

GAVI Alliance Executive Committee Meeting

17 March 2010

Geneva, Switzerland

FINAL Minutes¹

Finding a quorum of members present², the meeting commenced at 9.13 Geneva time. The Committee reviewed the minutes of its meeting on 9 February 2010 (Doc #1 in the committee pack). Discussion ensued:

- On the Firm Order Commitment issue, one committee member noted that key information was not conveyed to the Committee during the February meeting which may have led to some erroneous perceptions of the process.

DECISION

The GAVI Alliance Executive Committee:

Approved the minutes from 9 February 2010.

1 Expenditure Forecast

Wayne Berson, Chair of the Audit and Finance Committee and Tony Dutson, Chief Accounting Officer shared an updated financial expenditure forecast with the Executive Committee (Doc #5). In summary, the latest information point to a US\$1.448 billion reduction in GAVI projected expenditures during 2009-2015 (representing a 15.6% decrease from the estimate presented to the Board in November 2009). Discussion followed:

- GAVI historically presented financial projections from 2009-2015. Going forward, the Secretariat will present figures from 2010-2015 to calculate the overall funding challenge.
- During 2010-2015, GAVI's projected net cash outflows is \$7.0 billion. Currently, the Secretariat projects cash inflows of pledges in hand to be \$2.7 billion and cash inflows of historical but as of yet unpledged donations to be \$1.7 billion. As a result, to fully fund GAVI's ambition during 2010-2015, GAVI requires \$2.6 billion in cash inflow from as yet unidentified sources. Failure to raise full financing will not jeopardise previously approved programmes but it will impact GAVI's ability to fully contribute to attaining Millennium Development Goal 4.³
- It was noted that the Global Fund has a very different operating model based on having 100% of assets available prior to funding any programmes. However, the Global Fund also works on a "replenishment basis" with a two year funding cycle. The Global Fund's model may be more stringent, but GAVI's objective to meaningfully shape vaccine markets requires a more dynamic financial model.

¹ Binding Resolutions approved by the GAVI Alliance Executive Committee are listed in Attachment A. Decisions within the text of the minutes are non-binding, "plain English", actions agreed by the Committee.

² Participants are listed in Attachment B.

³ "Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate."

- There was a specific query raised with regard to funding the Yellow Fever and Meningitis investment cases. It was noted that these will be addressed within the broader prioritisation exercise.
- The consensus of the Committee was that the presentation of the projections was very clear and was the right way to explain GAVI's very complex funding issues. In particular, committee members felt that with a few suggested modifications, the chart, "Overview of Projected Demand and Resources 2010-2015" is an excellent tool that visually demonstrates GAVI's financial flows.

2 GAVI Alliance Strategy 2011-2015

Helen Evans, Deputy CEO, reviewed activity undertaken by the Secretariat since the Committee's last meeting including how the Committee's guidance had been incorporated and the results of further consultations with GAVI's stakeholders. Subsequently, the Secretariat requested further guidance on various components of the strategy including the goals, operating principles and objectives (Doc #2). Discussion ensued:

- With regard to proposed Strategic Goal 1, *Accelerate the uptake of underused and new vaccines*, there was some difference of opinion as to whether the term "underused" was necessary, but not a strong dislike to the term and so it remained.
- Proposed Strategic Goal 2 was concerned with GAVI's role in countries' health systems. Four options were tabled and the Committee determined that it would forward the two options to the Board that most closely linked GAVI's health systems work with immunisation activities:

Contribute to strengthening the capacity of the health system to deliver immunisation services (Option #2 in the document)

Contribute to strengthening the capacity of the health system to deliver immunisation as part of integrated health services (Option #4 in the document)

- Proposed Strategic Goal 3 was concerned with GAVI's role in predictable aid financing and/or sustainable country self-financing of immunisation. The Secretariat tabled two options and a committee member tabled a third option. Regardless of the language, committee members highlighted that GAVI did not want to set up a situation of being accountable for end results that were not easily measured. The Committee decided to forward to the Board the following language:

Increase the predictability of global financing and improve the sustainability of national financing for immunisation.

- The Secretariat requested the Committee to consider whether shaping vaccine markets ought to be incorporated into the objectives or emphasised by creating a Strategic Goal 4.
 - GAVI may have a limited ability to affect vaccine prices, and setting this as an explicit goal may be unnecessarily restrictive. However, market shaping is a key element to GAVI's "value-add" formula. The opportunity to purchase vaccines in bulk, and commit to lower prices is a powerful tool to advance the GAVI mission, and a key driver for many donor decisions in support of the organisation.

