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### CEO report to the Board

November 2010

#### 1. Introduction

1.1 I am pleased to provide this report to the Board as interim CEO of the GAVI Alliance. The fact that the search is well underway for a new CEO, and that Mary will soon stand down as chair of the Board, means that the Alliance will experience a transition to new leadership. We are also experiencing a significant transition and challenges in GAVI's funding, which has implications for our existing policies and practices. If we do not have sufficient funds we will not be able to deliver on our mission, and to build on the achievements and the considerable promise of the first ten years. In the new more challenging environment for resources we are seeking funding more strategically, creatively and widely than ever before and at the same time developing mechanisms to prioritise further how we allocate funds. Financial management systems that allow robust and credible financial forecasting and active risk management play central roles in this.

1.2 It is also the case that much about GAVI remains stable. The Second GAVI Evaluation identifies some clear areas which need attention, but it also reaffirms the Alliance's added value and the effectiveness of our business model – aggregating demand, supply and donor funds, country selection of vaccines from a menu, country applications independently reviewed, and country ownership of programmes through those applications and through co-financing. We have long term plans in place: the Board in June approved the strategy for 2011-2015, and the business plan and budget which we have been developing with partners to implement the strategy is on the agenda in Kigali. We also have plans for the shorter term: since the Executive Committee's decision in November to launch a new application round, we have a clear timetable for 2011 and plans underpinning that timetable which I set out below.

1.3 It was very apparent at the Partners' Forum in Hanoi last year, at Board and resource mobilisation meetings in The Hague and New York, and in my conversations with many of you, how much support there is for our mission and for our business model. There is work to do, and decisions to be made at the Board in Kigali for example on the business plan, health systems strengthening and co-financing, but these decisions are in the context of agreement on the overall framework. This should give us all confidence that the Alliance is in a strong position to meet the challenges it faces, if we can raise the necessary funds.

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1.4 The latest figures from WHO confirm that the Alliance has been responsible for vaccinating almost 300 million additional children, and preventing more than five million future deaths.<sup>1</sup> We can all be proud of this success. Around our meeting in Kigali I hope that every member of the Board will have the chance to go on visits to see what that success means in practice – children being vaccinated against life-threatening diseases in clinics across the country. The Rwandan government should be congratulated for the success of its vaccination programme. If we consider the position in 2000, Rwanda had an already impressive DTP3 coverage rate of 90%. Last year, WHO/UNICEF estimates that there was 97% coverage for pentavalent vaccine, giving DTP3 coverage as well as protection against Hib and Hepatitis B. And Rwanda introduced pneumococcal vaccine last year through a donation, and will receive pneumococcal vaccine supported by the Advance Market Commitment next year.

1.5 I am most grateful to Government of Rwanda - and to Minister Richard Sezibera in particular - for hosting our Board meeting.

1.6 The rest of this report updates the Board on some of the key developments since the last Board meeting, both successes and challenges, and then provides an overview of the issues we will discuss in Kigali. I am conscious that we have provided a significant volume of papers for this meeting. This is partly due to the Business Plan which is inevitably a detailed document. But now that the governance changes have been in place for two years and we have a new Managing Director, Law and Governance, we will make a concerted effort to ensure board papers are shorter and more focussed.

## 2. Progress and updates

### 2.1 Second GAVI Evaluation

2.1.1 The Second GAVI Evaluation was completed by Cambridge Economic Policy Associates (CEPA) in September and is a substantial and robust piece of work which has already been of great assistance in the development of the strategy and business plan for 2011-2015. The chair of the evaluation advisory committee has reviewed the quality of the report and commends its findings to the Board. As noted above, the evaluation affirms GAVI's value added and business model. It finds that the Alliance has accelerated the introduction of vaccines, attracted additional funding to immunisation, successfully engaged in organisational and programmatic innovation, and generated country ownership.

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<sup>1</sup> For the first time WHO's figures for deaths averted provide estimates for the impact of pneumococcal and rotavirus vaccines. Due to an anticipated change of the model for measuring the impact of Hepatitis B, and expected reductions across diseases from a revision of the Global Burden of Disease study, the current impact figures provided are expected to be revised in 2011. Some of the impact estimates may be reduced.

