

FINANCE AND RISK COMMITTEE¹

A. PURPOSE

The Finance and Risk Committee is a standing committee established by the Board of Directors (Board) of the Global Partnership for Education (GPE) to oversee risk management practices and financial management and audit arrangements of the GPE and its resources.

As a principle, Committee members should be able to act on a fully informed basis, in good faith, with due diligence and care and in the best interest of GPE. They must (a) serve as spokespersons and representatives and **communicate the views of their constituency category to the committee during discussion and deliberation, based on prior consultation wherever reasonably practical** (e.g., assuming other constituencies give timely feedback at the GPE committee member's request), and (b) where delegated authority by the Board, make decisions in the best interest of GPE, to achieve the strategic plan adopted by the Board.

B. COMMITTEE OPERATING PROCEDURES

The Committee Operating Procedures (COPs), as approved by the Board and amended from time to time, shall apply to the Finance and Risk Committee. In cases of conflict between the provisions of the COPs and this document, the provisions contained in this document shall apply.

C. COMPOSITION AND MEETING FREQUENCY

1. Size and Composition

The Committee shall be composed of a maximum of nine (9) members, including the following:

- a. A Chair.
- b. No more than eight (8) representatives from the following constituencies represented on the Board:
 - Three (3) from the donor countries.
 - Three (3) from the developing countries.
 - One (1) from the civil society constituencies (northern/international, developing country, members of the teaching profession) or the private sector/private foundations constituency.
 - One (1) from the multilateral agencies (multilateral and regional banks, United Nations agencies).

The Committee composition shall seek balance in representation with regard to gender and the Partnership. In addition, the inclusion of Board or Alternate Board members in the composition is considered a benefit.

¹Approved by the Board of Directors at its meeting in Siem Reap, Cambodia, December 1-2, 2016 (decision BOD/2016/12-12)

2. Skills, Knowledge and Experience

It is expected that all Finance and Risk Committee members possess the following:

- a. General knowledge of GPE's mandate, vision and mission, global aid architecture, the education sector, issues of gender equality, as well as other matters of equity and access.
- b. Knowledge of learning issues in developing country education systems.
- c. Significant knowledge and experience in financial management, risk management and systems of internal control, and audit.

In addition, each Finance and Risk Committee member must have a demonstrated track record in at least one of the following:

- a. Experience developing and overseeing complex budgets or work plans.
- b. Knowledge of donor or grant agent legal and administrative agreements.
- c. Knowledge of and experience in innovative funding mechanisms.
- d. Experience with managing multi-million multi-year budget.
- e. Knowledge of trust fund issues.
- f. Experience serving on a comparable body.
- g. Competency in accounting and finance, including development finance.
- h. Competency in assurance processes, including internal and external audit.
- i. Experience of risk management policies and frameworks
- j. Experience serving on Board/Committee with multi-stakeholder composition.

3. Meetings

The Finance and Risk Committee meets face-to-face two times a year. Additional virtual meetings are organized as needed.

D. ROLES AND RESPONSIBILITIES

Committee Member Responsibilities

General: Committee members serve as representatives of and communicate the views of their constituency category and are expected to act in the best interests of GPE. They use best endeavors to consult with the relevant constituency grouping before committee meetings, prepare for and attend all meetings unless there is a notified and valid reason not to do so, and actively participate and contribute during meetings.

Attendance: In recognition of the importance of continuous participation of Committee members appointed by name for the work of the Committee, Committee members are expected to attend all Committee meetings, including face-to-face meetings and virtual meetings. Representation by an Alternate does not constitute attendance.

Should a seat be declared vacancy by a constituency category after a Committee member has not attended two consecutive face-to-face meetings, the vacancy will be filled in the manner indicated by the constituency category on its the nominations form.

Time Commitment: Generally, Finance and Risk Committee members are expected to spend two days a month on average on Committee service and should be available for eight days annually (including travel time) to participate in two multi-day face-to-face meetings and virtual meetings as needed.

Committee Chair Responsibilities

The responsibilities of Committee members apply equally to the Committee Chair. In addition, the Committee Chair:

- Chairs Committee meetings.
- Develops the Committee work plan and meeting agenda in collaboration the Coordinating Committee and with the support of the Secretariat.
- Facilitates Committee meetings.
- Makes decision on requests for meeting Observers and requests for Alternates to participate in meetings in lieu of the Committee member.
- Determines the need for the participation of an expert to advise the Committee.
- Calls for conflict of interest declarations as applicable.
- Ensures all Committee members have the opportunity to communicate and represent the views of their constituency grouping during meetings.
- Plays a key role in consensus-building.
- Uses best efforts to ensure decision are made, are duly reached by consensus if at all possible, and ensures any abstentions or objections are included in the meeting summary.
- Represents the Committee on the Coordinating Committee.

The time commitment of the Chair of the Finance and Risk Committee is significant. The Chair is expected to be available for at least 40 days annually. This includes two multi-day face-to-face meetings, travel time to those meetings, virtual meetings as needed, preparations for Committee meetings, and consultations with the Secretariat leading up to and in between meetings. It also includes participation in and preparations for Coordinating Committee meetings.

