

# REVIEW OF RISK APPETITE STATEMENT AND RISK MANAGEMENT UPDATE

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BOARD MEETING

**Jacob van der Blij**

14-15 June 2017, Geneva, Switzerland

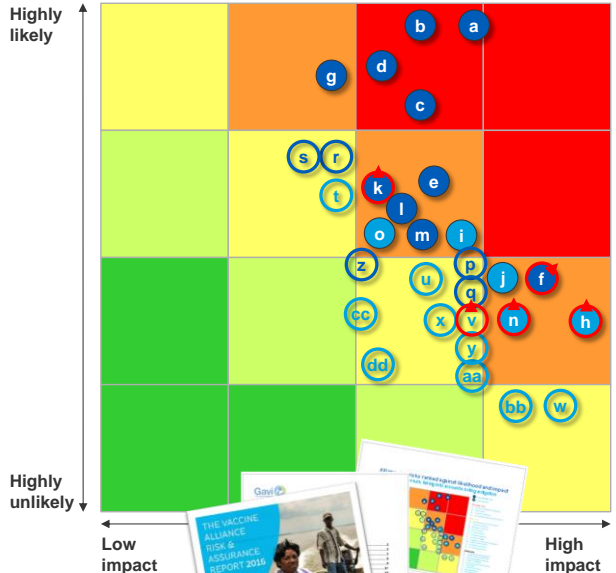


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# CHANGES IN GAVI'S RISK PROFILE

Risks impacted by events since last Board meeting



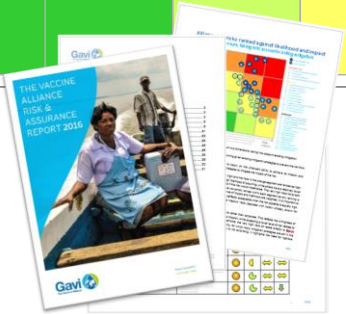
- **f) Vaccine confidence**
- **h) Donor support**
- **k) Supply shortages**
- **n) Secretariat disruption**
- **v) Leadership succession**

*Health & Science*  
**Anti-vaccine activists spark a state's worst measles outbreak in decades**  
 Confidence Commentary:  
 Missing the signals: India's anti-vaccination social media campaign

**The End of Foreign Aid As We Know It**  
 Brexit 'may mean huge loss for EU as global donor', Parliament report warns  
*To Your Health*  
 Yellow fever outbreak in Brazil worries U.S. officials

**Geneva Health Campus: New Home For Global Fund, GAVI, UNITAID By 2018**

*HEALTH*  
**WHO elects Ethiopia's Tedros Adhanom Ghebreyesus as its new director general**



# ADVANCING ON THE RISK JOURNEY

Managing actual risk exposures within desired risk appetite

## Last Board

### Risk & Assurance Report 2016

- Initial view of actual exposure to top risks
- Agree on prioritisation
- Allocation to risk owners

## This Board

### Risk Appetite Statement

- **Align on what level of risk is acceptable** in different areas of our business
- To inform appropriate response to risks in these areas

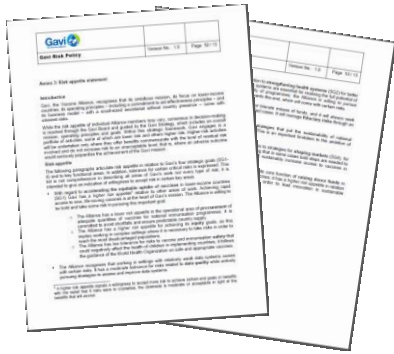
## Next Board

### Risk & Assurance Report 2017

- Updated view of actual exposure to top risks
- **Compare exposure against risk appetite**
- Discuss how to manage risks outside of risk appetite

# AN UPDATED RISK APPETITE STATEMENT

## For approval by the Board



### Gavi's Risk Appetite Statement

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

**Mission & Organisation** The Alliance embraces the need to take programmatic risk given its ambitious mission and operating model, but has a lower appetite for organisational risks impacting Alliance processes, systems and management, fiduciary oversight and control, and brand and stakeholder confidence.

