

CORPORATE RISK UPDATE

Fall 2020

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The GPE Risk and Compliance Team is accountable for providing a biannual strategic overview of corporate risks to the four GPE Committees and to the Board. Corporate risk information is compiled using an online risk dashboard.

PART 1: STRATEGIC OVERVIEW



FOREWORD

- **The purpose of this report is to provide the Global Partnership for Education (GPE) Committees with information on the current status of risk management at GPE.**
- **As part of their risk oversight role, the four Committees are invited to examine risk, sub risk and indicator ratings in their respective areas of focus, and flag specific material risk exposures or risk-related concerns for the Board's attention. They are also invited to review the risk mitigation plans proposed, to consider appropriateness and suggest additional mitigation actions.**

- **The Fall 2020 Corporate Risk Update is the third risk update using the methodology approved by the Board in June 2019¹. It discusses the most important risks that could potentially have an impact on the ability of the GPE to achieve its mission and strategic goals.** The report provides an update on risk management across GPE, looking at Partnership risks, Secretariat risks and External risks. It provides an overview of key changes in the Top 10 risks compared to six months ago, an overview of current levels of risk and corresponding mitigation action plans, as well as an update on how current levels of risk compare with GPE's risk appetite².

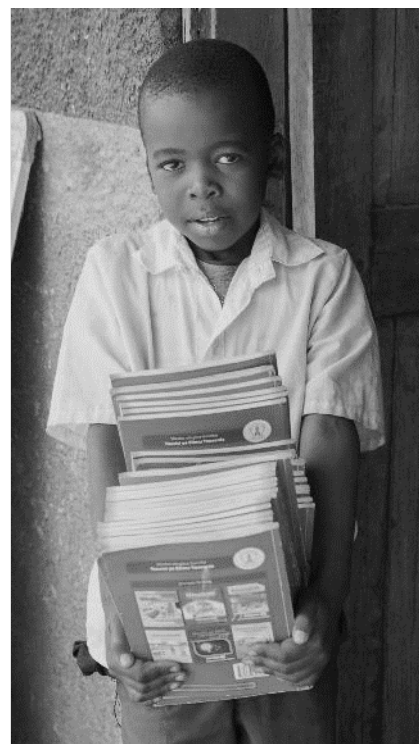
- **Given that the GPE is currently in a transition period, finishing one strategic plan period and moving into another, the current risk framework and report is positioned towards the current strategy (GPE 2020).** The next report will better reflect risks around implementation of the new strategy.

- **This biannual report shows that GPE's risk profile has remained stable, with 7 out of the 10 Top Risks from the Spring 2020 Corporate Risk Update³ still included in current Top 10 Risks.** Two risks have seen a major decline in risk exposure (i.e. Access to Funding risk went from very high to medium risk exposure and Liquidity Risk went from high to very low risk exposure). Two risks have seen a minor increase in their risk exposure (i.e. both Workplace Risk and Risk to Sector Plan Financing went from low to moderate risk exposure). Investment Risk has entered the Top 10 as a result of other risks' exposure falling rather than an actual increase in exposure. The report also compares a few high or very high risks/sub risks and indicators against the GPE risk appetite, highlighting the need for intensive mitigation efforts.

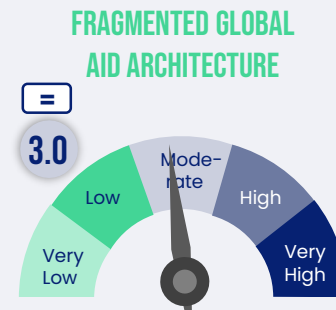
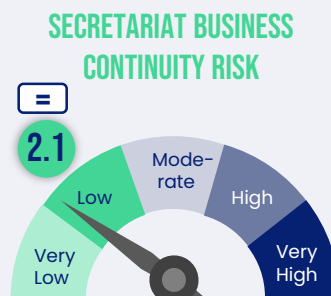
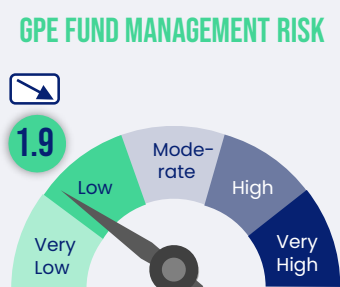
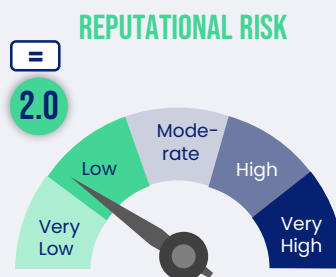
- **Since the previous corporate risk update, further progress was achieved in developing the GPE Risk Management Framework:**

- The internal GPE online risk dashboard was further developed, and includes additional features for the risk mitigation plan, the risk heat map and the risk summary report (i.e. possibility to make risk exposure comparisons over reporting periods). Additional pages were also launched to facilitate the work of the Risk & Compliance Team.
- Two new risk indicators have been developed under Integrated Processes Risk to capture progress on Work Program and Budget, while other indicators have been revised. For the next round of update, risk indicators will be revised to reflect risks around implementation of the new Strategy, touching new Operating Model, Funding Model, and new Results Framework.
- A risk management page was published on the [GPE website](#) to explain to the public how the GPE identifies, assesses and manages risks, and to gather the different pieces of the risk management framework approved by the Board over the past two years.
- The GPE Risk Culture needs to be further strengthened. With the new strategic plan, the Risk and Compliance Team will continue to help colleagues to incorporate risk more routinely in their thinking, to have risk increasingly embedded in key processes, and to enhance the ability to anticipate risks before they occur.

¹This methodology uses a more quantitative approach to risk management using risk indicator data collected via an online risk dashboard. ²GPE Risk Appetite Statement ³Spring 2020 Corporate Risk Update



RISK OVERVIEW



OPERATIONAL RISK	PRR	CRR	DOT
Access to funding risk	4.5	2.5	↘
Risk to context appropriate sector plans	2.3	1.8	=
Risk to sector dialogue and monitoring	2.1	2.2	=
Risk to ESPs financing	2.4	2.9	↗
ESPIG design risk	3.3	3.0	=
ESPIG performance risk	2.5	2.0	↘
Risk of doing harm	1.5	1.5	=
Risk of fraud and misuse	3.2	3.2	=
Grant management compliance risk	3.7	4.0	=

FUND MANAGEMENT RISK	PRR	CRR	DOT
Liquidity risk	4.0	1.0	↘
Transaction processing risk	1.0	1.0	=
Currency exchange risk	2.5	2.5	=
Investment risk	3.0	3.0	=

Very Low (0/1-1.49)	Low (1.50-2.49)	Moderate (2.50-3.49)	High (3.50-4.49)	Very High (4.50-5)
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STRATEGIC RISK	PRR	CRR	DOT
Financing risk	3.2	2.2	↘
Governance risk	2.0	1.9	=
Mutual accountability risk	3.0	3.0	=
Impact risk	2.1	2.1	=
Value for money risk	2.0	1.4	↘

BUSINESS CONTINUITY RISK	PRR	CRR	DOT
Operating expenses risk	1.0	1.0	=
Human resources risk	3.9	3.5	=
Information technology risk	3.3	3.0	=
Workplace risk	2.0	3.0	↗
Integrated processes risk	3.0	1.6	↘
Risk to new projects and strategies	1.1	1.2	=
Secretariat compliance risk	2.0	1.5	=

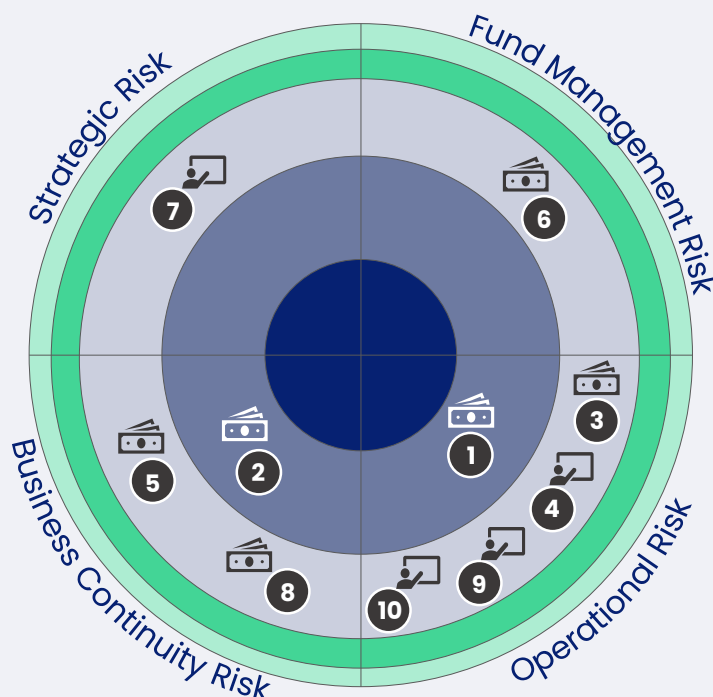
The **Direction of Travel** (DOT) indicates whether the risk level has increased (e.g. from low to moderate), remained similar (e.g. from low to low) or decreased (e.g. from high to moderate) compared to the previous reporting exercise. The DOT does not consider changes of risk scores (e.g. changes from 1.6 to 2.3 shows "remained similar").

