GPE RISK TAXONOMY

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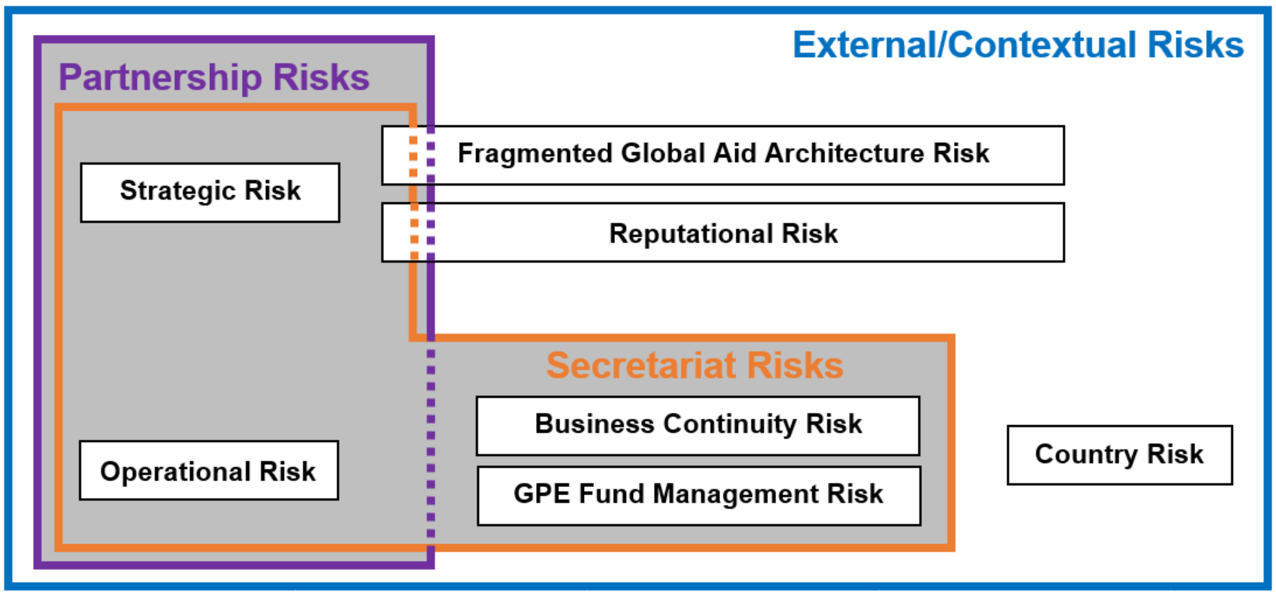
ARCHITECTURE OF THE RISK TAXONOMY

