

CORPORATE RISK UPDATE

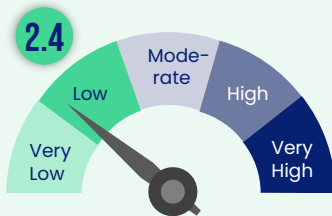
Spring 2021

SPRING 2021 CORPORATE RISK UPDATE

FULL REPORT | APRIL 2021

1. STRATEGIC RISK CATEGORY (RISK THAT GPE IS NOT ABLE TO ACHIEVE ITS GOALS & OBJECTIVES)

Risk rating: From 2.1 to 2.4 out of 5
Direction of travel: Similar



SUB RISKS WITHIN STRATEGIC RISK	PRR	CRR	DOT
Financing risk	2.2	1.7	=
Governance risk	1.9	2.7	↗
Mutual accountability risk	3.0	3.0	=
Impact risk	2.1	1.9	=
Value for money risk	1.4	2.5	↗

➤ **Financing Risk: The risk that contributions the GPE Fund do not reach targets.**

2.2 =

Progress update:

- Donor pledges have increased over time which is positive as have grant approvals. 2020 has been a record year for approvals (with approximately US\$1.5 billions) and disbursements (approximately US\$1 billion), demonstrating GPE's ability as a major global fund to utilize resources raised. As of February 1st, 11 donors have pledges that exceed US\$100 million each (including top-ups, excluding FX losses).
- The risk that countries would not be able to access their ESPIG's Maximum Country Allocations (MCAs) was considered major at the start of 2020, and progress on securing the Multiplier allocations had slowed down. With 3 exceptions, all countries have been able to submit their applications, and the last three are expected to do so before March 31st, 2021. The Expressions of Interest (EOIs) have finally exceeded the 2020 goal, so actions are now reduced to support to the countries that have recently secured a multiplier allocation to submit their application.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- The proposal on greater delegation of authority was accepted by the Board in December 2019 and has successfully reduced workloads and improved timeliness of approvals for lower value grants and COVID window. The Approvals and Disbursements Task force, created in January 2020 with the goal of increasing managerial focus on the grant pipeline has proven successful. The monthly meeting now focuses primarily on grant implementation.
- The ongoing roll out of the new OM presents a new risk, and any delays in the tight timeline could have a negative impact on approvals. The Management Team works closely with the OM rollout team along with two project managers to ensure the project is on track, so risks do not arise and translate into risk of delayed approvals, which could in turn pose risks in demonstrating need for funding from donors and overall reputational risk.

Very Low =

From 100% to 100%

Pledges delivered vs. fundraising goals

Low =

From 10 to 11 donors


Donors pledging more than 100 M USD


Mode rate ↘

From 82% to 90% of target met

Funds raised for replenishment period formally approved as grants

STRATEGIC RISK (CONTINUED)

- **Mutual Accountability Risk (Country level): The risk that partners at the country level are not accountable for their commitments.** 3.0 
- **Key mitigation actions from previous reporting that are still ongoing:** The rollout of the Strategic Communications and Engagement Framework (SCEF) consists of two ongoing work streams:
- **Workstream A:** The development of messages & tools organized in two phases: Phase one is based on the accountability framework and the development of a portal on the GPE Website with accessible information. The launch of the web portal had been delayed because of COVID-19 work and other limitations (external provider) and was completed in February 2021. Phase two incorporates changes/shifts introduced in GPE2025. The operating model rollout work integrates actions to mobilize partners around the effective implementation of the strategy and operating model. It was launched in February 2021 (meetings with partners on how to support the piloting process) and should be completed in November 2021.
 - **Workstream B:** - This workstream started in mid-2020: mobilizing partners with significant country level presence to develop agreed training orientation materials for their country level staff on GPE and associated principles engagement and accountabilities. This will strengthen accountability by clarifying GPE engagement within partners' own organizations. The aim is to roll this out with at least 5 partners during FY2021. So far, two EPR pilots were conducted with partner countries in 2020 (trailing LEG self-assessment tool and financing of Coordination Agencies and Ministries of Education) have prepared for operationalizing support to sector dialogue mechanisms, including to help mitigate the effects on sector dialogue posed by Covid-19. A monitoring mechanism on mutual accountability is not yet in place. This will be integrated into the Results Framework.
- **Effectiveness of mitigation implemented:** The actions help avoid the risk rating to further deteriorate and, in some cases, might reduce it, as there are better feedback loops and an increasing understanding at HQ and other levels that joint efforts are needed to enable stronger country level partnership. Webinars organized with partners with their country level staff are creating more awareness, and now that the web portal is available this will help further.

➤ **Governance Risk (Global): The risk that the systems by which GPE makes and implements decisions in pursuit of its objective is not fit for purpose.** 2.7 

 	 
 <p>From 0 to 0 cases</p> <p>Number of sexual harassment & sexual exploitation/abuse allegations received by the WB on behalf of GPE in FY20</p>	<p>Before: Safeguarding policy under development; governance policies will be updated as part of governance review.</p> <p>Now: Policies in place but not updated or not implemented. 3 out of 4 key policies are implemented</p> <p>Framework for ethical decision-making & conduct, management of conflicts of interest and safeguarding is documented, up-to-date, and implemented.</p>

Progress update:

- In March 2021, the GPE Board of Directors approved a set of governance reforms that include a clarification and codification of the role of the different governance tiers (Board, Committee, Secretariat), a streamlined committee structure (reducing the number of committees from five to three) and decision-making pathways to support the new, Board-approved, Operating Model. These reforms will serve to tackle some of the main challenges that have marred governance operations in the past including burdensome decision-making process on grant applications, low participation and uneven workload of committees. A key risk mitigation strategy will be to ensure compliance from governing officials in taking part in the mandatory orientation at the very start of their term. The orientation serves to build a solid understanding of members' roles and responsibilities and provides them with the necessary information and support to fulfill their role. As a collective, the new Board and Committees will need to develop a solid working relationship and the discipline to act strategically and in the best interests of GPE. A Board retreat is planned for the new Board term.
- The Protection from Sexual Exploitation and Abuse and Sexual Harassment (PSEAH) was discussed with the FRC and GEC in March 2021. Committee members were able to provide comments on the draft policy, after which the Secretariat made revisions. A number of follow-up meetings to discuss comments took place to ensure that the policy was adapted to the current (and prospective) practices of partners. The policy is expected to be presented to the Board at its May 2021 meeting for decision.

STRATEGIC RISK (CONTINUED)

➤ Impact Risk: The risk of not being able to demonstrate results.

1.9



Very Low

48%

of DCPs had a learning assessment system that met quality standards, or 61 countries (which is 5 more countries than the baseline).



Very Low
Exceeding the milestone

Low
Within 5% of the milestone

Moderate
6-10% below the milestone

High
11-20% below milestone

Very High
>20% below milestone

Quality of learning assessment systems (RF Indicator 15)

Very High

33%

of DCPs report data on at least 10 out of 12 key education indicators to the UIS, or 21 countries.



Very Low
Exceeding the milestone

Low
Within 5% of the milestone

Moderate
6-15% below the milestone

High
16-25% below milestone

Very High
>25% below milestone

Data reporting to UNESCO Institute for Statistics (RF Indicator 14)

Very Low



Strategy on Track
(same 6 months ago)

M&E strategy
implementation on track

Very Low



From 95% to 100%

Findings & recommendations of
Results Report & evaluations discussed
with governing bodies & agreed follow-
up actions implemented

Very Low



From 97% to 100%

% ESPIG progress reports received on
time (within 3 months after end of the
reporting period)

Progress update:

- The data reporting to UNESCO Institute for Statistics (UIS) continues to be a risk and has not improved. Mitigation strategies continue to include the Secretariat's engagement during the grant cycle at the time of GPE ESPIG approval and through ongoing dialogue during, for example, Joint Sector Reviews. Risk levels are expected to improve over time, although the potential impact of COVID-19 may affect the ability of countries to collect, verify, analyze, and report data on a timely basis in 2020 and in 2021, a situation that will likely be reflected in the 2022 report given the lag in data collection, verification, and reporting.
- Regarding indicator 14: the data collected has a 2-year data lag plus considers data availability within two years (2020 values report on data availability between 2018 or 2017). Hence, it does not capture any impacts of COVID-19 yet. The indicator value for 2020 (33%) has improved against last year, with 30% of countries reporting at least 10 of 12 key international education indicators to UIS. This represents an increase of 2 more countries reporting to UIS (20 in 2020 against 18 in 2019).
- Regarding ESPIG progress reports collection, out of 62 active grants (ESPIG and AF grants), no reports were delayed (39 have been received and 23 are not due yet), which is very positive given the ongoing global pandemic and associated increased difficulties to collect data and report in some countries.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- The risk of data is primarily at country level and will require continued attention and work in the long term. The KIX program has the potential to help countries identify and address barriers to data reporting through its dedicated "strengthened data systems". Two KIX global grant projects have been selected with data as their focus - work is underway and selection has been finalized. Focus is on (1.) enhancing EMIS, and (2.) better coverage of equity data.
- Data and evidence is a key requirement area under the new operating model. The process is underway for developing an approach to requirement assessments and how these will be integrated into the Compact.
- The GPE 2020 M&E strategy delivered fully on the M&E work plan. A new MEL framework was developed and approved by the Board in December 2020. The MEL framework includes a new results framework that is aligned with the goals and objectives of the GPE 2025 strategy and will provide information on GPE's progress over the next five years. In addition, an updated five-year MEL workplan, to be approved by the Board in May, will outline the full set of monitoring and evaluation activities that will collectively measure GPE's results and impact. This workplan includes a strategic review of GPE towards the end of the 2020-2025 phase.

