

RISK MANAGEMENT

PRE-BOARD BRIEFING SESSION

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5 June 2018, Geneva



Reach every child

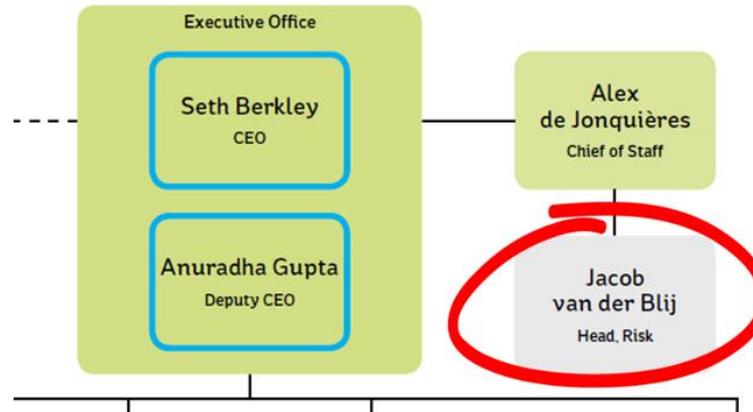
www.gavi.org

Risk function in the Executive Office

The Risk function **coordinates, facilitates and monitors** the implementation of effective risk management practices across the Alliance. It provides **specialised expertise**, promotes a **risk-aware culture**, and establishes **risk reporting** throughout the organisation.

Key activities include:

- administering the Corporate Risk Register to provide an aggregated top-level view of risks facing the Alliance, as reported upon in the annual Risk & Assurance Report to the Board;
- supporting Secretariat teams and the broader Alliance to strengthen their risk management practices and monitoring their effectiveness;
- embedding a risk-aware culture and a common understanding of risk management across the Alliance; and
- supporting risk escalation and decision-making throughout the organisation, including facilitation of the cross-Secretariat Risk Committee.



A dramatic illustration of the Titanic sinking at night. The ship is tilted at a steep angle, with its bow high and stern low. The ship's lights are on, and the sea is dark. In the foreground, a lifeboat is filled with people, and other lifeboats are visible on the ship's deck. The sky is dark with stars.

“I cannot imagine any condition which could cause this ship to flounder. I cannot conceive of any vital disaster happening to this vessel.”

E.J. Smith
Captain of the Titanic
1912

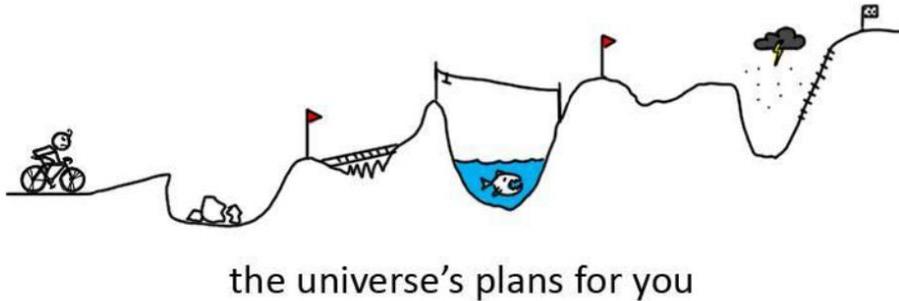
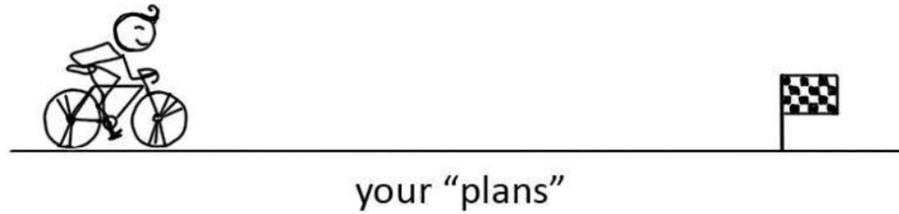
Japanese Nuclear Energy Safety Organisation, 2002

*“The likelihood of occurrence of a **core damage** accident is **one in 100,000** per year per reactor, while the likelihood of occurrence of an accident **leading to containment damage** is **one in one million** per year per reactor.”*