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2.1.2 The evaluation also identified a number of challenges and areas for improvement. The Secretariat substantially agrees with the evaluator's assessments. The Secretariat agrees that resource mobilisation is a significant challenge; this issue is explored further below. The Secretariat agrees that vaccine prices have not declined far or fast enough. The Board has also taken account of this issue by elevating market-shaping to the level of a strategic goal, with specific programme objectives and activities which will drive minimising vaccine costs to GAVI and developing countries.

2.1.3 We also agree that for some countries, the financial sustainability of GAVI programmes is a long way off. We recognise that the majority of countries will be unable to take on the cost of GAVI-supported vaccines in any reasonable timeframe. GAVI needs to make a long term commitment to the poorest countries. At the other end of the spectrum, GAVI will need to work closely with the least poor of the current 72 countries – the graduating countries – on ensuring access to affordable vaccines when GAVI support has ended.

2.1.4 The evaluation recognises the spectrum of opinion which exists on the Board and elsewhere on GAVI's role in health system strengthening activities. I return to this issue below. We agree with the evaluation finding that more needs to be done to improve the accountability of the Secretariat and implementing partners, and the transparency and timeliness of performance reporting. Resolving these issues is central to the new Business Plan, which requires reporting at the programme objective level and the standardisation of reporting across the partners. The evaluation also identifies that there is a lack of comprehensive analysis of data collected to inform monitoring and evaluation (M&E) of programmes. The Secretariat has developed an M&E plan, which is resourced under the Business Plan to deliver a data warehouse, targeted studies, and a more proactive system of evaluation to inform decision-making and measure impact.

2.1.5 We agree that country communications have not been as effective as they should have been; the Business Plan provides for the creation of a dedicated post for country communications at the Secretariat. However, this is truly a challenge for the Alliance partners, and will require close working between the Secretariat and UNICEF and WHO staff in countries.

## 2.2 Civil society support

2.2.1 The evaluation identifies some issues with GAVI's support for CSOs. CSOs are important to our mission because of their roles in implementation in countries, in advocacy at global and national levels, and as watchdogs. The issues that the evaluators identify have not been resolved quickly enough. One approach to resolving these issues would have been to bring a new policy to the Board. However, I think this is a case where we need to reflect on the finding of the Second GAVI Evaluation that there have been times when there has perhaps been insufficient consideration before

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programmes are introduced. So I believe a more comprehensive approach is needed, including ensuring that CSO support is properly integrated into the Health Systems Funding Platform as this is implemented. In the meantime, there are certainly some improvements in the way that current CSO support can be managed and these are in the process of being introduced.

### 2.3 Democratic Republic of the Congo

2.3.1 At the Board meeting in June we heard from Dr Ngoma of SANRU,<sup>2</sup> speaking on behalf of CSOs which run immunisation programmes in the Democratic Republic of the Congo, about some of the challenges and impressive achievements in the DRC. He also reported that there had been a delay in funds being released by the Government of the DRC to the CSOs while the Secretariat reviewed the DRC's financial procedures. We then learnt that the bank where the Ministry of Health held the funds received from GAVI was at risk of collapse. We have been involved in protracted discussions with the Central Bank of DRC to protect the Ministry of Health's funds, and ensure that funds are released to the CSOs. I can now report that a first tranche of funding has been released to the CSO consortium.

2.3.2 Throughout this process, the Secretariat has needed to strike a balance between on the one hand ensuring that GAVI is a responsible manager of donor funds in a country which faces challenges on financial management as in other areas, and on the other hand making sure that the country's needs are met promptly. This episode provides lessons for the Secretariat in relation to how GAVI funds can be assured once they have been transferred to countries, and how the flow of funds to countries needs to be managed more proactively, and also reminds us of the importance of effective support to CSOs, given their vital role in some countries in managing immunisation programmes.

### 2.4. New vaccine introductions and demand

2.4.1 The Advance Market Commitment (AMC) is now up and running. 19 countries have been approved for funding, and Kenya, Nicaragua, Honduras, Guyana, Yemen, Sierra Leone, and Mali will introduce pneumococcal vaccine funded through the AMC in the next two months. Rwanda and the Gambia, which introduced pneumococcal vaccine through donations, will also move in the coming year to the new AMC-funded vaccines.

