CONSENT AGENDA

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them at the Board meeting. It is understood that constituencies will circulate Board documents among their members prior to the Board meeting for consultation purposes.

1. Objective

1.1 The purpose of this paper is to present the Board with a consent agenda for approval. Please refer to the background section for a clarification of the meaning and purpose of a 'consent agenda.'

2. Decisions on Consent Agenda

BOD/2019/12-XX—2019-2020 Assessment of Board and Committee Performance and Effectiveness: The Board of Directors:

1. Recognizing the importance of yearly assessment of Board and Committee performance and effectiveness, endorses the proposed Assessment Questionnaire and Schedule, as presented in BOD/2019/12 DOC 02 Annex 1.

2. Requests the Secretariat to implement the Board and Committee self-assessment in January 2020.

3. Requests the Governance and Ethics Committee to oversee the process and provide a final report in time for the March 2020 Board retreat.

BOD/2019/12-XX—Joint Education Sector Review Funding Window in ESPDG: The Board of Directors in reference to BOD/2019/06-15—Effective Partnership Roll-Out:

1. Approves the establishment of a window for financing joint education sector reviews within the existing education sector plan development grant (ESPDG) mechanism, including the proposed administrative approach set out in BOD/2019/12 DOC 02 Annex 2.

2. Authorizes an increase of the ESPDG ceiling from US$500,000 to US$700,000 to include the additional financing of a maximum of US$50,000 annually which would be earmarked for joint education sector reviews.
3. Authorizes an increase of the Secretariat's authority to approve ESPDG applications from up to US$500,000 to up to US$700,000.

BOD/2019/12-XX—Extension of GPE Multiplier Fund: The Board of Directors noting the importance of facilitating maximum uptake of the GPE Multiplier, and the need to allow sufficient time for submission of quality proposals, determines to:

1. Extend the validity of Multiplier Maximum Country Allocations that are either approved or extended by the Grants and Performance Committee at any point in 2020, to a date not to exceed December 31, 2021 as set out in BOD/2019/12 DOC 02 Annex 3.

BOD/2019/12-XX–Three Lines of Defence: The Board of Directors:

1. Approves the three lines of defence model as set out in Annex A of BOD/2019/12 DOC 02 Annex 4.
2. Requests the Secretariat to review the three lines of defence model as needed, and to recommend any material changes to the Board.

BOD/2019/06-XX—June 12-13, 2019 Board Meeting Report: The Board of Directors approves the Report of the Meeting of the Board of Directors in Stockholm, Sweden from June 12-13, 2019 as set out in BOD/2019/12 DOC 02 Annex 5.

3. Background

3.1 A consent agenda is a meeting practice whereby all routine and non-controversial decision items that do not require deliberation and which are generally deemed to have consensus are packaged as one agenda item without discussion. All the decisions packaged in the consent agenda are passed with a single vote. This allows the Board more time to focus on strategic matters that do require deliberation.

3.2 Should any one Board member feel that a specific item on the consent agenda warrants discussion before decision, they can indicate so prior to the meeting or at the moment when the Consent Agenda is being presented by the Chair for consideration. That specific item is then removed from the Consent Agenda for discussion and decision at a later stage in the meeting.

3.3 At this meeting, the following items are part of the consent agenda:

2019-2020 Assessment of Board and Committee Performance and Effectiveness: The Board of Directors is requested to approve the content and schedule of the 2019-2020 Board and Committee Assessment as set out in BOD/2019/12 DOC 02 Annex 1.

- **Joint Education Sector Review Funding Window in ESPDG**. The Board is requested to approve the approach for establishing an additional financing window for joint sector reviews (JSRs) in the education sector plan development grant (ESPDG). The ESPDG currently includes windows for education sector analysis and education sector plan development.

- **Extension of GPE Multiplier Fund**: This is to seek the approval of the Board of Directors for the extension of the validity of Multiplier Maximum Country Allocations that are either approved or extended by the Grants and Performance Committee at any point in 2020, to a date not to exceed December 31, 2021.

- **Three Lines of Defense**: The Board is requested to approve the three lines of defense model.

- **June 12-13, 2019 Board Meeting Report**. This summary of the previous face-to-face Board meeting was sent to the Board on July 08, 2019 and no comments were received.

