

GAVI Alliance Executive Committee Meeting

4 November 2010
Washington, DC, USA

FINAL MINUTES

Finding a quorum of members present¹, the meeting commenced at 8.00 Washington time on 4 November 2010. Jaime Sepulveda, Executive Committee Chair chaired the meeting. In his opening remarks, he noted that 2010 had been an intense and complicated year with the development of a new strategy and business plan and the recruitments of a new Board Chair and CEO. The Secretariat has been under tremendous pressure to deliver and, moving forward, he envisions an Executive Committee working closely with the Secretariat to make good decisions with good information in order to address uncertainties associated with GAVI's funding challenges and programme aspirations.

1 Approval of Outstanding Minutes

The Committee reviewed the minutes of its meeting on 24 September 2010 (Doc #1 in the Committee pack).

Resolution One

The GAVI Alliance Executive Committee resolved to:

Approve the minutes of its meeting on 24 September 2010.

2 Resource Mobilisation and Financial Update

Barry Greene, Managing Director, Finance and Operations updated the Committee on GAVI's latest financial projections (Doc #2). The most significant update is that with the additional contributions made or agreed since March 2010, the amount of additional funding required during 2010-2015 to meet projected demand has reduced from US\$ 4.3 billion to \$3.7 billion. Through 2013, additional funding of \$1.8 billion is required to fully meet projected demand. Discussion followed:

- The Committee was comfortable that projected assured inflows were reliable, noting that these were mainly from IFFIm and AMC. However, Committee members noted that the timing of direct contribution inflows may be less dependable if a donor were to extend the time horizon of its pledge payments. The Secretariat should factor this risk into its future scenario planning and reporting, (particularly given the recent trajectory of inflow), and share the results with the Committee.
- Estimated demand for health systems strengthening funds is less clear than new vaccines funding, as actual demand under the new HSS window has yet

¹ Participants are listed in Attachment A

to emerge. The Secretariat will refine its modelling to make this projection more reliable and will share its findings with the Committee.

- Joelle Tanguy, Managing Director, External Relations briefed the Committee on donor outreach that occurred around the 6 October resource mobilisation event, including pledges made and expected. The Committee requested more specific projections and pledges with the understanding that such reporting would need to be handled in confidence and with due care.

3 Next Round of Applications

Helen Evans, Interim CEO proposed a timetable for the next round of programme applications (Doc #5). The Board had approved a new application round and delegated to the Committee the authority to determine the timetable.² The proposal is constructed such that programme approvals will occur after the June 2011 pledging meeting in which a clearer picture of GAVI's expected resources will be known. Discussion followed:

- GAVI deferred a decision on new recommendations on funding in 2009 for eight months and did not have a new proposals round in 2010. It is therefore very important that the Alliance maintain momentum with recipients, donors, and vaccine manufacturers by demonstrating that it is open for funding of new programmes. To not launch a round could send a negative signal to these stakeholders, inhibit GAVI's ability to fundraise, and the retention and recruitment of staff including a new CEO.
- A decision to move forward carries the risk of inadequate finance being available to fully fund new programmes. This risk is mitigated by the Board's approval (in June 2010) of the Programme Funding Policy (which outlines what resources must be available to make programme approvals) and the Prioritisation Policy (which determines the order of approval of grants from among otherwise viable new programmes should resources not be available to fund all of them).
- The Committee reviewed programme funding. In agreeing to a programme at its outset, GAVI makes an "endorsement" of a budget for the programme's entire lifespan but only "approves" outlays in 12-18 month tranches. Subsequent tranches are approved subject to positive recommendations from the Monitoring IRC and availability of funds.
- Any advice to countries of a call for new applications should make it clear that a recommendation for funding by the IRC would not automatically guarantee funding.
- Countries will receive the updated guidelines, which will include the revised Co-financing Policy being tabled at the board meeting in Kigali, by mid-December.

² See Resolution 15 from the 16-17 June 2010 Board Minutes.

Resolution Two

The GAVI Alliance Executive Committee resolved to:

Request the Secretariat to announce a call for proposals on 8 November 2010, with a deadline for submission of applications for 15 May 2011. The amount of funds that will be available for the approval of new proposals will be known after the June 2011 pledging meeting.

Endorse the proposed timeline for the next round of programme applications:

- 8 November 2010 - Call for new round of proposals in 2011 is made
- 1 December 2010 – Board consideration of revised Co-financing Policy
- 17 December 2010 – Revised new vaccine application guidelines provided to countries
- 15 May 2011 – Submission deadline for new vaccine applications
- 9 June 2011 – Board Meeting
- June 2011 – Pledging Meeting
- 27 June-8 July 2011 – IRC review of new vaccine applications
- 7 September 2011 – Audit and Finance Committee Meeting to discuss prioritised list of IRC recommendations
- 14 September 2011 – Executive Committee Meeting to approve prioritised list of IRC recommendations