PRR = Previous Risk Rating CRR = Current Risk Rating

TOP 10 RISKS AND DIRECTION OF TRAVEL

➤ Top 10* Risks

Very Low (0/1-1.49)	Legend
Low (1.50-2.49)	FRC
Moderate (2.50-3.49)	GEC
High (3.50-4.49)	GPC
Very High (4.50-5)	SIC



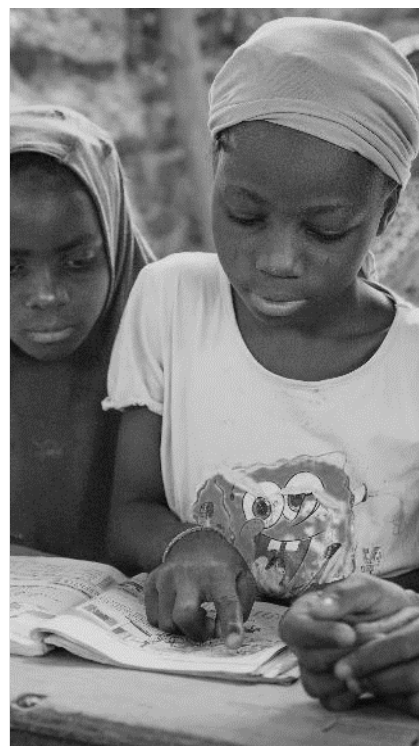
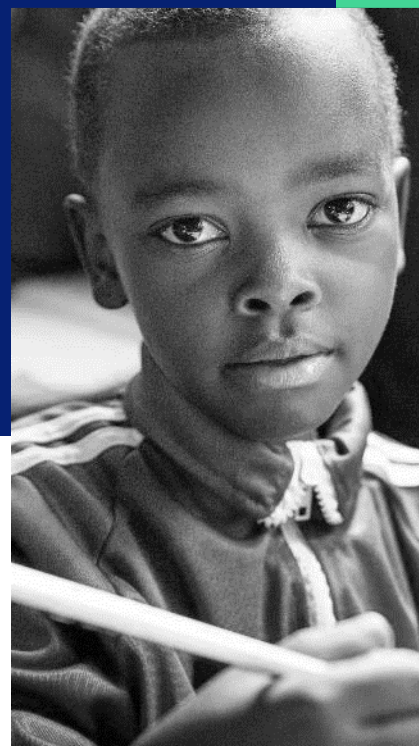
➤ Direction of travel since Spring 2020

#	Risk	PRR	CRR	DOT
1	Grant Management Compliance Risk	3.7	4.0	=
2	Human Resources (HR)	3.9	3.5	=
3	Risk of Fraud and Misuse	3.2	3.2	=
4	ESPIG Design Risk	3.3	3.0	=
5	IT Risk	3.3	3.0	=
6	Investment Risk	3.0	3.0	=
7	Mutual Accountability Risk (Country level)	3.0	3.0	=
8	Workplace Risk	2.0	3.0	↗
9	Risk to Sector Plan Financing	2.4	2.9	↗
10	Access to Funding Risk	4.5	2.7	↘

PRR = Previous Risk Rating CRR = Current Risk Rating DOT = Direction of Travel
 In bold characters: risks or sub risks that were already flagged as Top 10 Risks in Spring 2020 Corporate Risk Update

KEY FINDINGS AND TRENDS

- ▶ The report shows that GPE's risk profile has remained stable, with 7 out of the 10 Top Risks from the Spring 2020 Risk Update that are still included in this Top 10 Risks.
- ▶ The 3 Top Risks of this risk update are (1) Grant Management Compliance Risk, (2) Human Resource Risk, and (3) Risk of Fraud and Misuse, with a high risk exposure for the first two and a moderate risk exposure for the last.
- ▶ Access to Funding Risk and Liquidity Risk were the two highest risks in the previous risk update and have significantly decreased due to actions taken by the Secretariat, Board, and Partners, along with the impact of the COVID-19 funding window that led to a sharp increase in approvals and disbursements this semester.
- ▶ **Grant Compliance Risk exposure continues to be high due to delayed submission of audit reports and ESPIG completion reports. 50% of delayed completion reports were however submitted within one month of the deadline and delays were due mainly to COVID-19 factors.** 57% of ESPIG completion reports were received on time (i.e. within six months after the end of the program) at the end of the data collection period (i.e. in late September 2020), compared to 67% six months ago. However, the size and the composition of the sample as well as the timing of the data collection are important factors that explain some of the delays. Out of the 6 reports out of 14 which were received late, 3 have been submitted within one month of the deadline, with delays due mainly to COVID factors, and one was awaiting clarification on a misuse of funds repayment. While timely submissions by GAs of ESPIG completion reports is important, the Secretariat is not overly concerned by this risk indicator. 69% of audit reports were submitted late (i.e. one month after the deadline), compared to 23% last time, which is however more preoccupying. A total of 35 audit reports were expected to be received in FY20. Of this number, 20 were received late while 4 reports had not been received as at June 30, 2020. To mitigate compliance risk, increased monitoring, involving Secretariat Management review, of the timeliness of receipt of ESPIG completion reports and audit reports will be performed, including additional follow up with GAs where necessary.
- ▶ **With regards to HR risk, risk exposure continues to be high due to long recruitment times.** It takes an average of 79 days to recruit a GPE Staff and the World Bank HR can cancel a recruitment when it takes more than 90 days. To mitigate this risk, the GPE is monitoring the cycle time of each recruitment and warning hiring managers in advance of the 90-day limit. Causes of recruitment process delays include high workloads, and impact of COVID impacting times taken to complete longlisting, shortlisting, and conduct interviews. Risk is also driven by the results of the last World Bank staff survey that concluded that only "46% of GPE staff agree that their unit has the resources necessary to do quality work" which corresponds to a high risk in the risk model.
- ▶ **Fraud and Misuse Risk exposure is moderate and has not changed since the previous report.** Risk exposure is driven by the percentage of audits reviewed with high or very high-risk issues in the current FY (33%), which corresponds to a very high risk. The Secretariat is working to improve the percentage of misuse cases where funds are fully recovered within 18 months of identification (currently 82%). It's important to understand that just because the risk rating is elevated due to number of issues identified in audit reports, this does not necessarily imply that there is an actual increase in incidences of fraud and misuse but rather that the likelihood of such risk occurring may be higher requiring increased vigilance.



KEY FINDINGS AND TRENDS

- **Two risks have seen a major decrease in their risk exposure in the past six months.** Access to Funding Risk exposure has decreased from very-high to medium risk exposure as the result of a record semester in approvals with the roll out of the COVID-19 funding window approved by the Board in March 2020. Liquidity Risk exposure has followed a similar path for the same reason—its risk exposure has decreased from high to very low as cash balances have dropped significantly and are now well within target range, putting it out of the Top 10 Risks list for this risk update. While the Secretariat has made significant efforts to manage the risks related to access to funding and has succeeded, vigilance is required. Given the volumes of funding approved, the focus will naturally need to shift towards monitoring implementation, and in particular managing program implementation risks.
- **Two risks have seen a minor increase in their risk exposure over the past six months.** Workplace Risk and Risk to Sector Plan Financing both moved from low to moderate risk exposure.
 - Regarding Workplace risk, the GPE Secretariat has transitioned to home-based work (HBW) since March 2020 with the DC office closed and Paris and Brussels restricted to 10% and 25% presence, respectively. It will be at least 2021 before GPE staff physically return to the office in significant numbers. A “Back to Office” team is looking at workspace needs, both in terms of health and safety but also longer-term needs considering the expiration of the current DC building lease in July 2021, staffing levels, flexible working demands, and scale up in Paris.
 - As far as Sector Plan financing risk is concerned, risk exposure has risen from low to moderate primarily due to not being able to pilot the Education Sector Investment Case in more than one country in 2020 due to the impact of COVID. The percentage of Developing Countries Partners (DCPs) not meeting the domestic financing (DF) benchmark (30%) has remained similar since the data is drawn from the Results Report and corresponds to a moderate risk exposure. The Risk to Sector Plan Financing is central to the new Strategy and the new Operating Model currently being designed. The lessons learnt have been drawn from the current model application at country level. Strategic partnerships are engaged (through the Finance Platform) and DF questions are being largely redesigned and discussed.
- **Investment Risk has entered the Top 10 Risks as a result of other risk exposures falling rather than increased exposure.** The Secretariat continues to actively manage the GPE Trust Fund (TF) in collaboration with the Trustee. As of the last investment re-balancing performed (July 31, 2020), roughly 37.5% of the assets were held in cash earning no interest. This was after a rebalancing allocating more funding to highly liquid instruments to cover large cash disbursements that occurred and were expected arising from the COVID-19 funding window.

Given that the GPE is in a transition period, finishing one strategic plan period and moving into another, the current risk framework and report is really positioned towards the current strategy. **GPE's risk profile is likely to shift under the new Strategy, with potential new, shifted or reframed risks associated with the new strategy and operating model, as well as potential implications for GPE's risk appetite. The next report will better reflect risks around implementation of the new Strategy.** Therefore the Board should expect to see more volatility in the strategic risk category as well as new indicators related to GPE 2025 in the Spring 2021 update.

Reputational Risk requires special management since reputation is shaped both inside and outside of the GPE, and since all risks have the potential to ultimately damage GPE's reputation. With the launch of the new GPE Financing Campaign, the organization is likely to face additional scrutiny. While reputational risk remains low, the GPE is likely to see its exposure increase in the coming months. To mitigate this risk, the external relations teams will continue to monitor media and relationships with partners, and the Management Team will continue to discuss issues internally.

How current levels of risk, sub risks or indicators compare with GPE's risk appetite?

While the GPE has low risk appetite for program extensions that result from gaps in implementation support, oversight, and grant management, it recognizes that some program extensions have the potential to drive reform and sector results. It also acknowledges that adjustments may sometimes be required due to exogenous factors in the country environment. As of October 1, 2020, 21 out of 40 DCPs have sent or indicated they will send restructuring requests for their current ESPIGs. Two thirds of these requests are COVID-19 related. Given the need to allow flexibility for countries with ongoing grants in the current context, this higher than usual number of requests for restructuring does not constitute a breach of risk appetite.

The GPE has a low risk appetite for failures in the GAs fiduciary oversight and controls. 43% of ESPIG completion reports and 69% of audit reports were not received on time, which corresponds to a high risk level for both indicators. The GPE has a zero tolerance in cases of evidenced misuse of funds. 33% of audits reviewed in the fiscal year have high or very high risk issues, which corresponds to a very high risk level for this indicator. Given the issues with delays are primarily procedural and understandable in light of COVID impact, risk appetite is still acceptable but close attention is warranted. Meanwhile, the Secretariat will continue to pursue recuperation of funds and emphasize the importance of strong controls.

The Partnership has low risk appetite for not leveraging domestic financing. The percentage of DCPs not meeting the domestic financing (DF) benchmark is 30%, or a moderate risk for this indicator. In the new operating model currently being designed, domestic financing questions are being largely redesigned and discussed.

