



GLOBAL  
PARTNERSHIP  
*for* EDUCATION

# CORPORATE RISK UPDATE TO THE GPE BOARD OF DIRECTORS (June 2020)

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The GPE **Risk and Compliance Team** is accountable for providing a biannual strategic overview of corporate risks to the Committees and Board. Corporate risk information is compiled from the online risk dashboard, analyzed and fed upwards.

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**CORPORATE**  
**RISK UPDATE**  
**Spring 2020**

## **PART 1: STRATEGIC OVERVIEW**



The purpose of this report is to provide the GPE Board of Directors with information on the current status of risk management at GPE. This is the second report using the methodology approved by the Board in June 2019. This methodology uses a more quantitative approach to risk management through the use of risk indicator data collected via an online risk dashboard.

Since the previous corporate risk update provided in December 2019, the GPE online risk dashboard was further developed:

- ✓ **14 new risk indicators have been developed** across the risk taxonomy while other indicators have been revised following the comments received at the Committee and Board meetings.
- ✓ **Scales and weights of existing and new indicators are adjusted on an ongoing basis**, to reflect current context, priorities and response strategies, while ensuring consistency and measurability over time. The risk assessment is still fully qualitative in areas where risk indicators are being developed.
- ✓ **A risk heat map tool was developed** to present the results of the risk assessment process visually in a meaningful and concise way. The risk heat map identifies the top 10 GPE risks per risk category and per committee oversight, and the direction of travel compared to the previous reporting period.

- ✓ **The online mitigation action plan template was further developed, allowing the collection, organization and tracking of the different mitigation action strategies over time.** The new format allows users to choose the overall risk mitigation strategy (i.e. avoid risk, accept risk, watch risk, control/reduce risk or transfer risk), the GPE treatment option (i.e. preventative, detective, or responsive), and the different Secretariat responses. Mitigation actions that have been completed, dropped, that are still ongoing or that have been introduced since the previous update as well as new mitigation actions are now tracked against their due date.
- ✓ The Secretariat made an effort at drawing links between the different risks, their ratings and the consequences in the **Key Findings section** and at providing additional contextual elements to balance the quantitative risk indicators.

The risk landscape is changing fast. Education systems around the world are heavily affected by the COVID-19 crisis, especially in developing countries. **While the data used to prepare this corporate risk update was collected in January-February 2020, it has to be considered and analyzed now within the context of the COVID-19 crisis. The different risk mitigation plans take into account this new reality where possible, while page 5 covers the GPE response to the global pandemic.**

The COVID-19 crisis is significantly impacting education globally, and this burden will particularly impact the poorest and most vulnerable. The economic consequences of the pandemic are likely to have a longer term impact with pressure on financing for education.

The recent emergence of COVID-19 has the potential to increase the numbers of countries that encounter delays on existing programs or in applying for funds given school closures, restrictions on travel and meetings. The Secretariat is actively working with individual countries to ascertain the potential risks as well as how we can support them. The Grants and Performance Committee (GPC), and Finance and Risk Committee (FRC) have proposed to the Board to extend the validity of maximum country allocations by 3 months in recognition of these challenges.

The GPE has also been working on developing a coordinated emergency response to the coronavirus pandemic. Below are the two first phases of this response as of May 15<sup>th</sup>, 2020, while the development of the emergency response is ongoing and subject to frequent adjustments as required:

✓ **The first phase of this response included a multi-country education sector plan development grant (ESPDG) in the amount of US\$8.8 million with UNICEF as Grant Agent to support 87 eligible countries.** This grant was developed, approved, and funds disbursed within a week in March 2020. This emergency funding to UNICEF aims at supporting 1) coordinated response planning; 2) communication around safe school operations; and 3) knowledge sharing & capacity building for the current and future pandemics. It aims at supporting Governments and Local Education Groups to reduce the risks of the social impacts of the coronavirus on the education of children (i.e. ensuring safe school operations, continuity of learning and well-being for children and youth, especially for the most vulnerable affected by the outbreak).

✓ **The second phase of the response approved by the Board on March 31<sup>st</sup>, 2020, unlocks US\$250 million, comprised of a US\$225 million country grant portion and a US\$25 million global grant, to help developing countries mitigate both the immediate and long-term disruptions to education caused by the COVID-19 pandemic.** As of this week, 375 million children remain out of school across 64 partner countries with school closures. The funds will help sustain learning with a focus on ensuring that girls, and

children from the poorest families, who will be hit the hardest by school closures, are not left behind. As of May 12<sup>th</sup>, 3 grants (Rwanda, Zambia, and Ghana) have been approved for US\$35 million and 37 countries have submitted proposals for close to US\$400m. A first US\$7.5 million tranche of the US\$25 million global grant was also awarded to a consortium of grant agents—UNESCO, UNICEF, and the World Bank. The global grant funds will be used to support global and regional coordination, learning, and knowledge-sharing, such as developing shared teaching materials. The consortium is preparing a request for the remaining global grant funds.

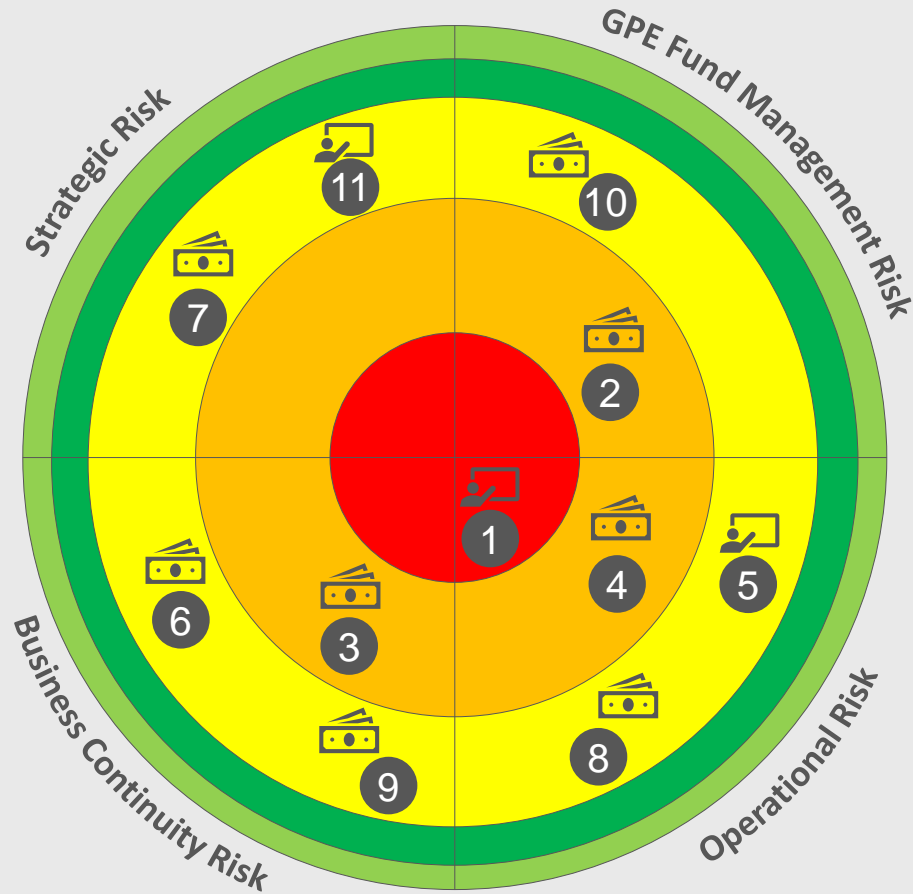
✓ In light of the enormous demands from partner countries, the Coordinating Committee requested the Secretariat to prepare options for how to allocate additional funds to meet the demands, and this work is underway as of the date of this report.

**With respect to impact on GPE's next strategic plan,** the pandemic has impacted on the development process with the cancelation of the March Board retreat. In addition, the needs of developing countries over the strategic plan period may evolve in response to the impact of COVID-19. The new strategic plan, as currently envisioned, is intended to be responsive to country needs and context, to be flexible and adaptive, to build capacity across the policy cycle and to be focused on the critical priorities. The pandemic and its expected impact on the economy and society make these attributes of the new strategy all the more important.

**With respect to the financing campaign and conference,** it is too early to say what the impact will be on donor pledges, however needs are going to increase significantly from partner countries, and financial pressure on GPE finances is increasing. The Secretariat will update the Board at the June meeting.

**With respect to the GPE Secretariat transitioning to home-based work (HBW) since March 16<sup>th</sup>, 2020,** staff remain focused and committed to achieving GPE goals and objectives. While the IT preparations and support made it possible to function easily in an HBW environment, two internal surveys conducted in April 2020 indicated that the scale and pace of change for Staff, in their communities, personal lives, and at work have been unprecedented, and might negatively affect staff morale and staff productivity in the long run.

Top 10\* Risks



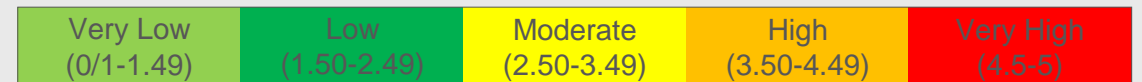
FRC GEC GPC SIC

Direction of Travel since December 2019

#	Risk	PRR	CRR	DT
1	Access to Funding Risk	4.5	4.5	=
2	Liquidity Risk	2.0	4.0	↗
3	Human Resources (HR) Risk	1.0	3.9	↗
4	Grant Management Compliance Risk	2.3	3.7	↗
5	ESPIG Design Risk	2.7	3.3	=
6	IT Risk	3.8	3.3	↘
7	Financing Risk	3.2	3.2	=
8	Risk of Fraud and Misuse	3.2	3.2	=
9	Integrated Processes Risk	3.0	3.0	=
10	Investment Risk	1.0	3.0	↗
11	Mutual Accountability*	3.0	3.0	=

\*More than 10 risks are displayed as the last three had the same score.

PRR = Previous Risk Rating CRR = Current Risk Rating DT = Direction of travel



Overall, **Access to Funding Risk** or the risk that partners do not or cannot apply for funding is the highest risk, and the only one rated very high as part of this corporate update. The GPE Secretariat has made progress on getting applications approved, in part with the establishment of a Disbursements and Approvals Task Force. The Task Force meets weekly to track MCAs and Multiplier ESPIG progress across the portfolio and facilitate in-country actions to reduce bottlenecks during the grant application process in country and with partners. There is however still some way to go.