ANNEXES:

Annex 1: 2019-2020- Assessment of Board and Committee Performance and Effectiveness

Annex2: Joint Education Sector Review Funding Window in ESPDG

Annex 3: Extension of GPE Multiplier Fund

Annex 4: Three Lines of Defence

Annex 5: June 12-13, 2019 Board Meeting Report

ANNEX 1

ASSESSMENT OF THE PERFORMANCE AND EFFECTIVENESS OF THE BOARD AND ITS COMMITTEES

For Decision

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

Recommended by: Governance and Ethics Committee
Committee Consideration: • The Committee recognized the importance of Board and Committee Self-Assessments as a good governance practice; • The Committee further noted the importance of capturing the right set of data in order to provide a full picture of the overall effectiveness of the Board and its committees. This was noted to carry particular significance in the context of Strategic Plan development and the upcoming governance review; • The Committee reviewed the Board and Committee Self-Assessment process, set forth in the June 2017 Board decision, and requested several changes to the questionnaire including (1) a broadening of scope from self-assessment to an assessment of Board and Committee Performance and Effectiveness, (2) the inclusion of a section to submit qualitative comments and (3) the addition of guidance for respondents. • In addition, in light of the low response rate to the previous Board assessment, the Committee encouraged the Secretariat to carry out close monitoring and follow-up if needed to ensure a strong response rate. • Finally, the Committee suggested that a supplemental assessment by external consultants might be warranted in the context of the upcoming governance review.
Board Policy Reference: BOD/2017/06-06, BOD/2018/06-06

1. Objective

1.1 The objective of this document is for the Board of Directors to approve the content and schedule of the 2019-2020 Board and Committee Assessment.

2. Recommended Decision

2.1 **BOD/2019/12-XX—2019-2020 Assessment of Board and Committee Performance and Effectiveness:** The Board of Directors:

1. Recognizing the importance of yearly assessment of Board and Committee performance and effectiveness, endorses the proposed Assessment Questionnaire and Schedule, as presented in BOD/2019/12 DOC 02 Annex 1

2. Requests the Secretariat to implement the Board and Committee self-assessment in January 2020.

3. Requests the Governance and Ethics Committee to oversee the process and provide a final report in time for the March 2020 Board retreat.

3. Background

3.1 The current Board and Committee self-assessment process was approved by the Board in 2017. The self-assessment survey was last carried out in October of the same year. The findings of the self-assessment gave rise to several recommendations that were approved by the Board in June 2018 and actioned in time for the 2019-2020 Board and Committee terms. The self-assessment was postponed in 2018 due to the launch of the Board and Committee nominations process.

3.2 For 2019-2020, the Board and Committee self-assessment will carry additional significance as it will be implemented in the context of the development of GPE's next strategic plan and will serve as a data source for the upcoming governance review.

ANNEX A: Proposed Assessment Schedule

The following schedule is proposed:

December 2019	Board approves Self-Assessment for Board and Committee Effectiveness Schedule.
January 2020	Self-Assessment for Board and Committee Effectiveness is administered to the GPE Board and committees.
February 2020	Findings of the Survey reported back to Committees via email communication.
March 2020	Findings of the Survey are shared and discussed at the Board March Retreat (if confirmed)

ANNEX B: Assessment of Board and Committee Performance and Effectiveness Questionnaire

In order to promote the receipt and assessment of full and candid information, responses provided will remain completely confidential, without attribution to any Board Member/Alternate Member or Committee Members. Should respondents want to add additional information, a section has been added to enable the capture of qualitative comments.

BOARD ASSESSMENT	Good	Satisfactory	Fair	Needs Improvement	Poor	Comments
Board Mandate						
1. The current roles and responsibilities of the Board help support the achievement of the GPE mission.						
2. The Board is performing in its core function areas to achieve the desired impact outlined in the GPE strategy.						
3. As a Member/Alternate Member of the Board, I understand my own specific role and responsibilities in relation to the Board.						
4. The Board regularly assesses its effectiveness and uses lessons learned to improve performance.						
Decision-Making and Impact						
5. The decision-making processes of the Board are suitable.						
6. The information provided during the Board meetings enables the constituencies to have open discussions.						
7. There is an appropriate balance between constituency interests and the best interest of GPE in decision-making at the Board level.						