IMPACT OF COVID-19

- The coronavirus pandemic is a humanitarian crisis that continues to affect lives and livelihoods around the world, particularly in the poorest countries. **The COVID-19 pandemic has triggered an education emergency of unprecedented scale.** Through its ambitious mission in some of the world's poorest and most fragile countries, the GPE has been working on developing a coordinated education emergency response to the coronavirus pandemic.
- With respect to the GPE Secretariat having transitioned to full time home-based work (HBW) since March 2020, the scale and pace of change for Staff, in their communities, personal lives, and at work have been unprecedented. Most staff have adapted well, and productivity remains high, although the longer the situation continues the greater the risk of more staff being negatively impacted. GPE partners are all navigating these unsettling times when priorities keep shifting and organization's risk profiles keep changing. Therefore, the delivery of GPE fundamental workstreams such as the new GPE Strategy, the new Operating Model, and the Financing Campaign and Conference are exposed to additional challenges.

Impact of COVID-19 crisis on GPE's operations in DCPs:

- As of October 1st, 2020, 610 million students, preprimary through secondary, were out of school due to nationwide school closures in developing countries. 222 million students, including 105 million girls, preprimary through secondary, were out of school due to nationwide school closures in 21 of 68 partner countries. And over 6 million teachers are affected by full school closures in GPE partner countries.
- **Since the outbreak was declared a pandemic in March 2020, the GPE has mobilized more than US\$500 million to support partner countries with planning and implementing their response.**
 - GPE provided US\$8.8 million to UNICEF to kickstart education systems' response to COVID-19 in March 2020. GPE also unlocked US\$250 million to help developing countries mitigate both the immediate and long-term impacts of the COVID-19 pandemic on education in March 2020. To respond to strong demand from partner countries, GPE increased the COVID-19 response window to US\$500 million in June 2020.
 - As of the September 30th application deadline, the Secretariat has approved 56 country grants for US\$450.72 million out of a total of US\$467.22 million in applications received. The Secretariat has also approved US\$25 million for the global grant set aside to support global and regional coordination, learning and knowledge sharing. **This brings the total COVID-19 grants approved to US\$475.72 million, out of the US\$500 million allocated by the Board, plus the US\$8.8 million ESPDG COVID-19 grant for UNICEF. Of the approved amount, over US\$465.4 million has already been disbursed to grant agents.**
- To mitigate the multiple risks faced in grant management and program implementation of COVID-19 grants by Grant Agents, the Secretariat has developed ex ante and ex post mitigation actions.
 - **Ex-ante mitigation actions before grant approval:** As part of quality assurance, the Grant Agent is requested to identify and assess the risks related to fiduciary arrangements, including financial

management, procurement, governance, and safeguards issues (harm to people or the environment) and propose adequate mitigation actions in response. By requesting so, the Secretariat does not seek to duplicate Grant Agents' risk management framework and policies, but instead aims at doing due diligence and ensure compliance with GPE standards, policies and reporting requirements.

- **Ex-post mitigation actions after the grant is approved:** A Secretariat verification team verifies that recommended decision language from approval letters is included in revised program documents. Upon reception of progress reports within three months of first disbursement, progress is also monitored against objectives.

- As far as the regular pipeline of grants is concerned, 21 out of 40 countries have sent or indicated they will send restructuring requests for their current ESPIGs, with two thirds of these requests being COVID-19 related. Given the global context, countries are encouraged to discuss adjustments to guidelines and other flexibilities with Country Leads.

Impact of COVID-19 crisis on GPE's work on new Strategy, Operating Model, Funding Model and Financing Campaign:

- The needs of developing countries over the strategic plan period may evolve in response to the impact of COVID-19. The new strategic plan currently being designed is intended to be responsive to country needs and context, to be flexible and adaptive, to build capacity across the policy cycle and to be focused on the critical priorities. The pandemic and its expected impact on the economy and society make these attributes of the new strategy even more important.

Impact of COVID-19 on GPE Secretariat's Staff:

- Since March 2020, HQ-based staff have been working from home, and offices are not expected to open before January 2021 and possibly longer. Very limited numbers of staff may attend the Brussels and Paris, offices. While most staff have adapted well to this new environment, some have struggled, and these numbers could grow over an extended period of time.

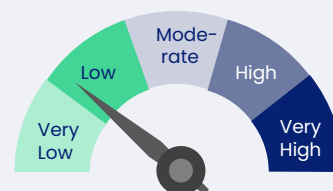
PART 2: CORPORATE RISK UPDATE



STRATEGIC RISK

THE RISK THAT GPE IS NOT ABLE TO ACHIEVE ITS GOALS AND OBJECTIVES

2.1



➤ **Financing Risk: The risk that contributions to the GPE Fund do not reach targets (FRC).**

2.2



Progress update: Previously the key concern was not being able to mobilize donor contributions due to slow movement of the pipeline. Substantial progress has been made and work continues

➤ **Key mitigation actions from previous reporting still ongoing:**

- In June, the Board of Directors (BoD) increased the cap from \$100m to \$125m and apart from two countries, all eligible have either applied or are in the process. Multiplier expansion efforts and work continues with newly eligible countries. (Due Date:2021-05-31)
- EPR recommendations approved by the GPC and BoD will reduce transaction costs and thus accelerate access to funds.(Due Date:2021-06-01)
- Proposals on greater delegation of authority was accepted by the Board which has reduced workloads and improved timeliness of approvals for lower value grants and COVID window. (Due Date:2020-11-30)
- Creation of Approval and Disbursements Task force aimed at increasing pipeline meetings with CEO and DCEO to a weekly basis and include EXR and CFO for cross Secretariat action. Task force mission include increasing outreach to HQ of donors to flag issues and request reinforced support by their country offices, increasing managerial country mission to resolve issues, with participation of regional managers, CST manager, CFO or CEO, and increasing high level outreach to GA to increase managerial action on pipeline issues.(Due Date:2020-12-01)

Very Low



From 100% to 100%

Pledges delivered vs. fundraising goals

Low



From 10 to 11 donors

Donors pledging more than 100 M USD

Moderate



From 82% to 90% of target met

Funds raised for replenishment period formally approved as grants



STRATEGIC RISK

- **Mutual Accountability Risk (Country level): The risk that partners at the country level are not accountable for their commitments (GPC).**

3.0

=

- **Key mitigation actions from previous reporting still ongoing:** Agreement on accountabilities was completed in June 2019 with the adoption of an Accountability Matrix. Awareness, implementation and monitoring thereof are either under development or have been completed.
- **LEG self-assessment mechanism:** The implementation of LEG pilot has been limited by COVID-19 in some countries, but sufficient information has been gathered to be able to adjust the assessment tools and guidance. The pilot phase is expected to be concluded by December 2020 and a rollout plan will be discussed with GPC in October 2020.
- The rollout of the SCEF consists of two ongoing work streams: (a) the development of messages & tools organized in two phases: Phase one is based on the accountability framework and will lead to a **portal on the GPE Website with accessible information**. The launch of web portal has been delayed because of COVID 19 work and other limitations (external provider). Phase two will incorporate changes/shifts introduced in GPE2025. This workstream is expected to be concluded by mid 2021.
- Workstream (b) of the SCEF is new. It involves **mobilizing partners with significant country level presence to develop agreed training/orientation materials for their country level staff on GPE and associated principles, engagement and accountabilities**. This will strengthen accountability by enhancing it within partners' own organizations. The aim is to roll this out with at least 5 partners during FY2021. A monitoring mechanism on mutual accountability is not yet in place – this will be derived from GPE2025 so work can begin in the last quarter of 2020 and continue into 2021.



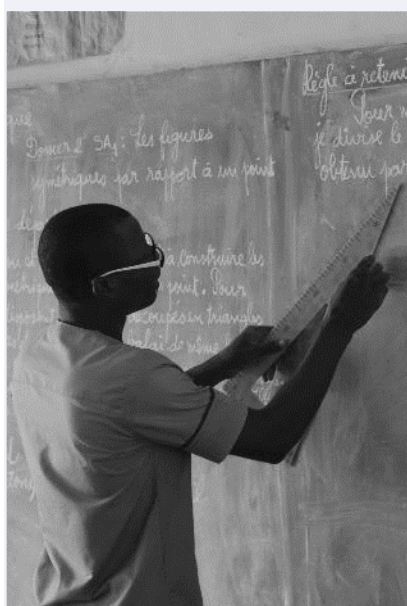
STRATEGIC RISK

➤ Governance Risk (Global): The risk that the systems by which GPE makes and implements decisions in pursuit of its objective is not fit for purpose (GEC).

1.9



<p>Very Low</p> <p>From 92% to 95%</p> <p>Committees & Board members attendance rate meetings</p>	<p>Mode rate</p> <p>From 87% to 80%</p> <p>Committees & Board workplan delivered on schedule</p>	<p>Low</p> <p>From 90% to 96%</p> <p>% of Committees & Board members who have been onboarded and have signed the Code of Conduct</p>
<p>Very Low</p> <p>From 90% to 95%</p> <p>DCP members attendance rate at last committee meetings</p>	<p>Very Low</p> <p>From 95% to 95%</p> <p>% of decisions approved by the Board, of those put forward for consideration</p>	<p>Very Low</p> <p>From 0 to 0 cases</p> <p>Number of sexual harassment & sexual exploitation/abuse allegations received by the WB on behalf of GPE in FY20</p>
<p>Mode rate</p> <p>From 52% to 45%</p> <p>% of participation in Committee and Board self-assessments</p>	<p>Low</p> <p>From 90% to 80%</p> <p>% of decisions that were implemented by GPE according to timeline</p>	<p>Low</p> <p>Before: Policies in place but not updated and not being implemented Now: Safeguarding policy under development; governance policies will be updated as part of governance review.</p> <p>Framework for ethical decision-making & conduct, mgmt. of C.O.I., safeguarding documented, up-to-date, implemented</p>



Progress update: Attendance at most committees is high and sustained. One committee, however, and despite the best efforts of the Committee Chair and Secretariat, has had difficulties/delays in meeting due to lack of quorum. Board turnover is an area of concern that has presented clear challenges with regards to participation, particularly for DCP representatives.