STRATEGIC RISK (CONTINUED)

➤ **Value for Money Risk: The risk that GPE investments do not demonstrate value for money.**

2.5



<p>High</p> <p>From 10.1% to 10.4%</p> <p>Active grant portfolio administrative costs as of the FY-end</p>	<p>Low</p> <p>From 5.2% to 5.2%</p> <p>Operating expenses as a % of total GPE Fund transfers</p>	<p>Very Low</p> <p>From 100% to 100%</p> <p>% of ESPIGs rated moderately satisfactory or above for overall outcome in completion report in last fiscal year</p>
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Indicator 21: Proportion of textbooks purchased & distributed through GPE grants, out of the total planned by GPE grants	From 107% to 108%	Very Low	=
Indicator 22: Proportion of teachers trained through GPE grants, out of the total planned by GPE grants	From 96% to 77%	Very High	↗
Indicator 23: Proportion of classrooms built or rehabilitated through GPE grants, out of the total planned by GPE grants	From 81% to 78%	Mode rate	↗
Indicator 9: Equity index	From 51% to 53%	Very Low	=

Progress Update:

➤ Indicator 22 missed the target by 13 percentage points (77% achieved against the 90% target). Grant level indicators follow a FY reporting timeframe; hence it is reporting on data collected from FY2020. Evidence shows that grant performance in teacher training was affected by COVID-19 in varying degrees. Particularly, teacher training could not be undertaken as planned because of the restriction of mass gathering and/or limitation for domestic travel. However, some countries managed to conduct teacher training even after the outbreak by introducing distance learning and/or doing in-person training in a social distanced manner, and an element of GPE COVID-19 grants supported this training.

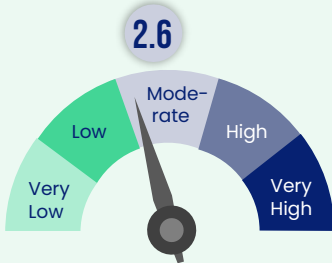
Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- Monitoring of VFM metrics within grant application (through the review of the application budget) and implementation (through the review of GA progress reports). This includes cross references to comparatives within the unit cost database, for example for cost of textbooks and classroom construction.
- Grant management and administration costs are closely monitored: a maximum cap of 7% is in place for grant agent agency fees, and supervision/direct management costs are reviewed in detail prior to each grant approval. Costs have experienced a small rise from 10.1% previously to 10.4% due to slightly higher proportional costs for the smaller-scale COVID-19 grants which were further validated following previous preliminary reporting in the last risk report.
- Secretariat operating expenses are targeted to keep within a 5-7% range of total expenditure. Given the continued high disbursements and lower travel costs in the second half of 2020 due to COVID-19, the level remains the same as reported 6 months ago at 5.2%.



2. OPERATIONAL RISK CATEGORY (RISK THAT GPE IS NOT ABLE TO DELIVER ON ITS COUNTRY-LEVEL OBJECTIVES)

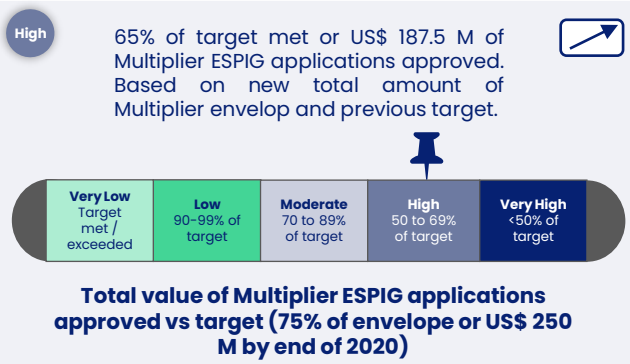
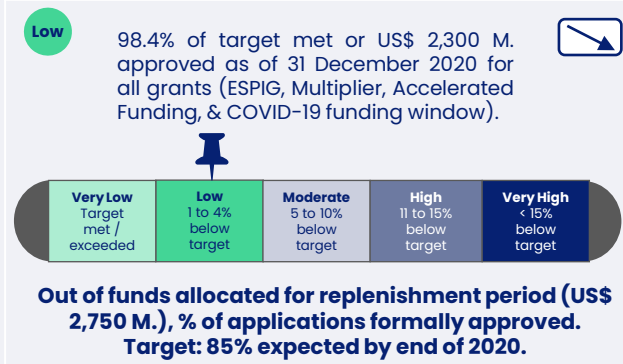
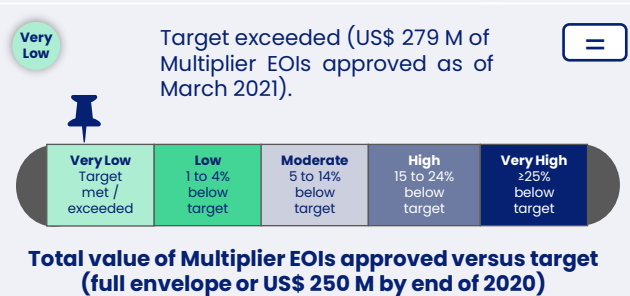
Risk rating: From 2.6 to 2.6 out of 5
Direction of travel: Similar



SUB RISKS WITHIN OPERATIONAL RISK	PRR	CRR	DOT
Access to funding risk	2.5	2.3	↘
Risk to context appropriate sector plans	1.8	3.3	↗
Risk to sector dialogue and monitoring	2.2	2.3	=
Risk to ESPs financing	2.9	2.9	=
ESPIG design risk	3.0	3.0	=
ESPIG performance risk	2.0	2.5	↗
Risk of doing harm	1.5	2.3	=
Risk of fraud and misuse	3.2	2.8	=
Grant management compliance risk	4.0	2.3	↘

➤ Access to Funding Risk: The risk that partners do not, or are not able to, apply for GPE funding.

2.3



Progress update:

- In 2020, the Secretariat reinforced communication to countries on the risk of not applying by the end of 2020, and the need to stick to timelines and actions. In addition, it reached out to grant agents and key donors' HQs to ensure that their representatives at country level provide the necessary support to countries with the preparation of application for a GPE grant, including to unblock issues that can undermine the grant preparation process and issues around the requirements to access the GPE grant. As some countries indicated that they would require some additional time to apply, an exceptional extension mechanism until March 31st 2021 was agreed with the Board and applied where relevant. Despite COVID, the vast majority of countries have availed of their MCAs and applied for funds: with 3 exceptions, all countries have been able to submit their applications, and the last three are expected to do so before 31 March 2021.
- While applications to secure Multiplier funds have increased substantially in 2020 (i.e., 2020 goal exceeded) resulting in very positive indicator relating to EOIs, these now need to be converted to actual grants before the end of 2021. Actions are now focused on supporting the countries that have recently secured a Multiplier allocation to submit their application.

