JUNE 3-5, 2025 - MEETING OF THE BOARD OF DIRECTORS
PARIS, FRANCE – BOD/2025/06 DOC 05 – FOR INFORMATION

SEMI-ANNUAL CORPORATE RISK UPDATE

Please note: In accordance with the GPE Transparency Policy, documents are public only after their appraisal by the relevant governance instance. Governance officials may circulate documents to their constituency for consultation purposes, except for documents of a confidential nature.

Key issues for consideration:

- The Finance and Risk Committee reviewed corporate risks at its April 2025 meeting. Committee members enquired on the risk of Sexual Exploitation, Abuse and Harassment noting the progress made around risks of low reporting.
- They further enquired and noted that the risk framework will be updated to reflect the GPE2030 strategy, and this update will consider additional risks related to the evolving operating model as needed, as well as those associated with the non-profit legal entity following final decision by the Board.

Objective

1. The Board is invited to review the corporate risk update and assess whether additional risks could impact GPE's ability to achieve its GPE 2025 objectives.

Background and overview

2. Amid sustained demand for GPE funding and a volatile global environment, resource mobilization risk has heightened (***very high risk***), driven by reductions in Official Development Assistance and shifting donor priorities. GPE remains a strong platform leveraging the strengths of diverse partners to drive strategic education investments, key to economic growth and stability. GPE's agility, focus on strengthening systems, and success in innovation maximize impact and efficiency.

3. GPE has a solid track record of adapting to change. Ongoing initiatives promote efficiency, value for money, and innovative funding mechanisms, including major co-financing efforts, the creation of a non-profit legal entity to expand the donor base, and staff relocation to lower-cost locations under the GPE Forward initiative.

4. Demonstrating results is a shared responsibility across the Partnership (**high risk**). GPE 2030 will strengthen alignment with the system transformation approach and includes efforts to better track country reform progress, strengthen results monitoring and reporting and improve data collection, especially around incentivizing the collection of critical learning outcome data across the sector.

5. Mutual accountability risks are multifaceted, involving partner countries' responsibility for reform implementation and progress monitoring (***high risk***). The success of GPE's system transformation approach relies on active involvement, ownership, and alignment across not only local education groups but all system

stakeholders. This is essential for driving reform, even more as competition for resources can undermine mutual accountability.

6. Domestic financing remains insufficient (**high risk**). However, 80% of top-up allocations (US$311 million) support policy shifts through GPE's transformation approach. GPE 2030 will expand domestic financing triggers across more countries to include equity, volume, and efficiency.
7. Ensuring gender hardwiring remains a core focus requiring translating gender activities in approved grants into measurable outcomes during implementation, necessitating coordinated action across the Partnership (***moderate risk***).
8. GPE has exceeded its co-financing target, mobilizing US$3.76 billion under GPE 2025, well above the US$3 billion goal (**very low risk**). GPE 2030 and Funding and Financing Framework offer further potential to expand innovative financing. The FRC will review proposals in April 2025 to enhance innovative financing instruments. A separate Non-Profit Legal Entity could further enhance financing from philanthropy and the business community.
9. Risks related to GPE's operating model have declined, as most GPE 2025 grants are approved or on track for submission by June 2025, reducing the risk of funds not being allocated (**moderate risk**). At the end of 2024, US$2.11 billion was approved.
10. Grant performance remains a **moderate risk**, with better utilization and responsiveness to at-risk grants. Instability in some contexts may disrupt implementation and affect the pool of grant agents and coordinating agencies.
11. Disbursements reached US$1.16 billion in 2024, with around US$1 billion annually projected through FY2026. This has, in turn, helped mitigate other risks: OPEX is below the 7% target ceiling (***low risk***) and liquidity risk closer to the target range.
12. Despite improved disbursements and reduced foreign exchange pressure (**low risk**), GPE's overall financial position has deteriorated due to funding uncertainties. With the current funding cycle ending and high disbursement levels continuing, reduced donor inflows may pressure liquidity risk by late 2025 (**moderate risk**).
13. Forecasting remains challenged by volatility. Certain donor contributions have been excluded from the financial forecast due to expected reductions or adjustments, with mitigation options outlined in the Financial Forecast.
14. While the pool of grant agents is more diverse, alignment risk remains **high** as country-level dialogue is not sufficiently elevated or strategic to foster alignment.
15. PSEAH risk remains **moderate**, with progress in case reporting and implementation through key partners. The Secretariat is strengthening internal capacities.

16. Business continuity risk remains **moderate** amid organizational changes. IT risk is **high** due to current system limitations, though the digital transformation project is advancing. Human Resources risk is **moderate**, with GPE Forward progressing well.
17. The Risk Framework will be updated to align with GPE 2030, the Financing and Funding Framework, and the Results Report. Indicators will be revised to better reflect priorities and improve risk tracking using updated data and dashboards.
18. See **Annex A: Semiannual Corporate Risk Update** on the Governance Portal, for detailed information.