Key mitigation actions from previous reporting that are still ongoing:

- GPE Secretariat contracted an external consulting firm to help develop SEAH safeguarding policy based on benchmarking exercise, consultations with relevant stakeholders and input received from the GEC in October 2019 on a draft version of the policy. The consulting firm has submitted a recommendations paper which will inform GPE's approach to SEAH safeguarding. The GPE Secretariat management team will decide in October 2020 on the recommendations paper to enable the consulting firm prepare an updated draft SEAH safeguarding policy. Final SEAH safeguarding policy expected to be approved by Board in June 2021.

New mitigation actions to be developed:

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

STRATEGIC RISK

Impact Risk: The risk of not being able to demonstrate results (SIC).

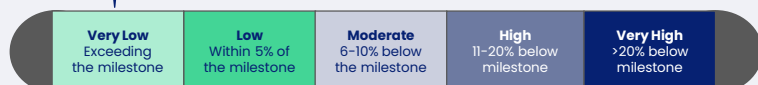
2.1

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Very Low

48%

of DCPs had a learning assessment system that met quality standards, or 61 countries (which is 5 more countries than the baseline).

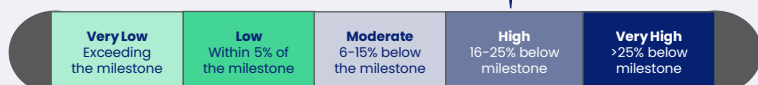


Quality of learning assessment systems (RF Indicator 15)

High

30%

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



Data reporting to UNESCO Institute for Statistics (RF Indicator 14)

Very Low



Strategy on Track
(same 6 months ago)

M&E strategy
implementation on track

Low



From 95% to 95%

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

Low



From 96% to 97%

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

Key mitigation actions from previous reporting still ongoing:

- The data reporting to UNESCO Institute for Statistics (UIS) continues to be a risk and has not improved. Mitigation strategy continues to include the Secretariat's engagement during the grant cycle at the time of GPE ESPIG approval and through ongoing dialogue during, for example, Joint Sector Reviews.
- Financing from GPE grants supports the development and strengthening of the countries' education management information systems, if the country does not report data to UIS or publish them at the national level and does not have a funded data strategy. In fiscal year 2019, 18 implementation grants were approved for 17 developing country partners. Overall, four developing country partners (Afghanistan, Papua New Guinea, Somalia and South Sudan), of which three are FCACs, were identified as countries with some data gaps as per the funding model requirements. All have developed strategies to address their data issues.
- The risk of data is primarily at country level and will require continued attention and work in the long term. The new KIX program has the potential to help countries identify and address barriers to data reporting through dedicated and strengthened data systems (Due date: 2022-12-31)

New mitigation actions developed or to be developed:

- Risk levels are expected to improve over time, although the potential impact of COVID 19 may affect the ability of countries to collect, verify, analyze, and report data on a timely basis in 2020, a situation that will likely be reflected in 2022, given the lag in data collection, verification, and reporting.
- Two KIX global grant projects have been selected with data as their focus - work is underway and selection has been finalized. Focus is on (1.) enhancing EMIS, and (2.) better coverage of equity data. (Due Date:2025-01-01)
- Data is planned to be a core part of the new operating model - how this requirement will be assessed and supported is still under deliberation. (Due Date:2025-01-01)

STRATEGIC RISK

- Value for Money Risk: The risk that GPE investments do not demonstrate Value for Money (VFM).

1.4



Very Low



All indicators exceed the target

Indicator 21 : Proportion of textbooks purchased & distributed through GPE grants, out of the total planned by GPE grants 107%

Indicator 22: Proportion of teachers trained through GPE grants, out of the total planned by GPE grants 96%

Indicator 23 : Proportion of classrooms built or rehabilitated through GPE grants, out of the total planned by GPE grants 81%

Indicator 9: Equity index 51%

*Percentages were the same 6 months ago as data is drawn from Results Report.

Key mitigation actions from previous reporting still ongoing and progress update:

- Monitoring of VFM metrics within grant application (through the review of the application budget) and implementation (through the review of GA progress reports). This includes cross references to comparatives within the unit cost database, for example for cost of textbooks and classroom construction. (Due Date:2020-12-04)
- Admin costs are closely monitored: a maximum cap of 7% is in place for GA agency fees, and supervision fees are reviewed in detail prior to approval. Admin costs have risen from 9.6% previously to 10.1% and this is due to a number of smaller grants with higher % admin costs and greater use of GAs for the COVID window that charge the maximum agency fee allowed. In addition, some of the larger grants were closed, hence an increase in admin costs for grants active at end of FY20.
- Secretariat operating expenses are targeted to keep within a 5-7% range of total expenditure. While this range was exceeded in FY19 and in the first half of FY20 due to lower than anticipated disbursements, the increasing pipeline of grants and low budget growth have ensured it returns to trend and is now at 5.2%.
- A VFM conceptual framework was produced by the GPE Secretariat in 2019 and a VFM guidance note sent for DCP consultation in March 2020 on textbook provision, and on classroom construction in June 2020. The final VFM guidance note on teachers and teaching is due to be sent for DCP consultation by December 2020. VFM work will also feed into new MEL framework.(Due Date:2020-12-09)
- Implementation of recommendations from the EPR will further improve efficiency and lower transactions costs, also contributing to improved VFM. (Due Date:2022-12-08)

High



From 9.6% to 10.1%

Active grant portfolio administrative costs as of the FY-end

Low



From 11% to 5.2%

Operating expenses as a % of total GPE Fund transfers

Low



From 87.5% to 100%

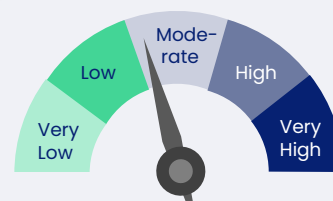
% of ESPIGs rated moderately satisfactory or above for overall outcome in completion report in last FY



OPERATIONAL RISK

THE RISK THAT GPE IS NOT ABLE TO DELIVER ON ITS COUNTRY-LEVEL OBJECTIVES

2.6



Access to Funding Risk: The risk that partners do not, or are not able to, apply for GPE funding (GPC).

2.7



High



11 countries at risk of not applying



MCA's at risk of not applying for January 2021 round of application (Task Force data)

Very Low



Target exceeded (100%) as Multiplier envelope was reduced and funds affected to COVID-19 emergency funding window.



Total value of Multiplier EOIs approved by 31 December 2021 vs. target. Mid-2020 target: 75% of US\$ 250 M

Moderate



90% of target met or US\$ 1,860.41 M approved at the end of August 2020 for all grants (ESPIG, Multiplier, Accelerated Funding, & COVID-19 funding window).

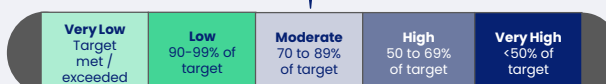


Out of funds allocated for replenishment period (US\$ 2,750 M), % of applications formally approved. Target: 85% expected by end of 2020.

Moderate



75% of target met or 105.6 M USD of Multiplier ESPIG applications approved. Based on new total amount of Multiplier envelop and previous target.



Total value of Multiplier ESPIG applications approved versus target. Target by end 2020: US\$ 225 M

Progress Update

Substantial progress has been made on providing access to funding for countries, with the approval of 33 ESPIG applications in the past fiscal year, and most remaining countries are on track. For the multiplier, additional expressions of interest have been approved, which means that the multiplier allocation (as reduced to US\$ 250 million) is now nearly fully subscribed. While the extension of the application deadline to January 26, 2021 has mostly mitigated the additional risk caused by the COVID 19 pandemic, some countries remain at risk not to access their MCA, as already reported to FRC and GPC during the April risk session. With few exceptions, these countries qualify as highly fragile and conflict affected.

Out of the countries identified as at risk, some may not fulfill the requirements, either for lack of commitment to increase the share of domestic financing or because the ESP development is delayed, while three have issues to substantially implement the current grant. The remaining countries have fallen behind on the development of the application. As a mitigation measure, the Secretariat in collaboration with partners in countries has and will continue to closely engage with stakeholders to plead for a reversal of the domestic financing trend, dealing with issues on program implementation (all three mentioned countries have recently restructured the grant to that effect) and/or to accelerate the ESP and ESPIG development. While 11 countries have been identified as "at risk", the expectation is still that the majority of the thus identified countries will be able to apply.

OPERATIONAL RISK

➤ Access to Funding Risk (Continued) – Key mitigation actions from previous reporting still ongoing:

- For the Multiplier, the Secretariat continues its outreach to development country partners, as well as to potential co-financiers to increase awareness of the mechanism and identify new opportunities of co-funding and a number are in active negotiations. (Ongoing)
- The Secretariat continues to support countries to address different issues that could block their application, to monitor delays in implementation of the current ESPIG and ESP development, and to engage in upfront conversations on requirements, including domestic financing.
- The Secretariat also continues to roll-out the streamlined QAR process with three key GAs, the World Bank, UNICEF and AFD.
- The Secretariat has reinforced communication to countries on the risk of not applying before the deadline, and the need to stick to timelines and actions. In addition, it has reached out to grant agents and key donors HQ to ensure that their representatives at country level provide the necessary support to countries along the preparation of application for a GPE grant, including to unblock issues that can undermine the grant preparation process and issues around the requirements to access the GPE grant.
- The Disbursements and Approvals Task force tracks MCA and Multiplier progress across the portfolio and implement in-countries actions to reduce bottlenecks during grant application process in country and with partners. (Ongoing)

➤ Risk to context appropriate sector plans: The risk that GPE does not support evidenced-based, government-endorsed sector plans focused on equity, efficiency, learning (GPC).

1.8



Very Low



From 14% to 8%

% of endorsed ESPs not meeting context sensitive criteria

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

- Education Sector Analysis Guidelines volume 3 was published and is currently being disseminated. It aims at supporting the development of more prioritized and implementable ESPs.
- As part of the new Operating Model workstream, the Secretariat is working with partners to explore and gather evidence on alternative planning/ policy-making approaches that are less transactional, more iterative, conducive of greater implementation. It is actively involved in action-oriented networks tackling implementation and delivery science. The Secretariat has contributed and is involved in the launch of the Global Finance Platform led by the WB.
- The only area for further attention is the "achievable" ESP standard driven by a lack of prioritization, relatively unrealistic financing projections. A key focus of EPR and the current strategic process is how to better plan and drive sector reforms in a context sensitive way to adjust to existing sector policy processes, better diagnose sector issues and capacities in order to support policy prioritization in order to make sector plans more implementable. This work is also versed into the new Operating Model workstream.
- The first phase of setting KIX is completed and the work has still to materialize into tangible results.

