



REPORT FROM THE GOVERNANCE, ETHICS, RISK AND FINANCE COMMITTEE

For Decision and Information

1. PURPOSE

1.1. The purpose of this paper is to summarize the deliberations of the Governance, Ethics, Risk and Finance Committee (“GERF”) during its fourth face-to-face meeting, which was held in Paris, France from October 27 through 29, 2014.

1.2 This paper contains the GERF recommendations to the Board of Directors and items for information. The detailed information on each topic is contained in the Document submitted to the GERF as referenced below and posted on the [Committee eTeam site](#):

For Decision

- Financial Forecast (Section 2, Annex 1 and GERF/2014/10/DOC 02)
- Supervising and Managing Entity Eligibility Expansion Plan – Organizations for Assessment (Section 3, GERF/2014/10/DOC 04)
- Risk Policy and Risk Management Matrix (Section 4, Annex 2 and BOD/2014/DOC 12 Attachment 1 and GERF/2014/10/DOC 03)

For Information

- Membership Process (Section 5, GERF/2014/10/DOC 06)
- Conflict of Interest Policy (Section 6)
- Governance Performance Review (Section 7)
- Composition of the GERF (Section 8)
- Leveraged Financing (Section 9)
- Youth Recommendations (Section 10)

2. FINANCIAL FORECAST

Recommendation

2.1 The GERF recommends that the Board approves the following decision:

BOD/2014/12-XX—Approval of Maximum Country Allocations: The Board of Directors:

1. approves the following Maximum Country Allocations for Round 2 of 2015 and Round 1 of 2016:

List of Eligible Countries <i>All Figures in USD Millions</i>	Fixed (70%)	Variable (30%)	Maximum Country Allocation	Earliest Application Round
Myanmar	54.4	23.3	77.7	R2 2015
Lesotho	1.6	0.7	2.3	R2 2015
Papua New Guinea	5.0	2.1	7.1	R2 2015
Afghanistan	70.0	30.0	100	R1 2016
Burundi	18.1	7.7	25.8	R1 2016
Comoros Islands	1.5	0.7	2.2	R1 2016
Congo, Democratic Republic	70.0	30.0	100.0	R1 2016
Guinea Bissau	3.4	1.4	4.8	R1 2016
Somalia	23.2	9.9	33.1	R1 2016
South Sudan	21.2	9.1	30.3	R1 2016
Tanzania ¹	59.4	25.5	84.9	R1 2016
Zimbabwe	20.6	8.8	29.4	R1 2016
Cote D'Ivoire	18.3	7.8	26.1	R1 2016
Nicaragua	3.2	1.3	4.5	R1 2016
TOTAL	369.9	158.3	528.2	

List of Eligible Small Island and Landlocked Developing States² <i>(All Figures in USD Millions)</i>	Maximum Country Allocation
Country	Amount
Timor Leste	3.9
Total	3.9

¹ As a Federal State, the allocation may be divided between Mainland Tanzania and Zanzibar as determined at the country level. It is expected that only the Zanzibar application would be submitted by Round 1 of 2016.

² Sao Tome & Principe is eligible but not for Round 2 of 2015 or Round 1 of 2016 as it has an existing grant expected to be active after the dates of these rounds. The remaining eligible countries have been notified of their maximum country allocation and can apply as of Round 1 of 2015.

2. the allocation for these countries will remain valid for the 2015–2018 period unless otherwise adjusted by the Board, and will be subject to the requirements of the new funding model for the 2015–2018 period.

3. requests the GERF to conduct a review of the forecast of available resources at its next face-to-face meeting in 2015 and to make recommendations for decision by the Board on the level of available resources for approval of the Maximum Country Allocations for Round 2 of 2016 and Round 1 of 2017 and potential positive adjustments to the Maximum Country Allocations for Round 2 of 2015 and Round 1 of 2016, and the resources available for the general provision initially allocated for contingencies such as leverage funding and humanitarian/emergencies.

BOD/2014/12-XX—Financial Considerations: The Board of Directors notes the importance of the following issues highlighted by the GERF:

1. that projected available resources have reduced substantially since the June 2014 replenishment conference due to the impact of clarifications of the conditions on the UK pledge and adverse foreign exchange movements;

2. the current financial position requires the application of all of the prioritization measures previously discussed by the Board of Directors at its June 2, 2014 meeting, and requires a reduction in allocations to the lower-middle income countries below the 60% level previously discussed by the Board to 50%;

3. that the prioritization measures may be adjusted if additional resources become available due to new pledges; and

4. that given the financial position, the Board considers options for improving prospects for reaching the replenishment target including whether it would be appropriate to consider earmarked funding under certain situations.

Background

2.2 The financial forecast is designed to provide the GERF with sufficient information on the expected financial position of the Global Partnership. This information is critical in order to make recommendations to the Board that will allow them to support implementation of GPE strategic objectives by allocating its financial resources for any recommended program

implementation grant proposals by the Country Grants and Performance Committee (CGPC) in Round 2 of 2014, and indicatively allocating resources for future application rounds. The Board requested the GERF (BOD/2014/06 – 09) to conduct a review of the forecast of available resources at its next face-to-face meeting. The GERF notes that a financial forecast is a projection of future events and it is therefore subject to significant change that could both positively and/or negatively affect the forecast.

2.3 Based on the document (GERF/2014/10 DOC 02), the Secretariat summarized the status of the pending issues that could affect the forecast and that were identified during the last Board meeting on June 27-28. The GERF noted that available resources have been reduced due to the need to significantly discount the value of the UK pledge for forecasting purposes based on clarification of the conditions attached to the UK pledge, a general strengthening of the US dollar, and uncertainty regarding the timing of the EC contributions. The GERF noted that resources were positively impacted by the new pledge from the Republic of Korea, an increased pledge from Denmark, and reduced demand for funding in Round 2 of 2014 as only 6 countries instead of 8 applied. These factors however were not enough to outweigh the negative factors impacting the forecast.

2.4 The clarification on the performance aspect of the UK's pledge came after the release of the forecast paper to the GERF. As a result of these clarifications, the Secretariat recommended a further discount to the value of the UK pledge and updated the financial forecast calculations as outlined in Annex 1 of this document.

2.5 The GERF also noted that a provision had been included in the financial forecast for continuation of the Civil Society Education Fund (CSEF). The provision in the forecast is currently US\$35 million (US\$5 million for bridge funding of the existing program in 2015, and US\$30 million for a new program for the 2016-2018 period).

Discussion

2.6 Prior to commencing the discussion on the recommendation of maximum country allocations for program implementation grants, José Luis Canelhas from Timor Leste declared a conflict of interest since his country was one of the countries being considered for an indicative allocation.

2.7 The GERF strongly supported the conservative approach to the financial forecast proposed by the Secretariat and recognized the need to adopt the following three prioritization measures:

- not currently provisioning funds for new allocations in the 2015-2018 period for the 6 countries that applied in the second round of 2014 (Nigeria, Lao PDR, Guyana, Guinea, Kenya, Central African Republic) if they are approved;
- reduction of the general provision for contingencies such as leveraged funding and humanitarian/complex emergencies (from US\$125 million to US\$0); and
- reduction of allocations for LMICs to 50% of the allocation value based on the allocation formula of the new funding model.

2.8 The GERF noted that all the prioritization measures had previously been agreed to by the Board at its June 2, 2014 audio conference with the exception of the reduction in LMIC allocations where the Board had previously discussed a reduction to a 60% level as opposed to 50%. The GERF noted that should available resources increase at a later date, the prioritization measures could be reconsidered.

2.9 Some GERF members requested the Secretariat to clarify the level of projections and the foreign exchange movements impacting the forecast. The Secretariat explained that as agreed previously, projections of donor contributions included in the forecast are based only on existing donors to the GPE Fund that have indicated they intend to make an additional pledge to the GPE Fund but are not in a position to formally pledge. In relation to the impact of foreign exchange, the Secretariat explained that donors could help mitigate the risk to GPE by pledging and contributing in US dollars, or by engaging in a currency swap either arranged themselves or with the assistance of the GPE Trustee. However, these measures tended to be costly and/or impractical for the majority of donors, and adverse foreign exchange movements is a risk that has to be accepted by GPE at this stage and monitored and managed through the regular forecasting process.

2.10 Some Committee Members requested clarification on the transaction costs associated with country allocations of less than US\$5 million and questioned the value of having a Supervising or Managing Entities for those programs. The Secretariat explained that extensive discussions took place during the development of the new funding model with the Board in relation to the choices between spreading funds over a larger number of countries resulting in lower allocations versus concentrating resources on fewer countries to provide higher allocations. The Secretariat confirmed that it will pay specific attention to the transaction costs

of these grants but noted that alternative options to the current Supervising/Managing Entity arrangements would need to be approved by the Board.