**Access to Funding Risk** impacts other risks such as **Liquidity Risk**, currently rated high, as cash balances are higher than the optimal range. This is expected to be a temporary problem as approvals and disbursements are rising. Under **Value for Money Risk**, the cost of the Secretariat while within budget appears high when expressed as a percentage of overall fund disbursements due to lower than anticipated disbursements driven by delays in approvals in 2018 and 2019. This also impacts **risks around resource mobilization** as it is critical to demonstrate that resources raised have been allocated.

**Human Resources Risk** is the largest risk exposure increase, and is now rated high compared to very low six months ago. This increase relates to the development of new risk indicators in this sub category while the situation has not worsened or improved. Recruitment efficiency is a metric that will now be monitored. The Secretariat will further look into causes of recruitment process delays in order to improve the process.

**Grant Management Compliance Risk** or the risk of a breach of the policies and procedures on grant management is the second largest risk exposure increase in the past six months, from low to high risk. The rise is driven by a lower percentage of ESPIG completion reports received on time (i.e. within six months after the end of the program) from 91% in the previous corporate risk update to 67% at the end of the data collection period (i.e. in early March 2020). While timely submissions by grant agents of ESPIG completion reports is important, the Secretariat is however not concerned by the delays. The size and the composition of the sample as well as the timing of the data collection are important factors that explain the 24 points percentage difference between the two

periods. Out of four missing reports, the delay was justified in two cases (i.e. agreements made to submit completion report later in case of a co-financing with a larger program for one country, and where additional information was required following the closure of a case of fraud and misuse for another country). Another country was preparing an application at the due date of the completion report. As of May 2020, 3 out of the 4 missing reports have been collected. The systematic following up with grant agents if reports are overdue is the most impactful mitigation factor against late delivery of these reports.

**With regards to Governance Risk**, new risk indicators have been developed in the sub category to better reflect the GPE approach to safeguards, ethical decision-making and conduct. Risk rating for the sub category remains low but risk score has increased slightly in the past six months from 1.7 to 2.0. This increase is driven by insufficient participation in Committee and Board self-assessments (52% of participation or high risk), and moderate risk ratings for indicator on development of the Sexual Exploitation Abuse and Harassment (SEAH) safeguarding policy. The slow progress in finalizing the policy is due to the decision to hire a SEAH specialist to ensure the policy is comprehensive, and contracting is underway. Meanwhile, the Secretariat is taking steps to ensure incidents on grants are reported. The Grant Agents minimum standards was updated to include a requirement for GAs to demonstrate that they have policies, procedures and systems in place for prevention of SEAH incidents or detect and take corrective actions. Following Board approval of the updated GA minimum standards in December 2018, the Secretariat followed up to inform all existing GAs of this new requirement and requested them to share relevant documents and confirm that they will be disclosing all SEAH incidents to GPE. Additionally, the self-assessment tool for GA assessment was updated to include SEAH safeguarding. It appears the increased awareness creation with GA, through follow ups after the Board decision and the accreditation process, have started yielding results as in FY20 we have started receiving reports of SEAH incidents (although reporting is likely to improve when a comprehensive SEAH policy and robust disclosure systems are in place and communicated to relevant stakeholders).

The Secretariat shared the corporate risk update report with the four GPE Committees along with a targeted slide deck for each Committee focusing on risk areas for which they provide challenge and oversight. The different risk reports emphasized risks with the highest exposure, the linkages and impact on other risks and the mitigation actions implemented. Other issues on specific risk indicators with high or very high-risk ratings were raised. Committee members expressed appreciation for the quality and usefulness of the report and provided further inputs into how the report can be improved going forward.

**Concerns over risk indicators measuring partially the GPE Portfolio and subsequent significance of measurement.** An FRC member inquired about different indicators under Value for Money (VfM) and Risk of Doing Harm risks that only measure WB-managed grants (e.g. the indicator that measures performance in overall outcome assessments of World Bank (WB)-managed ESPIGs and not all ESPIGs).

- The Secretariat reminded the Committee that WB ESPIGs represent 65% of GPE's portfolio, and that ideally it would have a completion metric for closed grants across the entire portfolio. While this information is currently only available from the WB, the Secretariat is working to seek to obtain similar information from other Grant Agents.
- An inquiry was also made on how delayed submission of ESPIGs completion report submission is measured (i.e. discount for justified delayed submissions). The Secretariat explained that it aims at setting an objective standard with this metric and prefers to highlight the different contextual situations to explain the delays rather than providing a discounted figure which would not reflect the actual state of compliance. The Secretariat clarified the reasons behind the increase in delayed submissions (i.e. size of the sample, pool-funds) and indicated that 3 out of 4 missing reports were now collected.

**Proposal for the CEO to be given ability to cease grant disbursement in the case of imminent threat of misuse of funds.** An FRC member enquired about the rationale for this mitigation action under the Risk of Fraud and Misuse. The Secretariat indicated that this policy to be considered in October will enable the CEO to cease grant disbursement in the case of imminent threat of misuse of funds and confirmed that the WB Trustee and legal services are being consulted.

**On ESPIG Performance Risk,** the Effective Partnership Review (EPR) demonstrated that mid-

year reviews are an effective instrument to assess risks and implement course corrections to achieve results during implementation. The Committee suggested to include mid-year reviews in the mitigation actions plan (see page 29). The Secretariat also indicated that a proposal on ESPIG restructuring in light of COVID-19 will be presented to the GPC. The Committee recommended to link ESPIG performance indicators to disbursement rate and actual achievements.

**On Access to Funding Risk:** An FRC member suggested to better link the risk report with the financial forecast. The Secretariat also noted that additional linkages could be made with the recommendations arising from EPR, including streamlining of GPE's quality assurance and approval process for program restructuring and how it could accelerate access to GPE funds. The Committee indicated that this risk should be flagged for Board's attention. A committee member raised a question as to whether the multiplicity of funding windows added to risk, and the Secretariat clarified that each funding mechanism had a particular purpose and most were able to be combined into single programs, but it is an issue we will have to consider in the developing a new framework for what GPE will fund to support the new strategic plan.

**Adding new risk under the current Enterprise Risk Management (ERM) Framework:** A Committee member felt that the risks of donors not meeting the new replenishment target is not captured in the risk framework as risks are primarily related to delivery on existing pledges, and it should be flagged to the Board. Furthermore, the new risks arising from the COVID-19 crisis should be captured in the GPE Risk Taxonomy. The Secretariat will work to seek to integrate new risks in the taxonomy where relevant and monitor evolution.

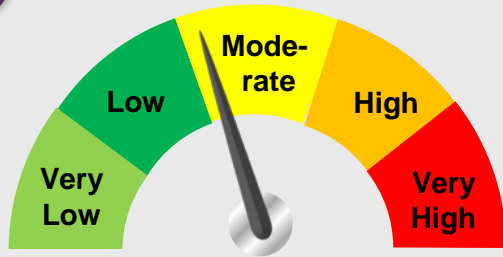
**On the development of the Sexual Exploitation Abuse and Harassment (SEAH) safeguarding policy,** both the FRC and the GPC enquired about the relatively slow progress in finalizing the policy. The delay is due to the decision to hire a SEAH specialist to ensure the policy is comprehensive and the rollout plan consistent with best practices. The GAs minimum standards were updated to include a requirement for GAs to demonstrate that they have policies, procedures and systems in place for prevention, detection and correction of SEAH incidents. The self-assessment tool for GAs also includes the SEAH safeguarding.



Strategic Risk



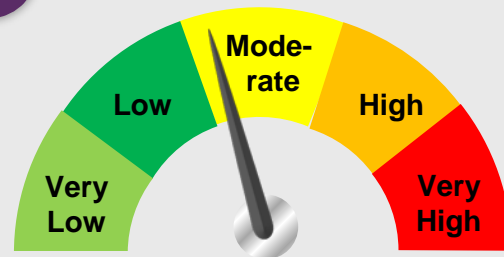
2.5



Operational Risk



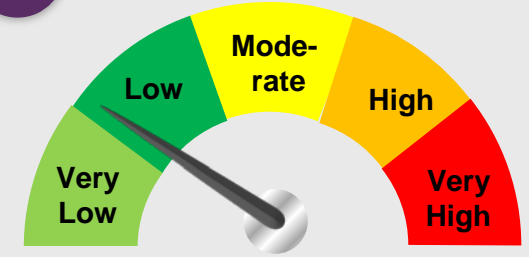
2.8



Reputational Risk



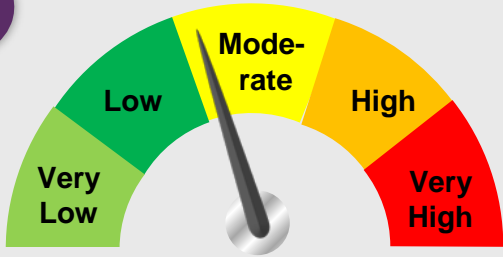
2.4



GPE Fund Management Risk



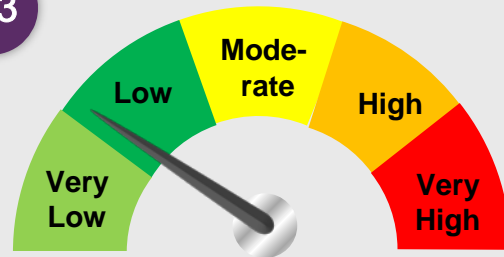
2.6



Secretariat Business Continuity Risk



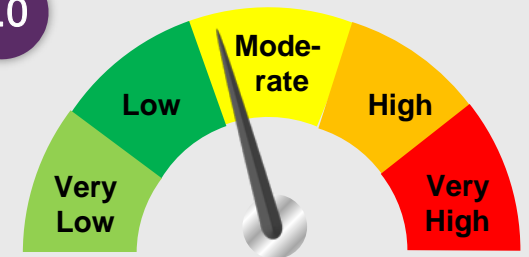
2.3



Fragmented Global Aid Architecture

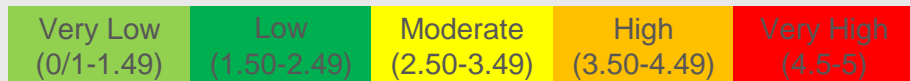


3.0



Legend & Scale

Category score ●



The risk dashboard allows for the current ratings to be compared with those from the previous reporting exercise. The **Direction of Travel** indicates whether the risk level has increased (e.g. from low to moderate), remained similar (e.g. from low to low) or has decreased (e.g. from high to moderate). The Direction of Travel does not take into account changes of risk scores (e.g. changes in risk score from 1.6 to 2.3 shows “remained similar”).