OPERATIONAL RISK (CONTINUED)

Access to Funding Risk (Continued)

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- The GPE Secretariat has continued to support countries to address different issues that could block their application, to monitor delays in implementation of the current ESPIG and ESP development, and to engage in upfront conversations on requirements, including domestic financing.
- Launched at the beginning of 2020, the Approvals & Disbursements Task force meet at least monthly to track MCA and Multiplier progress across the portfolio and implement in-country actions to reduce bottlenecks during the grant application process in country and with partners. After the Secretariat made significant efforts to successfully manage the risks related to access to funding and given the volumes of funding approved in 2020, the focus of the task forced has shifted towards monitoring implementation
- A significant focus of the Secretariat is now on rolling out the new operating model and in particular the first pilot countries. Substantial resources have been deployed across the Secretariat in developing the necessary guidelines and tools to support the new model. Lessons learned from the pilot will be factored into a much larger rollout following the financing conference and the Secretariat building on previous experience is concentrating on improving the quality of information available to partners and ensuring sufficient resources are in place to effectively support the rollout in a timely manner .This will be further discussed through the Budget and Work program

- **Risk to context appropriate education sector plans (ESPs): The risk that GPE does not support evidenced-based, government-endorsed sector plans focused on equity, efficiency, learning.**

3.3



Progress Update:

- While the indicator on the quality standard achievability is rated very-high, achievability has consistently been the most challenging standard for ESPs to meet. The quality standard “achievable” reviews the extent to which the sector plan reflects key considerations for its implementation as related to the financial framework, the implementation capacity, the monitoring tools and the action plan. Progress has been inconsistent through the years. The standard “Achievable” has frequently been the standard most GPE partner countries with new ESPs are unable to meet. At baseline, this standard was met by 25% of ESPs followed by a strong increase in 2016–2018 at 68% and dropping again to 45% in 2019–20. Most often ESPs are unable to meet this standard when the partner countries were not able to produce or submit an action plan or a simulation model. GPE 2025 intends to address these issues.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- GPE’s new operating model aims to support a greater focus on delivery. The former ESP requirement area has been broadened to consider various integrated elements of the policy continuum including strategic, operational planning practices, budget programming and sector monitoring. This is in response to shortcomings observed in the RF indicator 16 but also findings from the country level evaluations that all point to a lack of prioritization within ESPs, a lack of attention to context specificities and understanding of capacity needs (among other reasons) that jeopardize ESP effective achievability and implementation.
- As part of the GPE 2025, the Requirements Assessment methodology as well as the accompanying policy dialogue for Compact development are intended to recenter and align country actor’s attention and resources to resolve the broken link between planning and implementation in a context-sensitive way. The policy continuum approach should also help integrating policy formulation, implementation and monitoring practices and instruments in an iterative manner. The new methodology and model are currently being piloted in five countries. Lessons from the pilot phase will inform the finalization of the operating model operationalization.

Low




From 8% to 15%

% of endorsed ESPs not meeting context sensitive criteria

Very High




From 38% to 55%

% of endorsed ESPs not meeting achievability criteria

Low




From 0% to 10%

% of ESPs not meeting quality standards (RF 16)

OPERATIONAL RISK (CONTINUED)

➤ Risk to sector dialogue and monitoring: The risk that GPE does not support improved sector dialogue and monitoring of the sector plan's implementation.

2.3



Progress Update:

- As travel has been restricted for much of 2020 due to COVID-19, mobility within and outside countries has been difficult and has severely impacted sector dialogue and monitoring. As GPE works in low-resource environments that lack adequate ICT and internet access, gathering data and communicating virtually to develop ESPs, ESAs or organize Joint Sector Reviews (JSRs) has been fraught with challenges. Owing to school closures, GA staff absences and other interruptions to the education sector and implementing projects, the implementation of ESPs took somewhat of a backseat while countries focused their limited capacities on contingency planning to make available distance education. This had an impact on routine sector processes like JSRs, ESP monitoring and policy dialogue. JSRs were organized virtually or in-person in just 21% (15 out of 71) of GPE member countries. The JSR Exchange Initiative (in-person peer exchange) has been suspended and will resume when possible.
- Regarding the percentage of GPE countries where there is a duly recognized CSO EFA coalition on the LEG, it is important to contextualize the information to understand why the risk exposure has increased. At the time this indicator was developed, the GPE was supporting 63 CSO coalitions through CSEF and had 68 member countries. As GPE moved to supporting CSO coalitions through EOL, the number of CSO coalitions supported decreased to 54 due to various reasons (different eligibility criteria for funding, some coalitions didn't submit grant applications, etc.) and among those 41 are participating in LEG. Meanwhile, the number of GPE member countries has increased to 76. The baseline has been adjusted to reflect these changes. Moving forward with GPE 2025, this indicator will be reviewed to better capture the new strategic plan.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- A guidance note on how to monitor plan implementation and course correct to be adaptive to new COVID related needs was developed to prepare, conduct and inform on monitoring via virtual JSRs in times of COVID-19. The guidance note should be ready in June 2021.
- LEG effectiveness principles have been published and are currently being disseminated. The LEG self-assessment tool has been developed and is currently being piloted in several voluntary countries. LEG good practices are currently being collected to be shared across DCPs to stimulate cross-learning.
- In the new operating model, sector coordination is a new requirement. This includes some basic standards around existence of a functioning sector coordination mechanism and its inclusivity. If countries fail in meeting this requirement, they might not be able to unlock their full country allocation. Furthermore, EOL will be better hardwired into the new OM and will be systematically included in Compacts as part of GPE assets to leverage. JSRs will also be incentivized through the new OM with additional resources available to countries via the system capacity grants (SCG), including gender-responsive planning and monitoring.

Very High



From 50% to 21%

% of JSRs conducted annually in GPE partner countries

Very Low



From 4% to 0%

% of GPE countries that did not publish Annual Implementation Report

Very Low



From 18% to 0%

% of JSRs that do not monitor sector performance and ESP indicators

Very Low



From 90% to 94%

% of LEGs with civil society or teacher representation

High



From 66% to 54%

% of GPE countries where there is a duly recognized CSO EFA coalition on the LEG

OPERATIONAL RISK (CONTINUED)

- **Risk to sector plan financing: The risk that financial commitments are not sufficient or not continuously expanding to finance the implementation of the sector plan.**

2.9



<p>Mode rate </p> <p></p> <p>From 30% to 24%</p> <p>% of DCPs not meeting the domestic financing benchmark (indicator 10)</p>	<p>High </p> <p></p> <p>From 1 to 1 case</p> <p>Number of Education Sector Investment Cases (ESICs) tested by end of 2020</p>	<p>Low </p> <p></p> <p>From 78% to 71%</p> <p>% of countries where civil society in EOL projects has established and/or participate in periodic mechanisms/spaces for monitoring education policy and budget implementation</p>
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Progress Update:

- ESIC was tested in Somalia with a focus on Middle East donors. The main lesson learned was that this kind of convening requires long-term investments of time and attention. Discussions were extremely positive. Covid-19 disrupted them and refocused attention on Covid response. Many elements of ESIC are now folded into the Enhanced Convening approach the Board approved in December 2020.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- EOL has selected civil society coalitions as grantees in partner countries. GPE Secretariat is working with the GA to support these grantees to advocate for domestic resource mobilization for education sector financing.
- The risk to sector plan financing is central to the new strategy and OM currently being designed. The lessons learnt have been drawn from the current model application at country level. Strategic partnerships are engaged through the Finance Platform, and DF questions are being largely redesigned and discussed as part of the new strategic plan development. One of the strategic aspirations of the new OM is, recognizing that most of the education financing comes from domestic resources, GPE will support national governments in the planning, sustainable financing, monitoring and reviewing of holistic education systems for system-wide impact based on the principle of leave no one behind. The new operating model gives greater attention to domestic financing in a multidimensional way including equity and efficiency along volume. This should generate meaningful dialogue especially in times of very constrained environment.
- The GPE financing campaign is also putting DF at the center, as it is the most significant, sustainable source of financing for education and core to GPE's DNA, foundational to its new strategic plan, financing campaign and long-term advocacy to bring back education from COVID-19 and beyond. GPE's new strategic plan takes a more holistic approach to domestic finance, incorporating three pillars: volume (to protect domestic finance to pre-COVID levels and increase towards the 20% global benchmark or beyond), equity, and efficiency, promoting improvements in equity and efficiency of financing, including partner countries existing efforts to ensure "better" financing at country level.






OPERATIONAL RISK (CONTINUED)

ESPIG Design Risk: The risk of approving programs that do not support equity, efficiency, learning in efficient and effective way.

