THE GLOBAL PARTNERSHIP FOR EDUCATION RISK MANAGEMENT POLICY
1. **Context, goal and scope of the policy**

1.1 The Global Partnership for Education’s (“Global Partnership” or “GPE”) mission is to galvanize and coordinate a global effort to deliver a good quality education to all girls and boys, prioritizing the poorest and most vulnerable. The Global Partnership is comprised of members from developing country governments and all development partners: donors, civil society organizations, private sector and foundations, and multilateral agencies and regional banks.

1.2 The Global Partnership operates at two levels: the country level and the global level. The roles and responsibilities of each of the GPE actors are fully described in the Charter of the Global Partnership. At the country level, the Local Education Group (LEG) forms the foundation for the Global Partnership’s governance. It comprises the government of the developing country partner, donors present in the country, multilateral agencies, non-governmental organizations (including international and local CSOs), representatives of the teaching profession, the private sector and private foundations and others supporting the education sector. The Global Partnership’s country-level process is supported by global-level processes, directed by a constituency-based Board of Directors (the “Board”). The Global Partnership uses Supervising and Managing Entities (SE/MEs) to implement and supervise GPE grants and engages the World Bank to serve as Trustee of the GPE Fund.

1.3 The Global Partnership’s operations involve multiple partners, challenging humanitarian and development contexts and extensive geographic scope. The Global Partnership recognizes that because it operates in lower and middle income countries, the environment in which it works is inherently risky. There is a clear need to balance mission risk that is the risk of not delivering the Global Partnership’s mission, with fiduciary risk.

1.4 The Global Partnership recognizes that it will be necessary to operate with some risk, but risks need to be recognized and reduced or mitigated to an acceptable level.

1.5 The overall goal of the Global Partnership’s Risk Policy is to create a shared understanding of, and promote a consistent approach to, risk awareness, risk intelligence and risk management within the Global Partnership. The Risk Policy sets out the wider risk management system required to ensure that the Global Partnership delivers on the objectives identified in its strategic plan.
1.6 The Global Partnership’s Risk Policy articulates risk appetite and supporting principles related to key areas of Global Partnership’s operations. It guides the Global Partnership’s Board and Secretariat in strategic and operational decision-making and facilitates a systematic approach to risk management.

2. **Risk appetite**

The following paragraphs underpin or articulate the Global Partnership’s risk appetite.

2.1 The work of the Global Partnership is guided by six principles: country ownership, support linked to performance, lower transaction costs, transparency, development results, value for money, and mutual accountability. Global Partnership programs are country-led, community-owned. GPE’s programs rely on partners and stakeholders at country level and strive to align and implement GPE’s activities with country systems. At the same time, the Global Partnership works through Supervising and Managing entities in order to have oversight and financial accountability, which can lead to using less aligned modalities. In addition, the Global Partnership works in fragile and conflict-affected states where the challenges and risks are high. These different elements can create inherent tensions in the GPE approach and have a bearing on how the Global Partnership should address risk.

2.2 In order for the Global Partnership to be effective and achieve its strategic goals, it seeks to operate within a moderate overall risk appetite. The Global Partnership takes into consideration the risk drivers that are inherent in its business model and in the Global Partnership’s ambitious mission but also aims to avoid unnecessary risk and guide investments to reduce risk in certain areas to a minimum.

2.3 The Global Partnership recognizes that differences in context can affect its risk appetite and the prioritization of competing risks. For example, the Global Partnership has a very low risk appetite for risks related to fraud and misuse of funds, but also has a moderate to high risk appetite to work in fragile and conflict-affected states. Although there may be more risks associated with implementation in these more challenging environments, the Global Partnership will balance these competing risks by implementing appropriate risk mitigation measures. The Global Partnership therefore seeks to tailor its approach to risk management taking into account both its risk appetite and the specifics of each situation.

3. **Supporting principles**

The Global Partnership subscribes to the following cross-cutting principles:
3.1. Risk is everyone’s business: risk management is an integral part of the Global Partnership’s operations. Since the Global Partnership is comprised of a wide range of diverse partners both at the country and global level, each partner has a role to play in mitigating risk for the partnership as a whole. The unique nature of the Global Partnership necessitates taking a different approach to risk management than most types of organizations, reflecting the shared-responsibility of all Partners in driving and monitoring the performance of the partnership to deliver on its mission, goals and objectives at the country and at the global level. The Risk Owners, those who have the responsibility to manage a particular risk and are accountable for doing so comprise all the different partners in the Global Partnership and are not just restricted to the Board and Secretariat. This is an important distinction as to how risk management is handled in other organizations.