BOARD ASSESSMENT	Good	Satisfactory	Fair	Needs Improvement	Poor	Comments
8. Board Meeting agendas are balanced and time allocated to presentations and Board discussion is adequate.						
9. The Board Chair effectively manages the agenda to achieve results at Board meetings.						
10. The Board Chair actively engages a broad cross-section of perspectives in Board discussions and facilitates the achievement of a consensus decision.						
Member Selection, Onboarding and Effectiveness						
11. Board members have the right set of experience and expertise to address all the key issues the organization faces.						
12. The Board has a clear, transparent and effective process for nominating and appointing Board and committee leadership.						
13. New Board members are provided with sufficient orientation to the Board's responsibilities, relevant GPE programs, services and administrative procedures.						
14. Board members act in accordance with their overall Duty of Care to the organization as outlined in the Code of Conduct for Governance Officials, and in compliance with the Conflict of Interest Policy.						

BOARD ASSESSMENT	Good	Satisfactory	Fair	Needs Improvement	Poor	Comments
15. Board members have been able to effectively fulfill their role as representatives of their constituencies and restrain themselves from presenting views that are representative of their own country/organization during Board meetings.						
Committee Alignment with the Board						
16. As a member of the Board, I understand the mandate of each of the Board's committees.						
17. The Board has the right set of committees to help it fulfils its role.						
18. The information provided from the committees to the Board is sound and comprehensive and facilitates informed decision-making.						
19. Decisions taken at the committee level, and which do not require Board approval, enable the Board to focus on the organization's key strategic and operational priorities.						
Board Functioning: Communication, Engagement and Information						
20. The Board operates in an open and transparent manner in line with the principles of the GPE						
21. There is trust and respect between Board members and the Secretariat.						
22. There is trust and respect amongst members of the Board.						

BOARD ASSESSMENT	Good	Satisfactory	Fair	Needs Improvement	Poor	Comments
23. The Board and Secretariat executive management have the right amount of interaction to each other.						
24. Board meetings prioritize the right issues.						
25. The topics discussed at the Board are relevant and time allocated in the agenda is commensurate to the most important decisions the Board must take.						
26. The Secretariat's executive management plays a value-add role during Board meetings.						
27. Requests for information by the Board to the Secretariat are adequate and manageable and relevant to Board issues or responsibilities.						
28. The volume of information provided to support Board discussions and decisions is adequate and manageable.						
29. Materials for Board meetings are sent out sufficiently in advance of a meeting, allowing enough time for preparation and consultation as needed.						
30. Documents and presentations prepared for Board meetings are relevant to Board issues, succinct and well summarized.						

COMMITTEE ASSESSMENT	Excellent	Satisfactory	Fair	Needs Improvement	Poor	Comments
Committee Role and Effectiveness						
1. The committee has effectively fulfilled its functions with regards to its terms of reference.						
2. The committee has been able to provide clear guidance and direction to the Secretariat where required.						
3. The Secretariat provides clear guidance and direction to the Committee to enable it to fulfil its mandate.						
4. The committee has effectively overseen the implementation of decisions made and the guidance provided.						
Committee Support to the Board						
5. The nature and extent of responsibilities delegated to the committee enables the Board to focus on the organization's key strategic and operational issues						
6. The topics discussed at the committee meetings are in alignment with the top priorities of the Board and relevant for important decisions.						
7. Committee deliberations help draw the attention of the Board to relevant strategic issues.						

COMMITTEE ASSESSMENT	Excellent	Satisfactory	Fair	Needs Improvement	Poor	Comments
8. The current division in the committee's TORs between decision making functions, advisory functions and oversight functions is balanced and manageable.						
9. Decisions taken at the committee level, which do not require Board approval, enable the Board to focus on the organization's key strategic and operational priorities.						
10. The committee effectively considers risks within the scope of its mandate, supporting the Board to effectively manage key risks to the organization.						
Decision-Making and Impact						
11. The committee gives due consideration to the lessons learned and past decisions in its discussions and decisions.						
12. The committee has been able to provide clear guidance and direction to the Secretariat where required.						
13. The committee takes due consideration of risk in its decision-making process. Members understand that even after careful analysis, the decision to act – to try something new - comes with some risk.						

COMMITTEE ASSESSMENT	Excellent	Satisfactory	Fair	Needs Improvement	Poor	Comments
Member Selection, Onboarding and Effectiveness						
14. Committee members in my constituency category are selected through a fair and transparent process using clearly understood and communicated criteria.						
15. The committee members in my constituency category have the right set of experience and expertise to address key issues which the organization faces.						
16. As a committee member, I am provided with a comprehensive orientation to the committee's responsibilities, relevant GPE programs and services, and administrative procedures.						
17. The committee has the right balance of representatives from the different Board constituencies.						
18. Committee members have been able to effectively fulfill their role as representatives of their constituency category and have made the best effort to restrain themselves from presenting the views of their own constituency.						