Committee Responsibilities

Committees are accountable for serving in accordance with their Board approved terms of reference. Generally, GPE Committees undertake tasks as mandated by the Board, including maintaining oversight of GPE's fiduciary duties, risk management and performance in accordance with the strategic plan and established policies and periodically recommending change to policies, strategic direction and performance improvements.

The Finance and Risk Committee has the following roles and responsibilities:

1. Financial Management

Provide advice to the Board with the goal of ensuring that GPE resources are being managed efficiently, effectively and consistent with GPE's mission, goals, objectives and policies, which includes, but is not limited to:

- a. Recommending new financial management policies and practices and revisions to existing ones, including, but not limited to, fiduciary standards for grant agents.

- b. Forecasting available resources and monitoring GPE's financial position in close consultation with the Strategy and Policy Committee on eligibility, allocation and prioritization frameworks and/or policies for GPE resources at the global and country level.
- c. Based on the available resources and financial forecast make recommendations to the Board for maximum country allocations.
- d. Overseeing budgets and costs including:
 - Developing and monitoring the implementation of policies on grant agent roles and responsibilities and associated fees and costs for grants.
 - Providing guidance to the Secretariat on the operating expenses budget.
- e. Making decisions on all changes to the standard Financial Procedures Agreement that impact contributors' rights, provided that:
 - The Board receives two weeks' advance notice of the proposed modification.
 - No requests have been received prior to the Finance and Risk Committee meeting from any Board or alternate Board members requesting that the issue be considered formally by the Board.
 - The trustee has been consulted and is in agreement with the change.

2. Targeted Financing Arrangements

Oversee the Contributions and Safeguards Policy

- a. Oversee and monitor the Contributions and Safeguards Policy in light of approved funding and financing options, ensure implementation and recommend revisions to the policy as needed.
- b. Review targeted financing proposals and make recommendations to the Board.
- c. Make decisions on proposed revisions to targeted financing arrangements.

3. Risk Management and Misuse of Funds

- a. In coordination with other standing Committees, oversee, through review, the development and the monitoring of the implementation of:
 - The Risk Management Policy, Risk Management Matrix and the Operational Risk Framework and/or other risk management and mitigation measures.
 - Policies and other measures on fraud, corruption and other misuse of GPE resources, including recommending action to the Board based on information communicated semi-annually by the Secretariat to the Committee or when it arises.
- b. Recommend new risk policies and risk appetite statements and revisions to existing ones.

4. Audits

- a. Oversee the audit arrangements of the GPE Fund and make recommendations for changes if necessary, in consultation with the Trustee

- b. Oversee GPE processes for reviewing and follow up on issues arising on audits of GPE grant funds.

5. Other

- a. Participate in performance review of the Committees conducted by the Governance and Ethics Committee, including commenting on the effectiveness of their respective terms of reference.
- b. Undertake any other responsibility or task delegated to it by a Board decision.

E. EXCEPTION TO TRANSPARENCY FOR ETHICS MATTERS AND MISUSE OF FUNDS

Due to the sensitivity of the matters delegated by the Board in the Policy on Conflicts of Interest and confidentiality of information related to misuse of funds

- a. Members of the Finance and Risk Committee are required to sign the Misuse of Trust Funds – confidentiality statement and the Conflict of Interest Policy acknowledgment.
- b. Members of the Finance and Risk Committee are not expected to consult with their constituencies and shall maintain the confidentiality of the Committee’s deliberations on such matters as appropriate and as directed by the Chair of the Finance and Risk Committee.
- c. The Chair of the Finance and Risk Committee may make exceptions to the transparency provisions in the Committee Operating Procedures with respect to issues in this area.

In the event that a matter arises under the Conflict of Interest Policy in which a member of the Finance and Risk Committee is implicated, the Committee shall meet without the presence of the implicated member. In addition, any observers may also be excluded from the Committee’s discussions under this heading.

F. SECRETARIAT ROLE

The Secretariat supports the work of the Committee in the following ways:

- a. Prepare financial forecast based on assessment of available resources and recommend maximum country allocations.
- b. Populate Operational Risk Framework on an annual basis.
- c. Review relevant audits, including grant audits and fund audits.
- d. Review Risk Management Matrix (Corporate Risk Framework) semi-annually.

G. KEY DOCUMENTS AND GPE POLICIES

In its work the Finance and Risk Committee is guided by the following key documents and GPE policies, recommending revisions to them to the Board as needed.

- *Communications Protocol on Misuse of GPE Funds (case level)*
- *Financial Procedures Agreement*
- *GPE Fund Governance Document*
- *Risk Management Policy*

- *Operational Risk Framework (joint responsibility with Grants and Performance Committee)*
- *Financing and Funding Framework (joint responsibility with Strategy and Policy Committee)*
- *Secretariat Budget*
- *Financial Forecast*
- *Contributions and Safeguards Policy*