3.2 The Board and senior management of the Secretariat collectively have responsibility and accountability for setting the organization’s objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives. The Governance, Ethics, Risk and Finance Committee (GERF) have primary responsibility to oversee the development and implementation of risk management and mitigation measures. The Board provides leadership to the Secretariat on monitoring risks and implementing mitigation measures. Everyone working towards the mission of the Global Partnership is expected to pro-actively identify, assess and manage risks in their daily work. Global Partnership partners ensure that important information about risks to the Global Partnership and its mission is shared within the Global Partnership in a timely manner.

3.2. Recognize that risks can also bring opportunities: The Global Partnership recognizes that most objectives can only be achieved by taking calculated and carefully managed risks. There will be opportunities of possible gain that come with a certain amount of risk taking and it is recognized that greater rewards may in some instances require taking a greater risk.

3.3 Identify risk early and escalate to appropriate levels: if there is any doubt that the risk cannot be successfully managed where it was identified it should be escalated to the appropriate decision-maker. In particular, risks should be escalated if addressing the risk requires action that exceeds the authority of the level where it was identified, if the risk cuts across or may impact multiple areas or partners and if addressing the risk requires changes in the Global Partnership’s policies. The Global Partnership has adopted three lines of defense. With regard to GPE grants, the first line of defense are the policies, procedures and systems of the developing
country partner governments receiving grants from the Global Partnership. The second line of defense is the oversight policies of the Supervising and Managing Entities, and the third line of defense are the independent audit and investigative functions of the Supervising and Managing Entities. With regard to the Secretariat, the first line of defense is management control, the second line of defense are the various risk controls and compliance oversight functions established by the Board, Board committees, Secretariat management, and the World Bank as host of the GPE Secretariat. The third line of defense is through the independent audit and investigative functions within the World Bank.

3.4 Encourage a culture of learning and risk awareness: The Global Partnership aims to nurture a learning culture that creates an environment for honest and open feedback and ensures that processes are in place so that lessons learned can be applied when designing and implementing risk mitigation measures.

4. Risk management process

The standard risk management process consists of four stages which all members of the Global Partnership apply:

- Identify risks – identification of risk is best achieved by those with a detailed knowledge of defined objectives and operations
- Assess risks – this is the process for categorizing and assessing risk. Risks are evaluated by scoring them for impact and likelihood
- Manage risks – actions are taken to manage risk. Identified risks are logged into a risk management plan along with agreed management actions. Generally speaking, risk can be accepted, hedged or mitigated in another way, or avoided
- Monitor and review risks – on going monitoring and assessment ensures risk management processes are functioning, and current and emerging risks are managed

5. Categories of risk

A system of classification is used by the Board and Secretariat to ensure key areas of risk for the Global Partnership are identified. All Partners have a role in providing advice to the Board and Secretariat in highlighting any risks they encounter as they carry out their work. The identified categories are:
• **Strategic risk**: risk that threaten the achievement of Global Partnership’s strategic objectives.

• **Programmatic**: risk related to the implementation of the Global Partnership’s programs.

• **Financial/Fiduciary risk**: risk concerned with the management and control of Global Partnership resources; and risk that funds are not used for the intended purposes, do not achieve value for money, and/or are not properly accounted for. The realization of fiduciary risk can be due to a variety of factors, including lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or corruption.¹

• **Governance and Management risk**: risk related to weak governance structures, lack of clarity in roles between the Board and the Secretariat, risk due to inadequate or failed internal processes, people and systems.

6. **Risk Management Matrix**

The organizational Risk Management Matrix (RMM) documents the organization’s main risks by describing each risk, the likelihood of its occurrence, the likely impact should it occur, the Risk Mitigation Manager, mitigation actions being undertaken and responsible parties. The current RMM for the Global Partnership is in Attachment 1. It should be noted that the RMM is a living document and will be reviewed, updated and revised on a regular basis. The risks included in the current RMM may eventually be taken off while new ones are added. The RMM is reviewed by the Governance, Ethics, Risk and Finance Committee on a semi-annual basis and serves to help prioritize management action, monitor mitigation actions and facilitate accountability towards the Board.