Mode rate



From 32% to 38%

% of endorsed ESPs not meeting achievability criteria

➤ New mitigation developed since previous reporting or to be developed:

- Reorganization of Secretariat with the country and technical teams working together under the same umbrella : Country Engagement and Policy. (Completed)
- Gates, IIEP, University of Toronto (OISE) and the GPE are working together to identify the main bottlenecks from plan preparation to plan implementation. (Due Date: 2021-06-30)
- COVID simulation exercise. The Secretariat is consulting DCPs through guided simulations to identify the type of support GPE could provide for strengthening system resilience in the context of COVID. (Due Date:2020-10-31)

Very Low



From 0% to 0%

% of ESPs not meeting quality standards (RF 16)

OPERATIONAL RISK

➤ Risk to sector dialogue and monitoring: The risk that GPE does not support improved sector dialogue and monitoring of the sector plan's implementation (GPC).

2.2



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

➤ As part of the new strategy development, the notion of JSR is being redefined to be more inclusive of other processes/ways of undertaking sector monitoring. (Due Date:2021-12-21)

➤ EOL mechanism to stimulate and support social actors' engagement in policy dialogue is reaching a first operational phase.(Due Date:2021-06-22)

➤ LEG effectiveness principles have been published and are currently being disseminated. LEG self-assessment tool has been developed and is currently being piloted in several voluntary countries.(Due Date:2021-06-30)

➤ JSR exchange initiative has been rolled out into a new set of countries for peer learning. (Due Date:2020-12-17)

➤ JSR and LEG practices are currently being collected to be shared across DCPs to stimulate cross-learning.(Due Date:2021-06-30)

➤ New mitigation developed since previous reporting and/or actions to be developed:

➤ Development of a guidance note on how to monitor plan implementation and course correct to be adaptive to new COVID related needs, to prepare, conduct and what to monitor in virtual JSRs in times of COVID (Due Date:2020-12-31)



Very High



From 50% to 48%

% of JSRs conducted annually in GPE partner countries

Very Low



From 4% to 4%

% of GPE countries that did not publish Annual Implementation Report

Very Low



From 11% to 18%

% of JSRs that do not monitor sector performance and ESP indicators

Low



From 94% to 90%

% of LEGs with civil society or teacher representation

Mode rate



From 65% to 66%

% of GPE countries where there is a duly recognized CSO EFA coalition on the LEG

OPERATIONAL RISK

- **Risk to sector plan financing: The risk that financial commitments are not sufficient or not continuously expanding to finance the implementation of the sector plan (GPC).**

2.9



- **Key mitigation actions from previous report that are still ongoing:**

- Of significance is whether countries are driving meaningful policy dialogue on education financial allocations and expenditure to fully finance programs envisaged under ESPs including domestic/external financing, and whether budget amounts in ESPs are allocated and disbursed. The Secretariat is working with the WB and others to discuss the main DF challenges in LMIC; identify the main weaknesses in education financing systems that drive low mobilization, inequality and inefficiency; assess existing support, identify gaps, explore areas of collaboration.

- Education Out Loud (EOL) has selected civil society coalitions as grantees in partner countries. GPE Secretariat is working with the GA to support these grantees to advocate for domestic resource mobilization for education sector financing.

- **New mitigation developed since previous reporting and/or actions to be developed:** Risk to sector plan financing is central to the new strategy and Operating Model currently being designed. The lessons learnt have been drawn from the current model application at country level. Strategic partnerships are engaged (through the Finance Platform). Domestic financing questions are being largely redesigned and discussed as part of the new strategic plan development. One of its strategic aspirations is, recognizing most of the education financing comes from domestic resources, that GPE will support national governments in the planning, sustainable financing, monitoring and reviewing of holistic education systems for system-wide impact based on the principle of leave no one behind. (Due Date:2021-01-02)

Mode rate



From 30% to 30%

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

High



From 3 to 1 case

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

Low



From 78% to 78%

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

- **ESPIG Design Risk: The risk of approving programs that do not support equity, efficiency, learning in efficient and effective way. (GPC)**

3.0

Very Low



From 95% to 96%

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

Mode rate



From 36% to 36%

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

Very High



From 31% to 31%

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

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

- More of the newer grants include co-financing, but these are not yet active or approved, and so the risk indicator has not picked this up yet. Much of the co-financing is leveraged through the Multiplier. Many of the Multiplier co-financed grants have moved through the pipeline to approval over the past year. This trend is expected to continue through the 2020 application rounds. There are also several new grants approved or in the pipeline that use a sector pooled funding modality.

OPERATIONAL RISK

ESPIG Design Risk (Continued)

- Another mitigation action is related to the roll out of the EPR decision regarding the choice of most appropriate (aligned and harmonized) grant modality and program scope ahead of the choice of grant agent. EPR was approved over the course of the past year and has moved to roll out. The first countries following the strengthened GA selection process are now at QAR 0/1. (Due Date:2021-12-25)
- Continued implementation of the Alignment roadmap. The alignment roadmap implementation has moved forward, and a Secretariat alignment cross-team was established to coordinate its implementation.(Due Date:2020-12-26)
- Monitoring of the portfolio, including through the results framework.

New mitigation developed since previous reporting and/or actions to be developed:

- January 2021 is the last opportunity to apply for an ESPIG based on the current funding model and the validity of the MCAs. New mitigation actions/incentives are being included for the next Strategic Plan. The new Strategy and operating model are still being developed, so the full details are not yet known. However, the decision to expand the eligibility for the multiplier to all low-income countries is expected to further support alignment and harmonization of international funding and incentivize additional co-financed or pooled programs. Also, it has been proposed that the new System Capacity Grant (former ESPDG) may be used to support the establishment of pooled funding mechanisms.

ESPIG Performance Risk: The risk that ESPIGs do not achieve results in intended timeframe (GPC).

2.0



Very Low



From 28% to 9%

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

Moderate



From 13.8% to 19.4%

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

Key mitigation actions from previous reporting that are still ongoing:

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

OPERATIONAL RISK

ESPIG Performance Risk (Continued)

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

Risk of Doing Harm: The risk that interventions cause inadvertent harm to intended beneficiaries or marginalized populations (GPC).

1.5



Key mitigation actions from previous reporting that are still ongoing:

- The GPE Secretariat has provided funding for Gender Responsive Sector Planning workshops and continues to engage in global, regional, and local policy dialogue to promote gender equality in Partner programs such as UNGEI and the GCI.
- Primary responsibility for the design and implementation of the program rests with the Government and Grant Agents in close cooperation with partners through the LEG. However, the Secretariat supports this through its own quality assurance process seeking to identify such risks, and during implementation undertakes and documents a review of each ongoing ESPIG to minimize this risk and to be positioned to identify and address any indication of inadvertent harm to beneficiaries.
- Secretariat staff have gender equality objectives integrated in their results agreement and gender equality has been integrated in GPE processes including, but not limited to, Quality assurance criteria, LEG effectiveness guidelines and the operating model.
- The reorganization of GPE Secretariat has resulted in the joining of the gender thematic leads in the same department as the country teams allowing for joint planning and implementation. Two gender specialists were recruited in this newly reorganized team (one was a replacement, and one was recruited as an additional staff).
- Gender equality in and through education is being further reinforced as a top priority in the new GPE Strategy 2021-2025 and this will be reflected in the new operational model.

Very Low



From 4.5% to 6%

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

Mode rate



From 15% to 13.6%

% of active ESPIGs in FCAS that do not include initiatives supporting gender equality. (Source: Portfolio Review)

Risk of Fraud and Misuse: Risk of losses due to fraud or misuse in GPE-funded programs (FRC).

3.2



Very Low



From 100% to 100%

% of significant audit issues satisfactorily addressed in the last fiscal year (RF 35)

Very High



From 42% to 33%

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

Mode rate



From 81.8% to 81.8%

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

OPERATIONAL RISK

➤ Risk of Fraud and Misuse (Continued).

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

- The Secretariat ensures that grant agents have strong policies and procedures in place to prevent misuse, and should it occur, to detect it and ensure repayment (e.g. review of GA standards during accreditation, financial procedures agreements between GPE and GAs and contractual agreements between GAs and GPE member governments and partners to govern use of funds).
- The Secretariat reviews fiduciary risk during QAR process, and during reviews of progress reports and annual audit reports, following up with the GA to ensure significant issues are addressed satisfactorily.
- Regular engagement between the Secretariat and Grant Agents and reporting to the Committees and Board on all credible misuse cases until repayment is made.
- Proposal for CEO to be given ability to cease grant disbursement in the case of imminent threat of misuse of funds (FRC discussion of proposal in April 2021).

➤ Grant Management Compliance Risk: The risk of a breach of the policies and procedures on grant management (FRC).

4.0



Key mitigation actions from previous reporting that are still ongoing:

- The development of an integrated grant management system which will track applications from approval through implementation and closing (Due Date: 2021-12-20)
- The systematic following up with grant agents if reports are overdue is the most impactful mitigation factor against late delivery of these three sets of reports (completion reports, progress reports, audit reports). However, more needs to be done in this regard and hence grant agents will be reminded at a HQ level.
- The decentralized GPE model relies on grant agents to proactively monitor their grants through producing reporting on grant progress, grant completion & arranging regular audits. The Secretariat monitors the timely delivery of these reports and follows up in the case of late delivery, along with any concerns arising with the content of the reporting.

New mitigation developed since previous reporting and/or actions to be developed:

- Increased monitoring, involving Secretariat Management review, of the timeliness of receipt of ESPIG completion reports and audit reports, including additional follow up with Grant Agents where necessary.

