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RBM Partnership Risk Management Framework

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INTRODUCTION

According to the International Standard on Risk Management (ISO 31000:2018), a risk is defined as the “effect on uncertainty on objectives”. The Guide to the Project Management Body of Knowledge (PMI PMBOK Guide® 6th edition) defines risk, within project management, as “an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives.” PRINCE2 defines a risk as “an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives”.

In considering risk, there must first be a degree of uncertainty whether the event or set of events will happen, and second, to be considered as a risk, the intended objectives must be impacted, should the event (or set of events) occur. This reinforces the notion of risk management also playing an effective role in helping prioritise where efforts should be applied.

Additionally, contrary to a common perceived notion that risks represent only negative scenarios, which we also refer to as threats, the impact on objectives can also represent something positive, known as opportunities, which might be worth actively pursuing.

It is also important to observe that at any given time and situation, when one goes through an exercise for identifying risks, the number of identified risks can be rather high, depending on the context, the technical complexity and the risk appetite. Due to a normal constraint related to the availability of resources needed to tackle all the identified risks, it is common practice to undertake analyses meant to better understand the nature of these risks so that the most relevant ones can have prioritised resources and actions to manage them.

Risk management is defined as “the coordinated activities to direct and control an organisation regarding risk.” The objective of putting efforts into risk management is to maximise opportunities and to minimise potential adversities, while also increasing the understanding and visibility of activities and deliverables to be produced.

BACKGROUND ON RBM

The RBM Partnership to End Malaria is a global public health partnership, hosted by the United Nations system, and the largest multi-stakeholder platform to fight malaria. In alignment with RBM 2018-2020 Strategic Plan, for the SDG era, the next phase of the Partnership’s work focuses on the new malaria elimination agenda, structured around three major strategic priorities: keeping malaria high on the political agenda to ensure continued commitment and prioritisation of malaria to achieve the 2030 global malaria targets; accelerating progress towards effective control and elimination through regional malaria initiatives which ensure collective progress; and sustained and increased financing for malaria, including domestic financing. The strategic priorities are delivered through the joint efforts of Partners.

Due to its global outreach and close engagement with a very large number of partners, the Partnership has numerous activities in many countries, which may be coordinated or implemented through partners. In addition, given the Partnership’s focus on malaria endemic countries, where the operating environment is challenging and often risk, it is important to recognise the risks and manage them appropriately.

The RBM Partnership's strategic objectives and deliverables under its responsibility, within a finite duration between 2018-2020, bring a level of dynamism that increases its unpredictability, calling for a more structured approach to proactively address the uncertainties.

OBJECTIVES OF THIS DOCUMENT

The RBM Partnership Secretariat (hereinafter "RBM") recognises that proper risk management is an integral part of governance and good management practices. This document has the objective of setting out the statement of overall intention and direction related to the approaches of risk management necessary to be implemented by RBM so that it remains sound, aware of threats and opportunities and adequately responsive to those. It is part of the effort to formally define the governance by which RBM will manage its risks, specifying the distribution of rights and responsibilities among the different participants in the organisation. Additionally, this document has the purpose of communicating to relevant stakeholders the risk-related practices being implemented, thus warranting transparency of its management.

RISK MANAGEMENT WITHIN UNOPS HOSTING

The RBM Partnership is hosted by the United Nations Office for Project Services (UNOPS) headquartered in Copenhagen, with day-to-day administrative support from its Geneva Office. It assumes its legal identity from UNOPS and therefore availing the privileges and immunities of the United Nations. Due to this arrangement, it is subject to UNOPS' risk management system, though that system relates primarily to custodial responsibility of donor funds provided to the Partnership and their disbursement. The Partnership will follow UNOPS' administrative rules and regulations for all aspects relating to HR, finance and procurement of goods and services.

The RBM Board is not part of the UNOPS decision-making and accountability hierarchy. The Board has no reporting relationship to UNOPS except for following administrative rules and regulations. The Partnership is subject to the UNOPS internal audit of UNOPS, and therefore has to comply with its recommendations with respect to UNOPS administrative rules and regulations.

Furthermore, UNOPS has no substantive experience in public health. UNOPS is a non-voting *ex officio* member of the Board, advising the Board on the administrative and financial implications of the decision of the Board and Partnership in the context of UNOPS' Regulations and Rules. UNOPS undertake due diligence on all expenditures undertaken by the Secretariat, reviewing them in light of the UNOPS Regulations and Rules.

