GPE RISK APPETITE STATEMENT

Last update: 09/30/2019

Vision & Mission	To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. To mobilize global and national efforts to contribute to the achievement of equitable, quality education and learning for all, through inclusive partnership, a focus on effective and efficient education systems and increased financing.			
Goals	**1 Improved and more equitable learning outcomes**	**2 Increased equity, gender equality and inclusion**	**3 Effective and efficient education systems**	**Linkages with Risk Taxonomy**
Risk Appetite Statements	• GPE recognizes the need to take risk given its mission to mobilize global and national efforts to contribute to the achievement of equitable, quality education and learning for all. GPE is particularly committed to focus its resources on the most marginalized children and youth, including those affected by fragility and conflict. GPE believes that **considerable risk taking is justified to achieve its goals in fragile and conflict affected states where opportunities for building systems are available.** It is willing to accept potential negative impacts arising from working in these environments. • The Partnership recognizes that there are risks that arise from its partnership-based governance and operating model. Particularly, it recognizes the need to ensure the effectiveness and efficiency of GPE's operations, with a focus on mutual accountability and government ownership. **GPE therefore has a low risk appetite for behaviors that are inconsistent with agreed roles and responsibilities.** • GPE has chosen to operate in the poorest countries, including in conflict affected countries, making its work risky by nature. As such GPE stresses the need to have in place measures that safeguard its integrity, so it can deliver the results it seeks. GPE considers that an important part of its brand is acting in ways that reflect integrity, professionalism, and transparency, and it therefore has **zero risk appetite to engage in or support an activity that is not at the highest levels of integrity**. • GPE further recognizes that unexamined and unaddressed conflicts of interest can diminish its effectiveness and reputation. Recognizing that such conflicts are inherent to its model, GPE has a **low risk appetite for unexamined**			Governance Risk Mutual Accountability Risk Reputational Risk

	and unaddressed conflicts of interest. It therefore proactively examines and seeks to address all issues arising from conflict of interest and recognizes that in doing so it can enhance the Partnership's effectiveness and the confidence of partners.			
Objectives	**1** **Strengthen education sector planning and policy implementation**	**2** **Support mutual accountability through inclusive policy dialogue and monitoring**	**3** **Ensure efficient and effective delivery of GPE support**	**Linkages with Risk Taxonomy**
Risk Appetite Statements	• GPE has **low risk appetite to fund programs which do not sufficiently further its objectives of equity, learning, and system strengthening**. It also has **low risk appetite for funding programs that might cause inadvertent harm to beneficiaries and/or marginalized populations**[1]. **The Partnership has a zero tolerance in cases of evidenced harm and will take the necessary actions to redress the situation.** It acknowledges the need to consider these risk appetites and their implications in relation to roles and responsibilities across the Partnership. The implication of a low risk appetite is that the Partnership accepts the transaction costs that the quality assurance process entails for both the Secretariat and country partners. • GPE recognizes that education reform is not a linear process, but rather one that requires periodic stocktaking, monitoring and possibly course corrections. The Partnership encourages programs to conduct mid-term reviews and 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 exogenous factors in the country environment. At the same time, **GPE has low risk appetite for program extensions that result from gaps in implementation support, oversight, and grant management.** • Given GPE's obligation to be an effective steward of donor resources, the Partnership maintains **a zero tolerance in cases of evidenced misuse of funds**. It will therefore pursue recuperation of funds and strengthened fiduciary controls as a condition of continued support in such cases. However, the Partnership acknowledges that working			ESPIG Design Risk Risk of doing harm Access to funding risk ESPIG Performance Risk

[1] 'Do No Harm' is a principle that GPE follows in its engagement in fragile and conflict affected states by ensuring adequate context analysis, conflict sensitivity, and appropriate risk mitigation measures in programs.

	in the poorest countries, including in conflict affected countries, means working in environments where the likelihood of fraud or misuse is higher. The Partnership is committed to ensuring that fiduciary oversight arrangements are appropriate for the context and that they are well executed. It therefore has **a low risk appetite for failures in the Grant Agent's fiduciary oversight and controls**, while acknowledging the risks inherent to its model of channeling funds through country systems where these are sufficiently robust.		Risk of Fraud and Misuse
Objectives	**4. Mobilize more and better financing**	**5. Build a stronger partnership**	**Linkages with Risk Taxonomy**
Risk Appetite Statements	• Given the nature of the global education challenge, GPE has chosen to pursue a systemic approach to address it. It consequently prioritizes work on nationally owned education sector analyses and plans, joint sector reviews, and increased domestic financing to education. The Partnership recognizes that this approach is **incompatible with knowing the impact of every dollar spent by the Partnership.** • GPE is a learning organization and is willing to adapt and evolve in light of new evidence or innovative ways to address the global challenges it tries to address. The Partnership has **considerable risk appetite for the risk that there may be failures from which it can learn while pursuing these adaptations and innovations**. At the same time, the Partnership is committed to engaging evaluations and making course corrections, as deemed necessary in order to achieve results. • Because global education is underfinanced, GPE has set ambitious financing goals for itself so it can deliver on its mission. The Partnership has so far exceeded its financing targets in relation to domestic financing and crowded in external financing to education. The Partnership has **low risk appetite for not reaching its fundraising goals and for not leveraging domestic financing.** It is subsequently committed to ensuring that it is adequately resourced to meet this appetite. • GPE is willing to undertake bold steps to fundamentally and sustainably deliver better learning and equity outcomes for 870 million children and youth in 89+ countries. Recognizing that addressing these challenges requires coordinated effort together with partners, GPE has **low appetite for the risk that the education aid architecture is not aligned and complementary**. As a result, the Partnership is committed to investing time to coordinate and align support on a technical level and committed to furthering alignment between education organizations at a political level.		Value for Money Risk Risk to new projects and strategies Financing Risk Fragmented Global Aid Architecture Risk Business Continuity Risk

	<u>Enablers for the Secretariat to carry out GPE's vision and mission:</u> • GPE recognizes the need to have a dedicated and professional Secretariat to support the work of the Partnership while ensuring it is operating as efficiently and effectively as possible. Therefore, **GPE has a low risk appetite for risks related to the business continuity of the Secretariat as this could challenge the conduct of operations and impede the ability of the Partnership to deliver on its mission.** Balancing this with the need for efficiency in Secretariat operations, **GPE has a low risk appetite for operating expenses exceeding the Board agreed limit.**	Operating Expenses Risk