3.0

=

<p>Low</p>  <p>From 96% to 94%</p> <p>% of ESPIGs rated moderately satisfactory or above for Quality at entry in completion report in last 3 FY</p>	<p>Low</p>  <p>From 36% to 44%</p> <p>Proportion of GPE grants aligned to national systems (Indicator 29)</p>	<p>Very High</p>  <p>From 31% to 36%</p> <p>Proportion of GPE grants using project or sector pooled funding mechanisms (Indicator 30)</p>
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Progress Update:

- The current funding model and ESPIGs are phasing out and will be replaced by System Transformation Grants. Lessons learned from the experience with ESPIGs were drawn and new mitigation actions and incentives will be an integral part of the new operating model which is at the country pilot phase.
- The Multiplier has been one of the main tools to incentivize more co-financed programs in recent years, given the requirement that the co-financing should, in principle, be used for the same program as the GPE funding and using the same modality as the program to be funded (or a common funding mechanism). As part of GPE 2025, the Multiplier will now be expanded to be available to all system transformation grant-eligible countries, with the intention to make up to 20% of grant funds available for the Multiplier. This will further support alignment and harmonization of international funding and incentivize additional co-financed or pooled programs.
- Within GPE 2025, the new System Capacity Grant (former ESPDG) may also be used to support the establishment of pooled funding mechanisms, with the possibility for countries to use the SCG for establishing and operating pooled funding mechanisms. This support will strengthen country systems and help provide the needed environment for the development partners and grant agent to align to them or make use of them with confidence.
- As part of EPR reforms implementation, the most appropriate (aligned and harmonized) grant modality and the program scope are defined ahead of the choice of grant agent. EPR has moved to roll out. The first countries following the strengthened GA selection process are now at QAR 0 or QAR 1. The strengthened GA selection process as part of EPR will continue under GPE 2025 and should also lead to more aligned and co-financed funding modalities. Sector coordination including the aid effectiveness criteria, now its own requirement area in GPE 2025, will also be a strong component of the development of the country Compacts. However, the multitude of GPE grants and windows can also lead to a series of stand-alone programs, a risk that will need to be monitored carefully.

ESPIG Performance Risk: The risk that ESPIGs do not achieve results in intended timeframe.

2.5



<p>Low</p>  <p>From 9% to 14%</p> <p>% of active ESPIGs (at any point in FY) extended by more than 12 months in comparison to original closing date</p>
<p>Mode rate</p>  <p>From 19.4% to 19.4%</p> <p>Proportion of GPE program grants assessed as at risk with implementation (Indicator 25)</p>

Progress Update:

- The Disbursements and Approvals Task force meets at least monthly to track ESPIG, Multiplier, Accelerated Funding and COVID AF implementation across the portfolio and implementation of in-country actions to reduce bottlenecks and with partners. Other actions aimed at helping the grant pipeline to move forward include increased regular engagement with GA HQs to discuss on actions to address bottlenecks across the portfolio, increased metrics on portfolio performance by GA, disbursement tracking of COVID 19 AF to complement GA implementation assessment and reinforced monitoring on Accelerated Funding. Moving forward with of GPE 2025 roll out, the Secretariat is creating a dedicated Grant Operations team that will have a significant role in identifying past issues with program performance to feed into the design of new STGs and to increase attention on grant monitoring.
- In addition to the systematic monitoring of grant implementation which has supported actions taken to address off track grants, the biannual meetings with Grant Agents to review the performance of ongoing grants increases accountability for GAs to undertake actions to improve implementation. While many programs report on actions taken to implement in the changed environment, the ongoing and evolving pandemic continues to put a strain in implementation.

OPERATIONAL RISK (CONTINUED)

➤ Risk of Doing Harm: The risk that interventions cause inadvertent harm to intended beneficiaries or marginalized populations.

2.3



Progress Update:

- While primary responsibility for the design and implementation of the program rests with the Government and Grant Agents in close cooperation with partners through the LEG, the Secretariat mitigates the risk of doing harm through its own quality assurance process. The latter seeks to identify such risks, and during implementation undertakes and documents a review of each ongoing ESPIG to minimize this risk and to be positioned to identify and address any indication of inadvertent harm to beneficiaries.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- GPE 2025 provides clear direction to systematize gender and contextualize support to the country needs with attention to resilience, human rights, and do no harm. The new strategy hardwires gender into the model, providing systematic criteria and the creation of the Girls' Education Accelerator (GEA) funding window. This will benefit 30 eligible countries to complement and extend interventions to promote girls' education. Specific safeguards include gender equality diagnosis conducted by the country (Government/ LEG), gender responsive planning and policy within the operating model requirement assessment, strengthened capacity for gender assessments through the SCG and the joint identification of the systemic bottlenecks to gender equality as part of the country compact development process. Additional dedicated financing for girls' education is also being made available through GEA for countries where girls lag furthest behind, including in FCAS. Gender equality needs to be a key component in any STG /Multiplier seeking to access the GEA window. The new strategy also includes revision and operationalization of processes related to resilience, human rights, and do no harm.

Low



From 6% to 9.5%
% of WB-managed grants with a high/critical rating on Social & Environmental Risk in latest progress report in last 12 months

Mode rate



From 13.6% to 13.6%
% of active ESPIGs in FCAS that do not include initiatives supporting gender equality. (Source: Portfolio Review)



OPERATIONAL RISK (CONTINUED)

➤ Risk of Fraud and Misuse: Risk of losses due to fraud or misuse in GPE-funded programs .

2.8



From 100% to 100%	From 33% to 33%	From 81.8% to 85%
% of significant audit issues satisfactorily addressed in the last fiscal year (RF 35)	% of audits reviewed with high or very high-risk issues in current FY (based on risk rating criteria)	% of misuse cases where funds are fully recovered within 18 months of identification

Progress Update:

- The percentage of audits reviewed with high or very high-risk issues in the current fiscal year remains the same as six months ago (33%), which corresponds to a very high risk. It's however important to understand that just because the risk rating is elevated due to the number of issues identified in audit reports, this does not necessarily imply that there is an actual increase in incidences of fraud and misuse but rather that the likelihood of such risk occurring may be higher requiring increased vigilance.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- The Secretariat ensures that grant agents have strong policies and procedures in place to prevent misuse, and should it occur, to detect it and ensure repayment (e.g., review of GA standards during accreditation, financial procedures agreements between GPE and GAs and contractual agreements between GAs and GPE member governments and partners to govern the use of funds). The GA accreditation process has examined all current grant agents and will continue to do so for new grant agents. An independent firm was appointed in June 2020 for performing the grant accreditation assessment, following a public procurement process.
- The Secretariat reviews fiduciary risk during QAR processes, and during reviews of progress reports and annual audit reports. The Secretariat then follows up with the GA to ensure significant issues are addressed satisfactorily.
- The Secretariat is engaging regularly with the GA, and reports to the Committees and Board on all credible misuse cases until repayment is made. The 82% recovery within 18 months from last time has risen slightly to 85%. The potential for the GPE CEO to be given the ability to cease grant disbursement in the case of imminent threat of misuse of funds will be considered in the light of the way forward proposed by the Governance Review.

➤ Grant Management Compliance Risk: The risk of a breach of the policies and procedures on grant management.

2.3



From 69% to 69%	From 96% to 97%	From 57% to 100%
% of audits received late (i.e., 1 month after due date)	% ESPIG progress reports received on time (within 3 months after the end of the reporting period)	ESPIG completion reports received on time (within 6 months after the end of the program)

OPERATIONAL RISK (CONTINUED)

➤ Grant Management Compliance Risk (continued)

Progress Update:

- The decentralized GPE model relies on grant agents to proactively monitor their grants through producing reporting on grant progress, grant completion & arranging regular audits. The Secretariat monitors the timely delivery of these reports and follows up in the case of late delivery, along with any concerns arising with the content of the reporting. Progress report and audit report monitoring has become part of the disbursements and approvals task force, chaired by the DCEO, which meets bimonthly (and sometimes weekly when necessary).

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- Increased monitoring, involving Secretariat Management review, of the timeliness of receipt of ESPIG completion reports and audit reports, including additional follow up with Grant Agents where necessary is ongoing. The systematic following up with grant agents if reports are overdue is the most impactful mitigation factor against late delivery of these three sets of reports (completion reports, progress reports, audit reports). More regular meetings with grant agents have helped to draw management attention to grant compliance. Twice yearly meetings are being held between the Secretariat and Grant Agents which includes discussion of these issues.
- An integrated grant management system should be developed to track grants all along the grant circle from application to approval through implementation and closing. Such a system will help to ensure timely compliance on delivery of various reports by the GAs (Dec 2021). The further development of the Grant Operations function, which will be developed through the Operational Model roll-in, roll-out process, will also further institutionalize grant management compliance.

