

OPERATIONAL RISK FRAMEWORK

For Information

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 be informed of progress on the implementation of the Operational Risk Framework. This paper includes a summary of Committee deliberations at the Finance and Risk Committee (FRC) and Grants and Performances Committee (GPC).

Summary of FRC and GPC Deliberations

The FRC met on April 10-11 and discussed the progress on implementation of the Operational Risk Framework, which was broadly well received. Key points raised by

Committee members included:

- **Link of risk assessment with Grant Agents' own processes:** the Secretariat clarified that grant agents are developing their own mitigation plans based on their own risk assessments which are done at early stage and implementation stage. The Secretariat clarified that risk assessment done by the GPE Secretariat is a level up from that of Grant Agents' processes. The Secretariat's Operational Risk Framework is primarily a management tool to ensure that Secretariat resources are aligned to mitigate key risks. It therefore does not duplicate Grant Agents' own risk assessments or risk mitigation activities.
- **Role of the LEG:** Because the Operational Risk Framework is conceived to be an internal management tool, it does not currently capture risks related to overall achievement of outcomes and impact with regard to learning outcomes, equity and systems building, but rather focuses on key GPE agendas such as the quality of the sector plan and domestic financing. Furthermore, as agreed by the Board in June 2016, the individual scores assigned to each risk for a given country are not made public. The ability of the Secretariat to provide a frank assessment of the risks is vital for the robustness of the Operational Risk Framework. The overall risk rating by country, sector and grant are publicly available information and can be shared with the LEG.

Summary of FRC and GPC Deliberations

The GPC met on May 3-4

The Secretariat presented the Operational Risk Framework which was well received by members. It is noted that the risk methodology will be updated once risk specialists join the Secretariat over the coming months. More thought needs to be given as to how the Operational Risk Framework is used as a strategic tool by the Committee and how best to efficiently monitor the high risk grants given the heavy ESPIG application pipeline ahead. The Secretariat will draft a brief memo as a focus for the Committee's discussion.

2. EXECUTIVE SUMMARY

2.1 In June 2016 (BOD/2016/06-10), the Board endorsed the Operational Risk Framework (as presented in BOD/2016/06 DOC 13 Annex 3). The Secretariat subsequently completed risk assessment of GPE's grant portfolio and developed risk management plans for each critical and high risk country for the Board's meeting in December 2016.

2.2 Since December 2016, the Secretariat has implemented the risk management plans for critical and high risk contexts and developed risk management plans for medium and low risk contexts. The Secretariat also reviewed the risk management plans for all critical and high risk contexts with an ongoing Education Sector Program Implementation Grant (29 contexts) and assessed the impact of Secretariat's actions to mitigate risks, whether a risk rating needed to be updated, and if additional mitigations are necessary.

2.3 In December 2016, the Secretariat highlighted that the two most elevated sub-risks were that grant objectives are not achieved within the expected implementation period and that GPE Developing country partners which apply for an ESPIG fail to increase their public expenditure on education or maintain expenditure at 20% or above. Looking at the impact of Secretariat's mitigation measures in the 19 focus contexts, the Secretariat is having substantial impact in managing the risk regarding achievement of grant objectives. However, the Secretariat is not well positioned to have an impact on mitigating the risk on domestic financing, apart from during the upstream application of the funding model. The recent adoption of the Financing and Funding Framework sets out mechanisms to leverage increased resources and to strengthen monitoring and accountability around domestic finance commitments, which, once designed, should strengthen management of this risk.

2.4 The Secretariat has also adopted a risk-based approach to Quality Assurance of incoming ESPIG applications and draft Education Sector Plans. Using the context risk ratings, the Secretariat

is staffing review teams according to the risk level identified. For example, for contexts with critical and high risks, grant applications and ESPs will at minimum be reviewed by two Country Support Team senior education specialists and a member of the Strategy, Policy, and Performance team. Members from the Finance team and the Monitoring team will join in reviews of applications from contexts with high fiduciary risks.

