

## Annex A – Updated Risk Appetite Statement

### Introduction

Every organisation needs to take risk to achieve their objectives and sometimes the greatest risk is inaction. Effective risk management optimises potential outcomes by balancing risk versus reward and the cost of mitigation versus the potential benefit this brings. Gavi's Risk Appetite Statement defines on a broad level the amount of risk the Alliance is willing to take, accept, or tolerate to achieve its goals. Risk appetite is defined at the mission, organisation and strategy level on a five-point scale between low and high. A high risk appetite represents a willingness to be exposed to a high likelihood and / or potential impact of a risk. Having a high appetite for a risk does not mean actual occurrence of the risk is desirable or the event should be tolerated once it actually occurs.

The purpose of this Board-approved statement is to align stakeholders across the Alliance and guide decision-makers in taking the right amount of the right type of risks to deliver on Gavi's mission. It aims to encourage staff and stakeholders to be risk-aware and to feel comfortable to take agreed and calculated risks where appropriate, to recognise and plan for the possibility of failure, and to learn from both positive and negative results.

### Risk appetite at the mission and organisation level

The Vaccine Alliance embraces the need to take risk given its ambitious mission to rapidly improve coverage and equity of immunisation and build sustainable systems in the world's poorest countries, and given its operating model as an Alliance of many partners with a lean Secretariat without in-country presence. The Alliance is in general willing to accept risks in pursuing its goals, while ensuring effective processes and systems are in place to pro-actively identify, manage and monitor those risks guided by the Board-approved risk appetite.

The Alliance has overall a lower appetite for organisational risks that could impede its ability to deliver on the mission. It seeks to maintain a low level of risk related to the quality and robustness of Secretariat processes, systems and management. Similarly, the appetite for risks associated with the processes, systems and management of Alliance partners is moderately low, while recognising that the Gavi Secretariat has less ability to directly influence this. The Alliance recognises that it is exposed to higher risks associated with weak management and controls at country level and has a moderately high appetite for the risk that these weaknesses may hinder achievement of its goals, working actively to reduce risk exposure over time. However, given its obligation to be an effective steward of donors' resources, Gavi has a low appetite for risks related to fiduciary oversight and control while recognising the risks inherent to its model of channelling support through country systems where these are sufficiently robust. Gavi's reputation is critical to its ability to deliver on the mission, and the Alliance therefore has a low appetite for risks affecting its brand and confidence of its stakeholders.

## **Risk appetite at the strategy level**

### Strategic goals

#### **The vaccine goal: accelerate equitable uptake and coverage of vaccines**

- The Alliance has a high appetite for risks required to increase coverage and equity of immunisation. It recognises that improving coverage and equity requires working in complex settings where it is necessary to take risks in order to reach the most disadvantaged populations.
- In countries facing fragility with even weaker capacity and systems, or in emergency situations (e.g. disease outbreaks), the Alliance is particularly willing to take a high level of risk where this is needed to respond flexibly to special needs.
- The Alliance has in general a high appetite for risks required to accelerate introduction and scale-up of new vaccines. However, this should not adversely impact the coverage, equity or sustainability of routine immunisation programmes, particularly as countries come closer to transitioning out of Gavi support.

#### **The systems goal: increase effectiveness and efficiency of immunisation delivery as an integrated part of strengthened health systems**

- The Alliance has a high appetite for risks required in health system and immunisation strengthening (HSIS), since this is essential to sustainably improve coverage and equity. The Alliance recognises that HSIS investments are inherently riskier than vaccine programmes because they provide financing (as opposed to commodities) and it is harder to demonstrate results (and therefore value for money).
- To build sustainable country capacity and ownership, the Alliance has a preference to channel support through government systems when these are sufficiently robust. However, the Alliance has a low appetite for the risk of misuse. When government systems are insufficiently robust it will utilise alternative mechanisms to ensure strong fiduciary oversight. At the same time, it will provide support to strengthen country systems to ensure they are fit for purpose. In case of actual misuse, the Alliance will always require reimbursement as a condition of continued support
- The Alliance has a low appetite for health systems posing risks to vaccine and immunisation safety.