The management of risks that RBM faces with respect to its strategic decisions are solely the responsibility of the Partnership. The oversight of risk management rests with the Board, supported by the Finance Committee and the Chief Executive Officer (CEO).

RISK MANAGEMENT PRINCIPLES

The RBM Secretariat CEO, supported by the RBM Secretariat and UNOPS as its host entity for fiduciary matters (broadly used to cover financial, legal, reputational, governance and other related matters), is responsible for the oversight of the RBM risks. In order to enable this oversight to be effective, this Framework defines the approaches, tools, techniques, documents and processes that will be used to identify, assess, prioritise, develop and implement risk responses

and later monitor those risks and their respective risk responses to validate their effectiveness. Lastly, it also aims to provide the documentary evidence required to demonstrate RBM's compliance with this established Framework.

RBM understands that vigilant risk taking is necessary for achieving its strategic objectives and realize its expected outcomes, while mitigating the threats that may impact its objectives and its reputation. RBM must proactively engage in awareness activities that result in risk management principles being embedded into the culture and in how activities are undertaken.

The RBM Risk Management Framework is based on the following guiding principles, which are intended to provide supportive guidance rather than be prescriptive:

1. Risk management for RBM is the responsibility in practice of the RBM CEO, supported by the RBM Secretariat, and reporting to the RBM Board.
2. It is an integral part of all processes executed within the RBM Secretariat.
3. It protects RBM's expected outcomes.
4. It is tailored to RBM' context and risk appetite.
5. It facilitates continual improvement of the RBM Secretariat.
6. It is transparent and inclusive.
7. It provides relevant information for decision-making.
8. It explicitly addresses uncertainties.
9. It is systematic, structured and timely.
10. It is based on the best available information.
11. It is dynamic, iterative and responsive to change.

RBM RISK MANAGEMENT FRAMEWORK

The RBM Risk Management Framework provides a comprehensive approach for performing and documenting the complete life cycle of risk management for the RBM Secretariat, including the context, and the categorisation of the processes necessary for:

- Risk identification,
- Risk Assessment and prioritisation,
- Risk response planning and implementation of responses,
- Monitoring and controlling of risk status and the effectiveness of risk responses, and
- Communication of risk status to relevant stakeholders, based on their subject matter areas and needs.

Risks events identified and assessed during risk management sessions will be registered in the RBM Risk Log, with the appropriate assignment of ownership for the risk and for any necessary risk response actions.

RBM RISK CATEGORIES

Risks may appear out of many different sources. An effective manner to enable a more proactive approach to managing risks can be achieved by explicitly identifying the categories under which risks can originate from. This allows for a greater level of understanding of the main reasons which could impact the RBM objectives, ultimately raising the awareness to towards its protection. This will be achieved by classifying the identified risks using the following categories:

Risk	Examples
<i>Strategic</i>	Stemming from strategic and business decisions
<i>Financial</i>	Linked to financial efficiency and expenditure, financial compliance, financial management and financial reporting
<i>Governance</i>	Related to the management of decision-making structures
<i>Operational</i>	Arising from execution of decision, resource allocation and the business environment, including the safeguards of employees and legal matters (linked to people, processes, technology)
<i>Political</i>	Stemming from exercise of power by governmental actors and non-governmental groups, from inaction or direct action
<i>Reputational</i>	Linked to public confidence in the Partnership
<i>Societal</i>	Linked to increase in incidence of malaria, drug resistance
<i>Emerging</i>	Risks where there is insufficient information available at the moment

RISK APPETITE

The Institute of Risk Management defines risk appetite as “the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives”, noting that organisations have different risk appetites depending on their sector, culture and objectives.

In other words, RBM needs to determine, put into practice and communicate as a guidance for its management and operation, the amount (tolerance levels) of risk that the Partnership will

accept considering its capacity to do so. This is because risks are inherent to any such endeavour, and establishing and communicating the tolerance to bear risks is essential for the governance of RBM, as it provides to every professional with the information he or she needs to have to make informed decisions, besides formally identifying when the risk needs to be escalated for deliberation and/or action taking.