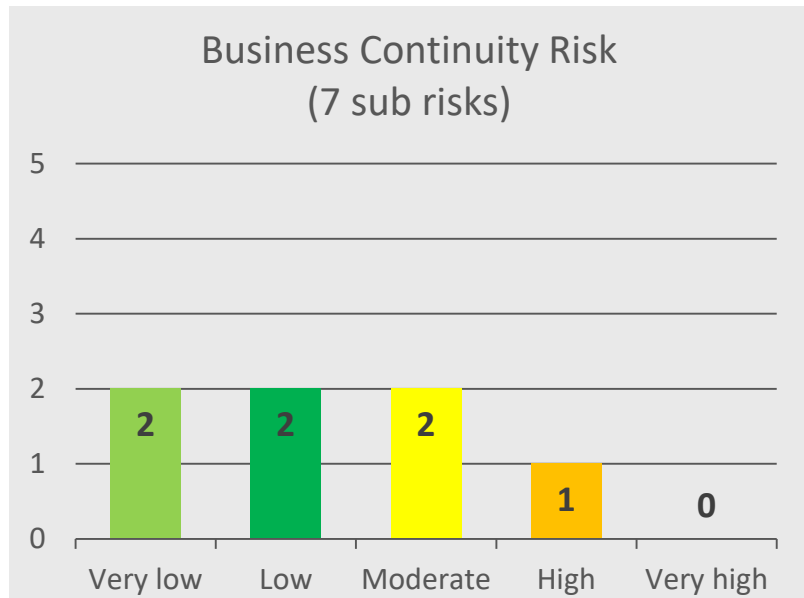
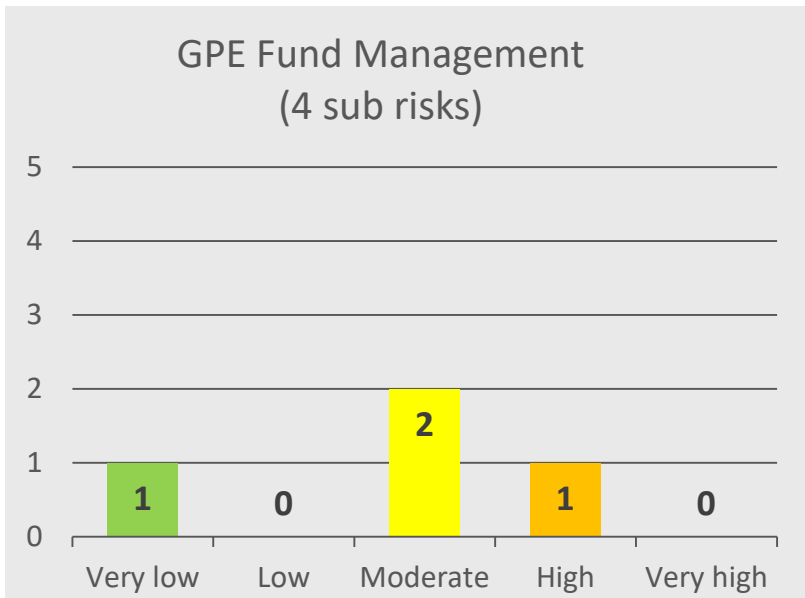
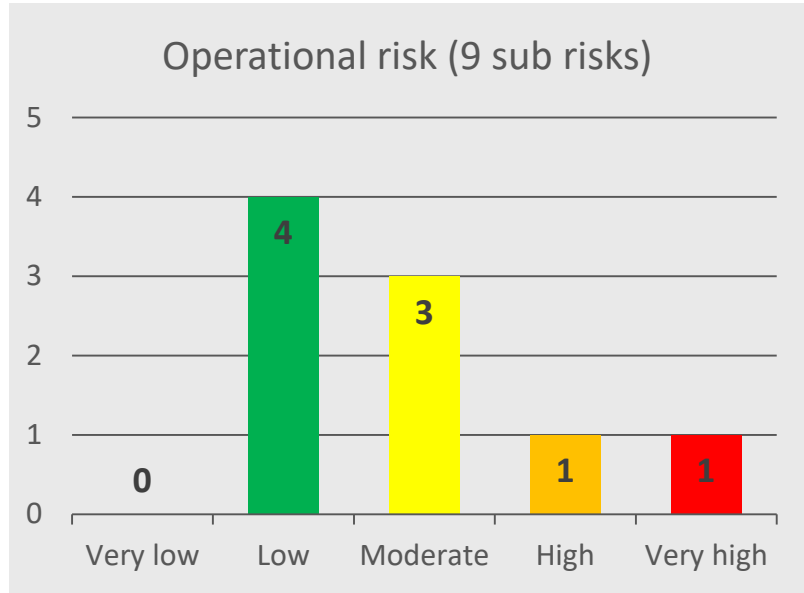
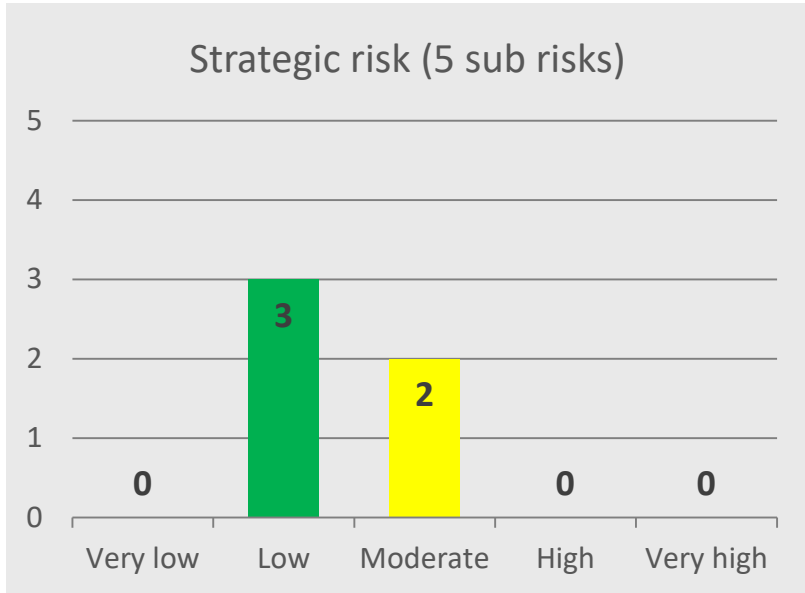
Increased



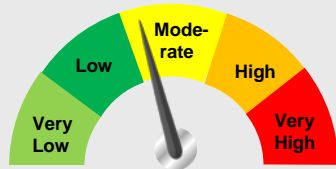
Remained similar



Decreased

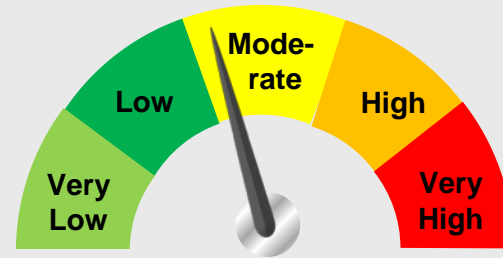


### Strategic Risk



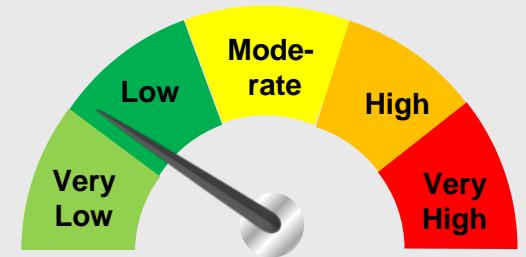
Financing risk	3.2	=
Governance risk	2.0	=
Mutual accountability risk	3.0	=
Impact risk	2.1	=
Value for money risk	2.0	=

### Operational Risk



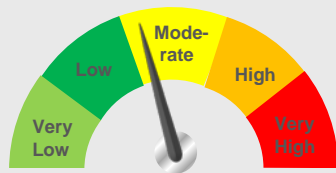
Access to funding risk	4.5	=
Risk to context appropriate sector plans	2.3	=
Risk to sector dialogue and monitoring	2.1	↘
Risk to ESPs financing	2.4	↘
ESPIG design risk	3.3	=
ESPIG performance risk	2.5	↘
Risk of doing harm	1.5	=
Risk of fraud and misuse	3.2	=
Grant management compliance risk	3.7	↗

### Secretariat Business Continuity Risk



Operating expenses risk	1.0	↘
Human resources risk	3.9	↗
Information technology risk	3.3	↘
Workplace risk	2.0	↘
Integrated processes risk	3.0	=
Risk to new projects and strategies	1.1	↘
Secretariat compliance risk	2.0	↗

### GPE Fund Management Risk



Liquidity risk	4.0	↗
Transaction processing risk	1.0	=
Currency Exchange risk	2.5	=
Investment risk	3.0	↗

**Reputational risk** and **Fragmented global aid architecture** are **hybrid risks**: They have no sub risk and require special management since they are shaped both inside and outside of the GPE.

This section provides an overview of the key changes in all sub risk categories since the previous corporate risk update report presented in December 2020. While key information is flagged below, additional explanation and targeted mitigation action plans are available for each sub risk category in the full report starting page 14.

**Overall risk ratings of Strategic Risk and GPE Fund Management Risk categories have increased from low to moderate risk in the past six months.**

➤ **With regards to Strategic Risk:**

- New risk indicators have been developed under **Governance Risk** to better reflect the GPE approach to safeguards, ethical decision-making and conduct. Risk rating for the sub category remains low but risk score has increased slightly in the past six months from 1.7 to 2.0. This increase is driven by insufficient participation in Committee and Board self-assessments and slower progress than expected on development of the Sexual Exploitation Abuse and Harassment safeguarding policy.
- **Value for Money risk** exposure has also slightly increased in the past six months from 1.7 to 2.0 while the sub category risk rating remains low. This increase is due to higher administrative costs of active grants and downgrading of WB-managed ESPIGs in overall outcomes assessment. The overall outcomes assessment only captures WB-managed ESPIGs in the last fiscal year that have been rated “Moderately Satisfactory” or above. The decrease in the outcome rating depends on the size and composition of the sample. The 87.5% is driven entirely by one grant’s low outcome rating (out of 8 completion reports received in FY19, 7 reports had satisfactory ratings and one report had a low rating). Operating expenses have increased from 8% for FY20 to 11% so far in FY21 but are expected to decrease by end of FY21 when Q4 disbursement requests are factored in.
- **Financing Risk, Impact Risk and Mutual Accountability Risk** (qualitative assessment for the last) are unchanged. An indicator to track implementation of findings and recommendations of the Results Report and evaluations has been developed under Impact Risk.