2.5 As next steps, the Secretariat will implement the risk management plans for all countries with an ongoing Education Sector Program Implementation Grant (ESPIG). On an annual basis, the Secretariat will reassess operational risk across the portfolio of ESPIGs. The timing of the reassessment will be sequenced with annual results reporting to ensure strong linkages between the exercises. The Secretariat has also already examined ways to concretely link data from grant portfolio reviews and results-framework country analytics with the Operational Risk Framework. Revisions to the operational risk assessment methodology will be finalized and presented to the Board once risk management specialists have been brought on board in the Secretariat.

3. BACKGROUND

3.1 In December 2014 (BOD/2014/12-03), the Board adopted the Risk Management Policy and endorsed the risk management matrix. This was followed by the approval of a number of recommendations during the October 2015 Board retreat, to strengthen GPE's operational model (BOD/2015/10-02 and BOD/2015/10 Doc 06-Decision). These included a recommendation to develop an Operational Risk Framework to support a differentiated risk-based approach to quality assurance and monitoring.

3.2 In June 2016 (BOD/2016/06-10), the Board endorsed the proposed Operational Risk Framework (as presented in BOD/2016/06 DOC 13 Annex 3). The Secretariat subsequently completed risk assessment of GPE's grant portfolio and developed risk management plans for each critical and high risk country for the Board's meeting in December 2016.

4. RISK MANAGEMENT PLANS

4.1. Since the Board meeting in December 2016, the Secretariat has developed risk management plans for all medium and low risk contexts with an ongoing ESPIG (29 contexts). It also reviewed the risk management plans for all critical and high risk contexts with an ongoing ESPIG (29 contexts).

Medium and low risk contexts

4.2. For medium and low risk contexts, the Secretariat's mitigation measures for sector risks focus around continuing engagement with the Local Education Group (LEG) and the Ministry of Education

to provide technical support and guidance during Education Sector Plan development and implementation, including through its strengthened quality assurance mechanisms. The Secretariat also continues to monitor education financing in the country and will work closely with the LEG and other development partners to advocate for increased public expenditure in education where relevant.

4.3. The Secretariat's mitigation measures for grant risks in medium and low risk contexts center around maintaining close contact with the Grant Agent and other members of the LEG to ensure effective oversight is provided. The Secretariat also regularly reviews grant reports from the Grant Agent to assess whether grant implementation is on track and maintains close contact with the Grant Agent to ensure the appropriate actions are taken for any potential and confirmed cases of misuse of funds.

Critical and high risk contexts

4.4. For these contexts, the Secretariat reviewed the risk management plans, notably assessing the impact of the Secretariat's actions to mitigate risks, whether a risk rating needed to be updated, and if additional mitigations are necessary.

4.5. Overall, the Secretariat is having more impact on mitigating grant risks as opposed to sector risks. This is a reflection of the Secretariat's clearer role in grant monitoring and collaboration with the Grant Agent. Sector risks are more difficult for the Secretariat to mitigate as risks related to ESP quality and implementation as well as domestic financing are complex, context related and owned at country level, and the Secretariat can only have an influencing or leveraging role. However, the Secretariat is reinforcing its support. For example, through its strengthened quality assurance mechanism, the Secretariat now uses a standard methodology and format to assess and provide feedback on draft education sector plans. Using Results Framework data on joint sector reviews, the Secretariat also provides concrete feedback to country level partners on how to strengthen joint monitoring.

4.6. In December 2016, the Secretariat highlighted that the two most elevated sub-risks were that grant objectives are not achieved within the expected implementation period and that GPE Developing country partners which apply for an ESPIG fail to increase their public expenditure on education or maintain expenditure at 20% or above. Looking at the impact of the Secretariat's mitigation measures in the 19 focus contexts¹, the Secretariat is having substantial impact in

¹ In 2016, 19 contexts were assessed as being a key focus for GPE Secretariat support, because of either high grant risk or critical sector risk in the key areas of GPE's work. They are the following (in alphabetical order):
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managing the risk regarding achievement of grant objectives. Besides monitoring grant implementation closely through progress reports, engagement with Grant Agents, and regular in-country missions, the Secretariat has facilitated restructuring discussions and approvals in a number of cases. These discussions have also been an opportunity to review grant oversight mechanisms and strengthen them, if necessary.