- Two key challenges in making market-shaping a goal include 1) defining the concept and GAVI's specific contribution and 2) linking its contribution to a measurable/attributionable Key Performance Indicator (KPI).
- Since this is a particularly important issue, the Board will be asked to determine whether the following goal is appropriate: *Shape vaccine markets*.
- With regard to the proposed Operating Principles, there was a call to make them as broad as possible, set norms of behaviour and, potentially capture the concept of equity.
- The Committee considered whether GAVI's role is to immunise all children in all countries. It was noted that the Board was clear that a light touch approach to the new strategy was desirable and such a large change in target population would constitute a fundamental change in the Alliance's scope of activity.
- Objectives and their associated activities under each strategic goal should be clearly defined and achievable. It is particularly important that different objectives are articulated for different vaccines.
- The Committee was aware that elements of a draft country co-financing policy could potentially conflict with the financial sustainability goals in the draft strategy. The Secretariat will need to ensure work is done on these issues in tandem and to highlight potential conflicts to the Programme and Policy Committee when it reviews these issues in May.
- The Committee discussed the business plan briefly noting that the 2011 business plan will not be tabled until the December board meeting. However, due to differences in budget cycles, WHO and UNICEF requested the Board consider an interim budget supporting their own GAVI-related activity during the Board's June meeting. The Committee believed this was a reasonable request but emphasised that WHO and UNICEF must from this point forward, make satisfactory reports on the use of previously disbursed Work Plan funds and that the Board would likely consider the quality of the reporting and use of the funds in making future funding decisions.
- The outline of a context paper that recalls GAVI's history of activity was satisfactory though it was requested that some discussion of the vaccine investment strategy and elements of the financial presentation made at this meeting be included.
- The Committee requested the Secretariat share a draft of the paper to be tabled to the Board for its April retreat with committee members prior to distribution to the Board.

3 Programme Approvals and Financing

Messieurs Berson and Dutson presented programme budgets and near-term funding requests as a result of the recommendations of the Monitoring Independent Review Committee from 26 January 2010 (Doc #3). Also, the Committee considered an action in concert with the GAVI Fund Affiliate (GFA) and IFFIm boards to approve a change to the process for approving and managing GFA/IFFIm country-specific programmes (Doc #4). The change would allow GAVI to centralise country-specific programmes within its database and require GAVI to maintain all liabilities. Discussion followed:

- The Audit and Finance Committee reviewed these recommendations so that they could be considered by the Executive Committee. Though the Audit and Finance

Committee saw no reason to hold back the programme budgets or liabilities, in the future it would like to have more assurance as to the accuracy and value for money of the finances requested. Mr. Berson noted that the Audit and Finance Committee had requested the Director of Internal Audit to figure out the best way for him to enter the programme review process to help with attaining better assurance.

- Additionally, the Executive Committee (as had the Audit and Finance Committee) felt that there may be some room for improvement with regard to overall risk management of programme review and approval prior to the governance review. Whilst the technical elements of these proposals are well reviewed, there is still some question as to their financial rigour. The Director of Internal Audit will need to consider this as well. It was also thought that a general risk management exercise (for example, using the COSO⁴ framework) might be useful in analysing GAVI's risk environment and asked the Secretariat to explore.
- It was noted that the transfer of liabilities from GFA to the GAVI Alliance would be offset by a contributions grant receivable. Therefore, there would be no cash transfer involved.

DECISION

The GAVI Alliance Executive Committee:

- 3.1 Reduced programme budgets in the net amount of **US\$ (2,007,500)** as summarised below:
 - 3.1.1 US\$ 261,500 for existing Injection Safety Support programmes
 - 3.1.2 US\$ (1,320,500) for existing New Vaccines Support programmes
 - 3.1.3 US\$ (948,500) for existing Immunisation Services Support programmes
- 3.2 Approved near-term financial commitments in the net amount of **US\$ 1,878,000** as summarised below:
 - 3.2.1 US\$ 261,500 for existing Injection Safety Support programmes
 - 3.2.2 US\$ (1,340,500) for existing New Vaccines Support programmes
 - 3.2.3 US\$ (948,500) for existing Immunisation Services Support programmes
 - 3.2.4 US\$ 3,905,500 for existing Health System Strengthening programmes
- 3.3 Endorsed a proposal to centralise and maintain all IFFIm/GFA country-specific programme detail within GAVI with effect from 1 January 2010.
- 3.4 Approved near-term financial commitments for 136 country-specific programmes totalling **US\$ 530,028,847** from 2006 – 2009 that will be transferred from the GAVI Fund Affiliate to the GAVI Alliance with the understanding that these liabilities will be offset

⁴ The Committee of Sponsoring Organizations of the Treadway Commission

by contribution grants receivable from the GAVI Fund Affiliate for the same amount. This decision is effective 1 January 2010.

