



Global Green Growth Institute

Eleventh Meeting of the Management and Program Sub-Committee

April 29, 2020; via videoconference

GGGI Risk Management Framework Roll Out Plan

Introduction

1. Article 9.1 of GGGI's Revised Financial Regulations states that '*The Director-General shall maintain a risk-management system to manage and control financial and other types of risks, including the identification, evaluation, and measurement of possible impact on the GGGI, and the selection and maintenance of various solutions to mitigate risk.*' Accordingly, GGGI established a formal Risk Management Framework (RMF) in October 2017. The RMF seeks to ensure that there is an adequate system of internal control in place to mitigate the significant risks faced by GGGI to an acceptable level. The system is designed to manage rather than eliminate all risks. A RMF can only provide reasonable, but not absolute, assurance;
2. The RMF is monitored by the Management Team (MT) and updated on an ongoing basis. The MT undertake a formal review and update every six months. GGGI updates the Management & Program Committee (MPSC) twice a year. The last report to MPSC was made in December 2019.

Background

3. Management informed the MPSC at its 10th meeting in July 2019 that GGGI planned to implement the RMF in all country and regional offices in 2020. The rationale for the roll out being that whilst most of the risks identified in the RMF are common across all regions and offices there may be some additional risks which are either regional or country specific. The intention of the roll out is, therefore, to identify additional regional or country specific risks and to ensure that adequate mitigation strategies are in place. This paper is to update the Members of MPSC on the planned rollout.

GGGI Risk Management Framework

4. GGGI has designed a Risk Management Framework (RMF) to systematically identify high and significant risks and to put in place controls for managing those risks so as to minimize their occurrence to the extent possible, or minimize their impact on the ongoing operations of GGGI should they occur.

5. GGGI manages its risks under seven risk headings. These are Organizational Structure and Governance; Operational Program and Portfolio Management, Legal, Financial Management & Operations, Human Resources, IT, Data, and Asset Management; and Working Environment. Under each heading specific risks are identified. Each identified risk is then evaluated as to: the likelihood of it occurring; the likely impact should the event come to pass; mitigation measures in place to control the risk; any residual risk; and the manager responsible for managing those risks;
6. The likelihood of occurrence and likely impact of each identified risk are scored on a scale of low, medium or high. These are then translated to traffic light terminology (see Table 1) depicted with colors red, amber, and green:

Table 1. Risk Likelihood – Likelihood of occurrence

Risk Likelihood	
High – H (red)	The risk is highly likely to materialize beyond the risk tolerance level identified for the risk in the next 12 months, and additional risk mitigation action is required immediately.
Medium – M (amber)	The risk is managed only partly and may breach of tolerance level identified for the risk in the next 24 months, and thus requires additional measures to reduce the risk rating to green.
Low – L (green)	The risk is managed well and is unlikely to materialize in the next 36 months. Ongoing risk management and monitoring will be continued.

Table 2. Risk Impact – Capacity of the Risk to Disrupt GGGI Operations

Risk Impact	
High – H (high)	Risk has high potential to disrupt operations of GGGI.
Medium – M (medium)	Risk has the medium potential to disrupt or hinder achievement the objectives of the Institute in a timely and efficient manner.
Low - L (green)	Risk is low in terms of its impact on operations, but may cause delay and inefficiencies.

Risk Management Process and Architecture

7. The Council is responsible for setting GGGI’s risk appetite. It delegates this responsibility to the MPSC who in turn discharge their responsibility through their semi-annual review of the RMF. This involves a review and provision of advice on the appropriateness of the risk assessment, effectiveness, and adequacy of risk mitigation and management.
8. Management of risks is an institutional responsibility. The Head of Operations Enabling Division (OED) serves as a champion of risk management awareness and culture with a responsibility to foster risk awareness culture in GGGI. Each risk category involves a specific risk manager responsible for mitigation of the risk. Directors and Deputy Division Heads execute risk mitigation measures and risk assessments. Staff of GGGI implement risk mitigation measures in their daily work. Risk management framework is monitored by the Management Team. The Director-General is responsible for overall risk management and

reports on risk management semiannually to MPSC and publicly to the Council through the Annual Report. GGGI's Audit Unit reviews the adequacy of internal controls for risk management and the risk management framework.

GGGI Risk Management Framework Roll-Out

9. The objectives of the roll out of the RMF are three-fold.
 - a. To date the six-monthly update of the RMF has largely been a head quarter exercise without the detailed input and involvement of GGGI's regional and country offices. The roll out is intended to formally engage regional/country offices in the update so they provide their inputs into the RMF.
 - b. Most of the risks identified in the RMF are common across all regions and offices. There may be some additional risks which are either regional or country specific which need to be identified and included as part of the RMF. The roll out will ensure any as yet unidentified specific regional/country risks are now identified.
 - c. Whilst many of the risks are common across GGGI there may be a region/ country where the identified risk has a different higher rating. The roll out will identify those specific regional/country risks where GGGI needs to proactively manage because either the likelihood of it occurring is high or its likely impact is high. In particular, these could be in the area of health & safety, security or other operational areas specific to a region/country.

Planned Rollout

10. GGGI plans to roll out the RMF during the second quarter of 2020. It plans to do this through a series of webinars to proactively engage regional/country office staff. Any either specific regional/country risk with a higher risk rating requiring additional mitigation measures will be recorded in an annex to the institutional RMF. The MPSC will be updated on the roll out as part of the next update of the RMF scheduled for the July 2020 meeting.

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