COMMITTEE ASSESSMENT	Excellent	Satisfactory	Fair	Needs Improvement	Poor	Comments
19. Committee members act in accordance with their overall Duty of Care to the organization as outlined in the Code of Conduct for Governance Officials, and in compliance with the Conflict of Interest Policy.						
Management of cross-cutting issues						
20. The coordination between committees on cross- cutting matters has a positive impact on the overall effectiveness of the governing bodies.						
21. The level of overlapping areas between the committees is appropriate and has a positive impact on GPE effectiveness.						
Committee Leadership						
22. The Committee leadership effectively presents the deliberations, discussions and impact of the committee to the Board and board constituencies.						
23. Committee leadership ensures effective dialogue around the table during committee meetings which focuses on the key issues under discussion.						
24. Committee leadership manages the meeting in a sufficiently neutral manner without the perception of conflict of interest.						

COMMITTEE ASSESSMENT	Excellent	Satisfactory	Fair	Needs Improvement	Poor	Comments
25. Committee leadership effectively addresses difficult topics in a constructive way, leading to productive discussions and solutions.						

ANNEX 2

JOINT EDUCATION SECTOR REVIEW FUNDING WINDOW IN EDUCATION SECTOR PROGRAM DEVELOPMENT GRANT

For Decision

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

Recommended by: Grants and Performance Committee (GPC)
Committee Consideration: The GPC unanimously supports the proposed approach.
Board Policy Reference: BOD/2019/06-15—Effective Partnership Roll-Out

1. Objective

1.1 The Board is requested to approve the approach for establishing an additional financing window for joint sector reviews (JSRs) in the education sector plan development grant (ESPDG). The ESPDG currently includes windows for education sector analysis and education sector plan development.

2. Recommended Decision

BOD/2019/12-XX--Joint Education Sector Review Funding Window in ESPDG: The Board of Directors in reference to BOD/2019/06-15—Effective Partnership Roll-Out:

1. Approves the establishment of a window for financing joint education sector reviews within the existing education sector plan development grant (ESPDG) mechanism, including the proposed administrative approach set out in BOD/2019/12 DOC 02 Annex 2.
2. Authorizes an increase of the ESPDG ceiling from US$500,000 to US$700,000 to include the additional financing of a maximum of US$50,000 annually which would be earmarked for joint education sector reviews.
3. Authorizes an increase of the Secretariat's authority to approve ESPDG applications from up to US$500,000 to up to US$700,000.

3. Background

3.1 At the June Board meeting, the Board approved the GPC recommendations on the Effective Partnership Roll-Out, including agreement in principle for considering financing joint sector reviews via an additional funding window in the education sector plan development grant

(ESPDG) not to exceed US$50,000 annually (see Annex A), with the Secretariat and GPC to review and recommend optimal administrative approaches.

3.2 Below follows the proposed approach:

Eligible activities

3.3 The proposed activities for funding include JSR-related activities identified in GPE's guide for effective joint sector reviews,[1] starting with gathering data as inputs for the annual implementation report and ending with verifying that action points in the aide memoire are implemented and lessons learned on the JSR meeting are disseminated. Eligible activities could include updating the operational plan as part of the joint sector review.

Administrative Approach

3.4 The proposed administrative approach includes that countries:

- Submit a single request for funding of JSRs that spans multiple years. The application may be submitted at any time suitable for the country planning cycle. To limit transaction costs, it will be preferable to submit a single application for ESPDG funding of sector analysis, ESP development and JSR support.
- Can request funding of up to US$50,000 per year.
- Include in the application a pathway to gradually strengthen the joint sector review, in light of the GPE guide for effective joint sector reviews and country context.
- Justify the amount of funding requested in the application budget and identify other sources of funding for JSRs (including governmental, ESPIG, and partner support) to ensure value for money and additionality of GPE funding.
- Provide an expenditure report as well as the annual implementation report, JSR terms of reference, agenda, list of participants, aide memoire, updated operational plan (if financed) and a summary of the JSR self-assessment results, including related improvement action points for the next JSR following each JSR.

3.5 Should the Board approve the proposed approach, the Secretariat will update the ESPDG Guidelines, the terms of reference for the ESPDG grant agent and the ESPDG application form and inform developing country partners accordingly, with the goal that countries can start applying for JSR funding as of early 2020, including countries with existing ESPDGs.