3. FRAGMENTED GLOBAL AID ARCHITECTURE RISK CATEGORY (RISK THAT THE EDUCATION ARCHITECTURE IS NOT WELL DEFINED AND COMPLEMENTARY)

Risk rating: From 3.0 to 3.0 out of 5

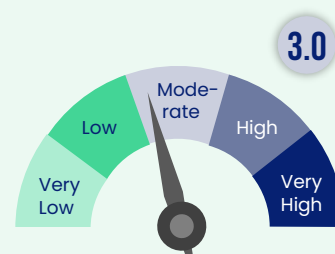
Direction of travel: Similar

Progress Update:

- The concerns around the overall coherence of the education aid architecture persist but ongoing efforts to actively engage in dialogue help reduce the risks. GPE as a key actor within the education architecture continues to actively contribute to ongoing discussions and efforts led by key partners to reduce the risk of fragmentation within the sector. With the COVID 19 pandemic, the importance of coordination between education partners is key. GPE is participating in the UNESCO convened coordination group and is also coordinating closely with key partners including UNICEF, UNESCO, ECW and the World Bank and our Grant Agents to respond effectively. As part of GPE's approval of COVID grants, consistency with ECW COVID programs was systematically reviewed whenever relevant.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- A global grant to a consortium of three Grant Agents is allowing GPE to support coordination, learning continuity approaches and evidence building at the global and regional levels. The grant helped facilitate timely dialogue between UNICEF, UNESCO and the World Bank, who expressed appreciation for GPE convening them in this way. Taking advantage of common languages and economies of scale, and leveraging existing global and regional coordination mechanisms, can lead to efficiencies in developing and disseminating learning continuity approaches.
- In 2020, GPE actively engaged in the Save Our Future campaign which was an advocacy and technical platform bringing together all education architecture actors in a global effort to put education at the forefront of the global agenda. GPE was an active partner in drafting the "Save Our Future" White Paper which sets out priority actions to deliver changes in order to avert an education catastrophe as a result of COVID-19.
- GPE continues its active engagement in the Global Education Forum overseen by Gordon Brown. Julia Gillard and Alice Albright participated in the last GEF in September 2020 and in the Multilateral Education Platform (UNESCO) both of which attempt to address the challenges of a fragmented education aid architecture. In 2021, GPE joined the UNESCO led Global Education Cooperation Mechanism working group which aims to strengthen the global education coordination mechanism to effectively steer and coordinate global education cooperation.

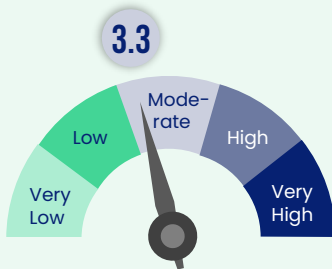


Fragmented global aid architecture is a hybrid risk. It has no sub risk and requires special management since the global aid architecture is shaped both inside and outside of the GPE. The assessment provided is qualitative.

4. GPE FUND MANAGEMENT RISK (RISK ASSOCIATED WITH THE INEFFECTIVE OR UNDERPERFORMING FINANCIAL MANAGEMENT OF THE GPE FUND)

Risk rating: From 2.1 to 3.3 out of 5

Direction of travel: From low to moderate



SUB RISK WITHIN GPE FUND MANAGEMENT RISK	PRR	CRR	DOT
Liquidity risk	1.0	4.0	↗
Transaction processing risk	1.0	1.0	=
Currency exchange risk	2.5	3.0	=
Investment risk	3.0	5.0	↗

- ▶ **Liquidity risk: The risk that the Secretariat is unable to ensure that all payment obligations are met when they come due.**

4.0

Overall committable cash balance



Roughly 15 months worth of cash, from 10 months reported in previous update.

- ▶ **Progress Update:** While liquidity sub risk is rated high and is the second highest of this risk update, it is important to contextualize the information, and link it to the investment sub risk (rated very-high and the highest of this risk update, on the next page). On one hand, there was a large cash outflow expected from the trust fund in the short term to cover COVID-19 grants disbursements. On the other hand, waiting for the final signoff from the Trustee and the FRC/Board on the potential hedging strategy, the GPE has kept a larger liquid fund (i.e., earning no interest) to meet the demand from the grant agents and the potential collateral necessary for hedging. By disbursing a larger portion of funds from approvals in 2020, the balance in the trust fund decreased significantly from the end of 2019, although large year end donor payments mask the average fund balance over the course of 2020. In addition, large inflows of cash from donors' contributions were received in December 2020 (e.g., the European Commission made a large payment). The high-risk exposure is temporary and reflects timing issues (i.e., cut-off date for data to in order to prepare this report) while the actual fund balances are significantly lower due to high disbursements in Q1 2021.
- ▶ **Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:** The approvals and disbursements taskforce regularly monitors disbursements against projections.

- ▶ **Transaction Processing Risk: The risk that deficiencies in transaction processing, internal processes or controls result in delayed transactions.**

1.0

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- ▶ The Secretariat has and will continue to work very closely with the Trustee to ensure all payments are made in a timely manner to all GAs to help ensure smooth transaction processing. The financial officer at the Secretariat outlines and reminds GAs of the process for submission of cash transfers. The officer supports the requests by reviewing draft copies of the cash transfer request prior to final submission ensuring that errors are found early and corrected prior to submission.
- ▶ To address the risk of loss of key personnel that might impact the GPE's ability to process transactions, additional staff continue to be trained to act as a back-up for the finance officer.



From 100% to 100%

% of requests for funding from GA in the last 6 months that are processed for payment within 30 days of receipt

GPE FUND MANAGEMENT RISK (CONTINUED)

Investment Risk: The risk of losses relative to the expected return on an investment.

5.0



Progress Update:

- While the investment sub risk is rated very-high and is the highest of this risk update, it is important to contextualize and to link it to liquidity risk covered in the previous page. By actively managing the trust funds through liquidity planning, money can be and has been moved to investment tranches earning a higher rate of return. As explained under liquidity risk, due to a large cash outflows expected from the trust fund in the short term to cover COVID-19 grant disbursements and waiting for the final signoff from the Trustee and the FRC/Board on the potential hedging strategy, the GPE has kept larger than necessary liquid funds (i.e., earning no interest) to meet the demand from the grant agents and the potential collateral necessary for hedging. Hence, less money was invested to cover liquidity needs.



From 37.5% to 52%
% of Trust Fund balance in cash
(i.e., earning no interest)

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- In terms of investment strategy, moving forward, the Secretariat will retain higher than normal levels of cash compared to investments in assets with longer time horizons to meet the ongoing high demand from Grant Agents and until such time as greater predictability on the volumes and timing of new donor contributions are known arising from the financing summit.
- The Secretariat will continue to actively manage the GPE Trust Fund (TF) in collaboration with the Trustee by providing quarterly cash flow projections to ensure excess funds are properly invested to maximize investment returns in the TF when appropriate. The re-balancing effort ensures that a minimum amount of funds are in investment portfolios earning no interest while also ensuring sufficient liquidity is present to disburse funds from the TF as needed. The active monitoring of the portfolio allows the reallocation of funds to maximize investment income.

Currency Exchange Risk: The financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the GPE.

3.0



Progress Update:

- The Secretariat continues to work closely with the Trustee and World Bank treasury on the newly proposed hedging options. The FRC was updated on FX management in March 2021. A viable hedging solution is being developed by the World Bank. This will be a broad-based macro approach that can be used for all Trust Funds and is viewed by the World Bank and the Secretariat as the most appropriate strategy for trust funds like GPE moving forward. Further technical details are expected to be ready in May 2021.
- To better mitigate the risks caused by exchange rate volatility, it is important to convert more donor pledges into multi-year contribution agreements to maximize the potential benefits of the hedging approach. Donors committing to multi-year contribution agreements in a timely manner following announcement of pledges will be important.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- The Semi-Annual Financial Forecast assesses the impact of the risk on overall financial position and allows for course correction to better manage the negative impacts of FX fluctuations when they occur.
- The Secretariat has so far continued to advise that donor pledges and payments are best made in US Dollars in order to further mitigate this risk. However, there is still a substantial mismatch between non-US\$ based donor contributions and USD based grant allocations and therefore this mitigation action only has a minor impact.

Very High



From 72% to 80%

% of replenishment total exposed to
FX risk (non-US\$)¹

Very Low



From -1.57% to 0.66%

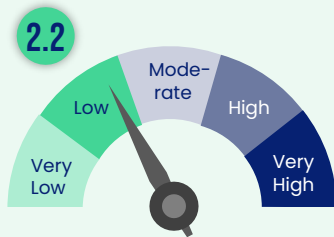
Volatility of exchange rates of
non-US\$ & EUR currencies in
the last 6 months²

¹ Amount pledged in USD at the 2018 replenishment conference (including top ups) is 18% and value of contributions made in other currencies is 82%. Current USD value of pledges and payments received is 80% as of December 31, 2020. ² Based on the last five months of rates, the volatility for all non-US\$ and Euro currencies was less than 5%, and the average among the currencies based on weight was roughly -0.66% (the US dollar weakened against the basket of currencies).

5. SECRETARIAT BUSINESS CONTINUITY RISK CATEGORY (THE RISK THAT THE SECRETARIAT IS UNABLE TO OPERATE ITS CRITICAL BUSINESS FUNCTIONS)

Risk rating: From 2.1 to 2.2 out of 5

Direction of travel: Similar



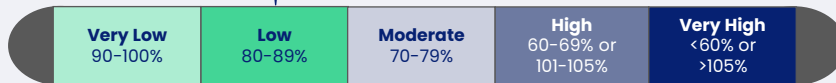
SUB RISK IN BUSINESS CONTINUITY	PRR	CRR	DOT
Operating expenses risk	1.0	2.0	↗
Human resources risk	3.5	3.5	=
Information technology risk	3.0	2.6	=
Workplace risk	3.0	4.0	↗
Integrated processes risk	1.6	1.0	↘
Risk to new projects & strategies	1.2	1.0	=
Secretariat compliance risk	1.5	1.5	=

▶ Operating Expenses Risk: The risk that GPE's operating expenses are not aligned with needs.