#### **The sustainability goal: improve sustainability of national immunisation programmes**

- The Alliance has a low appetite for the risk of countries reaching the point of transition with low coverage and without having built sufficient financial and programmatic capacity to sustain their programmes. Short-term efforts to increase coverage and equity and to mitigate fiduciary risk need to be undertaken mindful of the longer-term need to build sustainable country capacity, particularly as countries come closer to transitioning out of Gavi support.
- The Alliance has a moderately low appetite for the risk of a significant reduction in immunisation programme performance after transition. The Alliance actively prepares countries to be ready for transition and will continue to engage after transition, but recognises that it will have less ability to fully mitigate performance stagnating or declining once it stops financing a country's programme.
- The Alliance has a low appetite for the risk of countries defaulting on their co-financing obligations, unless this is justified by exceptional circumstances as determined by the Alliance Board.

#### **The market shaping goal: shape markets for vaccines and other immunisation products**

- The Alliance has a high risk appetite for risks required to transform markets for vaccines and other immunisation products in order to create and sustain healthy markets. It is willing to undertake bold steps to fundamentally and sustainably change market dynamics.
- The Alliance has a moderately low appetite for the risk of supply shortages, to ensure sufficient and secure supply of vaccines, while acknowledging inherent volatility in demand and supply.

## Strategic enablers

### **Country leadership, management & coordination**

- The Alliance has a moderately high appetite for risks associated with operating in countries with limited capacity, given this is a requirement of its mission. The Alliance is particularly willing to accept this in the poorest countries and countries facing fragility and emergencies.
- The Alliance has a high appetite for risks required to strengthen countries' capacity to manage immunisation programmes as this is essential to achieve high and equitable coverage and for sustainability.

### **Resource mobilisation**

- The Alliance has a low appetite for risks affecting the sustainability of donor funding in order to safeguard predictable financing of vaccines. It is willing to take a moderate level of risk where this is required to attract new donors to broaden its donor base.
- The Alliance has a high appetite for risks required for innovative financing models and private sector partnerships in order to lead innovation in sustainable development financing and delivery.
- The Alliance has a low appetite for reputational risks or potential conflicts of interest arising from new or existing donors, innovations or new partnerships.

### **Advocacy**

- The Alliance has a low appetite for the risk that immunisation becomes a lower priority on either the global or national policy agendas.
- It therefore has a high risk appetite for risks required to ensure that the value of vaccines is well recognised in Gavi recipient and donor countries and that immunisation remains a priority at all levels, while balancing reputational risks in politically sensitive settings.

### **Monitoring & evaluation**

- The Alliance has a moderately high appetite for risks associated with working in settings with relatively weak data systems, given this is a requirement of its mission, while actively pursuing strategies to assess and improve them. The Alliance is particularly willing to accept this risk in the poorest countries and countries facing fragility and emergencies.
- The Alliance has a moderate appetite for risks related to grant monitoring and oversight at country level, recognising the challenges of weak capacity and systems in many countries, as well as the need to ensure that the reporting burden on countries is manageable and harmonised with other donor requirements where possible. However, it has a low appetite for risks which could undermine accountability and transparency within and between the Secretariat, Alliance partners and governance bodies.