The RBM Board, as supported by the CEO and the Finance Committee, are responsible for defining and communicating the risk appetite for RBM. In defining the RBM risk appetite, the following factors are considered:

1. **Strategic objectives:** What are the risks that can be taken in order to be able to achieve the strategic objectives of the programme?
2. **Key stakeholders:** What risks are our decision-makers willing to accept?
3. **Values:** What risks will not be tolerated?
4. **Capacity:** Does RBM have the required resources to manage those risks?

The Partnership will have a different risk appetite depending on the type of risk, having the lowest tolerance for risks related to compliance with administrative, financial and other rules and procedures. In its initiatives and actions, in which a certain level of risk is implicit, a higher level of risk will be tolerated, mixed with caution, agility and due diligence. While greater risk may be considered at the strategic level, operational level risk will need to be reduced through the application of well-defined guidelines and processes and risk mitigation actions.

Risk	Tolerance
<i>Strategic</i>	Medium to high
<i>Operational</i>	Medium
<i>Political</i>	Medium
<i>Financial</i>	Low to medium
<i>Goverannce</i>	Low to medium
<i>Reputational</i>	Low
<i>Societal</i>	Low

ASSESSING AND PRIORITISING RISKS

Since the number of risks can turn out to be high, best practices of risk management suggest that approaches for prioritising risks are taken so that resources can be optimally allocated. The RBM Risk Management Framework establishes a pre-determined scale for assessing the risk's probability of occurrence and impact to the RBM objectives, as described below.

SCALE FOR ASSESSING PROBABILITY AND IMPACT

The probability of occurrence (risk probability) looks at the identified risk under the perspective of whether it may or not happen, and how certain can we be of the possibility that it will happen. Identified risks should be assessed using the following scale for probability of occurrence:

Risk probability	Definition	Risk level
Low	Very rare, the risk may occur in exceptional circumstances	1
Low to medium	Rare, the risk may occur in few circumstances	2
Medium	Possible, the risk may occur	3
Medium to high	Likely, the risk is likely to occur	4
High	Quite likely, reasonably certain to occur	5

Another perspective to be used for assessing the final importance of the risk is known as risk exposure (risk impact), and it represents the impact to the RBM objectives, should that risk happen. When assessing the risk impact, one should pretend that the risk has happened, meaning that it should no longer be considered a possibility, but rather a fact so that, for risk assessment purposes, the potential impact to the objectives can be better reflected. In assessing the impact of the risk to the RBM objectives, the following scale should be used:

Risk impact	Definition	Risk level
Low	Negligible impact	1
Low to medium	Minor impact on operational performance	2
Medium	Medium impact on operational performance	3
Medium to high	Important impact on operational performance	4
High	Major impact on operational performance	5

The determination of the importance of the risk is calculated multiplying the *Risk Probability* by the *Risk Impact*, resulting in the *Risk Exposure*, which means how important is that risk to RBM's objectives, and must anyone be responsible for taking any mitigating actions towards it or not.

RBM has defined the following matrix for assessing risk exposures:

Probability	High	5	10	15	20	25
	Medium to high	4	8	12	16	20
	Medium	3	6	9	12	15
	Low to medium	2	4	6	8	10
	Low	1	2	3	4	5
		Low	Low to medium	Medium	Medium to high	High
		Impact				

	Risk exposure	Risk score
	Low exposure	5 or below
	Moderate exposure	6-11
	Significant exposure	12-16
	Severe exposure	17-26

It is important to note that for both probability and impact, the degree of certainty is never accurate, as risks are about potential events in the future.

ESCALATION OF RISKS

When assessing risks for RBM, two scenarios can arise requiring the need to escalate the risk:

1. The risk represents a threat or opportunity that is beyond the assessor’s decision-making authority, thus the need to escalate to the appropriate person who has the pre-defined role/authority to take decisions regarding the risk; or
2. The risk requires action-taking by somebody else other than the one who assessed the risk exposure, so the risk should be handed to another person for proper action-taking.

The rules for escalating risks are described in the following table, and they consider the risk exposure calculated above (and their corresponding colours):

Escalator	Recipient of Escalation				
	RBM Secretariat	COO*	CEO*	RBM Finance Committee	RBM Board*
RBM Secretariat		X			
COO			X		
CEO	X	X		X	X
RBM Finance Committee			X		X
RBM Board			X	X	

**UNOPS will be consulted on risks related to fiduciary matters, as per the hosting arrangements. UNOPS has daily interactions with the COO, regular interactions with the CEO, and is an ex-officio member of the RBM Board.*

When escalating risks to the appropriate recipients as defined above, one must take into consideration the nature of the risk, which means that the escalated risk must fit the roles and responsibilities of the recipient receiving that risk escalation, as well as reporting lines.

