

Annex B: Ethics, Risk and Compliance update

1. Review of Gavi's Risk Appetite Statement

- 1.1 In 2023, Gavi's Board approved changes to the Alliance Risk Appetite Statement by reducing the current risk appetite (balanced) for Vaccine-Preventable Diseases (VPD) outbreaks to low while maintaining the current risk appetite (low) for campaigns undermining routine immunisation being of low quality.
- 1.2 In 2024, the Ethics, Risk and Compliance office (ERCO) is pursuing a holistic review of the Alliance Risk Appetite Statement through a two-phased approach:
 - 1.2.1 **Operationalising**, through development of guidance, the latest Board-approved Risk Appetite Statement aligned with Gavi 5.1 strategy to help Gavi's staff interpret the Risk Appetite Statement and make conscious and consistent risk-based decisions, in line with the defined risk appetite; and
 - 1.2.2 **Updating** the Risk Appetite Statement following the approval of Gavi 6.0 strategy by the Board in June 2024 to ensure that the risk acceptability levels applied by the Alliance as of 2026 are aligned with the new objectives and strategic goals. The updated version of the Risk Appetite Statement will be submitted for Board approval during the 2025 governance cycle and will come into force at the same time as the Gavi 6.0 strategy.
- 1.3 Both the operationalisation of the latest Board-approved Risk Appetite Statement and its update in light of Gavi 6.0 strategy will imply several in-depth consultations with Risk Owners, Senior Leadership Team (SLT), Alliance Partners and Board Committees members to ensure an inclusive review process.
 - 1.3.1 For the operationalisation of the latest Board-approved Risk Appetite Statement (related to Gavi 5.1 strategy), Programme and Policy Committee members and Audit and Finance Committee members will be consulted between July and October 2024 to review guidance related to programmatic risk appetite;
 - 1.3.2 For the update of the Risk Appetite Statement considering Gavi 6.0 strategy, members of the Audit and Finance Committee and of the Programme and Policy Committee as well as all relevant internal and external stakeholders will be consulted from July 2024 to December 2025 to review and/or approve both the updated Risk Appetite levels and the related operationalisation plans; and
 - 1.3.3 ERCO will share in advance a detailed consultation timeline with all relevant stakeholders.

2. Strategic and Operational Risks Management

- 2.1 Two risk categories can be distinguished in Gavi's risk landscape: strategic and operational risks.
- 2.2 Strategic risks concern the fundamental ability for the Gavi Alliance to deliver on its mission, strategic goals and objectives. Strategic risks are therefore directly related to Gavi's five-year strategic cycles and span the period of strategic implementation and evaluation in preparation for the next strategic cycle.
- 2.3 Operational risks concern essential operational elements cascading from Gavi's strategic goals. They include:
 - 2.3.1. **Departmental risks** referring to risks for a department/team relating to the achievement of their annual objectives, identified as part of the annual work planning cycle;
 - 2.3.2. **Programmatic risks** related to in-country programmatic activities or plans and following the cycle of countries' grants; and
 - 2.3.3. **Project risks** referring to major decisions and transformation projects within the organisation which could have implications for multiple countries. Project risks cycle follows the project duration from initiation to finalisation.
- 2.4 Gavi has developed standard operating procedures (SOP) for Strategic and Operational Risk management. Each SOP provides detailed instructions for effective risk management in the context of the Alliance. ERCO has the responsibility to oversee implementation of both SOPs and update them as and when needed or requested.
- 2.5 The Strategic and Operational Risk management processes are complementing each other. The Strategic Risks assessment is leveraging information and data from Operational Risks linked or tied up to strategic goals.
- 2.6 Gavi's risk management process (operational and strategic) includes the following steps:
 - 2.6.1. **Risk Identification** is the process of documenting any risks that could keep Gavi's Alliance from reaching its strategic and/or operational objectives;
 - 2.6.2. **Risk Assessment** is principally about quantifying risk and requires consideration of the sources of identified risks, an assessment of their potential consequences in terms of achieving objectives, and judgment as to the likelihood that the consequences will occur;

2.6.3. **Risk Mitigation** is the process of determining and implementing actions and plans to reduce the impact of potential risks to fit the Board-approved risk appetite;

2.6.4. **Risk Monitoring** involves regularly reviewing risks and their potential impact on objectives and operations; and

2.6.5. **Risk Reporting** is the process of communicating and escalating information on risks and related mitigating plans to ERCO, Senior Management, and Board.

3. Update on Programmatic Risk Management

- 3.1 In coordination with Gavi's Operational Excellence agenda and responding to audit recommendations, programmatic risk management is maturing within the Secretariat. Additional staff within the Ethics, Risk and Compliance team (since November 2023) has allowed more intensive engagement with country-facing teams across Gavi including regular inputs to the EVOLVE transformation. This has led to more structured consideration of integrating a risk-based / differentiation approach within the EVOLVE Target Operating Model (TOM).
- 3.2 In preparation for Gavi 6.0 strategy and the major shifts proposed by EVOLVE, the linkage of risk appetite to programmatic decision making is a key theme for the coming quarters. Recognition of risks that could affect the success of immunisation programming already exists in the Gavi processes, themselves developed from WHO normative guidance. The Gavi risk team is working with Funding, Design & Review (FD&R), Country Programmes Delivery (CPD) and Vaccine Programmes teams to establish how the identified risks are categorised in terms of potential severity of their (negative) impact on successful implementation. Future discussions with the Programme Support Team (PST) and Portfolio Financial Management (PFM) are scheduled to link Partners' Engagement Framework – Targeted Country Assistance (PEF-TCA), Foundational Support and use of in-country agents as means to address capacity gaps and mitigate other risks that have been identified.
- 3.3 In the coming months, detailed programmatic risk management discussions will engage individual Senior Country Managers (SCMs) as well as segment directors to ensure that proposed risk assessment documentation is complementary to their processes and meets their decision-making needs.