

Annex B: Implications and Anticipated Impact

Impact on countries

Approval of the PSE strategy enables the Secretariat to mobilise additional finances and resources in support of Gavi's strategic objectives and identified country needs. The private sector has a range of assets that can be harnessed and directed to achieve programmatic impact by increasing the quality of immunisation services in implementing countries, ensuring sustainability, and contributing to the efficiency of Gavi's mission.

Risk implications and mitigation

As Gavi moves into the 5.0 period, private sector engagement represents a critical opportunity. However, it is prudent to recognise that, in a fast-moving environment, opportunities can take multiple forms and that private sector engagement can be complex, with a series of interconnected sets of actors and agendas. Inherent to this is the managing and mitigation of risk to Gavi, countries, and the immunisation programme.

In 2020, the Secretariat's Risk and Assurance Report assessed its PSE as a low-risk activity. However, the Secretariat's risk appetite should be balanced against its level of ambition. An analysis of the Secretariat's PSE work falls into two risk categories:

1. Risk of inaction related to developing private sector partnerships
2. Risk of action related to developing private sector partnerships

1. Risk of inaction related to developing private sector partnerships

Regarding the above, inaction can affect Gavi's and countries ambitions for impact, as well as affect Gavi's brand reputation as a leading Public Private Partnership, innovative development model, and appeal to donors who are attracted to its unique PPP model.

2. Risk of action to developing private sector partnerships

To ensure a thorough review of the risks associated with this segment, the Secretariat commissioned PwC to conduct a risk assessment. This segment can be reviewed in further sub risk categories:

- a) Shift in donor priorities
- b) Costs of partnerships management
- c) Limited clarity on operational structure
- d) Reputational risk
- e) Limited private sector involvement
- f) Risk of dispersion
- g) Resourcing risk

The risks that have been identified have inherent likelihood ratings as described in Table 1 below:

Throughout this assessment, key identified risks, their likely impacts, and mitigation considerations have been analysed. Notably, reduced support from major donors would adversely impact the Private Sector funding target for the 5.0 period and limit capacity to deliver strategic aims. To mitigate this, engagement with existing and new donors will be strengthened through lobbying and outreach, building long term partnership anchors. Similarly, mitigation measures of defining clear internal roles and investment priorities would reduce exposure and inefficiency from the risk of unclear governance structure and costly partnership management.

With the engagement with a portfolio of private sector partnerships, dispersion risk is considered highly likely and will be mitigated by strategic planning to align allocated resource and accomplished objectives.

Given the likeliness and majorly impactful risk of not being able to fully match private sector contribution, specific outreach to additional matching fund donors, private, sovereign, or foundations, is key to accomplishing the fundraising goal and maintaining matching fund visibility. Similarly, the high impact of reputational risks towards trust and overall engagement renders proper due diligence as a foremost priority.

Table 1. Inherent likelihood ratings of the identified risks

Rating	Likelihood	Definition
0	Very low	Hardly likely to occur
1	Low	Very unlikely in the next year but possible in the longer term
2	Medium	Possible in the next year and/or reasonably likely in the longer term
3	High	Likely in the next year and/or very likely in the longer term
4	Very high	Very likely in the next year and/or almost certain in the longer term

The risks that have been identified also have inherent impact ratings as described in the table below:

Table 2. Inherent impact ratings of the identified risks

Rating	Impact	Definition
0	Insignificant	Main objectives can be achieved with small obstacles to be overcome
1	Minor	Main objectives can be achieved with manageable obstacles possibly taking up some time and resources
2	Moderate	Main objectives can be achieved, but not as well as planned and/or extra time and resources will be required

3	Major	The achievement of main objectives will be hindered, considerable extra time and resources will be required
4	Disastrous	Main objectives will not be achieved

The key identified risks are described in the table below with considerations for their mitigation. These mitigation considerations outline actions and recommendations that aim to decrease the likelihood and impact of the identified risks.