[1] https://www.globalpartnership.org/content/practical-guide-effective-joint-sector-reviews-education-sector

ANNEX A: Prior Board Decision

BOD/2019/06-15— Effective Partnership Roll-Out: The Board of Directors:

1. With regard to joint sector reviews:
   a. Notes that financing for joint sector reviews is currently available from within a maximum country allocation for an education sector program implementation grant (ESPIG). Agrees in principle to consider an additional financing window through the ESPDG. Such a financing window will not exceed a ceiling of US$50,000 per annum.
   b. Requests the Secretariat and GPC to review optimal administrative approaches for such financing and, if deemed feasible, recommend to the Board for approval in December 2019 an additional funding window in the ESPDG.

ANNEX 3

GPE MULTIPLIER: EXTENSION OF AVAILABILITY AND PROGRESS UPDATE
For Decision

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

Recommended by: Finance and Risk Committee
Committee Consideration: • The Committee is supportive of recommendation to extend Multiplier MCA eligibility to 2021. • The Committee noted that extending Multiplier into the new period is assessed by Secretariat as not ideal but agreed that it is realistic. • The Committee requested a stock take of Multiplier progress in early 2020 to look at demand issues, process, leveraging effect in terms of whether funds are truly additional or merely improving co-financing and alignment. • The FRC indicated that a strategic issue relevant to Multiplier and Accelerated Funding is how these mechanisms should be considered in next strategic plan given the operations of ECW and IFFEd.
Board Policy Reference: BOD/2018/06-13- GPE Multiplier

1. Objective

1.1 The purpose of this document is to further align incentives for countries to access the GPE Multiplier to ensure that the facility's resources are fully committed and to provide an update on progress to date implementing the GPE Multiplier. There are no additional resource implications.

2. Recommended Decision

BOD/2019/12-XX—Extension of GPE Multiplier Fund: The Board of Directors noting the importance of facilitating maximum uptake of the GPE Multiplier, and the need to allow sufficient time for submission of quality proposals, determines to:

1. Extend the validity of Multiplier Maximum Country Allocations that are either approved or extended by the Grants and Performance Committee at any point in 2020, to a date not to exceed December 31, 2021.

3. Background

3.1 The Board approved the pilot phase for the GPE Multiplier during the June 2017 meeting. During its June 2018 meeting the Board approved process enhancements to streamline the operation of the GPE Multiplier, expanded eligibility to 69 countries, and increased the resources available to US$ 300 million over the 2018 to 2020 period (BOD/2018/06-13- GPE Multiplier).

3.2 During its July 2019 meeting, the Grants and Performance Committee (GPC) instructed the Secretariat to implement further streamlining and process improvements. The GPC clarified that countries can submit Expressions of Interest (EOIs) to access Multiplier allocations in parallel to the process of becoming GPE member countries. The Committee also extended the validity of Multiplier allocations already secured through the EOI process to the final funding round of 2020.

3.3 Further, the GPC recommended that countries that have not secured allocations could be incentivized to do so if Multiplier resources were made available beyond the current end date of 2020.

3.4 After securing a Multiplier allocation through the Expression of Interest, countries develop grant applications. Because the availability of Multiplier is due to expire at the end of 2020, countries may be disincentivized from securing allocations because of the short resulting window for developing applications to deploy funding. Extending the availability of Multiplier resources by one year to December 31st, 2021 will alleviate this disincentive by ensuring existing resources remain available for commitment.

3.5 As set out in Annex A below, the Secretariat forecasts a positive balance of Multiplier funding at end-December 2020. Extending the availability of these resources therefore carries no additional resource implications.

Annex A: Update on Operationalization of the Multiplier

The Board instructed the Secretariat to regularly update the Finance and Risk Committee and the Board regarding progress operationalizing the GPE Multiplier to track the status of its allocations (BOD/2018/06-13- GPE Multiplier).

The Multiplier provides an incentive for cofinancing partners to commit greater support to the education sector. (Countries access their allocations, up to a predetermined ceiling, at a ratio of US$ 1 from the Multiplier for every US$ 3 mobilized from partners).

As of November 10th, 2019, US$ 137 million of the US$ 300 million earmarked for the Multiplier from the GPE core fund has been ringfenced to 16 countries through the EOI process. These funds from the Multiplier are associated with US$ 566 million in reported cofinancing. In the near-term, a further US$ 23.6 million is forecast to be allocated, implying that US$ 139.4 million would be available for allocation at end-2019.