➤ **With regards to GPE Fund Management Risk:**

- Exposure to **Liquidity risk** has significantly increased in the past six months, from low to high risk, due to an increase in committable cash balance (i.e. currently 14 months worth of disbursement in cash versus 12.5 months worth of disbursement in cash six months ago due to lower than anticipated disbursements. This is expected to be a temporary problem as approvals and disbursements are rising.
- Exposure to **Investment Risk** has also increased in the past six months from low to moderate, with 39 % of Trust Fund balance in cash (i.e. earning no interest) currently compared to 25% before. This is a temporary timing issue related to end of year donor contributions combined with lower than anticipated disbursements for the quarter.
- **Transaction Processing Risk** and **Currency Exchange Risk** have been stable over the past six months, retaining their respective very low and moderate risk ratings.

**Overall risk ratings of the four other categories have remained constant, with small variations of risk scores within the risk category.**

➤ **With regards to Operational Risk:**

- Exposure to **Access to Funding Risk** (i.e. the risk that partners do not, or are not able to, apply for GPE funding) remains very high and is the highest across all assessed risks. A new risk indicator based on the data collected at the Disbursements and Approvals task force was developed. The percentage of funds raised for replenishment period formally approved increased from 75 to 82% , this risk indicator remaining very high risk.
- Exposure to **Grant Management Compliance Risk** (i.e. the risk of a breach of the policies and procedures on grant management) has significantly increased in the past six months, from low to high risk, due to more ESPIG completion reports received late (i.e. more than 6 months after end of the program) at the time of data collection period in early March 2020. The Secretariat is however not concerned by the increase. Indeed, out of 20 close grants in FY19, 8 completion reports were received on time, and 8 were not due yet. Out of the 4 late submissions, two late submissions were justified (i.e. co-financing with a larger program and single reporting, additional information following closure of misuse of funds case), one late submission due to country preparing a new application. As of May 2020, 3 out of the 4 missing reports have been collected.

- Exposure to **Sector Dialogue and Monitoring Risk** is driven down from moderate to low risk, but this is mostly due to a change of calculation methodology in indicator “% of JSRs that do not monitor sector performance and ESP indicators” which has the highest weight in the risk model (w = 5). The % of LEGs with civil society or teacher representation has increased from 89 to 93%.
- Exposure to **Risk to Sector Plan Financing** is driven down from high to low as more DCPs have met their domestic financing targets (from 65% six months ago to 70% of DCPs meeting the target now). Three ESICs should be tested by the end of 2020.
- Rating of **ESPIG Performance Risk** has decreased from high to moderate and reflects the situation accurately following adjustment of risk indicators after discussions at the GPC meeting. The 2nd risk indicator is consistent with the methodology of the Portfolio Review which assesses the proportion of GPE program grants “at risk” with implementation based on 6 criteria including but not limited to the risk of delays.
- **ESPIG design risk remains moderate**, but the risk score has increased slightly in the past six months from 2.7 to 3.3. This is driven by the decrease in the proportion of GPE grants using a project or sector pooled funding mechanisms from 34 to 31%.
- Exposure to **Risk to Context Appropriate Sector Plans, Risk of Doing Harm and Risk of Fraud and Misuse** have not changed in the past six months. Risk ratings have remained respectively low, low and moderate.

➤ **With regards to Business Continuity Risk:**

- **Human Resources Risk** is now rated high compared to very low six months ago. This increase relates to the development of new risk indicators in this sub category while the situation has not worsened or improved. Recruitment efficiency is a metric that will now be monitored. The Secretariat will further look into causes of recruitment process delays in order to improve the process.
- Exposure to **IT risk** has decreased from high to moderate. While the percentage of business system use has improved by 10 pts from 65 to 75%, the three year IT strategy is still drafted but not approved, and will likely have to be updated with new IT/Knowledge Managements needs when the new GPE Strategy is rolled out.
- **Integrated Processes Risk** remains moderate. While risk exposure has not changed in

the past six months, the ongoing work on the Work Plan and Budget exercise for FY21 will likely positively impact the next corporate risk report. Following approval of workplan and budget, quarterly reporting will be presented to management to track budget and milestones achieved through performance indicators. New KPIs will be rolled out in this risk sub category for the Fall 2020 (e.g. percentage of GPE teams/units work plans completed, percentage of priority activities reported to the MT on a quarterly basis).

- **Workplace Risk** is now rated low compared to moderate six months ago. This increase is mainly explained by a change in the calculation methodology of the only indicator in this category. Staff transfers to Paris are delayed as there is still a lack of clarity on how the ongoing WB HR policy development process will impact staff (i.e. difference of pay scale between HQ and Paris). Overall numbers for Paris are on track due to recruitment of new staff. Meanwhile, the issue around shortage of office space at HQ remains.
- **Operating Expenses Risk** was low six months ago and is now very low, showing accuracy of projected expenditures and close monitoring to ensure the GPE Secretariat is on track. **Secretariat Compliance Risk** was very low six months ago and is now low.
- **Risk to New Projects and Strategies** is very low as opposed to moderate six months ago. This decrease is explained by the development of new risk indicators in this sub category on KIX and EOL, two initiatives that are relatively new and will be tracked against objectives and progress onwards.

**The two external risk categories Fragmented Global Aid Architecture and Reputational Risk have retained the same low risk exposure over the past six months.** While the first one is based on a qualitative assessment (i.e. no risk indicators in this category), the risk score of the second has slightly increased from 2.1 to 2.4 due to higher negative coverage of GPE in social media, from 14 to 17%. This increase is not significant as automated monitoring of social media “sentiment” is sensitive and needs interpretation (i.e. a post or tweet about “the learning crisis” would be recorded as negative, even though reputationally this type of coverage is positive for GPE). The reporting period ended before any major coverage of COVID-19, but based on the previous reasoning, the percentage of “negative” coverage would increase during the next period if we are successful in drawing greater attention to the resulting education crisis.

**CORPORATE**  
**RISK UPDATE**  
**Spring 2020**

## **PART 2: CORPORATE RISK UPDATE**



**CORPORATE**  
**RISK UPDATE**  
**Spring 2020**


**STRATEGIC RISK**



FINANCING RISK



**Very Low** =



**100%**  
Pledges delivered vs. fundraising goals

**Low** =



**10 donors**  
Donors pledging more than 100 M USD

**Very High** =



**82% of target met**  
(detail page 17)  
Funds raised for replenishment period formally approved as grants

**Mitigation Action Plan**

While donors are contributing on track, a key challenge is to demonstrate that these funds have been converted to grants. Therefore the focus of the action plan is on the grant pipeline. While the decision to submit a grant proposal is determined by the Government in consultation with the grant agent and other partners, the Secretariat takes proactive action to support the submission, review and approval of quality grant proposals in a timely manner.

**Key mitigation actions from previous reporting that are still ongoing:**

- Increased managerial oversight (3 CST regional managers) & close oversight by CEO & DCEO.
- Redeployment of GPE staff to boost capacity for bringing on board countries eligible to Multiplier.
- Implementation of EPR recommendations to reduce transaction costs (e.g. delegation of authority to approve grants of 10M USD and under) and thus accelerate access to funds.
- Streamlining with grant agents to reinforce agreed timelines, and thus reduce delays.

**New mitigation actions implemented since previous update or to be developed:**

- Since December - Disbursement and Approvals Task Force that meets on a weekly basis, and includes CEO, DCEO, Heads of CST and EXR, QA and the CFO for coordinated cross Secretariat action. Task force tracks progress on disbursements and applications across the portfolio and implements and monitors actions to reduce bottlenecks. Actions include:
  - Outreach to HQ of donors to flag issues /request reinforced support by their country offices.
  - Increased managerial country missions to resolve issues, with participation of regional managers, CST manager, CFO and/or CEO.
  - High level outreach to grant agents to increase managerial action on pipeline issues.



GOVERNANCE RISK

Low



Low



92%

Committees & Board members attendance rate meetings



Low



87%

Committees & Board workplan delivered on schedule



Mod

90%



% of Committees & Board members who have been onboarded and have signed the Code of Conduct

New

Very Low



90%

DCP members attendance rate at last committee meetings



Very Low



95%

% of decisions approved by the Board, of those put forward for consideration



Very Low

0



Number of sexual harassment & sexual exploitation/abuse allegations received by the World Bank on behalf of GPE in FY19

New

High



52%

% of participation in Committee and Board self-assessments



Very Low



90%

% of decisions that were implemented by GPE according to timeline



Mod

Policies mostly in place but not up-to-date and not implemented



New

Framework for ethical decision-making & conduct, mgmt. of C.O.I., safeguarding documented, up-to-date and implemented

## GOVERNANCE RISK

### Mitigation Action Plan

#### Key mitigation actions from previous reporting that are still ongoing:

- Draft Sexual Exploitation Abuse and Harassment (SEAH) safeguarding policy developed and presented at GEC meeting in October 2019 for inputs. ToR to hire an external consultant in order to help finalize the SEAH safeguarding policy is being finalized (Due date: Dec. 2020 Board).
- Internal discussions with GPE Comms team to create dedicated webpage for SEAH.

#### New mitigation actions to be developed:

- The Board and Committee Self-Assessment is best practice. The GEC will discuss response rate at next meeting, identify gaps and consider options to improve compliance. A benchmark exercise against other similar funds will be conducted and a new framework for Board & Committee assessment will be developed by Dec 2020.
- A governance review is planned for 2020

## MUTUAL ACCOUNTABILITY RISK

Mod

=

Qualitative Assessment Development of Risk Indicators in progress

**Mitigation Action Plan:** Agreement on accountabilities was completed in June 2019 with the adoption of an Accountability Matrix. Awareness, implementation and monitoring thereof are either ongoing, under development, or to be added. The Strategic Communication and Engagement Framework for GPE in Partner Countries was completed in January 2020.

#### Key mitigation actions from previous reporting that are still ongoing:

- The rollout of the SCEF consists of two ongoing work streams: (a) the development of messages & tools organized in two phases: Phase one is based on the accountability framework and will lead to a portal on the GPE Website with accessible information (estimated launch July 2020). Phase 2 will incorporate changes/shifts introduced in GPE2025 (estimated completion January 2021). (b) is new and included below.
- A LEG self-assessment mechanism for which the pilot is ongoing and will lead to an expected decision on further rollout in Dec 2020.

#### New mitigation actions to be developed:

- Workstream (b) of the SCEF is new: This involves 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 enhancing it within partners' own organizations. The aim is to roll this out with at least 5 partners in the course of FY2021.
- A monitoring mechanism on mutual accountability is not yet in place - this will be derived from GPE2025 so work can begin in the last quarter of 2020 if the Strategy work stays on track, and continue into 2021.