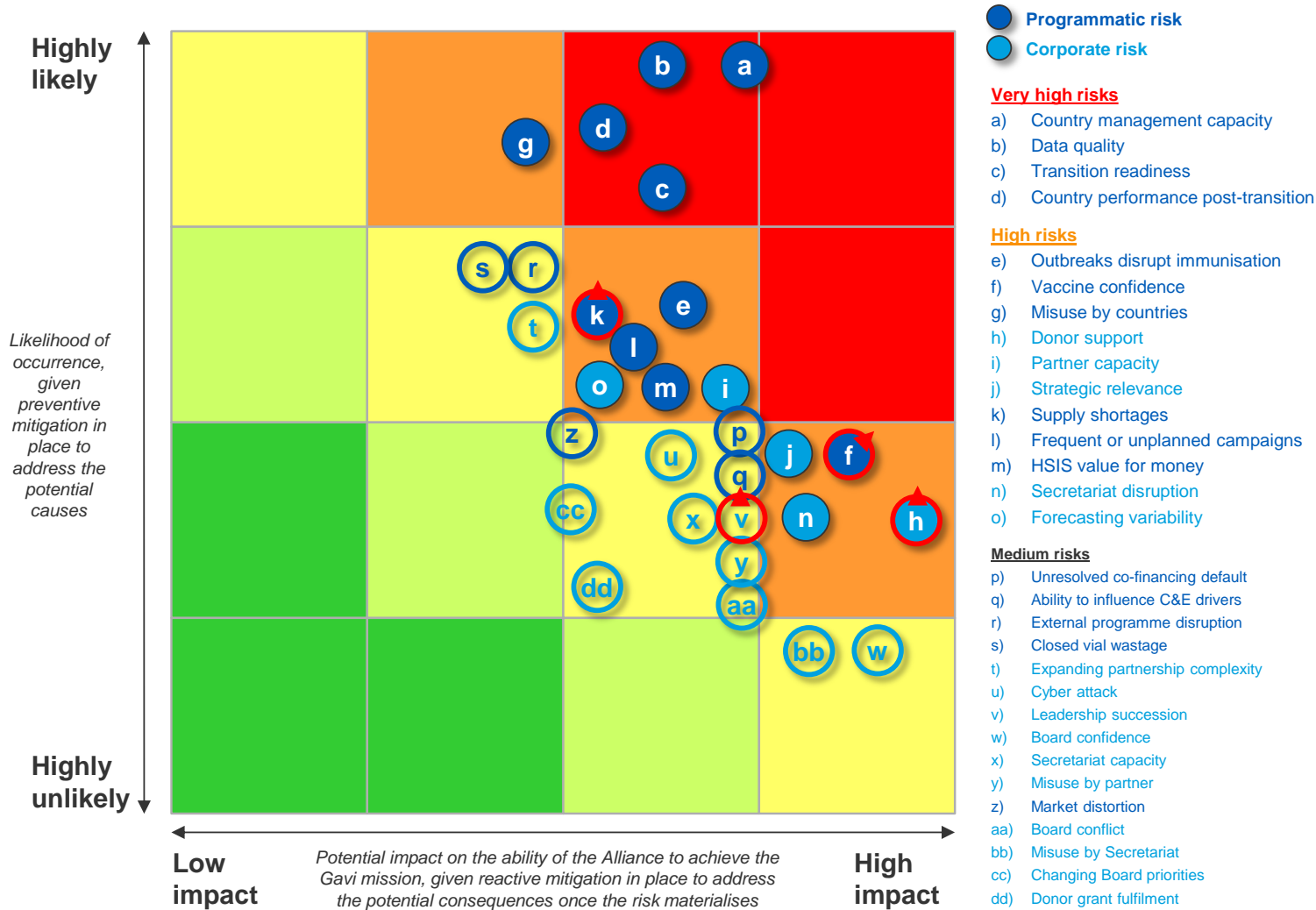
# Gavi's Risk Appetite Statement

The amount of risk the Alliance is willing to take, accept, or tolerate to achieve its goals

