

Gavi Risk Policy

Frequently Asked Questions
September 2015

1. How is “risk” defined?

Risk is the probability of an event that could negatively affect the achievement of objectives if it were to occur. Risks that exist prior to the application of controls or mitigation are ‘inherent risks’; those that remain subsequent to application of controls or mitigation are ‘residual risks’. On the flipside, an opportunity is the probability of an event that could bring benefits if it were to occur.

2. Why was the Risk Policy developed?

Risk is inherent to Gavi’s business, both in its mission to help achieve dramatic progress in immunisation in the world’s poorest countries, and in its operating model as an Alliance with a lean Secretariat without in-country presence. Gavi is very conscious of its obligation to be an effective steward of donors’ resources and the need to manage risks proactively, appropriate to the preferences of a diverse stakeholder base.

While not an exhaustive list, the following examples are risks that the Alliance might face:

- Global vaccine supply shortages or excessive vaccine wastage in country, which put achievement of Gavi’s strategic goals on coverage and equity and sustainability at risk;
- Non-compliance with co-financing requirements which puts countries ‘in default’ (as per the co-financing policy) and ultimately puts at risk countries’ smooth transition out of Gavi support;
- Poor data quality, which challenges data collection around indicators and impact; and,
- Misuse of direct financial support (e.g. HSS and vaccine introduction grants).

It is important to note that risk management is not the same as risk avoidance. Gavi recognizes that some objectives can only be achieved by taking calculated and carefully managed risks, and that sometimes the greatest risk is inaction. Some risks can be turned into opportunities when recognized and acted upon early on.

3. What is the purpose of the Risk Policy?

The overall goal of the policy is to create a shared understanding of, and promote a consistent approach to, risk and risk management within Gavi, the Vaccine Alliance, to guide strategic and operational decision-making, priority setting and deciding-making on investments to mitigate risks and to exploit opportunities. As such, the Risk Policy provides a framework for Gavi’s risk management approach. The Risk Policy furthermore aims to promote a culture of risk awareness,

and provides clarity on mutual accountability for risk and risk management among Alliance partners. Gavi aims to nurture a culture that encourages staff and stakeholders to be risk-aware in delivering on Gavi's mission, while also recognising and accepting that success will not always be achieved. It ensures that processes are in place to learn from both positive and negative results.

This policy – combined with a range of other policies such as the [Transparency and Accountability Policy](#), the [Ethics Policy](#), and other [corporate policies](#) – supports Gavi's efforts to deliver on its mission and be an effective steward of donors' resources.

4. What is the risk appetite statement?

As an annex to the Risk Policy, the [risk appetite statement](#) 'sets the tone' for how much risk the organisation is willing to take, makes explicit any tensions, trade-offs, or contradictions around risk-taking and risk tolerance within an organisation, and provides a platform for discussion to inform decisions on strategies and investments. Decisions and actions taken by the Gavi Board, the Secretariat and Gavi partners should generally be consistent with Gavi's risk appetite in different strategic and functional areas.

The risk appetite statement articulates risk appetite in relation to Gavi's four strategic goals (SG1- 4) and to key functional areas. In addition, tolerance for certain critical risks is expressed. This list is not comprehensive in describing all areas of Gavi's work nor every type of risk; it is intended to give an indication of willingness to accept a level of risk in certain key areas.

5. Who is responsible for risk management across the Alliance?

A key principle of the Risk Policy states that risk is everyone's responsibility and risk management is an integral part of Gavi operations. Everyone working towards the Gavi mission is expected to proactively identify, assess, and manage risks.

Risk management is embedded in functions throughout the Secretariat so that operational risk management occurs each day as a matter of routine. Alliance partners also play an important role in risk management. Well-defined relationships with partners are key for better risk management, especially with regard to country-level risks.

The policy delineates the roles and responsibilities of all stakeholders in identifying and mitigating risks:

- The *Gavi Board* determines Gavi's risk appetite, validates that effective risk management processes are established, and oversees that the most significant risks are being managed within Gavi's risk appetite.
- The *Secretariat* translates the risk appetite into appropriate strategies and processes intended to anticipate and respond to risk, and implements these processes. Secretariat staff are responsible for identifying and managing risk in their daily work.
- *Alliance partners* are responsible for managing risks involved with Gavi activities and for alerting the Secretariat of risks that could affect Gavi's mission.
- *Implementing countries* manage risks to the results being pursued with Gavi-funded programmes, and report these risks encountered in implementation.

The Board, Secretariat, partners, and countries are responsible for ongoing assessment and communication of risks to other stakeholders where necessary, including those outlined in the [Transparency and Accountability policy](#).

6. How is risk management implemented in Gavi?

The Risk Policy is operationalised through the development of a comprehensive risk management approach which includes a range of mechanisms, organisational structures and tools embedded across the Secretariat in the areas of risk governance, operational risk processes and controls, risk monitoring and reporting, and mitigation strategies for key risks.

The Head of Risk coordinates risk management within the Secretariat, promotes a risk-aware culture, establishes risk reporting throughout the organization, and facilitates and monitors the implementation of effective risk management practices. A corporate risk register is updated quarterly and shared with the Board.

Oversight is provided by a cross-Secretariat Risk Committee chaired by the CEO, which monitors progress on implementation of risk management processes, and reviewing key risks and risk mitigation strategies.

Risk management is the core business process and system underpinning Gavi's control and assurance frameworks. It is the basis for the allocation and focus of Gavi's assurance efforts. Gavi has structured its risk management, control and assurance functions according to the Three Lines of Defence model. Primary ownership, management and control of risk sits within the core business constituting a strong first line of defence (Country Programmes working with Alliance partners and implementing countries). Support, monitoring and oversight is provided by a focused second line (the Risk function, Programme Financial Assessment, Monitoring & Evaluation, Finance, Operations, and Legal). An independent third line is providing objective assurance over both the first and second line (Audit & Investigations), and handles [an Ethics Hotline](#), included on the Gavi external website, for reporting of suspected cases of misuse or misdirection of resources.

7. How will implementation of the policy be monitored?

The Secretariat will assess on an ongoing basis compliance with the risk policy in the risk section of Board papers, the Risk Register, and presentations to the Board on risk, including consistency between the risk appetite statement and Board decisions. Two years after this policy comes into effect, the risk appetite statement will be reviewed and updated as needed based on interviews with Board members and other key stakeholders. If deemed relevant, a staff survey on risk will be conducted to assess changes in knowledge and attitudes toward risk relative to a survey conducted in 2014.