

GAVI Work Plan and Budget, 2003

Overview

In 2002, GAVI partners made the transition from start-up to implementation. The results speak for themselves: immunization is again in the spotlight – more than 3 million additional children have received their basic vaccinations and 10.5 million infants have been protected against hepatitis B.

In 2003, the emphasis will be on maintaining momentum and monitoring progress. The Alliance will focus on:

- Working with countries and donors to improve prospects for financially sustainable programs.
- Based on additional needs as defined by countries formulating and implementing a strategy to enhance efforts to increase access to immunization.
- Deciding upon the first performance-based grants that will extend funding in countries that have increased coverage, and suspend funding in countries that have not.

The above should be considered against the backdrop of the close to *\$200 million of infrastructure support, vaccines and supplies* expected to be disbursed from The Vaccine Fund over the coming year.

This 2003 budget is based on the existing GAVI entities. Since priority areas and strategies have not been approved for 2004-5 it is assumed that the work plan and budgeting process and product may look very different in future years.

The Process

At the Dakar meeting in November 2002 the Board was presented with a consolidated work plan and budget based on work plans of individual GAVI entities – task forces, regional working groups, the Secretariat and the Vaccine Provision Project – in which the proposed activities were aligned with the overall GAVI objectives and milestones. The total budget was in excess of \$22 million and the financing gap was indicated to be close to \$16 million.

Based on Board feedback from Dakar, a prioritized work plan and budget for the first half of 2003 was prepared and presented to a Board sub-group in Amsterdam. This was approved by the Board sub-group, and subsequently endorsed by the full Board. The Board committed to identify the resources to fund this “bare bones” work plan.

Since last December, work plan activities have been further prioritized and the GAVI entities have, where possible, re-allocated the donor support from CVP, the Netherlands and Norway to the World Bank, WHO, UNICEF so that it would cover most of the highest priority GAVI value added areas. As a result, the budget gap for 2003 has been reduced to \$3.5 million.

The Board sub-group has followed this process closely and has discussed the remaining work plan budget. The sub-group recommends the work plan budget for final approval by the Board with financing as indicated below.

Proposed 2003 work plan and budget

The overall work plan budget and the remaining financing gap after the reallocation and reprioritization process appear in the table below. A short comment for each entity work plan appears in Annex 1. The full work plan budgets for each entity appear in Annex 3.

Expenditures 2002, budget 2003 and budget requested from GAVI Board for 2003
(in \$,000)

	2002 expenditures	2003 total	2003 requested
ATF	1,495 ¹	2,075	0
FTF	2,747 ²	4,025	1,450
ITF incl RWGs	2,750 ³	6,069	670
Secr	4,570 ⁴	4,267	1,267
R&D	250 ⁵	487	113
TOTAL	11,812	17,343	3,500

The work plan experience has shown that it is extremely difficult to project a correct picture of the financing in a system where task force activities are integrated into implementing partner activities. Therefore the figures for 2002 may not be exactly comparable to the proposal for 2003.

Financing

The Bill & Melinda Gates Foundation has graciously offered to fund the \$3.5 million gap, as a special contribution for 2003.

Management of the 2003 work plan and budget

The Executive Secretary will be responsible for the implementation of the 2003 GAVI work plan and budget, including management of the funds and accountability for deliverables. This is in line with the GAVI Board decisions taken at the Paris Board meeting in June 2002, based on the recommendations of the GAVI Review.

The Executive Secretary will carry out this responsibility with the implementing partners through standard contractual arrangements required for financial transactions between organizations. This is also in keeping with the management principles elaborated in the document, "GAVI work planning

¹ Strictly speaking not all of these funds from CVP and Netherlands were controlled by ATF. In addition ATF member organizations paid their own way to participate in ATF meetings.