Very High



From 23% to 69%

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

Low



From 96% to 97%

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

Very High

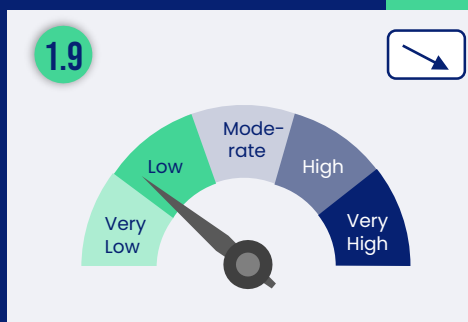


From 67% to 57%

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

GPE FUND MANAGEMENT RISK

THE RISK ASSOCIATED WITH THE INEFFECTIVE OR UNDERPERFORMING FINANCIAL MANAGEMENT OF THE GPE FUND



- **Liquidity risk: The risk that the Secretariat is unable to ensure that all payment obligations are met when they come due (FRC).**

Very Low

Roughly 10 months worth of cash (from 14 months reported in previous update).



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

- **Key mitigation actions from previous reporting that are still ongoing:**
- The regular weekly taskforce on approvals and disbursements instituted in January 2020 has increased the focus on actions related to moving the grant pipeline.

- The global COVID-19 pandemic is having impacts in terms of the timing/amount of donor contributions and the timing of new grant applications and disbursements. The introduction of new COVID-19 Accelerated Funding Window has resulted in significant increase in approvals and disbursements and consequently in a reduction in excessive cash balances in the last six months. Liquidity levels are now at the optimal range. The Secretariat will continue to closely monitor the impact of COVID-19 on contributions and disbursements.

- **Transaction Processing Risk: The risk that deficiencies in transaction processing, internal processes or controls result in delayed transactions (FRC).**

- **Key mitigation actions from previous reporting that are still ongoing:** The Secretariat has and will continue to work very closely with the Trustee to ensure all payments are made in a timely manner to all GAs.
- To help ensure smooth transaction processing, the financial officer at the Secretariat outlines and reminds GAs of the process for submission of cash transfers and supports the requests by reviewing draft copies of the cash transfer request prior to final submission to ensure that any errors in the form are found early and corrected prior to submission.



From 100% to 100%

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

Moderate



From 39% to 37.5%

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

- **Investment Risk: The risk of losses relative to the expected return on an investment (FRC).**

- **Key mitigation actions from previous reporting that are still ongoing:** The Secretariat continues to actively manage the GPE Trust Fund (TF) in collaboration with the Trustee by providing quarterly cash flow projections to ensure excess funds are properly invested to maximize investment returns in the TF. This re-balancing effort ensures that a minimum amount of funds are in investment portfolios earning no interest while also ensuring sufficient liquidity is present to disburse funds from the TF as needed. The active monitoring of the portfolio allows the reallocation of funds to maximize investment income.

- As of the last investment re-balancing performed (July 31, 2020), roughly 37.5% of the assets were held in cash earning no interest. This was after a rebalancing allocated more funding to highly liquid instruments due to large cash disbursements that occurred and were expected to cope with the surge in needs related to COVID.

GPE FUND MANAGEMENT RISK

- **Currency Exchange Risk:** The financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the GPE (FRC).

2.5

=

High



=

From 79% to 72%

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

Amount pledged in USD at replenishment conference is 25.4% and value of contributions made in other currencies is 74%, and 72% in terms of current values since the FX rates have adjusted since the pledging conference.

Very Low



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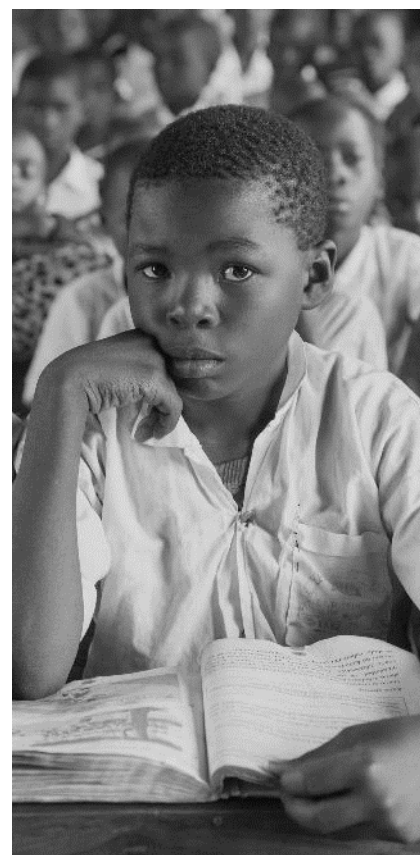
From 1% to -1.57%

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

Based on the last five months of rates, the volatility for all non-US\$ and Euro currencies was less than 5%, and the average among the currencies based on weight was roughly -1.5% (the US dollar weakened against the basket of currencies).

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

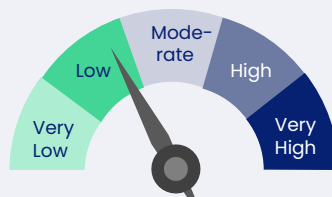
- The Secretariat continues to work closely with the Trustee and World Bank treasury to determine if alternative hedging options could be a viable option and will update the FRC in October 2020 on the positive progress that has been made
- The Secretariat also continues to advise that donor pledges and payments are best made in US Dollar in order to further mitigate this risk. However, there is still a substantial mismatch between non-USD based donor contributions and USD based grant allocations and therefore this mitigation action only has a minor impact.(Ongoing)
- The Semi-Annual Financial Forecast assesses the impact of the risk on overall financial position and allows for course correction to better manage the negative impacts of FX fluctuations when they occur. (Ongoing)



BUSINESS CONTINUITY RISK

THE RISK THAT THE SECRETARIAT IS UNABLE TO OPERATE ITS CRITICAL BUSINESS FUNCTIONS

2.1

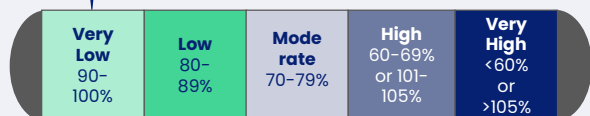


Operating Expenses Risk: The risk that GPE's operating expenses are not aligned with needs (FRC).

1.0



From 94% to 93.5%



Actual vs. projected expenditures overall (%)

Progress Update: The impact of COVID-19 is resulted in lower travel and meeting related expenses in the final quarter of FY20 (April-June) which impacted expenditure rates. The same effect is being felt so far in FY21 and the Secretariat will keep monitoring budget versus expenditure closely.

A formal quarterly management team review of workplan and budget has been introduced.

Secretariat Compliance Risk: Risk of a breach of the Host/Trustee or Secretariat administrative policies and procedures (FRC).

1.5



Mitigation actions from previous reporting that are still ongoing:

- A key mitigating action is that GPE Secretariat employees are required to undertake mandatory orientation and training in relation to the understanding of key corporate policies and procedures to ensure compliance.
- Compliance units within the Bank perform regular quality control checks of transactions.
- The Secretariat will continue to closely monitor compliance with core policies and procedures and plans to work with the Bank to arrange additional training on both travel and procurement in FY21.

Low



From 0 pts % to -4 pts %

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

Very Low



From -64 pts % to 0 pts %

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

3.0



From 0.97 to 0.94

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

Workplace Risk: The risk that hazards in the working place negatively impact the conduct of operations (FRC).

Mitigation actions from previous reporting that are still ongoing: Staff transfers to Paris have increased and combined with new hires, the overall numbers for Paris are on track. Office space in DC has not been freed up. Secretariat management has been informed that there are no DC offices to be allocated to incoming staff. However this is not an immediate challenge given impact of COVID has resulted in home-based work.

New mitigation actions developed since previous reporting and/or to be developed: A "back to office" team is looking at workspace, both in terms of COVID precautions but also ahead of the expiration of our lease in July 2021. From July 2021, a decision will need to be made between a new or reconfigured office OR a permanent reduction in assigned offices, and staff who do not come to office regularly could be asked to forfeit their permanent space. COVID changed our modality to home-based work, it will be several months before everyone returns to the office.

BUSINESS CONTINUITY RISK

➤ **Human Resources (HR) Risk: The risk that the Secretariat has inadequate human resource capabilities (FRC).**

3.5



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

➤ When recruitments take longer than 90 days to reach a selection decision, the World Bank HR can cancel the recruitment. To mitigate this risk, the GPE is monitoring the cycle time of each recruitment and warning hiring managers in advance of the 90-day limit.

➤ Known causes of delays are when the WB HR is asked to do an initial screening (preliminary long listing) for GPE, and the delays associated with scheduling selection committee activities (short listing meeting and interviews), particularly in light of additional workload with COVID. (Due Date:2020-12-01)

➤ The Secretariat is working now to examine what it will take to deliver GPE2025 based on the new operating model and targets for the financing campaign. Updates will be shared with the Board in December. (Due Date:2021-06-30)

➤ **New mitigation actions developed since previous reporting and/or to be developed:**

➤ A re-organization in July 2020 addressed some inefficiencies as well as places where objectives were not aligned or even in conflict and will be finalized by the beginning of 2021.

High



From 82 to 79 days

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

High



46 %

% of GPE staff who agree that their unit has the resources necessary to do quality work (Source: GPE data from Dec 2019 WB Engagement survey)

Low



79%

% of GPE staff who agree that colleagues within their unit cooperate to get the work done (Source: GPE data from Dec 2019 WB Engagement survey)

Very High



Strategy drafted but not approved (same as six months ago)

Three Year IT Strategy Documented and Up-To-Date

Low



From 0 to 1

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

High



From 70% to 60%

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

Low



From 75% to 90%

% of business system use

➤ **Information Technology (IT) Risk: Risk that external, internal, deliberate or unintentional threats to IT systems affect business or project goals, service continuity, bottom line results, reputation, infrastructure or security (FRC).**

3.0



The mitigation strategy chosen is to Assume/Accept the risk, which is by definition the fact to acknowledge the existence of a particular risk and make a deliberate decision to accept it without engaging in special efforts to control it. This acknowledges that GPE in many cases rely on World Bank IT systems, policies and processes.

➤ **Progress Update:** The Strategy was proposed and updated as necessary but not formally approved as the relevant approval procedure and SOP were not approved. At the same time the strategy is implemented with quarterly approvals of the specific work plan and financial resources by DCEO.