2.0

Actual vs. projected expenditures overall (%)

From 93.5% to 84%.



Progress Update:

- ▶ Since March 2020, GPE Secretariat staff have worked remotely to stay safe and help slow the spread of COVID-19. Meanwhile, international mission travel has been and remains suspended and it is expected that this will remain difficult for some time due to government regulations, reduced airline capacity, quarantine restrictions, etc. This resulted in lower travel and meeting related expenses for Q1 and Q2 (July to December) of FY21 which impacted expenditure rates resulting in savings.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- ▶ The Management team reviews of workplan and budget takes place quarterly.

▶ Secretariat Compliance Risk: Risk of a breach of the Host/Trustee or Secretariat administrative policies and procedures.

1.5



Mitigation actions from previous reporting that are still ongoing:

- ▶ GPE Secretariat staff are required to undertake mandatory orientation and training in relation to the understanding of key corporate policies and procedures to ensure compliance.
- ▶ Compliance units within the Bank perform regular quality control check of transactions and flag outliers.
- ▶ The Secretariat will continue to closely monitor compliance with core policies and procedures and plans to work with the Bank to arrange additional training on both procurement and travel, when relevant for the latter once staff resume mission travel.

Very Low



From 0 % pts to 0 % pts

Administrative expenditures for staff and other expenses (GPE risk-based sample exception rate vs. comparator)

Low



From -4 % pts to 2 % pts

Administrative expenditures for travel (GPE risk-based sample exception rate vs. comparator)

SECRETARIAT BUSINESS CONTINUITY RISK (CONTINUED)

➤ Human Resources (HR) Risk: Risk that the Secretariat has inadequate HR capabilities.

= 3.5

Progress Update:

- In March 2020, the World Bank announced that all HQ staff would transition to full time home-based work to protect their health, their families and to curb the COVID-19 pandemic. This has resulted in changes to the working arrangements of GPE staff who have now been based at home for more than a year and may continue to work at home, in some capacity, for the foreseeable future. The Secretariat made two offers to staff of limited reimbursement (up to US\$ 300 / person) for essential equipment such as an appropriate office chair, monitor, etc. GPE staff have been strained by the situation, with 38% indicating that the home-based work situation negatively impacts their overall mental & physical health to a moderate or a great extent.
- With the roll out of the new GPE strategy and operating model, in addition to conducting business-as-usual operations, workload is heavy, and the risk of burnout has been discussed by the Management Team. The use of consultants has helped mitigate workloads, but it is only a temporary solution. A longer-term approach to budget and staffing is being proposed to ensure resources are appropriate to deliver against the ambitions of the new GPE 2025 Strategy.
- Home-based work arrangements have an impact on international staff working under a visa in Washington D.C. It is uncertain at this time whether the US State Department will change its policy which currently prevents G4 visa holders from working from home in the US. In case a policy change occurs, necessary adjustments will need to be made.
- The Secretariat has implemented a People Strategy to set objectives and prioritize actions to enhance the capacity and efficiency of human resources, satisfy the learning and career development needs of staff, enhance the working environment, and mitigate typical HR risks such as loss of key talent.
- GPE is dedicating heightened attention to issues of diversity and inclusion, in the form of an internal task force, a Respectful Workplace Advisor, a vendor being retained to conduct an assessment, and new staff being hired in part to oversee the Diversity & Inclusion program.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- A re-organization in July 2020 realigned the organizational structure and staffing in preparation for the upcoming changes in strategy and operating model. This work is continuing in 2021 with further implications for the organization. Secretariat management is undergoing a review to ensure alignment of staffing with work program needs to ensure fit for purpose within GPE 2025.
- With the ambition of GPE's mandate, the secretariat has proposed additional growth to ensure proper support and ability to execute. Already, these pressures have pointed out the need to centralize and streamline some functions to ensure efficiency, consistently, policy adherence, and greater controls. A "Corporate Services" function is under consideration to centralize various administrative functions that are currently distributed to the managers and their teams.
- The Secretariat is implementing a policy and program on staff mobility, developmental assignments, and career development. This should address staff needs for career development, resulting in internal pipelining, skill development, fungibility, and greater staff satisfaction.

¹ Excerpt from World Bank Engagement Survey, December 2019, data for GPE Secretariat. ² Excerpt from GPE internal survey "Home-Based Work: Challenges - Follow Up Survey III", October 2020.

High



From 79 to 74.5 days

Number of calendar days it takes to recruit a GPE staff position

High



46 %

% of GPE staff who agree that their unit has the resources necessary to do quality work¹

Low



79%

% of GPE staff who agree that colleagues within their unit cooperate to get the work done¹

Moderate



35%

% GPE staff who think the quality of their work has been negatively affected by home-based work conditions from a moderate to a great extent²

High



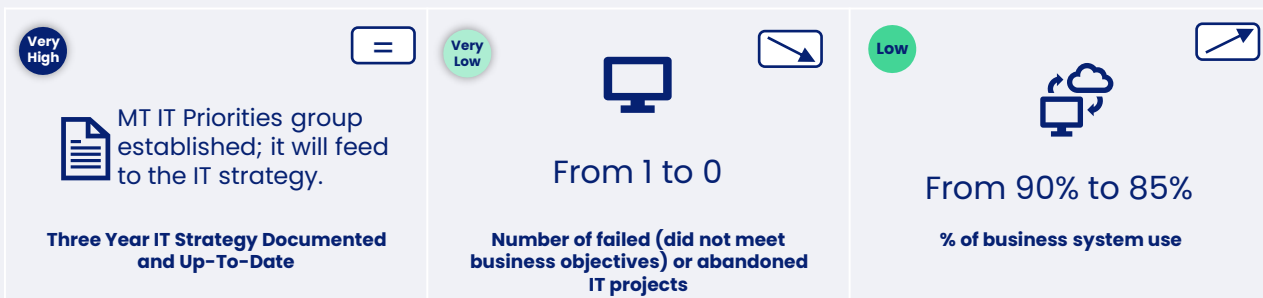
38%

% of GPE staff who think the home-based work situation negatively impacts their overall mental & physical health from a moderate to a great extent²

SECRETARIAT BUSINESS CONTINUITY RISK (CONTINUED)

➤ **Information Technology (IT) Risk: Risk that external, internal, deliberate or unintentional threats to IT systems affect business or project goals, service continuity, bottom line results, reputation, infrastructure or security.**

2.6



Progress Update:

- COVID-19 made GPE IT and KM staff to focus on systems' availability for remote work and GPE staff and consultants training on collaboration, VC and other tools. At the same time, based on the available system use analytics, 85% of GPE staff and consultants use GPE IT systems that are targeted to them. New GPE staff and consultants are onboarded on GPE systems when joining GPE and then supported by ongoing systems training delivered by GPE Senior Knowledge Management Officer. Currently such onboarding is done remotely using VC tools. Laptops and other IT equipment is requested from WB ITS and shipped to new GPE members by mail.
- Most of GPE IT projects are implemented by the World Bank IT group, WB ITS, which is governed by the hosting agreement and the provision of annual Service Level Agreements (SLAs). The percentage of GPE IT vendors whose activities and performance levels are currently governed by a formal SLA has increased from 60% six months ago to 80% currently. The risk exposure has decreased from high to low and the GPE Secretariat will continue ensuring the provision of satisfactory SLAs.



Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- The GPE Management Team IT Priorities group has been established in January 2021. An IT priorities survey has been conducted and is currently analyzed for the MT IT Priorities committee to make decisions. It is expected that the work of this group will provide inputs to the new 3-year IT strategy within the next months. GPE IT strategy will be drafted based on MT IT Priorities committee decisions. The GPE IT strategy will then be approved by this group, presented to GPE and published on the intranet.

➤ **Workplace Risk: The risk that hazards in the working place negatively impact the conduct of operations.**

4.0



Progress Update:

- In February 2021, the GPE has adopted a telecommuting policy which will allow more staff to work from other locations, thus decreasing pressure on office space, especially at HQ in Washington, D.C. It is important to note that telecommuting is a personal accommodation, not an official reassignment of a staff's duty station.