4 HSS Funding platform

At the November 2009 board meeting, the Board requested the Executive Committee be updated on the progress of the work performed to implement the health systems funding platform with the World Bank and the Global Fund (Doc #7). Recipient countries are anxious to see more movement on this project. Discussion followed:

- All three organisations should continue to work together on developing a single application to prevent fragmentation. However, it is important that all three organisations roll out the platform as quickly as is prudent given the need to demonstrate to donors that their funds will be deployed expeditiously.
- The Committee requested that the Secretariat articulate a plan to move the platform forward should only the World Bank and GAVI be ready to start within a reasonable period of time.

5 Committee Self-assessment

Kevin Klock, Corporate Governance Officer provided a short update on the pending self-assessment of the Executive Committee. The Governance Committee outside consultant facilitating the assessments would work with the Chair, and any other committee members who identified themselves to the consultant, to develop and deploy the self-assessment tool. There was no discussion.

6 Any Other Business

- At the last committee meeting it seemed likely that the procurement agency would accept a promissory note for the Advance Market Commitment (AMC) donors portion of the funds underwriting the AMC supply agreements.⁵ As of 12 March, agreement had not been reached. Therefore, the Secretariat escrowed \$189 million in cash to fulfil the resolution of the Executive Committee which approved GAVI's financial commitment.⁶ No action was required of the Committee.
- The Secretariat informed the Committee that two donors are conducting audits; one on GAVI and the other on the IFFIm Company. The Committee was satisfied with the explanations given though emphasised that donors should rely on the reports of GAVI's external auditor, KPMG as being sufficient for their needs.

Doc #6, *IRC Dates* was taken as read. Subsequently, there being no further business, the meeting was adjourned.

Mr. Kevin Klock, Assistant Secretary

⁵ See section 2 of the Executive Committee minutes from 9 February 2010

⁶ See resolution 2, paragraph 1 of the Executive Committee minutes from 9 February 2010

Attachment A**Resolutions approved by the GAVI Alliance Executive Committee****RESOLUTION ONE****1. Approval of Outstanding Minutes**

The GAVI Alliance Executive Committee:

Approved the minutes of its meeting on 9 February 2010.

RESOLUTION TWO**2. Multi-year Programme Budgets**

The GAVI Alliance Executive Committee:

Endorsed the following multi-year programme budget as within the scope of the GAVI Alliance's charitable mission:

- **US\$ 261,500** for existing Injection Safety Support programmes.

Endorsed reductions for the following multi-year programme budgets:

- **US\$ (1,320,500)** for existing New Vaccines Support programmes
- **US\$ (948,500)** for existing Immunisation Services Support programmes.

These endorsements constitute acknowledgement of the amounts contained in such budgets but do not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors.

RESOLUTION THREE**3. Programme Financial Commitments**

The GAVI Alliance Executive Committee:

Approved a financial commitment on behalf of the GAVI Alliance to fund the following:

- **US\$ 261,500** for Injection Safety Support programmes
- **US\$ 3,905,500** for Health System Strengthening programmes
- **US\$ 530,028,847** for New Vaccines Support, Injection Safety Support, Immunisation Services Support, and Health Systems Strengthening programmes effective 1 January 2010 contingent upon receiving a contribution grants receivable from the GAVI Fund Affiliate for the same amount.

Rescinded a financial commitment on behalf of the GAVI Alliance to fund the following:

- **US\$ (1,340,500)** for existing New Vaccines Support programmes
- **US\$ (948,500)** for existing Immunisation Services Support programmes.

Attachment B

Participants

Committee Members

- Jaime Sepulveda, Chair
- Wayne Berson
- Armin Fidler
- Tatul Hakobyan
- Gloria Steele
- George W. Wellde, Jr.
- Daisy Mafubelu (non-voting member serving at the pleasure of the Chair)
- Suresh Jadhav (non-voting member serving at the pleasure of the Chair)
- Julian Lob-Levyt (non-voting)

GAVI Secretariat

- Tony Dutton
- Helen Evans
- Ciara Goldstein
- Barry Greene
- Kevin Klock
- Stephen Nurse-Findlay
- Nina Schwalbe

Regrets

- Ashutosh Garg