² This figure includes both actual and estimated 2002 expenditures on FTF activities from multiple partners, recognizing that some partners work on a fiscal year, others on a calendar year. The contributions of several key partners to the financial sustainability work -- The Rockefeller Foundation, DFID, & NORAD -- are not reflected here, however. Neither do the 2002 FTF Expenditures include staff time/personnel costs from within partner agencies, nor travel expenses for meeting participants absorbed by GAVI partner agencies; both of which are significant expenditure items.

³ This figure does not include contributions from WHO and UNICEF.

⁴ Includes one-off payments of \$850,000 for partners' meeting and \$439,000 for support to task forces.

⁵ Does not include support from donors.

and budgeting system”, provided to the GAVI Board with the initial submission of the “GAVI consolidated work plan 2003-04” at the GAVI Board Meeting in Dakar (attached here as Annex 2).

A set of options and a recommendation for how to handle the transfer of the \$3.5 million is attached as Annex 4.

Annex 1**Commentary on entity work plans****ATF**

After a prioritization process the ATF has identified funding to implement the highest priority activities in 2003. The ATF is not requesting additional funds to fill the remaining gap; activities for which funding has not been identified from current sources will not be implemented.

FTF

As in past years, the FTF worked with its partners to establish priorities and develop a balanced portfolio of work. The FTF believes a balance between implementation and forward looking strategic work is extremely important, as what is strategic one year rapidly evolves into implementation in the following year. The 2003 FTF work plan builds on 2002 priorities and activities with a particular focus on the alignment of the work plan with GAVI objectives and milestones.

The FTF would like to emphasize that the scope, scale, and importance of the financial sustainability planning work were not anticipated, nor budgeted for, at the outset of GAVI.

The task force notes that closely related to the need for additional funding to finance national financial sustainability planning, is the mechanism by which additional funds can be most readily and efficiently administered.

ITF

In 2003 the ITF including the Regional Working Groups (RWGs) will focus on cold chain management, waste management, injection safety management, waste disposal, and training to strengthen vaccine delivery and reduce wastage.

The ITF points out that chronic understaffing for technical assistance presents a problem as GAVI moves forward. Both WHO and UNICEF have allocated funds for RWGs to be able to provide such support. In addition the task force budget includes funding for the RWGs to provide technical assistance to countries for proposal and report writing.

The ITF has also noted the additional need for support for injection safety and will therefore ensure that RWGs have sufficient funds to provide country support in this important area.

Secretariat

Board member dues will continue to be levied in accordance with current principles. Ten paying board members will thus contribute \$3 million to the Secretariat budget, the remaining amount is being requested here. The full 2003-04 Secretariat budget has already been submitted to the Board at the Dakar meeting.

R&D task force

The R&D task force will wind up its activities by June 2003 as its work by then has been transferred to the ADIPs.

VPP

The VPP does not require any substantial additional funding.

Annex 2**GAVI work planning and budgeting system*****The process**

Each of the seven GAVI entities – the Secretariat, Working Group, four Task Forces and the Vaccine Provision project, is to work within its own workplan and budget approved by the GAVI Board.

These seven workplans will provide the basis for a consolidated GAVI workplan.

After decision by the GAVI Board the work planning system will function as described below.

Disbursement of funds

Following consideration by the Board, each GAVI entity will be notified of the approved workplan and budget for the forthcoming period. It will detail activities and deliverables with related budget lines and sub-lines. The approved funds will be paid to each entity's host organisation quarterly in accordance with established procedures as indicated below:

<u>Entity</u>	<u>Host organization</u>
ATF	Unicef
FTF	WB
ITF	WHO
R&D TF	WHO
Secretariat	Unicef
VPP	Unicef
WG	Unicef

Approved workplans and budgets**Accountability**

Task Force Chairs and the manager of the Vaccine Provision Project are accountable to the Executive Secretary for progress against the Board-approved work plan, and effective use of GAVI funds within the approved budget. Resources provided by partners will be accounted for to partners direct, and not via the Executive Secretary. The Executive Secretary is accountable for the Working Group, as its Chair, and for the Secretariat.

