

CORPORATE RISK

Board Meeting | June 2024

The global outlook remains challenging

Geopolitical context challenging

The world is facing multiple crises, such as armed conflicts, climate change. Risk of insecurity and polarization with elections in 64 countries this year.



Pressure on budgets

Pressure on education financing in partner countries and on international aid budgets. Reallocation of resources towards defense, refugees, etc.

Strenuous economic context

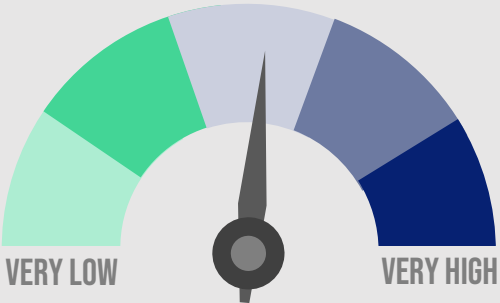
Countries are grappling with the impact of weak economic growth, high inflation, and elevated public debt in the post-pandemic era.

Competition for donor funding

likely to further reduce the volume and or reorient the direction of aid available at a time when multiple organizations will be campaigning for funds.

Key Findings

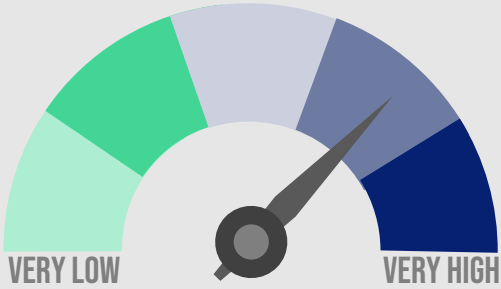
Strategic Risk



Risk exposure has remained moderate

- Resource mobilization remains the greatest strategic risk.
- Gender equality risk has decreased.
- Risks around mutual accountability have increased.

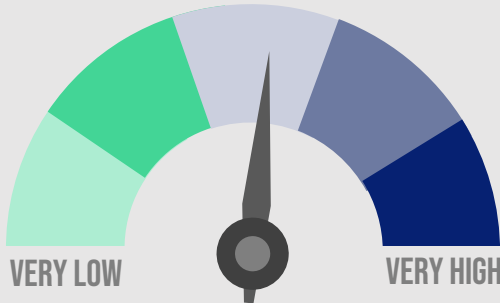
Operational Risk



Risk exposure has remained high

- The risk that contributions to the GPE Fund are not allocated in a timely manner has decreased from v. high to high.
- The grant application pace has accelerated for cohorts 4 & 5.

GPE Fund Management Risk



Risk exposure has decreased from high to moderate

- GPE’s overall financial position is challenging but stable.
- Secretariat OPEX this FY will be lower than last FY. Overall cash levels will continue to fall in 2024/25 as disbursements exceed contributions.

Key Takeaways



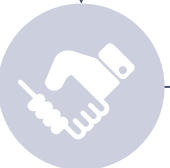
● Resource mobilization remains the biggest strategic risk, exacerbated by the risk of insufficient funding to meet sustained demand for the Multiplier.



● With the replenishment, the priority remains to demonstrate results with evidence-based data and strengthen the case for GPE's added value as a catalyst of system transformation.



● The risk that contributions to the GPE Fund are not allocated in a timely manner has decreased. The positive direction of travel will continue with grant approvals rising leading to increased disbursements.



● Risks around mutual accountability have increased. The extent to which partners stay engaged in the priority reform will impact its implementation. Partners should also pay increased attention to compact monitoring.

THANK YOU

EXCERPT FROM RISK REPORT

STRATEGIC RISK	S2 23	S1 24	DOT
Overall category	3.08	2.83	=
Financing risk and resource mobilization	4.00*	4.00*	=
Financing risk and co-financings	1.50*	1.00	↘
Domestic financing risk	4.00*	4.00*	=
Mutual Accountability risk	3.00	4.00*	↗
Governance risk	2.00	1.00	↘
Gender Equality Risk	4.00	3.00*	↘

SECRETARIAT BUSINESS CONTINUITY RISK	S2 23	S1 24	DOT
Overall category	3.12	2.62	=
Operating expenses risk	1.00	1.00	=
Human Resources (HR) risk	3.49*	2.50*	=
Information Technology (IT) risk	4.00	3.50	=
Diversity Equity and Inclusion risk	4.00	3.50	=

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”).

The **Star (*)** next to the risk score indicates when the risk level was reviewed (i.e., elevated or lowered) as the result of a qualitative risk assessment, following the quantitative assessment.

FUND MANAGEMENT RISK	S2 23	S1 24	DOT
Overall category	4:00	3:00	↘
Liquidity risk	4:00	3:00	↘
Currency exchange risk	4.00	3.00	↘

OPERATIONAL RISK	S2 23	S1 24	DOT
Overall category	3.50*	3.50*	=
Operating model risk	3.70	3.49*	↘
Access to funding risk and approvals	5.00	4.40	↘
Access to Funding Risk and Multiplier	1.49	1.49	=
Alignment	n/a	2.50*	n/a
Access to Funding Risk and Value for Money	4.00	3.49*	↘
Grant Performance Risk	4.00*	3.70	=
Grant Compliance Risk	4.00*	3.49*	↘
Risk of Fraud and Misuse	3.00	2.49*	↘
PSEAH Risk	3.00*	3.00*	=
GPE’s Support to Strengthen Capacity Risk	1.00	1.30	=

REPUTATION RISK	S2 23	S1 24	DOT
Overall category (hybrid risk, with no sub risk)	2.50	2.50	=

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)
---------------------	-----------------	----------------------	------------------	--------------------