4.7. Regarding the risk on domestic financing to education, the impact of the Secretariat is limited for obvious reasons. Given all 19 focus contexts are high-risk environments², the impact of shocks and crises to domestic financing is clear. Reasons for limited domestic spending to education include the security situation (Afghanistan), political crisis (Guinea-Bissau), financial crisis (Chad), and ongoing conflict (Yemen, South Sudan). In one case in-country missions were suspended due to an eruption of violence (CAR). The Secretariat is nonetheless persistent even in these contexts to continue support to the LEG and the Ministry of Education to focus discussions on budget data collection, ESP financing plan preparation, and monitoring of the domestic education budget. In addition, the recent adoption of the Financing and Funding Framework will lead to the design of strengthened mechanisms to leverage and monitor increased domestic financing.

4.8. Some positive examples where Secretariat mitigation measures have had substantial impact include mitigating the grant risks in Djibouti and mitigating the sector risks related to the ESP in Uganda. In Djibouti, the Secretariat participated in the Grant Agent's supervision mission to understand the problems encountered by the project and to meet with the new Minister (October 2016). In addition, the Secretariat engaged closely with the mitigation actions of the Grant Agent and regularly reviewed reports on the project.

4.9. In Uganda, the Secretariat was able to support the mitigation of risks related to leveraging the Partnership's capacity to support the development, implementation, and monitoring of the ESP. Actions taken by the Secretariat include providing guidance on the ESP process to the newly established basic education sub-group within the LEG, supporting the sub-group in following up on findings and recommendations from the Annual Reviews, and promoting regular updates by the Ministry on education financing and project progress with the LEG.

Afghanistan, CAR, Chad, Cote D'Ivoire, Djibouti, DRC, Eritrea, Guinea, Guinea-Bissau, Liberia, Niger, Nigeria, Sierra Leone, Somalia-Federal, South Sudan, Sudan, Uganda, Uzbekistan, and Yemen.

² As mentioned in the Secretariat's last paper to the Board, all 19 focus contexts are either Fragile or Conflict Affected (FCAC) or have a high context risk rating.

5. NEXT STEPS

5.1. As next steps, the Secretariat will implement the risk management plans for all countries with an ongoing ESPIG. An internal risk committee will review the status of the risk management plans regularly and calibrate progress reviews, monitoring visits and regular Secretariat engagement, and then report to the Secretariat management on progress, particularly with respect to countries and grants rated as critical risk or high risk.

5.2. On an annual basis, the Secretariat will reassess operational risk across the portfolio of ESPIGs. The timing of the reassessment will be sequenced with annual results reporting to ensure strong linkages between the exercises. The Secretariat has also already examined ways to concretely link data from grant portfolio reviews and results-framework country analytics with the Operational Risk Framework. Revisions to the operational risk assessment methodology will be finalized and presented to the Board once risk management specialists have been brought on board in the Secretariat.

