

RISK MANAGEMENT REPORT # 5 - REPORT FROM THE FINANCE AND RISK COMMITTEE

For Decision

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them at the Board meeting

1. STRATEGIC PURPOSE

1.1 The purpose of this paper is for the Board to review the overall GPE risk portfolio based on the recommendations of the Finance and Risk Committee (FRC), the Secretariat's analysis, and input from the Strategy and Impact Committee (SIC), and Grants and Performances Committee (CGP).

1.2 Information on implementation of the Operational Risk Framework (ORF) are provided in BOD/2017/06 DOC 07.

Summary of Committee Deliberations

- The Finance and Risk Committee (FRC) noted that the Risk Management Matrix can be strengthened through examining ways to link information from Results Report in subsequent iterations of the tool. Specifically, there is a need to elaborate further on how the completion of results framework targets should be reflected in the rating of risks.
- The Strategic and Impact Committee (SIC) stressed the need to systematically include risk analysis and cost analysis in all decision making processes.
- The SIC specifically recommended the inclusion of a new risk 1.1.7 focusing on risks associated with the development of the Private Sector Strategy and the Foundation Strategy.
- The issue of risk ownership is an area that needs to be better explained and re-assessed when the new risk management function in the Secretariat is in place. The Secretariat noted that all partners have a role in mitigating risk but the issue of accountability and ownership beyond the Secretariat needs work.
- The Committees provided input on a number of mitigation actions which are integrated in the Matrix.

- The FRC focused on 6 key risks that are either new or assessed as “Critical or High” for the Board’s attention:
 - 1.1.4 (new- medium): *The risk that delays in the design of the Advocacy and Social Accountability mechanism undermines the continuity and effectiveness of civil society engagement and teaching profession.* The FRC suggested the above formulation of this new risk to better factor in risks related to the design of the Advocacy and Social Accountability mechanism particularly the need to design the successor program of the Civil Society Education Fund well in advance of completion of the existing program. The SIC suggested to also focus on teaching profession.
 - 1.1.5 (new- medium): *The risk that GPE and Education cannot Wait, mechanisms are not complementary and aligned and therefore negatively impact the replenishment and potentially the effectiveness on global education financing.* 1.1.6 (new - critical): *The risk that GPE and the Education Commission’s International Financing Facility for Education are not complementary and aligned and therefore negatively impact the replenishment and potentially the effectiveness on global education financing.* The FRC decided to create two separate risks as the risk rating and mitigation actions of both mechanisms are distinct. FRC members emphasized the need to create strong coordination mechanisms between GPE and IFFEd in the same way as GPE and ECW have done. The Grants and Performance Committee (GPC) further stressed the need to carefully monitor ECW, GPE and potential IFFeD grants at country level to avoid aid fragmentation. The SIC agreed that the Board should discuss additional mitigation actions to avoid fragmentation of aid and better harmonization between those mechanisms at global and country level.
 - 1.2.3 (critical) *Risk of DCPs failing to increase or maintain domestic financing at 20% - noting that the 20% was set in 2003 and may need to be revisited in the context of SDG 4 which include education from primary to secondary, highlighting the importance of further discussions with UNESCO and consistent engagement with Ministries of Finance, requesting the Secretariat to align its analysis through the results report and portfolio to avoid inconsistencies.* The Grant and Performance Committee shared the concerns about this indicator in the Results Framework.

- *2.1.3 (critical) Risk of not being able to identify a suitable Grant Agent for the context* – noting that more bilateral and multilaterals need to offer their services as Grant Agents which could be done through a declaration of interest while pledging at the replenishment, while the issue of GPE's current institutional arrangements within the World Bank currently does not allow governments from receiving GPE funds directly and needs to be examined again in 2017 in light of the potential hosting of ECW hosting.

- *On Risk 3.1.1 (reduced from critical to high) (The risk that donors fail to deliver on their current funding pledges within the replenishment period)*, the residual risk rating should be "High" (impact major/probability likely) considering that while there are risks to some remaining pledges, they're unlikely to materially impact the financial position. FRC noted the importance of diversifying the donor base through the next replenishment to reduce the impact of any one donor failing to meet a pledge.
- *4.2.3 (reduced from critical to high) The risk that the Secretariat's technical capacity, organizational structure, financial and human resources are not sufficient to deliver on the responsibilities assigned to it by the Board* – FRC noted that the overall rating should be high and not critical, the probability should be "possible" and not "likely", taking into account December Board decision to increase headcount in response to the Dalberg capacity assessment.
- The SIC recommended the addition of the following risk which has not been reviewed by the FRC as they met prior to the SIC meeting:
 - *1.1.7 (new-medium): The risk that the absence of the Private Sector and Foundations Strategies could result in misalignment with current partnership processes, engagement and also prevent current work (i.e. FFF) from progressing. This risk would be owned by the SIC.*

2. EXECUTIVE SUMMARY

- The Risk Matrix covers key risks at the corporate or portfolio level, while the Operational Risk Framework examines risk on a country by country, and grant by grant basis (FRC/2017/04 DOC 05). The matrix is updated on a semi-annual basis
- For the latest review of the Risk Matrix (Annex 1), the Secretariat has focused on the suggested areas and issues identified by the Board at its last two meetings in Cambodia (December 2016) and Washington DC (March 2017), updating the status of current mitigation actions and identifying future actions and deliverables that would be required to help drive risk down to an appropriate Target Risk Level.
- The Secretariat is currently recruiting professional staff to fill the Risk Management Function and once on Board (by end of June/early July), they will conduct an intensive review of the current risk policy and practices with the aim for any major changes to be considered by the FRC and Board at the end of 2017. A key area that will be closely examined is ensuring strong linkages between the Risk Matrix and Operational Risk Framework with the findings from GPE's results report to be presented to the Board in June. Therefore this current review should be considered a light touch review and update to the matrix
- The Secretariat's assessment of risk is that the current list of risks outlined in the Risk Matrix and the present ratings are correct. The FRC recommend inclusion of five new risks to the matrix:
 - (1.1.4) ***The risk that delays in the design of the Advocacy and Social Accountability mechanism undermines the continuity and effectiveness of civil society engagement and teaching profession.*** The proposal is to rate this as medium (major impact and possible likelihood). The oversight of this risk should be at the Strategy and Impact Committee level as this Committee will oversee the design of the advocacy and social accountability mechanism approved by the Board in March 2017
 - (1.1.5) ***The risk that GPE and Education Cannot Wait are not complementary and aligned and therefore negatively impact the replenishment and potentially the effectiveness on global education financing.*** The proposal is to rate this as medium (major impact and possible likelihood) noting that collaboration between GPE and ECW has been very productive to date and the sources of ECW funding are less likely to come from the same pools of donor resources as GPE.
 - (1.1.6) ***The risk that GPE and IFFEd are not complementary and aligned and therefore negatively impact the replenishment and potentially the effectiveness on global education financing.*** The proposal is to rate this as Critical (severe impact and likely) given the need for significantly more information on how GPE

and IFFEd interrelate, and the likelihood of overlap in donor sources of funding for both GPE and IFFEd and potential dilution of funding, especially if overall ODA for education is not substantively increased. The FRC believe that the oversight of this risk should be at Board level.

- (3.1.5) ***The risk that GPE is adversely affected by Foreign Exchange movements.*** The Secretariat proposes to rate this as high (major and likely) because the Secretariat has limited options to effectively mitigate this risk under our current institutional arrangements, but is continuing to explore options and a preliminary report on GPE's institutional arrangements will be delivered to the Board in June.
- 1.1.7 (new-medium): ***The risk that the absence of the Private Sector and Foundations Strategies could result in misalignment with current partnership processes, engagement and also prevent current work (i.e. FFF) from progressing.*** The SIC recommended the addition of this risk has not been reviewed by the FRC as they met prior to the SIC meeting: This risk would be owned by the SIC.
- Of the 34 Risks proposed in the Matrix, 26 have lower risk scores than their inherent risk rating (i.e. the risk rating if mitigation actions were not applied) which is positive and shows that the mitigation actions applied are having an impact. However only 5 risks meet the current target risk rating (i.e. the level of risk that should be acceptable) indicating that significant additional work is required. Of the 34 Risks, 4 are rated as "Critical" and 11 are "High".
- The Secretariat would note that the decisions taken by the Board in December 2016 and March 2017 with respect to the Finance and Funding Framework, GPE's institutional arrangements, Secretariat capacity, efficiency and effectiveness of country level partners, and governance have real potential to reduce risk towards the target levels if properly implemented, however it is premature to lower the current assessment of risk at this stage.

