

FOR DECISION

In November 2009, the GAVI Alliance Board began the development of a strategy for the period 2011-2015. Following approval of the strategy in June 2010, the Board requested that the Secretariat lead the development of an integrated Business Plan to deliver on the strategy. The Business Plan was developed in consultation with a broad range of stakeholders and partners, and has been reviewed and endorsed by the Programme and Policy Committee, Audit and Finance Committee and the Executive Committee of the Board. As a result of the consultation process for developing the business plan, minor revisions have been proposed to the Strategy. These have also been reviewed and endorsed by the Executive Committee.

The PPC, AFC and EC have also reviewed the proposed approach for managing performance and risk. In short, the plan will be reviewed quarterly and revised on an annual rolling basis which will give the opportunity to “course correct” for the year ahead – and to submit a budget for an additional year (e.g. such that a two-year budget is always in place).

Based on the recommendation from the Executive Committee, the Board is requested to:

- **Approve the changes to the Strategy**
- **Approve the Business Plan and associated two-year budget (2011-2012)**

GAVI Alliance Business Plan 2011-2015

1. Background

1.1 In June 2010 the GAVI Alliance Board approved a Strategy for the GAVI Alliance for 2011-2015. The Board requested that the Secretariat lead the development of an integrated Business Plan to support the Strategy. GAVI Alliance Board members nominated individuals from their constituencies to join technical sub-groups for each strategic goal. These sub groups were tasked with developing programme objectives, deliverables and activities. The deliberations of the technical sub-groups were facilitated by a single consultant to maximise coherence across the strategic groups and cross-cutting issues. Sub-group input was completed in July and consolidated by the Secretariat in August. In mid-September the Business Plan, including a detailed budget, was submitted for review to an External Advisory Group. The Programme and Policy, Audit and Finance and Executive Committees provided guidance October-November and at its recent meeting on 4 November, the Executive Committee recommended the Business Plan and budget for approval by the Board noting that the PPC had set-up a time-bound task team to review the programme objectives/activities in Strategic Goal 2 and that this could result in some changes to the Business Plan.

FOR DECISION

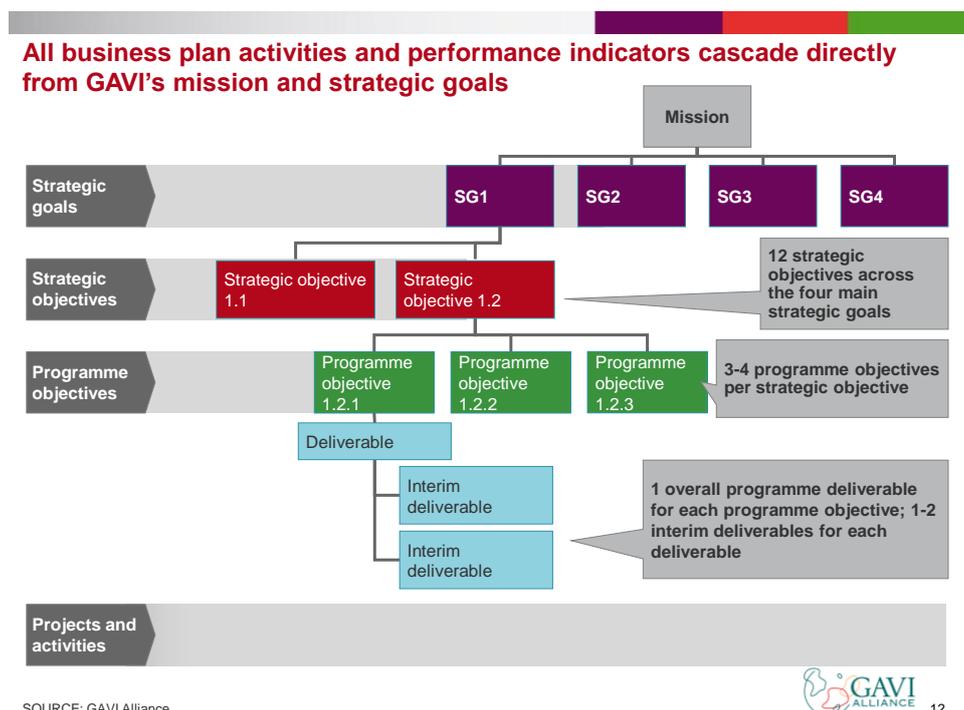
1.2 The GAVI Alliance Business Plan (2011-2015) consists of two main documents (annexes 1 and 2):

- Part I Overview and Strategy - provides background and context;
- Part II Strategic goals and cross-cutting issues - delineates objectives, deliverables.