7. **Roles and responsibilities**

*Board and Committee Level*

7.1 The Board of Directors is the supreme governing body of the Global Partnership. It is responsible for strategic direction and policy-making, oversight of the operations of the Global Partnership, monitoring performance to ensure the Global Partnership delivers its strategic goals, overseeing the financial management of all GPE resources to ensure that they are being

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¹ Managing Fiduciary Risk when Providing Financial Aid, DFID How To Note, June 2011.
managed efficiently and effectively and advocating increases to domestic and external funding for education in developing countries.

7.2 The Board is composed of 19 members who represent the main constituencies of the Global Partnership and a Chair independent of all partner organizations. The Board is responsible for providing leadership and guidance to the Secretariat on risk issues, for regularly reviewing the total portfolio of risks and for prioritizing risks as necessary, and for considering risk in decision-making. The Board’s role is to “monitor and assess overall effectiveness and risks associated with the work of the Global Partnership and implementing risk mitigation measures” (art.4.2.6 c of the Charter). The Board is responsible for keeping itself informed about risk, including the extent to which management has established effective risk management systems and structures.

7.3 Although the Board has overall responsibility for risk within the Global Partnership, it delegates responsibility for overseeing and managing some specific risks to Board committees. In addition, all Partners (DCPs, donors, CSOs, multilateral-agencies and regional banks, Supervising and Managing Entities and Local Education Groups) also have the responsibility to identify, assess, monitor and review specific risks associated with their activities.

7.4 The Governance, Ethics, Risk and Finance Committee (GERF) is responsible for overseeing risk management within the Global Partnership and ensuring that progress is being made on implementing risk mitigation measures. It is also responsible for working with the Secretariat to identify new risks as they arise along with associated risk mitigation measures. It keeps the Board informed on a semi-annual basis of how the Global Partnership is managing risk and where decisions or interventions by the Board may be necessary. The GERF is also a Risk Owner with regard to governance/management and financial/fiduciary risks, and has the responsibility and authority to work with all relevant actors to mitigate the specific risks delegated to them by the Board.

7.5 The Country Grants and Performance Committee (CGPC) is responsible for analysing, assessing and providing strategic-level input into program implementation grants, including material provisions to such grants, to ensure that GPE strategic priorities are reflected in programs supported by GPE resources. In addition, it is also responsible for tracking progress on the performance and results of GPE’s country-level grants. As the CGPC carries out these responsibilities, it will also be a Risk Owner with regard to many of the programmatic risks
associated with GPE grants. The CGPC has the responsibility and authority to work with all relevant actors to mitigate the specific risks delegated by them to the Board.

7.6 The Strategy and Policy Committee (SPC) is responsible for overseeing the development of strategies and policies of the Global Partnership to ensure that they promote best practices in the education sector. The SPC has a key role in developing and tracking progress on GPE’s Strategic Plan and provides advice to the Board on alleviating bottlenecks to facilitate implementation of the strategic plan. The SPC is a Risk Owner with regard to strategic risks and has the responsibility and authority to work with all relevant actors to mitigate the specific risks delegated to them by the Board.

Secretariat Level

7.7 The Secretariat serves the interests of the Partnership as a whole. The Secretariat, led by the Chief Executive Officer (CEO), provides support to the Partnership, the Chair, the Board, and its committees, working groups and task teams to help them fulfil their roles and responsibilities and maintain progress toward the strategic objectives of the Global Partnership. Primary responsibility for day to day risk management within the Secretariat rests with the CEO and the Leadership Team (LT). They share responsibility for approving risk mitigation measures implemented by the Secretariat and ensure that they are implemented in a timely and effective manner.

7.8 The CEO and Leadership Team are responsible for promoting a risk-aware culture, for integrating risk management into overall management frameworks, and for timely communication of risks to the Global Partnership Board. It is also the Leadership Team’s responsibility to ensure there is an up to date risk management policy, coordinate operation of risk management processes throughout the Secretariat, facilitate preparation and updating of the organizational RMM, coordinate regular risk reporting to the GERF and the Board, and verify that risk management processes are functioning (compliance function). In addition, the Secretariat is responsible to implement and monitor those risk mitigation measures for which it is responsible. The LT takes into account potential risks and their consequences/impact when making decisions so that risk management is embedded into the culture of the organization. Risk management is a responsibility of all staff in the organization.
**Partnership Level**

7.9 The Global Partnership works closely with partners at both the global and country level and relies on them to help achieve its mission. This includes a role in risk management. Each member of the Global Partnership is responsible for alerting the organization to risks it identifies that affect the Global Partnership’s mission, including risks to the responsible use of the organization’s resources, and to the effective implementation and sustainability of Global Partnership programs. Partners fulfil this role by providing essential technical assistance to implementers in proposal development, the preparation of implementation plans, assistance on programmatic matters and reporting and a wide variety of other capacity building measures. Partners also serve as a critical source of information and feedback on both strategic and operational risks across all aspects of operations as well as advice and recommendations on measures to mitigate these risks. The Global Partnership recognizes that this partner input is essential to the successful and efficient implementation of sound risk management.