A major difference of view about the draft workplan and budget among core members of the originating entity should be referred to the Executive Secretary who may wish to consult the Working Group as appropriate. When considering a draft work plan or budget, the Board should be advised of significant dissent among partners on a Task Force core group or the Working Group.

* Document originally submitted to the GAVI Board at its meeting in Dakar, November 2002

Revisions

Proposals for significant revisions to the work plan or budget should be referred for approval to the Executive Secretary. A significant revision includes a major shift in policy, an addition or deletion of an activity, and any revision with financial implications over \$100,000 (including virement between budget lines) in any one year or with implications for achievement of a GAVI milestone. Major policy issues will in any case need to be referred to the Board.

Proposals to establish a post for work on GAVI issues –regardless of the source of funding- or to engage a consultant for longer than 11 months should also be subject of consultation with the Executive Secretary, when not already covered in the approved work plan.

The Executive Secretary will approve revisions (including virement between budget lines and transfer of funds between entities) with financial implications up to 10 percent of the total GAVI work plan budget. Proposed revisions above that level will be referred to the Board for decision.

Oversight of work planning and budgeting issues within Task Forces

The Executive Secretary is accountable to the GAVI Board for the oversight of the Task Forces. Task Force Chairs are in turn accountable to the Executive Secretary for the conduct and performance of the Task Force, and specifically for submission of a draft work plan and nominal budget, progress against the Board-approved work plan, and effective use of Task Force funds within the approved budget.

It is a matter for each Task Force to agree arrangements for oversight of workplanning and budgeting within the Task Force itself.

Reporting

Performance will be monitored against approved work plan and budget. Entity Chairs will provide the Executive Secretary with status reports on (a) progress on the work plan (deliverables) and (b) budget and expenditures as follows:

- i) mid-year of each year (ie a status report as at end June to be provided by 15 August including an up-date of disbursements and estimated disbursements for the remainder of the year);
- ii) an update and a specification of the work plan for year two of the budget cycle to be submitted for consideration by the Board at its autumn meeting; end of each year, (ie status report as at end December 2003, by 15 February).

Summary 2003 Budgets for GAVI Entities

Annex 3

ENTITY	ACTIVITY	TOTAL BUDGET	FUNDS AVAILABLE	REQUESTED BUDGET	REMAINING GAP*
ATF	Coordination of the ATF	\$150,000	\$150,000	\$0	\$0
	Regional Advocacy and Communication Focal Points	\$525,000	\$0	\$0	\$525,000
	Regional Workshops	\$225,000	\$225,000	\$0	\$0
	Communication strategic planning skills Africa	\$150,000	\$150,000	\$0	\$0
	Advocacy support Financial Sustainability	\$100,000	\$50,000	\$0	\$50,000
	"Value of Vaccines" Global Advocacy Strategy	\$200,000	\$100,000	\$0	\$100,000
	Advocacy Papers and Broadcast Materials	\$75,000	\$75,000	\$0	\$0
	Strengthen Technical Assistance	\$150,000	\$0	\$0	\$150,000
	Strengthening links with the Media	\$75,000	\$0	\$0	\$75,000
	Innovative Demonstration Projects	\$300,000	\$0	\$0	\$300,000
	Strategy to Promote Introduction New Vaccines	\$100,000	\$0	\$0	\$100,000
	Attendance at RWG and SRWG Meetings	\$25,000	\$0	\$0	\$25,000
	Subtotal, ATF:	\$2,075,000	\$750,000	\$0	\$1,325,000
	FTF	FSP Devt and Implementation Support	\$1,930,000	\$830,000	\$1,100,000
National Financing Strategies and Options		\$425,000	\$320,000	\$0	\$105,000
Analytical and Monitoring Frameworks and FS Tools		\$460,000	\$250,000	\$210,000	\$0
Econ and fin incentives for new vaccines		\$840,000	\$310,000	\$0	\$530,000
Core management		\$370,000	\$230,000	\$140,000	\$0
Subtotal, FTF:		\$4,025,000	\$1,940,000	\$1,450,000	\$635,000
ITF	Capacity Building Subgroup	\$930,000	\$370,000	\$104,000	\$456,000
	Monitoring and Evaluation Subgroup	\$562,500	\$100,000	\$30,000	\$432,500
	AFRO	\$1,630,600	\$1,590,600	\$40,000	\$0
	AMRO	\$364,000	\$330,000	\$34,000	\$0
	EMRO/ROSA	\$753,000	\$688,000	\$65,000	\$0
	EURO	\$885,000	\$640,000	\$245,000	\$0
	SEARO/EAPRO	\$342,000	\$342,000	\$0	\$0
	Asia Pacific/EAPRO	\$602,000	\$450,000	\$152,000	\$0
	Subtotal, ITF:	\$6,069,100	\$4,510,600	\$670,000	\$888,500