6. ANNEX AND ADDITIONAL INFORMATION

Annex 1 – Summary of mitigation measures taken in 19 focus contexts

ANNEX 1-- SUMMARY OF MITIGATION MEASURES TAKEN IN 19 FOCUS CONTEXTS

Country	Sector Risk	Summary of Sector Risks	Mitigation Measures Taken	Grant Risk	Summary of Grant Risks	Mitigation Measures Taken
Afghanistan	High	Afghanistan is in the process of finalizing its new National Education Strategic Plan (NESP III), expected to be endorsed by the Development partners by the end of 2017. Key opportunities and challenges in the coming years will be to monitor the implementation of NESP III, with a greater focus on systemic reform, capacity building, planning and finance. Afghanistan will remain highly dependent on external aid, with a constrained fiscal space that includes high levels of required spending on defense and security. Fostering a stronger program-wide approach around sustainable country systems and education outcomes will be a priority.	Engaged closely with in-country partners on the development of the new National Education Strategic Plan (2017-2021), as well as implementation and joint monitoring of the plan going forward, particularly through improved annual sector reporting mechanisms. Provided continued support and focus of the national Partnership on the development of a structured policy dialogue platform and a strengthened planning, budgeting and reporting framework.	High	Following up on improved ex-ante and ex-post controls for the current grant will remain a priority and challenge for the Grant Agent (UNICEF) and the Secretariat. With the anticipated closure of the grant, conclusions from the (delayed) external audits and final report, including any fiduciary issues, may arise. Over the medium term, the formulation of a new program under the Afghanistan Reconstruction Trust Fund (ARTF), with the World Bank as Grant Agent, will provide greater coordination of external resources through a results-based approach. Fiduciary oversight through the use of national systems will be a key opportunity and challenge.	Continued engagement with UNICEF on improved controls for the current grant, including full auditing, reporting and lessons learned. Also provided support in the recent 6-month extension of the grant. Engaged with the incoming Grant Agent (World Bank) to support a robust application and sound results-based funding approach, with appropriate risk management.
CAR	High	Despite the Transitional Education Plan and the government's commitment to develop a comprehensive and long-term education sector plan to continue to restore the education system and re-launch the development agenda, it will be challenging to ensure that the new Education Sector Plan meets the emergency needs and leverages key reforms. In particular, the high cost of the re-establishment of the peace and the security can undermine the government's commitment to increase the education budget.	Monitored the update of the Education Sector Analysis and provided technical support remotely for the development of the new Education Sector Plan. In-country missions were not possible as missions in CAR were suspended due to an eruption of violence.	High	Insecurity, capacity constraints, including disruption of the local economy, and governance challenges may undermine project implementation and increase fiduciary risk. The Grant Agent is working closely with the Ministry of Education, NGOs, local community and the MINUSCA (United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic) and UN Humanitarian Air Service to mitigate these risks.	Engaged closely with the Grant Agent and met with key implementers through video-conferences to ensure close monitoring of high-risk activities. In-country missions were not possible as missions in CAR were suspended due to an eruption of violence.

Chad	Critical	<p>The sector risk remains critical given the significant sector divergence from the current transitional sector plan. The level and type of material divergence is such that, were it to occur under the current funding model, there would be a considerable likelihood that GPE funding would be suspended. The particular area of concern has been government decisions, taken a level higher than that of the line ministries, that commits the sector to a much higher wage bill than the transitional plan projected, thereby exacerbating the effects of the precipitous decline in oil prices in 2014. Suspension of subsidies to the community teacher corps has led to an increase in disparity and the closing of many schools.</p>	<p>The Secretariat maintained a high level of support to the LEG in Chad, with particular attention to LEG coordination, coordination between the education sector ministries and ministries of finance and planning. Building on work that the Secretariat has already done in the context of the current transitional plan, support was provided to the analysis of potential material deviations from ESP in real-time. Specific support for budget analysis and budget alignment with the ESP was provided. The Country Lead conducted quarterly missions to monitor progress and support improvements to sector monitoring (including the JSR process) as well as greater alignment on national systems.</p>	Medium	<p>The use of two Grant Agents in Chad has been a vector for inefficiency in some cases as coordination and common reporting has been a challenge. The modalities used for supporting the sector are "defensive" and provide for a smoother implementation than other projects that are more aligned on national systems. This presents another risk for the Partnership in that it is itself less aligned on national systems, yet alignment is core to its model, balanced, of course, with the drive for results.</p>	<p>The primary mitigation measure was to ensure that the new GPE-funded program is appropriately adapted to the country and sector context. Secondary measures were occasional Country Lead participation in Grant Agent monitoring activities, more frequent (quarterly) Country Lead missions to the country and occasional mobilization of other Secretariat staff.</p>
Cote D'Ivoire	Medium	<p>The education sector monitoring has been weak in recent years as there has been no JSR (and corresponding reporting) since June 2014. LEG effectiveness has been improving, but there is a need for more government leadership. Government financing for education is likely to be in line with GPE requirement given the strong commitment to the country's plan to achieved "emerging" status within the time parameters of the new ESP.</p>	<p>The Secretariat provided support to organize Joint Sector Reviews, to coordinated sector dialogue and technical support to ESP development process in collaboration with UNESCO, IIEP and other partners. The Secretariat engaged the LEG on technical issues relating particularly to equitable access to education in rural areas, provision of equitable support to marginalized populations and indirect school fees. Particular support was also given to help the education sector get back on track in terms of sector monitoring.</p>	Medium	<p>Project implementation has lagged considerably since its approval by GPE in December 2011. After a 12 month extension approved in September 2015, the Grant Agent is now requesting a second extension. The Grant Agent has staff based in country, which is helpful. But it is of concern that the implementation issues have not been satisfactorily addressed to date. There have been collaboration challenges between the GA team and the MoE's project implementation unit. School feeding and EMIS activities have been cancelled.</p>	<p>The grant risk rating was decreased in March 2017 from high to medium. The program was recently restructured. The Secretariat closely monitored activity implementation during this last year of the implementation period. The Country Lead encouraged greater alignment of project monitoring on the national planning & monitoring cycle. Issues leading to the two requests for project extension (in 2015 and 2016) were closely monitored. Issues with the current program are feeding into the Secretariat's Quality Assurance Review process for the new program that is slated to start in 2017.</p>