1.3 The purpose of the 2011-2015 Business Plan is to deliver against the GAVI Alliance mission.¹ In contrast to previous years, the plan aims to ensure strong links between activities, programme objectives, strategic objectives and goals. By focusing on deliverables and targets, the plan is firmly grounded in a performance-based approach.

1.4 In 2009 the GAVI Alliance Board commissioned a second GAVI Evaluation which was completed in September 2010. The evaluation identified a number of areas for improvement moving forward in the next strategic planning period 2011-2015. Several of these areas have been addressed in the business plan and are described in further detail in annex 1.

1.5 Important structural changes have been made from previous years to ensure a clear link between the GAVI Alliance mission and four strategic goals.²



1.6 The development of the GAVI Alliance 2011-2015 Business Plan has been driven by a desire for a logical flow and internal consistency (e.g. activities support programme objectives, which contribute to achievement of the strategic goals). The business plan includes:

¹ To save children's lives and protect people's health by increasing access to immunisation in poor countries

² For more information on limitations of the previous work plan, see GAVI Second Evaluation (SG4 chapter pg 89)

FOR DECISION

- Defined targets and performance indicators at the level of mission, goals and strategic objectives;
- 26 programme objectives (strategic initiatives) designed to directly deliver on each of the 12 strategic objectives;
- Measurable deliverables to be achieved by 2015 for each programme objective; and
- Detailed activities and 2011-2012 budgets (including detailed assumptions).

1.7 Goals are measured against the achievement of targets, and objectives have clear final and interim deliverables. Implementers, clearly identified as “lead entity” for particular programme objectives, are accountable for the deliverables and have to demonstrate that activities achieve the objectives (and related key performance indicators) for the Strategy. For details on future milestones of the plan please see section 4.3.

1.8 Over the five years of the Strategy, external and internal factors may change (e.g. level of available resources), thus requiring a review and potential revision or adjustment of particular objectives and targets. This includes potential revisions to the programme objectives and deliverables for market-shaping, which will be significantly informed by the review of the supply and procurement strategy, to be presented to the Board in June 2011. It also includes potential revisions to the targets³. As methodologies change and new data sources become available, it is envisaged that the targets will be revised as necessary and appropriate during the timeframe of the business plan.

1.9 With regard to the Strategy (goals and strategic objectives), based on their review, the External Advisory Group suggested some minor adjustments. These changes were reviewed and supported by the PPC and were recommended for approval by the EC.

1.10 The External Advisory Group had suggested to qualify Strategic Goal 4 such that the aim was to “Shape vaccine markets for poor countries” rather than in all countries.

1.11 Of note, the indicator on ‘Number of suppliers in the market’ under Strategic Goal 4 was suggested for deletion at the Executive Committee meeting in September. As no consensus has been reached on this issue, the Secretariat proposes to leave this indicator as is but ask the Supply Strategy Task Team review and suggest alternatives, if appropriate.

1.12 The proposed changes to the Strategy are summarised below.

- The External Advisory group felt there were too many market-shaping strategic objectives and that these should be consolidated and

³ The targets were developed in consultation with stakeholders and partners with guidance from the Board Evaluation Advisory Committee.

FOR DECISION

directly linked to the programme objectives. Two new strategic objectives are therefore proposed to replace the previous four. In other words, rather than having “make vaccines affordable, secure sufficient supply, create market security/stability, and catalyse introduction of appropriate vaccines”, the revision proposes “ensure adequate supply to meet demand” and “minimise costs of vaccines to GAVI and countries.”