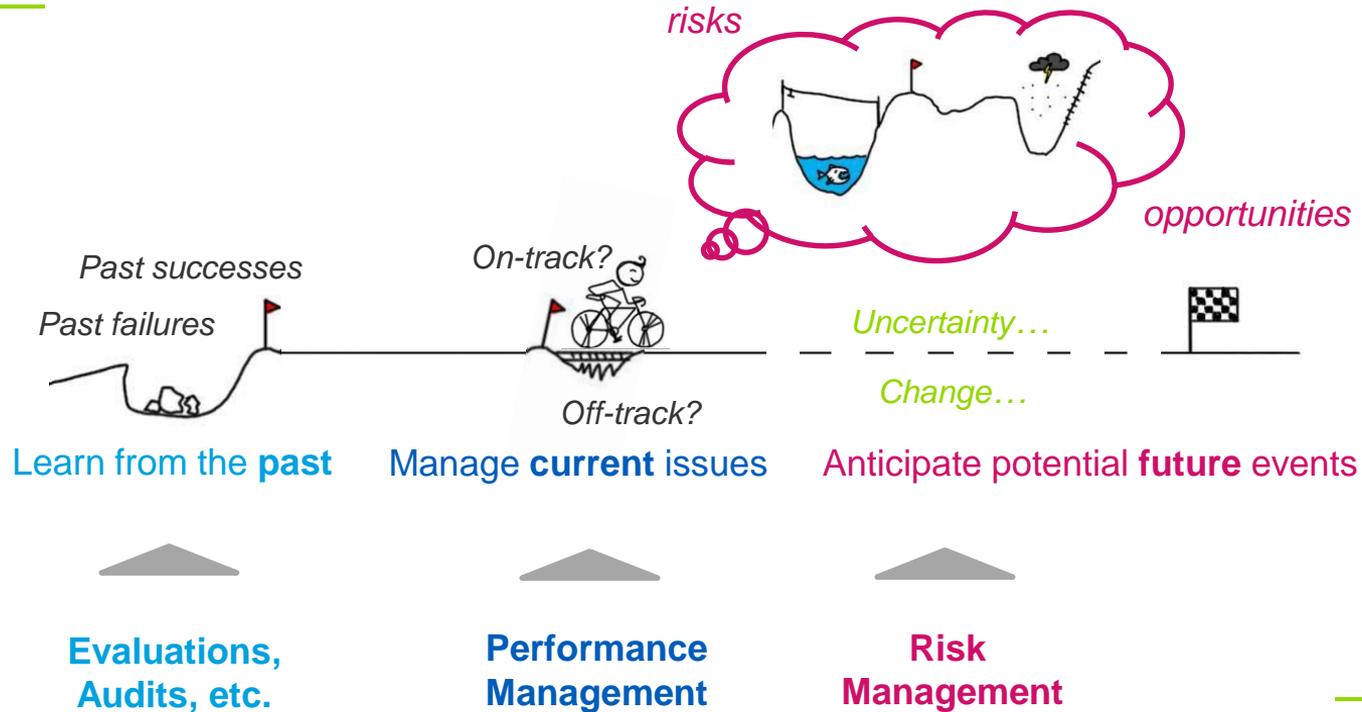
Fukushima Daiichi Nuclear disaster, 2011