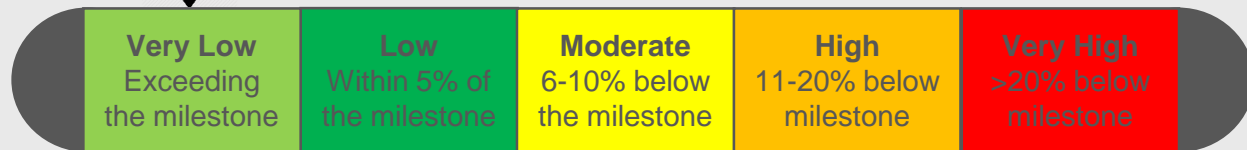
IMPACT RISK

Low

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).

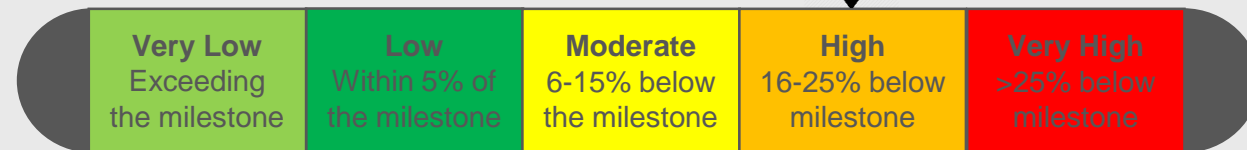


Quality of learning assessment systems (Indicator 15)

High

30%

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



Data reporting to UNESCO Institute for Statistics (Indicator 14)

Very Low



Strategy on Track

M&E strategy implementation on track

Low

95%



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

New

Low



96%

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

## IMPACT RISK

### Mitigation Action Plan

#### Key mitigation actions from previous reporting that are still ongoing:

- The data reporting to UNESCO Institute for Statistics (UIS) continues to be a risk and has not improved. Mitigation strategy continues 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.
- Financing from GPE grant supports the development and strengthening of the country's education management information system, if the country does not report data to UIS or publish them at the national level, and does not have a funded data strategy. In fiscal year 2019, 18 implementation grants were approved for 17 developing country partners. Overall, four developing country partners (Afghanistan, Papua New Guinea, Somalia and South Sudan), of which three are FCACs, were identified as countries with some data gaps as per the funding model requirements. All have developed strategies to address their data issues.
- The risk of data is primarily at country level and will require continued attention and work in the long term. The new KIX program has the potential to help countries identify and address barriers to data reporting through its dedicated "strengthened data systems".

#### New mitigation actions to be developed:

- In 2018 and 2019, the Secretariat convened the multi-stakeholder Education Data Solutions Roundtable (DRT), to leverage government, civil society, private and development partners' expertise to improve the availability and use of accurate and timely education data for education planning in both developing countries and at the global level. The upcoming strategy will consider ways to strengthen approaches to generating and using data, including through joint sector reviews.
- For the risk on progress reports, the GPE Secretariat will work closely with the Grant Agents to ensure that reports are submitted on time.
- 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, a situation that will likely be reflected in 2022, given the lag in data collection, verification, and reporting.

VALUE FOR MONEY RISK

Low



Mod



9.6%



Active grant portfolio administrative costs as of the FY-end

Very High



11%

Operating expenses as a % of total GPE Fund transfers

Mod



87.5%



% of ESPIGs rated moderately satisfactory or above for overall outcome in completion report in last FY

Very Low

All indicators targets exceeded

Indicator 21 : Proportion of textbooks purchased & distributed through GPE grants, out of the total planned by GPE grants

107 %



Indicator 22: Proportion of teachers trained through GPE grants, out of the total planned by GPE grants

96 %

Indicator 23 : Proportion of classrooms built or rehabilitated through GPE grants, out of the total planned by GPE grants

101 %

Indicator 9: Equity index

51 %

Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

- Monitoring of VFM metrics within grant application and implementation through the review of budgets for reasonableness and review of GA progress reports.
- Admin costs are closely monitored: a max. cap of 7% is in place for GA agency fees.
- Secretariat operating expenses are targeted to keep within a 5-7% range of total expenditure. While this range was exceeded in FY19 and in the first half of FY20 due to lower than anticipated disbursements, the increasing pipeline of grants and low budget growth should ensure it falls back into place going forward.
- An important part of VFM is the equity dimension, and the equity indicator is monitored and reported regularly by the GPE Secretariat.
- The VFM guidance note for teachers and teaching is due by December 2020.
- Recommendations from the EPR will further improve efficiency and lower transactions costs, also contributing to improved VFM.

**CORPORATE  
RISK UPDATE  
Spring 2020**

**OPERATIONAL RISK**



ACCESS TO FUNDING RISK

Very High



High



MCA's at risk of not applying by October 2020 (based on 42 expected applications + top ups)

13 countries at risk



Very High



Total value of Multiplier EOIs approved by 2020 vs. target (US\$ 300 M). Target in mid-2020: 75% or US\$ 225 M

75% of target achieved or 170.6 M US\$



Very High



Out of funds allocated for replenishment period (US\$ 2.3 billion), % of applications formally approved. Target mid 2020: 65% or US\$1.495 billion

82% of target achieved or 1.232 B \$ approved for all grants

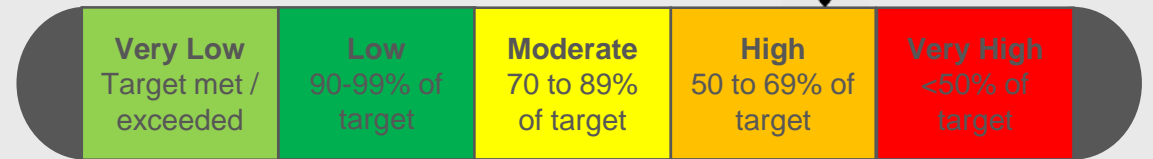


High



Total value of Multiplier ESPIG applications approved vs. target (US\$ 300 M). Target in mid-2020: 56% or 169 M\$.

59% of target achieved or 99.6 M US\$





## ACCESS TO FUNDING RISK

### Mitigation Action Plan

#### Key mitigation actions from previous reporting that are still ongoing:

For the Multiplier, the Secretariat continues its outreach to development country partners, as well as to potential co-financiers to increase awareness of the mechanism and identify new opportunities of co-funding. The Secretariat continues to support countries to address different issues that could block application, in particular to monitor delays in implementation of the current ESPIG and ESP development, to engage in upfront conversations on requirements, including domestic financing. The Secretariat also continues to roll-out the streamlined QAR process with three key GA, the World Bank, UNICEF and AFD.

#### Mitigation actions that have had the most impact in reducing risk exposure include:

- Strict messaging on timelines has increased timeliness of requirement matrices, draft ESPs and GA selection.
- High level conversation with grant agents has led to managerial action to address blockage
- Extension of multiplier allows for continued engagement of EOIs with 2021 application date.

#### New mitigation actions to be developed:

The Secretariat has reinforced communication to countries on the risk of not applying in 2020, and the need to stick to timelines and actions. In addition, it has reached out to grant agents and key donors' HQ to ensure that their representatives at country level provide the necessary support to countries along 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. The Disbursements and Approvals Task force tracks MCA and Multiplier progress across the portfolio and implement in-countries actions to reduce bottlenecks during grant application process in country and with partners.



RISK TO CONTEXT APPROPRIATE SECTOR PLANS

Low



Low



14%

% of endorsed ESPs not meeting context sensitive criteria

Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

- EPR is being rolled out.
- The strategic process is ongoing.
- The Secretariat has contributed and remains involved in the launch of the Global Finance Platform led by the WB.
- COVID-19 may impact upon the current implementation of ongoing ESPs.

New mitigation actions to be developed:

- DFID/GPE study on diagnostic/ assessment tools has been finalized and is informing the GPE strategic process.
- Education Sector Analysis Guidelines volume 3 is about to be published and aims at supporting the development of more prioritized and implementable ESPs.
- The Secretariat is working with partners to explore and gather evidence on alternative planning/ policy-making approaches that are less transactional, more iterative and conducive of greater implementation. It is actively involved in action oriented networks tackling implementation and delivery science.
- KIX mechanism is reaching a first operational phase which should contribute to greater and better use in policy formulation.
- In the short-term, GPE will be looking at how it can better support governments in preparedness planning including in response to COVID-19.

Mod



32%

% of endorsed ESPs not meeting achievability criteria

Very Low


















0%

% of ESPs not meeting quality standards (RF 16)

RISK TO SECTOR DIALOGUE AND MONITORING

Low 

<p><b>Very High</b> </p> <p></p> <p><b>48%</b></p> <p>% of JSRs conducted annually in GPE partner countries</p> <p></p>	<p><b>Very Low</b> </p> <p></p> <p><b>4%</b></p> <p>% of GPE countries that did not publish Annual Implementation Report</p> <p></p>	<p><b>Very Low</b> </p> <p><b>New</b> </p> <p></p> <p><b>11%</b></p> <p>% of JSRs that do not monitor sector performance and ESP indicators</p>	<p><b>Very Low</b> </p> <p></p> <p><b>94%</b></p> <p>% of LEGs with civil society or teacher representation</p> <p></p>	<p><b>Mod</b> </p> <p></p> <p><b>65%</b></p> <p>% of GPE countries where there is a duly recognized CSO EFA coalition on the LEG</p> <p></p>
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Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

- The Secretariat has continued to communicate to governments and local education groups on the importance of joint sector reviews, and is increasing targeted engagement with headquarters of development partners.
- The Secretariat continues to increase its technical support through the use of JSR guidelines and associated tools, which aim at supporting DCPs to better operationalize JSRs. The organization of JSR exchanges has also proven helpful, as countries could form communities of practice, share practices and resources, and attend JSR in other countries to help their own JSRs.
- CSO engagement in LEGs is increasing. Continuous communication on importance of inclusive LEGs.
- COVID-19 may impact upon the organization of upcoming JSRs and the capacity to sustain inclusive policy dialogue platforms.


**(Suite) New mitigation actions to be developed:**

- LEG effectiveness principles have been published and are being disseminated. LEG self-assessment tool has been developed and is currently being piloted in a number of voluntary countries.
- JSR and LEG practices are currently being collected to be shared across DCPs to stimulate cross-learning. JSR exchange initiative has been rolled out into a new set of countries for peer learning.
- On risk to sector dialogue and monitoring, methodology has been


- changed to focus on indicators that measure whether JSR reports on sector progress and actions taken.
- As part of the new strategy development, the notion of JSR is being redefined to be more inclusive of other processes/ways of undertaking sector monitoring.
- EOL mechanism to stimulate and support social actors engagement in policy dialogue is reaching a first operational phase.
- In the short term, GPE will be looking at how mitigating COVID-19 impact on policy dialogue and monitoring mechanisms.