2.11 The GERF were informed that Canada is expected to announce its pledge shortly. Given the financial picture, the GERF requested an update on fundraising efforts that are currently underway and asked that the appropriate representative of the Secretariat provide an update on current and future plans during the upcoming replenishment period. In this discussion the GERF noted the potential advantages and risks with respect to ear-marking of funds between the opportunity to raise additional funds to support GPE objectives with the risk of a negative impact on core contributions to the GPE Fund. This is an issue that the Board will need to consider carefully.

2.12 GERF Members noted the complexity of the Global Partnership continuing to operate with multiple trust funds, but recognized based on the Secretariat's explanations that this is a reality that needs to be dealt with over the medium term. The GERF noted that the Catalytic Fund may need to be extended for an additional year to allow existing approved grants to disburse the funds held on deposit, and noted that without an extension, there may be a considerable cash balance remaining in the fund that would need to be returned to donors with no guarantee that all of them would or could re-allocate these funds to the GPE Fund. The GERF noted that the extension depends on the agreement of all donors to proceed and while currently the vast majority had agreed to the extension, a small number had not.

2.13 The Chair of the GERF concluded that the proposed maximum country allocations presented by the Secretariat be recommended for Board approval and that the following strategic issues should be specifically discussed by the Board: conditionality of some pledges, earmarking and the strategy to tackle additional funding needs.

3. SUPERVISING AND MANAGING ENTITY ELIGIBILITY EXPANSION PLAN

Recommendation

3.1 The GERF recommends that the Board of Directors approves the following:

BOD/2014/12-XX—Eligibility to Act as a Global Partnership for Education Supervising and/or Managing Entity: The Board of Directors:

1. approves the following organizations as eligible Supervising and/or Managing entities (“SE/ME”) for the Global Partnership for Education (“GPE”) grants up to the value of US\$5 million:

- a. Save the Children US
- b. Save the Children UK
- c. Concern Worldwide

2. notes that in line with the Board’s approval of the Eligibility Expansion Plan (BOD/2013/11-09) – the above listed organizations are also eligible to act as Supervising and/or Managing Entity if nominated by a Local Education Group for grants in excess of US\$5 million, subject to satisfactory completion of a further detailed grant level assessment to be completed as part of the Secretariat’s Quality Assurance Review process prior to review of the proposal package by the Country Grants and Performance Committee. The grant level assessment will take into account the organization’s capacity at local level to supervise and/or manage a larger grant, taking into account the proposed implementation arrangements of the proposal and the country context.

BOD/2014/12-XX—Eligibility to Act as a GPE Supervising and/or Managing Entity (“SE/ME”) in the context of the Civil Society Education Fund (“CSEF”): The Board of Directors:

1. approves the Global Campaign for Education (“GCE”) as eligible to act as Supervising/Managing Entity for funding under the Civil Society Education Fund, if proposed by the Strategy and Policy Committee; and

2. requests that if the GCE is selected to be SE/ME for a new CSEF program, that any commitment of funds by the Trustee to GCE be subject to confirmation by the Secretariat to the GEF that satisfactory progress on implementing the recommendations outlined in Annex 3 of GEF/2014/10 Doc 04 plus any critical issues that may be identified from a further detailed grant level assessment have been made.

Background

3.2 The purpose of the Secretariat paper (GEF/2014/10 – DOC 04) was to request the GEF to review the assessment of the four nominated organizations presented as potentially

eligible Supervising and/or Managing Entities (SE/ME) under the Supervising and Managing Entity Eligibility Expansion Plan approved by the Board at its face-to-face meeting in November 2013 (BOD/2013/11-09). The main objective of the expansion is to ensure that Local Education Groups (“LEGs”) have more options in the selection process of a Supervising and/or Managing Entity (“SE/ME”), especially in the context of Fragile and Conflict Affected States where choice can be extremely limited. In addition, the expansion will also provide greater options to Local Education Groups (“LEGs”), improve possibilities for co-financing with existing operations, and would provide a greater pool of alternative organizations in the event that an existing SE or ME needs to be replaced in a specific country.

Summary of the Discussion

3.3 The Secretariat summarized the key findings and informed committee members that they could consult the assessments conducted by Cardno Emerging Markets on a confidential basis if they so desired. Based on the independent assessments of these organizations against the minimum standards approved by the Board, the assessments confirmed that three nominated organizations (Save the Children US, Save the Children UK, and Concern Worldwide) met the eligibility criteria established by the Board. In the case of Global Campaign for Education (GCE), the independent assessment noted several areas that needed to be addressed by GCE to strengthen its systems. The Secretariat concurred with the findings and recommended that prior to any future commitment of funds (as presented in GERF/2014/10 – DOC 04 Annex 3); there should be confirmation that GCE has made satisfactory progress on the recommended corrective action.

3.4 Before commencing the discussion on the eligibility of the assessed organizations to potentially serve as a Supervising or Managing Entity, several committee members declared a conflict of interest with regard to the GCE. Cheikh Mbow (CSO 2) declared a direct conflict of interest and Silviu Dragan (UNESCO) an indirect one as UNESCO is currently the Supervising Entity of the current Civil Society Education Fund program. When the discussion turned to the specific case of GCE, the Chair invited the committee member from UNESCO to provide factual information as the current SE but not to advocate in favour or against any recommendation. After sharing additional information on the issue Cheikh Mbow (CSO 2) left the room during the discussion since he had a direct conflict.

3.5 The GERF reviewed the assessment summary of the nominated organizations presented in Annex 1 of GERF/2014/10-DOC 04 along with the Secretariat's recommendations and recognized the added value for the LEG to have a choice between a larger pool of entities. The GERF quickly reached consensus that Save the Children UK, Save the Children US, and Concern Worldwide should be recommended to the Board as eligible organizations to take on the role of SE or ME, noting that it would be up to an individual LEG to select them for such a role

3.6 In relation to GCE, the GERF noted the recommendation that GCE should only be considered as an eligible SE/ME for a Civil Society Education Fund program and would not be suitable to take on the role for a Program Implementation Grant.

3.7 Members requested clarification on the current implementation of the Civil Society Education Fund (CSEF) program and the status of the new CSEF proposal. The GERF noted the information provided by UNESCO as Supervising Entity and the correlation between UNESCO's information with the findings from the independent assessment. The Secretariat informed the GERF that GCE is currently working closely with the Secretariat as requested by the Board to develop the concept for a new proposal for the CSEF that will be presented to the Strategy and Policy Committee (SPC) prior to the Board meeting in December.

3.8 The GERF noted that should GCE be the selected SE or ME for any new CSEF grant, that the timelines involved in preparing a detailed proposal, having a quality assurance review including detailed grant assessment, and subsequent review by Committee and decision by the Board would require extending the existing CSEF program for 2015 to avoid any disruption in implementation. The GERF noted that UNESCO would be willing to continue to supervise such an extended program but was not seeking to be SE or ME for any new grant.

3.9 The GERF noted that it is not making any substantive judgment on any new CSEF program as this is a matter for the SPC. The GERF does recommend, based on the findings of the assessment, that GCE should be considered to be eligible to act as SE/ME for such a program if recommended by the SPC, subject to satisfactory progress on the issues outlined in Annex 3 of GERF/2014/10 Doc 04 and any additional issues that may be identified as part of a detailed grant level assessment.

3.10 Members of the GERF also requested clarification on the purpose of the detailed grant level assessment for organizations nominated to be SE/ME for grants over US\$5 million. The Secretariat clarified that this approach was agreed by the Board when the plan was first approved and is designed to reflect that while the existing institutional capacity assessment examines the headquarters of an organization, there is a need to manage the risks associated with the fact that organizations' capacity to supervise or manage a grant is impacted by factors such as the capacity of the country office, the size of the grant, and the complexity of the implementation arrangements outlined in a specific proposal including type of activities, and the role of sub-recipients/sub-contractors. The detailed grant level assessment is designed to form part of the quality assurance review and to examine these areas to ensure risks are appropriately managed, and also to ensure the reasonableness of the budget, and consistency between the budget and the targets in the results framework and activities outlined in the proposal.

4. RISK MANAGEMENT POLICY AND MATRIX

Recommendation

4.1 The GERF recommends that the Board of Directors approves the following:

BOD/2014/12-XX—Risk Policy and Risk Management Matrix: The Board of Directors:

1. adopts the Global Partnership's Risk Management Policy as set out in Annex 2;
2. endorses the Risk Management Matrix as set out in Attachment 1 with the understanding that it will be reviewed and revised semi-annually in consultation with the GERF and any material changes reported to the Board.