7.10 Although DCPs are “Partners” and have the same responsibilities as those mentioned above, they have an additional role in risk management as a first line of defense with regard to GPE grants. The government leads the local education group and is responsible for the development, implementation, monitoring, and evaluation of a national education sector plan. The government is primarily accountable to its parliament and citizens, sharing the results of this accountability with the other partners of the local education group and with the Global Partnership through the Secretariat. DCPs are responsible for implementing their own risk mitigation measures to ensure that GPE funds are used for their intended purpose and are properly managed and accounted for.

**Supervising and Managing Entities Level**

7.11 The Global Partnership's Supervising and Managing Entities (SE and ME) have a responsibility to supervise and manage GPE funds with the same degree of care as if they were their own. They have the primary responsibility to manage risks in the grants they manage. SE and ME implementers have an obligation to operate internal control systems to ensure that (i) funds are efficiently and effectively directed to achieving programmatic results and (ii) programmatic and financial data are accurate, timely and complete. They are also responsible for identifying risks as they arise and informing the Secretariat as appropriate, and take
reasonable measures in line with their own policies and procedures, including internal audit and investigative functions, to mitigate risk in the programs for which they are responsible.

**Local Education Group (LEG)**

7.12 The LEG is the collaborative forum for policy dialogue, and alignment and harmonization of development partner support to the education sector plan. It seeks to ensure all parties are kept fully apprised of progress and challenges in the sector, and it collates and disseminates information on domestic, partner and non-partner funding of the education sector. The LEG is also responsible for nominating the SE or ME for the GPE program implementation grant. The choice of SE or ME will be determined by which agency can best support delivery of the activities needed through the preferred modality. The LEG is also responsible for building an effective monitoring and review mechanism, such as a joint sector review, so that the LEG can inform the Global Partnership on progress, challenges, and funding from all sources. The LEG also plays an important role in risk management and has the responsibility to implement risk mitigation measures in country, especially with regard to strategic and programmatic risks.

8. **Communications**

8.1 Since risk is shared among the partnership, it is important that there are clear and continuous communications with all partners on GPE’s Risk Policy and RMM, and that there is a clear understanding of the respective roles that partners will be expected to play in managing risk. The Risk Policy will be posted on the GPE website and will also be widely shared with GPE partners. The RMM will be shared with the Board and all Board committees. In addition, the Risk Owners identified in the RMM will work with a focal point in the Secretariat to coordinate and monitor risk mitigation measures and will involve all partners who have a role to play in their implementation. The Global Partnership will also develop an assurance map that will be made publically available on its website.

9. **Review and Revisions to the Policy and RMM**

9.1 The Risk Policy will be reviewed every two years by the GERF to ensure that it remains accurate. The review will ensure that the approach to risk remains consistent, that the actors continue to have the same roles, and that the ways of managing risk outlined in the policy remain valid. After the review, the GERF will submit to the Board any recommendations for revision that they deem necessary.
9.2 The RMM is a living document that will require ongoing revision reflective of current risks and mitigation strategies. The RMM will be formally reviewed by the GERF semi-annually and will draw any major issues to the attention of the Board. This review will entail reviewing current risks and mitigation strategies, determining if some risks should be rated downwards or upwards, adding new risks that may arise and deleting others that have been dealt with or no longer seem to pose a risk.
Appendix 1 to the Risk Policy– Definitions

Risk: the effect of uncertainty on the achievement of an organization’s objectives.  

Inherent risk: the risk that the Global Partnership faces prior to any mitigation efforts, before internal or other controls.

Enterprise Risk Management: A process effected by the Global Partnership for Education Board, Secretariat management and other personnel, applied in strategy setting and across the Global Partnership, designed to identify potential uncertainties that may affect the Global Partnership, and manage risk to be within our risk appetite, to provide reasonable assurance regarding the achievement of objectives.

Residual risk: the level of risk remaining after reasonable mitigation efforts have been applied.