Djibouti	Critical	<p>The weak ownership and capacity of the government and the Local Education Group undermine the production of a credible Education Sector Plan.</p>	<p>Provided support to the Coordinating Agency in order to redynamise the Local Education Group, helped the Ministry of Education to improve the analysis of the budget and to regularly organize a Joint Sector Review, and continued the advocacy with the Ministry of Finance. The issue of continued financial support for the implementation of the next Education Sector Plan was considered as part of the discussions on the Financing and Funding Framework. Secretariat also engaged to support more active engagement from the LEG.</p>	High	<p>The weak management and capacities of the Ministry of Education have caused delays in project implementation.</p>	<p>Participated in the Grant Agent's (GA) supervision mission of October 2016 and provided the necessary guidance to the GA and the country on the GPE grant management policy. Explained the GPE policies and procedures to the Ministry. There is active engagement from the new Minister for Education, who has visited the Secretariat and has committed to address the implementation challenges. The Secretariat actively engaged with the Grant Agent and Ministry to follow up implementation.</p>
DRC	High	<p>The new ESP for 2016-2025, which was endorsed by the Local Education Group in January 2016, after an external evaluation, concluded that the plan is credible. However, the 2016-2017 elections and weak donor coordination may jeopardize the implementation of the key reforms and the monitoring of the plan, which may undermine the release of the variable part of the GPE grant variable part. Moreover, the political and social challenges combined with the economic slowdown can jeopardize the government's commitment to continue to increase the education budget.</p>	<p>Closely monitored the political situation, organized regular meetings with the Coordinating Agency and the Local Education Group to mitigate risks, in particular to help the country to continue to collect data. Monitored closely the education budget, in particular the coverage of the salary of unpaid teachers in the poorest regions. Engaged with partners both at headquarters and country level in order to be aligned in how we support sector processes. Engaged at high level in DRC to continue the dialogue around the importance of education sector financing.</p>	High	<p>Although the new program approved by the GPE Board in June 2016 capitalizes the capacities developed under the current program to mitigate the risks and the Grant Agent will reinforce the technical assistance provided to the government, the elections that will be held at the end of 2016 and in 2017 may disrupt program implementation. Weak governance across the education system may undermine the implementation of activities, such as PBF (performance based financing on school grants). Moreover, weak coordination of donors may affect the variable part. In particular, the provision of teaching and learning materials in local languages, which contributes to improved reading skills in early grades, depends on other donor financed projects.</p>	<p>Worked closely with the Grant Agent and participated in monitoring missions. Provided technical support to the Ministry of Education for the implementation of key activities, in particular those related to the introduction of national languages in schools. For the variable part, engaged with the Grant Agent and other partners in country, especially the Ministry of Education, to ensure good coordination of key reforms that affect the variable part.</p>