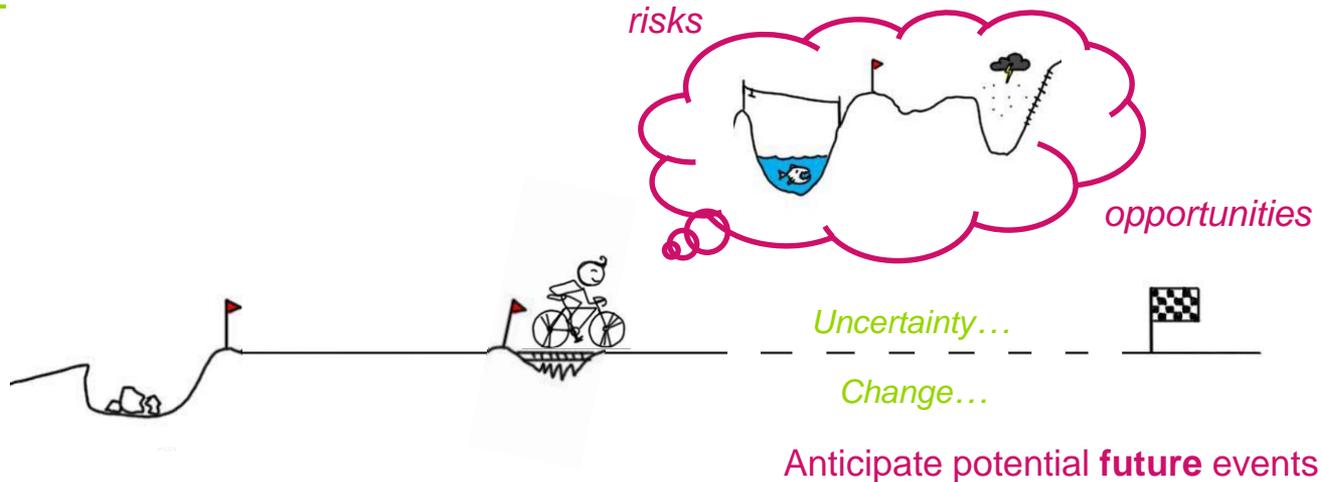
Achieving our mission



Managing our way to success



Managing our way to success

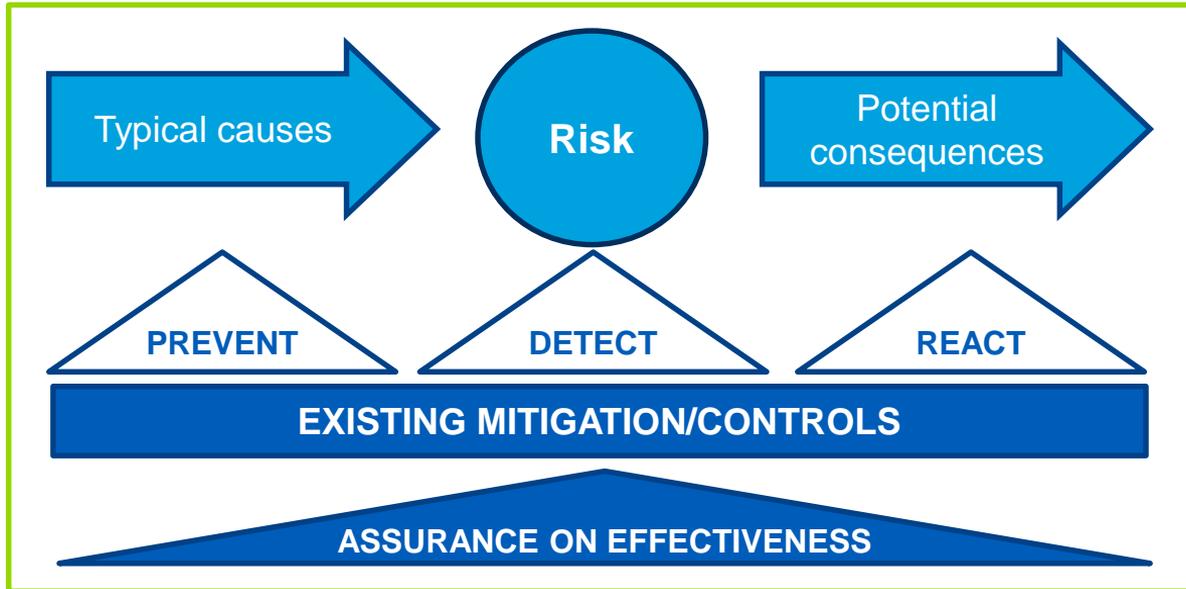


Risk Management:

- ✓ Understand what might happen
- ✓ Decide if that would be **acceptable**
- ✓ If not, **take action** to reduce likelihood or mitigate potential impact

Key concepts in assessing a risk

1. UNDERSTAND 2. ASSESS CURRENT EXPOSURE 3. RESPOND



WITHIN RISK APPETITE? FURTHER MITIGATION?

Gavi's Risk Management philosophy

Implementing a comprehensive approach to risk

- All types of risks: strategic, operational, fiduciary and programmatic
- Forward-looking, anticipating potential future issues before they actually happen
- Responding in line with our risk appetite, balancing risk and reward
- Alliance-wide collaboration and information exchange on shared risks
- An open risk-aware culture where everybody feels encouraged to flag risks transparently

Enabling better outcomes by:

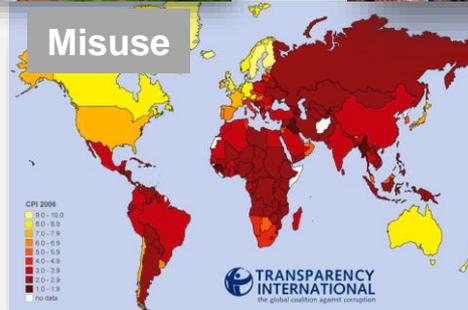
- More informed decision-making and conscious risk-taking
- Managing expectations, by flagging potential risks upfront
- Prioritising high risks, serving as a basis for required level of support and oversight
- Improving organisational learning and resilience to changes in a volatile environment

“A comprehensive and systematic approach to risk management will enable Gavi to take the right level of the right type of risks needed to deliver on our ambitious mission and maximise our impact”

Risk cannot be eliminated...



- We pursue an **ambitious mission** in the world's poorest countries
- We have a **lean operating model** without in-country presence
- Some high-reward opportunities may **require taking greater risks**. Sometimes the greatest risk is inaction.



...but risk can be managed intelligently



- Introduced Risk Policy and Risk Appetite Statement
- Reorganised in line with “Three Lines of Defence” model with strengthened tools and processes in Secretariat teams
- Annual report to the Board on critical “top risks” to our mission and strategic goals
- Top risks monitored by risk owners with discussions in Risk Committee

Gavi's Risk Policy

Board approved Risk Policy

- Setting out guiding principles, definitions, and high-level roles and responsibilities
- See <http://www.gavi.org/About/Governance/Programme-policies/Risk-policy/>

Principles

- **Risk is integrally linked to ambition**
 - Objectives can only be achieved by taking calculated and carefully managed risks. Some high-impact opportunities may require taking greater risks. Sometimes the greatest risk is inaction.
- **Risk is everyone's responsibility**
 - Risk management is an integral part of Gavi operations. Everyone working towards the Gavi mission is expected to proactively identify, assess, and manage risks.
- **Gavi encourages a culture of learning**
 - Encouraging staff and stakeholders to be risk-aware in delivering on Gavi's mission, while also recognising and accepting that success will not always be achieved. Ensuring that processes are in place to learn from both positive and negative results.

The screenshot shows the Gavi website's 'Risk policy' page. At the top, there is a search bar and social media icons. The navigation menu includes 'HOME', 'ABOUT GAVI', 'SUPPORT', 'COUNTRY HUB', 'FUNDING & FINANCE', 'RESULTS & EVIDENCE', and 'LIBRARY & NEWS'. The breadcrumb trail reads 'You are here: About Gavi > Governing Gavi > Programme policies > Risk policy'. The main heading is 'Risk policy'. Below it, a paragraph states: 'The risk policy forms the overarching framework for Gavi's risk management approach. It is embedded in various structures and processes for risk monitoring, reporting and mitigation.' A sidebar on the right lists 'PROGRAMMATIC POLICIES' with links to 'Co-financing policy', 'Eligibility & Transition policy', 'Fragility and immunisation policy', 'Gender policy', 'Health system and immunisation strengthening support framework', 'Prioritisation mechanisms', and 'Risk policy'. The main content area includes a section titled 'WHAT IS THE PURPOSE OF THE RISK POLICY?' with a sub-heading 'The risk policy forms a cornerstone for Gavi's risk management approach. The overall goal of the policy is to...'