3. RECOMMENDED DECISION

3.1 The Finance and Risk Committee recommends to the Board to approve the following decision:

BOD/2017/06-XX—Risk Management Report: The Board of Directors:

1. endorses the changes to the Risk Matrix, including modification of risks, revisions to the overall score of some risks, update on current mitigations actions and addition of future mitigation actions, as presented in BOD/2017/06 DOC 06.

2. requests the Secretariat to review the risk policy, including further clarification of the risk ownership and to report back to the Finance and Risk Committee by October 2017.

4. BACKGROUND

4.1 In December 2014 (BOD/2014/12-03), the Board adopted the Risk Policy and endorsed the “Risk Management Matrix with the understanding that it will be reviewed and revised semi-annually by the Secretariat and submitted for evaluation to the Finance and Risk Committee and any material changes will be reported to the Board”.

4.2 Per the Policy on Risk Management and related Risk Matrix, the Finance and Risk Committee is responsible for overseeing risk management within the Global Partnership for Education (“Global Partnership” or GPE”) and ensuring that progress is being made on implementing risk mitigation measures. It is also responsible to contribute to the mitigation of all financial, fiduciary risks related to its mandate.

4.3 In June 2016, the Board also approved the creation of an Operational Risk Framework that focuses on risk on a country by country, and grant by grant basis. The latest update is provided in a separate document (FRC/2017/04 DOC 05)

4.4 During its meeting in December 2016, the Board endorsed the changes to the Risk Matrix (BOD/2016/12 DOC 06), including the severity chart, modification of risks, revisions to the overall score of some risks, update on current mitigation actions and addition of future mitigation actions. During its discussion, the Board noted that the risk report should pay more attention to the following areas: the risk of hosting/not hosting Education Cannot Wait; the risk of transaction cost and impact on grant implementation and performance; exchange rates, consideration of grant agents as risk owners and its implications on the operational and decision-making process; more attention to the role of civil society in mitigating risks. At its latest meeting in March 2017, the Board also highlighted the importance of integrating risks related to the various elements of the Financing and Funding Framework into the Risk Matrix.

4.5 The Secretariat has sought to address these comments within the Risk Matrix through the introduction of three new risks, and updates to key mitigation actions. The Secretariat is also proposing that the issue of risk ownership be parked until GPE recruits its risk management specialists to allow them to conduct an in-depth examination of current policies. Instead, the Secretariat proposes greater clarity on the role of the Secretariat, Committees, and Board with respect to assessment of risks, and

oversight of specific risks within the Committee and Board's mandate in light of the new governance structure.

5. METHODOLOGY

5.1 The Risk Matrix (Annex 1) contains a "Severity Chart" that outlines the relationship between probability of a risk occurring and the impact of that risk if it occurred to determine a risk rating. (i.e. where probability is unlikely and impact is low would produce an overall "Low" risk rating). The Matrix outlines each risk along with current, and additional mitigation actions required. In reviewing each risk and the mitigation measures being implemented, the Secretariat considers the impact, probability and overall score of each risk and the Target Risk. The Target Risk describes how much risk the Board is willing to accept in order to reach objectives. This will inform the Board Tolerance for each specific risk and will help to define management's "risk appetite". Target risk helps to ensure that risks are not over or under managed, and that financial and human resources are allocated effectively.

5.2 The Matrix also includes the future direction of travel foreseen for the upcoming months. The future direction of travel indicates whether the risk rating is likely to change by the time of the next assessment based on the implementation of planned mitigation actions and/or other factors that may impact the assessment of risk. Three symbols are provided to indicate the future direction of travel; these are improving as the risk rating is likely to be lowered (i.e. from High to Medium), deteriorating as the risk rating is likely to be increased (i.e. from High to Critical), or stable to indicate no change in rating expected. Finally, the Matrix includes an analysis of Inherent Risk, which is the level of risk before mitigation actions and controls are applied.

5.3 The inclusion of Inherent, Residual, and Target risk is intended to allow the reviewer understand the risk prior to mitigation and controls, after existing mitigation actions are applied, and the target level of where risk would be acceptable and the associated additional mitigation actions required to move the risk towards the target level.

6. OVERALL ANALYSIS

6.1 The Secretariat proposes limited adjustments to the risk Matrix at this stage to (a) provide greater clarity on the issue of risk monitoring and oversight (b) update mitigation actions with recent Board decisions (December and March Board meetings) (c) add 3 new risks.

Risk oversight

6.2 In December 2016 the Board requested the Secretariat to further examine the issue of risk ownership and to re-assess when the new governance structures are in place.

6.3 Through the governance review and the adoption of revised terms of reference for Committees, the Board clarified roles, responsibilities and accountabilities at Board, Committees and Secretariat level. Further to this reform, the Secretariat suggests to defer the issue of risk ownership in terms of responsibility for implementation of risk mitigation actions and to focus on monitoring and oversight as set out below.

- Secretariat level: monitor status of mitigation actions and propose new ones to be implemented by Secretariat or partners, proposes risk ratings to the FRC;
- Committee level: oversight of assigned risks based on Committee terms of reference and review ratings. The Finance and Risk Committee is responsible of the overall review of the Matrix based on inputs from other Committees;
- Board level: ownership of the identified risks, focusing on key risks and major issues identified by Committees.

6.4 In this iteration of the risk Matrix, the proposal is to assign risk oversight to committees, except for some critical/strategic risks attached to Board responsibilities (4.2.2 Institutional Arrangement/4.2.3 Secretariat Capacity/new risk 1.1.5 and 1.1.6 complementary and alignment of ECW and IFFEd). Based on Committee discussions, further clarification will be included in the policy review, by December 2017 with a specific focus on risk ownership by partners outside the Secretariat and Committees. i.e. Grant Agents, LEGs, DCPs, Coordinating Agencies etc.

Updated mitigation actions and Residual Risk Assessment

6.5 Annex 1 includes updates of current and additional mitigation actions identified per December and March Board decisions. In terms of current mitigation actions that are helping to keep risk levels stable or will further reduce them, the improvements to the operational model, combined with implementation of the M&E strategy are seen as critical. Moving forward, in addition to this, implementation and the roll out of the Financing and Funding Framework, implementing of the Contributions and Safeguard Policy, implementing the country risk management plans from the Operational Risk Framework, reporting on results, developing the Education Sector Investment Case, designing Knowledge and Innovation Exchange, and Advocacy and Social Accountability Mechanisms, and ensuring sufficient resources are available to engage with countries upstream in planning and program design are essential mitigation actions which the FRC should focus on over the 2017-2018

period. The Secretariat expect that full implementation of those actions has the potential to lower risk ratings towards the target levels. Regarding the issue raised by DCP members of the Board that the cost of the grant agent in fulfilling its roles and responsibilities being included in the maximum country allocation was cited as a risk to performance in that it decreases the funds available for program implementation, the Secretariat notes that the allocation formula proposed for ESPIGs in the 2018 – 2020 period now includes a minimum allocation size to ensure that grant agent costs do not make up a disproportionately high percentage of the grant.

6.6 Of the 34 Risks, 4 are rated as “Critical” and 11 are “High”.

The critical risks relate to:

- 1.1.6 Complementarity/Alignment with IFFEd, 1.2.3 Domestic Financing / 2.1.3 Availability of Suitable Grant Agent / 2.3.3 Program Implementation Modalities.

While high risks include:

- 2.1.1 Roles, Responsibilities, and Accountability at Country Level / 2.1.2 Disruption due to Funding Model Implementation Challenges / 2.2.1 Quality Assurance of Grants / 2.2.2 Quality Assurance of Sector Plans / 2.3.4 Grant Performance / 2.4.2 Quality Sector Data / 3.1.1 Donor Pledges / 3.1.3 Ability to Demonstrate Added Value to Attract Resources / 3.1.5 Foreign Exchange movements/ 3.2.1 Risk of Fraud and Misuse / 4.2.3 Secretariat Capacity.

6.7 While significant mitigation actions have taken place and are continuing, this alone has not been sufficient to reduce the probability and/or impact of a risk occurring save for a number of cases. The ability to invest more resources in upstream country support on quality assurance of plans and programs is identified as a key mitigation action required to address the quality assurance risks, while rolling out the independent appraisal of sector plans and identifying improvements to tackle the issue of data as part of the design of the new Financing and Funding Framework will be key for addressing data challenges.