2.4.2 Five countries have been approved for funding for rotavirus vaccine, and four countries have now introduced it. We also continue to roll out pentavalent vaccine,

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<sup>2</sup> Soins de Santé Primaires en Milieu Rural - Primary Health Care in Rural Areas

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with 61 countries approved for funding and 59 having introduced the vaccine (see below on India). While pentavalent, pneumococcal and rotavirus vaccines will make up the largest part of expenditure on vaccines up to 2020, yellow fever and meningitis vaccines are also significant, and we also expect a growth in demand for HPV, Japanese encephalitis, rubella, and typhoid. Working with our partners in the Accelerated Vaccine Initiative, we have updated our strategic demand forecast and adjusted demand as part of the usual biannual cycle.

### 2.5. Launch of new application round

2.5.1 When we met in June the Board decided in principle that GAVI should launch a new round of applications from countries, and delegated the timing of the launch to the Executive Committee. The round was launched on 8 November, with a deadline for submission of 15 May. With an Independent Review Committee meeting in late June and early July, proposals could be recommended for funding as early as September, when the Executive Committee will be in a position to consider GAVI's financial position in the light of the planned June donor pledging conference.

2.5.2 The launch of a new round gives a clear message that GAVI is maintaining the momentum vital for our success – vital because countries need to know that they can plan vaccine introductions as part of long term health plans, manufacturers need to know that there will be a market for their vaccines, and donors need to know that there is a continuing requirement to fund new applications which will have an impact.

2.5.3 However, we need to be clear that while we are able to fund programmes which have already been approved by the Board, we do not currently have the resources to fund applications that will come in May 2011. We have the prioritisation mechanism in place to manage demand, but of course our aspiration is that we should prioritise as little as possible – every single application that is recommended by the Independent Review Committee should be funded. This brings me to GAVI's resource mobilisation challenge.

### 2.6. Resource mobilisation

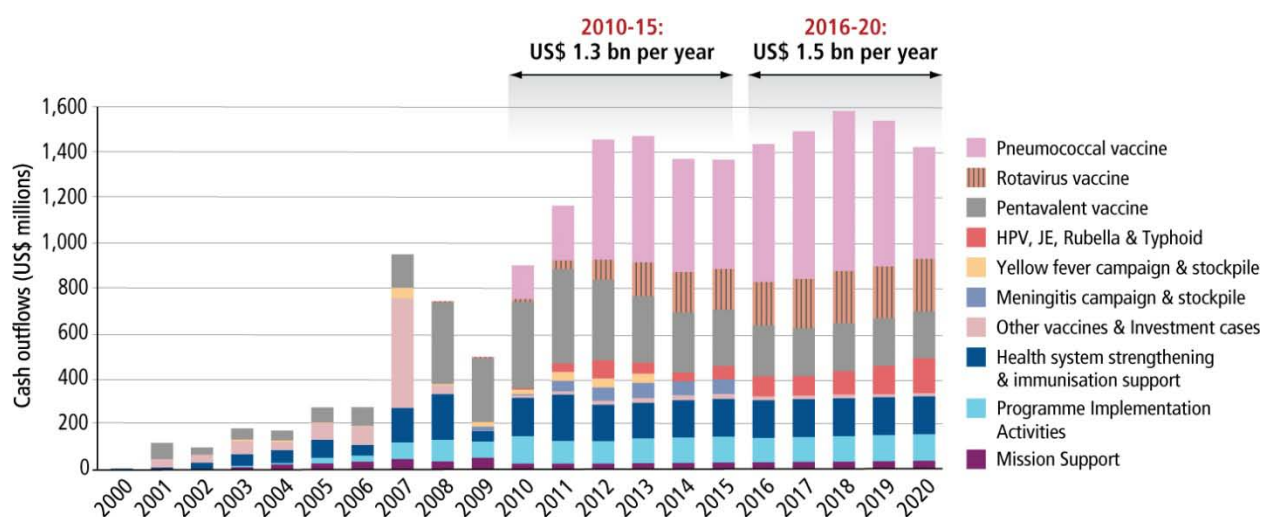
2.6.1 The starting point for the resource mobilisation challenge is the success of the Alliance – and I stress the Alliance – in stimulating demand for new vaccines. The expenditure required to meet that demand reaches a plateau of around \$1.5 billion per year from 2016-20, as indicated in the chart below. This is because projected price declines in the key vaccines make meeting demand for greater volume less expensive and also because of graduation after 2015. GAVI needs a sustained but one-off increase in annual funding levels, rather than a continuous year-on-year increase. That one-off increase is required partly because of the trajectory of demand as