BUSINESS CONTINUITY RISK

Information Technology (IT) Risk (Continued)

- The originally envisioned broad GPE-ITS work program as well activities aimed at improving GPE's Executive Office task management were abandoned due to COVID-19 situation. At the same time, some intermediate action were taken, such as establishment of the EXO's shared account that is now a single point of entry for action requests for EXO. EXO's onboarding on CRM is planned for September–October 2020. This work has been resumed in the end of August with change of team leads in ITS.
- GPE Exchange platform's SLA (approximately 60% of GPE's custom applications) needs to be renewed. SLA for CRM has not been offered by ITS by August, but the work is in progress with new ITS team lead.
- Business system use has increased as a result of generalized home-based work. Percentage of intended users are: 100% of GPE staff uses SMO/BTOR system, 90% of CST use GPE Exchange grant management module or data from the system, 90% of monitoring unit uses Results Framework module, 100% of risk providers, focal points, owners and CFO Risk Management use the module, 90% of GPE staff use GPE Intranet, 100% GPE staff use collaboration tools and spaces. 100% of EXR use new version of CRM. More precise metrics is in development by ITS.

Integrated Processes Risk: The risk that the lack or misuse of integrated processes, systems, tools challenge the conduct of operations (FRC).

1.6



<p>Moderate rate</p> <p>=</p> <p>Very Low</p> <p>New</p> <p>Very Low</p> <p>New</p>	<p>From 74% to 60%</p> <p>% of SOP workplan completed (completion rate)</p>	<p>100%</p> <p>% of GPE team/unit work plans completed</p>	<p>6</p> <p>Number of Work Program and Budget (WPB) priority activities reported on a quarterly basis to MT</p>
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Key mitigation actions from previous reporting that are still ongoing:

- Outstanding SOPs that are awaiting finalization of the Secretariat reorganization will be updated through 2020. The SOP process will need to be reviewed before the end of 2020 considering the Secretariat reorganization and overall needs. The process may need substantial revision and Secretariat's capacity may be limited.

New mitigation actions developed since previous reporting and/or to be developed:

- All work plans were submitted for F21. Work is being done to ensure the quality of data. Following approval of workplan and budget, quarterly reporting will be presented to management to track \$-use and milestones achieved through performance indicators.
- Plans have been made for quarterly reporting on 6 priority objectives and a presentation tool is being introduced in the Secretariat. The risk that the quarterly reporting will not happen is low. However, the quality of the reporting may be uneven initially. Test reporting after two quarterly reporting periods will be done to ensure report is timely, relevant and information provided useful for prioritization. (Due Date:2021-01-29)











BUSINESS CONTINUITY RISK

➤ **Risk to new projects or strategies: The risk that the Secretariat is not able to effectively design and implement new projects or strategies (SIC).**

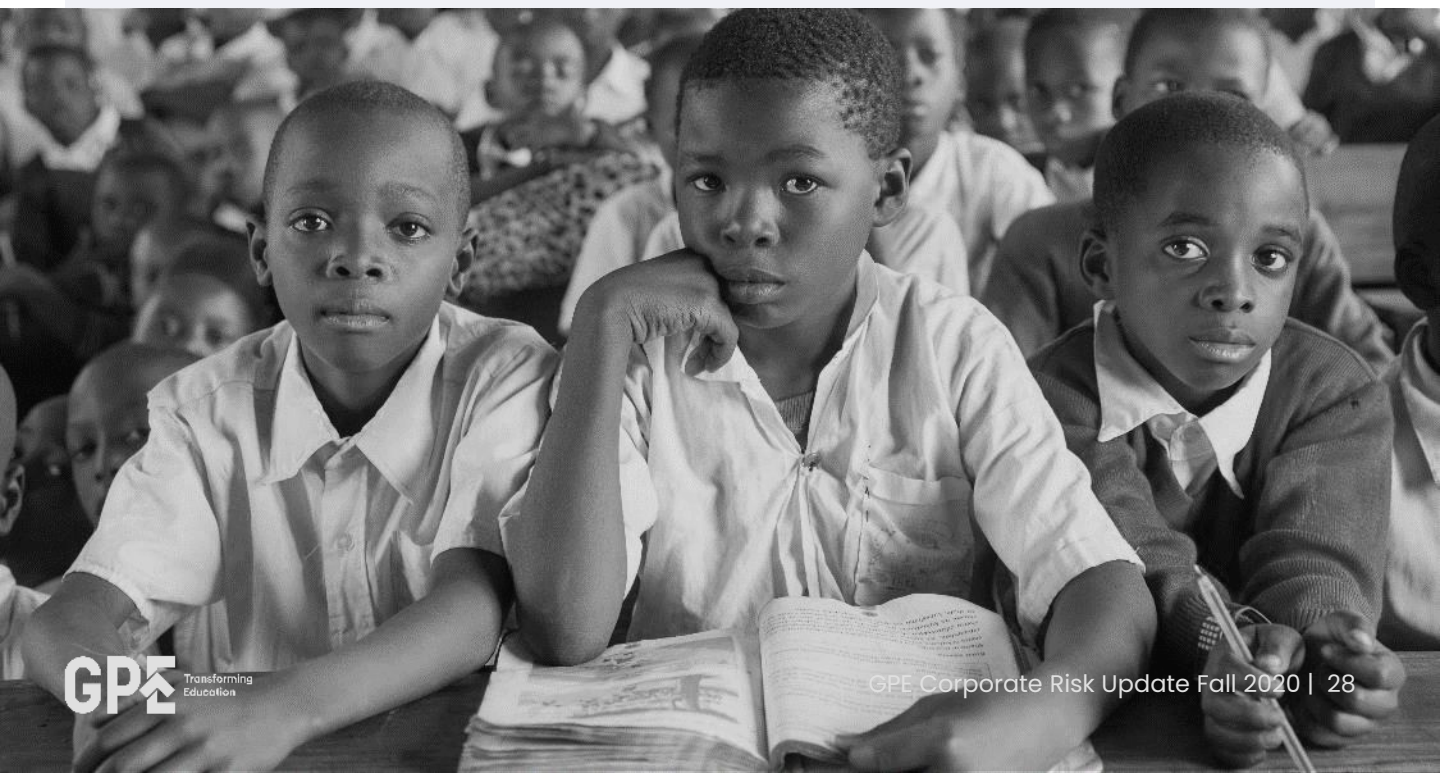
1.2

=

<p>Very Low</p> <p>=</p> <p></p> <p>From 100% to 100%</p> <p>KIX: % of milestones met within the last FY</p>	<p>Very Low</p> <p>=</p> <p></p> <p>From 100% to 100%</p> <p>KIX: Actual vs. planned disbursement based on MoU within the fiscal year</p>	<p>Very Low</p> <p>=</p> <p></p> <p>From 100% to 100%</p> <p>KIX: Actual vs. planned disbursement based on MoU (cumulative, on duration of program until 2024)</p>
<p>Low</p> <p></p> <p></p> <p>From 100% to 82%</p> <p>EOL: % of milestones met within the last FY</p>	<p>Very Low</p> <p>=</p> <p></p> <p>From 100% to 100%</p> <p>EOL: Actual vs. planned disbursement based on disbursement schedule with Oxfam IBIS within the fiscal year</p>	<p>Very Low</p> <p></p> <p></p> <p>From 50% to 100%</p> <p>EOL: Actual vs. planned disbursement based on disbursement schedule (cumulative, until 2024)</p>

Key mitigation actions from previous reporting that are still ongoing:

- In relation to KIX: Support timely submissions of cash transfer requests from IDRC that align with the amended disbursement schedule. In relation to EOL: Support timely submission of scheduled cash transfer requests from Oxfam IBIS. Both KIX and EOL are now well into the implementation phase.



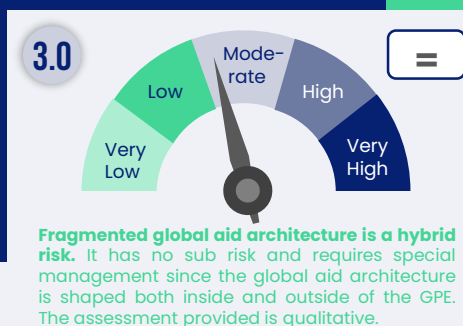
OTHER RISKS

FRAGMENTED GLOBAL AID ARCHITECTURE RISK AND REPUTATIONAL RISK

➤ **Fragmented Global Aid Architecture: Risk that the education architecture is not well defined, complementary (FRC).**

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

- There has been significantly increased cooperation with ECW Secretariat, with regular meetings between the GPE CEO and the ECW Director and related staff. A focus on opportunities to align GPE accelerated support with ECW Multi-Year Resilience Programmes (MYRPs) is ongoing, as is development of a note on complementarity
- With the COVID-19 pandemic, the importance of coordination between education partners is key. GPE is participating in the UNESCO convened coordination group and is also coordinating closely with key partners including UNICEF, UNESCO, ECW and the World Bank and our Grant Agents to respond effectively. As part of GPE's approval of COVID grants, consistency with ECW COVID programs was systematically reviewed whenever relevant.
- A global grant to a consortium of three GAs is also allowing GPE to support coordination, learning continuity approaches and evidence-building at the global and regional levels. The grant helped facilitate timely dialogue between UNICEF, UNESCO and the World Bank, who expressed appreciation for GPE convening them in this way. Taking advantage of common languages and economies of scale, and leveraging existing global and regional coordination mechanisms, can lead to efficiencies and speed in developing and disseminating learning continuity approaches. (Due Date: 2021-06-29)