7. NEXT STEPS

7.1 Following the Board meeting in June, and recruitment of the risk specialists in the Secretariat, the Secretariat will continue to implement and monitor the mitigation actions outlined in the risk Matrix, and will also conduct a comprehensive review of the risk policy and practices to report back to the Committees in order to propose improvements and to prepare the next update to the Board in December 2017.

8. PLEASE CONTACT: Padraig Power (ppower@globalpartnership.org), Christine Guétin (cguetin@globalpartnership.org), and Matthew Smith (mdsmith@globalpartnership.org) for further information.

9. ANNEX AND ADDITIONAL INFORMATION

Annex 1: Risk Matrix

References:

- ✓ Risk Management Report #4 (BOD/2016/12 DOC 06)
- ✓ Risk Management Policy (BOD/2014/12 DOC 04)

ANNEX 1 – GPE RISK MATRIX, APRIL 2017

SEVERITY CHART

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

IMPACT

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

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

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

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

PROBABILITY

Very Likely: The risk is seen as certain to occur within the next three years.

Likely: The risk is seen as likely to occur within the next three years

Possible: The risk is seen as possibly occurring within next three years

Unlikely: The risk is seen as unlikely to occur within the next three years

DEFINITIONS

Inherent risk: The risk that GPE faces prior to any mitigation efforts, before internal or other controls.

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

Target risk (risk appetite and risk tolerance for a specific risk): The amount of risk that management is willing to accept in order to reach objectives, which helps define management’s “risk appetite.” Target risk helps to ensure that risks are not over- or under-managed, and that financial and human resources are allocated effectively.

Mitigation actions: These should be as specific, measurable, achievable, realistic and time-bound (SMART) as possible. There is a requirement to measure progress with mitigating actions and to highlight for management where mitigating actions are off track. If the mitigating action is an ongoing, recurrent action/control, consideration should be given to whether this needs to be reported in the risk register.

Six-Month Trend/Direction of Travel: Indicates whether the risk rating is likely to change by the time of the next assessment (every six months) based on the implementation of planned mitigation actions and/or other factors that may affect the assessment of risk. Three symbols are provided to indicate the future direction of travel:

- **Improving**, as the risk rating is likely to be lowered (e.g., from High to Medium).
- **Deteriorating**, as the risk rating is likely to be increased (e.g., from High to Critical).
- **Stable** to indicate that no change in rating is expected.

1.0 STRATEGIC RISKS

Risk/Risk Owner(s)	Inherent Risk ¹	Current Mitigation Actions/Controls	Residual Risk ²	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ³	Strat. Obj.
1.1 Strategy and Policy								
<p>1.1.1 Implementation of the Strategic Plan SIC</p> <p>The risk that the Board and management have not developed a realistic and achievable implementation plan and clarified partner commitments to support the achievement of strategic plan goals and objectives.</p>	Major Very Likely	<ul style="list-style-type: none"> Board: Interim roadmap agreed by the Board in February 2017 Board: Results framework, including targets, adopted by the Board in Dec 2015. Mutual Accountability included in Charter Contribution and Safeguard Policy adopted in March 2017. 	Major Unlikely	Stable	<ul style="list-style-type: none"> Board approves a comprehensive implementation plan aligned with the objectives and indicators in the strategic plan to be updated annually based on results report and evaluations GPE Board approves a budget and work plan for the Secretariat that provides necessary resources and focus for implementation of the strategic plan. Secretariat/Board: increase focus on branding and visibility at global and country level to be able to demonstrate results SIC/Secretariat: identify and address potential tensions with GPE core principles in the design of the private sector strategy 	Ongoing June 2017 Ongoing FY 2017	Major Unlikely	5c
<p>1.1.2 Monitoring of the Strategic Plan SIC</p> <p>The risk that the partnership is unable to monitor and demonstrate progress</p>	Major Very Likely	<ul style="list-style-type: none"> Board: Approved the strategic plan in Dec 2015, which includes a Theory of Change, a results framework with indicators, targets and timelines to allow for improved monitoring and demonstration of progress during implementation. 	Major Unlikely	Improving	<ul style="list-style-type: none"> Secretariat: Prepare annual results report to provide the basis for making annual adjustments to the strategic plan based on progress and to enhance mutual accountability. Secretariat: Invest in improvements to its 	June 2017 Ongoing	Major Unlikely	5e 2b 3a 5c

¹ Risk before reasonable controls are applied.

² Evaluated by Secretariat. For Board approval, June 2017.

³ Evaluated by Secretariat. For Board approval, June 2017

Risk/Risk Owner(s)	Inherent Risk ¹	Current Mitigation Actions/Controls	Residual Risk ²	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ³	Strat. Obj.
on strategic plan objectives.		<ul style="list-style-type: none"> M&E Strategy approved and proposed evaluations underway. Committee (SIC): makes recommendations to the Board on adjustments to results framework and to the monitoring and evaluation strategy 			<ul style="list-style-type: none"> information systems to support monitoring and reporting on the results framework. Dissemination of results to all partners (including at the country level) to improve mutual accountability. 	Onward		
<p>1.1.3 Knowledge and Innovation Exchange (KIX) SIC</p> <p>The risk that the partnership fails to leverage the global and cross-national knowledge and innovation exchange for improved education policies and systems and a stronger aligned partnership at the national level.</p>	Major Likely	<ul style="list-style-type: none"> Funding proposals completed and approved for A4L, BELDS and CIFF Funding for GPE KIX Strategy considered as part of the Financing and Funding Framework; Foundation and Private Sector strategies; KIX mechanism and strategy approved in December 2017 Oversight of KIX thematic prioritization and design by SIC At least three KIX initiatives conducted with country levels actors. Secretariat: Monitoring GRA progress and evaluation by 2018. 	Major Possible	Improving	<ul style="list-style-type: none"> Secretariat/SIC/Board: design the Knowledge and Innovation Exchange mechanism Secretariat: Implement the strategy and enhance dissemination and capacity development activities with country level actors. Secretariat: Disseminate GRA knowledge product. Secretariat: Ensure that design of KIX initiatives explicitly links global and regional activities to country-level work and with advocacy and DCP south - south learning work Secretariat: Ensure coordination on KIX (financing and content) between secretariat teams – SPP, CST, OPS, and PERT 	Dec. 2017 From June 2016 2017 onward 2017	Major Unlikely	1b 5b
<p>1.1.4 Advocacy and Social Accountability SIC</p> <p>The risk that uncertainty undermines the continuity of civil society and teaching profession</p>	Major Likely	<ul style="list-style-type: none"> Board: approved the establishment of an advocacy and social accountability mechanism in March 2017 Implementation of Board approved transparency policy, Additional advocacy staff recruited following December 	Major Possible		<ul style="list-style-type: none"> Secretariat/SIC/Board: design the advocacy and social accountability mechanism Secretariat/SIC: design new mechanisms for successor to CSEF LEG: promote linkages between the different country level 	Dec. 2017 Oct 2017 Ongoing	Major Unlikely	

Risk/Risk Owner(s)	Inherent Risk ¹	Current Mitigation Actions/Controls	Residual Risk ²	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ³	Strat. Obj.
engagement while designing new mechanisms		<ul style="list-style-type: none"> Board approval of additional full time staff in December 2016 Ongoing monitoring and support of CSEF program 			activities funded by GPE to avoid fragmentation at country level			
1.1.5 Complementarity/alignment with ECW Board The risk that GPE and Education Cannot Wait are not complementary and aligned and therefore negatively impact the replenishment and potentially the effectiveness on global education financing.	Major Very Likely	<ul style="list-style-type: none"> Secretariat: active support in the design of Education Cannot Wait Secretariat: ongoing coordination with Education Cannot Wait and regular report to the Board. Participation in HLSG by GPE Board Chair Participation in Exec. Committee of ECW by Secretariat 	Major Possible	Stable	<ul style="list-style-type: none"> Secretariat: full engagement in ECW hosting review process for High Level Steering Group decision. 	Oct 2017	Major Unlikely	
1.1.6 Complementarity/alignment with IFFEd Board The risk that GPE and the Education Commission's International Financing Facility for Education are not complementary and aligned and therefore negatively impact the replenishment and potentially the effectiveness on global education financing.	Severe Likely	<ul style="list-style-type: none"> Chair/Secretariat: contribute to the Education Commission Work 	Severe Likely	Stable	<ul style="list-style-type: none"> Chair/Secretariat: Coordinate on communications, and timing of fundraising Secretariat: Actively work with Commission staff on "Pioneer Countries" to avoid duplication/confusion at country level. Secretariat: Support and participate in any coordination mechanisms with the Commission (if established) and similar to ECW 	FY 2017 FY 2017-2018	Major Unlikely	