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pneumococcal and rotavirus vaccines are introduced, but also because the decline in receipts from IFFIm as currently structured begins in 2012.

2.6.2 It is worth noting that demand as represented in the chart below is net of co-financing. If the Board decides to approve the new co-financing policy, so that countries increasingly fund their own vaccines as they approach graduation, this will make a difference to the cost of funding demand before graduation starts in 2015.

Expenditure projections 2000-2020



2.6.3 GAVI's request for a one-off increase in annual funding levels has coincided with the financial shock of 2008 and the economic and fiscal waves that have rippled out from that shock, which has affected our implementing countries and donors alike. Nonetheless, momentum has been building in resource mobilisation since we met in June. Shortly after the Board meeting, Canada launched the G8 Muskoka Initiative on Maternal, Newborn and Child Health. Immunisation is rightly at the heart of the initiative, and the Canadian government pledged \$50m over five years towards GAVI as part of its contribution to Muskoka. The G8 agreed that funding for GAVI should score 100% as funding for Muskoka, and we look forward to the G8 summit in France next June, which among other things will report on progress towards fulfilling the commitments made in Muskoka.

2.6.4 The Millennium Development Summit provided an opportunity to celebrate progress towards meeting the Millennium Development Goals, to recognise the challenges that remain, and to make plans to address them. At the centre of the Summit was the UN Secretary General's Global Strategy for Women's and Children's Health, which received pledges of \$40bn over five years from governments,

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philanthropists and other sources. I am pleased that immunisation and GAVI are central to that Global Strategy, and also that the Secretary General was able to launch GAVI's Call for Action and Resources on 5-6 October in New York, saying that "immunisation – and all the work of the GAVI Alliance – is a key part of our strategy. Let us commit to increasing the funds available to the GAVI Alliance." We were also most grateful to the US and Norwegian Governments for co-chairing our meeting on 6 October.

2.6.5 Many of you were able to join us in New York. The meeting was an occasion for members of the Alliance to celebrate their part in GAVI's success, and to make the case for GAVI as one of the best buys in global health. As I noted above, there was widespread support from donors for the case for GAVI. The meeting also launched GAVI's replenishment effort to culminate in a pledging conference in June 2011 where we expect multi-year commitments from GAVI's existing and new donors.

2.6.6 We welcomed early announcements by some donors. Australia pledged almost US\$60m over three years, more than doubling the existing contribution. I have noted Canada's five year pledge above, a very positive development as Canada had not made direct contributions since 2006, although it is a substantial AMC donor. The European Commission pledged more than US\$40m, and Luxembourg made a five year pledge of US\$5.5m. We welcomed Korea as a new donor, with what the Korean government indicated was an initial pledge of US\$1m. Japan indicated its intention to make a funding commitment to GAVI, so that soon every member of the G8 will be a GAVI donor. And China announced its interest in playing a new role in GAVI, offering expertise and other support to help developing countries introduce vaccines.

2.6.7 With the October meeting and previous pledges a total of \$415m has been committed by donors between March and November 2010. This combined with a small change in demand (see above) means that the total funding challenge between now and 2015 is \$6.8 billion, of which \$3.1 billion is already assured. This means that additional resources of \$3.7 billion are required from 2011-2015, including \$1.7 billion from 2011-2013. This financial picture will be finalised in December after the decisions taken in Kigali and the latest funding announcements have been incorporated.