Risk management: the process of identifying, assessing and prioritizing risk followed by the application of resources to minimize, monitor and control the probability and/or impact of uncertainties events or to maximize the realization of opportunities.

Risk assessment: a systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking.

Risk mitigation: a systematic approach for managing the extent of exposure to a risk and/or the likelihood of its occurrence. Also called risk reduction. Risk mitigation will manage the risk but rarely eliminate it completely. Risk mitigation usually involves a choice of: control, avoid, accept or transfer/share or exploit.

Risk appetite: the level of risk that the Global Partnership is willing to accept in pursuit of its objectives. It reflects the Global Partnership’s risk philosophy and influences the Global Partnership’s business model. Risk appetite drives resource allocation and investment in infrastructure necessary to effectively respond to and monitor risks. The risk appetite statement helps the Global Partnership in aligning people and processes in pursuing organizational goals within acceptable ranges of risk. The risk appetite levels used in the policy are as follows:

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2 ISO/Guide 73:2009

3 Adapted from “Institutional risk management, Understanding and Communicating Risk Appetite”, January 2012, COSO.
**Risk tolerance:** is the amount of uncertainty that the Global Partnership is able to handle with respect to negative changes to its business or assets.

**Risk categories:** the following categories can be distinguished in relation to Global Partnership’s operations and objectives. The list is not exhaustive and the categories are not mutually exclusive. Some risks faced by the Global Partnership will fit more than one category. Some categories highlight the source of the risk, while others focus on the effect. Reputational risk is one that cuts across all of the other categories since the impact of any of the risks would have reputational consequences on the Global Partnership.

- **Strategic risk:** risk that threaten the achievement of Global Partnership’s strategic objectives.

- **Programmatic:** risk related to the implementation of the Global Partnership’s programs.

- **Financial/Fiduciary risk:** risk concerned with the management and control of Global Partnership resources; and risk that funds are not used for the intended purposes, do not achieve value for money, and/or are not properly accounted for. The realization of fiduciary risk can be due to a variety of factors, including lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or corruption.⁴

- **Governance and Management risk:** risk related to weak governance structures, lack of clarity in roles between the Board and the Secretariat, risk due to inadequate or failed internal processes, people and systems.

**Assurance:** performing independent checks and verifications, to be able to:

- identify and analyze the main risks to achieving strategic objectives
- take appropriate risk mitigation measures in response to those risks know whether the measures are effective

**Risk Owner:** is a person or entity who takes prime responsibility for managing and reporting on key risks.

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⁴ Managing Fiduciary Risk when Providing Financial Aid, DFID How To Note, June 2011.
Responsible Party for Risk Mitigation: is a person or entity who takes prime responsibility for monitoring and implementing a risk mitigation measure.

**Three Lines of Defense:** A generally accepted way to describe roles and responsibilities for risk management and internal control in an organization, where the first line of defense is management control, the second line of defense is the various risk controls and compliance oversight functions established by management, and the third line of defense is independent assurance.

**Severity of Risk:** The Risk Management Matrix rates both the likelihood of a risk occurring within the next 3 years and the impact that it would have on the Global Partnership if it occur. The definitions of the likelihood and the impact are in Annex 3 – Severity Matrix.

**Status (of the Risk Management response):**

The Risk Management Matrix provides four status levels to describe the current state of the response to the risk:

- Not Started – use this status when a risk response plan is not yet in place
- Under Development – use this status while a plan is under development but not yet implemented
- In Progress – use this status when a plan has been developed and is being implemented
- Completed – use this status when a risk response plan has been fully developed and executed
- Being re-evaluated – use this status when the risk response plan in place is being re-evaluated. If the re-evaluation means that the prior plan is no longer active, instead revert to one of the first two status options.
Appendix 2 to the Risk Policy – Severity Chart Used for Risk Management Matrix

Severity Chart

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<thead>
<tr>
<th>Probability</th>
<th>Minor</th>
<th>Moderate</th>
<th>Major</th>
<th>Severe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Likely</td>
<td>Medium</td>
<td>High</td>
<td>Critical</td>
<td>Critical</td>
</tr>
<tr>
<td>Likely</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>Critical</td>
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<tr>
<td>Possible</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
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<tr>
<td>Unlikely</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
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Definitions of Probability:

Very Likely – The risk is seen as certain to occur within the next 3 years.
Likely – The risk is seen as likely to occur within the next 3 years
Possible – The risk is seen as possibly occurring within next 3 years
Unlikely – The risk is seen as unlikely to occur within the next 3 years