Risk/Risk Owner(s)	Inherent Risk ¹	Current Mitigation Actions/Controls	Residual Risk ²	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ³	Strat. Obj.
<p>1.1.7 - Private Sector and Foundations Strategies SIC</p> <p>The risk that the absence of the absence of the Private Sector and Foundations Strategies strategies could result in misalignment with current partnership processes, engagement and also prevent current work (i.e. FFF) from progressing.</p>	Major Likely	<ul style="list-style-type: none"> Board: Agree to roadmap for GPE Engagement with the Private Sector and Foundations in March 2017 Secretariat: Develop work plan, ToR for external firm and hire 	Major Likely		<ul style="list-style-type: none"> Secretariat: ensure PS/F strategies develop on time and that the various related work streams align that depend on PS/F Strategies align SIC: Review drafts by end of September Secretariat/SIC: PS/F Strategies drafts in place (September) in time for initial review of KIX/ASA design (September) Board: Approve PS/F Strategies in December 2017 	<p>July-Sept 2017</p> <p>Sept 2017</p> <p>Dec.2017</p>	Major Unlikely	
1.2 Support to the Education Sector in Developing Countries								
<p>1.2.1 Support to Education Sector Plans GPC</p> <p>The risk that the Partnership does not leverage its capacities to support the production of quality ESPs.⁴</p>	Major Likely	<ul style="list-style-type: none"> Secretariat/Partners: Guidelines for transitional plan preparation being utilized. Secretariat: Guidelines for ESPDGs completed. Secretariat: ESP financing to include sector analysis. Secretariat: Working with Countries planning to apply in 2016/2017. Secretariat: Implementation of the Operational Risk Framework bears out that 4 countries/federal states have critical risk in this aspect, 16 have high risk, 15 medium and 23 have low risk (out of a total of 58 countries/federal states). 	Major Possible	Stable	<ul style="list-style-type: none"> Board: Review evaluation of the independent appraisal of ESPs and discuss any modifications needed. Secretariat: Roll out improved quality assurance framework and increase Secretariat capacity in this area Leveraging DCP meetings to promote peer to peer exchange and capacity development on sector planning Secretariat: Technical assistance services to develop quality education sector plans based on analytics Independent appraisal of ESPs and complete preparations for 	<p>June 2017</p> <p>June 2017 Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	Major Unlikely	1b 4b

⁴ The criteria for a quality ESP can be found here: <http://www.globalpartnership.org/sites/default/files/2015-06-gpe-iiep-guidelines-education-sector-plan-appraisal.pdf>

Risk/Risk Owner(s)	Inherent Risk ¹	Current Mitigation Actions/Controls	Residual Risk ²	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ³	Strat. Obj.
					modalities and timeline for evaluation of pilot. Support DCP capacity building through coordinated support with grant agents	Ongoing		
<p>1.2.2 Support to Education Sector Plans GPC</p> <p>The risk that the partnership does not support planning, financing and monitoring during ESP implementation.</p>	Major Likely	<ul style="list-style-type: none"> • Secretariat/Partners: Joint sector reviews efficiency study and guidelines completed. • Secretariat/ Partners: Joint sector participation by Secretariat. • Secretariat: Methodology for monitoring in joint sector reviews completed. • DCPs: Multi-year action plan for each ESP. • DCPs: Develop Education Sector Investment Case to translate education sector plans and policy into investment opportunities. • Secretariat: Implementation of the Operational Risk Framework bears out that 6 countries/federal states have critical risk in this aspect, 16 have high risk, 16 have medium risk, and 20 have low risk (out of a total of 58 countries/federal states). 	Major Possible	Stable	<ul style="list-style-type: none"> • Board: Decision on research based guidance for local education groups • Leveraging DCP meetings to promote peer to peer exchange and capacity development on sector planning (education financing, sector monitoring) • New guidelines underway; joint sector review effectiveness, domestic financing, monitoring • Secretariat: design Education Sector Investment Case and select pilot countries to test it. • Secure additional finance to address data gaps 	Ongoing Ongoing Dec. 2017 FY 2017-2018	Major Unlikely	1b 4b
<p>1.2.3 Domestic Financing GPC</p> <p>The risk that GPE Developing country partners which apply for an ESPIG fail to increase their public expenditure or maintain expenditure at 20% or above</p>	Severe Very Likely	<ul style="list-style-type: none"> • Secretariat/DCP/GPC: Continuous work on detailing the technical specifications of the funding model requirement on domestic financing that will be the common ground for assessing and monitoring countries commitments in the area. Regularly brief the Board on progress against commitments. 	Severe Likely	Stable	<ul style="list-style-type: none"> • Secretariat/CGP/Board: Develop process for monitoring domestic resource and a policy for taking appropriate action where the commitments are not being met. • Secretariat: Leveraging DCP meetings to discuss guidelines on domestic financing, level of expenditure on education and 	Oct 2017 FY2017 Ongoing	Severe Possible	4c

Risk/Risk Owner(s)	Inherent Risk ¹	Current Mitigation Actions/Controls	Residual Risk ²	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ³	Strat. Obj.
		<ul style="list-style-type: none"> • Secretariat/LEG/CSO: Continuous support to civil society coalitions to build their capacities and engage in the LEGs. • Increased focus as part of FFF including strengthened requirements on data for domestic finance. • Secretariat: Implementation of the Operational Risk Framework bears out that 10 countries/federal states have critical risk in this aspect, 10 have high risk, 25 have medium risk, and 12 have low risk (out of a total of 57 countries/federal states). Secretariat/All partners: engage with all relevant partners and committees to develop a proposal to achieve greater additionality, coordinated financing, co-financing, and leveraging to crowd in resources to finance credible education sector plan (March 2017, Board decision) 			<ul style="list-style-type: none"> monitored yearly through the results framework indicator number 10. • Secretariat: Monitor and encourage the budget tracking components of the implementation plans under the CSEF grants. • SIC: Explore future forms of support for civil society advocacy on domestic financing. • Secretariat: Add country-level advocacy mechanisms and greater interactions with Ministry of Finance as required. • Secretariat/Board: develops an action plan for high-risk countries • CEO: engagement with Ministry of Finance • DCPs: Develop Education Sector Investment Case to translate education sector plans and policy into investment opportunities. 	<p>Jun 2017</p> <p>Jun 2017</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>		
<p>1.2.4 National/regional capacity and operating environment GPC</p> <p>The risk that GPE processes do not take sufficient account of the level of national/regional capacity and the operating environment,</p>	Major Likely	<ul style="list-style-type: none"> • Board: Operational model strengthened (Board decision Oct 2015). • Board: Results report to include elements on operational modalities, role of grant agents, etc. • Secretariat/GPC/Board: portfolio review includes a section on how the GPE mechanisms have been applied in countries in crisis over 	Major Unlikely	Improving	<ul style="list-style-type: none"> • Secretariat/Board: Clarify responsibility and optimizing approaches for capacity building and technical assistance including in fragile and conflict affected states • Secretariat/FRC/SIC: Strengthen the focus on resilience and preparedness especially for Fragile and Conflict Affected Countries within ESPIG and ESPDG 	<p>Dec. 2017</p> <p>Ongoing</p>	Major Unlikely	2b 4b

Risk/Risk Owner(s)	Inherent Risk ¹	Current Mitigation Actions/Controls	Residual Risk ²	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ³	Strat. Obj.
particularly in conflict-affected states.		<p>the past year, highlighting strengths and weaknesses.</p> <ul style="list-style-type: none"> • GPC/Secretariat: Revised TORs and selection process for grant agents communicated (GPC decision Feb 2016). Review grant proposals. • LEG/DCP: Choice of grant agents based on implementation arrangements. • Grant Agents: QAR 2, quality check on the implementation arrangement. • Secretariat: Applies existing policies such as the operational framework, accelerated funding and transitional education sector plans, and focuses on this risk during quality assurance review. • Secretariat: Country contextual factors are considered in the Operational Risk Framework. 12 countries/federal states have Very High country risk in this aspect, 17 have High country risk, 19 have Medium country risk, and 10 have Lower country risk (out of a total 58 countries/federal states). 			<p>guidelines and also the assessment of credible plans. incorporate this topic within KIX design work, and finalizing analysis on applicability of risk financing instruments</p> <ul style="list-style-type: none"> • Secretariat/CGP: Develop guidance that would encourage and facilitate regional funding approaches in two separate instances: (a) small, islands, and land locked states; (b) regional/crisis situations • FRC/CGP/Board: Roll out country risk management plans • Implementation of the revised quality assurance framework and the monitoring and evaluation strategy. • Secretariat: Enhance collaboration between UNHCR and INEE partners to ensure stronger operational modalities at country level. • Secretariat: develop mitigation plan for country level partnership procedures in fragile and conflict states. • Secretariat: Provide additional support to fragile and conflict affected countries on RBF (Subject to availability of resources). • Review of grant Agent Selection Process 	<p>Dec. 2017</p> <p>Ongoing</p> <p>ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>FY2017</p> <p>FY2017</p>		