This pipeline of Multiplier funding is generating quality-assured grant applications. Of the US$ 137 million allocated, US$ 53.5 million worth of ringfenced resources have been developed into Board-approved grant applications in six countries.

Analysis of the combination of cofinancing used to access Multiplier allocations shows a mixture of cofinancing sources. This includes Multilateral & Regional Development Banks, bilateral donors, trust funds and other specialized funding vehicles, multilateral agencies, and foundations. M/RDBs are the largest source of cofinancing, providing US$ 7.80 of every US$ 10 in cofinancing, followed by bilateral donors providing US$ 2 in each US$ 10 of total cofinancing.

Twelve (12) countries made eligible for the Multiplier in June 2018 are not GPE member countries. This limited the Secretariat's ability to generate a robust pipeline of demand for the Multiplier and created a risk that GPE would not be able to provide resources to eligible countries. To mitigate this risk and meet demand, the Secretariat has allocated two additional Country Leads and one Education Specialist to the Country Support Team to support these Eligible non-Member (ENM) countries to access Multiplier resources and join the Partnership.

The added capacity has enabled the Country Support Team to engage with the ENMs, beginning with formal outreach from the Secretariat to national governments and other partners to clarify these countries' eligibility for GPE grants. Annex A lists the potential allocations this group could secure. It indicates significant potential to increase commitments from the Multiplier amongst ENM countries.

Follow-up support will include country missions to enable the onboarding process based on country-level demand and evaluate the countries' statuses with respect to the GPE Funding Model Requirements. Where feasible, the Secretariat will support these countries to develop EOIs to secure Multiplier resources alongside parallel processes that enable them to become GPE members (required to secure an approved grant application).

Annex B: Potential Maximum Country Allocations from the Multiplier for Eligible non-Member Countries (ENMs)

Twelve GPE-eligible countries are Multiplier-eligible but are not GPE members.

Country	Category	Potential MCAM (US$)	ESPIG MCA
Armenia	Other LMICs (22)	5	No
Bolivia	Other LMICs (22)	10	No
El Salvador	Other LMICs (22)	10	No
Guatemala	Other LMICs (22)	10	No
Sri Lanka	Other LMICs (22)	10	No
Tunisia	Other LMICs (22)	10	No
Ukraine	Other LMICs (22)	10	No
Morocco	Other LMICs (22)	15	No
Egypt	Other LMICs (22)	25	No
India	Other LMICs (22)	25	No
Indonesia	Other LMICs (22)	25	No
Philippines	Other LMICs (22)	25	No

Several of these countries have contacted the Secretariat about the Multiplier to explore the Membership process.

ANNEX 4

For Decision

RISK MANAGEMENT – THREE LINES OF DEFENSE

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

Recommended by: Finance and Risk Committee
Committee Consideration: • The three lines of defense (3 LOD) model in Annex A is the remaining element of the risk management architecture that is recommended for Board approval. It provides an overview of how GPE as a fund and partnership manages risk at different levels. The first line represents the ongoing management of risk, the second line the challenge and oversight functions, and the third line is the independent assurance. • The FRC is supportive of this proposal and feels that the 3 LOD model shows sufficient clarity to be approved recognizing that GPE as a fund and partnership is unlike a traditional entity. • It expects that the second line of defense within the Partnership Management pillar will be strengthened over time though the Effective Partnership Roll-out (EPR).
Board Policy Reference: BOD/2019/06 DOC 13-Rev.1: Risk management report

1. Objective

1.1 The purpose of this paper is for the Board of Directors to approve the three lines of defense model.

2. Recommended Decision

BOD/2019/12-XX - Review of Risk Policies and Practices: The Board of Directors:

3. Approves the three lines of defense model as set out in Annex A.
4. Requests the Secretariat to review the three lines of defense model as needed, and to recommend any material changes to the Board.

3. Background

3.1 Following an external review of GPE's risk management practices and policies, the Board approved in June 2018 a workplan to implement the review's recommendations (BOD/2018/06-

13)[2]. The Secretariat subsequently developed different elements of the risk management architecture that were approved by the Board including the risk taxonomy in December 2018 (BOD/2018/12 DOC 06-Rev.1)[3], and the risk appetite statement as well as the approach to risk indicators and country risk in June 2019 (BOD/2019/06 DOC 13-Rev.1)[4].

