

		
<b>Gavi Risk Policy</b>	Version No.: 1.0	Page 1 / 4

## DOCUMENT ADMINISTRATION

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1.0	Reviewed and recommended by: Gavi Programme & Policy Committee	10 November 2014
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		Review: at the request of the Board

		
<b>Gavi Risk Policy</b>	Version No.: 1.0	Page 2 / 4

## Gavi Risk Policy

### 1. Goal and scope of the policy

- 1.1. The purpose of the Gavi Risk Policy is to
  - 1.1.1. create a consistent risk language and a shared understanding of risk concepts
  - 1.1.2. promote a culture of risk awareness, which encourages careful assessment of risks and benefits involved with Gavi operations and decision-making
  - 1.1.3. provide high level guidance on risk management
  - 1.1.4. guide strategic and operational decision-making within the Alliance
- 1.2. The risk policy forms the overarching framework for Gavi's risk management approach, which is embedded across the Secretariat in various structures and processes for risk monitoring, reporting and mitigation.

### 2. Principles

- 2.1. **Risk is integrally linked to ambition:** Gavi recognises that objectives can only be achieved by taking calculated and carefully managed risks. Some high-impact opportunities may require taking greater risks. Sometimes the greatest risk is inaction.
- 2.2. **Risk is everyone's responsibility:** risk management is an integral part of Gavi operations. Everyone working towards the Gavi mission is expected to pro-actively identify, assess, and manage risks.
- 2.3. **Gavi encourages a culture of learning:** 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.

### 3. Roles and responsibilities

- 3.1 The **Gavi Board** provides leadership on risk management and is ultimately responsible for:
  - 3.1.1 Determining Gavi's risk philosophy, including risk appetite;
  - 3.1.2 Validating that the Secretariat has established effective risk management processes;
  - 3.1.3 Being appraised of the most significant risks and whether Alliance partners are responding appropriately;
  - 3.1.4 Reviewing Gavi's portfolio of risks and ensuring that these risks are within Gavi's risk appetite.
- 3.2 The **Gavi Secretariat** is responsible for leading discussions with partners to translate risk appetite, as endorsed by the Board, into appropriate strategies and processes. In addition it promotes a risk-aware culture, implements risk management processes, and communicates risks to the Gavi Board in a timely fashion. Secretariat staff members are

		
<b>Gavi Risk Policy</b>	Version No.: 1.0	Page 3 / 4

responsible for identifying, assessing, and managing risks in their daily work and for escalating risk management to appropriate levels when needed.

3.3 The Alliance model leverages the strengths of the **Alliance partners** through shared responsibility and mutual accountability for risks. Each Gavi partner is responsible for managing risks involved with Gavi activities and alerting the Secretariat in a timely manner to risks that may affect the Gavi mission, including risks to the responsible use of Gavi resources in countries and to the effective implementation and sustainability of Gavi programmes.

3.4 **Implementing countries** are responsible for delivering programmatic results with the vaccines and funds provided, and for meeting co-financing requirements. They have primary responsibility for managing risks to the results being pursued with Gavi-funded programmes and for reporting risks encountered in the implementation of these programmes in a timely manner.

#### 4. Strategic directions

4.1. **Risk:** the probability of an event that could negatively affect the achievement of objectives if it were to occur.

4.2. **Opportunity:** the probability of a (positive) event that could bring benefits if it were to occur.

4.3. **Inherent risk:** risk prior to the application of mitigation efforts or controls.

4.4. **Residual risk:** risk remaining after relevant controls or reasonable mitigation efforts have been applied.

4.5. **Risk management:** the process of identifying, assessing and prioritising risk followed by the application of resources to treat the risk:

4.5.1. **Risk treatment:** to avoid, accept, mitigate or transfer the risk in order to minimise the probability and/or the impact of adverse events and to maximise the realisation of benefits.

4.5.2. **Risk mitigation:** a reduction in the probability and/or impact of a risk, also called risk reduction. Risk mitigation will reduce the risk, but rarely eliminates it completely.

4.6. **Risk appetite** is the amount of risk, on a broad level, that an organisation is willing to accept in pursuit of objectives. It reflects the risk philosophy of the organisation and is at the heart of its business model; it guides strategy development and related investments in risk mitigation processes. A defined risk appetite statement helps to align people and processes in pursuing organisational goals within acceptable ranges of risk.

4.7. **Risk tolerance** is the specific, maximum amount of risk that an organisation is willing to accept in relation to a specific outcome. While risk appetite is broad, risk tolerance is specific and operational.

		
<b>Gavi Risk Policy</b>	Version No.: 1.0	Page 4 / 4

## Risk categories

- 4.8. The following **risk categories** can be distinguished in relation to Gavi operations and objectives. The list is not exhaustive and the categories are not mutually exclusive; in practice, some risks will fit more than one category.
- 4.9. The following categories highlight the *source* of the risk:
- 4.9.1. **Operational** risks are related to inadequate or failed internal processes, people and systems.
  - 4.9.2. **Financial** risks are related to the management and control of Gavi resources.
  - 4.9.3. **Fiduciary** risks are related to funds not being used for the intended purposes, not being used to achieve value for money, and/or not being properly accounted for. The realisation of fiduciary risk can be due to a variety of factors, including lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or corruption.
  - 4.9.4. **Governance and stakeholder relationship** risks are related to the management of decision-making structures of the Alliance and operational relationships between Gavi partners.
  - 4.9.5. **Programmatic** risks are related to the implementation of Gavi programs at country level. The following sub-categories can be distinguished for programmatic risks at the country level:
    - a) Social, political and environmental
    - b) Financing and sustainability
    - c) Fiduciary
    - d) Technical and institutional capacity including programme governance
- 4.10. Risks across all categories can also be described according to the potential *effect* of the risk:
- 4.10.1. **Strategic** risks threaten the achievement of Gavi's strategic objectives.
  - 4.10.2. **Reputational** risks threaten Gavi's reputation.
- ## 5. Effective date and review of the policy
- 5.1. This policy comes into effect 1 January 2015.
  - 5.2. The risk appetite statement (annex 1) is to be reviewed every two years.
  - 5.3. The risk policy is to be updated in accordance with changes in objectives or major alterations in the business model, as requested by the Gavi Board.