



Report to the GAVI Alliance Board

7-8 July 2011

Subject:	Update on performance and risk management
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Agenda item:	14
Category:	For Information
Strategic goal:	Alliance operations

Section A: Overview

1. Purpose of the report

- 1.1 This is the first report to update the Board on the performance management process that was put in place at the beginning of 2011 for the implementation of the GAVI Alliance Strategy 2011-2015. It describes the quarterly reporting process and management review conducted at the end of the first quarter of the year.

2. Recommendations

- 2.1 The Board is invited to comment on the performance management process put into place and take note of the progress reports available on the MyGAVI siteⁱ.

3. Executive Summary

- 3.1 In support of GAVI's mission to save children's lives and protect people's health by increasing access to health in poor countries, the Board approved a strategy for 2011-2015 which is underpinned by 4 strategic goals ('Vaccine', 'Health System', 'Financing' and 'Market Shaping') and cross cutting initiatives for Monitoring and Evaluation and Advocacy Communication and Public Policy. The strategy is implemented through the business plan, which defines activities in support of strategic and programme objectives. The business plan also assigns responsibility for delivery at the level of programme objectives in order to improve accountability and drive for results.
- 3.2 Implementation of the business plan is managed through three key activities, all conducted on a quarterly basis:

- (a) **Quarterly progress report:** The Secretariat, WHO, and UNICEF report on each of the 26 programme objectives defined in the business plan. These reports include an update on key progress, challenges, deliverables and next steps. A single quarterly report is then produced by the Secretariat for review by the technical teams and then the senior management of each institution. The report is also used to assess progress against deliverables on the basis of which quarterly payments to WHO and UNICEF are released. The progress report for the first quarter of 2011 is available to the Board on the MyGAVI siteⁱ.
- (b) **Risk register:** The risk register provides an overview of the key risks to GAVI and a description of the mitigation strategies. In November 2010, the Board reviewed a first version of the risk register for the business plan. Following the Board meeting, a business owner at the Secretariat was assigned as focal point for each risk. This business owner provides a quarterly update to the interim CEO on the evolution of the risks and implementation of mitigation strategies. The register is then updated accordingly. The risk register for the first quarter of 2011 is available to the Board on the MyGAVI siteⁱ. Additionally, a high level overview of the evolution of the top four risks is provided in the second section of this paper.
- (c) **Corporate Key Performance Indicators (corporate KPIs)** are a set of indicators reflecting the Secretariat's performance regarding efficiency, operational effectiveness, governance, human resources and business controls. They are updated on a quarterly basis, reviewed by the Executive Team and posted on the MyGAVI siteⁱ.

3.3 Regular quarterly meetings were set up to review progress. More specifically:

- (a) **The GAVI Secretariat Executive Team (ET)** reviewed the progress of the Secretariat against the business plan for Q1 in April. They discussed each department's activities, budget expenditure and deliverables produced. The ET also reviewed the risk register, assessed the proposed mitigation strategies, brainstormed on additional issues facing the Alliance and developed a revised set of corporate KPIs.
- (b) **A programme level technical meeting** was organized between the Secretariat and WHO to exchange information on progress and provide an update on all areas of the business plan. Moving forward, UNICEF staff will be included in these meetings.
- (c) **A senior level meeting between WHO, UNICEF and the Secretariat** was organized early May and chaired by Helen Evans, the GAVI Interim CEO. Flavia Bustreo, the Assistant Director-General for Family and Community Health at WHO, and Saad Houry, the Deputy Executive Director of UNICEF attended. They reviewed the progress of the Alliance within each strategic goal, the contribution from each institution as well as the specific deliverables in the business plan that were delayed. They also discussed strategic issues relating to the functioning of the Alliance, such as the participation of each institution in

the key work streams (e.g. new vaccines, implementation of the co-financing policy and implementation of the health system platform).

- 3.4 Lastly, the reporting systems and performance management function described above take advantage of a new information technology platform (data warehouse) which the Secretariat has developed to improve analytical functions and reporting consistency. The new GAVI website, to be launched following the upcoming July Board meeting, draws from the warehouse to ensure it remains up-to-date at all times.

4. Next steps

- 4.1 The progress report for the first quarter and the updated risk register are available to the Board on the MyGAVI extranet siteⁱ in the performance management folder. The report on corporate KPIs is currently being reviewed by the Board Executive Committee and will be posted on the MyGAVI site early July. Similarly, all other future reports will be posted on the MyGAVI site on a quarterly basis and accessible to members of the Board and the Executive Committee. They will be available after all review meetings have happened (e.g. approximately six weeks after the end of the quarter).
- 4.2 The Secretariat will report progress against the indicators and targets as laid out in the business plan on an annual basis. This information, as well as the reporting on the corporate KPI's, will be publically available on the GAVI Alliance website, as described above.