4 GAVI Alliance Business Plan 2011-2015

Ms Evans tabled the GAVI Alliance Business Plan 2011-2015 for review and endorsement (Doc #3). The plan includes several small recommended amendments to the GAVI Alliance Strategy 2011-2015 and a flat line budget to implement the plan during 2011. The Secretariat informed the Committee that there would be a wage freeze for staff in the Secretariat and cutbacks in the volume and class of travel during 2011 but it was hoped that requested new positions would ensure it could deliver on the business plan would be supported. Discussion followed:

- The Programme and Policy Committee and Audit and Finance Committee reviewed the programmatic and budgetary aspects of the business plan. The chairs of those committees delivered their findings to the Executive Committee to support the discussion.³
- The risk analysis comprehensively examined operational and financial risks but should be bolstered to include governance risks. For example, there may be risks of moving partners to performance-based contracting. The World Bank noted that it had declined further funding from GAVI because it perceived a potential conflict by being on both the operational and governance sides of the organisation. The Governance Committee may wish to develop ethics rules to manage potential conflicts to ensure full participation in the future.

³ For a summary of their findings, please see Section 6 of the 21-22 October 2010 Programme and Policy Committee Minutes and Section 2 of the 25 October 2010 Audit and Finance Committee Minutes.

- Some committee members questioned the recommendation by the advisory group to decrease the scope of GAVI activity in market shaping in poor countries, noting that GAVI is a significant customer in the vaccine market. They welcomed the focus on bringing down vaccine costs.
- Increased demands on the Secretariat, along with appropriate belt tightening, is straining a small staff with an already full portfolio of activities. As such, the Secretariat cautioned that new resource mobilisation and programme monitoring activities would be at risk without appropriate additional staff support. The Committee recognised these factors but was also sensitive to the economic environment and that the new CEO may wish to allocate headcount differently. Furthermore, the Committee queried whether appropriate rigour has been applied to performance management and underperforming staff. As such, the Committee determined that the Committee Chair and Interim CEO would work together to prioritise key positions and defer others that could wait until the permanent CEO was appointed.

Resolution Three

The GAVI Alliance Executive Committee resolved to:

Endorse and recommend the Business Plan as presented for approval by the Board subject to the following:

- Upon approval by the Board, the Interim CEO and the Executive Committee Chair will review the twenty-two requested staff positions to determine which positions are critical and must be filled without delay and which positions can wait until after the permanent CEO is appointed. The Secretariat may appoint new staff members to those positions deemed critical prior to the appointment of the permanent CEO.
- The Executive Committee noted that the Programme and Policy Committee was concerned that further work was needed to improve on the proposed programme objectives/activities in Strategic Goal 2 and had set up a time-bound task team to review them. This could result in some changes to the Business Plan in relation to Strategic Goal 2.

Endorse and recommend the following amendments to the GAVI Alliance Strategy 2011-2015 for approval by the Board:

- Add: Operating Principle 6: “Ensuring gender equity in all areas of engagement.”
- Amend: Strategic Goal 2, Strategic Objective 2: “Increase equity in access to services.”
- Amend: Strategic Goal 4: “Shape vaccine markets for poor countries.”
- Delete: Strategic Goal 4, Goal-level Indicator 2 in its entirety.
- Delete: Strategic Goal 4: Strategic Objectives 1-4 in their entirety.
- Add New: Strategic Goal 4: Strategic Objective 1: “Ensure adequate supply to meet demand.”
- Add New: Strategic Goal 4: Strategic Objective 2: “Minimise costs of vaccines to GAVI and countries.”
- Add previously approved targets to the strategy matrix.

Endorse the performance and risk management approaches as presented subject to the inclusion on the risk register of certain governance risks including conflicts multilateral partners have in participating in the governance system while performing services on behalf of the Alliance.

Request the Governance Committee to develop ethics guidelines to address the aforementioned multilateral partner conflicts.

5 Programme Funding Plan

Mercy Ahun, Managing Director, Programme Delivery and Mr Greene presented a programme funding plan seeking endorsement of programme budgets in the net amount of US\$ 313,475,479 and reductions of near-term programme liabilities in the net amount of \$1,548,272 (Doc #4a). The net increases to programme budgets are extensions of existing programmes. As such, they have always been factored into financial projections and GAVI has indicated in the past that sufficient finances are in place to fund their entire lifespan. Discussion followed:

- Reductions for countries in Latin America were the result of the late arrival of pneumococcal vaccine. Funding will be replaced once the vaccine is prepared for delivery.
- Mr Greene also presented a funding plan seeking reduction of programme budgets in the net amount of US\$ 585,500 and approval of near-term programme liabilities in the net amount of \$17,384,000 for programmes in Myanmar and North Sudan (Doc #4b). During this portion of the meeting, Dr Sepulveda removed himself from chairing or participating and Gustavo Gonzalez-Canali chaired the meeting in his place. In addition, Wayne Berson, Rajeev Venkayya, and George W. Wellde, Jr. removed themselves from participating.

Resolution Four

The GAVI Alliance Executive Committee resolved to:

Endorse new programme budgets in the net amount of **US\$ 313,475,479**, as summarised below:

- **US\$ (142,113,490)** (reduction) of existing NVS, HSS and ISS programmes as a result of the September 2010 Monitoring IRC recommendations
- **US\$ 463,257,503** for extensions of existing NVS and ISS programmes as a result of the September 2010 Monitoring IRC recommendations
- **US\$ (7,668,534)** (reduction) associated with finance amendments.