4.2 The GERF identified four over-arching risks that it recommends the Board specifically consider in the context of preparing the next GPE Strategic Plan:

- risk that the Board does not sufficiently prioritize, thereby putting pressure on GPE's limited resources and the secretariat's human resources;
- risk of insufficient ability to demonstrate results and value added given the lack of data and results management;
- insufficient clarity on roles and responsibilities among GPE actors, particularly how SEs and MEs relate to the secretariat and the LEGs;

- risk that GPE's business model is overly reliant on SEs and MEs resulting in a one size fits all approach which may not be appropriate in all country contexts.

Background

4.3 The Board requested the GERF to finalize and submit a comprehensive Risk Management Framework (BOD/2013/11 DOC 10) to assist the Global Partnership in achieving its strategic goals and manage risks in a comprehensive and effective manner. It is important that there is a shared understanding by the Board and the Secretariat of the risks facing the Global Partnerships in order to enable all involved to make better, more “risk-intelligent” strategic and operational decisions. The Global Partnership’s way of working incorporates different and often conflicting risks. By adopting a risk management tool, it will be able to identify, catalogue, evaluate, mitigate and monitor both the risks and opportunities associated with its mission and activities. As the Global Partnership evolves, having an effective risk management tool will be an essential component of a strong business platform.

4.4 In response to this decision, the Secretariat developed a Risk Policy and a Risk Management Framework (GERF/2014/2010 DOC 03 and Attachment 1) that has been reviewed by the GERF. The GERF recommends to the Board the adoption of the revised Risk Policy as presented in Annex 2 and the endorsement of the revised Risk Management Matrix (“RMM”) as presented in Attachment 1.

4.5 The Secretariat noted that the main objectives of the Risk Policy are to:

- create a shared understanding of, and promote a consistent approach to: risk awareness, risk intelligence and risk management within GPE in order to make better, more “risk-intelligent” strategic and operational decisions;
- articulate risk principles and risk appetite levels related to key areas of GPE’s operations;
- enable GPE to identify, catalogue, evaluate, mitigate and monitor both the risks and opportunities associated with its mission and activities; and
- serve as an essential component of a strong business platform.

4.6 The Secretariat informed the GERF about the methodology and consultative process used to develop the Risk Policy and RMM. The Secretariat carried out an internal staff survey on

risk, interviewed several Board and Committee members on risk appetite, consulted with other similar organizations and engaged a risk management consultant. The culmination of these efforts resulted in determining that the Global Partnership seeks to operate within a moderate overall risk appetite in order to achieve its strategic goals. This approach takes into consideration the risk drivers of the Global Partnership that are inherent to its business model but also aims to avoid unnecessary risks and guide investments to reduce risks in certain areas to a minimum. It also recognizes that differences in context can affect its risk appetite and the prioritization of competing risks.

4.7 The Secretariat informed the Committee members that the Board and the GERF will need to monitor the implementation of the risk mitigation measures and track progress.

Summary of the Discussion

4.8 With regard to the Risk Policy, the GERF requested that there should be more explanation on the uniqueness of the Global Partnership; how it is comprised of a range of actors and how it operates at both country and global level, and the resulting impact on risk management. The GERF also found that both the draft Risk Policy and the draft RMM put too much of the burden on the Secretariat for mitigating and managing risk. They acknowledged that risk management is a shared responsibility for which Board needs to take on more ownership. The GERF noted that although the Board has the overall responsibility for risk within the Global Partnership, it needs to primary responsibility for overseeing and managing some specific risks best rest with Board committees. In addition, all partners (DCPs, donors, CSOs, multilateral-agencies and regional banks, Supervising and Managing Entities, Local Education Groups “LEGs”) have the responsibility to identify, assess, monitor and review specific risks associated with their activities related to the Global Partnership. In order to have this reflected in the Risk Policy, the GERF requested that the Secretariat include more clarity on the roles, responsibilities and accountabilities of various actors among the Global Partnership in relation to risk management.

4.9 The GERF also identified the need to further elaborate on the definition of the three lines of defense, noting that it was necessary to explain the unique approach of the partnership that places accountability for ensuring the use of grant funds and implementation of activities approved by the Board with the Supervising and Managing Entities as outlined in the Financial Procedures Agreements. With regard to GPE grants, DCPs and other grant recipients have a responsibility for safeguarding the funds entrusted to them and SEs/MES have responsibility for

ensuring those funds are supervised/managed in the same way as if they were their own, using their own respective policies and procedures for oversight, audit and investigation. The Secretariat noted that as a hosted entity within the World Bank, the Secretariat is subject to the internal controls, compliance, oversight, audit and investigative functions of the World Bank.

4.10 Finally the GERF requested the addition of clauses to the Risk Policy related to communications and review/revisions noting the importance of clear communication about the Risk Policy throughout the Global Partnership and with other stakeholders.

4.11 The GERF then reviewed in detail the RMM. They acknowledged that it is a living document which will be used to track progress on mitigating risks and for highlighting critical risks requiring attention. The GERF validated 29 risks (8 strategic, 9 programmatic, 7 governance and management, 5 finance and fiduciary) in the RMM and reviewed the probability and impact rating of key risks (especially the “critical” and “high” ones). In addition, the GERF changed the terminology in the RMM from “Risk Manager” to “Risk Owner” and designated the Board and its committees, DCPs, donors, CSOs, in limited cases the Secretariat to take primary responsibility for overseeing and monitoring the risks within their specific purview. Making the Board and others in the partnership Risk Owners reflected the GERF’s firm view that GPE Partners have a responsibility to mitigate and manage risks within the Global Partnership. The GERF also noted that the RMM will be reviewed and updated semi-annually and any major issues identified will be presented to the Board.

5. GPE MEMBERSHIP PROCESS

5.1 The GERF endorses the GPE Membership Process as presented in Annex 3 and agrees that the Membership Process will be included in the Governance Manual.

Background

5.2 The Chair of the Board requested the Secretariat to clarify the process to join the Global Partnership in order to respond in a consistent manner to an increasing number of expressions of interests from various actors. The Secretariat presented a proposal to the GERF in which other issues such as the modality of revision of the composition of constituencies were discussed (GERF/2014/10 DOC 06).

Summary of the Discussion:

5.3 The Secretariat briefly summarized the proposed membership process and brought to the GERF's attention inconsistencies in the language used in the Compact, Charter and New Funding Model when referencing the "education sector plan". The Secretariat stressed the need to use the current definition of "education sector plan" from the New Funding Model in the Membership Process. Formal revisions to the Compact and the Charter will need to be done at a future date.

5.4 As such, the GERF endorsed the proposed process and gave input to the Secretariat to work further on other issues that may further impact the Charter of the Global Partnership. The GERF noted that the paper was a good first start in identifying a number of strategic issues that should be further discussed. The GERF noted a range of gaps and inconsistencies in GPE governance documents and recommended the Secretariat engage in an overall review. The GERF members gave guidance to the Secretariat to further develop options to especially address the following issues:

- the proposed status of "Provisional Member" (this status should be extended to all categories of Partners who are interested but not ready to join the Global Partnership);
- the specific requirements for donors (including the creation of a minimum pledge to gain the full Membership, the status of donors who are not in a position to pledge during the overall Replenishment period);
- the size of some constituencies (which lead to lack of agreement among their members).

Next steps:

5.5 The GERF agreed that these strategic issues should be further considered. Based on the comments provided by the Committee, the Secretariat will provide a broader analysis of these issues and will present them for discussion at the GERF next face to face meeting.

6. IMPLEMENTATION OF THE CONFLICT OF INTEREST POLICY

Background

6.1 The Secretariat requested the views of the GERF regarding the implementation of the Conflict of Interest Policy and whether the Secretariat should develop a conflict of interest disclosure form for Board/Alternate Board and Committee members.

Summary of the Discussion

6.2 The GERF did not believe it was necessary to develop a detailed disclosure form for all Board Members, Alternate Board Members and Committee Members because the Global Partnership is not a legal entity. The GERF noted that each Member has the responsibility to disclose any conflicts of interest. The Secretariat informed the GERF that all conflicts of interest disclosed during Board and Committee meetings are mentioned in the meeting reports but that there was not a consolidated register in one place. The Secretariat informed the GERF that it will be developing an internal Conflict of Interest register in order to track conflicts and be able to report on them if requested by the GERF or the Board.

6.3 The GERF agreed that the Secretariat will send to all new Board and Alternate Board Members and Committee Members one general declaration to sign, which will include both the current confidentiality statement and a specific statement acknowledging GPE's conflict of interest policy. On an annual basis, the Secretariat will then send to all Board and Alternate Members and Committee Members a reminder and a proposal to update information if needed.