2.0 PROGRAMMATIC RISKS

Risk/Risk Owner(s)	Inherent Risk	Current Mitigation Actions/Controls	Residual Risk	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk ⁵	Strat. Obj.
2.1 Country Advisory								
<p>2.1.1 Roles, Responsibilities And Accountabilities at Country Level CGP</p> <p>The risk that roles, responsibilities and accountabilities of the Secretariat, LEGs, CAs and GAs in country are not clearly defined, understood and consistently applied.</p>	Severe Very Likely	<ul style="list-style-type: none"> Secretariat: Country-level Process Guide outlines key roles and responsibilities at country level while charter and other governance documents cover the rest of partnership. Secretariat: Implement the monitoring and evaluation strategy. Grant Agents and Trustee: Legal relationship outlined in the Financial Procedures Agreement. GA and DCP: Legal relationship outlined in grant agreements. Board: Mutual accountability included in Charter Board: Conflict Resolution Mechanism adopted Annual survey on clarity of roles and responsibilities implemented as part of the Results Report (Indicator 32). 	Severe Possible	Stable	<ul style="list-style-type: none"> Secretariat: report on the issues and options for ensuring Grant Agents, Coordinating Agencies, and Local Education Groups are operating efficiently and effectively as well as learning from past experience to deliver GPE 2020 Secretariat/Board: Clarify responsibility and optimizing approaches for capacity building and technical assistance including in fragile and conflict affected states Secretariat: guidance for strengthening effectiveness of LEG/Board/ Secretariat: respond with corrective action to lessons learned from Annual Survey on roles and responsibilities – (Results Indicator survey) Secretariat/Partners: Continue successful implementation of the operational model recommendations (Board decision Oct 2015) including adjustments based on lessons learned... Identify improvements to country support based on findings of Indicator 32 results 	Dec 2017 Dec. 2017 Ongoing June 2017 FY2017 – FY2018 Ongoing	Severe Unlikely	2a, b 3c 4a

⁵ Evaluated by Secretariat. For Board approval, June 2017.

					(clarity of roles and responsibilities). 60% of respondents noticed improvements in clarity in the past year based on annual survey			
<p>2.1.2 GPE Funding Model GPC</p> <p>Support to countries: The risk of disruption in country-level processes due to problems in the implementation of the GPE funding model.</p>	Major Very Likely	<ul style="list-style-type: none"> • Secretariat: Country-level Process Guide updated to reflect GPE funding model 2015-2018. • Secretariat: Strengthened capacity in place, enabling closer work with countries through fewer countries per person plus additional technical support in place. • GPC/Board: Decision on application of variable part for grants under USD\$5 million approved by the GPC, which is also linked to the operational risk framework. • Secretariat: Guidelines on program implementation grants updated. 	Major Likely	Stable	<ul style="list-style-type: none"> • Secretariat/Partners: Continue implementing operational model recommendations (Board decision Oct 2015) including adjustments based on lessons learned. • Secretariat: Continue strengthening country-level development partners' including Ministry of Finance understanding of the implementation of the funding model and their roles in it. • Secretariat: Strengthen country advisory and operational support (Subject to Availability of Resources) • Secretariat: Further clarify funding model requirements and incorporate lessons learned in guidance, including financing tool with clear guidelines on operationalizing the variable tranche 	Ongoing Ongoing FY2018 June 2017	Major Unlikely	3a, d
<p>2.1.3 Choice of Grant Agents GPC</p> <p>The risk that a country cannot identify a grant agent suited to the purpose for the country context.</p>	Severe Likely	<ul style="list-style-type: none"> • Board: Approved eligibility expansion plan for INGOs to act as grant agents. • Secretariat/FRC: Roll out of verification for whether grant agents meet minimum standards. 	Severe Likely	Stable	<ul style="list-style-type: none"> • Secretariat/GPC/FRC: Reduce burden on low-risk grants through operational risk framework. • Ensure LEGs are fully aware of range of Grant Agent options • Effective implementation of Grant Agent Selection Process • Examine flexibility for Direct Access of GPE Grants to Governments in certain cases 	FY2017 and beyond	Severe Unlikely	2a

					<p>through review of institutional arrangements</p> <ul style="list-style-type: none"> • Donors: express interest on acting as Grant Agent while pledging • Secretariat/Trustee/Board: explore further direct access through budget support • Secretariat/Grant Agents: agree on branding and visibility of GPE support 			
2.2 Quality Assurance								
<p>2.2.1 Quality Assurance (Grants) GPC</p> <p>The risk that quality assurance processes do not always detect poorly designed programs/grants at country level (in terms of both substance and oversight) and ensure they are remedied.</p>	Major Very Likely	<ul style="list-style-type: none"> • Secretariat/Board: Enhanced quality assurance review process where peer review groups are formed based on risks and management clearance of the QAR reports. • Secretariat/Board Quality assurance framework updated. • GPC Methodology for Grant Reviews Approved 	Major Likely	Improving	<ul style="list-style-type: none"> • Secretariat and GPC: Continue to strengthen QAR and assess the potential for mechanisms that can increase consistency and effectiveness of grant designs earlier in the QAR process. • Secretariat: Monitoring and evaluation strategy and results framework • Secretariat: Ongoing harmonization of grant agent quality assurance processes to promote alignment and timing of applications • Secretariat: Modify QAR arrangements for small grant reviews • Apply Operational Risk Assessment at QAR 1 	<p>Ongoing</p> <p>FY2017</p> <p>Ongoing</p> <p>Dec 2016</p> <p>FY2018</p>	<p>Major Unlikely (Non-FCAS)</p> <p>Major Possible (FCAS)</p>	3a, b, c 4b 5d

<p>2.2.2 Quality Assurance Process (Education Sector Plans) GPC</p> <p>The risk that independent appraisal processes do not always detect and correct poorly designed education sector plans.</p>	<p>Major Very Likely</p>	<ul style="list-style-type: none"> • Secretariat: The revision of the methodology to assess the quality of ESPs has been finalized. Technical feedback provided at the ESPDG application stage to support the development of sound ESPs from beginning to end • Board: Decision on independent appraisal of education sector plans. • Secretariat: New guidelines for ESPDG planning processes. Revised guidance on independent appraisal to development partners. • Independent assessment, roster and training of consultants for independent assessment completed. 	<p>Major Likely</p>	<p>Improving</p>	<ul style="list-style-type: none"> • Secretariat: Integrate review of ESPs in quality assurance framework. • Secretariat: Enhance advisory support for Sector Planning as part of country advisory functions. • Secretariat: Launch ESP evaluation; and disseminate lessons learned on Education Sector Planning. 	<p>Ongoing</p> <p>Ongoing</p> <p>Launched FY 2017</p>	<p>Major Possible</p>	<p>1a 4b 5d</p>
<p>2.3 GPE Grant Management and Monitoring</p>								
<p>2.3.1 Grant Agent Oversight GPC</p> <p>The risk that grant agents are not providing effective oversight.</p>	<p>Major Possible</p>	<ul style="list-style-type: none"> • Secretariat: Continue to annually implement and update operational risk framework. More frequent reviews of high risk grants • Secretariat: Internal capacities strengthened to allow better oversight and increased joint monitoring missions. • Board: A process has been adopted for review of grant agent progress reports and audit reports on grant implementation. • Secretariat: A mechanism is being rolled out for three times a year joint Secretariat/agency management review of grant portfolio by regions for the 	<p>Major Possible</p>	<p>Improving</p>	<ul style="list-style-type: none"> • Monitor relevant indicator through M&E strategy – Indicator 25 “proportion of GPE program grants assessed as on track”; Indicator 35 on grant audit reports received and followed up upon. • Review Grant Agent compliance with standards as evidenced by relevant internal/external audit reports during quality assurance review • Secretariat: strengthened capacity in Monitoring Unit and Finance to review progress reports and audit reports • Secretariat: increased number of joint missions 	<p>Ongoing</p>	<p>Major Unlikely</p>	<p>3d</p>