Eritrea	High	The Education sector in Eritrea does not enjoy a robust presence of partners. As a result sector dialogue and oversight is weak. Government spending is not adequate, which is reflected in the conditions of the schools.	Continued engagement with the government and its partners to facilitate collaboration and support more inclusive sector planning and implementation.	Medium	The Eritrea grant is unlikely to achieve its results and objectives within the stipulated time frame. The grant is scheduled to close in December 2016 and GA is considering an extension. The funds are managed tightly by the Grant Agent, therefore the risk of financial irregularity is low.	Supported the request to extend the grant and continued to follow up grant implementation closely with the Grant Agent.
Guinea	Low	Sector risks are lower than in some comparator countries given the relative political stability and the strong sector planning and monitoring tradition. A high level of persistent poverty, exacerbated by the recent Ebola crisis is a vector of risk.	The Secretariat engaged the LEG at critical moments in the ESA and ESP development processes, identifying potential risks as well as potential mitigation measures. The Secretariat supported the JSR preparation, participated in the JSR itself and supported JSR follow-up.	High	As the country suffered greatly through the Ebola epidemic (2013 - 2015), there may be some reduction in capacity that is less apparent than real. The pooled fund arrangement enhances efficiency and efficacy of monitoring, particularly when the GA's focal point is not based in-country. There is a strong likelihood that the Grant Agent will request an extension through the end of 2018 given the late startup.	The sector and grant risks are not "high", but it is rather the country context that is "high risk", this following of regional destabilization (jihadist movements, Ebola crisis) as well as the internal political situation. The Country Lead closely accompanied the country's ESA and ESP process as the country is using the 2015 - 2018 funding model for the first time. The Country Lead also discussed with the LEG the process relating to an extension request.
Guinea-Bissau	High	The lack of donors and political instability undermine the development of a credible sector plan and its implementation.	The Secretariat provided technical support to the Local Education Group to conduct the external evaluation of the Education Sector Plan in November 2016. Provision of technical support to the LEG and MoE to monitor the education budget has been delayed because Parliament did not approve the 2016 budget plan.	Medium	Despite a high disbursement rate, the Grant Agent needs to extend the project closing date to ensure the completion of all activities. Political instability and the weak capacity of the country have delayed the implementation of the project.	The Secretariat provided support to the Grant Agent to request a non-objection for a second non-cost extension in October 2016 in order to ensure that all of the project's activities will be completed. The Secretariat ensured that the implementation reports and audit reports are submitted to GPE on time.
Liberia	High	The country has struggled with coordinated financing, planning, and monitoring, and these challenges remain.	The Secretariat closely followed up on Education Sector Plan development and domestic financing, which are both requirements for the upcoming ESPIG application.	High	The current ESPIG is one of the oldest in the portfolio, and will be 6.5 years old by closing, instead of the original three years, but is now fully disbursed. The current ESPIG has been impacted by the challenges at the sector level as well as external challenges, such as the Ebola crisis. An assessment needs to be done to	The ESPIG closed at the end of 2016. Lessons learned from the past project, including on the long implementation period and projectized approach, are being taken into consideration at the Quality Assurance Review of the next draft program.