Strategic Goals	1 Accelerate equitable uptake and coverage of vaccines	2 Increase effectiveness and efficiency of immunisation delivery as an integral part of strengthened health systems	3 Improve sustainability of national immunisation programmes	4 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>	<ul style="list-style-type: none"> <li>Risks required to strengthen health systems</li> <li>Misuse of Gavi support</li> <li>Weak systems jeopardise vaccine / immunisation safety</li> </ul>	<ul style="list-style-type: none"> <li>Significant reduction in performance post-transition</li> <li>Countries transition with low coverage and / or capacity</li> <li>Countries default on co-financing</li> </ul>	<ul style="list-style-type: none"> <li>Risks required to create and sustain healthy markets</li> <li>Supply shortages</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>Vaccine introductions adversely impact routine immunisation</li> </ul>			
Strategic enablers	Country leadership, management & coordination	Resource mobilisation	Advocacy	Monitoring & evaluation
<b>High</b>	<ul style="list-style-type: none"> <li>Risks required to strengthen country capacity</li> </ul>	<ul style="list-style-type: none"> <li>Risks required for innovative financing and private sector partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Risks required to ensure recognition of value of vaccines</li> </ul>	<ul style="list-style-type: none"> <li>Risks of working in settings with weak data systems</li> </ul>
<b>Moderately high</b>	<ul style="list-style-type: none"> <li>Risks of operating in countries with limited capacity</li> </ul>	<ul style="list-style-type: none"> <li>Risks required to attract new donors</li> <li>Reduction in donor support</li> <li>Reputational risks or potential conflicts of interest</li> </ul>	<ul style="list-style-type: none"> <li>Immunisation becoming lower priority on policy agendas</li> <li>Reputational risks</li> </ul>	<ul style="list-style-type: none"> <li>Risks to grant monitoring and oversight at country level</li> <li>Risks impacting accountability and transparency in Alliance</li> </ul>
				<b>Low</b>

## Existing statement

- Approved with Risk Policy in December 2014
- For review after 2 years
- Aligned with 2011-15 strategy and appetite not clear for all top risks

## Updated risk appetite statement

- Structured around new strategy and includes appetite at mission, organisation and strategy level
- Appetite broadly consistent with existing statement
- Deliberately high-level, reflecting AFC and PPC feedback

# THE NEW RISK APPETITE STATEMENT

## Mission & Organisation

The Alliance **embraces the need to take programmatic risk** given its ambitious mission and operating model, but has a **lower appetite for organisational risks** impacting Alliance processes, systems and management; fiduciary oversight and control; and brand and stakeholder confidence.

## Strategic Goals

1

Accelerate coverage

### Added the mission and organisation level

- *Embrace risk where needed to achieve ambitious mission*
- *Less appetite for organisational risks impeding ability to deliver*

### High

- Risks required to create and sustain healthy markets
- Risks required to create and sustain healthy markets

### Low

- Vaccine introductions adversely impact routine immunisation

- Weak systems jeopardise vaccine / immunisation safety

- Coverage and / or capacity
- Countries default on co-financing

Shape markets for vaccines and other immunisation products

Risks required to create and sustain healthy markets  
**Moderately low**  
Supply shortages

## Strategic enablers

### Country leadership, management & coordination

### High

- Risks required to strengthen country capacity

### Moderately high

- Risks of operating in countries with limited capacity

### Resource mobilisation

### High

- Risks required for innovative financing and private sector partnerships

### Moderate

- Risks required to attract new donors

### Low

- Reduction in donor support
- Reputational risks or potential conflicts of interest

### Advocacy

### High

- Risks required to ensure recognition of value of vaccines

### Low

- Immunisation becoming lower priority on policy agendas
- Reputational risks

### Monitoring & evaluation

### Moderately high

- Risks of working in settings with weak data systems

### Moderate

- Risks to grant monitoring and oversight at country level

### Low

- Risks impacting accountability and transparency in Alliance

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## Mission & Organisation

The Alliance **embraces the need to take programmatic risk** given its ambitious mission and operating model, but has a **lower appetite for organisational risks** impacting Alliance processes, systems and management; fiduciary oversight and control; and brand and stakeholder confidence.

## Strategic Goals

**1** Accelerate equitable uptake and coverage of vaccines

### High

- Risks required to **increase C&E** and to accelerate introductions
- Risks required to respond to fragility and emergencies

### Low

- Vaccine introductions adversely **impact routine immunisation**

**2** Increase effectiveness and efficiency of immunisation delivery as an integrated part of strengthened health systems

### High

- Risks required to strengthen health systems

### Low

- Misuse of Gavi support
- Weak systems jeopardise vaccine / immunisation safety

**3** Improve sustainability of national immunisation programmes

### Moderately low

- Significant reduction in **performance post-transition**

### Low

- **Countries transition** with low coverage and / or capacity
- Countries default on co-financing

**4** Shape markets for vaccines and other immunisation products

### High

- Risks required to create and **sustain healthy markets**

### Moderately low

- Supply shortages

## Strategic enablers

### Updated against current **strategic goals**

- *More granularity on risks associated with **Coverage & Equity** and **Sustainability***

### Moderately high

- Risks of operating in countries with limited capacity

### Partnerships

### Moderate

- Risks required to attract new donors

### Low

- Reduction in donor support
- Reputational risks or potential conflicts of interest

### Vaccines

### Low

- Immunisation becoming lower priority on policy agendas
- Reputational risks

### Moderate

- Risks to grant monitoring and oversight at country level

### Low

- Risks impacting accountability and transparency in Alliance

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## Strategic Goals

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- Risks required to increase C&E and to accelerate introductions
- Risks required to **respond to fragility and emergencies**