From 0.94 to 0.89

Ratio of offices available per head (staff, ETCs, long-term STCs, secondees, cross support assignment)

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

- COVID changed our modality to home-based work, and it will be several months before everyone returns to the office. The extent and implications of the return to the office are still to be determined and await further direction from World Bank on potential policy changes. A "Back to Office" team is looking at workspace at HQ in Washington, D.C., both in terms of COVID-19 precautions and ahead of the expiration of the GPE lease in July 2021. From July 2021, the GPE will move into a reconfigured office within WBG-owned space. While all offices will be single-occupancy to comply with COVID-19 related social distancing, there will be fewer offices than GPE staff, hence different options are being considered such as hot-desking for staff who do not come to the office regularly, and the use of hybrid working arrangements moving forward (for instance, a combination of home-base work and office-sharing arrangement). In that regard, the GPE is monitoring a possible policy change by the US State Department to allow those on G4 visas to work from home more than one day per week (i.e., it is currently not allowed).

SECRETARIAT BUSINESS CONTINUITY RISK (CONTINUED)

➤ **Integrated Processes Risk: The risk that the lack or misuse of integrated processes, systems, and/or tools challenge the conduct of operations.**

1.0



Very Low



From 100% to 100%

% of GPE team/unit work plans completed

Very Low



From 6 to 7

Number of Work Program and Budget (WPB) priority activities reported on a quarterly basis to MT

Progress Update & Mitigation actions from previous reporting that are still ongoing:

➤ Following approval of workplan and budget, quarterly reporting based on 6 priority objectives is presented to management to track \$-use and milestones achieved through performance indicators. A presentation tool is being introduced in the Secretariat. The risk that quarterly reporting will not happen is low. However, the quality of the reporting may be uneven initially. Test reporting after two quarterly reporting periods will be done to ensure report is timely, relevant and information provided is useful for prioritization. The work program and budget process has evolved for FY22 to further meet the needs for reporting on budget execution linked to the work plans.

➤ **Risk to new projects or strategies: The risk that the Secretariat is not able to effectively design and implement new projects or strategies.**

1.0



Very Low



From 100% to 100%

KIX: % of milestones met within the last FY

Very Low



From 100% to 100%

KIX: Actual vs. planned disbursement based on MoU within the fiscal year

Very Low



From 100% to 100%

KIX: Actual vs. planned disbursement based on MoU (cumulative, on duration of program until 2024)

Very Low



From 82% to 100%

EOL: % of milestones met within the last FY

Very Low



From 100% to 100%

EOL: Actual vs. planned disbursement based on disbursement schedule with Oxfam IBIS within the fiscal year

Very Low



From 100% to 100%

EOL: Actual vs. planned disbursement based on disbursement schedule (cumulative, until 2024)

Progress Update:

➤ While the indicators in this category focus on KIX & EOL, the Secretariat delivered on major tasks in the last year including the design and implementation of the COVID-19 AF window, the new strategic plan, operating model, and approach to financing and funding GPE2025. A key focus in 2021 is operationalizing the operating model and related grant and innovative financing approaches, along with delivering a successful replenishment campaign and event.

➤ Disbursements exceeded targets for both KIX and EOL. For KIX, as of January 2021, one tranche of \$10,927,571 had been transferred to IDRC in FY21, instead of \$8,000,000 as outlined in the amended MoU from March 2020. For EOL, USD 31.5 million were disbursed to the GA by December 2020, which exceeds the cumulative budget for that period.

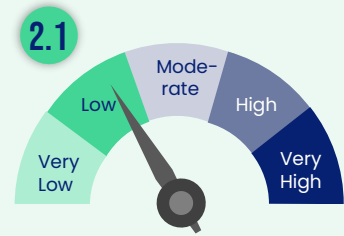
Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed:

➤ Both KIX and EOL are now well into the implementation phase. To mitigate the risk, the team provide support to ensure timely submission of scheduled cash transfer requests requirements. It also ensures that workplans and activities are communicated upward through GPE Management Structure, organize quarterly management meetings with the GAs, ensure the GAs submit one progress report a year and follow actions implemented as necessary to change course if needs be. With the rolling out of the new OM, KIX and EOL will be required to further demonstrate their utility as reinforcing mechanisms with the new OM. Discussions in the GPE Secretariat are ongoing about how to best achieve this, with possible new indicators to be rolled out.

6. REPUTATIONAL RISK CATEGORY (OF THREAT OR DANGER TO THE GOOD NAME OR STANDING OF THE GPE)

Risk rating: From 3.0 to 2.1 out of 5
Direction of travel: Similar

Reputational risk is a hybrid risk: It has no sub risk and requires special management since reputation is shaped both inside and outside of the GPE, and since all risks have the potential to ultimately damage GPE's reputation.



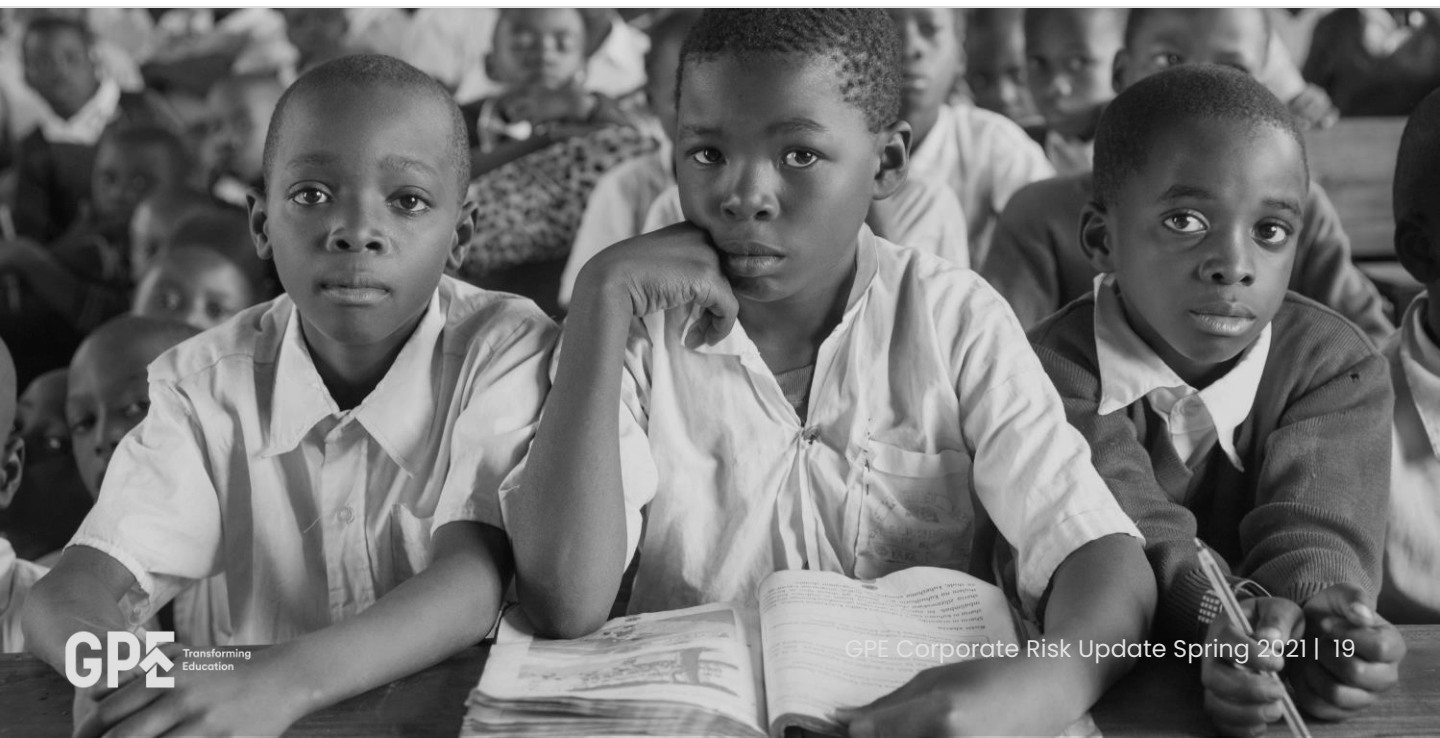
<p>Low</p> <p>From 0% to 3%</p> <p>% negative media coverage out of GPE media coverage</p>	<p>Moderate</p> <p>From 18% to 16%</p> <p>% of negative coverage in social media</p>	<p>Very Low</p> <p>100%</p> <p>% of pledges delivered vs. fundraising goals</p>	<p>Low</p> <p>From 2.7 to 2.3 /5</p> <p>Access to funding risk sub risk rating</p>
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Progress update:

- The GPE Secretariat seizes every opportunity to proactively communicate on and enhance GPE's reputation, strategically using GPE leadership engagement in key political and policy fora, the media, social media, and GPE's communications platforms. Proactive communication and positively positioning GPE and GPE Leadership in media and key forums or events have helped to enhance GPE's reputation, which serves as a buffer against potential future reputational risk.
- With the launch of the new GPE financing campaign, the organization is likely to face additional scrutiny. To mitigate this risk, the comms and external teams will continue to monitor media and relationships with partners, and to discuss issues and respond with the Management Team internally.