<b>Mission &amp; Organisation</b>	The Alliance <b>embraces the need to take programmatic risk</b> given its ambitious mission and operating model, but has a <b>lower appetite for organisational risks</b> impacting Alliance processes, systems and management; fiduciary oversight and control; and brand and stakeholder confidence.			
<b>Strategic Goals</b>	<b>1</b> Accelerate equitable uptake and coverage of vaccines	<b>2</b> Increase effectiveness and efficiency of immunisation delivery as an integrated part of strengthened health systems	<b>3</b> Improve sustainability of national immunisation programmes	<b>4</b> Shape markets for vaccines and other immunisation products
	<b>High</b> <ul style="list-style-type: none"> <li>Risks required to increase C&amp;E and to accelerate introductions</li> <li>Risks required to respond to fragility and emergencies</li> </ul> <b>Low</b> <ul style="list-style-type: none"> <li>Vaccine introductions adversely impact routine immunisation</li> </ul>	<b>High</b> <ul style="list-style-type: none"> <li>Risks required to strengthen health systems</li> </ul> <b>Low</b> <ul style="list-style-type: none"> <li>Misuse of Gavi support</li> <li>Weak systems jeopardise vaccine / immunisation safety</li> </ul>	<b>Moderately low</b> <ul style="list-style-type: none"> <li>Significant reduction in performance post-transition</li> </ul> <b>Low</b> <ul style="list-style-type: none"> <li>Countries transition with low coverage and / or capacity</li> <li>Countries default on co-financing</li> </ul>	<b>High</b> <ul style="list-style-type: none"> <li>Risks required to create and sustain healthy markets</li> </ul> <b>Moderately low</b> <ul style="list-style-type: none"> <li>Supply shortages</li> </ul>
<b>Strategic enablers</b>	<i>Country leadership, management &amp; coordination</i>	<i>Resource mobilisation</i>	<i>Advocacy</i>	<i>Monitoring &amp; evaluation</i>
	<b>High</b> <ul style="list-style-type: none"> <li>Risks required to strengthen country capacity</li> </ul> <b>Moderately high</b> <ul style="list-style-type: none"> <li>Risks of operating in countries with limited capacity</li> </ul>	<b>High</b> <ul style="list-style-type: none"> <li>Risks required for innovative financing and private sector partnerships</li> </ul> <b>Moderate</b> <ul style="list-style-type: none"> <li>Risks required to attract new donors</li> </ul> <b>Low</b> <ul style="list-style-type: none"> <li>Reduction in donor support</li> <li>Reputational risks or potential conflicts of interest</li> </ul>	<b>High</b> <ul style="list-style-type: none"> <li>Risks required to ensure recognition of value of vaccines</li> </ul> <b>Low</b> <ul style="list-style-type: none"> <li>Immunisation becoming lower priority on policy agendas</li> <li>Reputational risks</li> </ul>	<b>Moderately high</b> <ul style="list-style-type: none"> <li>Risks of working in settings with weak data systems</li> </ul> <b>Moderate</b> <ul style="list-style-type: none"> <li>Risks to grant monitoring and oversight at country level</li> </ul> <b>Low</b> <ul style="list-style-type: none"> <li>Risks impacting accountability and transparency in Alliance</li> </ul>

# Alliance top risks ranked against likelihood and impact

























## Current risk exposure, taking into account existing mitigation



## Alliance-wide top risks summary (1/2)

Risk			Risk assessment		Risk evolution	
Category	Risk description	Potential causes	Current level	Mitigation strength	Recent evolution	Long-term outlook
a	<b>Programmatic</b> <b>Country management capacity</b> Some countries (continue to) have insufficient capacity and capabilities to manage immunisation programmes to achieve sustainable coverage & equity	<ul style="list-style-type: none"> <li>Weak existing systems and technical capabilities</li> <li>Weak management capabilities</li> <li>Insufficient human resources</li> <li>Insufficient prioritisation of health and immunisation</li> <li>Inadequate support from Alliance to build capacity</li> <li>External programme disruption</li> <li>Disease outbreaks disrupting immunisation</li> </ul>				
b	<b>Programmatic</b> <b>Data quality</b> Continued lack of availability and use of quality data for immunisation	<ul style="list-style-type: none"> <li>Accurate data not being generated</li> <li>Generated data not shared with decision-makers</li> <li>Shared data not used for decision-making</li> <li>Data being manipulated</li> </ul>				
c	<b>Programmatic</b> <b>Transition readiness</b> Some countries transition without having built sufficient financial and programmatic capacity to sustain their programmes	<ul style="list-style-type: none"> <li>Lack of (subnational) ability/capacity/fiscal space</li> <li>Poor preparation for transition by Alliance</li> <li>Insufficient prioritisation of health and immunisation</li> <li>Overreliance on external support</li> <li>External programme disruption</li> <li>Disease outbreaks disrupting immunisation</li> </ul>				
d	<b>Programmatic</b> <b>Country performance post-transition</b> Some countries fail to sustain equitable immunisation coverage and introduced vaccines after transition	<ul style="list-style-type: none"> <li>Insufficiently prepared before transition</li> <li>Lack of access to global markets and expertise</li> <li>Reduction in (subnational) ability/capacity/fiscal space</li> <li>Reduction in prioritisation of health and immunisation</li> <li>External programme disruption</li> <li>Disease outbreaks disrupting immunisation</li> </ul>				
e	<b>Programmatic</b> <b>Outbreaks disrupt immunisation</b> Sizeable outbreaks of infectious disease disrupt programmes in some Gavi-supported countries	<ul style="list-style-type: none"> <li>Low population immunity</li> <li>Lack of capacity/tools to detect, prevent and respond</li> <li>Population behaviour</li> </ul>				
f	<b>Programmatic</b> <b>Vaccine confidence</b> Significant loss of confidence in vaccine safety and efficacy	<ul style="list-style-type: none"> <li>Major safety issue</li> <li>Low vaccine efficacy</li> <li>Vaccine scepticism</li> </ul>				
g	<b>Programmatic</b> <b>Misuse by countries</b> Deliberate misuse of Gavi support in some Gavi-supported countries	<ul style="list-style-type: none"> <li>Culture of gifts/corruption</li> <li>Opportunity for personal gain</li> <li>Weak monitoring/deterrence</li> <li>Weak institutions</li> <li>Weak systems</li> </ul>				
h	<b>Corporate</b> <b>Donor support</b> Significant reduction in donor support to Gavi	<ul style="list-style-type: none"> <li>Reduction in development budgets</li> <li>Competing priorities in development</li> <li>Competing priorities within health</li> <li>Loss of donor confidence in Gavi</li> </ul>				