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 Five

The GAVI Alliance Executive Committee resolved to:

Approve near-term programme liabilities in the net amount of **US\$ (1,548,272)** (reduction) as summarised below:

- **US\$ (151,317,490)** (reduction) of existing NVS, HSS and ISS programmes as a result of the September 2010 Monitoring IRC recommendations
- **US\$ 109,441,002** for extensions of existing NVS and ISS programmes as a result of the September 2010 Monitoring IRC recommendations
- **US\$ 47,996,750** for new HSS and ISS near-term programme liabilities from previously endorsed programmes
- **US\$ 19,871,000** for a programme variance budget
- **US\$ (27,539,534)** (reduction) due to write-offs.

Resolution Six

The GAVI Alliance Executive Committee resolved to:

Endorse programme budgets in the net amount of **US\$ (585,500)** (reduction), as summarised below:

- **US\$ (585,500)** (reduction) of existing ISS programmes as a result of the September 2010 Monitoring IRC recommendations.

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.

Jaime Sepulveda, Wayne Berson, Rajeev Venkayya, and George W. Wellde, Jr. did not vote on Resolution Six. The World Bank abstained due to possible conflicts of interest.

Resolution Seven

The GAVI Alliance Executive Committee resolved to:

Approve near-term programme liabilities in the net amount of **US\$ 17,384,000** as summarised below:

- **US\$ (291,000)** (reduction) of existing ISS programmes as a result of the September 2010 Monitoring IRC recommendations
- **US\$ 17,675,000** for new ISS and HSS near-term programme liabilities from previously endorsed programmes.

Jaime Sepulveda, Wayne Berson, Rajeev Venkayya, and George W. Wellde, Jr. did not vote on Resolution Seven. The World Bank abstained due to possible conflicts of interest.

6 Support for India

Dr Ahun reviewed the Government of India's proposal to introduce DTP-HepB-Hib ("pentavalent") vaccine in Kerala and Tamil Nadu. India had been approved to introduce pentavalent vaccine in ten states but a vocal anti-vaccine lobby and changes in government leadership has made introduction difficult. At the June meeting, the Board had set deadlines for the Government to present a satisfactory introduction plan or else the Officers were authorised to rescind funding. The Government had initially proposed a revised roll-out in five states but subsequently reduced that to two states. The Secretariat recommended the revised proposal be accepted and that GAVI continue efforts to assist the Government with introduction. Discussion followed:

- The Secretariat and GAVI partners are committed to assisting India and Nigeria with their routine immunisation programmes. Consequently, the Programme and Policy Committee and Secretariat should develop a comprehensive strategy for strengthening programme performance and introduction of new vaccines in these countries.
- India must return with a satisfactory, expanded programme prior to 30 June 2011 or else the remaining programme budget will be rescinded. The Committee welcomed plans for the Indian Council of Medical Research to undertake impact assessments to inform further expansion and offered to facilitate technical assistance from Alliance partners.

Resolution Eight

The GAVI Alliance Executive Committee resolved to:

Accept the revised request from the Government of India for the introduction of DTP-HepB-Hib vaccine in two states for the period 2010-2014.

Note that the associated programme budget of US\$ 46,500,000 will come from an existing NVS programme budget endorsed by the Executive Committee on 30 July 2009 and referenced in Resolution Four of the 16-17 June 2010 Board Minutes.

Offer to facilitate technical assistance from Alliance partners to support introduction of the vaccine and associated evaluation(s) if requested.

Communicate GAVI's readiness to support further expansion in India, subject to the availability of funding and in accordance with the Prioritisation Policy.

Recognise that GAVI cannot indefinitely reserve the remaining funds originally earmarked for the introduction of pentavalent vaccine in India, given GAVI's current financial constraints and the need to support a new round of country applications in 2011.

Communicate that GAVI intends to rescind the remaining US\$ 118,500,000 programme budget and programme liability on or around 30 June 2011 should the Government of India not submit a satisfactory plan to introduce DTP-HepB-Hib in additional states prior to that date.

Wayne Berson and George W. Wellde, Jr. did not vote on Resolution Eight as they left the meeting.

There being no further business, the meeting was adjourned.

Ms Debbie Adams
Secretary to the Board

Attachment A

Participants

Committee Members

- Jaime Sepulveda, Chair
- Wayne Berson
- Armin Fidler
- Gustavo Gonzalez-Canali
- Guillermo González-González
- Saad Houry
- Suresh Jadhav
- George W. Wellde, Jr
- Helen Evans (non-voting)

Regrets

- Ashutosh Garg

Other Board Members Present

- Cristian Baeza
- Rajeev Venkayya*

* Served as the eligible organisation's voting member per Section 2.6.5 of the By-Laws

Secretariat

- Debbie Adams
- Mercy Ahun
- Barry Greene
- Kevin Klock
- Nina Schwalbe
- Joelle Tanguy
- Daniel Thornton

Guests

- Violaine Mitchell, Bill & Melinda Gates Foundation