7. GOVERNANCE PERFORMANCE REVIEW

Background

7.1 The Chair of the GERF informed Committee members that according to its terms of reference, the GERF has to “provide advice to the Board and recommend policies, practices, procedures and/or other measures or actions that ensure that the Global Partnership is structured, governed and functioning effectively and ethically at the global level in order to deliver on its mission based on:

1. regular “light touch” internal reviews of the Global Partnership’s global governance system; and
2. annual performance reviews of the Board Chair and Chief Executive Officer”.

7.2 The Chair asked Committee Members for their views on how the GERF should proceed with regard to process and timelines for these reviews.

Summary of the discussion

7.3 Committee Members unanimously recognized that it is too early to conduct a formal assessment of the governance structure, unless material changes would be needed. Regarding the performance review of the Board Chair and the Chief Executive Officer it has also been noted that a light approach should be used. The Chair noted that the Chief Executive Officer will be subject to the performance review of the World Bank in July 2015.

7.4 The Chair concluded that this subject could be informally discussed in the margins of the retreat and Board meeting in December to get input from Board and Alternate Board members and the other Committee Chairs. In the absence of any major material concerns raised during these informal consultations, the GERF agreed to proceed with a more formal review after the first two years of operations of the four Board committees.

8. COMPOSITION OF THE GERF

Background

8.1 The Secretariat informed the GERF of a formal request by one donor to join the GERF, potentially through expanding the number of seats on the committee.

Summary of the Discussion

8.2 The Committee discussed the request. It noted that the current governance structure, that had been the subject of extensive consideration by the Board, had been in place a relatively short time. The GERF further noted that the current structure was balanced across constituency groups, and the addition of a donor member of the GERF would also require the addition of representative from other constituency groups in order to maintain this balance. The GERF therefore determined that it would be best to wait until the formal review of the governance structure, which would include a review of the composition of the four Board committees, before further considering this request. This review will be carried out next year at the end of the two year term of the committees. The Chair noted that under the existing Terms of Reference there are three ways for interested Board or Alternate Board Members to engage in the work of one of the three standing technical committees:

- address a request to the Chair of the Committee to participate as an observer (article 6.9 of the Board and Committee Operating Procedures);
- communicate comments to the Chair of the Committee on the committee documents prior to the meeting; and
- nominate a member from their constituency when there is a vacancy on a committee and the Chair of the Board launches a call for nominations.

8.3 The GERF agreed that the Chair would contact the relevant donor directly to clarify further the various existing options for engagement to ensure that their views are taken into consideration in the Committee’s decision-making process.

9. LEVERAGE FINANCING

Background

9.1 The Secretariat updated the GERF on the implementation of the June Board Decision (BOD/2014/06-04). The Secretariat noted that subsequent to the financial situation, the forecast no longer includes a provision that could be used for leverage funding in those countries that are not eligible for a Program Implementation Grants. Those countries that are eligible for a Program Implementation Grant could potentially use some or all of their allocation for leverage financing initiatives.

9.2 Regarding the dialogue with the Islamic Development Bank, the Secretariat reported on the ongoing effort to define how to operationalize a mechanism with the Islamic Development Bank (“IDB”). The Secretariat explained that it consulted other organizations to learn from their experience, including the Gates Foundation. The Secretariat also informed the GERF that it will work further with IDB financial and legal advisors to consider how a pilot may be operationalized and will report back to the Committee in 2015. The Secretariat also reported that it is having similar discussions with the World Bank in relation to potential loan-buy downs.

9.3 In addition to the ongoing work on loan-buy downs, the Secretariat is continuing to work on the broader issues of how GPE can best leverage financing for education through non-traditional approaches as requested by the Board and will continue to update the Committee and SPC on progress in 2015.

Summary of the discussion

9.4 Some Committee Members expressed concern that consideration of means of leverage financing had not progressed further, especially given to the need to reduce allocations for LMICS. They recalled that the agreement reached regarding available resources included the provision for innovative financing that created opportunities of funding for LMICS. Some GEF members also noted that the dialogue should not only be focused on institutions (such as the IDB or the WB), but should include countries, especially LMICS which had or may express an interest.

9.5 The Secretariat explained that a paper considering the longer term strategy will be developed to consider issues such as the eligibility, legal framework, types of arrangements etc. and that at this conceptual stage, any option that can leverage additional funding should not be excluded. The Secretariat also noted that the question of how to finance such mechanisms (particularly in light of the lack of funding for countries not eligible for program implementation grants) may need to be considered in conjunction with any Board discussion on the suitability of ear-marked funding.

9.6 The GEF noted the progress made to date and the ongoing discussions with the IDB and the World Bank on the issue of debt-buy downs. Members of the GEF emphasized the importance of the debt buy-downs being considered as part of a broader strategic paper on leverage financing, and requested the Secretariat to take into consideration in its ongoing work on this topic:

- the situation of LMICS (especially those who are not eligible to a Program Implementation Grant);
- the involvement of countries in the development of options for leveraging financing for education.

10. YOUTH RECOMMENDATIONS

Background

10.1 During the face to face meeting of the Board of Directors in June 2014, the Chair requested the Secretariat to circulate the Youth Recommendations and requested the GEF to

review the recommendations and to come back to the Board with advice as to how to carry them out.

10.2 Cheikh Mbow accepted to facilitate this work and shared with the Committee his initial reflections in this regard.

Summary of the Discussion

10.3 The GERF welcomed the Youth recommendations and their enthusiasm to engage and recommended that the Chair of the Board notify them of the wide range of existing ways they can engage further within the Global Partnership at both country and global level. The GERF encouraged the attention in communication strategies to appropriate forms of dialogue/consultations with youth, especially through social media. Some GERF members noted that Youth could contribute to ensuring the Global Partnership has grass root links, particularly through increased participation in LEGs.

10.4 The GERF noted that “Youth” can already participate in the Civil Society Organizations constituency and should be represented by this group. The GERF did not consider it appropriate to create an additional constituency solely for youth, noting the difficulties this would present in terms of the process of selection (legitimacy and representativeness) given the difference of organizational structures of Youth representations across countries.

10.5 Regarding Youth participation at Board meetings, the GERF noted that there was an existing process for Youth to participate as observers on an individual basis as approved by the Board Chair.

10.6 Finally, the GERF agreed that the budget/workload associated to Youth engagement should be integrated into the existing dialogue with/through Civil Society Organizations.

11. ANY OTHER BUSINESS

11.1 The Chair of the GERF briefly presented the issues to be discussed at the next meeting. He noted that the agenda will be set depending on upcoming Board Decisions. At this time, it includes:

- the financial forecast and recommendation of allocations for Round 2 of 2016 and Round 1 of 2017;
- the implementation of the Risk Policy (if adopted by the Board) and tracking progress on the RMM;
- the review and potential revision of the Misuse of Funds Policy;
- the delegation of authority to CGPC for non-controversial program implementation grants; and
- updates on Leverage Financing and the GPE Membership Process.

11.2 Charles Ayeto Tsegah invited the GERF to organize its next meeting in Accra, Ghana. The Chair welcomed this opportunity and agreed on the following tentative dates: April 8th to 10th 2015.

11. PLEASE CONTACT Christine Guétin at: cguetin@globalpartnership.org for further information.

12. ANNEXES AND ATTACHMENT

12.1 This paper has the following annexes:

Annex 1 – Updated calculation of the available resources for maximum country allocation
 Annex 2 – The Risk Management Policy
 Annex 3 – The Global Partnership Membership Process
 Annex 4 – Participant List for the GERF (October 27th – 29th 2014 Meeting)

12.2 This paper has the following attachment:

Attachment 1 – Risk Management Matrix

ANNEX 1: UPDATED CALCULATION OF THE AVAILABLE RESOURCES FOR MAXIMUM COUNTRY ALLOCATION

SCENARIO PRESENTED TO GERF UPDATED FROM PAPER	
MCA Calculation Amount (2,000 = Minimum)	2,000
Opening Uncommitted Cash Balance 1 July 2014	170
Balance on Signed Contribution Agreements	286
Donor Pledges (after discounting for uncertainty – See Annex 5)	1779
Projections of Additional Contributions - Secretariat Recommended	355
Projected Carryover from 2015-2018 Approvals (Max of 20%)	313
RESOURCES FOR FORECASTING PURPOSES (A)	2,903
Remaining Commitments to be made on Existing Approved Grants (2013 + 2014 Round 1)	-823
Projected Round 2 of 2014 Approvals	-260
Provisions for other Grants (Plan Development, Program Development, Small Islands, Civil Society Education Fund)	-80
Provisions for other costs (Supervision, Agency, Secretariat, Trustee)	-175
General Provision (Leverage Fund and Contingencies) ³	0
TOTAL AMOUNT TO BE SET ASIDE (B)	-1,338
AVAILABLE FOR IMPLEMENTATION GRANTS (A-B)	1,565
CAP	100
REQUIRED AMOUNT (See next Table)	1,565

³ The lack of a provision significantly impacts the ability of GPE to fund countries that are not eligible for program implementation grants.