Gavi's Risk Appetite Statement

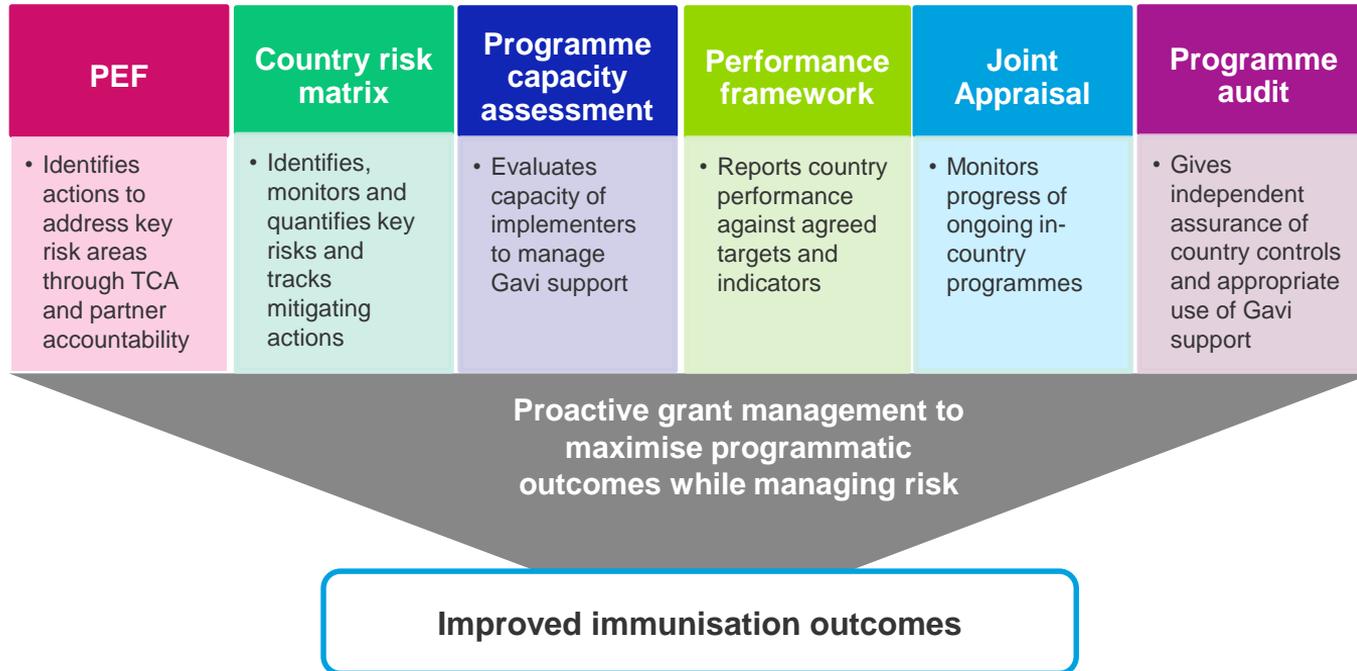
The amount of risk the Alliance is willing to take, accept, or tolerate to achieve its goals

Mission & Organisation	The Vaccine Alliance embraces the need to take programmatic risk given its ambitious mission and operating model, but has a lower appetite for organisational risks impacting Alliance processes, systems and management; fiduciary oversight and control; and brand and stakeholder confidence.			
Strategic Goals	1 Accelerate equitable uptake and coverage of vaccines	2 Increase effectiveness and efficiency of immunisation delivery as an integrated part of strengthened health systems	3 Improve sustainability of national immunisation programmes	4 Shape markets for vaccines and other immunisation products
	<p>High</p> <ul style="list-style-type: none"> Strategies to increase C&E and to accelerate vaccine introductions Strategies to respond to fragility <p>Low</p> <ul style="list-style-type: none"> Introductions impacting C&E and sustainability of RI Countries approaching transition with low coverage 	<p>High</p> <ul style="list-style-type: none"> Strategies to strengthen health systems <p>Low</p> <ul style="list-style-type: none"> Misuse of funds Weak systems jeopardising sustainability or safety 	<p>Moderate</p> <ul style="list-style-type: none"> Significant reduction in performance post-transition <p>Moderately low</p> <ul style="list-style-type: none"> Countries transitioning with insufficient financial/programmatic capacity <p>Low</p> <ul style="list-style-type: none"> Defaulting on co-financing 	<p>High</p> <ul style="list-style-type: none"> Strategies to create and sustain healthy markets <p>Low</p> <ul style="list-style-type: none"> Adequate and secure supply of quality vaccines
Strategic enablers	<i>Country leadership, management & coordination</i>	<i>Resource mobilisation</i>	<i>Advocacy</i>	<i>Monitoring & evaluation</i>
	<p>High</p> <ul style="list-style-type: none"> Operating in countries with limited capacity Strategies to strengthen country capacity <p>Low</p> <ul style="list-style-type: none"> Strategies to compensate for low capacity impeding long-term capacity building 	<p>High</p> <ul style="list-style-type: none"> Pursuing innovative financing and private sector partnerships <p>Moderate</p> <ul style="list-style-type: none"> Attracting new donors <p>Low</p> <ul style="list-style-type: none"> Sustainable donor funding Reputational risks or potential conflicts of interest 	<p>High</p> <ul style="list-style-type: none"> Ensuring that the value of vaccines is well recognised <p>Low</p> <ul style="list-style-type: none"> Immunisation becoming lower priority on policy agendas Reputational risks 	<p>High</p> <ul style="list-style-type: none"> Working in settings with weak data systems <p>Moderate</p> <ul style="list-style-type: none"> Grant monitoring and oversight at country level <p>Low</p> <ul style="list-style-type: none"> Accountability and transparency in Alliance

