

GAVI Alliance Audit and Finance Committee teleconference

28 May 2009

FINAL Minutes

Finding a quorum of members present¹, the meeting commenced at 10.00 Washington time on 28 May 2009.² The Committee reviewed the minutes from its meeting on 23 March 2009 (Doc #1 in the committee pack).

DECISION

The GAVI Alliance Audit and Finance Committee:

Approved the minutes of its meeting on 23 March 2009 subject to an amendment in recommendation 1.2 clarifying that the Committee had recommended a “supplemental programme expenditure”.

1 Executive session with the external auditor

The Committee moved into executive session with Marianne Fallon and Pierre-Henri Pigeon from KPMG, GAVI’s external auditor to discuss the conduct and performance of the audit.

2 2008 financial statements

Tony Dutson, Chief Accounting Officer reviewed the draft 2008 GAVI Alliance, Geneva financial statements (Doc #2) and the representation letter to KPMG (Doc #3). Discussion followed:

- The financials were a reflection of the entity principally when it was known as the GAVI Foundation and served in a supporting role to the non juridical GAVI Alliance. As such, the organisation’s activity was nominal and the balance sheet was small. Therefore, KPMG performed a limited assessment and determined “nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the foundation’s charter.” The Chair noted this is considered a clean opinion in Switzerland.
- The Chair informed the Secretariat that the Committee also reviewed the financials in executive session and were pleased with them.

RECOMMENDATION

The GAVI Alliance Audit and Finance Committee:

- 2.1 Recommended to the Board that it acknowledge it has read the “Report of the Statutory Auditor on the Limited Statutory Examination to the Board of Trustees.”
- 2.2 Recommended to the Board that it approve the “GAVI Alliance, Geneva Financial Statements 2008.”

¹ Participants are listed in Attachment A.

² A 9 December 2008 email from Mary Robinson, Board Chair, nominated Wayne Berson to be Chair of the Audit and Finance Committee. As such, Mr. Berson served as Chair of the Meeting (“Chair”).

3 GAVI's funding model – resource mobilisation strategy

Judith Kallenberg, acting Head of Programme Funding, and Mr. Dutson provided an overview of a draft resource mobilisation strategy (Doc #4). The strategy proposes a replenishment model, systematic identification of priority donors, and active board engagement in donor outreach.

Discussion followed:

- GAVI can fulfil all programme commitments it has made to date with resources already received or pledged. Whilst pledges are not hard commitments, GAVI is confident these pledges will be honoured. The funding gap that appears starting in 2011 assumes no new donor commitments and that GAVI embarks on new programmes such as pneumococcal and rotavirus vaccine introduction.
- Board members must address the urgency of GAVI's funding gap and its impact on promising and implementing new programmes. On the expense side, trimming programmes would not be sufficient – it would require GAVI not initiating the major programmes that have the highest potential to save lives. As such, it is critical the Secretariat produce a risk mitigation strategy and the Board consider a programme prioritisation exercise in the event funds cannot be mobilised in sufficient quantities. In addition, the Secretariat should develop some metrics that could serve as an early warning system that GAVI is falling short on fundraising goals.
- The replenishment model presented makes sense but risks perpetuating aid fragmentation. GAVI may wish to consider a joint replenishment exercise with the Global Fund for AIDS, TB, and Malaria and other relevant organisations to avoid this.
- The Secretariat should examine country eligibility criteria and particularly co-financing levels. Recipient countries may be willing to accept a higher co-financing responsibility in order to avoid any sense that programme budgets may not be available in the future.
- Additional advocacy and communication for the health benefits and cost effectiveness of vaccination and immunisation could be useful to boost donor support. The Secretariat will present an advocacy and communication plan at the 2-3 June board meeting.
- The Committee would like to review overall programme funding commitments and GAVI's cash position from time to time. The Governance Committee has asked the Audit and Finance Committee to review the impact of new funding commitments as part of the programme approvals process.
- Should the Board endorse the strategy, the Secretariat will develop an implementation plan for its review.

4 Super grant update

Teresa Taube, Director of Financial Reporting, and Anthony Brown, Senior Legal Counsel updated the Committee on the status and implementation of the super grant with the GAVI Fund (Doc #5). The Board had requested the Committee to oversee finalisation of the super grant and to recommend to the Secretariat that it execute it on behalf of the GAVI Alliance.³ Discussion followed:

- GAVI's external counsel (Lenz & Staehelin) and general counsel reviewed the final grant agreement and found it satisfactory. The GAVI Fund board approved the final agreement on 6 February 2009.

³ See resolution six of the 29-30 October 2008 board minutes

- The grant will be executed through five tranche transfers. The first two were executed via mini-grants and occurred from January and thereafter, based on the ratification of contracts. Most assets and liabilities will be transferred in tranches three and four with the final tranche used to more precisely capitalise the GAVI Alliance Immunize Every Child campaign at the GAVI Fund in the amount of US\$ 50 million. The fifth tranche is expected to transfer during Q3 2009.

RECOMMENDATION

The GAVI Alliance Audit and Finance Committee:

- 4.1 Recommended to the CEO that he sign the final grant agreement acting on the advice of counsel.

There being no further business, the meeting was adjourned.

Mr. Kevin Klock, Assistant Secretary

Attachment A

Participants

Committee Members

- Wayne Berson, Chair of the Meeting
- George Bickerstaff
- Majid Al-Junaid
- Jean-Louis Sarbib

GAVI

- Anthony Brown
- Tony Dutson
- Ruth Hogland
- Judith Kallenberg
- Kevin Klock
- Teresa Taube

Guests

- Marianne Fallon, KPMG (for items 1-2 only)
- Pierre-Henri Pingeon, KPMG (for items 1-2 only)