SURPLUS / (SHORTFALL)				0
Country	Fragile and/or Conflict Affected	Economy	Earliest Start Date by Semester and Year	MCA
Afghanistan	YES	LIC	S2 2016	100.0
Bangladesh		LIC	S2 2015	100.0
Benin		LIC	S2 2017	20.7
Burkina Faso		LIC	S2 2017	40.9
Burundi	YES	LIC	S2 2016	25.8
Cambodia		LIC	S2 2017	20.8
Central African Rep. ⁴	YES	LIC	S1 2018	0.0
Chad	YES	LIC	S1 2017	44.8
Comoros	YES	LIC	S2 2016	2.2
Congo, Dem. Rep.	YES	LIC	S2 2016	100.0
Eritrea	YES	LIC	S1 2017	17.2
Ethiopia	YES	LIC	S1 2017	100.0
Gambia, The		LIC	S1 2018	5.0
Guinea		LIC	S1 2018	0.0
Guinea-Bissau	YES	LIC	S2 2016	4.8
Haiti	YES	LIC	S2 2017	20.1
Kenya		LIC	S1 2018	0.0
Kyrgyz Republic		LIC	S2 2017	6.5
Liberia ⁵	YES	LIC	S2 2015	11.9
Madagascar	YES	LIC	S2 2017	62.2
Malawi	YES	LIC	S2 2015	44.9
Mali	YES	LIC	S1 2017	43.1
Mozambique		LIC	S2 2015	57.9
Myanmar	YES	LIC	S1 2016	77.7
Nepal	YES	LIC	S2 2015	59.3
Niger	YES	LIC	S1 2018	57.2

⁴ Countries highlighted in blue have applied in Round 2 of 2014 and as prioritization is applied, would not receive an additional allocation in the 2015-2018 period.

⁵ Countries highlighted in orange already have a maximum country allocation and can apply from Round 1 of 2015 as announced by the Board in June 2014.

Rwanda		LIC	S2 2015	25.2
Sierra Leone	YES	LIC	S1 2017	17.2
Somalia	YES	LIC	S2 2016	33.1
South Sudan	YES	LIC	S2 2016	30.3
Tanzania ⁶		LIC	S2 2017	84.9
Togo	YES	LIC	S2 2017	17.0
Uganda	YES	LIC	S2 2017	87.4
Zimbabwe	YES	LIC	S2 2016	29.4
Cameroon ⁷		LMIC	S1 2018	18.0
Congo, Rep. ⁸	YES	LMIC	S1 2015	10.7
Cote d'Ivoire	YES	LMIC	S2 2016	26.1
Lao PDR		LMIC	S1 2018	0.0
Lesotho		LMIC	S1 2016	2.3
Mauritania		LMIC	S2 2017	3.9
Nicaragua		LMIC	S2 2016	4.5
Nigeria	YES	LMIC	S1 2018	0.0
Pakistan	YES	LMIC	S2 2017	50.0
Papua New Guinea		LMIC	S1 2016	7.1
Senegal		LMIC	S2 2017	12.6
Sudan	YES	LMIC	S1 2017	49.3
Yemen, Rep.	YES	LMIC	S1 2017	32.3
Total				1,565

⁶ Zanzibar portion of the allocation to be determined at country level could commence earlier.

⁷ Countries highlighted in yellow are lower-middle income countries and their allocations are reduced to 50% of the minimum calculation determined using the new funding model allocation formula

⁸ Republic of Congo had their existing allocation of US\$10.7million for the current replenishment period extended into the 2015-2018 period as determined by the Board in June 2014.

FORECAST OF AVAILABLE ASSETS					
<i>All Figures in USD Millions</i>	SEMESTER 2 2014	2015	2016	2017	2018
A. Opening Balance Cash and Promissory Notes	740	1021	962	805	689
A1. Total Committed	569	529	554	578	671
A2. Total Uncommitted/Available for Approval	171	492	408	227	18
B. Inflows	391	541	493	534	463
Contribution Agreement	253	33	0	0	0
Pledges	137	479	415	456	292
Projections	0	29	78	78	171
C. Outflows	110	600	650	650	650
D. New Commitments	70	625	674	743	475
Commitments (Existing Approved Grants)	65	359	308	90	0
Commitments (Round 2 2014)	0	93	83	83	0
Projected Commitments (New 2015-2018) Allocations	0	112	223	504	410
Other Commitments	5	60	60	65	65
E. Closing Balance Cash and Promissory Notes (A+B-C)	1021	962	805	689	502
E1. Total Committed (A1-C+D)	529	554	578	671	496
E2. Total Uncommitted/Available for Approval (A2+B-D)	492	408	227	18	6
<i>While the forecast shows that there should be sufficient liquidity to manage commitments to meet demand based on expected timing of applications, there are heightened risks particularly in 2017 when demand for funding will significantly exceed supply. These risks of temporary timing shortages are exacerbated as GPE will continue to operate with at least three segregated trust funds (main GPE Fund, and two single donor trust funds to accommodate the contributions from the European Commission)</i>					

ANNEX 2: THE GLOBAL PARTNERSHIP FOR EDUCATION RISK MANAGEMENT POLICY

1. Context, goal and scope of the policy

1.1 The Global Partnership for Education's ("Global Partnership" or "GPE") mission is to galvanize and coordinate a global effort to deliver a good quality education to all girls and boys, prioritizing the poorest and most vulnerable. The Global Partnership is comprised of members from developing country governments and all development partners: donors, civil society organizations, private sector and foundations, and multilateral agencies and regional banks.

1.2 The Global Partnership operates at two levels: the country level and the global level. The roles and responsibilities of each of the GPE actors are fully described in the Charter of the Global Partnership. At the country level, the Local Education Group (LEG) forms the foundation for the Global Partnership's governance. It comprises the government of the developing country partner, donors present in the country, multilateral agencies, non-governmental organizations (including international and local CSOs), representatives of the teaching profession, the private sector and private foundations and others supporting the education sector. The Global Partnership's country-level process is supported by global-level processes, directed by a constituency-based Board of Directors (the "Board"). The Global Partnership uses Supervising and Managing Entities (SE/MEs) to implement and supervise GPE grants and engages the World Bank to serve as Trustee of the GPE Fund.

1.3 The Global Partnership's operations involve multiple partners, challenging humanitarian and development contexts and extensive geographic scope. The Global Partnership recognizes that because it operates in lower and middle income countries, the environment in which it works is inherently risky. There is a clear need to balance mission risk that is the risk of not delivering the Global Partnership's mission, with fiduciary risk.

1.4 The Global Partnership recognizes that it will be necessary to operate with some risk, but risks need to be recognized and reduced or mitigated to an acceptable level.

1.5 The overall goal of the Global Partnership's Risk Policy is to create a shared understanding of, and promote a consistent approach to, risk awareness, risk intelligence and risk management within the Global Partnership. The Risk Policy sets out the wider risk management system required to ensure that the Global Partnership delivers on the objectives identified in its strategic plan.

1.6 The Global Partnership's Risk Policy articulates risk appetite and supporting principles related to key areas of Global Partnership's operations. It guides the Global Partnership's Board and Secretariat in strategic and operational decision-making and facilitates a systematic approach to risk management.

2. Risk appetite

The following paragraphs underpin or articulate the Global Partnership's risk appetite.

2.1 The work of the Global Partnership is guided by six principles: country ownership, support linked to performance, lower transaction costs, transparency, development results, value for money, and mutual accountability. Global Partnership programs are country-led, community-owned. GPE's programs rely on partners and stakeholders at country level and strive to align and implement GPE's activities with country systems. At the same time, the Global Partnership works through Supervising and Managing entities in order to have oversight and financial accountability, which can lead to using less aligned modalities. In addition, the Global Partnership works in fragile and conflict-affected states where the challenges and risks are high. These different elements can create inherent tensions in the GPE approach and have a bearing on how the Global Partnership should address risk.

2.2 In order for the Global Partnership to be effective and achieve its strategic goals, it seeks to operate within a moderate overall risk appetite. The Global Partnership takes into consideration the risk drivers that are inherent in its business model and in the Global Partnership's ambitious mission but also aims to avoid unnecessary risk and guide investments to reduce risk in certain areas to a minimum.

2.3 The Global Partnership recognizes that differences in context can affect its risk appetite and the prioritization of competing risks. For example, the Global Partnership has a very low risk appetite for risks related to fraud and misuse of funds, but also has a moderate to high risk appetite to work in fragile and conflict-affected states. Although there may be more risks associated with implementation in these more challenging environments, the Global Partnership will balance these competing risks by implementing appropriate risk mitigation measures. The Global Partnership therefore seeks to tailor its approach to risk management taking into account both its risk appetite and the specifics of each situation.