Three Lines of Defence model



Tools and processes to strengthen risk management in our country programmes



Gavi's annual Risk & Assurance Report

Alliance-wide view of top risks potentially impacting the ability of the Alliance to achieve its mission and strategic goals

Basis for annual strategic Board discussion on risk

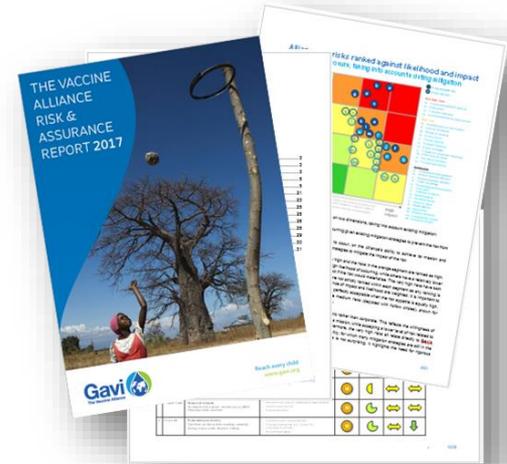
- Agree on **prioritisation** of risks as basis for future risk and assurance efforts
- Oversee that most significant risks are managed **within Gavi's risk appetite**

Basis for future efforts and investments

Allocate to **risk owners and work with partners** to manage top risks

Develop further analysis to **measure risk and monitor evolution**

Focus further investments in mitigation strategies where exposure is outside risk appetite



MACRO TRENDS IN 2017

Exogenous and endogenous factors affecting Gavi's risk profile

IMF warns of 'vulnerabilities' that could derail global recovery

Report highlights G20's \$135tn debt pile and says good economic times are fuelling risks

WTO Upgrades Trade Outlook, but Warns of Risks Ahead

Sterling could fall by another 15% by the end of 2017, says Deutsche Bank

Time spent thinking about the next financial crisis is not wasted

WORLD / POLITICS | ANALYSIS

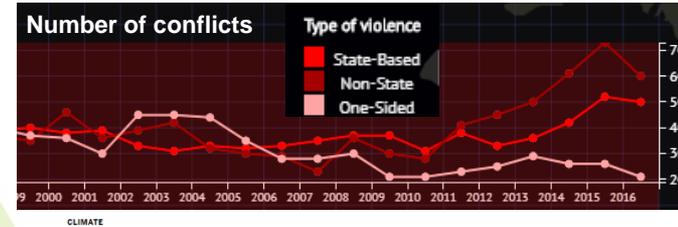
Despite electoral setback, European populism lives on

INSIDE DEVELOPMENT > IN THE NEWS: 67TH UN GENERAL ASSEMBLY

At UN General Assembly, a spotlight on reforms

Anti-Vax Message Gets Meaner on Social Media

Stronger countries transitioning
Increasing number of programmes and campaigns
Broader portfolio of vaccines
Changed partners' engagement model and use of expanded partners
Global Health Campus move



