

**SUBJECT: RISK MANAGEMENT UPDATE**

**Agenda item: 09**

**Category: For Decision**

## **Section A: Executive Summary**

### **Context**

The Gavi Board has ultimate responsibility for risk oversight in the Alliance and is responsible for agreeing on overall risk appetite and understanding and agreeing the most significant risks and related mitigation. It therefore receives an annual comprehensive Risk & Assurance Report (see Annex A).

### **Questions this paper addresses**

The Risk & Assurance Report discusses the most critical risks that could potentially have an impact on the ability of the Alliance to achieve its mission and strategic goals. The report has been reviewed and recommended for approval by the Audit & Finance Committee (AFC). The Gavi Alliance Board is requested to approve the report and to provide guidance on the questions outlined below.

### **Conclusions**

This year's report shows that Gavi's overall risk profile has remained stable with most top risks continuing to be elevated due to the current environment, Gavi's ambitious strategy and the mission of the COVAX Facility. Two top risks have decreased, two increased, and last year's single aggregate COVAX-related risk has now been disaggregated into four risks as the Facility has moved from design to operationalisation and delivery. Three risk exposures are deemed to be outside of Gavi's updated risk appetite as long as intensive mitigation is still ongoing.

## **Section B: Risk and Assurance Report 2021**

### **1. Portfolio discussion on top risks to the Alliance**

- 1.1 This is the 6th annual Risk & Assurance Report which discusses the most critical risks that could potentially have an impact on the ability of the Alliance to achieve its mission and strategic goals. The report provides an update on risk management across the Alliance, an analysis of macro-trends affecting Gavi's risk profile, an overview of key changes in top risks compared to last year, and an overview of how current levels of risk compare to Gavi's risk appetite (i.e. its willingness to accept being exposed

to certain risks) as per the recently updated Risk Appetite Statement<sup>1</sup> approved by the Board at its June 2021 meeting. Detailed information including analysis of each top risk and corresponding mitigation is included in the annexes. Where applicable, links are made with findings from audits, evaluations and other reviews if these provided insights or assurance on the effectiveness of existing mitigation measures or identified new risks.

- 1.2 This year's report prioritises 19 top risks and shows that Gavi's overall risk profile has remained stable with most top risks continuing to be elevated due to the current environment, Gavi's ambitious strategy and the mission of the COVAX Facility. Two top risks have decreased, two increased, and last year's single aggregate COVAX-related risk has now been disaggregated into four risks as the Facility has moved from design to operationalisation and delivery. Three risk exposures are deemed to be outside of Gavi's updated risk appetite as long as intensive mitigation is still ongoing. The understanding of existing risks has been enhanced through work by risk owners and colleagues across the Alliance and reviews in the Secretariat's Risk Committee.

## 2. Board Committee discussion and guidance

- 2.1 The Audit and Finance Committee (AFC) has reviewed the report and recommended it for approval. There was some discussion on whether the top risks **Country management capacity**, **COVAX delivery** and **COVAX supply** were deemed just within or outside of risk appetite given that intensive mitigation is already ongoing and many remaining factors are outside of Gavi's control based on its current mandate and operating model. The AFC agreed that current mitigation actions were adequate but felt that as long as intensive mitigation is still ongoing, these risks should be deemed outside of risk appetite as long as mitigation actions are still to take full effect. AFC members also suggested that the top risk **Cyber-attack** is trending upwards given global trends and an increase in finances, as well as the top risk **Secretariat disruption** given that people and processes continue to be stretched and increasingly face fatigue.
- 2.2 The Programme and Policy Committee (PPC) also extensively discussed risks as part of the strategy, programmes and partnerships update, as well as during specific agenda items, notably the COVAX item querying supply and demand/delivery risks as well as risks and trade-offs vis-à-vis Gavi core programmes and routine immunisation. In the context of the Fragility, Emergencies, Refugees (FER) policy it was questioned how to move towards early-warning signals and planning for the unplanned, and what an adequate risk appetite would be in fragile and emergency situations ensuring both proper safeguards as well as a prompt and simple response.

<sup>1</sup> See <https://www.gavi.org/news/document-library/risk-appetite-statement> or in French: <https://www.gavi.org/fr/actualites/librairie-de-documents/declaration-de-gavi-alliance-sur-lappetit-pour-le-risque>

### **Section C: Actions requested of the Board**

The Gavi Alliance Audit and Finance Committee **recommends** to the Gavi Alliance Board that it:

**Approve** the Risk & Assurance Report 2021 attached as Annex A to Doc 09.

The Gavi Alliance Board is furthermore requested to **provide guidance** on the following questions:

- a) Does the Board agree with the top risks identified this year and its ranking against likelihood and impact?
- b) Are there concerns on risk exposures not within Gavi's risk appetite and, if so, are further investments or different approaches to mitigation required?

### **Annexes**

**Annex A:** Risk & Assurance Report 2021