3. Supporting principles

The Global Partnership subscribes to the following cross-cutting principles:

3.1. Risk is everyone's business: risk management is an integral part of the Global Partnership's operations. Since the Global Partnership is comprised of a wide range of diverse partners both at the country and global level, each partner has a role to play in mitigating risk for the partnership as a whole. The unique nature of the Global Partnership necessitates taking a different approach to risk management than most types of organizations, reflecting the shared-responsibility of all Partners in driving and monitoring the performance of the partnership to deliver on its mission, goals and objectives at the country and at the global level. The Risk Owners, those who have the responsibility to manage a particular risk and are accountable for doing so comprise all the different partners in the Global Partnership and are not just restricted to the Board and Secretariat. This is an important distinction as to how risk management is handled in other organizations.

3.2 The Board and senior management of the Secretariat collectively have responsibility and accountability for setting the organization's objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives. The Governance, Ethics, Risk and Finance Committee (GERF) have primary responsibility to oversee the development and implementation of risk management and mitigation measures. The Board provides leadership to the Secretariat on monitoring risks and implementing mitigation measures. Everyone working towards the mission of the Global Partnership is expected to pro-actively identify, assess and manage risks in their daily work. Global Partnership partners ensure that important information about risks to the Global Partnership and its mission is shared within the Global Partnership in a timely manner.

3.2. Recognize that risks can also bring opportunities: The Global Partnership recognizes that most objectives can only be achieved by taking calculated and carefully managed risks. There will be opportunities of possible gain that come with a certain amount of risk taking and it is recognized that greater rewards may in some instances require taking a greater risk.

3.3 Identify risk early and escalate to appropriate levels: if there is any doubt that the risk cannot be successfully managed where it was identified it should be escalated to the appropriate decision-maker. In particular, risks should be escalated if addressing the risk requires action that exceeds the authority of the level where it was identified, if the risk cuts across or may impact multiple areas or partners and if addressing the risk requires changes in the Global Partnership's policies. The Global Partnership has adopted three lines of defense. With regard to GPE grants, the first line of defense are the policies, procedures and systems of the developing country partner governments receiving grants from the Global Partnership. The second line of defense is the oversight policies of the Supervising and Managing Entities, and the third line of defense are the

independent audit and investigative functions of the Supervising and Managing Entities. With regard to the Secretariat, the first line of defense is management control, the second line of defense are the various risk controls and compliance oversight functions established by the Board, Board committees, Secretariat management, and the World Bank as host of the GPE Secretariat. The third line of defense is through the independent audit and investigative functions within the World Bank.

3.4 Encourage a culture of learning and risk awareness: The Global Partnership aims to nurture a learning culture that creates an environment for honest and open feedback and ensures that processes are in place so that lessons learned can be applied when designing and implementing risk mitigation measures.

4. Risk management process

The standard risk management process consists of four stages which all members of the Global Partnership apply:

- Identify risks – identification of risk is best achieved by those with a detailed knowledge of defined objectives and operations
- Assess risks – this is the process for categorizing and assessing risk. Risks are evaluated by scoring them for impact and likelihood
- Manage risks – actions are taken to manage risk. Identified risks are logged into a risk management plan along with agreed management actions. Generally speaking, risk can be accepted, hedged or mitigated in another way, or avoided
- Monitor and review risks - on going monitoring and assessment ensures risk management processes are functioning, and current and emerging risks are managed

5. Categories of risk

A system of classification is used by the Board and Secretariat to ensure key areas of risk for the Global Partnership are identified. All Partners have a role in providing advice to the Board and Secretariat in highlighting any risks they encounter as they carry out their work. The identified categories are:

- **Strategic risk:** risk that threaten the achievement of Global Partnership's strategic objectives.

- **Programmatic:** risk related to the implementation of the Global Partnership’s programs.
- **Financial/Fiduciary risk:** risk concerned with the management and control of Global Partnership resources; and risk that funds are not used for the intended purposes, do not achieve value for money, and/or are not properly accounted for. The realization of fiduciary risk can be due to a variety of factors, including lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or corruption.⁹
- **Governance and Management risk:** risk related to weak governance structures, lack of clarity in roles between the Board and the Secretariat, risk due to inadequate or failed internal processes, people and systems.

6. Risk Management Matrix

The organizational Risk Management Matrix (RMM) documents the organization’s main risks by describing each risk, the likelihood of its occurrence, the likely impact should it occur, the Risk Mitigation Manager, mitigation actions being undertaken and responsible parties. The current RMM for the Global Partnership is in Attachment 1. It should be noted that the RMM is a living document and will be reviewed, updated and revised on a regular basis. The risks included in the current RMM may eventually be taken off while new ones are added. The RMM is reviewed by the Governance, Ethics, Risk and Finance Committee on a semi-annual basis and serves to help prioritize management action, monitor mitigation actions and facilitate accountability towards the Board.

7. Roles and responsibilities

Board and Committee Level

7.1 The Board of Directors is the supreme governing body of the Global Partnership. It is responsible for strategic direction and policy-making, oversight of the operations of the Global Partnership, monitoring performance to ensure the Global Partnership delivers its strategic goals, overseeing the financial management of all GPE resources to ensure that they are being managed efficiently and effectively and advocating increases to domestic and external funding for education in developing countries.

⁹ Managing Fiduciary Risk when Providing Financial Aid, DFID How To Note, June 2011.

7.2 The Board is composed of 19 members who represent the main constituencies of the Global Partnership and a Chair independent of all partner organizations. The Board is responsible for providing leadership and guidance to the Secretariat on risk issues, for regularly reviewing the total portfolio of risks and for prioritizing risks as necessary, and for considering risk in decision-making. The Board's role is to "monitor and assess overall effectiveness and risks associated with the work of the Global Partnership and implementing risk mitigation measures" (art.4.2.6 c of the Charter). The Board is responsible for keeping itself informed about risk, including the extent to which management has established effective risk management systems and structures.

7.3 Although the Board has overall responsibility for risk within the Global Partnership, it delegates responsibility for overseeing and managing some specific risks to Board committees. In addition, all Partners (DCPs, donors, CSOs, multilateral-agencies and regional banks, Supervising and Managing Entities and Local Education Groups) also have the responsibility to identify, assess, monitor and review specific risks associated with their activities.

7.4 The Governance, Ethics, Risk and Finance Committee (GERF) is responsible for overseeing risk management within the Global Partnership and ensuring that progress is being made on implementing risk mitigation measures. It is also responsible for working with the Secretariat to identify new risks as they arise along with associated risk mitigation measures. It keeps the Board informed on a semi-annual basis of how the Global Partnership is managing risk and where decisions or interventions by the Board may be necessary. The GERF is also a Risk Owner with regard to governance/management and financial/fiduciary risks, and has the responsibility and authority to work with all relevant actors to mitigate the specific risks delegated to them by the Board.

7.5 The Country Grants and Performance Committee (CGPC) is responsible for analysing, assessing and providing strategic-level input into program implementation grants, including material provisions to such grants, to ensure that GPE strategic priorities are reflected in programs supported by GPE resources. In addition, it is also responsible for tracking progress on the performance and results of GPE's country-level grants. As the CGPC carries out these responsibilities, it will also be a Risk Owner with regard to many of the programmatic risks associated with GPE grants. The CGPC has the responsibility and authority to work with all relevant actors to mitigate the specific risks delegated by them to the Board.

7.6 The Strategy and Policy Committee (SPC) is responsible for overseeing the development of strategies and policies of the Global Partnership to ensure that they promote best practices in the

education sector. The SPC has a key role in developing and tracking progress on GPE's Strategic Plan and provides advice to the Board on alleviating bottlenecks to facilitate implementation of the strategic plan. The SPC is a Risk Owner with regard to strategic risks and has the responsibility and authority to work with all relevant actors to mitigate the specific risks delegated to them by the Board.

Secretariat Level

7.7 The Secretariat serves the interests of the Partnership as a whole. The Secretariat, led by the Chief Executive Officer (CEO), provides support to the Partnership, the Chair, the Board, and its committees, working groups and task teams to help them fulfil their roles and responsibilities and maintain progress toward the strategic objectives of the Global Partnership. Primary responsibility for day to day risk management within the Secretariat rests with the CEO and the Leadership Team (LT). They share responsibility for approving risk mitigation measures implemented by the Secretariat and ensure that they are implemented in a timely and effective manner.

7.8 The CEO and Leadership Team are responsible for promoting a risk-aware culture, for integrating risk management into overall management frameworks, and for timely communication of risks to the Global Partnership Board. It is also the Leadership Team's responsibility to ensure there is an up to date risk management policy, coordinate operation of risk management processes throughout the Secretariat, facilitate preparation and updating of the organizational RMM, coordinate regular risk reporting to the GERP and the Board, and verify that risk management processes are functioning (compliance function). In addition, the Secretariat is responsible to implement and monitor those risk mitigation measures for which it is responsible. The LT takes into account potential risks and their consequences/impact when making decisions so that risk management is embedded into the culture of the organization. Risk management is a responsibility of all staff in the organization.