2.6.8 This funding need can be met by direct contributions, and additional contributions through innovative finance. At the October meeting, several donors praised IFFIm as a cost-effective and flexible source of predictable funding for GAVI's future. Donors also stressed the importance of exploring new innovative finance mechanisms. The newly established Innovative Finance team is working through options with consultancy support funded by the Gates Foundation. Many of these will take time to explore and are unlikely to provide new funding for June. However, existing innovative finance mechanisms have already started to close the funding gap. A recent structural change to IFFIm, specifically an increase to the gearing ratio limit, has released approximately US\$100 million more to GAVI in the period to 2015 than previously estimated. Several other funding approaches could be ready for

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announcement by June, such as: IFFIm expansion (making new commitments) or extension (new commitments over additional years); or using a credit to unlock GAVI's funding held in cash and investment reserves.

2.6.9 I am encouraged by the conversations I have had with donors about the prospects for June. I know that – in line with their statements at our October meeting – donors are looking hard at what additional resources they can commit. Given fiscal pressures, I appreciate how difficult this is for some. Donors understandably want to see the Secretariat work hard to bring in new donors, and this is essential because we cannot expect existing donors to meet the one-off increase in funding levels on their own. Donors that are considering significant increases also want to see other donors stepping up to support GAVI. As the outcome of the June meeting is of vital interest to the Board, I look forward to hearing from the donors at the Board meeting how they plan to turn the statements of support in October into funding commitments in June.

### 2.7. India

2.7.1 India has 8.6 million children born each year, out of a total of around 20 million in GAVI-eligible countries, who do not receive DTP3 vaccination. The Board has taken a particular interest in our policy towards India because of its importance both to our mission and to our financial position. Over the past ten years, GAVI has made a significant commitment to India. Our funding for injection safety from 2005-2007 catalysed the adoption of a national policy enabling India to sustain the use of safe injection practices entirely with its own resources. And following GAVI funding for Hepatitis B vaccine from 2002-2009, earlier this year India introduced Hepatitis B vaccine nationally funded by domestic resources. However, the introduction of pentavalent vaccine, which provides DTP3 coverage and protection against Hib and Hepatitis B, has been slow.

2.7.2 In 2009, the Executive Committee approved \$165 million to fund the introduction of pentavalent vaccine in ten states in India, but, partly due to public interest litigation, introduction has been delayed. The Indian Government has recently decided to introduce pentavalent vaccine in two states, and asked GAVI to fund this. The Executive Committee decided that we should approve funding for this proposal, and retain additional funding of around \$120 million for the time being, but that if India had not introduced pentavalent vaccine and produced a satisfactory plan for scaling up by 30 June 2011, GAVI will release the \$120 million to fund applications by other countries as part of the new application round.

2.7.3 The discussions with India about pentavalent vaccine need to be considered in a broader context. According to WHO/UNICEF estimates, India's DTP3 coverage is 66%, so India will be able to apply for funding to introduce new vaccines – i.e. beyond pentavalent vaccine, for which India already has approval – only when it has increased coverage to 70% or more.

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### 3. Decisions for the Board meeting

#### 3.1 Business plan

3.1.1 The strategy which the Board approved in June articulates our principles, states our mission and objectives, and defines the benchmarks against which we will need to deliver. In order to develop a plan to implement the strategy, technical sub-groups were established. The Secretariat reviewed the output of the sub-groups, and independent advice was received from an External Advisory Group. The plan and budget were then reviewed by the Policy and Programme Committee and the Audit and Finance Committee. The Executive Committee, which the Board asked to oversee the process, then considered the plan and budget, and recommended that the Board approve it.

3.1.2 The business plan budget – which covers GAVI's funding requirements with the exception of vaccines and cash grants provided to countries<sup>3</sup> – is \$126 million for 2011. This represents a 9% reduction in the equivalent 2010 budget, so that the business plan budget will represent 13% of total projected expenditure in 2011, as compared to 17% of total expenditure in 2010. I am grateful to partners for their willingness to work within constrained budgets and to find new ways of meeting the Alliance's goals. In line with the decision to have two year budgets, the Board is also asked to approve a provisional budget for 2012; the Executive Committee will review a detailed budget for 2012 in the first half of next year. Overall, the plan is a living document, with quarterly internal reviews and bi-annual reports to the Board. This will allow the Board to adjust the plan as needed, including in the event that we fall significantly short of our fundraising goals in June and need to curtail some of the activities in the plan.

