JUNE 3-4, 2026 – MEETING OF THE BOARD OF DIRECTORS
PARIS, FRANCE – BOD/2026-06 DOC 08 – FOR INFORMATION
SEMI-ANNUAL CORPORATE RISK UPDATE

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Key issues for consideration:

- Members of the Finance and Risk Committee (FRC) reviewed the report and concured with the very high risk associated with resource mobilization against the backdrop of the current financial and political situation. They highlighted the importance of domestic education finance and noted that mobilizing additional co-financing in the current context will take effort and be a challenge in some countries. Committee members also highlighted the high risk assessment on alignment and mutual accountability.
- The Secretariat responded by clarifying that resource mobilization remains a strategic risk and will stay classified as very high at least until the replenishment outcome provides clearer predictability for the coming years. Efforts are underway through the replenishment campaign to mobilize resources not only to GPE fund but also to advocate and mobilize domestic finance, with a larger number of partner countries making commitments and more to follow.
- On cofinancing, the Secretariat noted that mobilizing additional finance will always take more effort than GPE just providing stand alone grants but the rewards are greater. There are provisions to ensure Low Income Countries and Small Islands, many of whom are fragile and conflict affected will not lose out on GPE grants if they're unsuccessful in accessing the Multiplier. It further noted there is a significant focus on sustainable finance to support partner countries to progressively finance their own systems and to crowd in external support from a variety of sources aligned with national priorities.
- On alignment and mutual accountability, the Secretariat emphasized improvements in grant agent selection processes and reiterated the shared responsibility across all partners for managing these risks in a context where capacity of partners might be impacted due to funding constraints and decisions on prioritization away from education.
- The Secretariat noted that updates on implementation of the new risk framework will be discussed at the next meeting as some indicators will be impacted by the replenishment outcome.

Objective

1. The Board of Directors is invited to review the corporate risk update and assess whether additional risks could affect GPE's ability to achieve its objectives during the transition from

GPE 2025 to GPE 2030. The report reflects an evolving risk landscape shaped by the launch of the GPE 2030 strategy, the forthcoming Global Education Summit scheduled for autumn 2026, and increasing uncertainty in the global financing environment.

Background and overview

1. In a global context marked by geopolitical tensions, fiscal tightening, and increasing pressure on official development assistance (ODA) budgets, resource mobilization remains GPE's highest strategic and overall risk **(very high risk)**. Early pledges and political engagement ahead of the Global Education Summit signal continued support for GPE's partnership model. However, intensified competition for limited development resources, a narrowing path to achieving replenishment target, and shifting donor priorities mean that securing predictable financing for the next strategic cycle remains a key challenge. Regional dynamics, including developments in the Middle East resulted in the decision by the Co-Hosts to shift the timing of the Global Education Summit to later in 2026. The additional time is likely to be helpful in securing greater predictability on pledges from some donors.
2. Co-financing targets have far exceeded expectations **(very low risk)**, with innovative financing mechanisms mobilizing approximately US$3.75 billion under GPE 2025, surpassing the initial US$3 billion target and significantly expanding the pool of co-financiers. This strong performance provides a solid foundation for advancing sustainable financing approaches under GPE 2030. However, increased reliance on co-financing introduces additional simplification challenges and requires stronger positioning, including engagement with new partners such as regional financial institutions. While interest in co-financing remains strong, GPE's ability to effectively engage, mobilize resources, and position itself as a key player, including on domestic financing, will be critical.
3. Domestic financing remains a **high risk**, as declining ODA, demographic pressures, and rising debt burdens constrain fiscal space in partner countries. While results-based financing under GPE 2025 has incentivized improvements in efficiency and equity of public spending, sustained national investment remains essential to closing education financing gaps. The 2026 Global Education Summit presents a key opportunity to mobilize support for domestic financing, with strong momentum already building ahead of the event.
4. Mutual accountability risk remains **high** as GPE transitions to GPE 2030. The focus is shifting from securing commitments to align behind prioritized reforms. While most partnership compacts include monitoring mechanisms, uneven implementation, particularly among newer compacts, continues to pose a challenge, and closing data and evidence gaps remains an operational priority to ensure credible demonstration of results. Moreover, fiscal constraints, declining external funding, reduced partner presence, and shrinking civic space risk eroding mutual accountability for reform implementation. In response, GPE 2030 emphasizes stronger engagement with core system stakeholders, with the Secretariat strengthening collaboration through Education Out Loud (EOL), Knowledge and Innovation Exchange (KIX) and country level engagement.

5. Gender equality risk remains **moderate.** While integration at the program design stage continues to improve, broader global sensitivities around gender-related agendas may affect sustained political commitment and implementation.
6. GPE's operating model risk exposure remains **low**, reflecting the maturity of the GPE 2025 portfolio. Nearly all system transformation grants have now been approved, and cumulative approvals under GPE 2025 have reached approximately US$3.43 billion across all grant types, significantly reducing the risk (to **very low**) that contributions to the GPE Fund are not allocated in a timely manner. However, further simplification of procedures remains a priority to ensure efficiency in a more constrained and complex environment.
7. The risk that countries are unable to access GPE Multiplier resources remains very low for GPE 2025; however, it has increased to **low**, reflecting the transition to GPE 2030 with higher expectations of co-financers. The new strategic framework introduces a broader menu of financing options and more predictable country envelopes, enabling a larger number of countries to benefit from indicative allocations.
8. Grant performance risk remains **low**, supported by improved monitoring and strong implementation performance. Time to effectiveness under GPE 2025 has improved significantly, and over 90% of active grants remain on track, reflecting strengthened engagement between the Secretariat, partner countries, and grant agents.
9. Alignment risk remains **high**. The current challenging aid environment with increased competition for resources, combined with capacity constraints and internal incentives of some grant agents can complicate efforts to use country systems. The revised grant agent selection process and strengthened regional engagement should help mitigate these risks.
10. Overall fund management risk remains **moderate**, reflecting stable technical indicators alongside increasing forward-looking pressure associated with the transition from GPE 2025 to GPE 2030. Foreign exchange (FX) risk is expected to rise once new replenishment pledges are made, particularly where contributions are denominated in non-USD currencies while expenditures remain largely USD-based.
11. Business continuity risk remains **low** over the reporting period, reflecting continued sustained operational stability as the Secretariat continues to embed organizational, financial, and systems changes introduced under GPE Forward while maintaining effective support for program delivery during the transition from GPE 2025 to GPE 2030. Depending on the outcome of the replenishment and the level of funds the Board makes available for operating expenses, this risk may increase over time if significant reductions are required. See Annex A for detailed information.

The following annexes are available on the governance portal:

Annex A: Semiannual Corporate Risk Update