1.13 The advisory group considered the information from WHO that in most countries there is little difference in vaccination rates between boys and girl. As such they felt the issue of gender was misplaced as an equity issue under the health systems goal.⁴ They suggested that it should be included as part of an overarching principle and applied to all GAVI activities. The suggested principle is: “Ensuring gender equity in all areas of engagement”.

1.14 The proposed changes are highlighted in red in annex 3.

The Board is requested to approve the changes to the Strategy.

2. Feedback from the PPC, AFC, EC

2.1 After review by the External Advisory Committee and subsequent revisions, the business plan was submitted to the PPC and AFC in October-November for guidance and the EC for recommendation to the Board.

2.1.1 The Programme and Policy Committee meeting was held 21-22 October. At the meeting the PPC:

- Supported the overall approach including objectives, deliverables and targets while recognising that further work could be done to further improve on programme objectives and deliverables, particularly in relation to Strategic Goal 2 on health systems strengthening.
- Supported the revisions proposed by the External Advisory Group to Strategic Goal 4 (“market-shaping”).
- Recognised the need for flexibility in programming that will be informed by ongoing performance monitoring, endorsed current levels of investment across strategic goals subject to:
 - Ongoing monitoring the need for investment in co-financing and market shaping objectives, recognising the work of the Supply Strategy Task Team and noting the centrality of these activities in improving sustainability of country introductions.
 - Analysis of appropriateness and role (e.g. catalytic) of the level of GAVI investment in ‘core’ partner activities (including surveillance, waste management, cold chain, programmatic and epidemiological data collection and dissemination), while

⁴ Strategic objective Increase equity in access to services, including gender equity

FOR DECISION

recognising that these activities are essential underpinnings for GAVI delivering on its mandate.

- Questioned whether the proposed activities will deliver on the objectives and indicators of goal 2.
- Supported proposals for formal performance and risk management together with ongoing focus on improving operational efficiencies and reducing costs.

2.1.2 The PPC also agreed to:

- Establish a time-bound task team to assess the level of investment in core partner activities and, where appropriate develop a formal plan for transitioning these activities from GAVI back to their 'home' agencies with the understanding that there would need to be appropriate resourcing to undertake these activities.
- Establish a time-bound task team to formally review the proposed objectives/deliverables/activities in Strategic Goal 2.
- The task team, chaired by Paul Fife of Norway and including representatives from the Bill & Melinda Gates Foundation, WHO, the GAVI Secretariat and Civil Society has completed its work and the proposed revisions have been incorporated into the business plan submitted to the Board. The revisions focused on refining the objectives, deliverables and activities to ensure delivery on Strategic Goal 2. See annex 5 for the Chair's Summary of the deliberations of this task team.

2.1.3 The Audit and Finance Committee meeting was held 25 October. The Committee was requested to review the financial implications of the Business Plan and provide guidance as necessary. At their meeting, the AFC moved to:

- Acknowledge that it reviewed the financial implications of the business plan, noting that it represented a 9% decrease on the budget for 2010, and was comfortable on that basis to move forward with most aspects of it, recognising that modest changes may be made as a result of input from the Programme and Policy Committee and Executive Committee.
- Acknowledge that the Secretariat and Alliance partners need the appropriate level of resources in order to deliver on GAVI's strategic goals and priorities including enhanced resource mobilisation activities and accountability. However the Committee was concerned to ensure that the incoming CEO would have sufficient flexibility in relation to permanent staff appointments. It therefore requested additional information on how and when it was expected that the proposed new Secretariat and partner positions would be filled.