Partnership Level

7.9 The Global Partnership works closely with partners at both the global and country level and relies on them to help achieve its mission. This includes a role in risk management. Each member of the Global Partnership is responsible for alerting the organization to risks it identifies that affect the Global Partnership's mission, including risks to the responsible use of the organization's resources, and to the effective implementation and sustainability of Global Partnership programs. Partners fulfil this role by providing essential technical assistance to implementers in proposal development, the preparation of implementation plans, assistance on programmatic matters and reporting and a

wide variety of other capacity building measures. Partners also serve as a critical source of information and feedback on both strategic and operational risks across all aspects of operations as well as advice and recommendations on measures to mitigate these risks. The Global Partnership recognizes that this partner input is essential to the successful and efficient implementation of sound risk management.

7.10 Although DCPs are “Partners” and have the same responsibilities as those mentioned above, they have an additional role in risk management as a first line of defense with regard to GPE grants. The government leads the local education group and is responsible for the development, implementation, monitoring, and evaluation of a national education sector plan. The government is primarily accountable to its parliament and citizens, sharing the results of this accountability with the other partners of the local education group and with the Global Partnership through the Secretariat. DCPs are responsible for implementing their own risk mitigation measures to ensure that GPE funds are used for their intended purpose and are properly managed and accounted for.

Supervising and Managing Entities Level

7.11 The Global Partnership’s Supervising and Managing Entities (SE and ME) have a responsibility to supervise and manage GPE funds with the same degree of care as if they were their own. They have the primary responsibility to manage risks in the grants they manage. SE and ME implementers have an obligation to operate internal control systems to ensure that (i) funds are efficiently and effectively directed to achieving programmatic results and (ii) programmatic and financial data are accurate, timely and complete. They are also responsible for identifying risks as they arise and informing the Secretariat as appropriate, and take reasonable measures in line with their own policies and procedures, including internal audit and investigative functions, to mitigate risk in the programs for which they are responsible.

Local Education Group (LEG)

7.12 The LEG is the collaborative forum for policy dialogue, and alignment and harmonization of development partner support to the education sector plan. It seeks to ensure all parties are kept fully apprised of progress and challenges in the sector, and it collates and disseminates information on domestic, partner and non-partner funding of the education sector. The LEG is also responsible for nominating the SE or ME for the GPE program implementation grant. The choice of SE or ME will be determined by which agency can best support delivery of the activities needed through the

preferred modality. The LEG is also responsible for building an effective monitoring and review mechanism, such as a joint sector review, so that the LEG can inform the Global Partnership on progress, challenges, and funding from all sources. The LEG also plays an important role in risk management and has the responsibility to implement risk mitigation measures in country, especially with regard to strategic and programmatic risks.

8. Communications

8.1 Since risk is shared among the partnership, it is important that there are clear and continuous communications with all partners on GPE's Risk Policy and RMM, and that there is a clear understanding of the respective roles that partners will be expected to play in managing risk. The Risk Policy will be posted on the GPE website and will also be widely shared with GPE partners. The RMM will be shared with the Board and all Board committees. In addition, the Risk Owners identified in the RMM will work with a focal point in the Secretariat to coordinate and monitor risk mitigation measures and will involve all partners who have a role to play in their implementation. The Global Partnership will also develop an assurance map that will be made publically available on its website.

9. Review and Revisions to the Policy and RMM

9.1 The Risk Policy will be reviewed every two years by the GERF to ensure that it remains accurate. The review will ensure that the approach to risk remains consistent, that the actors continue to have the same roles, and that the ways of managing risk outlined in the policy remain valid. After the review, the GERF will submit to the Board any recommendations for revision that they deem necessary.

9.2 The RMM is a living document that will require ongoing revision reflective of current risks and mitigation strategies. The RMM will be formally reviewed by the GERF semi-annually and will draw any major issues to the attention of the Board. This review will entail reviewing current risks and mitigation strategies, determining if some risks should be rated downwards or upwards, adding new risks that may arise and deleting others that have been dealt with or no longer seem to pose a risk.

Appendix 1 to the Risk Policy– Definitions

Risk: the effect of uncertainty on the achievement of an organization’s objectives. ¹⁰

Inherent risk: the risk that the Global Partnership faces prior to any mitigation efforts, before internal or other controls.

Enterprise Risk Management: A process effected by the Global Partnership for Education Board, Secretariat management and other personnel, applied in strategy setting and across the Global Partnership, designed to identify potential uncertainties that may affect the Global Partnership, and manage risk to be within our risk appetite, to provide reasonable assurance regarding the achievement of objectives.

Residual risk: the level of risk remaining after reasonable mitigation efforts have been applied.

Risk management: the process of identifying, assessing and prioritizing risk followed by the application of resources to minimize, monitor and control the probability and/or impact of uncertainties events or to maximize the realization of opportunities.

Risk assessment: a systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking.

Risk mitigation: a systematic approach for managing the extent of exposure to a risk and/or the likelihood of its occurrence. Also called risk reduction. Risk mitigation will manage the risk but rarely eliminate it completely. Risk mitigation usually involves a choice of: control, avoid, accept or transfer/share or exploit.

Risk appetite: the level of risk that the Global Partnership is willing to accept in pursuit of its objectives. It reflects the Global Partnership’s risk philosophy and influences the Global Partnership’s business model. Risk appetite drives resource allocation and investment in infrastructure necessary to effectively respond to and monitor risks.¹¹ The risk appetite statement helps the Global Partnership in aligning people and processes in pursuing organizational goals within acceptable ranges of risk. The risk appetite levels used in the policy are as follows:

¹⁰ ISO/Guide 73:2009

¹¹ Adapted from “Institutional risk management, Understanding and Communicating Risk Appetite”, January 2012, COSO.

Risk tolerance: is the amount of uncertainty that the Global Partnership is able to handle with respect to negative changes to its business or assets.

Risk categories: the following categories can be distinguished in relation to Global Partnership's operations and objectives. The list is not exhaustive and the categories are not mutually exclusive. Some risks faced by the Global Partnership will fit more than one category. Some categories highlight the source of the risk, while others focus on the effect. Reputational risk is one that cuts across all of the other categories since the impact of any of the risks would have reputational consequences on the Global Partnership.

- **Strategic risk:** risk that threaten the achievement of Global Partnership's strategic objectives.
- **Programmatic:** risk related to the implementation of the Global Partnership's programs.
- **Financial/Fiduciary risk:** risk concerned with the management and control of Global Partnership resources; and risk that funds are not used for the intended purposes, do not achieve value for money, and/or are not properly accounted for. The realization of fiduciary risk can be due to a variety of factors, including lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or corruption.¹²
- **Governance and Management risk:** risk related to weak governance structures, lack of clarity in roles between the Board and the Secretariat, risk due to inadequate or failed internal processes, people and systems.

Assurance: performing independent checks and verifications, to be able to:

- identify and analyze the main risks to achieving strategic objectives
- take appropriate risk mitigation measures in response to those risks know whether the measures are effective

Risk Owner: is a person or entity who takes prime responsibility for managing and reporting on key risks.

Responsible Party for Risk Mitigation: is a person or entity who takes prime responsibility for monitoring and implementing a risk mitigation measure.

¹² Managing Fiduciary Risk when Providing Financial Aid, DFID How To Note, June 2011.

Three Lines of Defense: A generally accepted way to describe roles and responsibilities for risk management and internal control in an organization, where the first line of defense is management control, the second line of defense is the various risk controls and compliance oversight functions established by management, and the third line of defense is independent assurance.

Severity of Risk: The Risk Management Matrix rates both the likelihood of a risk occurring within the next 3 years and the impact that it would have on the Global Partnership if it occur. The definitions of the likelihood and the impact are in Annex 3 – Severity Matrix.

Status (of the Risk Management response):

The Risk Management Matrix provides four status levels to describe the current state of the response to the risk:

- Not Started – use this status when a risk response plan is not yet in place
- Under Development – use this status while a plan is under development but not yet implemented
- In Progress – use this status when a plan has been developed and is being implemented
- Completed – use this status when a risk response plan has been fully developed and executed
- Being re-evaluated – use this status when the risk response plan in place is being re-evaluated. If the re-evaluation means that the prior plan is no longer active, instead revert to one of the first two status options.