**ESPIG DESIGN RISK**


Mod =

**Low** 95%  =

% of ESPIGs rated moderately satisfactory or above for Quality at entry in completion report in last 3 FY

**Mod** 36%  ↗

Proportion of GPE grants aligned to national systems (Indicator 29)

**Very High** 31%  ↗

Proportion of GPE grants using project or sector pooled funding mechanisms (30)

**Mitigation Action Plan**

**Key mitigation actions from previous reporting that are still ongoing:**

- Many of the Multiplier co-financed grants have moved through the pipeline to approval over the past year. This trend is expected to continue through the 2020 application rounds.
- EPR was approved over the course of the past year and has moved to roll out. The first countries following the strengthened GA selection process are not at QAR 0/1.
- The alignment roadmap implementation has moved forward, and a Secretariat alignment cross-team was established to coordinate its implementation.

**New mitigation actions to be developed:**

- Since 2020 is the last year of the funding model and the validity of the MCAs, the window for impacting the final application rounds is closing. New mitigation actions/incentives may be considered for the next Strategic Plan.

RISK TO SECTOR PLAN FINANCING

Low



Mod



30%



% of DCPs not meeting the domestic financing benchmark (indicator 10)

Low



3

Number of Education Sector Investment Cases (ESICs) tested by end of 2020

Low



78%



% of countries where civil society in EOL projects has established or participate in spaces/mechanisms for monitoring education policy or budget implementation

Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

- The domestic financing benchmark is a proxy indicator – of significance is whether or not countries are driving meaningful policy dialogue on education financial allocations and expenditure to be able to fully finance the programs envisaged under their ESPs including domestic and external financing, and whether budget amounts reflected in ESPs are actually allocated by the MoF and fully disbursed in subsequent years. The Secretariat is working actively with the WB and other agencies to discuss the main domestic financing challenges in LMIC; identify the main weaknesses in education financing systems that drive low mobilization, inequality and inefficiency; and assess existing development partner support, identify gaps and explore areas of collaboration. The Secretariat has joined and actively supports the Global Platform to Strengthen Education Financing Systems (WB).
- Education Out Loud (formerly ASA) launched its first call for proposals in FY20. As grantees are selected and programs are implemented, it is expected that results will improve.
- It is expected that within the current fiscal year, there will be at least three countries that avail of ESIC, and the Secretariat is involved in active discussions on this.

**New mitigation actions to be developed:** Domestic financing questions are being largely redesigned and discussed as part of the new strategic plan development. One of its strategic aspirations is, recognizing the majority of education financing comes from domestic resources, that 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.

ESPIG PERFORMANCE RISK



26%

% of active ESPIGs (active at any point in the current fiscal year) extended by more than 12 months in comparison to original closing date



13.8%

Proportion of GPE program grants assessed as at risk with implementation (Indicator 25 of the results report)

**Mitigation Action Plan** The Effective Partnership Review (EPR) has reconfirmed the prime responsibility of the grant agents to support countries on implementation of programs. At the same time, it requests to Secretariat and GPC to increase their monitoring on the efficiency and effectiveness of grant implementation. The Secretariat employs measures both upstream prior to grant approval and downstream during grant implementation. Prior to grant approval, it carries out a quality assurance process for the proposed grant which includes an assessment of implementation readiness and timeline. During grant implementation, the Secretariat has been engaging in dialogue with country level partners where major issues are identified. The Secretariat has now systematized its monitoring beyond the delayed grants, which should allow it to detect and react on implementation issues earlier. The Partnership also encourages programs to conduct mid-term review to make the necessary adjustments to achieve results, in addition to having realistic program timelines to start with. It recognizes that some program extensions have the potential to drive reform and sector results and acknowledges that adjustments may sometimes be required due to unexpected events in the country.

**Key mitigation actions from previous reporting that are still ongoing:**

In addition to the systematic monitoring of grant implementation, the Secretariat is engaged in biannual meetings with Grant Agents to review the performance of ongoing grants and identify the challenges and possible actions to improve implementation.

**New mitigation actions to be developed:**

The recently declared COVID 19 crisis is providing a significant new risk to the implementation, with grants slowing down or stopped with school closures. The Secretariat is working towards arranging support to countries to coordinate and revise national plans to address the crisis. Following this work, there may be a need to restructure the programs in consultation with country level partners.

RISK OF DOING HARM

Low



Very Low



4.5%

% of WB-managed grants with a high/critical rating on Social and Environmental Risk in the latest progress report in the last 12 months.

Mod



15%

% of active ESPIGs in FCAS that do not include initiatives supporting gender equality. (Data source: Portfolio review)

Mitigation Action Plan

**Key mitigation actions from previous reporting that are still ongoing:**

Primary responsibility for the design and implementation of the program rests with the Government and Grant Agents. However, the Secretariat supports this through its own quality assurance process seeking 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.

In addition to this, Secretariat staff have gender equality objectives integrated in their results agreement and gender equality has been integrated in GPE processes including, but not limited to, Quality assurance criteria, LEG effectiveness guidelines.

**New mitigation actions to be developed:**

GPE has recently created a new ESPDG funding window to support the annual joint sector reviews. The strengthening of annual JSRs should facilitate the identification and mitigation of risks on a regular basis. The recently published Country Level Guide fully addresses gender in the processes and GPE requirements. In addition, the GPE Secretariat has provided funding for Gender Responsive Sector Planning workshops and continues to engage in global, regional, and local policy dialogue to promote gender equity in Partner programs.

RISK OF FRAUD AND MISUSE

Mod =

Very Low

=

100% 

Indicator 35 of the Results Framework: % of significant audit issues satisfactorily addressed during the current fiscal year

Very High


=

42% 

% of audits reviewed with high or very high risk issues in the current fiscal year (based on risk rating criteria)

Mod

=

81.8% 

% of misuse cases where funds are fully recovered within 18 months of identification

Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:


- 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 use of funds).
- Secretariat reviews fiduciary risk during QAR process, and during reviews of progress reports, and annual audit reports, following up with the GA to ensure significant issues are addressed satisfactorily.
- Regular engagement between the Secretariat and GA, and reporting to the Committees and Board on all credible misuse cases until repayment is made.


New mitigation actions to be developed:

- Procurement to hire an external firm to independently review the minimum fiduciary oversight standards for all new grant agents in order to obtain FRC accreditation (June 2020).
- Proposal for CEO to be given ability to cease grant disbursement in the case of imminent threat of misuse of funds (FRC discussion of proposal in October 2020).

## GRANT MANAGEMENT COMPLIANCE RISK

High 

High  =

**23%** 

% of audits received late (i.e. 1 month after due date)

Low  =

 **96%**

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

Very High  

**67%** 

ESPIG completion reports received on time (within 6 months after the end of the program)

### Mitigation Action Plan

#### Key mitigation actions from previous reporting that are still ongoing:

- 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 particular concerns arising with the content of the reporting.

#### New mitigation actions introduced since the last update or to be developed:

- The grant monitoring template has been integrated into GPE Exchange (Jan 2020).
- The development of an integrated grant management system which will track applications from approval through implementation and closing (Dec 2021).
- The increase in late submissions by grant agents of ESPIG completion reports and audit reports will be raised at the upcoming Grant Agent workshop (2020).

#### Impact of mitigation actions:

- 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). But, more needs to be done in this regard and hence grant agents will be reminded at a HQ level at the forthcoming GA workshop.
- Progress reports have remained consistent in terms of timeliness compared to the prior reporting period. Automated delivery of completed grant progress reports have made it much easier to track delivery for this particular report type. Unfortunately, automation is not possible for completion reports and audit reports at this time.



**CORPORATE  
RISK UPDATE  
Spring 2020**

**GPE FUND  
MANAGEMENT RISK**

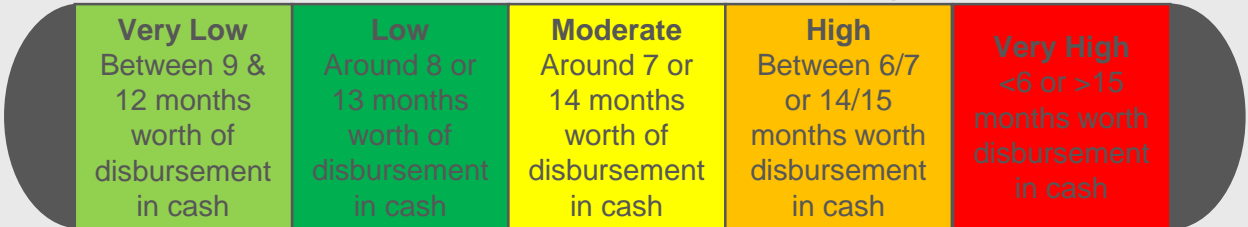


LIQUIDITY RISK

High

High

Roughly 14 months worth of cash



Overall committable cash balance (on track vs. off track)

Mitigation Action Plan

A number of actions were taken by the Board in December to increase GPE's ability to make timely allocations in 2020 given that new grant allocations drive disbursements and have the biggest impact on cash levels. These included delegated authority to the Secretariat and GPC for lower value grants and increased funding for the accelerated support modality. In addition, the regular weekly taskforce on approvals and disbursements recently instituted has increased the focus on actions related to moving the grant pipeline. The impact of COVID-19 may have impacts in terms of the timing/amount of donor contributions and the timing of new grant applications and disbursements. The approval of a response window focused on COVID-19 could reduce liquidity levels towards the optimal range. The Secretariat will closely monitor the impact of COVID-19 on our contributions and disbursements.

TRANSACTION PROCESSING

Very Low

Very Low



100%

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

Mitigation Action Plan

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 and supports the requests by reviewing draft copies of the cash transfer request prior to final submission to ensure that any errors in the form are found early and corrected prior to submission.

CURRENCY EXCHANGE RISK

Mod



High



79%

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

Very Low



1%

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

Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

- The Secretariat continues to work closely with the Trustee and World Bank treasury to determine if alternative hedging options could be viable option and will update the FRC in due course.
- The Secretariat also continues to advise that donor pledges and payments are best made in US Dollar in order to further mitigate this risk. However, there is still a substantial mismatch between non-USD based donor contributions and USD based grant allocations and therefore this mitigation action only has a minor impact.

**New mitigation actions to be developed:** An option is being explored where hedging could occur without the need of irrevocable agreements. The Secretariat will update the FRC in April 2020.

INVESTMENT RISK

Mod



Mod



39%

% of Trust Fund balance in cash (earning no interest)

Mitigation Action Plan

The Secretariat continues 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. This 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.

In 2019, GPE's investment returns amounted to \$29.8 M which was a significant increase on 2018 levels of \$15.8 M.