3.1.3 The Board has established a new market shaping goal, and as we are significantly expanding our work in this area, 2011 will involve analysis to support the development of activities, policies and procedures to be implemented in 2012 and beyond. At this stage the plan does not lock us into a detailed plan on market shaping, but the intention is to achieve the goal by:

- Continued strengthening and dissemination of forecasting to ensure credible signals to manufacturers;
- Efficient and effective vaccine procurement and supply chain management; and

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<sup>3</sup> The annual GAVI Alliance Business Plan Budget finances the operations of the Secretariat and programmatic activities conducted by the GAVI Alliance multilateral partners. It also includes the cost of AVI technical assistance consortium, procurement costs and investment case costs. As such, it combines the previous work plan and administrative budget.

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3.1.4 Exploring innovative approaches to ensure sufficient supply of appropriate vaccines. I appreciate the significant commitment of time and resources from across the Alliance to the plan. We can collectively be proud of the outcome. We will have a business plan which is appropriate to the Alliance's new governance structure, and which will allow us to adjust our activities in the short term to respond to the financial circumstances, while maintaining our long term ambition. I encourage the Board to accept the recommendation of the Executive Committee and approve the Business Plan.

### 3.2 Incentives for routine immunisation services

3.2.1 GAVI is a results based organisation. It is relatively easy to measure whether someone has been vaccinated, and immunisation has a clear and measurable result in providing protection from disease. And GAVI's funding model is based upon results. Countries receive funding only if an independent group of experts assesses that their applications are likely to achieve the desired results – for example, introducing pentavalent vaccine – and funding is extended only if the results are in fact being achieved. GAVI has also pioneered a specific results based funding mechanism to increase immunisation coverage, particularly to reach areas or groups which are not reached by other programmes, through flexible reward payments under the Immunisation Service Support (ISS) programme.

3.2.2 At the Board meeting in Kigali, the PPC will recommend a new approach – Incentives for Routine Immunisation Services (IRIS). IRIS will be targeted at countries which have DTP3 coverage of less than 70%, and will focus on how incentives can be provided to sub-national levels. A key feature of this new programme is complementary support through the business plan to improve the quality of data to assure that any payments are based on verified results.

3.2.3 In reviewing IRIS, the PPC has also recommended that the existing ISS window should be closed, subject to fulfilling any existing commitments to eligible countries for ISS support. It also recommends that additional consideration should be given to how best to support India and Nigeria given the size of the birth cohorts in these countries and the number of unimmunised children. Working with countries that are currently below the 70% threshold to improve their DTP3 coverage is a significant challenge, particularly in the largest countries, and one which needs to be tackled through an integrated approach by the Alliance as a whole using all the tools we have, and with other partners, including through the Health Systems Funding Platform.

### 3.3 Health system funding

3.3.1 Under the Board's new strategy, GAVI continues its commitment to strengthening the capacity of health systems to deliver immunisation. Responding to

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the findings of the Health Systems Strengthening Support Evaluation - and because it is the right thing to do - we aim to do this in a way that is well aligned with country systems, harmonised with other donors, and has a stronger performance and financial management framework. This year in Ethiopia I saw how effective coordination by donors under countries' health plans can make a real difference on the ground. We have seen the same in Nepal, where the signing of a Joint Financing Agreement with many partners, including AusAid, the World Bank, DFID, USAID and others is a real breakthrough for GAVI. Of course it is a challenge for agencies to change their procedures so that they are aligned – but the principle we need to keep in mind is that it is much better for the agencies to take on the transaction costs, rather than countries having to juggle systems and timelines which suit donors. The Health Systems Funding Platform (HSFP) is proceeding well. In addition to making a difference on the ground, its implementation should underpin GAVI's reputation as an organisation which takes aid effectiveness and value for money seriously.

3.3.2 The appropriate balance between the resources devoted to health systems and cash based programmes, and vaccines, has been the subject of continuing discussion in the Board. The health systems strengthening paper (11a) aims to provide the Board with clarity on the way forward that respects the range of views and provides an appropriate balance.

