

GAVI RISK POLICY, RISK MANAGEMENT & FIDUCIARY OVERSIGHT

BOARD MEETING
Seth Berkley, Judith Kallenberg
10-11 December 2014, Geneva



OVERVIEW

1. Evolving risk management at Gavi
2. New risk management framework
3. Risk policy (PPC Doc 02)
4. Proposed changes to strengthen risk management and fiduciary oversight (AFC Doc 05)

GAVI SIGNIFICANTLY STRENGTHENED RISK MANAGEMENT OVER RECENT YEARS

2009:

- Transparency and Accountability (TAP) policy; TAP team
- Internal Audit function reporting to Gavi CEO and Board

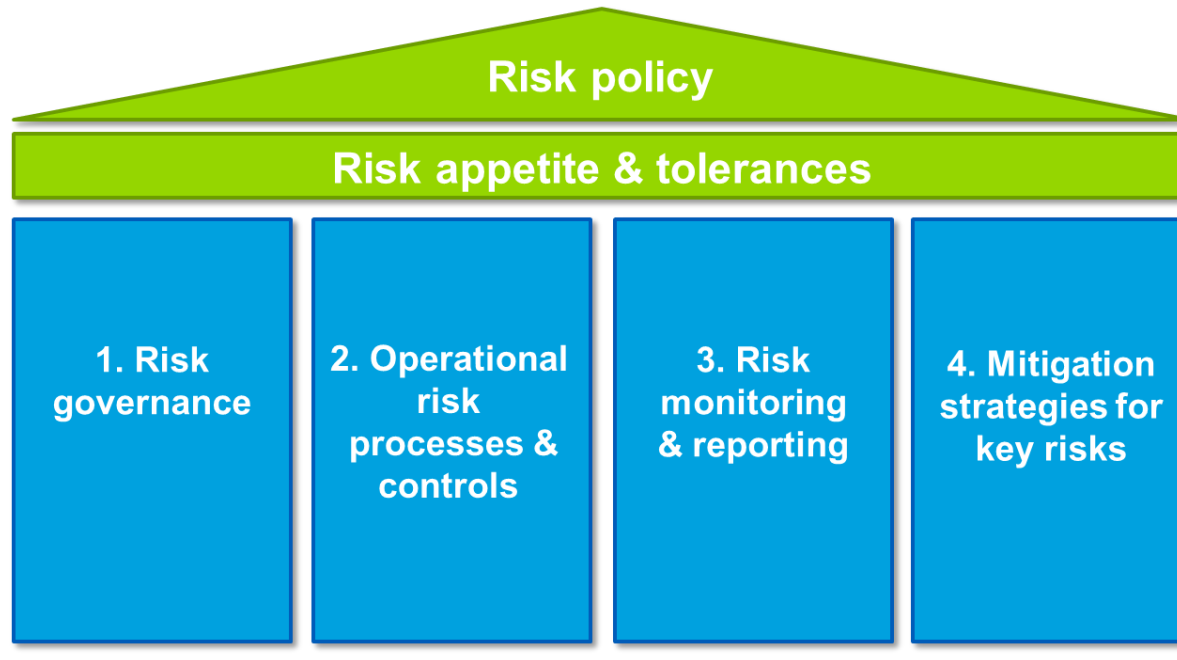
2011:

- Separation of TAP team from Country Programmes (CP) team
- Independent Review management from CP to Policy & Performance
- Risk Register introduced
- Reform of CP team towards stronger stewardship role

2013:

- Expansion of TAP policy to management of vaccines
 - New grant management approach, increasing focus on fiduciary risk management
 - Internal Auditor's report of Enterprise Risk Management: Gavi has solid core of mechanisms for managing risk but no risk policy
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FIRST ARTICULATION OF COMPREHENSIVE RISK MANAGEMENT APPROACH