**CORPORATE**  
**RISK UPDATE**  
**Spring 2020**

**SECRETARIAT BUSINESS**  
**CONTINUITY RISK**



**OPERATING EXPENSES RISK**

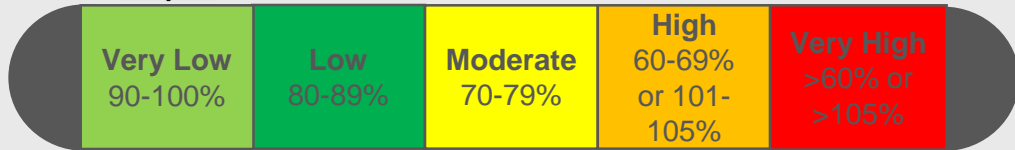
Very Low



94%



Actual vs. projected expenditures overall (%)



**Mitigation Action Plan**

An extremely tight budget request for FY20 ensured little slack within the budget to commence with and close budgetary control by management with reallocation of funds for emerging priorities maximizes efficiency of spend and also ensure reduced risk of overrun.

An extensive workplan and budget exercise involving FRC inputs and Board decision takes place each year to ensure resources are deployed to where most needed. The FY21 budget allocation measures objectives with actual costs and is link to the risk framework. The impact of COVID-19 is likely to result in lower travel and meeting related expenses in the final quarter of FY20 (April-June) which may reduce the expenditure rate.

**HUMAN RESOURCES RISK**

High



Very High

New



82 days

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

High

New



46%

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

Low

New



79%

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

**Mitigation Action Plan**

When recruitments take longer than 90 days to reach a selection decision, the World Bank HR can cancel the recruitment. To mitigate this risk, the GPE is monitoring the cycle time of each recruitment and warning hiring managers in advance of the 90-day limit. The Secretariat will further look into causes of recruitment process delays and improve the process. The two known causes of delays are when the WB HR is asked to do an initial screening (preliminary long listing) for the GPE, and the delays associated with scheduling selection committee activities (short listing meeting and interviews).

INFORMATION TECHNOLOGY RISK

Mod



Very High



Drafted but not approved

Three Year IT Strategy Documented and Up-To-Date



Very Low



0

Number of failed (did not meet business objectives) or abandoned IT projects



Mod



70%

% of GPE IT vendors whose activities & performance levels are governed by a formal SLA



Mod



75%

% of business system use



Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

GPE requires that the World Bank IT service (ITS) ensures that project delivery quality is documented and that all GPE systems are covered by respective Service Level Agreements (due date: June 30, 2020). GPE also requires ITS to monitor GPE's business system use and provide periodic reports (ongoing). In case of low business system use, GPE will develop awareness/training programs to ensure that all GPE staff are trained in respective business systems (due date: June 30, 2020). These mitigation actions helped to reduce the risk or avoid the risk rating to further deteriorate: Periodic reviews of the IT projects/components' SOW with business owners and DCEO ensures that the work is relevant and in line with overall business processes, both currents and anticipated.

New mitigation actions to be developed:

As the new GPE strategy and Secretariat's reorganization is under development, the Secretariat Operations Team will be looking for opportunities to proactively identify future IT/KM needs (due date: June 30, 2020).

**WORKPLACE RISK**

Low



Low



0.97

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



**Mitigation Action Plan**

**Key mitigation actions from previous reporting that are still ongoing:** Staff transfers to Paris are delayed as there is still a lack of clarity on how the ongoing WB HR policy development process will impact staff (i.e. difference of pay scale between HQ and Paris). Overall numbers for Paris are on track due to recruitment of new staff. Office space in DC has not been freed up. Secretariat management has been informed that there are no DC offices to be allocated to incoming staff.

**New mitigation actions to be developed:**

Additional workspace could be provisioned. Staff who do not come to office regularly could be asked to forfeit their permanent space.

**INTEGRATED PROCES RISK**

Mod



Mod



74%

% of SOP workplan completed (completion rate)



**Mitigation Action Plan**

**Key mitigation actions from previous reporting that are still ongoing:**

Third phase of review of grant process which focuses on implementation framing and planning was completed. Subsequently, the Secretariat Management selected 4 “quick wins” that are now in various stages of implementation. Other recommendations from review are being implemented by other initiatives (i.e. new strategy, operating model, delegation of authority and accountability systems).

Outstanding SOPs that are awaiting finalization of the Secretariat reorganization will be updated during Q1 of FY21.

**New mitigation actions to be developed:**

Work Plan and Budget exercise for FY21: Tools for developing the workplan and budget were made available to focal points in the Secretariat (Winter 2020). Following approval of workplan and budget, quarterly reporting will be presented to management to track \$-use and milestones achieved through performance indicators. Two KPIs will be rolled out in this risk sub category for the Fall 2020 risk update, including the % of GPE team/unit work plans completed, and % of priority activities reported on a quarterly basis to the MT.

SECRETARIAT COMPLIANCE RISK

Low 

Low 



0%

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

Very Low 



- 65%

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

Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

- A key mitigating action is that GPE Secretariat employees 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 checks of transaction.
- 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 travel and procurement in FY20.

New mitigation actions to be developed:

- In addition to the full time RM staff, the Secretariat will identify a procurement function and focal point (s) who will be able to trouble shoot on key corporate and STC procurement issues.





RISK TO NEW PROJECTS OR STRATEGIES

Very Low



Very Low

New



KIX: % of milestones met within the last FY

Very Low

New



EOL: % of milestones met within the last FY

Very Low

New



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

Very Low

New



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

Very Low

New



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

Low

New



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

Mitigation Action Plan

Key mitigation actions from previous reporting that are still ongoing:

- N/A (i.e. all risk indicators on Knowledge & Innovation Exchange (KIX) and Education Out Loud (EOL) are new)

New mitigation actions to be developed:

In relation to KIX:

- Ensure amended MoU disbursement schedule is countersigned by GPE Secretariat leadership (March 2020).
- Support timely submissions of cash transfer requests from IDRC that align with the amended disbursement schedule (ongoing).

In relation to EOL:

- Support timely submission of scheduled cash transfer requests from Oxfam IBIS (ongoing).

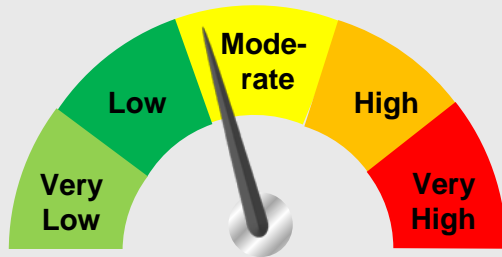
**CORPORATE  
RISK UPDATE  
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**OTHER RISKS**  
FRAGMENTED GLOBAL AID  
ARCHITECTURE RISK AND REPUTATIONAL RISK



3.0

=



Risk rating for the overall category

### 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.

## Mitigation Action Plan

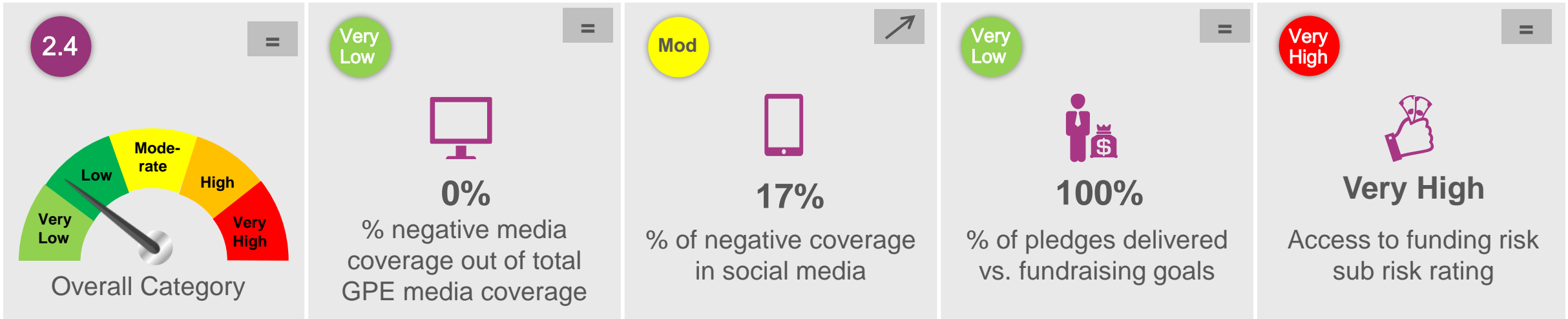
Qualitative Assessment  
Development of Risk Indicators in progress

**Key mitigation actions from previous reporting that are still ongoing:** GPE as a key actor within the education architecture continues to actively engage and contribute to ongoing discussions and efforts led by key partners to reduce the risk of fragmentation within the sector.

### New mitigation actions to be developed:

- There is significantly increased cooperation with ECW Secretariat, with regular meetings between the GPE CEO and the ECW Director along with relevant staff from each Secretariat. A focus on opportunities to align GPE accelerated support with ECW Multi-Year Resilience Programmes (MYRPs) is ongoing.
- With the COVID-19 pandemic, the importance of coordination will be key, and GPE is participating in the UNESCO convened coordination group, and will also be coordinating closely with key partners including UNICEF, UNESCO, ECW and the World Bank and our Grant Agents to respond effectively.





**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.

### Mitigation Action Plan

#### Key mitigation actions from previous reporting that are still ongoing:

- Proactive communications to enhance GPE's reputation. GPE communications are positioned to emphasize disbursements (e.g. the communications team always seeks to communicate the highest financial figures associated with GPE grant). Visibility is also given to leadership engagement on unblocking the pipeline.
- Crisis communications - Following several ongoing files in case they escalate (always ongoing with no specific due date).

#### New mitigation actions to be developed:

- Proactive communications to enhance GPE's reputation. In addition to regular ongoing activities, the roll-out of GPE's new brand (June-September 2020) aims to enhance GPE's reputation.
- Crisis readiness. Anticipate potential reputational issues at country level and develop, in consultation with Secretariat and country partners, key mitigation messages on each of GPE's partner countries.
- To enhance GPE's reputation at country level, operational branding guidelines will be developed and rolled out by December 2020.