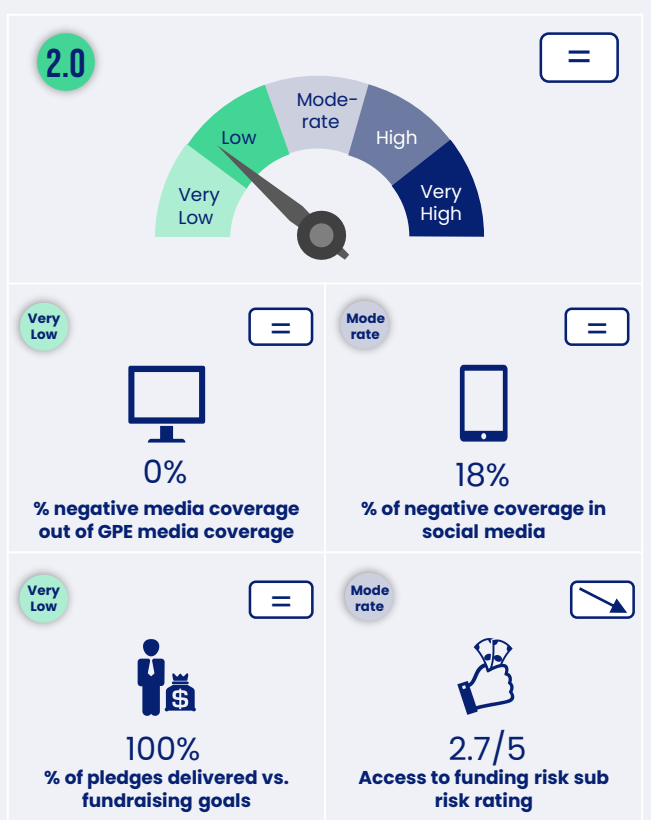
➤ **Reputational risk: The risk of threat or danger to the good name or standing of the GPE (FRC).**

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

- **(1) Proactive communications to enhance GPE's reputation.** GPE communications are positioned to emphasize disbursements (e.g. the communications team always seeks to communicate the latest financial figures associated with GPE grants). Visibility is also given to leadership engagement on unblocking the pipeline.
- **(2) Crisis communications:** Following several ongoing files in case they escalate.
- **(3) Crisis readiness.** Anticipate potential reputational issues at country level and develop, in consultation with Secretariat and country partners, key mitigation messages on each of GPE's partner countries.

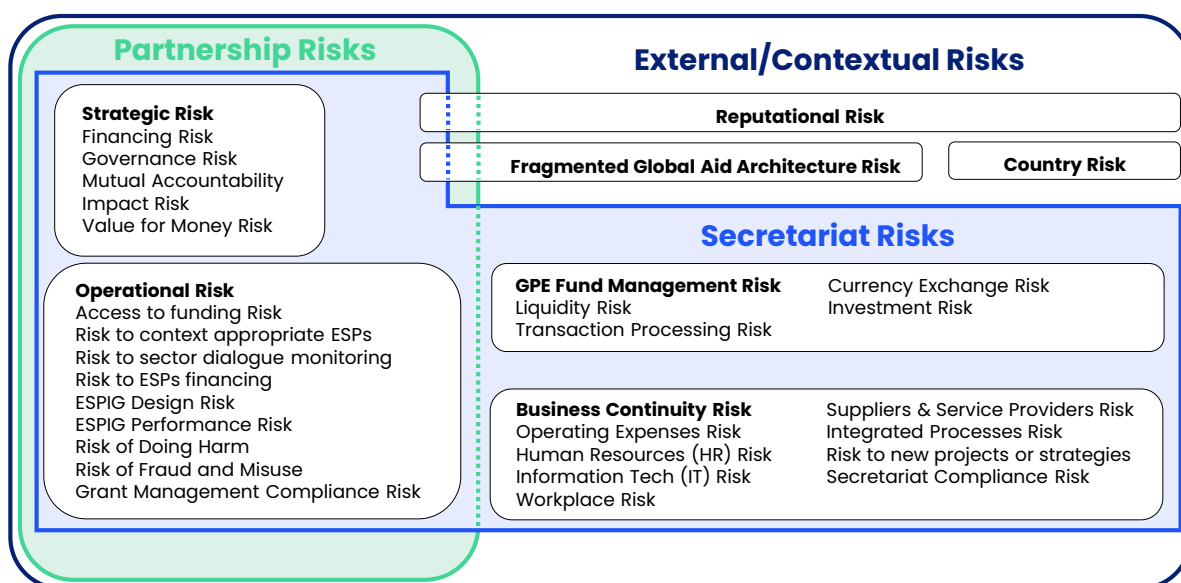
- **New mitigation actions developed since previous reporting and/or to be developed:** With the launch of the new GPE financing campaign, the organization is likely to face additional scrutiny. To mitigate this risk, the coms and external teams will continue to monitor media and relationships with partners, and the Management Team will continue to discuss issues internally.

Reputational risk is a hybrid risk: It has no sub risk and requires special management since reputation is shaped both inside and outside of the GPE, and since all risks have the potential to ultimately damage GPE's reputation.



GLOSSARY

- The **GPE Risk Management Framework** helps the Partnership make informed decisions and provides the basis for identifying, assessing and monitoring GPE's risk profile on an ongoing basis. The framework promotes a consistent approach and a shared understanding of risk management, in line with the GPE Charter and GPE Strategy, based on internationally recognized standards and guidance (such as ISO 31000 and COSO).
- The **GPE Risk Taxonomy** provides an exhaustive list and classification of all the risks that GPE is facing at a given point in time. The taxonomy outlines an approach to categorizing and aggregating risks that is tailored to the specific needs of the GPE Partnership as a fund, that outsources grant management, and a partnership. Thus, the taxonomy differentiates External risks from Internal risks, and Partnership risks from Secretariat risks within the latter.
- **External risks** are risks that arise from events outside of the organization's control and tend to be not predictable. These risks can offer positive and/or negative benefits. The organization cannot influence the likelihood of these risk events but can reduce the cost of impact by focusing on recognition/early reaction (e.g. *political changes in a country*).
- Internal risks are faced by an organization from within and arise during the normal operations. These risks can be forecasted with more reliability, and therefore, an organization has a good chance of reducing internal risks. For the GPE, there are two types of internal risks:
 - **Partnership risks:** internal risks managed by all the partners, including the Secretariat (e.g. *ESPIG performance risk*);
 - **Secretariat risks:** internal risks managed by the Secretariat, that have a negative impact on the Partnership should they occur (e.g. *operating expenses risk*).
- Each committee provides oversight for risk and sub risks assigned. In addition, the Finance and Risk Committee provides oversight on all high and very high risk and sub risks categories.



GLOSSARY

- A comprehensive set of risk categories and sub risks facilitates the identification process as it enables those in charge of risk identification to consider all types of risks that could affect the organization's objectives.
- **Strategic Risk: The risk that GPE is not able to achieve its goals and objectives, including:**
 1. Financing Risk: The risk that contributions to the GPE Fund do not reach targets (FRC).
 2. Governance Risk (Global): The risk that the systems by which GPE makes and implements decisions in pursuit of its objective is not fit for purpose (GEC).
 3. Mutual Accountability Risk (Country level): The risk that partners at the country level are not accountable for their commitments (GPC).
 4. Impact Risk: The risk of not being able to demonstrate results (SIC).
 5. Value for Money Risk: The risk that GPE investments do not demonstrate Value for Money (FRC).
- **Operational Risk: The risk that GPE is not able to deliver on its country-level objectives, including:**
 1. Access to Funding Risk: The risk that partners do not, or are not able to, apply for GPE funding (GPC).
 2. Risk to context appropriate sector plans: The risk that GPE does not support evidenced-based, government-endorsed sector plans focused on equity, efficiency and learning (GPC).
 3. Risk to sector dialogue and monitoring: The risk that GPE does not support improved sector dialogue and monitoring of the sector plan's implementation (GPC).
 4. Risk to sector plan financing: The risk that financial commitments are not sufficient or not continuously expanding to finance the implementation of the sector plan (GPC).
 5. ESPIG Design Risk: The risk of approving programs that do not support equity, efficiency, learning in efficient and effective way. (GPC)
 6. ESPIG Performance Risk: The risk that ESPIGs do not achieve results in intended timeframe (GPC).
 7. Risk of Doing Harm: The risk that interventions cause inadvertent harm to intended beneficiaries or marginalized populations (GPC).
 8. Risk of Fraud and Misuse: The risk of losses due to fraud or misuse in GPE-funded programs (FRC).
 9. Grant Management Compliance Risk: The risk of a breach of the policies and procedures on grant management (FRC).
- **GPE Fund Management Risk: The risk associated with the ineffective or underperforming financial management of the GPE Fund, including:**
 1. Liquidity risk: The risk that the Secretariat is unable to ensure that all payment obligations are met when they come due (FRC).
 2. Transaction Processing Risk: The risk that deficiencies in transaction processing, internal processes or controls result in delayed transactions (FRC).
 3. Currency Exchange Risk: The financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the GPE (FRC).
 4. Investment Risk: The risk of losses relative to the expected return on an investment (FRC).
- **Business Continuity Risk: The risk that the Secretariat is unable to operate its critical business functions.**
 1. Operating Expenses Risk: The risk that GPE's operating expenses are not aligned with needs (FRC).
 2. Human Resources (HR) Risk: The risk that the Secretariat has inadequate human resource capabilities (FRC).
 3. Information Technology (IT) Risk: The risk that external, internal, deliberate or unintentional threats to IT systems affect business or project goals, service continuity, bottom line results, reputation, security or infrastructure (FRC).
 4. Workplace Risk: The risk that hazards in the working place negatively impact the conduct of operations (FRC).
 5. Suppliers and Service Providers Risk: The risk that suppliers and service providers are not able to deliver, challenging the conduct of operations (FRC). Not part of current risk update.
 6. Integrated Processes Risk: The risk that the lack or misuse of integrated processes, systems, tools challenge the conduct of operations (FRC).
 7. Risk to new projects or strategies: The risk that the Secretariat is not able to effectively design and implement new projects or strategies (SIC).
 8. Secretariat Compliance Risk: The risk of a breach of the Host/Trustee or Secretariat administrative policies and procedures (FRC).
- **Fragmented Global Aid Architecture: The risk that the education architecture is not well defined, complementary (FRC).**
- **Reputational risk: The risk of threat or danger to the good name or standing of the GPE (FRC).**
- **Country Risk: The risk of exogenous factors in the country environment adversely affecting sector planning and implementation (n/a).**
- **GPE's Risk Management Framework and Policy comprises a set of policies, management processes, a risk taxonomy, a risk appetite statement and a three lines of defense model.**

➤ **For further information,
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