10 Hurricanes in 10 Weeks: With Ophelia, a 124-Year-Old Record is Matched

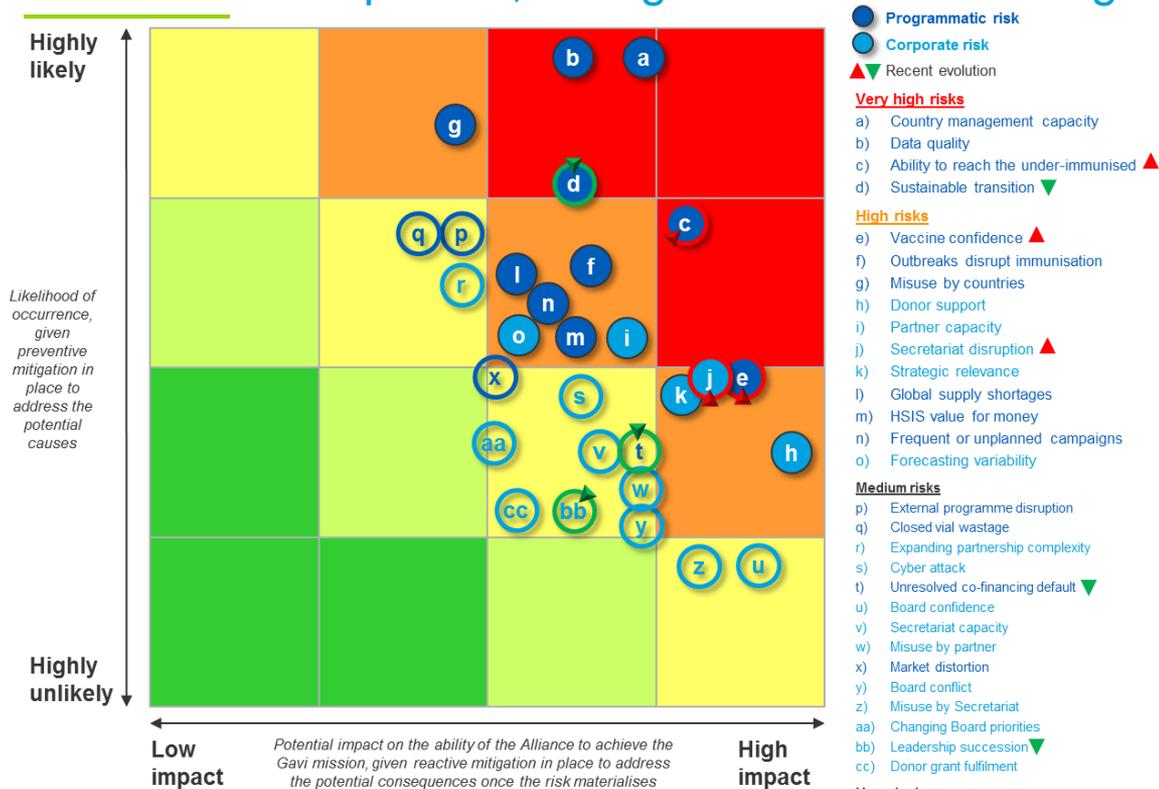


Sierra Leone to begin cholera vaccination drive in disaster-affected areas

More than 1 million doses of Gavi-funded cholera vaccines heading to Sierra Leone after severe flooding and landslides

Alliance top risks ranked against likelihood and impact

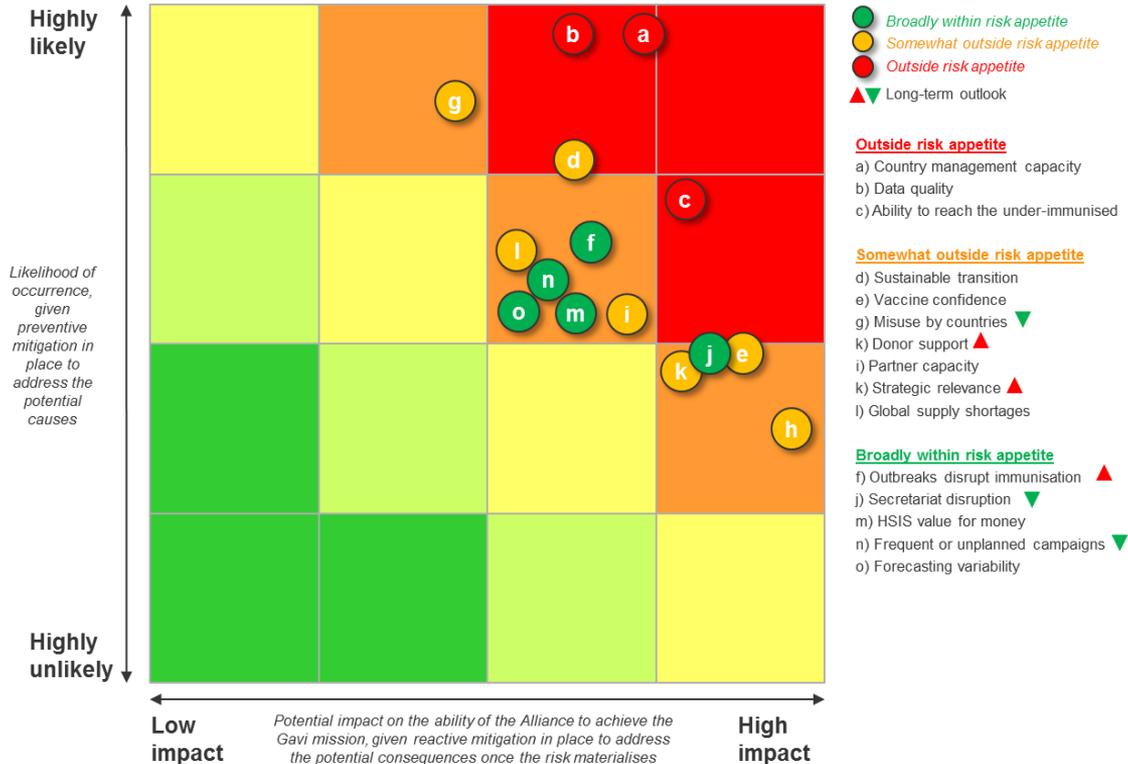
Residual risk exposure, taking into account existing mitigation



a	<p>Country management capacity</p> <p>Many countries (continue to) have insufficient EPI capacity and capabilities to manage immunisation programmes to achieve sustainable coverage & equity</p>
b	<p>Data quality</p> <p>Continued lack of availability and use of quality data for immunisation</p>
c	<p>Ability to reach the under-immunised</p> <p>The Alliance is unable to achieve equitable coverage improvements by extending immunisation services to communities previously unreached</p>
d	<p>Sustainable transition</p> <p>Some countries fail to sustain progress of their immunisation programmes after transition</p>

Willingness to accept current top risk exposures

Actual exposures reviewed against aspirational risk appetite



3 risks outside risk appetite
 May require a more ambitious approach

- a) Country management capacity
- b) Data quality
- c) Ability to reach the under-immunised