		<p>World Bank, at the global level for UNICEF and on a biannual basis for grant agents managing one to two grants.</p> <ul style="list-style-type: none"> • Secretariat: According to implementation of the Operational Risk Framework, 1 country has Critical risk in this aspect, 9 have High risk, 15 have Medium risk, and 33 have Low risk (out of a total 58 countries/federal states). • Standard grant reporting template agreed in April 2016 and being rolled out as a one year pilot to all grant agents • Existing Grant Agents Reviewed against Minimum Standards 			(country support team and finance team)			
<p>2.3.2 Program Implementation Timeline GPC</p> <p>The risk that grant objectives are not achieved within the expected implementation period.</p>	Moderate Very Likely	<ul style="list-style-type: none"> • Secretariat/GPC: Strengthened grant monitoring, including systematic review of progress reports. • Board/GPC/Secretariat: Moved to a more flexible Grant Application Cycle to reduce risk that time pressures lead to poorly designed applications • Secretariat/Grant Agents: A mechanism is being rolled out for joined management review three times a year of grant portfolio by regions for the World Bank, at the global level for UNICEF and on a biannual basis for grant agents managing one to two grants. 	Moderate Likely	Stable	<ul style="list-style-type: none"> • Secretariat: Strengthen quality assurance so grant objectives are realistically implementable within the expected timeline. • Secretariat: Extend quality assurance to revision of grants • Board: Improved accountability through M&E strategy. • Secretariat: Progressive rollout of funding model has flexibility for more realistic implementation and evaluation strategy. GPC: increased focus on realistic nature of timeline during grant application review 	Ongoing	Moderate Possible	3e

		<ul style="list-style-type: none"> • Secretariat: Rolling out implementation of the new ESPIG policy, which has strict rules on grant start date and ensuring the timely extension/restructuring of grants. Send early warning letters six months prior to grant completion. • Secretariat: According to implementation of the Operational Risk Framework, 13 countries have Critical risk in this aspect, 13 have High risk, 23 have Medium risk, and 9 have Low risk (out of a total 58 countries/federal states). 						
<p>2.3.3 Program Implementation Modality GPC</p> <p>The risk that by not using government systems where suitable, GPE will not realize sufficient progress in strengthening systems.</p>	Major Very Likely	<ul style="list-style-type: none"> • DCP: Application form must include information on use of national systems. • Standard process on selection of grant agent includes discussions on using government systems and choice of modalities. • Mutual accountability reflected in Charter • FFF will help enhance and lock together support for ESP and ESPIG development processes including aligning with government systems and choice of modalities 	Major Very Likely	Stable	<ul style="list-style-type: none"> • Secretariat: Improve GPE guidelines and support services to country partners (based on lessons learned about choices of modalities and grant agents). • Secretariat: Work to create guidance for ESP development, which will include focus on aid effectiveness and modalities. • Consider national systems review as part of ESPDGs • Secretariat: research-based guidance) for LEG min standards • Secretariat: Implement Monitoring and evaluation strategy (results framework). 	<p>FY2017</p> <p>FY2017</p> <p>Ongoing</p>	Major Possible	<p>1b</p> <p>2b</p> <p>3c</p> <p>5e</p>

<p>2.3.4 Grant Management GPC</p> <p>The risk to GPE that not all poorly performing grants are detected and remedied in a timely manner.</p>	<p>Major Very Likely</p>	<ul style="list-style-type: none"> • Board: Approved strengthening of the Operational model to include minimum standards for LEGs, ESPs and programs and conflict resolution mechanism. • CST and SPP: Monitor performance under the minimum standards for sector plan and grant program performance, as defined in the strategic plan results framework and propose corrective actions as needed. • Board: Approved ESPIG policy in May 2015; includes reporting requirements and sanctions in cases of non-performance and tightened deadlines for signing and implementation of grants. • Secretariat: Monitoring unit set up; finance team reviewing all progress reports and audit reports increased number of country visits. • Secretariat: Review of Grant agent progress reports underway throughout the year on grant implementation to provide feedback and propose follow-up actions. • Secretariat/Partners: Thrice-yearly management review meetings with agencies 	<p>Major Likely</p>	<p>Improving</p>	<ul style="list-style-type: none"> • Secretariat: improve compliance with standardized reporting format • Secretariat: Develop and implement stronger QAR mechanism upstream to reduce the risk of poor quality downstream • Secretariat: strengthen QAR in restructuring grants. • Secretariat/GPC: continue annually implementing the operational risk framework and inform GPC at each meeting of material changes • Ensure Monitoring Function is adequately resourced and strengthen advisory support for greater engagement upstream in design phase (Subject to available resources) • Secretariat: strengthened capacity in Monitoring Unit to review progress report and ensure recommendations are followed-up. 	<p>Ongoing 2017 and beyond FY 2017 and beyond FY2018</p>	<p>Major Unlikely (Non-FCAS)</p>	<p>3e</p>	
								<p>Major Possible (FCAS)</p>	

		<p>managing multiple grants; biannual meetings with those managing two grants or fewer are being established.</p> <ul style="list-style-type: none">• Standard grant reporting tools developed• Grant Agent selection process developed						
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2.4 Measuring Impact

<p>2.4.1 Quality Data (Grants) GPC</p> <p>The risk that the partnership is unable to capture reliable data to monitor and demonstrate performance of GPE grants.</p>	<p>Major Very Likely</p>	<ul style="list-style-type: none"> Board: approved modified funding model requirements so that for countries applying from 2018 that require a plan to address data gaps (including gaps in learning outcome data), and for which financing to implement that plan within the agreed timeline is not identified by the time of the application, the ESPIG grant must finance the unfinanced portion of the data plan Secretariat: Internal capacities strengthened. Cross-team efforts to secure, strengthen, monitor and define indicators and framework. Grant Agents: Include results frameworks to capture grant level targets with each proposal. Reports are provided to the Secretariat in accordance with grant agents own reporting procedures. Secretariat: Grants are monitored and reported to the GPC and Board through the annual portfolio review. DCP/LEG: Joint sector reviews capture performance at sector level in each country's and government's sector plan implementation report. 	<p>Major Possible</p>	<p>Improving</p>	<ul style="list-style-type: none"> Secretariat: update Funding model (ESPIG grant must finance the unfinanced portion of the data plan.) and notify countries applying in 2018 onward Secretariat: GPE Results Report and the Portfolio Review include additional data on the key activities funded by grants. Secretariat: Develop a data system to collect data under the results framework. GPC: Improve compliance with standardized reporting format and adjust based on lessons learned Secretariat: Strengthen the Monitoring unit (Subject to Available Resources). Secretariat/SIC/GPC: explore further how ASA mechanisms could contribute to strengthen partners capacities to capture data 	<p>Ongoing</p> <p>Dec 2016/Feb 2017 yearly FY2016 – FY2017</p> <p>June 2016</p> <p>Ongoing</p> <p>FY2018</p> <p>FY 2017-2018</p>	<p>Major Unlikely</p>	<p>3a, b, c</p>
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		<ul style="list-style-type: none"> • Secretariat: Results Framework developed and approved 					
<p>2.4.2 Quality Data (Education Sector Plans) GPC</p> <p>The risk that the partnership is unable to capture reliable data to monitor and demonstrate performance of education sector plans.</p>	Major Very Likely	<ul style="list-style-type: none"> • Secretariat: Cross-team efforts to secure, strengthen, monitor and define indicators and framework. • Secretariat: Quality assurance of education sector plans strengthened. • DCP/LEG: Joint sector reviews capture performance at sector level in each country's and government's sector plan implementation report • Secretariat/DCP: revised Funding model with obligation that ESPIG grant finance the unfinanced portion of the data plan • Board/GPC/Secretariat: implement strengthened data requirements as part of FFF • Independent appraisal process approved 	Major Likely	Improving	<ul style="list-style-type: none"> • Secretariat/CGP: require financed ESPIG data plan • Secretariat: roll out independent appraisal of ESP and add additional ESA technical support to ensure stronger advisory functions. • Secretariat: launch A4L initiative and support stronger data on learning outcomes. • Secretariat/Partners: Leverage partnership to strengthen capacity around data. • Secretariat/SIC/GPC: explore further how ASA mechanisms could contribute to strengthen partners capacities to capture data 	<p>2018 onwards</p> <p>June 2016</p> <p>FY2017 and beyond</p>	Major Unlikely