2.1.4 The GAVI Alliance Executive Committee draft resolutions are below:

FOR DECISION

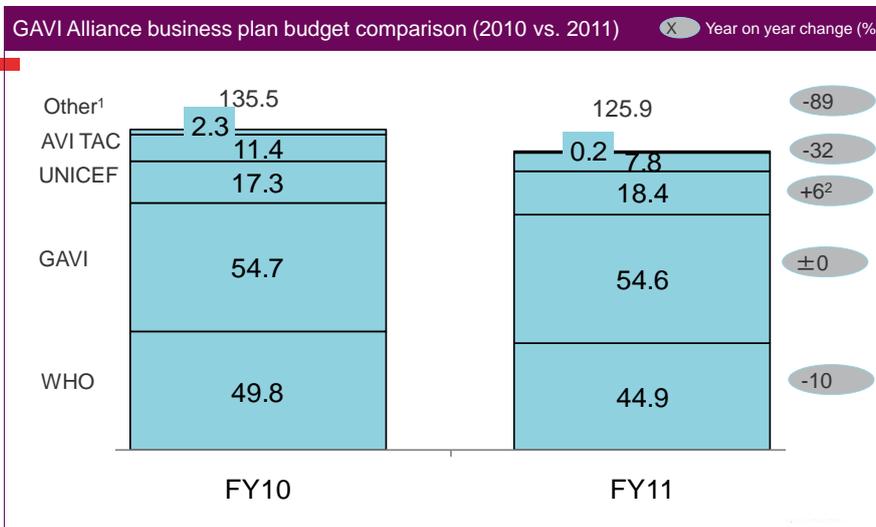
- Endorse and recommend the Business Plan as presented for approval by the Board subject to the following:
 - Upon approval by the Board, the Interim CEO and the Executive Committee Chair will review the twenty-two requested staff positions to determine which positions are critical and must be filled 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:
- 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.

3. Budget

- 3.1.1 Although it was intended that implementing partners would submit two-year budgets (2011-2012) for approval, the submissions for 2012 were not sufficiently robust to put forward to the Board at this time (e.g. in most cases they are a direct extension of 2011 activities and budgets). Given that the move to a two-year budget cycle for 2009-2010 significantly reduced transaction costs for the Alliance, the Audit and Finance Committee endorsed a provisional budget for 2012 corresponding to the approved amount for 2011. (For more details on the Business Plan financials, please refer to the Business Plan budget-Board Document #07b)
- 3.1.2 The **Business Plan budget is US\$ 125.9 million for 2011**, of which US\$100.4 million is for Programme Implementation, and US\$25.5 million is for Mission Support (Secretariat operational support).

Marginal increase proposed for UNICEF budget for 2011, reduced budgets for GAVI Secretariat, WHO and AVI TAC