ID	Risk description	Impact description	Likelihood	Impact	Mitigation considerations
1	Shift in donor priorities Major donors may consider that their support is best given to causes other than global health and immunisation system	<ul style="list-style-type: none"> Reduction of funding in the short-term and long-term Reduced capacity in delivering on its strategic priorities 	1	3	<ul style="list-style-type: none"> Identify funding that is at risk to estimate the size of the potential "loss" Lobby existing major donors and potential new donors to promote Gavi's strategic priorities and occupy the agenda. For instance, organize workshops/forums with major donors, communicate on social media Find trusted advocates who can promote Gavi's strategic priorities Build strong and long-term partnerships with a few "anchors"
2	Unable to match Private Sector contributions to the Matching Fund Potentially insufficient resources in the MF to accomplish ambitious 5.0 targets	<ul style="list-style-type: none"> Additional difficulty in reaching fundraising goal Lessened incentive for private sector contribution 	3	3	<ul style="list-style-type: none"> Attract additional donors to the Matching Fund Specific outreach to new sovereign, foundational or private sector partners to raise new support for the MF Maintain visibility of the MF as a key instrument to contribute to Gavi's private sector engagement efforts
3	Costs of partnerships management Partnerships management may be more costly (notably in terms of man-hours) than estimated	<ul style="list-style-type: none"> Exposure to the risk of potential financial losses and to fiduciary risks Partnerships are associated to low Value for Money 	2	2	<ul style="list-style-type: none"> Define strategic priorities for investment, develop risk profiles at project level, and set cost limits Track and monitor on a monthly basis the time spent by each staff across team on partnerships
4	Limited clarity on governance structure Roles and responsibilities across the organisation may not be clearly defined	<ul style="list-style-type: none"> Lack of ownership and accountability among teams involved to PSE Rivalry between country teams, resource mobilisation team and other teams involved in private sector engagement Slow decision-making process Missed opportunities in building partnerships with potential private partners 	1	2	<ul style="list-style-type: none"> Review and clarify roles, responsibilities for successfully managing the PSE across the Organization, at each stage of the partnerships (from its inception to its completion) Develop appropriate guidelines to support each team involved in PSE to understand who is doing what, how and when
5	Reputational risk Engaging with private partners may entail reputational and ESG risks	<ul style="list-style-type: none"> Lower level of trust and confidence from the society, Gavi's countries as well as existing and potential new donors/partners Reduction in funding in the short-term and long-term Reduction of the number of partnerships (including INFUSE) 	2	4	<ul style="list-style-type: none"> Review risk management and due diligence processes to ensure all potential reputational risks are understood Develop a map of external individuals/organisations involved into funding or co-creation and assess the extent to which the fallout would impact Gavi's reputation among these external stakeholders Conduct due diligence and reputational risk assessment on a regular basis throughout the partnership
6	Limited private sector involvement Voice of the private sector may not be heard within the organisation	<ul style="list-style-type: none"> Limited understanding of private sector's incentives and expectations in partnering with Gavi Challenges in finding common ground with private partners Misunderstanding and/or lack of awareness of 	1	3	<ul style="list-style-type: none"> Set up an Advisory Council (without any decision-making authority) that would provide strategic guidance and validation in order to enhance Gavi's private sector approach Develop platforms (e.g., forums, workshops) to exchange knowledge and experiences and to enter a joint learning process

ID	Risk description	Impact description	Likelihood	Impact	Mitigation considerations
		<p>technology/innovation trends on ground</p> <ul style="list-style-type: none"> • Missed opportunities of building strong relationships 			
7	<p>Risk of dispersion Dispersion may occur when the portfolio includes many relatively small and non-strategic partnership</p>	<ul style="list-style-type: none"> • Equivalent effort spent (in terms of time and associated costs) on key strategic and less strategic partnerships • Potential missed opportunities in setting up large scale and strategic partnerships • Portfolio with low or limited Value for Money 	3	2	<ul style="list-style-type: none"> • Define clear targets and objectives for fundraising and partnerships and set priorities at the global and country levels • Develop long-term strategic planning/mapping of potential opportunities aligned to targets and objectives • Develop monitoring and evaluation processes allowing to identify when partnerships should be scaled up or "killed"
8	<p>Resourcing risk Limited capacity may occur when the team in charge or involved in PSE does not have the appropriate capacities or capabilities to</p>	<ul style="list-style-type: none"> • Limited bandwidth to keep track of existing partnerships and setting up news ones • Delay in developing new partnerships or implementing projects on country • Limited ability in managing the complexity and risks of private sector engagement and innovation work 	1	2	<ul style="list-style-type: none"> • Conduct comprehensive review of existing workforce involved in PSE and identify need for additional staff with different skill sets and experience • Hire resources having prior experience in running private sector partnerships to contribute to its PSE activities