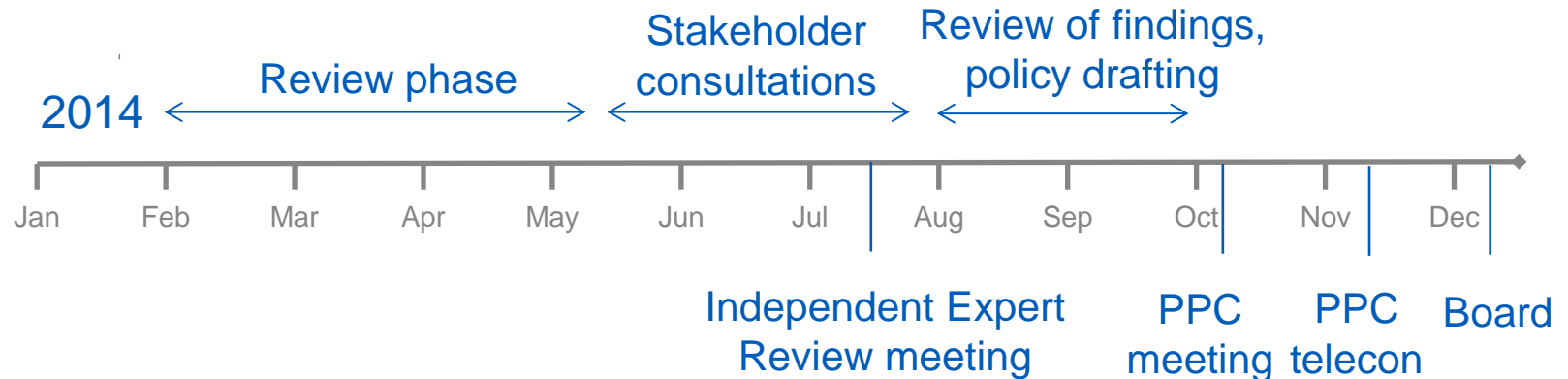
Operationalisation: initial focus on strengthening fiduciary risk management in Gavi Secretariat

Other elements to be developed as part of risk management implementation plan in 2015

RISK POLICY PROVIDES OVERARCHING PRINCIPLES AND GUIDANCE

- Create a consistent **risk language** and a shared understanding of risk concepts
- Promote a **culture** of risk awareness, which encourages careful assessment of risks and benefits involved with Gavi operations and decision-making
- Provide high level guidance on risk management and **foster a dialogue** on risk in strategic and operational decision-making within the Alliance

RISK POLICY DEVELOPMENT PROCESS



- **Internal Secretariat working group** including Internal Auditor
- **Review phase:** literature review, risk analysis of Board papers, consultations with experts, consultations with peer organisations
- **Stakeholder consultations:** Board members, constituencies
- **7 Oct PPC request:** *clarify intent of policy and how it relates to other elements of Gavi's risk management approach; suggested changes in wording and formatting in policy document*

RISK APPETITE STATEMENT

- Reflects Board member **views** on key areas of Alliance strategy and operations
- **Indication** of risk appetite and tolerance in relative terms
- ‘Sets the **tone**’ for how much risk the organisation is willing to accept
- Brings out dynamic **tension** inherent in different Gavi goals
- Basis for **dialogue** on risk and trade-offs to inform risk management and decision-making
- **Review** every two years

NEW RISK MANAGEMENT VISION STRUCTURED AROUND 3 LINES OF DEFENCE

3rd line: independent assurance of 1st and 2nd line

Audit & Investigations

- Internal audit
- Country audit
- Whistle-blower reporting
- Investigations & Counter-Fraud

2nd line: risk control, monitoring and management

Risk function

Programme Financial Assessment (FMAs, MRs)

Monitoring & Evaluation

Finance

Other functions as part of **Country Team** approach

1st line: oversight and management of risk within core business

Reinforced **Country Programmes** Department

Stronger **country systems**

Enhanced collaboration with **partners** in-country

DECISION

The Gavi Alliance Board is recommended to:

- **Approve** the Gavi Risk Policy attached as Annex A to Doc 02 to the PPC (attached to Doc 12).
- **Endorse** the proposed approach to strengthen risk management and fiduciary oversight set out in Section 8 of Doc 5 to the AFC (attached to Doc 12).

THANK YOU



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