3.3.3 Taking account of the funding formula agreed by the Board in June 2010 on HSS, estimates for demand based on our experience with implementation to date and country readiness, programmes already endorsed and projections for subsequent years, we estimate that cash-based programmes for HSS, IRIS and CSO support will amount to 22% of total expenditure in 2010, 20% of total expenditure in 2011, and, as new vaccine introduction accelerates, an average of 15% of total GAVI expenditure from 2010-15.

3.3.4 Proposals for vaccine support are considered and approved in rounds, while it is an important principle underpinning the HSFP that it should align with country planning cycles, so proposals will be approved on a rolling basis (we anticipate quarterly, subject to the timing of Board and Executive Committee meetings). In future, and subject to the Board's views, we propose to make an annual projection of likely commitments to cash based programmes over the forthcoming year and we would return to the Board for specific approval in the event that the proportion of expenditure on cash-based programmes is likely to be outside the range of 15-25% established by the Board. Given the timing of the new application round and the pledging conference in June, the 2012 projection will be brought to the Executive Committee in September 2011. It can then consider the cash-based projection against the overall resources available (and of course the Board meeting in June will have the opportunity to offer guidance to the Executive Committee). The Board or Executive Committee will also have the opportunity to consider the issue when individual or grouped proposals are submitted for approval. I hope that in the light of the process I have outlined here, the

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Board will be content with the overall balance between cash-based programmes and vaccines in 2011, and therefore will support the PPC recommendation that the notional \$179m from the original HSS window should be returned to the balance of expected demand. I also hope that it will provide donors to the expanded IFFIm with sufficient assurance that they will feel confident to un earmark this funding.

### 3.4 Co-financing

3.4.1 As part of the Board's new strategy, GAVI is committed to improving the sustainability of national financing for immunisation. An important element of this is maintaining and building upon the success of GAVI's co-financing policy, under which countries procure and fund a proportion of a given vaccine programme. This increases health and finance ministries' ownership of vaccine programmes. Almost all of the countries which have been required to co-finance have done so on time. But it is right that we take account of the experience of the last few years and the Second GAVI Evaluation findings to introduce some changes to the policy – but only where necessary, so as to minimise transaction costs for countries.

3.4.2 A PPC task team has proposed some amendments to the policy, which revises the categories which determine co-financing levels into Low Income, Intermediate, and Graduating. As countries approach graduation, they will increasingly pay the full cost of vaccines. The policy clarifies that the objectives differ depending upon income level – for low income countries, the primary objective is ownership, while for higher income countries, the primary objective is sustainability. While we do not underestimate the challenge this will represent for some countries, or the support that will be required from Alliance partners in country to implement, we agree that co-financing should be based more upon countries' ability to pay, and it is important that we take the decision to adapt the policy now so that it can be included in the guidelines provided to countries as part of the new application round.

## 4. Management update

4.1 The reception in New York that opened our resource mobilisation meeting also provided the opportunity for us to mark Julian Lob-Levyt's time as CEO of the Secretariat. A number of former and current Board members, led by Mary Robinson, paid tribute to his achievements over what was almost six years. The search for a new CEO is proceeding well; there has been a strong response to the advert, and interviews will take place early in the New Year.

4.2 We have continued to attract and retain high calibre staff at all levels. Since the last Board meeting we have welcomed Paolo Sison as Director, Innovative Finance,

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Paul Kelly as Director, Country Programmes, and Eelco Szabó as Director of Legal. We are also grateful to CDC for the secondment of Deblina Datta who is working with the Monitoring and Evaluation team as a Senior Specialist, primarily on data quality issues.

4.3 Despite this strengthening of the Secretariat, GAVI's Internal Auditor, Cees Klumper, identifies that there is an imbalance between the Secretariat's workload and its capacity. While GAVI has always been an organisation that – rightly – expects much of its staff, and where the staff expect much of themselves, I do agree with Cees that this risk is real. My task is to be clear with the Board and its committees when the risk of overstretch becomes too great – for example we will need to seek approval for additional capacity in relation to GAVI's fund-raising challenge. The Executive Committee meeting in November had a constructive discussion on this issue, with recognition of the risk of overstretch, but also with a concern which I share that we manage resources prudently, while ensuring that the incoming CEO will have flexibility in managing the Secretariat. So within a flatline budget, any increase in headcount will be prioritised to take account of these points. And we will continue to bear down on costs by, for example, freezing any pay increases next year, and reducing travel and consultant costs.