### Low

- Vaccine introductions adversely impact routine immunisation

### High

- Risks required to strengthen health systems

### Low

- **Misuse of Gavi support**
- Weak systems jeopardise vaccine / immunisation safety

### Moderately low

- Significant reduction in **performance post-transition**

### Low

- Countries transitioning with low coverage and / or capacity
- Countries default on financial obligations

### High

- Risks required to create and sustain healthy markets

### Moderately low

- Supply shortages

## Strategic enablers

## Country performance

### High

- Risk of **country performance declining post-transition**
- Risk of **country performance declining in settings with weak health systems**

### Moderately low

- Risk of **country performance declining with limited capacity**

## Reflects latest policies and Board discussions

- *Board Retreat discussion on **country performance declining post-transition***
- *New policy on **fragile settings, emergencies and displaced people***
- *Included appetite for the **risk of misuse***

## Financial sustainability

- Risk of **financial sustainability declining in settings with weak health systems**

- Risk of **financial sustainability declining with limited capacity**

### Low

- Risks impacting accountability and transparency in Alliance

# THE NEW RISK APPETITE STATEMENT

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## Strategic Goals

### Added risk appetite for **strategic enablers**

- *Leadership, Management & Coordination - new*
- *Resource Mobilisation – added **private sector partnerships** and appetite for **new donors***
- *Advocacy - new*
- *Monitoring & Evaluation - new*

## Strategic enablers

Country leadership, management & coordination	Resource mobilisation	Advocacy	Monitoring & evaluation
<p><b>High</b></p> <ul style="list-style-type: none"> <li>• Risks required to strengthen country capacity</li> </ul> <p><b>Moderately high</b></p> <ul style="list-style-type: none"> <li>• Risks of operating in countries with limited capacity</li> </ul>	<p><b>High</b></p> <ul style="list-style-type: none"> <li>• Risks required for innovative financing and <b>private sector partnerships</b></li> </ul> <p><b>Moderate</b></p> <ul style="list-style-type: none"> <li>• Risks required to attract <b>new donors</b></li> </ul> <p><b>Low</b></p> <ul style="list-style-type: none"> <li>• Reduction in donor support</li> <li>• Reputational risks or potential conflicts of interest</li> </ul>	<p><b>High</b></p> <ul style="list-style-type: none"> <li>• Risks required to ensure recognition of value of vaccines</li> </ul> <p><b>Low</b></p> <ul style="list-style-type: none"> <li>• Immunisation becoming lower priority on policy agendas</li> <li>• Reputational risks</li> </ul>	<p><b>Moderately high</b></p> <ul style="list-style-type: none"> <li>• Risks of working in settings with weak data systems</li> </ul> <p><b>Moderate</b></p> <ul style="list-style-type: none"> <li>• Risks to grant monitoring and oversight at country level</li> </ul> <p><b>Low</b></p> <ul style="list-style-type: none"> <li>• Risks impacting accountability and transparency in Alliance</li> </ul>



# THE NEW RISK APPETITE STATEMENT

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### Low

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### Moderately low

- Significant reduction in performance post-transition

### Low

- Countries transition with low coverage and / or capacity
- Countries default on co-financing

**4** Shape markets for vaccines and other immunisation products

### High

- Risks required to create and sustain healthy markets

### Moderately low

- Supply shortages

## Strategic enablers

*Country leadership, management & coordination*

### High

- Risks required to strengthen country capacity

### Moderately high

- Risks of operating in countries with limited capacity

*Resource mobilisation*

### High

- Risks required for innovative financing and private sector partnerships

### Moderate

- Risks required to attract new donors

### Low

- Reduction in donor support
- Reputational risks or potential conflicts of interest

*Advocacy*

### High

- Risks required to ensure recognition of value of vaccines

### Low

- Immunisation becoming lower priority on policy agendas
- Reputational risks

*Monitoring & evaluation*

### Moderately high

- Risks of working in settings with weak data systems

### Moderate

- Risks to grant monitoring and oversight at country level

### Low

- Risks impacting accountability and transparency in Alliance

# COUNTRY EXAMPLE: YEMEN

Risks required to maintain coverage in fragility/emergency situations



- Ongoing conflict with country divided
- World's largest humanitarian crisis – 70% in need of help
- Half of health facilities destroyed, 15M without access to health
- Outbreaks of cholera (>100K cases) and measles
- Severe restrictions on movements of people, goods and aid

## INCREASED APPETITE FOR SOME RISKS

*Accepting more risk in some areas to maintain coverage*



**SUSTAINABILITY RISKS**

**VACCINE WASTAGE RISKS**

**VALUE FOR MONEY RISKS**

## MAINTAINING LOW APPETITE FOR OTHERS

*Reducing increased risk with additional mitigation*



**SECURITY RISKS**

**FIDUCIARY RISKS**

# ACTIONS REQUIRED OF THE BOARD

- The Board is requested to discuss and approve the updated Risk Appetite Statement

**Thank you**

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