Risk Taxonomy – Breakdown by 7 risk categories

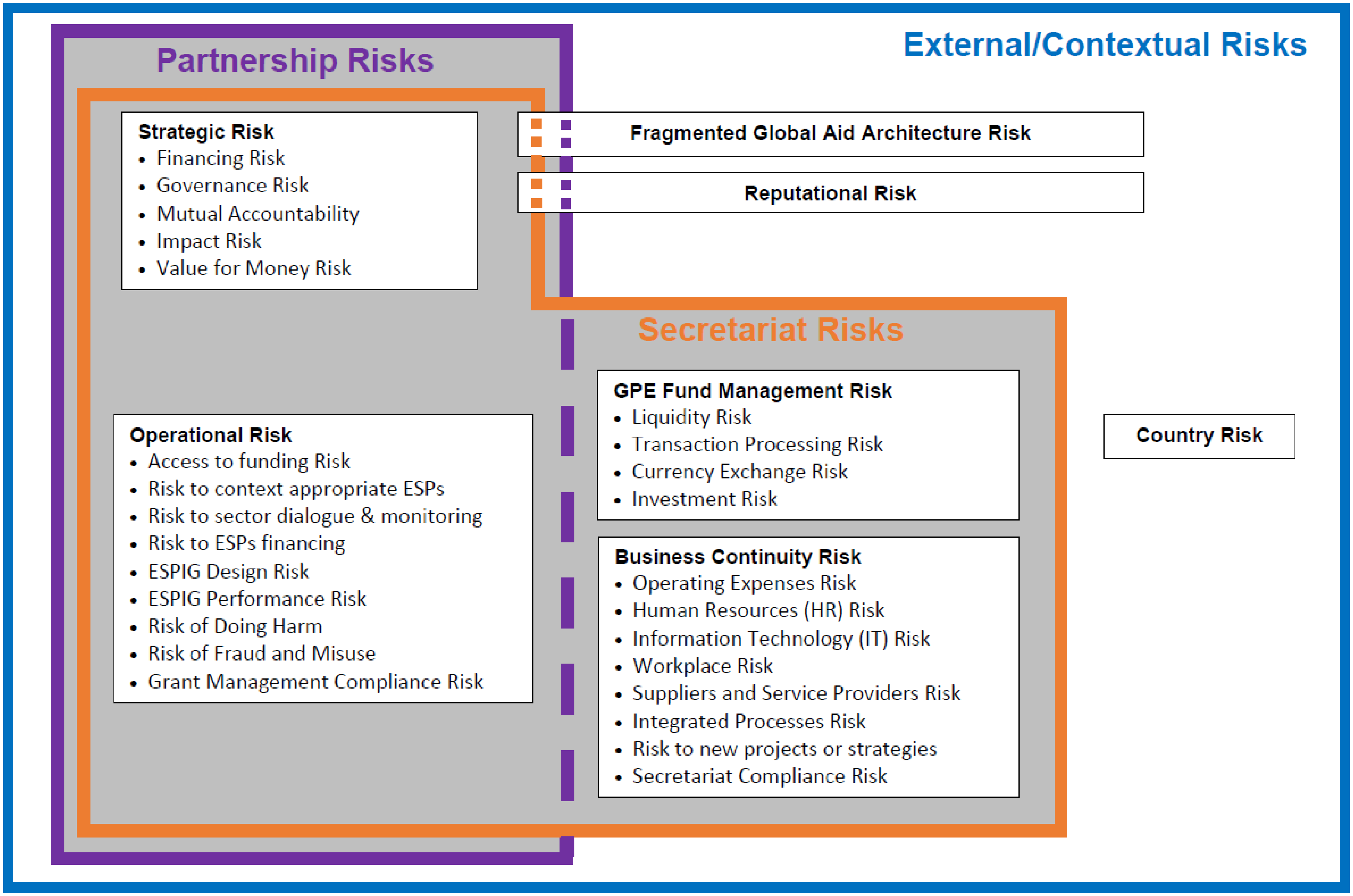


External/Contextual risks risks that arise mainly from events outside of the organization's control and tend to be less predictable than internal risks. External / Contextual risks can offer positive and/or negative benefits. The organization cannot influence the likelihood of these risk events but can reduce the cost of impact by focusing on recognition and 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)*.

Risk Taxonomy - Breakdown with sub risks



GPE RISK TAXONOMY

1. Strategic Risk Category

The risk that GPE is not able to achieve its goals and objectives.

Risk Drivers - Partnership	Risk Drivers – Secretariat	Sub Risk	Risk Outcomes	Ref.[1]
- Donors not delivering on pledges to GPE Fund - Lack of confidence from donors in GPE business model - Risk that GPE is not ambitious enough and cannot attract additional funding beyond existing pledges - Targeted financing distorting core contribution - Lack of diversification of donors	- Inefficient utilization of existing resources to attract new financing - Inadequate tracking of pledges	**1.1 Financing Risk** *The risk that contributions to the GPE Fund do not reach targets*	- Missed opportunities for bringing in additional financing - Lack of economy and equity in investments	3.1.1 3.1.2 3.1.3
- Poor oversight from Board and Committees (e.g., mismatch between capacity/competency and mandate of Committee and Board members, inability to make decision) - Board: Lack of compliance with governance policies (e.g., conflict of interest policy) - Inefficient consultation mechanisms across the Partnership - Board decisions are not understood and implemented uniformly across the Partnership - Board lacks confidence in work of Committees and Secretariat	- Documents provided to the Board are inadequate or too voluminous - Inadequate oversight from CEO and Management Team - Policies and procedures do not exist or have not been properly reviewed and approved - Inability to Implement Effective Enterprise Risk Management - Management fails to provide timely and objective analysis and advice to Committees and Board	**1.2 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.*	- Poor governance structure lead to inefficiencies - Resources used to service governance structure vs. countries - Diverging interests of Partners are not reconciled - Breakdown in Board and Secretariat trust limits partnership effectiveness.	4.1.2 4.1.3

[1] Reference to risk number in previous risk framework.