					avoid similar delays with the next ESPIG.	
Niger	High	The lack of coordination between multiple Ministries in charge of education poses challenges to the planning process and the implementation of the sector plan. In particular, having agreement on priorities and key strategies would strengthen attention from the Ministry of Finance on domestic financing. The effectiveness of the Local Education Group would benefit from stronger government leadership.	The Secretariat provided technical support to the government for the update of the Education Sector Plan and for improving the Joint Sector Review. The Secretariat also provided technical support to improve the policy dialogue mechanism.	High	The management and capacity constraints, fiduciary risks, and coordination between the Ministries of primary and secondary education have contributed to slow down the implementation of activities.	The Secretariat closely monitored the results of technical support provided by consultants, who were recruited by government to ensure the reinforcement of staff capacity. A firm to provide daily technical support to the Ministries of education was recruited in order to improve the performance of the pooled fund. The Grant Agent has also hired consultants to support the implementation of main activities, such as school construction.
Nigeria	Critical	Nigeria needs to develop a comprehensive EMIS with reliable data at the national level which would include data from the states. It is important that there is a comprehensive plan for education investment supported by reliable data, which is missing at this moment.	The Secretariat previously agreed with the Government, Grant Agent and the Local Education Group about more coordination with a plan of action. The Secretariat pursued dialogues with the government and development partners, first to put in place a comprehensive EMIS, a system to collect financing data, and then to carry forward a dialogue to strategize for more investment in education.	Critical	Much needs to be done to improve coordination among various actors for implementation, monitoring and mitigation of risks that would ensure proper use of education grants. Division of responsibilities among development partners for different states has advantages and disadvantages that need to be reviewed carefully. The Grant Agent's engagement in technical issues is needed. Capacity enhancement both at federal and state level would be important.	The Secretariat followed up on monitoring of grant activities, where participation of all actors had previously been planned with clear roles and responsibilities defined. There was also follow up of mechanisms for more coordination among various actors. The Annual Work Plan, Joint Review Reports and Quarterly Status Reports were examined to identify how to avoid slippage in implementation. In view of the operating environment, different safety measures have been taken in the design of the project to avoid misuse of funds.
Sierra Leone	Low	Overall, sector risks in the country are low although efforts need to be accelerated to strengthen stakeholder dialogue and joint sector review.	The Secretariat provided routine country support, which emphasized the need for stakeholder dialogue and joint sector review.	High	Despite the Grant Agent's efforts for strengthening program oversight, the financial management and program M&E are still weak. There remains some risk of misuse of funds. Mainly due to the Ebola Crisis but partly due to weak program management, the	The Secretariat actively engaged with the Ministry and Grant Agent to further strengthen program management so as to overcome delays caused mainly by the Ebola Crisis and to prevent any misuse of funds. The Secretariat liaised

				grant needs more time to achieve its objectives.	regularly with in country partners in order to be aware of any implementation challenges. The Secretariat also facilitated an extension request.	
Somalia Federal	High	While the Federal Government has been able to organize joint sector reviews, monitoring is restricted by limited data. Moreover, domestic financing to education remains very low. There are numerous issues around sector risks, related to coordination, capacity, implementation, and financing. High dependence on external funding, including that of GPE, is a risk in the sector.	The Secretariat continued support to data strengthening and development of next Education Sector Plan.	High	The payment of teachers' salaries has occurred but only a quarterly (instead of monthly) basis and often delayed. It is probable that this has negatively affected the goal to motivate teachers by enhanced teacher payment, especially since the government wasn't able to provide their promised counterfinancing to teachers. Since fewer teachers were paid than originally budgeted, a no-cost extension of 1 year is expected which could cover for teachers' salaries until the next application.	The Secretariat continued close follow up with the grant agent on implementation, especially on the payment of teachers' salaries. The Secretariat continued discussion with the government and local education group on system strengthening the payment of teacher salaries.
South Sudan	Critical	Education Sector in South Sudan is very quickly losing the gains made in the last five years as a result of low government spending, shifting of development partner resources from development to emergency activities and of insecurity that is causing severe delays in project implementation.	South Sudan education sector risks are exogenous in nature and will remain at a critical level during the ESP period. The best risk mitigation is to frame dialogue and design programs that are informed by robust risk analysis. The Secretariat provided support to ensure the partners coordinate around a set of minimum set of program activities.	High	The grant is unlikely to achieve its results and objectives within the extended closing period. The staff capacity at the GA has been reduced due to evacuation after the July 2016 conflict, resulting in limited monitoring and oversight of the activities. The emergency needs assessment will determine whether GPE funding will be required for supporting some emergency activities.	The Secretariat continued to constantly assess grant risks along with the Grant agent and facilitated a discussion on further program restructuring in order to reduce both the fiduciary and programmatic risks.
Sudan	High	With fewer development partners in the education sector and absence of a GPE grant in the future (which has been the largest source of support so far), external funding is reduced and educational development in Sudan will depend primarily on domestic resources. The Education Sector Plan, though being prepared, will be difficult to implement. Government spending in education is unlikely to	The Secretariat continued funding the preparation of an Education Sector Analysis and Education Sector Plan. The issue of continued financial support for the implementation of the next Education Sector Plan depends on the next replenishment.	High	The grant has encountered a number of difficulties, such as staff changes in the Grant Agent and higher unit costs than expected. Possible changes in the targets and low implementation so far pose risks to achieving the grant objectives. Restructuring discussions are ongoing, and with extension and revision of the grant, as being proposed, the revised	The Secretariat continued discussions with the Grant agent for closer supervision. Fiduciary measures are in place to safeguard against misuse of GPE grant funding. The grant was restructured in early 2017.