USD millions

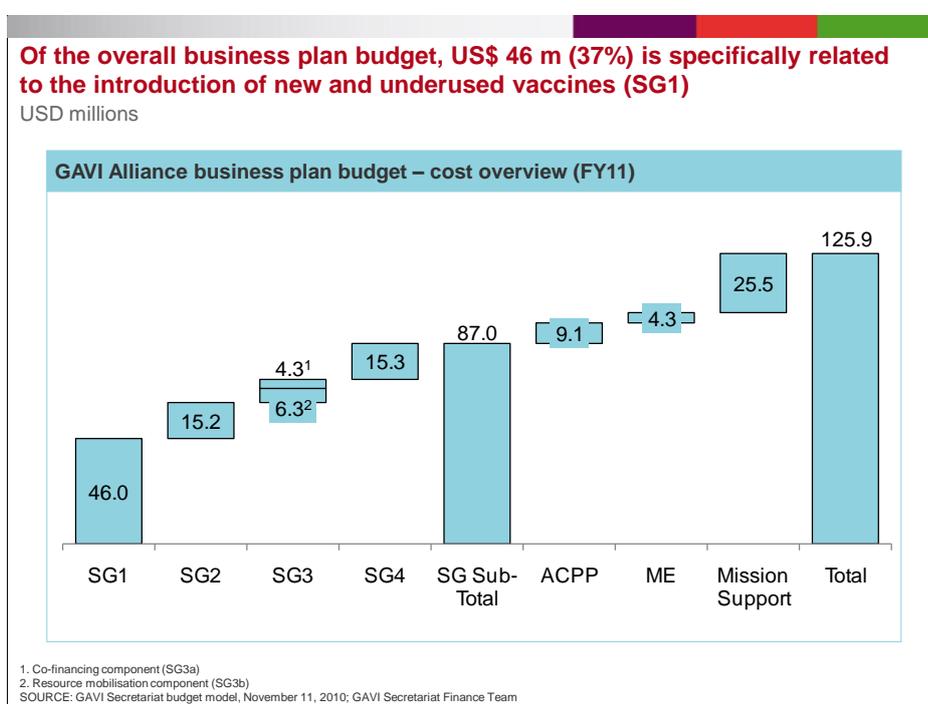


1. Does not include ADIP 2010 (PATH/JHU) of 3.0m. Includes World Bank only in FY10, includes only PAHO in FY11; World Bank voluntarily withdrew from the business plan for FY11
2. Mainly driven by a -USD 1 million increase in procurement fees between FY10 and FY11
SOURCE: GAVI Secretariat budget model, 18 October, 2010; GAVI Secretariat Finance Team

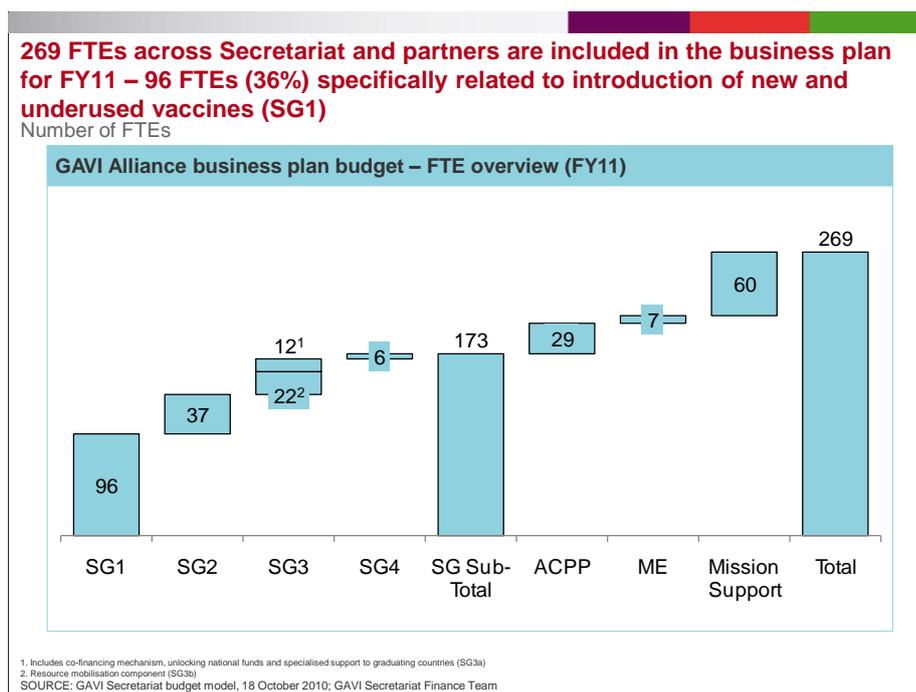
- 3.1.3 There has been an increase in **UNICEF** (Supply Division) procurement fees because fees for vaccines are estimated at 1.7% of total value. Thus the increase in that area represents an increase in the quantity of vaccines purchased for GAVI.
- 3.1.4 **WHO's** budget has decreased by approximately US\$ 4.9 million (10 %) explained largely by completion of the ADIP transition.
- 3.1.5 With regard to the **Accelerated Vaccine Introduction Technical Assistance Consortium** (AVI-TAC), a contract of US\$ 51.3 million was awarded in 2008 for the period 2009 to 2015 to help accelerate demand in GAVI countries. The intention behind outsourcing certain activities was to supplement Alliance capacity in specific areas (special studies, strategic vaccine supply and advocacy and communications) where it was felt that a competitive bidding process would bring in appropriate technical expertise and cost efficiencies. The contract and associated activities are agreed and budgeted on an annual basis. The decline in funding from 2010 to 2011 reflects phasing of expenditure, whereby early upfront costs were incurred in 2010 for Special Studies (clinical studies) in Africa.
- 3.1.6 As concerns the **World Bank**, no funding is requested in support of the Strategy 2011-2015. The Bank has communicated that it will contribute on a strategic level (e.g. participation in governance processes as a member of the Alliance) and through its complementary core business, rather than through implementation of GAVI funded activities.