3.0 FINANCIAL & FIDUCIARY RISKS

Risk/Risk Owner(s)	Inherent Risk	Current Mitigation Actions/Controls	Residual Risk	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk	Strat. Obj.
3.1 GPE Strategic Finance								
<p>3.1.1 Donor Pledges FRC</p> <p>The risk that donors fail to deliver on their current funding pledges within the replenishment period.</p>	Major Very Likely	<ul style="list-style-type: none"> • Secretariat: Monitor monthly conversion of donor pledges to contributions and the related impact on GPE’s financial position through the financial forecast; publicize pledge delivery status on website. • Secretariat: Promote timely signature of contribution agreement to maximize pledge conversion (including multi-year contribution agreements). • Secretariat: Continue to work with donors to facilitate their needs. • Additional advocacy staff recruited to assist with strategic outreach 	Major Likely	Stable	<ul style="list-style-type: none"> • Secretariat/Chair: Increased advocacy and engagement with donors to secure outstanding pledges. • Secretariat: Progress on strengthening the operational platform and ability to report on results. • Secretariat: Host a donor reporting event. • Secretariat: Successfully implement strategic plan. • Secretariat: Develop a mid-term pledge report with status updates for all donor pledges. • Secretariat: Continue to identify ways to mitigate FX exposure • Secretariat: seek to diversify the donor base • Develop comprehensive advocacy plan and national strategies 	Ongoing Ongoing FY 2017 Ongoing 2017 2017 Ongoing 2017	Major Possible	4a
<p>3.1.2 DCP Pledges FRC</p> <p>The risk that some DCPs fail to deliver on their current pledges.</p>	Major Likely	<ul style="list-style-type: none"> • Secretariat: Methodology to monitor country pledges developed and used to support regular dialogue within and across developing country partners. • Secretariat: Methodology of a corporate indicator on domestic financing defined. 	Major Possible	Stable	<ul style="list-style-type: none"> • Board/Secretariat/Partners: Amplify global – level advocacy through the Education Commission and other mechanisms to increase domestic financing; • Secretariat: Track pledges and work with countries to strengthen dialogue with ministries of finance. • Secretariat: Support development of ESIC to achieve greater additionality, coordinated financing, co- 	Ongoing Ongoing June 2017	Major Possible	4c

					financing, and leveraging to crowd in resources to finance credible education sector plan.			
<p>3.1.3 Strategic Financing and Resource mobilization FRC</p> <p>The risk that GPE fails to demonstrate its added value and attract new and additional funding in the context of the upcoming replenishment.</p>	Severe Likely	<ul style="list-style-type: none"> Board: approved an ambitious FFF and Contributions and Safeguards Policy, including the creation of a leverage fund to improve prospects for co-financing and leveraging additional resources, March 2017 Secretariat: Corporate alliance guidelines developed/approved. Secretariat: Close monitoring of high external risks (political, global economy) and ongoing engagement with current and potential new donors to reach replenishment targets. Secretariat: Continue to engage with current and potential new donors to reach replenishment targets and systematic reporting of pledges made in 2014. Board: Approval of the Results Framework Secretariat/CEO/Board: annual review/report on decisions on targeted funding and every two years review of the Contributions and Safeguard Policy Design of KIX will help to attract further financing from PS/PF PS/PF roadmap and strategy will help mobilize more financing Development of a PS/PF strategy will help 	Severe Possible	Stable	<ul style="list-style-type: none"> Secretariat/Committees/Board: timely finalize the operational details of the Financing and Funding Framework to ensure a timely rollout following GPE's replenishment campaign for the 2018-2020 period. Secretariat/GPC/Board: work with country level partners/grant agents to identify prospects for greater co-financing and leveraging and report to CGP. Include recommendations in portfolio review. Secretariat: Deliver Results Report Secretariat: Develop a robust case for investing in GPE, focused on measuring and reporting results and value added as part of the next replenishment. Secretariat: Successful implementation of the Strategic Plan Board: For Education Cannot Wait platform, consider a business case for hosting the platform that outlines GPE's value-add as host and includes an analysis of the implications for GPE's governance, institutional arrangements, core work and required resources. GPE, MDB and ECW working together jointly with complementary messaging and demonstrating publicly mutual 	2017-2018 Dec. 2017 June 2017 April 2017 Ongoing 2017	Severe Unlikely	4a

					suggested cooperation at international level			
3.1.4 Liquidity FRC The risk that the GPE Fund has insufficient funds and liquidity to meet its current and planned funding obligations.	Major Likely	<ul style="list-style-type: none"> FRC: Review financial forecast twice a year to ensure prudent levels of allocations and recommend mitigation action to the Board if liquidity risks arise. Donors: Encouraged to provide flexibility on timing of contributions within a given year. Secretariat: Resolved European Union/WB contribution agreement Secretariat: Works with GAs to ensure commitment and transfer requests are reasonable. 	Major Possible	Stable	<ul style="list-style-type: none"> Secretariat/FRC/Board: develop prioritization criteria in the event that resources are either insufficient to finance the FFF at the minimum resource levels envisaged in Scenario 1, Annex 1 of BOD/2017/03 DOC 04 or resources are higher than the minimum resource levels Secretariat: Continue to examine further ways to mitigate foreign currency exposure as part of the next replenishment including consideration of hedging if available from World Bank, and also use of a Euro Fund and grants 	Dec. 2017 2017	Major Unlikely	4a
3.1.5 Foreign Exchange movements FRC The risk that GPE is adversely affected by Foreign Exchange movements	Major Likely	<ul style="list-style-type: none"> Board/FRC/Secretariat: semi-annual forecast Board/FRC/Secretariat: announcing Maximum Country Allocations on a rolling basis to allow adjustments for major deviations in local currency rates Secretariat: encourage prompt contributions from donors Secretariat: encourage USD based contributions 	Major Likely		<ul style="list-style-type: none"> FRC/Secretariat: review of institutional arrangements with emphasis on current constraints to hedge FRC/Secretariat: review appropriateness of Euro Grant Fund, including implications of Euro Grants on Grant Agents 	June/Dec. 2017 October 2017	Major Unlikely	

3.2 Fiduciary

<p>3.2.1 Fraud and Misuse FRC</p> <p>The risk that significant GPE funds are diverted from their intended purpose through fraud or other forms of misuse as defined in the Misuse of Funds Policy.</p>	<p>Severe Very Likely</p>	<ul style="list-style-type: none"> • DCP: Implementing partners use their own systems and procedures to prevent/detect fraud/misuse. • Secretariat/FRC/GEC: Oversees application of Misuse of Funds Policy and liaises with relevant partners on suspected cases. All staff annually trained on World Bank procurement policies. Additional finance staff hired. Risk considered during QARs of funding proposals. Links to fraud reporting hotlines on GPE website. Reviews of all progress and audit reports. • LEG: All GPE partners are required to be alert/report suspected cases. • Grant Agents: Apply their own policies and procedures and comply with legal requirements in the Financial Procedures Agreement. Minimum standards for grant agents include ability to deal with fraud and misuse, including investigations and protection of whistleblowers. • GEF: Semi-annual reviews and updates. Reviews findings of capacity-level assessments for potential new GAs. • Board/FRC: Informed of suspected/actual cases and take corrective action. • Secretariat: All Audit Reports reviewed and significant issues arising followed up and monitored for resolution • Secretariat: According to implementation of the Operational Risk Framework, 2 	<p>Severe Possible</p>	<p>Stable</p>	<ul style="list-style-type: none"> • FRC: Review Misuse of Funds Policy. • Secretariat: Ensure all new grant proposals have strong quality assurance and fiduciary control systems in place, including on anti-corruption and fraud prevention. • Secretariat: Develop and implement risk management plans as outlined in the Operational Risk Framework • Secretariat: Provide clear guidelines on operationalizing the Fraud and Misuse Policy and organize training for country facing staff. • Secretariat: training of secretariat staff on communication protocol in the event of a crisis • Secretariat: Create a dedicated Risk Management Function (Subject to Availability of Resources) • Secretariat: Strengthen Quality Assurance and Monitoring Function particularly on Fiduciary Oversight (Subject to Availability of Resources) • Reduce Impact of this Risk occurring by successfully implementing Strategic Plan and clearly demonstrating GPE's added value • Reduce Impact of this Risk occurring by ensuring prompt, credible, and transparent action is taken in the event the risk materializes to recover funds 	<p>Dec 2017</p> <p>Ongoing</p> <p>Ongoing</p> <p>FY2017</p> <p>FY 2017</p> <p>FY2017</p> <p>FY2018</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Major Possible</p>	<p>3e 5d</p>
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		countries have Critical risk in this aspect, 8 have High risk, 29 have Medium risk, and 19 have Low risk (out of a total 58 countries/federal states).			and address the cause of the misuse.			
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4.0 GOVERNANCE & SECRETARIAT MANAGEMENT