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**GLOSSARY**

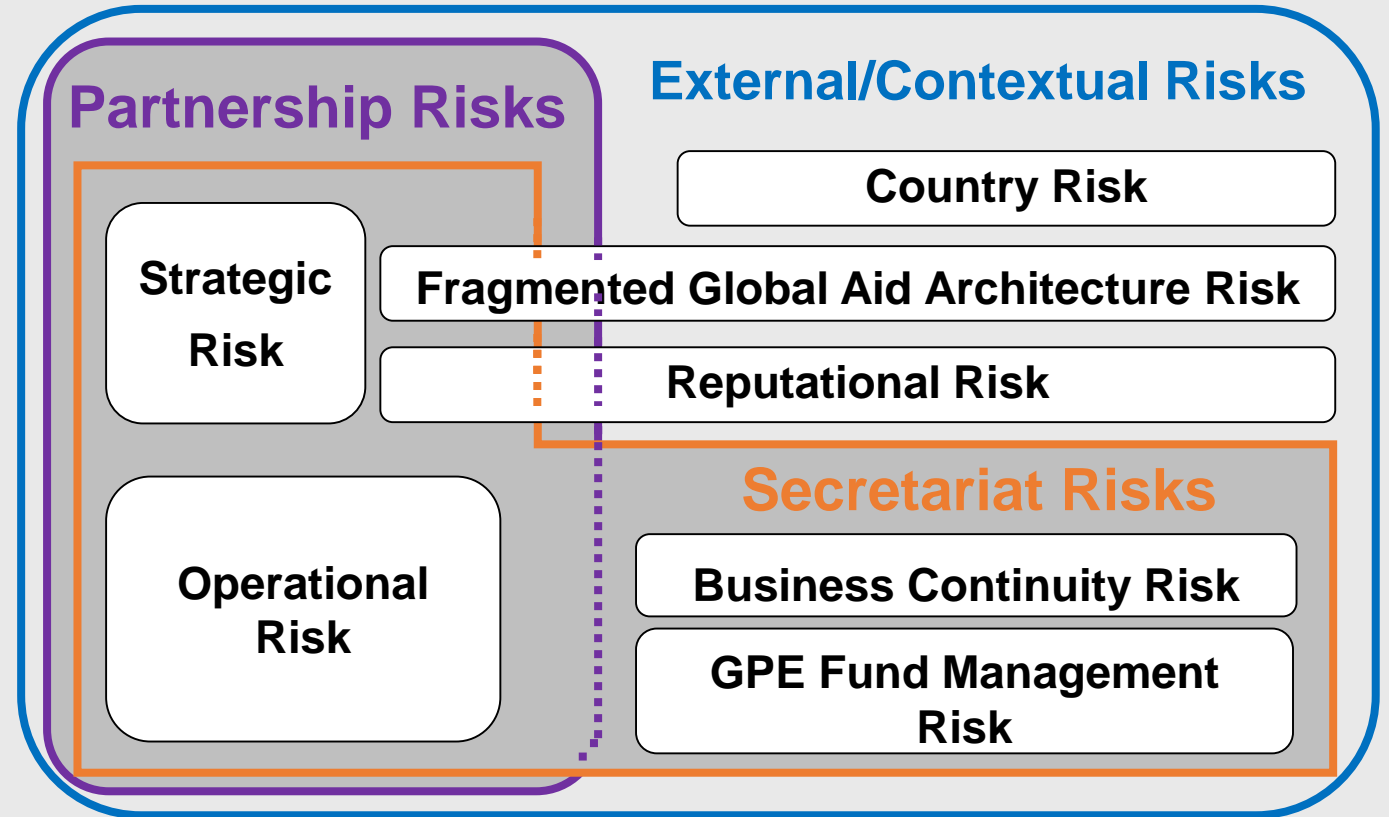


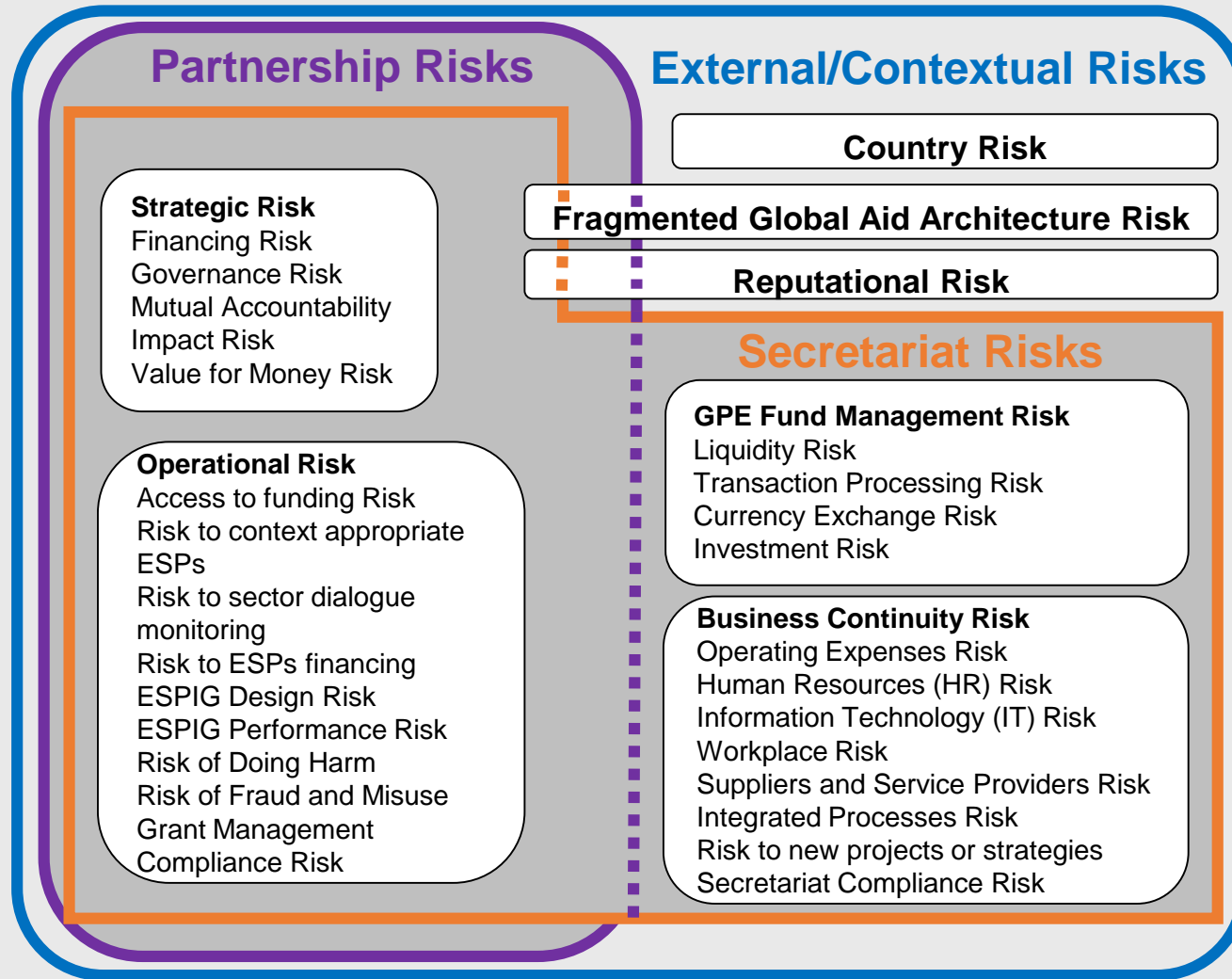
**External risks** risks that arise from events outside of the organization’s control and tend to be not predictable. These risks can offer positive and/or negative benefits. The organization cannot influence the likelihood of these risk events but can reduce the cost of impact by focusing on recognition/early reaction (e.g. *political changes in a country*).

**Internal risks** are faced by an organization from within and arise during the 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.





**Fragmented Global Aid Architecture:** The risk that the education architecture is not well defined and complementary (FRC).

**Reputational risk:** The risk of threat or danger to the good name or standing of the GPE (FRC).

**Country Risk:** The risk of exogenous factors in the country environment adversely affecting sector planning and implementation (n/a).

**Strategic Risk:** The risk that GPE is not able to achieve its goals and objectives, including:

- **Financing Risk:** The risk that contributions to the GPE Fund do not reach targets (FRC).
- **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 (GEC).
- **Mutual Accountability Risk (Country level):** The risk that partners at the country level are not accountable for their commitments (GPC).
- **Impact Risk:** The risk of not being able to demonstrate results (SIC).
- **Value for Money Risk:** The risk that GPE investments do not demonstrate Value for Money (FRC).



**Operational Risk:** The risk that GPE is not able to deliver on its country-level objectives, including:

- **Access to Funding Risk:** The risk that partners do not, or are not able to, apply for GPE funding (GPC).
- **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 (GPC).
- **Risk to sector dialogue and monitoring:** The risk that GPE does not support improved sector dialogue and monitoring of the sector plan's implementation (GPC).
- **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 (GPC).
- **ESPIG Design Risk:** The risk of approving programs that do not support equity, efficiency, learning in efficient and effective way. (GPC)
- **ESPIG Performance Risk:** The risk that ESPIGs do not achieve results in intended timeframe (GPC).
- **Risk of Doing Harm:** The risk that interventions cause inadvertent harm to intended beneficiaries or marginalized populations (GPC).
- **Risk of Fraud and Misuse:** The risk of losses due to fraud or misuse in GPE-funded programs (FRC).
- **Grant Management Compliance Risk:** The risk of a breach of the policies and procedures on grant management (FRC).



**GPE Fund Management Risk:** The risk associated with the ineffective or underperforming financial management of the GPE Fund, including:

- **Liquidity risk:** The risk that the Secretariat is unable to ensure that all payment obligations are met when they come due (FRC).
- **Transaction Processing Risk:** The risk that deficiencies in transaction processing, internal processes or controls result in delayed transactions (FRC).
- **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 (FRC).
- **Investment Risk:** The risk of losses relative to the expected return on an investment (FRC).

**Business Continuity Risk:** The risk that the Secretariat is unable to operate its critical business functions.

- **Operating Expenses Risk:** The risk that GPE's operating expenses are not aligned with needs (FRC).
- **Human Resources (HR) Risk:** The risk that the Secretariat has inadequate human resource capabilities (FRC).
- **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 (FRC).

- **Workplace Risk:** The risk that hazards in the working place negatively impact the conduct of operations (FRC).
- **Suppliers and Service Providers Risk:** The risk that suppliers and service providers are not able to deliver, challenging the conduct of operations (FRC). *Not part of current risk update.*
- **Integrated Processes Risk:** The risk that the lack or misuse of integrated processes, systems, tools challenge the conduct of operations (FRC).
- **Risk to new projects or strategies:** The risk that the Secretariat is not able to effectively design and implement new projects or strategies (SIC).
- **Secretariat Compliance Risk:** The risk of a breach of the Host/Trustee or Secretariat administrative policies and procedures (FRC).

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**Thank You!**