4.4 One of the causes of overstretch and an example of an unanticipated area of work in the past year has been an audit by the French Cour des Comptes. We will of course cooperate with reasonable requests for audit, and it is always the case that an audit will reveal issues that are useful for management as well as the initiator of the audit. But it is also the case that if every one of our donors conducted separate audits, we would need a significant expansion in the Secretariat. Of course we understand that audits may be independently initiated, but we would ask where possible that efforts are made to coordinate auditing and oversight.

4.5 We conducted a staff survey earlier in the year, which as was reported in June, presented a good account of the Secretariat, and also identified some areas for further work. Each team, including the Executive Team, has developed action plans to address these areas, and these plans are being taken forward. For example, one of the actions which emerged from the survey was that we should agree on a set of Secretariat values. We have made progress on this and I will share these with the Board when they are ready.

4.6 As the DRC example above illustrates, we need to continue to manage actively the fiduciary risks presented by cash-based programmes. We have decided to evaluate the implementation of the Transparency and Accountability policy to ensure that we are balancing risk-management and accountability, while minimising transaction costs and the burden on countries, as well as ensuring that countries have the required resources when needed.

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4.7 In December 2009 the Board Chair asked me to review and revise human resources, travel, expenses and other policies, including the whistleblower policy. I have taken advantage of this project to review and consolidate GAVI's internal policies, introduced at the time of transition from hosting by UNICEF, so that they are consistent, clear and available in one place; these will be brought to the Board as appropriate.

4.8 Finally, I would like to record my appreciation for the extraordinary hard work and commitment of staff in the Secretariat, who are constructively getting on with the job during this time of transition and change.

## 5. Conclusion

5.1 I was pleased to help celebrate World Pneumonia Day in Geneva and in London this month and I know that many of you were involved in other events around the world. I also look forward to the launch of pneumococcal vaccines supported by the Advance Market Commitment in Nicaragua on 12 December and Kenya on 24 January and I hope that some of you will be able to join the celebration of these events. It is within our reach to make pneumonia as preventable and treatable in the developing world as it is in wealthy countries.

5.2 While the majority of demand and expenditure will be on pentavalent, pneumococcal and rotavirus vaccines, it is important that we do not lose sight of the other vaccines which GAVI will support subject to the availability of funds and the prioritisation mechanism. I am pleased to be attending a ceremony to launch the introduction of Meningitis A vaccine in Burkina Faso on 6 December.

5.3 Bill and Melinda Gates said at Davos at the beginning of the year that this should be a decade of vaccines. Many of you will be involved in the exciting work which has been launched to make this aspiration a reality. In my capacity as interim CEO, I am looking forward to working with Chris Elias and Pedro Alonzo on the steering group for the Decade of Vaccines, and I welcome the fact that several GAVI staff are being invited to join the groups which are being set up.

5.4 I would like to record my thanks, and those of the Secretariat as a whole, to Mary Robinson. As part of Mary's continuing commitment to the Alliance, she will be soon heading a group of internationally recognised personalities, including Graça Machel among others, to advocate at the highest level for immunisation and GAVI. Mary has made significant contributions to promoting the right to the realisation of health, particularly improving the health of the poorest – to add to her achievements in so many other fields - and opens the door to a new promising era with the launch of the Eminent Group, which will take place around the meeting in Rwanda.

## FOR INFORMATION

5.5 I do not think it is too melodramatic to say that GAVI's next decade will be determined in 2011. The first decade achieve much to be proud of and laid solid foundations. The June donor pledging conference will reveal the extent of donor commitment to fulfilling GAVI's mission going forward. We are most grateful for the work of all Board members in advocating for GAVI – your support is critical to our success and we look forward to working with you to step up our efforts in the approach to June.

5.6 I look forward to our discussions in Kigali.