Section B: Implications

5. Impact on countries

- 5.1 Improved performance management of the business plan will enable improved monitoring of Alliance support to countries.

6. Impact on the Business Plan / Budget / Programme Financing

- 6.1 Improved information and communication, combined with regular assessments of the Alliance work and progress will enhance the planning process – allowing the Alliance to make “mid course corrections” and better plan for the upcoming years’ activities. It will also improve GAVI’s accountability and transparency through the quarterly reporting made available to the Board.

7. Risk implications and mitigations

7.1 As described above, the GAVI executive team reviews the risk register on a quarterly basis. Given that the next review will occur just following the July board, an interim update on key risks is provided below:

- (a) **Funding risk:** This risk has considerably decreased after the result of pledging conference, which saw donors commit an additional US\$ 4.3 billion for a total amount of GAVI proceeds for the period 2011 to 2015 of US\$ 7.6 billion. A small portion of these pledges are conditional upon additional funds being raised from new donors; resource mobilisation plans and scenarios ensure these will be fully absorbed. The residual level of risk is associated to pledge delivery (and the associated political risk of parliament approvals or related appropriation processes) and to the concentration of donors. GAVI gained three new donors in the recent pledging process (Japan, Korea and Brazil) and needs to sustain its efforts to broaden the donor base.
- (b) **Reputation risk:** Significant attention was placed in early 2011 on GAVI and its performance. GAVI successfully managed the potential reputational risks associated with increased transparency on any cases of possible misuse of cash-based grants, and enhanced communications with key stakeholders and their criticisms of vaccine prices linked to pharmaceutical companies' membership of the Board. Some civil society organisations remain critical on these issues. Their concerns are exacerbated by frustrations with the civil society funding windows where GAVI is still seen as not forcefully embracing and empowering civil society as an implementation partner and Alliance member.
- (c) **Sustainability of GAVI programmes:** This risk had been highlighted as key at the end of 2010, specifically in relation to co-financing ability by GAVI-eligible countries and to the need for long-term decreases in vaccine prices. As part of the mitigation strategy in the first half of 2011, the Secretariat conducted a review of the countries' performance for co-financing in 2010, which indicated that most countries fulfilled their requirement that year, with only five countries considered to be in default. An implementation plan for the new co-financing policy has been finalised in Q1 and started to be implemented in Q2. With regards to vaccine prices, GAVI and partners have been working closely with manufacturers and several of them have announced significant price reduction in the vaccines they provide to GAVI recently. Additionally, a draft Supply and Procurement Strategy was submitted to the PPC which will be finalized and presented to the Board in November 2011 and aims to better contribute to shaping vaccine markets.
- (d) **Human resources:** The lack of staff resources in key areas in the Secretariat has caused a significant stretch in several teams over the first quarter. A strategy to mitigate this effect has been put in place. Critical positions that had been put on hold by the Board in November have been filled with temporary contracts to ensure that teams can deliver on their key activities in the first half of the year (e.g. pledging conference, May round of application, implementation

of HSFP). Despite the departure of the Director of Human Resources in May, the HR department has been able to reduce the level of vacancies to less than 7% by the end of Q2. These vacancies have been ranked by order of priority to ensure key positions are filled first. The Secretariat will keep the Board informed of any developments in this area, taking into account the views of the incoming CEO.

7.2 In addition to these programmatic risks, there are risks associated with the new performance management process which merit mention.

(a) **Relationship between partners:** The GAVI Alliance is based on a partnership model. The role and functions performed by WHO and UNICEF on behalf of the Alliance is particularly significant in delivering on the business plan. These agencies receive funding from GAVI and have committed to a set of deliverables as part of the business plan. As such, there is potentially a tension between respecting the independence of the partners, while at the same time needing to manage for results. The performance management process strives to create the right level of accountability and transparency while avoiding micro-managing the activities of these partners.

(b) **Process risk:** to function well, the performance management process necessitates timely and accurate reporting from multiple departments in GAVI, WHO and UNICEF. To help mitigate this risk, the reporting process is managed by the Performance Management Unit in the Secretariat, which also provides the appropriate level of synthesis to the various management forums. Continued buy-in and engagement by senior management of the three organisations is vital to mitigate this risk.

8. Legal implications

8.1 Not applicable.

9. Consultation

9.1 The business plan reporting process described above has been led by the Secretariat in close consultation with the GAVI focal points at WHO and UNICEF.

9.2 The corporate KPIs are currently being reviewed by the Executive Committee of the Board.

10. Gender issues

10.1 An outsourced Gender Help Desk has been established to ensure that GAVI implements the business plan in accordance to the operating principle of ensuring gender equity in all area of engagement.

11. Implications for the Secretariat

11.1 As described in the report

ⁱ Reports available on MyGAVI site on
<https://beta.gavialliance.org/display/boardgroup/Performance+management>