 
Julia Gillard
Chair

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT**

**INTERNATIONAL DEVELOPMENT
ASSOCIATION**

By: 
Kristalina I. Georgieva
Chief Executive Officer

ANNEX
Areas of Perceived Conflict of Interest when the GPE Secretariat is Hosted by the HD Vice Presidency

	Perceived Conflict of Interest (CoI)	Description	Mitigation Measures when hosted by HD VP
1	Dual Loyalty	GPE Secretariat staff have responsibilities to the GPE Board while reporting to a World Bank line manager, and this “dual loyalty” could give rise to conflicts and tension.	<ul style="list-style-type: none"> • Work programs of GPE Secretariat staff are assigned by GPE Secretariat management, with no involvement by the World Bank Host VP. • Relevant and adequate guidance provided to staff for handling any conflicts that arise between the World Bank’s mandate and objectives and instructions from GPE Board. • Adequate disclosure that GPE Secretariat staff are World Bank staff is needed to ensure clarity among other partners, World Bank Management, the GPE Board, staff themselves, clients, and the public. • The World Bank’s Office of Ethics and Business Conduct (EBC) can provide advice to staff and address any potential cases of misconduct.
2	Portfolio Quality	In instances where an activity funded by the GPE and implemented or managed by the World Bank as Grant Agent may not be performing well, GPE Secretariat staff may be reluctant to criticize the World Bank as Grant Agent, since they report to the same VPU.	<ul style="list-style-type: none"> • World Bank projects supported by the GPE will undergo the same regular portfolio review processes as all World Bank projects. • Reiterate to GPE Secretariat staff that the exchange of frank views on the World Bank’s performance as Grant Agent is welcomed by the World Bank, and that there will be no retribution or other adverse consequences for GPE staff who criticize the performance of the World Bank in its roles as Grant Agent or Trustee. • Further, feedback on the performance of World Bank projects can be achieved through: <ul style="list-style-type: none"> ○ Contributors to the GPE Fund can review and evaluate activities of a Grant Agent as set out in the Contribution Agreements and the Financial Procedures Agreements; ○ Grant recipients (Developing Country Partners who are represented on the GPE Board of Directors) can freely express their views on the performance of the Grant Agent; ○ The ability of GPE Secretariat staff to be critical of the World Bank’s performance as Grant Agent without risk of retribution or other adverse consequences; and ○ Robust accountability mechanisms established within the World Bank (IEG, IAD, Inspection Panel)¹.
3	Grant Funding Allocations	The Host VP could influence the level of funding allocated to the World Bank as Grant Agent.	<ul style="list-style-type: none"> • All World Bank Grant Agent staff who serve on a GPE body are required to recuse themselves from decisions affecting the World Bank. For example, World Bank representatives on the Grants and Performance Committee (GPC) and GPE Board recuse themselves from the GPC/Board decisions involving a funding proposal to the World Bank in accordance with GPE’s Policy on CoI. • Reiterate to Secretariat staff that independent, objective and honest analysis and review of funding proposals is welcomed by the World Bank, and that there will be no retribution or other adverse consequences for GPE staff who criticize the performance of the World Bank.
4	Distinction between the World Bank’s Roles in GPE	Lack of distinction between the World Bank’s roles as Trustee, Host, Grant Agent, and GPE Board Member.	<ul style="list-style-type: none"> • World Bank roles to be clearly defined in the World Bank’s GPE Hosting Arrangements, including clear articulation of the capacity in which the World Bank participates in GPE Board discussions. • Host and Trustee issues will be addressed by separate World Bank representatives (without voting capacity), distinct from the World Bank’s Board representative.

¹ Confidential guidance can be obtained through the Ombuds Services Office before the formal accountability mechanisms are pursued. An Ombudsman will not: i) make, change, or set aside a policy or administrative decision; ii) make binding decisions or determine rights; or iii) conduct an investigation that substitutes for administrative or judicial proceedings.