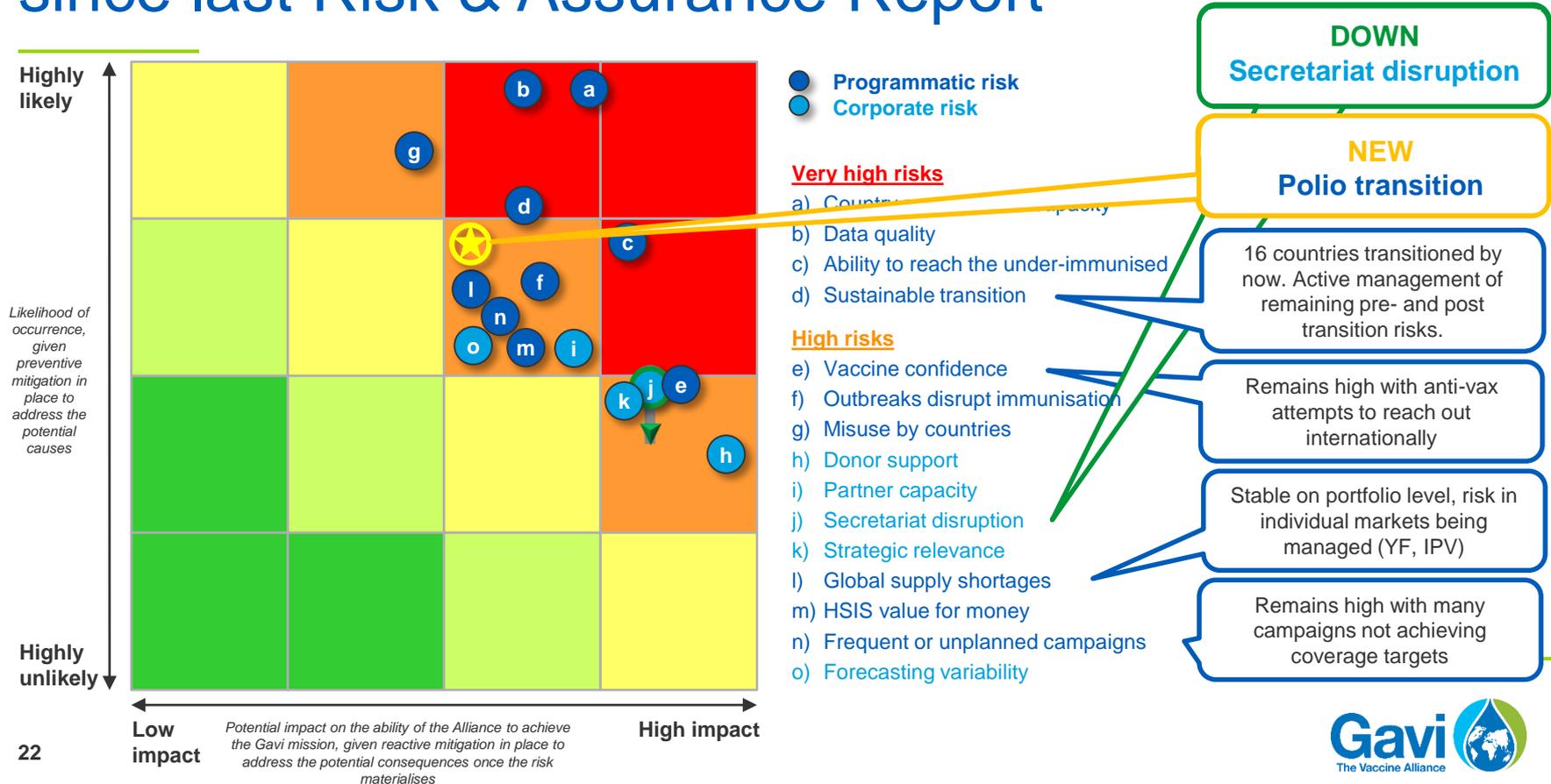
7 risks somewhat outside
 Requiring attention

5 risks broadly within appetite
 To be monitored

Alliance-wide top risks		Risk assessment			Risk evolution	
Risk description	Potential causes	Current level	Mitigation strength	Risk appetite	Recent evolution	Long-term outlook
a Country management capacity Many countries (continue to) have insufficient EPI capacity and capabilities to manage immunisation programmes to achieve sustainable coverage & equity	<ul style="list-style-type: none"> Weak existing systems and technical capabilities Weak management capabilities Insufficient human resources or retention challenges Insufficient prioritisation of health and immunisation Inadequate support from Alliance to build capacity External programme disruption Disease outbreaks disrupting immunisation Political change (devolution) 			OUTSIDE		
b Data quality Continued lack of availability and use of quality data for immunisation	<ul style="list-style-type: none"> Data quality not routinely monitored Weaknesses in data and measurement systems Many fragmented initiatives without measurable outcomes Donor-driven activities not country-owned Not planned and implemented to ensure data for action 			OUTSIDE		
c Ability to reach the under-immunised The Alliance is unable to achieve equitable coverage improvements by extending immunisation services to communities previously unreached	<ul style="list-style-type: none"> Poor data to find and target the unreached Inadequate supply and cold chains into remote areas Insufficient health care workers Lack of demand in underserved communities Lack of political commitment and health budgets 			OUTSIDE		
d Sustainable transition Some countries fail to sustain progress of their immunisation programmes after transition	<ul style="list-style-type: none"> Lack of (subnational) ability/capacity/fiscal space Poor preparation for transition by Alliance Insufficient prioritisation of health and immunisation Overreliance on external support External programme disruption (economic, outbreak) Lack of access to global markets and expertise 			SOMEWHAT OUTSIDE		
e Vaccine confidence Significant loss of confidence in vaccine safety and efficacy	<ul style="list-style-type: none"> Major safety issue Vaccine hesitancy and scepticism 			SOMEWHAT OUTSIDE		
f Outbreaks disrupt immunisation Sizeable outbreaks of infectious disease disrupt programmes in many Gavi-supported countries	<ul style="list-style-type: none"> Low population immunity Lack of capacity/tools to detect, prevent and respond Population behaviour 			BROADLY WITHIN		
g Misuse by countries Deliberate misuse of Gavi support in many Gavi-supported countries	<ul style="list-style-type: none"> Culture of gifts/corruption Opportunity for personal gain Weak monitoring/deterrence Weak institutions Weak systems 			SOMEWHAT OUTSIDE		

