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Subject            **Update from Ethics, Risk and Compliance Office**

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Agenda item    **08**

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Category        **For Decision**

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## **Section A: Executive Summary**

### **Context**

The Gavi Alliance Board is responsible for overseeing implementation of Gavi's enterprise risk management, including effective mitigation of top risks. To exercise its oversight responsibilities, it receives the Annual Risk and Assurance Report (See Annex A).

The Board is also the owner of the Gavi Alliance Risk Appetite Statement for which changes are also being proposed (See Annex B).

### **Questions this paper addresses**

- The Risk & Assurance Report discusses the most critical risks that could impact the ability of the Alliance to deliver on its mission and achieve its strategic goals. The report has been reviewed and recommended for approval by the Audit & Finance Committee (AFC). Guidance was also sought from the Programme and Policy Committee (PPC) on the programmatic risks. The Gavi Alliance Board is requested to approve the report attached as Annex A.
- Moreover, the 2021 Board-approved Risk Appetite Statement describes the amount of risk that the Alliance is willing to take, accept or tolerate to achieve its strategic goals. The Gavi Alliance Board is requested to approve proposed changes in the Risk Appetite Statement as a result of the increasing trend in the overall number of Vaccine-Preventable Diseases (VPD) outbreaks, driven primarily by Cholera, Measles and to a lesser extent, Yellow Fever and other VPD outbreaks (See Annex B). These proposed changes have also been reviewed by both the PPC and the AFC.
- To note that the introduction of an Ethics, Risk and Compliance (ERC) Charter, that describes the goals, mandates, services, structures, and resources which Gavi has allocated for the establishment of an independent ERC Office led by Gavi's Chief Ethics, Risk and Compliance Officer is being proposed. The risk aspects of the ERC charter have been reviewed by the AFC. The final draft of the ERC Charter will be reviewed by the Governance Committee at its meeting on 3 December 2023, and pending the endorsement of the Governance Committee, will be submitted to the Board for approval on the Consent Agenda for the 6-7 December 2023 Board meeting.

### **Conclusions**

This year's Risk and Assurance Report details 10 top risks, i.e. risks that could impact the ability of the Alliance to deliver on its mission and achieve its strategic goals. Gavi's

overall risk profile has changed, with six top risks increasing and two top risks decreasing. Three risk exposures are deemed to be outside of Gavi's risk appetite with intensive mitigation still ongoing. The report also highlights 10 other relevant risks to be monitored during 2024.

The AFC has reviewed the draft Risk and Assurance Report 2023 as proposed in Annex A and recommends it for Board approval.

Given the increase in VPD outbreaks and its devastating impact on morbidity and mortality of children, the AFC recommends to formally revisit the June 2021 Board Risk Appetite Statement, as proposed in Annex B.

## **Section B: Facts and Data**

### **1. Risk and Assurance Report 2023**

- 1.1 This is the 8th annual Risk & Assurance Report which discusses the most critical risks that could have an impact on the ability of the Alliance to deliver on its mission and achieve its 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 the top risk landscape compared to last year, and where relevant an analysis of current risk levels compared to Gavi's Board-approved risk appetite. Detailed information on each top risk and assessment of mitigations effectiveness are also included in this report. The understanding of existing risks has been enhanced through active engagement with risk coordinators, Senior Leadership Team and Alliance Partners. Moreover, the risk assessment methodology has been redefined to align with Gavi's context, as described in the report's annexes. The Annual Risk and Assurance Report has been reviewed and signed off by the Senior Leadership Team, Chief Ethics Risk and Compliance Officer (CERCO) and the CEO ad interim.
- 1.2 With the Gavi Board retaining responsibility for risk oversight in the Alliance, the Audit and Finance Committee (AFC) has the delegated responsibility to oversee, review and monitor the effectiveness of risk management systems and processes, and make recommendations to the Gavi Alliance Board.
- 1.3 As such, the AFC has reviewed the report as proposed in Annex A and recommended it for approval. There was acknowledgment of the importance of risks related to country and Alliance capacity, with further partner diversification being a key mitigant as well as a risk in terms of increased complexity and coordination needs. There was also some discussion on identifying controls of Alliance partners on Country Management Capacity. Moreover, it was clarified that the Health System Strengthening (HSS) risk was influenced by external factors that are challenging to anticipate. The Committee also suggested to highlight risk related to Alliance partners capacity and capabilities as part of the annual risk and assurance report. Regarding the Alliance risk management process, the AFC underlined the importance of both identifying risk managers

and establishing a clear accountability process. The Committee also stressed the need for engaging management and peers to mitigate risks.

## **2. Proposed changes to Risk Appetite Statement**

- 2.1 A severe impact of pandemic-related disruptions is an increasing trend in the overall number of vaccine-preventable disease (VPD) outbreaks, driven primarily by measles and cholera and to a lesser extent yellow fever, with countries facing a decline in routine immunisation coverage and delays in conducting campaigns. Following guidance from the Programme and Policy Committee (PPC), Alliance partners and some donors on measles outbreaks, the Secretariat has revisited the June 2021 Board Risk Appetite Statement for VPD outbreaks and suggested changes to help close the immunity gap and decrease the risk of large disruptive outbreaks through timely and quality preventive campaigns.
- 2.2 The Secretariat proposes to reduce the current risk appetite (balanced) for VPD outbreaks to low while maintaining the current risk appetite (low) for campaigns undermining routine immunisation of being of low quality. Note that given the increasing trend of outbreaks beyond measles only, the changes proposed by the Secretariat cover VPD outbreaks to a wider extent.
- 2.3 The Measles Rubella Partnership (MRP) composed by WHO, UNICEF, Centres for Disease Control and Prevention (CDC), American Red Cross, Bill & Melinda Gates Foundation and Gavi's Secretariat have welcomed and fully support the proposed changes to the current Risk Appetite Statement. The Secretariat also supports additional changes proposed by the MRP and partners to reflect the ongoing need for timely campaigns, the funding of operational support for outbreak response and the potential need to assume a higher risk appetite in situations beyond contexts that meet Gavi's definition under the Fragility, Emergencies and Displaced Populations (FED) policy of 'fragile' and 'emergency'.
- 2.4 With regards to the operationalisation of the proposed changes, the MRP is fully aligned on supporting action to mitigate outbreaks, to redesign and redefine quality preventive campaigns, leveraging the MRP definition of a quality campaign, and will support the necessary measures that will facilitate the implementation of high-quality campaigns working in partnership with the Health Campaign Effectiveness Coalition.
- 2.5 Given the Gavi Board responsibility for agreeing on overall risk appetite, proposed changes to the Risk Appetite Statement – already reviewed by the AFC and the PPC, are recommended herein for Gavi Board approval (See Annex B).

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

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

- a) **Approve** the draft Risk and Assurance Report 2023 as set out in Annex A to Doc 08; and
- b) **Approve** the updated Risk Appetite Statement as set out in Annex B to Doc 08.

### **Annexes**

**Annex A:** Draft Risk and Assurance Report 2023

**Annex B:** Updated Risk Appetite Statement