3.2 The three lines of defense model in Annex A is the remaining element of the risk management architecture that is recommended for Board approval. The model proposed by the Secretariat to the FRC in April 2019 has now been updated and was recommended for approval by the FRC in October 2019.

3.3 The update strengthened the Grant Management Pillar to cover the most common relationships within GPE. The implementing partner, whether it is the Government of the DCP or the Grant Agent, ensures that operational risks associated with the GPE-funded programs at the country level are managed in line with their own policies and procedures and the applicable terms and conditions of any grant or financing agreement in place. The Secretariat also clarified the second line of defense of the Partnership Management Pillar by reflecting the tools that ensure challenge and oversight in execution of mutual accountability (i.e. Results Framework and funding model requirements). Additional background is provided below.

[2] https://www.globalpartnership.org/content/risk-management-report-7-june-2018

https://www.globalpartnership.org/content/presentation-risk-framework-review-june-2018

[3] https://www.globalpartnership.org/sites/default/files/review_of_gpe_risk_policies_and_practices_.pdf

[4] https://www.globalpartnership.org/content/risk-management-report-june-2019

A. Additional Background on Three Lines of Defense Model

With regards to the three lines of defense model, the roles and responsibilities of GPE stakeholders are documented in the GPE Charter. **The roles and responsibilities discussed in this document pertain solely to risk management.**

In GPE's business model, diverse stakeholders work together and manage risk daily to help the Partnership achieve its goals and objectives, including the GPE Secretariat, DCPs, GAs, LEGs, and CAs. Given that risk management and controls are split between these stakeholders, it is necessary to define clear roles that enable each group of stakeholders to understand the boundaries of their responsibilities and how their positions fit into GPE's overall risk and control structure.

GPE's structure as both a partnership and a fund, and with a Secretariat, does not easily lend itself to a traditional three Lines of Defense (3 LOD) model. Each of the stakeholders in the Partnership play a distinct role within GPE's global and country level governance framework per the Charter. Given the unique structure of GPE as a multi-stakeholder partnership and funding platform that outsources grant management, and given the principles adopted by the Board in 2018 to improve effectiveness and efficiency of GPE's country-level operations, a tailored 3 LOD model has been developed that can better serve the Partnership, based on its different activities:

- **Pillar 1: Grant Management:** The implementing partner, whether it is (1) the Government of the DCP or (2) the Grant Agent, ensures that operational risks associated with the GPE-funded programs at the country level are managed in line with their own policies and procedures and the applicable terms and conditions of any grant or financing agreement in place.

  (1) The Implementor(s) (typically but not exclusively a Ministry of Education) in a given country acts as the first line of defense when implementing GPE funded-programs while the Grant Agent, both at country and headquarter level, provides challenge and oversight as part of the second line of defense role. The Supreme Audit Institution (SAI) of the country or a contracted firm provides independent assurance as part of the third-line of defense role.