- Lack of clarity of roles & responsibilities between Secretariat, LEGs, CA, GA, DCPs, national civil society - Poor execution of roles and responsibilities - Lack of transparency around performance of partners - Poor risk culture across Partnership	- Secretariat compensates in cases where accountabilities are unclear or not performed	**1.3 Mutual Accountability Risk (Country level)** *The risk that partners at the country level are not accountable for their commitments.*	- Different levels of commitments from partners - Further disengagement of partners - Design & implementation of programs is hampered - Reputational Impact - Duplication of work	2.1.1
- Country: Poor national assessment and monitoring systems - Country: Poor quality or incomplete data on sector - GA/Secretariat: Poor quality or incomplete data on grants - Partnership: Inefficient implementation of Board decisions	- Secretariat: Unable to demonstrate effectiveness of theory of change - Secretariat: Poor capacity to communicate on results	**1.4 Impact Risk** *The risk of not being able to demonstrate results.*	- Reduced confidence in GPE - Put next replenishment at risk	1.1.2 2.4.1 2.4.2
- Inability to invest funds efficiently and effectively (e.g., Secretariat / GPC approves of poorly designed programs) - Lack of economy in investments (e.g., incentives for performance is not strong enough) - Funding mechanisms do not achieve their intended purpose (e.g., targeted financing windows do not produce expected results) - Choice of GA	- Inability to invest funds efficiently and effectively (e.g., Secretariat does not allocate, and reallocate, programmatic funds effectively) - Lack of economy in investments (e.g., duplication of work) - Lack of equity in investments (e.g., how the Secretariat allocate money to different funding windows) - Inadequate innovation in funding modality	**1.5 Value for Money Risk** *The risk that GPE investments do not demonstrate Value for Money.*	- Redundancies in GPE investments - Reputational impact	2.1.3

2. Fragmented Global Aid Architecture Risk

The risk that the education architecture is not well defined and complementary.

Fragmented global aid architecture is a hybrid risk: it requires special management since the global aid architecture is shaped both inside and outside of the GPE.

Partnership and Secretariat Risk Drivers	External / Contextual Risk Drivers	Sub Risk	Risk Outcomes	Ref.
- GPE Board does not sufficiently define GPE's mandate within the broader architecture	- Lack of harmonization between education organizations, pooled funds, bilateral programs, and global initiatives. - Lack of coordination between different organizations	**n/a** *Fragmented Global Aid Architecture Risk is part of the external / contextual risk category.*	- Fragmentation of investments at country level, and possibly displacement of funds at country level - Ineffective global education financing (unhealthy competition drives divisiveness) - Maximum possible impact on sector outcomes with available resources is not reached - Increased transaction costs undermine principles of aid effectiveness in education	1.1.5 1.1.6

3. Reputational Risk

The risk of threat or danger to the good name or standing of an organization. Reputational risk can occur through several ways:

1) directly as the result of the actions of the organization itself.
2) indirectly due to the actions of an employee or employees.
3) indirectly due to the actions of stakeholders of the Partnership.
4) tangentially through other peripheral parties (e.g., suppliers, etc.).

Reputational risk is a hybrid risk: it requires special management since reputation is shaped both inside and outside of the organization, and since all risks have the potential to ultimately damage GPE's reputation.

