

Subject	<b>Risk and Assurance Report</b>
Agenda item	<b>05</b>
Category	<b>For Decision</b>

## **Section A: Executive Summary**

### **Context**

The Gavi Board has ultimate responsibility for overseeing the most significant risks of the Alliance and related mitigation, and for agreeing on overall risk appetite. It therefore receives an annual comprehensive Risk & Assurance Report (see Annex A).

### **Questions this paper addresses**

The Risk & Assurance Report discusses the most critical risks that could potentially have an impact on the ability of the Alliance to achieve its mission and strategic goals. The report has been reviewed and recommended for approval by the Audit & Finance Committee (AFC). The Gavi Alliance Board is requested to approve the report attached as Annex A and to provide guidance on the questions outlined below.

### **Conclusions**

This year's report prioritises 18 top risks, and shows that Gavi's overall risk profile has changed, with seven top risks increasing and three top risks decreasing. One risk exposure is deemed to be outside of Gavi's risk appetite with intensive mitigation still ongoing.

## **Section B: Risk and Assurance Report 2022**

### **1. Portfolio discussion on top risks to the Alliance**

- 1.1 This is the 7th annual Risk & Assurance Report which discusses the most critical risks that could potentially have an impact on the ability of the Alliance to achieve its mission and 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 top risks compared to last year, and an overview of how current levels of risk compare to Gavi's risk appetite (i.e. its willingness to accept being exposed to certain risks) as per Gavi's Risk Appetite Statement<sup>1</sup> approved by the Board. Detailed information including analysis of each top risk and corresponding mitigation is included in the annexes. Where applicable, links are made with findings from audits,

<sup>1</sup> See <https://www.gavi.org/news/document-library/risk-appetite-statement> or in French: <https://www.gavi.org/fr/actualites/librarie-de-documents/declaration-de-gavi-alliance-sur-lappetit-pour-le-risque>

evaluations and other reviews if these provided insights or assurance on the effectiveness of existing mitigation measures or identified new risks. The understanding of existing risks has been enhanced through work by risk owners and colleagues across the Alliance and reviews in the Secretariat's Risk Committee.

## **2. Board Committee discussion and guidance**

- 2.1 With the Gavi Board retaining ultimate 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 (while each Board Committee is responsible for overseeing risks which fall within their remit).
- 2.2 As such, the AFC has reviewed the report 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 initiatives to mitigate Secretariat capacity and disruption risks, e.g. related to the CEO transition, and how COVAX integration was captured across multiple top risks (i.e. COVAX delivery, Secretariat capacity and Secretariat disruption). It was furthermore clarified that the risk of COVID-19 vaccine expiries and resulting wastage (as captured in the COVAX supply risk) has been reduced by negotiations with donors and manufacturers; and that potential reputational risks related to residual expiries, (as captured in the Secretariat disruption risk) have been addressed by transparently managing expectations and mainstreaming of the pandemic risk appetite necessary for upfront at-risk procurement with demand still unknown and evolving. Finally, there was acknowledgement of the importance of transition and co-financing risks in the context of economic uncertainty and reduced fiscal space, as well as the impact of financial market volatility on the Secretariat's finances, bank counterparties, foreign exchange hedging, investments and forecasting. The Programme and Policy Committee (PPC) also extensively discussed risks as part of the strategy, programmes and partnerships update, as well as during specific agenda items.

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

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

**Approve** the Risk & Assurance Report 2022 attached as Annex A to Doc 05.

The Gavi Alliance Board is furthermore requested to **provide guidance** on the following questions:

- a) Does the Board agree with the top risks identified this year and its ranking against likelihood and impact?
- b) Are there concerns on risk exposures not within Gavi's risk appetite and, if so, are further investments or different approaches to mitigation required?

## **Annexes**

### **Annex A: Risk & Assurance Report 2022**