ROLES AND RESPONSIBILITIES

An important aspect of risk governance is the clear definition of the roles and responsibilities of those involved in the management of RBM risks, so that appropriate actions can be taken by those with appropriate authorities and responsibilities. These roles and responsibilities should also respect the established organisational definitions of risk appetite and how risks are assessed as per their relative importance to RBM.

This section sets out the role and responsibilities of applying this policy, and recognises its linkage to the RBM governance framework relating to the risk management activities:

The RBM Partnership Board

The Partnership Board is the governing body of the Partnership, and leads the Partnership in the drive towards achieving RBM's vision through its strategies and associated operational plans. Among others, it will:

1. Approve and authorise this policy;
2. Determine and continuously evaluate the appropriateness of the risk appetite for the RBM in consultation with the Finance Committee and CEO;
3. Assure that the Finance Committee and the RBM Secretariat have the capabilities and resources required to assess and manage its risk profile;
4. Revise the key risks from the risk register at least semi-annually, at each Board meeting, following Finance Committee review, and ensure their mitigation responses support the RBM strategic goals and objectives; and
5. Manage the risks of which it is the risk owner (severe risk exposure).

The RBM Partnership Finance Committee

The Finance Committee has been established to provide the RBM Partnership Board with senior-level advice regarding the organisation's business, and finance objectives, including any significant risk management issues. Among others, it will:

1. Review and endorse this policy for Board approval;
2. Ensure that the RBM Secretariat applies the principles, processes and tools described in this Risk Management Framework;
3. Ensure that the RBM Secretariat has an ongoing process to update its Risk Profile to respond to major changes in strategic direction as per decisions made by the Board;
4. Revise the key risks from the risk register quarterly, before each Board meeting, review, and ensure their mitigation responses support the RBM strategic goals and objectives; and
5. Manage the risks of which it is the risk owner (significant risk exposure).

The RBM CEO and Secretariat

The CEO, with support from the Secretariat and UNOPS, is responsible for proactively managing the RBM risks, and will:

1. Identify, assess, and respond to risks in alignment to the risk appetite, ensuring that the procedures are established to mitigate the negative impact of threats and leverage the positive impact of opportunities, in the best interest of RBM;
2. Develop and maintain the Risk Management Framework and the risk log for RBM;
3. Monitor overall compliance and adherence to this framework;
4. Annually review and recommend changes to this Framework, as needed, for review by the Finance Committee and approval of the Board;
5. Summarise the key risks and their status to present to the Board, at least on a semi-annual basis, at each Board Meeting;

6. Assure that the Secretariat has the capabilities and resources required to manage the risks RBM is taking on as a result of implementing its functions and tasks;
7. Escalate strategic risks to the attention of the responsible bodies when those risks represent imminent high impact to RBM; and
8. Manage the risks of which the RBM Secretariat is the risk owner (low and moderate risk exposure).

REPORTING REQUIREMENTS

The RBM CEO shall provide the Finance Committee and the Board with regular reports on the status of particular risks facing RBM.

Risk management reports shall provide sufficient information to allow the Finance Committee and Board to have a dynamic and constructive risk dialogue when discussing and addressing the reports and will as a minimum:

1. Address key risks from the risk log, including for each risk context, including alignment with strategy and Risk Appetite, and analysis, including the Level of Risk, the impact of the risk on stakeholder value and an evaluation of the exposure; and treatment options and chosen action;
2. Address risks for which the Board is the risk owner;
3. Capture and align information at a level that is consistent with the Board risk oversight responsibilities and consistent with the level of information determined necessary by the Board to make informed decisions;
4. Utilise standardised templates to support consistent presentation and structure of risk information over time;
5. Be updated and distributed in a timely manner consistent with the pace of risk evolution and severity of risk; and
6. Prepare special reports on escalated risks, should they occur.

The soundness of the risk management approach and the quality of its practice are assessed by the Internal Audit Office of UNOPS operating under the UN Board of Auditors. It serves as RBM's Internal Auditor. This would be augmented, as applicable, by independent external evaluations.

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