Partnership and Secretariat Risk Drivers	External / Contextual Risk Drivers	Sub Risk	Risk Outcomes	Ref.
- Lack of integrity of Secretariat staff, Board/Committee members, - Lack of integrity of Partners at country level (GA, CA, LEGs, DCP, national civil society) - Weak contingency plans - Communication poorly managed (e.g., major misuse case, media scandal, etc.) - Lack of ambition given that we are a "*global*" partnership - Negative impact of political decisions (e.g., Board appointments, working in highly fragile contexts) - Litigation risk - Lack of monitoring of GPE Fund Investment risk	- Lack of integrity from external influencers (non-partners such as CSOs, champions, political influencers) - Smear campaign	**n/a** *Reputational risk is part of the external / contextual risk category.*	- Lack of confidence from donors - Donors reluctant to meet pledges and difficulties to raise additional funds - Poor reputation, and risk for the GPE to ultimately collapse	4.2.1

4. Operational Risk

The risk that GPE is not able to deliver on its country-level objectives.

Risk Drivers - Partnership	Risk Drivers - Secretariat	Sub Risk	Risk Outcomes	Ref.
-Complexity of GPE funding mechanisms and processes as well as funding model requirements -Complexity of how the funding mechanisms of different organizations are seen from the country level - GA selection processes not conducive to identifying the agency best able to support country - Country's capacity to engage - Inability to identify co-financing for the Multiplier	-Insufficient understanding of different funding mechanisms within Secretariat -Inadequate guidance tools provided to country-level partners	**4.1 Access to Funding Risk** *The risk that partners do not, or are not able to, apply for GPE funding.*	-GPE does not use all available resources -Reputational impact	1.2.4 (modified) 2.1.2 (modified)
-Low quality of education sector analysis -Sector analysis findings do not sufficiently inform sector plan priorities and strategies -Low engagement/inclusion of country-level stakeholders to sector analysis and sector plan development -Weak capacity at the Ministry level to conduct sector analysis and link findings to sector plan strategies -Independent appraisal does not detect and correct poorly designed sector plans - Lack of credible data -Limited support from Grant Agent and Coordinating Agency	-Quality of sector analysis is not formally assessed or appraised -Inadequate Secretariat support to sector analysis and sector plan development -Inadequate guidance tools provided to country-level partners -ESP quality standards do not adequately take context into account -Knowledge and Innovation Exchange outputs do not inform/link to sector analysis and planning processes	**4.2 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.*	- Education sector plan is unattainable - ESPIGs will not align to sector plan - Weak implementation of sector plans - Sector Plan is not aligned with education systems	1.1.3 (modified) 1.2.1 2.2.2
- Sector plan monitoring and evaluation mechanisms are not in place at the country level, including reporting on the implementation of the ESP, JSR, LEG, etc.	-Inadequate support to improve the quality of JSRs -Advocacy and Social Accountability mechanism is not reaching its objectives	**4.3 Risk to sector dialogue and monitoring** *The risk that GPE does not support improved sector dialogue and monitoring*	- Not knowing whether ESP is on track	1.1.4 (modified) 1.2.2

- Sector dialogue is not linked to the Sector Plan and its implementation - Civil society do not/cannot meaningfully participate in sector monitoring and dialogue - LEG is not transparent - Insecurity/country environment can impede conducting a JSR -Limited support from Grant Agent and Coordinating Agency		*of the sector plan's implementation.*	- Adjustments are not made to operational plan as needed - Delays to sector plan implementation	
- Due to a high debt burden or other circumstances, the country does not meet the domestic financing benchmark - Donors do not align their funding to the endorsed sector plan -Development partners including civil society at the country level is not able to effectively engage parliamentarians and MoF -Civil society in donor countries is not able to effectively advocate and monitor alignment of donor funding - Lack of financing data	-Insufficient Secretariat advocacy for donors/countries to increase financing -Targeted funding windows are not successful in crowding in more funding or supporting civil society advocacy -Education Sector Investment Case is not successful in raising additional sector plan financing	**4.4 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.*	- ESP objectives cannot be attained - Sector Plan is not fully implemented	1.2.3 2.1.4
-Sector analysis and sector plan conclusions do not inform ESPIG design -Varying capacity of GAs at country level to support program development -Varying robustness of GAs' internal quality assurance process -Limited engagement of LEG in program development -Programs are not using country systems, where appropriate -Programs are not pooled with other funding when appropriate	-Secretariat QAR process and standards do not detect poorly designed programs -Inadequate collaboration between different Secretariat teams - Inadequate lesson learning from the effectiveness of past grants - Multiplier does not leverage additional funds	**4.5 ESPIG Design Risk** *The risk of approving programs that do not support equity, efficiency, and learning in an efficient and effective way.*	-Not achieving intended sector outcomes -Risk of doing harm, e.g. marginalizing further some populations -Programs do not build local capacity -Program results are not sustainable	2.2.1 2.3.3