Risk/Risk Owner(s)	Inherent Risk	Current Mitigation Actions/Controls	Residual Risk	Six-Month Trend	Additional Mitigation Actions Required	Due Date	Target Risk	Strat. Obj.
4.1. GPE Governance								
<p>4.1.1 GPE Decision-Making Process GEC/CGP</p> <p>The risk that GPE decisions are not made in an efficient and timely manner, therefore having a potentially negative impact on GPE operations, especially with regard to grants.</p>	Major Very Likely	<ul style="list-style-type: none"> • GERF: Regular review of governance decision-making process • GPC: Delegated authority to approve material changes to grants and to approve accelerated funding for emergency and early recovery activities (May 2015). • Secretariat: Support to Board members, committee members and constituencies to ensure greater understanding and engagement in GPE activities (DCP constituency meetings and Board orientation). • Board/GPC: implement a more flexible grant application cycle to facilitate better quality applications and align with country planning cycles 	Major Possible	Improving	<ul style="list-style-type: none"> • GEC/Board: Review Decision Framework proposal including more delegated decision making to the Secretariat and Committees to allow for a more strategic and responsive Board, and affirmative vote procedure for ESPIGS • GPC/Board: Operational risk framework to be used to define the most efficient decision-making process and the appropriate level of delegation of authority. 	June 2017 2017	Major Unlikely	3e 5d
<p>4.1.2 Risk Management FRC</p> <p>The risk that Board and Management do not systematically take risk into consideration while taking decisions.</p>	Moderate Very Likely	<ul style="list-style-type: none"> • Secretariat: Systematically monitoring information related to each risk and updating the status of mitigation actions. Information regularly reviewed and analyzed by the Leadership Team. • Committees/GERF/Board: Review semi-annual reports. 	Moderate Possible	Improving	<ul style="list-style-type: none"> • Secretariat: Roll out operational risk framework • Secretariat/Board: Establish Risk Management Function within GPE Secretariat and recruit dedicated risk specialists • Secretariat/FRC: reflect risks associated with the finalization of the design and subsequent rollout of 	Ongoing Ongoing	Moderate Unlikely	5d

		<ul style="list-style-type: none"> • Board: Risk Management Policy adopted (Dec 2014). • Operational Risk Framework approved (June 2016) 			the Financing and Funding Framework in the Risk Matrix			
<p>4.1.3 Global Governance Responsibilities GEC</p> <p>The risk that some Board and committee members do not share a common agreement on the mandate of the Board/committee/ Secretariat and cannot fulfil their governance responsibilities.</p>	Major Likely	<ul style="list-style-type: none"> • Board: Intensive engagement of Board members in development of the strategic plan and results framework 2016–2020. • Board: Pre-meetings to consider key strategic issues • Secretariat: Support to Board members, committee members and constituencies to ensure greater understanding and engagement in GPE activities. Strengthened capacities through the merge of the Board Support Team and the Developing Country Team. • Board/Committees/Secretariat: Prioritization of activities through development and monitoring of Board/committee annual work plans. • Mutual Accountability factored into Charter • Governance review approved by the Board in December 2016 which clarifies and strengthens governance arrangements. 	Major Possible	Stable	<ul style="list-style-type: none"> • Secretariat: Induction Process improved for new Board and Committee members • Secretariat/GEC: Ensure periodic reviews of GPE Governance Structures to ensure they remain fit for purpose • Secretariat/Committee Chair: Ensure full participation of Committee/Board members and facilitate pre-meeting consultation within constituencies categories • Implement governance review recommendations. • Develop decision making framework to increase delegated authority to the committees • Conduct annual Board and Committee self - assessment (see governance review recommendations) • Appoint a vice Chair. 	2017-2018 Ongoing	Major Unlikely	5d

4.2. Secretariat mandate and management								
<p>4.2.1 Reputational Risk GEC</p> <p>The risk that GPE's reputation is damaged.</p>	Major Likely	<ul style="list-style-type: none"> • Secretariat: Communication team strengthened; protocol for handling media crises developed. • GEC/Board/Chair: Regular engagement on issues that potentially could do damage to GPE's reputation. • GEC/Board: Monitor implementation of the Transparency Policy (since Dec 2015) • GEC: Delegated authority on Ethics 	Major Possible	Stable	<ul style="list-style-type: none"> • Secretariat: Trainings of relevant staff on communications crises/media. • Secretariat: Demonstrate GPE's added value through successful implementation of the strategic plan and report results • Secretariat: Create a risk management function to improve GPE's ability to manage core corporate risks. • Secretariat: Verify adequacy of security of GPE presence on social media/website • FRC/Secretariat: strengthen fiduciary oversight and misuse of funds confidentiality protocol • Secretariat: ensure support for LEG vigilance 	Ongoing Ongoing FY2017 2017 - ongoing	Major Unlikely	
<p>4.2.2 Secretariat Institutional Arrangement Board</p> <p>The risk that the GPE institutional arrangement has a negative impact on its ability to achieve GPE strategic objectives.</p>	Moderate Likely	<ul style="list-style-type: none"> • Secretariat: Work closely with the World Bank Vice Presidency of Development Finance and other parts of the World Bank that intersect with GPE. • Secretariat: Ensures full compliance with administrative policies of host. • Secretariat: Effective engagement with the WB on subjects that can impact the hosting arrangement and delivering GPE 2020 (such as the potential hosting of Education Cannot Wait, Direct Access, Leverage Fund) 	Moderate Possible	Stable	<ul style="list-style-type: none"> • Secretariat: Ensure that solutions are identified that are compatible with Board decisions and host policies (e.g., Education Cannot Wait, Direct Access). • Secretariat: Ensure follow up with the World Bank on Education Commission recommendations of relevance (e.g. MDB mechanism). • Discuss appropriateness of formally exploring the creation of a special purpose vehicle for distinct purposes such as innovative finance, direct access to governments, and hedging 	Ongoing 2017 2017	Moderate Unlikely	5d

<p>4.2.3 Secretariat Capacity Board</p> <p>The risk that the Secretariat’s technical capacity, organizational structure, financial and human resources are not sufficient to deliver on the responsibilities assigned to it by the Board.</p>	<p>Severe Very Likely</p>	<ul style="list-style-type: none"> • FRC/Board: Review annual work plan and budgets considering Secretariat capacities to implement strategic plan. • Secretariat: Regular work plan and budget monitoring. Review of costs associated to any additional activities. Conduct and review findings of annual staff survey. • Secretariat: Ongoing recruitment of increased headcount approved by Board • Board: Prioritize deliverables for the Secretariat. • Secretariat: Ongoing focus on internal efficiencies • Board: maintain associated Secretariat operating expenses within a range of 5-7%. 	<p>Severe Possible</p>	<p>Improving</p>	<ul style="list-style-type: none"> • Secretariat: Invest in standardizing business processes and improving information systems to achieve efficiency • Secretariat/Board: Report on efforts to implement efficiency and clarify roles and responsibilities responding to Dalberg Report • Completed recruitment of additional staff following December 2016 Board decision in response to the Dalberg capacity assessment • Development of a multi - year comprehensive HR plan to address remaining inefficiencies and capacity gaps. • Board: Consider implications for hosting ECW arising from hosting review • Secretariat: Strengthen management’s attention to career development and talent management. • Secretariat: monitor office space ratio per staff to meet minimum World Bank requirements • Secretariat: consider optimum deployment of staff Secretariat: Board: look at the cost/benefit relationship of hosting arrangement having in mind the costs of leaving the WB 	<p>Ongoing June- June 2017 June 2017 Dec 2017 Oct 2017</p>	<p>Severe Possible</p>	<p>5d</p>
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ACCRONYMS

ASA, Advocacy and Social Accountability	GPC, Grants and Performance Committee
CSEF, Civil Society Education Fund	KIX, Knowledge and Innovation Exchange
DCP, Developing Country Partner	LEG, Local Education Groups
FFF, Financing and Funding Framework	MDB, Multilateral Development Bank
FRC, Finance and Risk Committee	RBF: Results Based Financing
GA, Grants Agents	SIC, Strategy and Impact Committee
GEC, Governance and Ethics Committee	