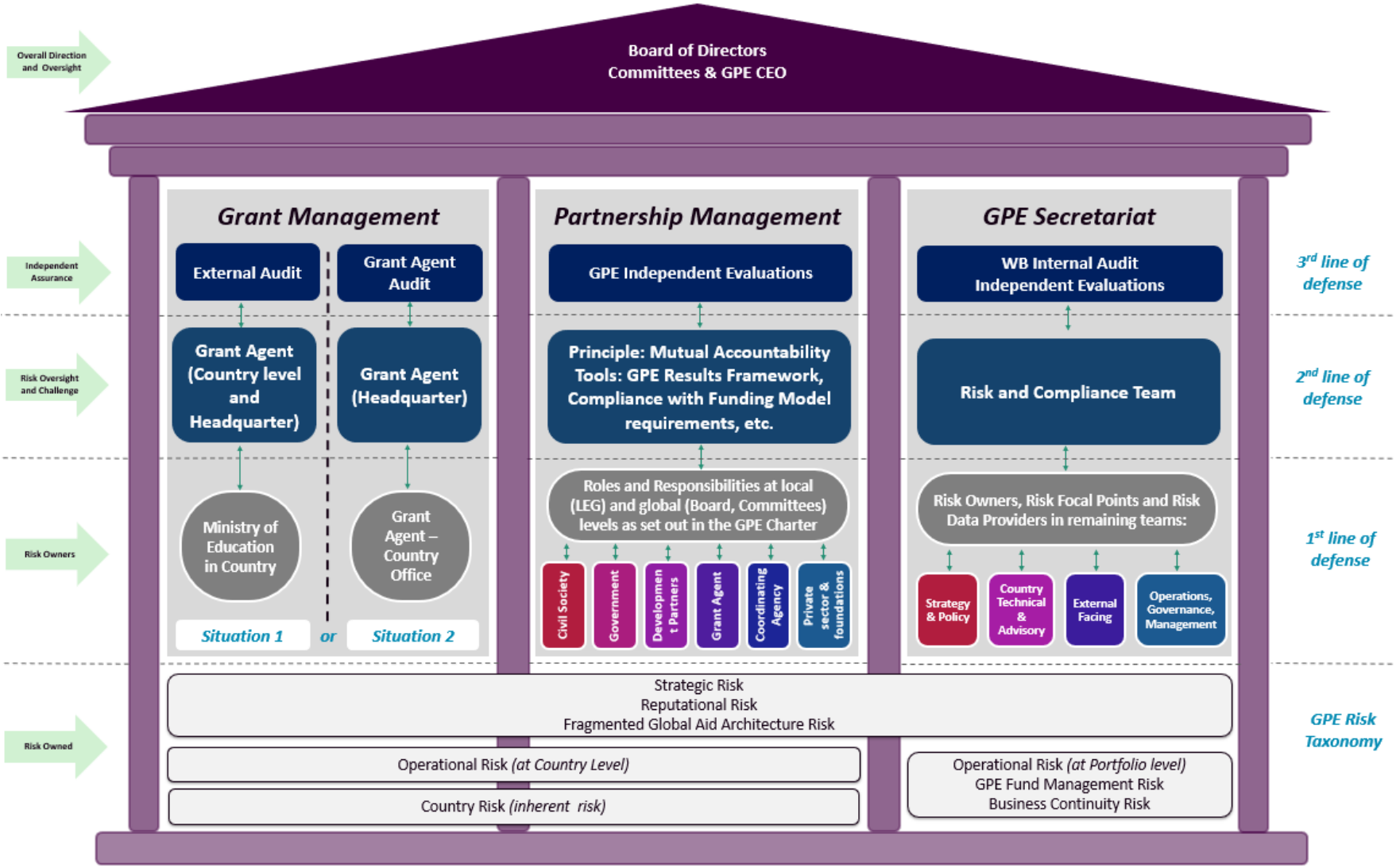
  (2) The Grant Agent at country level acts as the first line of defense when implementing GPE funded-programs while the same Grant Agent at headquarter level provides challenge and oversight as part of the second line of defense role. The Grant Agent's internal and external audit provides independent assurance as part of the third line of defense role. Implementing partners are exposed to country risk, which is an external/

contextual risk that arises from events outside of the implementer's control and can positively or negatively affect the implementation of GPE-funded programs.

- **Pillar 2: Partnership Management:** All GPE Partners hold risk-related responsibilities as part of their respective roles set out in the GPE Charter. In line with mutual accountability, GPE partners co-own Strategic risk, Reputational risk, Fragmented Global Aid Architecture Risk, and sector-related Operational Risks according to the GPE risk taxonomy. While risk oversight is shared between all the partners, corporate risk monitoring and risk reporting is handled by the Secretariat. The Financing and Funding Framework and GPE Results Framework provide oversight and challenge as part of the second line of defense role, while the third line of defense is the GPE Independent Evaluations.
- **Pillar 3: GPE Secretariat Management:** With regards to risk ownership within the Secretariat, the first line of defense comprises of GPE Staff within different teams in the Secretariat. A three-step risk management process has been developed within the first line of defense to collect data on risk and provide information on mitigation actions from the different teams and levels of responsibilities, with all GPE Managers and the GPE Chief Executive Officer (CEO) acting as risk owners. The Risk and Compliance Team provides oversight and challenge as part of the second line of defense, while the Internal Audit function of the World Bank and Independent Evaluations provide independent assurance as part of the third line of defense role.

The Board of Directors, the Committees and the CEO provide overall direction and oversight. A visual capturing the architecture of the GPE 3LOD model can be found in Annex A.

ANNEX A: Three Lines of Defense



* GPE's unique structure as both a partnership, and a fund, and with a Secretariat, does not easily lend itself to a traditional three Lines of Defense 3 LOD model. This illustration covers the most common relationships within GPE.