* Activities for which funding is not available, or requested from the GAVI Board at this time, will not be implemented in 2003

ENTITY	ACTIVITY	TOTAL BUDGET	FUNDS AVAILABLE	REQUESTED BUDGET	REMAINING GAP
R&D TF	Pneumococcal conjugate vaccines	\$130,000	\$130,000	\$0	\$0
	Rotavirus vaccines	\$79,000	\$79,000	\$0	\$0
	Meningococcal conjugate vaccines	\$10,000	\$10,000	\$0	\$0
	New technologies	\$243,000	\$143,000	\$100,000	\$0
	Administrative infrastructure for vaccine projects	\$25,000	\$12,000	\$13,000	\$0
	Subtotal, R&D TF:	\$487,000	\$374,000	\$113,000	\$0
Secretariat	Country proposal reviews	\$190,000			\$0
	FSP reviews	\$190,000			\$0
	Report reviews	\$104,000			\$0
	DQAs	\$1,200,000			\$0
	Communications	\$175,000			\$0
	Management of the GAVI Board	\$200,000			\$0
	Management of the Working Group	\$100,000			\$0
	Salaries - Professional Staff	\$1,300,000			\$0
	Salaries - Support Staff	\$248,000			\$0
	Short-term Professional, Consultants	\$160,000			\$0
	Other support costs	\$100,000			\$0
	Travel	\$300,000			\$0
		Subtotal, Secretariat:	\$4,267,000	\$3,000,000	\$1,267,000
Vaccine	Project Management	\$380,000	\$380,000	\$0	\$0
Procurement Project	Forecast for HepB and Hib vaccine 2004-2006	\$30,000	\$30,000	\$0	\$0
	Monitoring and Evaluation	\$10,000	\$0	\$0	\$10,000
	Subtotal, VPP:	\$420,000	\$410,000	\$0	\$10,000
GRAND TOTAL:		\$17,343,100	\$10,985,600	\$3,500,000	\$2,858,500

Total Requested
from GAVI Board

Annex 4**Transfer of funds for GAVI 2003 work plan**

As recommended by the GAVI Board work plan sub-group, the GAVI 2003 work plan budget gap of \$3.5 million will be funded by the Bill & Melinda Gates Foundation. This will be in addition to the current financing of the GAVI Secretariat with Board members paying their annual \$300,000 dues directly to a GAVI Secretariat account at UNICEF.

The procedure for transfer of the 2003 budget could provide valuable lessons for funding of GAVI activities in future years, be they implemented by partners, task forces, the Secretariat, or other, as of yet undetermined, entities.

Background

For various historical reasons, several mechanisms for the financing of GAVI-related activities have been developed:

- The Vaccine Fund, with two accounts – one US 501(c)(3) and a Vaccine Fund Trust Account at UNICEF, for direct support to countries (vaccine and immunization services funding), and, as of recently, for ADIPs;
- Board dues to fund Secretariat activities, paid into a GAVI Secretariat account at UNICEF;
- Donor contributions to implementing partners;
- Implementing partner contributions to GAVI-related activities.