Key mitigation actions from previous reporting that are still ongoing and new mitigation actions developed :

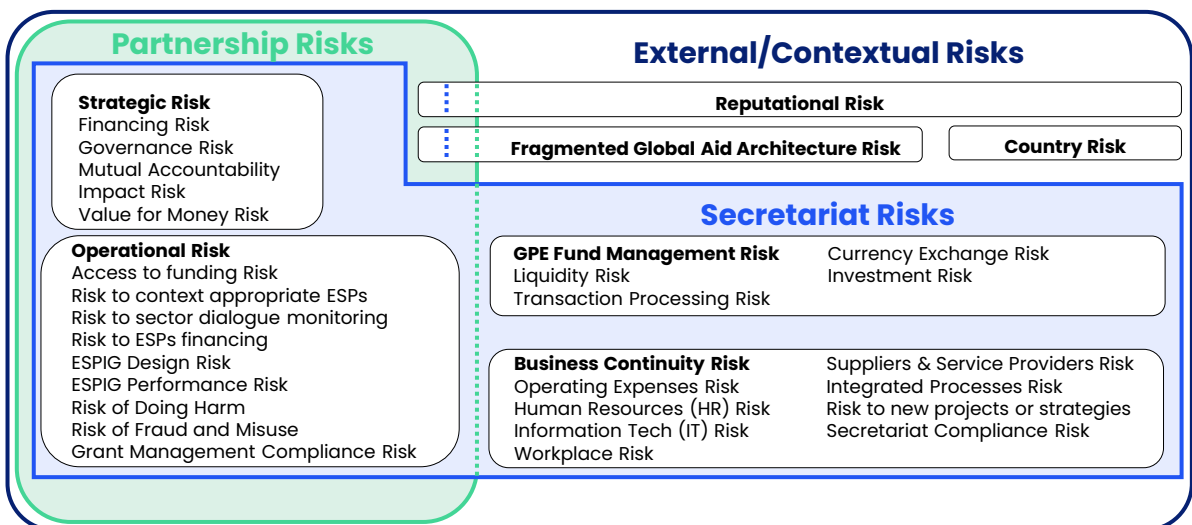
- The Crisis Readiness is ready; it anticipates potential reputational issues at country level and develop, in consultation with Secretariat and country partners, key mitigation messages on each potential issue. Communications guidelines and a response protocol are also available for the Secretariat.



GLOSSARY

- **The GPE Risk Management Framework helps the Partnership make informed decisions and provides the basis for identifying, assessing and monitoring GPE’s risk profile on an ongoing basis. The framework promotes a consistent approach and a shared understanding of risk management, in line with the GPE Charter and GPE Strategy, based on internationally recognized standards and guidance (such as ISO 31000 and COSO).**
- The **GPE Risk Taxonomy** provides an exhaustive list and classification of all the risks that GPE is facing at a given point in time. The taxonomy outlines an approach to categorizing and aggregating risks that is tailored to the specific needs of GPE, both as a fund, that outsources grant management, and a partnership. Thus, the taxonomy differentiates External risks from Internal risks, and Partnership risks from Secretariat risks within the latter.
- **External risks** are risks that arise from events outside of the organization’s control and tend to be not predictable. These risks can offer positive and/or negative benefits. The organization cannot influence the likelihood of these risk events but can reduce the cost of impact by focusing on recognition/early reaction (e.g., *political changes in a country*).
- Internal risks are faced by an organization from within and arise during normal operations. These risks can be forecasted with more reliability, and therefore, an organization has a good chance of reducing internal risks. For the GPE, there are two types of internal risks:

 - **Partnership risks:** internal risks managed by all the partners, including the Secretariat (e.g., *ESPIG performance risk*);
 - **Secretariat risks:** internal risks managed by the Secretariat, that have a negative impact on the Partnership should they occur (e.g., *operating expenses risk*).
- Each committee provides oversight for risk and sub risks assigned. In addition, the Finance and Risk Committee provides oversight on all high and very high risk and sub risks categories. **Given the ongoing Governance review at the time this report was being finalized and the possibility for committee’s structure and mandate to evolve, mention of committee oversight per risk and sub risk has been removed from this report.**



GLOSSARY (CONTINUED)

- A comprehensive set of risk categories and sub risks facilitates the identification process as it enables those in charge of risk identification to consider all types of risks that could affect the organization's objectives.
- **Strategic Risk: The risk that GPE is not able to achieve its goals and objectives, including:**
 1. Financing Risk: The risk that contributions to the GPE Fund do not reach targets.
 2. Governance Risk (Global): The risk that the systems by which GPE makes and implements decisions in pursuit of its objective is not fit for purpose.
 3. Mutual Accountability Risk (Country level): The risk that partners at the country level are not accountable for their commitments.
 4. Impact Risk: The risk of not being able to demonstrate results.
 5. Value for Money Risk: The risk that GPE investments do not demonstrate Value for Money.
- **Operational Risk: The risk that GPE is not able to deliver on its country-level objectives, including:**
 1. Access to Funding Risk: The risk that partners do not, or are not able to, apply for GPE funding.
 2. Risk to context appropriate sector plans: The risk that GPE does not support evidenced-based, government-endorsed sector plans focused on equity, efficiency and learning.
 3. Risk to sector dialogue and monitoring: The risk that GPE does not support improved sector dialogue and monitoring of the sector plan's implementation.
 4. Risk to sector plan financing: The risk that financial commitments are not sufficient or not continuously expanding to finance the implementation of the sector plan.
 5. SPIG Design Risk: The risk of approving programs that do not support equity, efficiency, learning in efficient and effective way.
 6. SPIG Performance Risk: The risk that SPIGs do not achieve results in intended timeframe.
 7. Risk of Doing Harm: The risk that interventions cause inadvertent harm to intended beneficiaries or marginalized populations.
 8. Risk of Fraud and Misuse: The risk of losses due to fraud or misuse in GPE-funded programs.
 9. Grant Management Compliance Risk: The risk of a breach of the policies and procedures on grant management.
- **GPE Fund Management Risk: The risk associated with the ineffective or underperforming financial management of the GPE Fund, including:**
 1. Liquidity risk: The risk that the Secretariat is unable to ensure that all payment obligations are met when they come due.
 2. Transaction Processing Risk: The risk that deficiencies in transaction processing, internal processes or controls result in delayed transactions.
 3. Currency Exchange Risk: The financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the GPE.
 4. Investment Risk: The risk of losses relative to the expected return on an investment.
- **Business Continuity Risk: The risk that the Secretariat is unable to operate its critical business functions.**
 1. Operating Expenses Risk: The risk that GPE's operating expenses are not aligned with needs.
 2. Human Resources (HR) Risk: The risk that the Secretariat has inadequate human resource capabilities.
 3. Information Technology (IT) Risk: The risk that external, internal, deliberate or unintentional threats to IT systems affect business or project goals, service continuity, bottom line results, reputation, security or infrastructure.
 4. Workplace Risk: The risk that hazards in the working place negatively impact the conduct of operations.
 5. Suppliers and Service Providers Risk: The risk that suppliers and service providers are not able to deliver, challenging the conduct of operations. *Not part of current risk update.*
 6. Integrated Processes Risk: The risk that the lack or misuse of integrated processes, systems, tools challenge the conduct of operations.
 7. Risk to new projects or strategies: The risk that the Secretariat is not able to effectively design and implement new projects or strategies.
 8. Secretariat Compliance Risk: The risk of a breach of the Host/Trustee or Secretariat administrative policies and procedures.
- **Fragmented Global Aid Architecture: The risk that the education architecture is not well defined, complementary.**
- **Reputational risk: The risk of threat or danger to the good name or standing of the GPE.**
- **Country Risk: The risk of exogenous factors in the country environment adversely affecting sector planning and implementation. *Not part of the current risk update.***
- GPE's Risk Management Framework and Policy comprises a **set of policies, management processes, a risk taxonomy, a risk appetite statement and a three lines of defense model.**

For further information, please see:
<https://www.globalpartnership.org/risk-management>

The GPE Secretariat is responsible for providing a biannual strategic overview of corporate risks to the GPE Committees and Board. Corporate risk information is compiled using an online risk dashboard. For further information, please contact:

- [Padraig Power](#), Chief Financial Officer
- [Matthew Smith](#), Risk & Compliance Team Lead
- [Anne Joncheray](#), Operations & Risk Officer