Alliance-wide top risks		Risk assessment			Risk evolution	
Risk description	Potential causes	Current level	Mitigation strength	Risk appetite	Recent evolution	Long-term outlook
h Donor support Significant reduction in donor support to Gavi	<ul style="list-style-type: none"> Reduction in development budgets Competing priorities in development Competing priorities within health Loss of donor confidence in Gavi 			SOMEWHAT OUTSIDE		
i Partner capacity Sum of comparative advantages of Alliance partners is inadequate to effectively deliver required technical support to countries	<ul style="list-style-type: none"> Lack of alignment and coordination Lack of capacity / expertise Lack of availability 			SOMEWHAT OUTSIDE		
j Secretariat disruption Significant disruption of Secretariat operations	<ul style="list-style-type: none"> Catastrophic event Security threats and kidnapping Internal or external data breach Systems failure and data loss Departure of large number of key staff 			BROADLY WITHIN		
k Strategic relevance Gavi becomes less relevant to global development priorities	<ul style="list-style-type: none"> Prioritisation of other development causes Inability to remain innovative and adapt Reduced faith in Gavi's capacity to deliver Growing portion of unmet immunisation needs outside Gavi countries 			SOMEWHAT OUTSIDE		
l Global supply shortages Shortages in the global vaccine supply affect Gavi-supported countries	<ul style="list-style-type: none"> Manufacturing capacity inadequate to meet demand Lack of supply security External disruption 			SOMEWHAT OUTSIDE		
m HSIS value for money HSIS investments do not materially improve programmatic outcomes	<ul style="list-style-type: none"> Key bottlenecks not addressable by HSIS HSIS grants not designed to target key bottlenecks HSIS grants duplicative with other donor funding HSIS grants not large enough to have significant impact HSIS not disbursed in timely fashion Programmes funded by HSIS not well-managed Misuse of HSIS resources 			BROADLY WITHIN		
n Frequent or unplanned campaigns Frequent or unplanned mass vaccination campaigns undermine capacity of governments to manage routine health and immunisation services	<ul style="list-style-type: none"> Periodic very large cash inflows for campaigns Front line workers diverted to implement campaigns Management capacity diverted to manage campaigns Infrastructure (e.g., supply chain, transport) repurposed for campaigns Poor planning and management undermine quality of the campaign, resulting in low coverage 			BROADLY WITHIN		
o Forecasting variability Gavi forecasting variability driving inappropriate decision-making	<ul style="list-style-type: none"> Uncertainty over vaccine demand Financial uncertainties (e.g., prices, FX) Complexity of process Sub-optimal systems 			BROADLY WITHIN		

No substantial changes to Gavi's overall risk profile since last Risk & Assurance Report



Board engagement on top risks

- Established a robust dialogue on risk with the Board
- Good top risk coverage, with risk lenses integrated in related items

Mid-year Board update on risk now integrated with strategy progress update

Risk will remain a stand-alone item at year-end

Board engagement on top risks		Top risks													
Country management capacity	Data quality	Ability to reach the under-served	Sustainable transition	Vaccine confidence	Culture's change/immersion	Misuse by countries	Donor support	Partner capacity	Secretariat disruption	Strategic relevance	Global supply chain mg	HSIS value for money	Frequent or unplanned change	Forecasting variability	Polio transition
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	-
Full Board															
March 2018 Board Retreat															
• Deep dive into Coverage & Equity (c), Gavi's 2021-25 strategy (k)															
June 2018 Board meeting															
• PEF update (a, b, i), Post-transition engagement, Nigeria transition strategy (d), Yellow Fever Surveillance (f), CP update on funding modalities (g), Vaccine Investment Strategy (k), Market shaping update (l), HSIS flexibilities (m), Polio (-), Resource Mobilisation and PSP update (h, i)															
November 2018 Board meeting															
• Risk & Assurance Report (all)															
Audit and Finance Committee															
February 2018															
• A&I report (g), Global Health Campus, Technology review (j)															
April 2018															
• A&I report (g), PCA deep-dive (a, g), Financial forecast (o), Global Health Campus, Financial Systems Infrastructure (j)															
October 2018															
• Financial forecast (o), A&I report (g), Technology review (j)															
Programme and Policy Committee															
May 2018															
• PEF update (a, b, i), Post-transition engagement, Nigeria transition strategy (d), Yellow Fever Surveillance (f), CP update on funding modalities (g), Vaccine Investment Strategy (k), Market shaping update (l), HSIS flexibilities (m), Polio (-)															
October 2018															
• Monitoring & Evaluation update (b), PEF update (i), HSIS evaluation (m), Polio (-)															

THANK YOU



Reach every child

www.gavi.org