- Grant Agent excess capacity vis-à-vis government counterpart - Lack of data - Lack of gender inclusive analysis				
-Weak GA implementation support (technical aspects) -Weak capacity at Ministry level to implement program -Low capacity of implementing partners -Design not adequately informed by or reflective of context, country capacity, and lessons -Untimely detection of problems affecting the grant - Delayed decisions to remedy problems - GA inadequately sharing information and reporting to Secretariat - Lack of data, including gender sensitive data -Grant Agent and DCP have different incentives regarding the program timeline	-Insufficient accountability for performance - Multiplier does not leverage additional funds	**4.6 ESPIG Performance Risk** *The risk that ESPIGs do not achieve results in intended timeframe.*	-Revision/extension of programs - Delay of next ESPIG application & GPE funds not disbursed within strategy period -Lower VfM of investments -Adverse effect on sector outcomes	2.3.1 2.3.2 2.3.4 4.1.1 (modified)
-Inadequate context analysis, including gender analysis -Inadequate risk mitigation measures - Insufficient monitoring of risks - Insufficient DCPs engagement in program design and monitoring - Scope of the intervention is unclear	-Inadequate quality assurance around conflict sensitivity and risk mitigation in programs, including result-based financing	**4.7 Risk of Doing Harm** *The risk that interventions cause inadvertent harm to intended beneficiaries and /or marginalized populations.*	-Reputational impact -Potential adverse effect on program - Exacerbating inequalities, including gender inequalities	
- Weak GA fiduciary oversight mechanisms and implementation support -Weaknesses of country institutions and systems (PFM)	-Insufficient accountability for preventing fraud and misuse during implementation -GA accreditation and QAR process do not detect weak fiduciary systems	**4.8 Risk of Fraud and Misuse** *The risk of losses due to fraud or misuse in GPE-funded programs.*	- Loss of funds - Lower VfM of investments - Not achieving results within original timeframe	3.2.1

			- Reputational impact	
-GAs: Breach of FPA (including applying their own policies and procedures), Grant Agreement, or ESPIG policy -GAs: Non-compliance with administrative agreements and Board decisions -DCPs: Non-compliance with Grant Agreements		**4.9 Grant Management Compliance Risk** *The risk of a breach of the policies and procedures on grant management.*	- n/a	

5. Country Risk

The risk of exogenous factors in the country environment adversely affecting sector planning and implementation.

External / Contextual Risk Drivers	Sub Risk	Risk Outcomes	Ref.
- Political factors - Governance factors - Economic factors - Environmental factors - Societal Factors	**n/a** *Country Risk is part of the external / contextual risk category.*	- Additional operating challenges for the Partnership that have a negative impact on achieving goals	

6. GPE Fund Management Risk

The risk associated with the ineffective or underperforming financial management of the GPE Fund.

Secretariat Risk Drivers	Sub Risk	Risk Outcomes	Ref.
- Funding and liquidity management inefficiently embedded into strategy and business planning - Inability to obtain financial data with required accuracy and frequency (e.g. grant pipeline not updated)	**6.1 Liquidity risk** *The risk that the Secretariat is unable to ensure that all payment obligations are met when they come due.*	- Inability to close transactions - Inability to conduct day-to-day operations	3.1.4
- Human errors in transactions - Inadequate process design - Unrealistic timelines to conduct all steps leading to delivery of funds at country level	**6.2 Transaction Processing Risk** *The risk that deficiencies in transaction processing, in internal processes or controls result in delayed transactions.*	- Allocations not being used efficiently due to time taken by grant processing	
- Frequent and important fluctuation in exchange rates - Important mismatch between currency of contributions vs. currency of liabilities - Lack of effort to fundraise in currency of liability	**6.3 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.*	- Significant reduction in predictability of available funds for GPE programs	3.1.5
- Poor investment strategy leading to low or negative return on investment - Lack of communication with trustees - Lack of information from donors on contribution schedules	**6.4 Investment Risk** *The risk of losses relative to the expected return on an investment.*	- Missed opportunities for bringing in additional financing	

7. Business Continuity Risk

The risk that the Secretariat is unable to operate its critical business functions.