FOR DECISION

3.1.7 The GAVI **Secretariat** budget has been restricted to the 2010 amount. Although the GAVI Secretariat budget has zero growth, in order to be able to respond to new or enhanced priority areas of work, significant savings will be achieved through rationalising travel, meeting and consultant fees. There have also been efficiencies in operational and administrative areas, and the budget makes no provision for salary increases in 2011. These savings will allow for increased investment in resource mobilisation, innovative finance, advocacy and communications, and implementation of the Health Systems Funding Platform – while maintaining a zero growth budget. Further, as recommended in the second GAVI evaluation, there is a proposed increase of staff in the programme delivery area to improve coordination and accountability with countries.



3.1.8 With regard to the **breakdown of the 2011 budget**, Strategic Goal 1 (SG1) has the largest share of the business plan budget (US\$ 46 million or 37% of the business plan expenditure with 96 associated full time equivalents (FTEs)). This is followed by Strategic Goals 4, 2 and 3 representing US\$ 15.3 million, US\$ 15.2 million and US\$ 10.6 million respectively (with 6, 37 and 34 FTEs respectively allocated). The functional cross-cutting areas of Advocacy, Communication and Public Policy (ACPP) and Monitoring and Evaluation (M&E) are US\$ 9.1 million supported by 29 FTEs and US\$ 4.3 million supported by 7 FTEs (note that the graphic below combines staffing for all implementing agencies including the Secretariat, WHO, UNICEF and AVI TAC).



4. Business Plan Operation

4.1 Managing performance

4.1.1 The business plan includes a set of defined programme deliverables which underpin the 26 programme objectives. These deliverables will form the basis for routine progress reporting and performance management. A dedicated performance management unit will be established to coordinate performance management approach/coordination and to improve overall reporting, transparency and delivery. The proposed approach consists of:

- Quarterly reviews of progress against deliverables with senior management of the implementing agencies to highlight and problem-solve specific bottlenecks and constraints. It will also include bi-annual reporting to the Board.
- Leadership engagement [at a high level] from the partners and Secretariat.
- Process for special review of programme objectives with limited/insufficient delivery.

4.2 Managing risk

4.2.1 An enhanced risk register (see annex 4) has been developed in collaboration with GAVI's internal auditor to ensure that all major business risks are effectively tracked and mitigated across the Alliance. Following review by the EC, the risk register currently includes risks across seven major categories (financial, operating, markets and products, country sustainability, advocacy and communication, and

FOR DECISION

staff/organisation risks). The risk register also provides a relative rating for these risks to GAVI.

4.2.2 At the Executive Committee, it was suggested to include the risk associated with the GAVI Alliance governance structure. This has been incorporated into the category of “operational risks” as “*Unintended consequences of the new performance contracting system on the partnership model.*”

4.2.3 The risk management approach consists of:

- Review and update of register including risks and associated mitigation strategies on a quarterly basis as part of the quarterly performance review process outlined above.
- Coordination by the GAVI Secretariat.

4.2.4 Consistent with an assessment of the level of risk associated with resource mobilisation, the Secretariat is currently preparing an internal analysis of possible future funding scenarios and their implications on the business plan.

4.3 Annual review

4.3.1 The plan will be reviewed quarterly and revised on an annual rolling basis which will give the opportunity to “course correct” for the year ahead – and to submit a budget for an additional year (e.g. such that a two-year budget is always in place). This will also allow the Board to review risks, progress and adjust the plan as needed.

5. Request to the Board

5.1 The Board is asked to:

- **Approve the changes to the Strategy**
- **Approve the Business Plan and associated two-year budget (2011-2012)**

6. Annexes

1. Part I GAVI Alliance Business Plan 2011-2015 Overview and Strategy.
2. Part II GAVI Alliance Business Plan 2011-2015 Strategic goals and cross-cutting issues.
3. GAVI Alliance Strategy 2011-2015.
4. Risk Matrix.
5. Chair’s Summary of the Task Team to review the Strategic Goal 2 inputs to the Business Plan.

7. Additional reading, available upon request

FOR DECISION

- GAVI Alliance Business Plan 2011-2015 – Projects and activities.
- Definition of indicators.