Appendix 2 to the Risk Policy – Severity Chart Used for Risk Management Matrix

Severity Chart

Probability	Impact			
	Minor	Moderate	Major	Severe
Very Likely	Medium	High	Critical	Critical
Likely	Low	Medium	High	Critical
Possible	Low	Medium	High	High
Unlikely	Low	Low	Medium	Medium

Definitions of Probability:

Very Likely – The risk is seen as certain to occur within the next 3 years.

Likely – The risk is seen as likely to occur within the next 3 years

Possible – The risk is seen as possibly occurring within next 3 years

Unlikely – The risk is seen as unlikely to occur within the next 3 years

Definitions of Impact:

Minor – The risk will not substantively impede the achievement of the objective, causing minimal damage to the Global Partnership’s ability to carry out its work or to its reputation.

Moderate – The risk will cause some elements of the objective to be delayed or not be achieved, causing potential damage to the Global Partnership’s ability to carry out its work and to its reputation.

Major – The risk will cause major elements of the objective to be delayed or not be achieved, causing likely damage to the Global Partnership’s ability to carry out its work and to its reputation.

Severe – The risk will cause the objective to not be achieved, causing serious damage to the Global Partnership’s ability to carry out its work and to its reputation.

Overall Risk Score: According to Probability/Impact Chart above

Low Risk – Green

Medium Risk – Yellow

High Risk – Orange

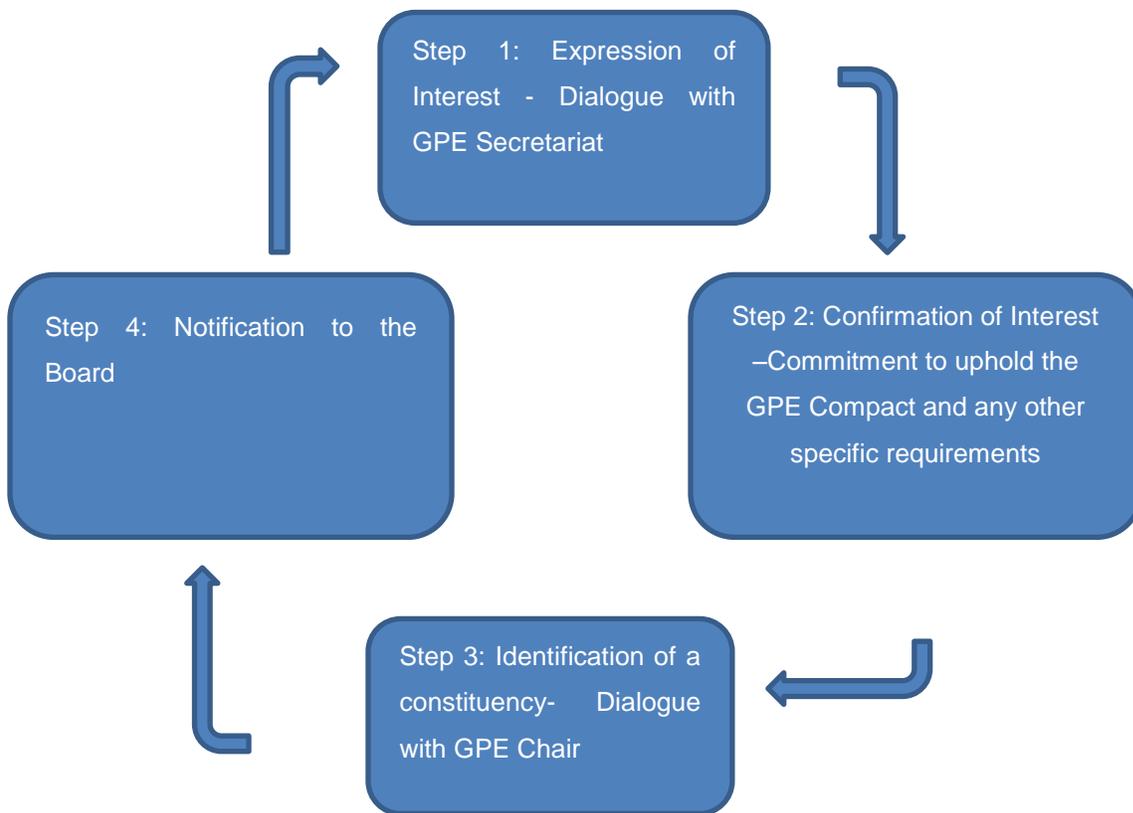
Critical Risk – Red

ANNEX 3: THE GLOBAL PARTNERSHIP FOR EDUCATION’S MEMBERSHIP PROCESS

This document aims to clarify the overall process of how to become a Partner of the Global Partnership for Education (“Global Partnership” or “GPE”) and how to join a constituency.

The Global Partnership brings together five categories of partners: the Developing Country Partners, Donors, Multilateral and Regional Banks, Civil Society Organizations and Private Sector/Foundations. All Partners commit to the GPE Compact, which defines the mutual accountability of all GPE Partners and to other specific requirements described below.

A **constituency-based model** means that each seat at the Board represents a large group of countries, networks, companies or institutions. Some constituencies represent a large number of stakeholders, others far fewer. In some, membership is **open-ended**, such as in the civil society constituencies. In others, membership is very **narrowly defined**, which is the case of many of the donor constituencies. In some cases, the seat consists of **one agency only**, which is the case for UNESCO and UNICEF. All Partners belong to a constituency.



Step 1: Expression of Interest – Dialogue with GPE Secretariat

The first step is to express an interest in joining the Global Partnership for Education and to initiate a dialogue with the Secretariat: governance@globalpartnership.org

Step 2: Commitment to uphold the GPE Compact and any other specific requirements

The second step for all partners is to commit to uphold the GPE Compact as presented in the GPE Charter. Some categories of Partners have additional specific requirements which are described in the Charter as set out in Annex 2. All Partners should send a “commitment letter” or equivalent to the Chief Executive Officer of the Secretariat, signed by the Minister of Education or any other authorized official. This letter should include a specific reference to the GPE Compact and clearly stipulate other commitments.

The GPE Compact: Mutual accountability to deliver the following:
Developing country partners commit to:

- develop and implement a credible education sector plan or equivalent, including a costed multi-year implementation plan appraised and endorsed by the Development Partner Group
- provide strong and increased domestic financial support to education
- demonstrate results on key performance indicators

Donors, multilateral agencies, civil society organizations and private foundations and the private sector commit to:

- increase support to the education sector plan, including financial support
- assist in mobilizing resources and aligning them with the priorities of developing country partners
- harmonize procedures as much as possible

Step 3: Identification of a constituency

The third step is to identify a constituency in consultation with the Chair and Board Members. An important principle regarding constituency representation is that each of the constituencies is self-governed. In order to ensure that the constituencies act independently in fulfilling their duties for the partnership (without interference from the Secretariat or the Chair), constituencies manage

their own internal processes for how they choose Board members and alternates, consult on positions, and communicate with each other. Some constituencies have instituted a formal process; some operate on a more informal basis. The process itself is dependent on what is practical for that constituency.

While the constituencies are self-governed, there is a process of consultation:

- A candidate should consult with the Chair in order to discuss which constituency they should join. If the candidate is already in a geographical area where there is already an established constituency, the Chair will assign the candidate to that constituency. If it is not immediately apparent into which constituency a candidate would join, the Chair will recommend a constituency based on similar interests and maintaining proportional representation across the Board.
- The candidate should then discuss their potential membership with the respective Board Member of the particular constituency to obtain their agreement. The Board Member of the constituency selected should then formally inform the Chair of the agreement of the constituency to welcome the candidate.

Step 4: Notification to the Board

The Chair of the Board will notify the Board the name of the new member to the Global Partnership, its constituency and the nature of its commitments.

ANNEX 4: PARTICIPANT LIST OF GERF MEETING OCTOBER 27-29, 2014

Committee Members	Title and Organization	Representing
Minister Serigne Mbaye Thiam, Chair	Minister of Education, Senegal	n/a
Charles Y. Aheto-Tsegah	Deputy Director-General (Quality and Access), Ghana Education Service	Developing Country Partners
José Luis Canelhas	Advisor to the Minister of Education, Timor-Leste	Developing Country Partners
Chris Tinning	Minister Counsellor (Development), Australian Embassy, Washington D.C.	Donor Partners
Julie Shouldice	Director for Education, Child Protection, and Gender Equality of the Foreign Affairs, Trade and Development (DFATD), Canada	Donor Partners
Cheikh Mbow	National Coordinator, Coalition des Organisations en Synergie pour la Défense de L'Éducation Publique	CSOs
Silviu Dragan	Program Specialist, Focal Point for Cooperation with Multilateral Development Banks, UNESCO	Multilateral Agencies
Secretariat Staff		
Lisa Gomer	Chief Operating Officer	
Pdraig Power	Senior Financial Officer	
Christine Guétin	Board Operations Officer, GERF Focal Point	