		increase from 12% in the face of numerous crises and unless GPE has a new grant allocation following the next replenishment, GPE will not have a lever to increase domestic spending.			targets are more likely to be achieved.
Uganda	Medium	Sector risk in Uganda is medium as the newly constituted Basic Education Sub-group of the Local Education Group is taking active leadership on sector analysis and planning. The current Education Sector Plan is monitored through the Ministry of Finance led annual sector review process. However, there is little possibility of the sector allocation will go beyond 15% in the next ESP period.	The Secretariat engaged closely with the Basic Education Sub-group of the LEG during the current year of ESP implementation. The Secretariat worked closely to help identify measures to strengthen the LEG and engaged with the LEG on domestic financing. The Secretariat also worked closely with partners on the ESP development process.	High	<p>Protracted inception period, further delays in hiring key staff compounded with weak FM controls make the grant a high risk grant. The project has adequate external safeguards in place to protect funds from being misused. The project MTR has agreed new measures to improve overall project management and especially financial management. GA oversight has improved.</p> <p>The Secretariat worked closely with the Grant Agent on the Mid-Term Review recommendations and actions agreed with the ministry over Financial Management issues.</p>
Uzbekistan	High	With the forthcoming power transition there is a risk that the Government's engagement to the education sector reform agenda is not maintained.	Supported by the GPE and Development Partners, the process of the first ESP development helped to strengthen a planning culture in the Ministry. The Secretariat engaged with Government, development partners and the LEG for continued advocacy on the reform agenda. Activities aimed at building capacity to use quality data and information systems to inform policy choices and decisions were also supported by the GPE.	High	<p>There is a moderate risk that student beneficiaries and a substantial risk that teacher and school manager beneficiaries may be mobilized to pick cotton or provide financial resources to support the cotton harvest.</p> <p>The implementation of the legislation on child and forced labor continues to be reinforced and mechanisms to support the elimination of child and forced labor were expanded to include a national monitoring and feedback mechanism system. In addition to its continued dialogue with the Government, the Grant Agent facilitates early identification of problems and obstacles in relation to the implementation of the mitigation measures. Technical assistance from the ILO continues to be provided in order that identified gaps be sufficiently addressed. The World Bank reports to the GPE Secretariat and the Grants and Performance Committee (GPC) on the mitigation measures against child and forced labor on a regular basis.</p>

Yemen	High	<p>Since January 2015, Yemen has been facing a high level of violence and insecurity due to armed conflict. Due to this, the majority of development partners have halted their operations in the country. In addition, the government's planning for the next ESP has been delayed. However, the Ministry of Education has shown strong resolve to continue supporting the education system in the country. Currently, approximately 90% of schools are functioning in the country despite the on-going conflict. GPE Support has led to the organization of Local Education Group (LEG) meetings outside Yemen to keep partners engaged in the planning and monitoring of the situation.</p>	<p>The Secretariat continued to closely work with the Ministry of Education of Yemen and the Local Education Group for development of the Transitional Education Sector Plan (TESP) in the country.</p>	Critical	<p>The Grant Agent has been providing oversight to the GPE funded ESPIG to Yemen. However, there is a need for review and strengthening of M&E systems especially related to financial management and procurement to ensure effective utilization of GPE resources. The on-going conflict in Yemen requires flexibility from GPE in order to respond to the immediate needs on the ground.</p>	<p>The Secretariat continued engagement with the Grant Agent (HQ and country office), Ministry of Education and Local Education Group to ensure effective implementation of GPE funding to Yemen. This included reviewing fiscal safeguards and close monitoring of program implementation. Some activities were on hold due to a worsened security situation and political uncertainties.</p>
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