## Alliance-wide top risks summary (2/2)

Risk			Risk assessment		Risk evolution	
Category	Risk description	Potential causes	Current level	Mitigation strength	Recent evolution	Long-term outlook
i	Corporate <b>Partner capacity</b> Sum of comparative advantages of Alliance partners is inadequate to effectively deliver technical support to countries required for the new strategy	<ul style="list-style-type: none"> <li>Lack of alignment and coordination</li> <li>Lack of capacity / expertise</li> <li>Lack of availability</li> </ul>				
j	Corporate <b>Strategic relevance</b> Gavi becomes less relevant to global development priorities	<ul style="list-style-type: none"> <li>Prioritisation of other development causes</li> <li>Inability to remain innovative and adapt</li> <li>Reduced faith in Gavi's capacity to deliver</li> <li>Growing portion of unmet immunisation needs outside Gavi countries</li> </ul>				
k	Programmatic <b>Supply shortages</b> Shortages in the global vaccine supply affect Gavi-supported countries	<ul style="list-style-type: none"> <li>Manufacturing capacity inadequate to meet demand</li> <li>Lack of supply security</li> <li>External disruption</li> </ul>				
l	Programmatic <b>Frequent or unplanned campaigns</b> Frequent or unplanned mass vaccination campaigns undermine capacity of governments to manage routine health and immunisation services	<ul style="list-style-type: none"> <li>Periodic very large cash inflows for campaigns</li> <li>Front line workers diverted to implement campaigns</li> <li>Management capacity diverted to manage campaigns</li> <li>Infrastructure (e.g., supply chain, transport) repurposed for campaigns</li> <li>Poor planning and management undermine quality of the campaign, resulting in low coverage</li> </ul>				
m	Programmatic <b>HSIS value for money</b> HSIS investments do not materially improve programmatic outcomes	<ul style="list-style-type: none"> <li>Key bottlenecks not addressable by HSIS</li> <li>HSIS grants not designed to target key bottlenecks</li> <li>HSIS grants duplicative with other donor funding</li> <li>HSIS grants not large enough to have significant impact</li> <li>HSIS not disbursed in timely fashion</li> <li>Programmes funded by HSIS not well-managed</li> <li>Misuse of HSIS resources</li> </ul>				
n	Corporate <b>Secretariat disruption</b> Significant disruption of Secretariat operations	<ul style="list-style-type: none"> <li>Catastrophic event</li> <li>Security threats and kidnapping</li> <li>Internal or external data breach</li> <li>Systems failure and data loss</li> <li>Departure of large number of key staff</li> </ul>				
o	Corporate <b>Forecasting variability</b> Gavi forecasting variability driving inappropriate decision-making	<ul style="list-style-type: none"> <li>Uncertainty over vaccine demand</li> <li>Financial uncertainties (e.g., prices, FX)</li> <li>Complexity of process</li> <li>Sub-optimal systems</li> </ul>	