Secretariat Risk Drivers	Sub Risk	Risk Outcomes	Ref.
- Lack of or poor forecasting of anticipated expenses - Lack of economy or consistency in administrative budget management (e.g. irregular monitoring, data not timely updated) - Poor internal financial controls - Lack of conformity of commitments and expenditures with the budget approved	**7.1 Operating Expenses Risk** *The risk that GPE's operating expenses are not aligned with needs.*	- Inability to conduct day-to-day operations - Secretariat unable to fulfil its mission	
- Insufficient staffing (including limitations under WB for staff headcount, turnover) - Inappropriate staffing (including staff skill sets do not match needs, long term staff needs filled with consultants, weak managerial capacities, poor talent management) - Lack of performance management for staff - Uncertainties about institutional arrangements	**7.2 Human Resources (HR) Risk** *The risk that the Secretariat has inadequate human resource capabilities.*	- Inability to conduct day-to-day operations - Secretariat unable to fulfil its mission	4.2.3
- Weak Business enablement (e.g. IT governance and priorities not aligned with institutional priorities, relevant stakeholders not included in important IT investment decisions, missed technology-related innovation) - IT Systems and Technology not fit for purpose (hardware, software, systems) - IT Process Design and Execution not fit for purpose - Poor IT delivery (e.g. under-adoption, over budget, unrealized business benefits) - Inadequate IT Reliability and Quality - External events (e.g. disasters, legal issues, service dependencies) - Issue with security and privacy (e.g. breach of privacy, breach of confidentiality, data loss, etc.) - Negative actions of people (e.g. inadvertent (mistakes), deliberate (fraud), inaction (skills) - Inadequate IT Talent (e.g. unpreparedness, ineffectiveness or shortfall of staff and contractors)	**7.3 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.*	- Inability to conduct day-to-day operations - Secretariat unable to fulfil its mission	

- Damages to physical asset - Threat to staff security and safety at HQ and on mission - Inability to access to buildings due to natural or manmade disaster - Insufficient building capacity	**7.4 Workplace Risk** *The risk that hazards in the working place negatively impact the conduct of operations.*	- Inability to conduct day-to-day operations - Secretariat unable to fulfil its mission	4.2.2
- Poor procurement services - Other poor internal and third parties service providers (vendors, consulting firms, etc.) - Poor quality of services provided - Early termination of contract	**7.5 Suppliers and Service Providers Risk** *The risk that suppliers and service providers are not able to deliver, challenging the conduct of operations.*	- Secretariat unbale to fulfil its mission	
- Lack of integrated processes, systems and tools - Integrated processes, systems and tools not fit for purpose - Lack of SOPs or existing SOPs not followed - Weak work planning and/or weak execution of plans - Unsuccessful change management process	**7.6 Integrated Processes Risk** *The risk that the lack or misuse of integrated processes, systems and tools challenge the conduct of operations.*	- Silo mentality creating inefficiencies (e.g. duplication of work)	
- Objectives of new project or strategy are unclear - Insufficient implementation capacity - Lack of integration with other workstreams	**7.7 Risk to new projects or strategies** The risk that the Secretariat is not able to effectively design and implement new projects or strategies.	- Silo mentality creating inefficiencies (e.g. duplication of work) - Secretariat is not able to support GPE in achieving its goals through these projects or strategies	1.1.7 1.1.8
- Breach of Host/Trustee policies and procedures including: Access to information Policy, HR policy, Staff Manual, Corporate Procurements Guidelines, Public Statements, Funds transfer, Contribution and Safeguards, etc. - Breach of Secretariat specific administrative policies and procedures	**7.8 Secretariat Compliance Risk** *The risk of a breach of the Host/Trustee or Secretariat specific administrative policies and procedures.*	- n/a	