The transfer of funds for the GAVI 2003 work plan allows us to reflect on these mechanisms, in relation to strategic directions, accountability, and efficiency.

Strategic directions

GAVI and The Vaccine Fund have been created as two tightly-linked entities, with the Alliance taking responsibility for policy development and implementation and The Vaccine Fund for financing and fund raising – over and above what partners contribute.

A common framework for accounting and reporting is needed to avoid duplications and the development of a multilevel bureaucracy. Moreover, the tracking of financial flows is an important instrument to promote rational planning, accountability, and calculation of investment versus impact over time. Finally, financial flows will have implications for overall relationships between GAVI and The Vaccine Fund as well as the relationship between donors, Vaccine Fund/GAVI and implementing partners.

In order to facilitate discussions in the GAVI and Vaccine Fund Boards on this issue we have briefly set out options in this paper, based on different financing mechanisms currently used in the GAVI system. These will need to be considered in the longer term; in the immediate term a decision must be made regarding the financing of the 2003 Work Plan.

Option 1: Through The Vaccine Fund – *US 501(c)(3) or the Vaccine Fund Trust Account at UNICEF*
(similar to financing of pre-ADIP activities)

1. Funds for the work plan are transferred from the donors to the Vaccine Fund.
2. Transferred from the Vaccine Fund to the GAVI Secretariat.
3. Transferred from the Secretariat to the implementing partners or kept for Secretariat expenditures, in accordance with the work plan

Positive:

- Each donor needs only write one check, or make one financial transfer for GAVI related activities.
- Donors making contributions to The Vaccine Fund would also automatically make contributions to the work plan.
- The Vaccine Fund would be cultivated as the route for GAVI financing.
- The Vaccine Fund and GAVI Secretariat would become more closely linked in a joint financial planning and reporting process.

Negative:

- Multi-step procedure with several agreements: donor-Vaccine Fund, Vaccine Fund-Secretariat, Secretariat-implementing partners*
- Potential for lack of clarity on overall budget responsibility, i.e., Vaccine Fund or Secretariat (system would need to be set in place to avoid this).
- GAVI Secretariat will have two funding sources: Vaccine Fund and Board member dues (this could be alleviated by having Board member dues paid to the VF instead of to the GAVI Secretariat account at Unicef)

*In order to reduce complications inherent with several steps and agreements, **Option 1 B** can therefore be imagined whereby the Vaccine Fund transfers the funds to the GAVI Secretariat with a simple exchange of letters and leaving financial control, monitoring and budget follow-up wholly to the GAVI Secretariat.

Option 2: Through GAVI Secretariat
(similar to financing through Board member dues)

1. Funding for the work plan is transferred from the donor to the GAVI Secretariat at UNICEF; legal auditing by UNICEF.
2. Transferred from the Secretariat to the implementing partners or kept for Secretariat expenditures, in accordance with the work plan.

Positive:

- Each donor needs only write one check, or make one financial transfer.
- Keeps full monitoring and budget control for work plan with Secretariat

Negative:

- Donors making contributions to the GAVI work plan not necessarily the same as donors supporting the Vaccine Fund.
- Two-step procedure, with multiple agreements: donor-Secretariat, Secretariat-implementing partners

Option 3: Directly to implementing partners

(similar to financing by Norway and Netherlands of partner GAVI-related activities)

1. Funding for the work plan is transferred from the donor to the implementing partners and to the Secretariat in accordance with the work plan.

Positive:

- One-step procedure.

Negative:

- Each donor needs to write multiple checks, or make multiple financial transfers.
- Several agreements – between each donor and each implementing partner, and the Secretariat.
- Removes overall accountability and budget responsibility for the work plan from the Secretariat.

Recommendation

On balance, we consider option 1B as the preferred option. The Executive Secretary has discussed this option with the President of The Vaccine Fund. It was agreed to work together with the aim of developing a framework that would allow transfers to take place between The Vaccine Fund and the GAVI Secretariat based on a simple exchange of letters.