GAVI Alliance Audit and Finance Committee Meeting
25 October 2010
Washington, DC, USA/Geneva, Switzerland

Final Minutes

Finding a quorum of members present\(^1\), the meeting commenced at 16.00 Geneva time on 25 October 2010. Wayne Berson chaired the meeting.

1 Record of Unanimous Consent
The Committee reviewed the record of unanimous consent from 3 September 2010 (Doc #1 in the committee pack).

**Decision One**
The GAVI Alliance Audit and Finance Committee moved to:

**Approve** the record of unanimous consent from 3 September 2010 (concerning approval of the Committee’s minutes from its meeting on 28 July 2010).

2 GAVI Alliance Business Plan - Budget
Helen Evans, Interim CEO and Barry Greene, Managing Director, Finance & Operations tabled a draft 2011 budget for the Committee’s guidance (Doc #2). The budget funds activities performed by the Secretariat and GAVI’s multilateral partners to implement the business plan (which itself is being prepared for the Board’s approval in November 2010). In summary, the US$ 126 million budget represents a 9% reduction over the comparable 2010 budget.\(^2\) Discussion followed:

- The Programme and Policy Committee Task Team will examine GAVI funding of multilateral partner activities over the course of the next year 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.

- Although flat line, the budget contains funding for nineteen new staff positions in the Secretariat, many to support the resource mobilisation function, strengthen country programme delivery, or to take on responsibilities currently provided by consultants. The Secretariat was rigorous in its staffing analysis and the Director of Internal Audit added that a potential mismatch between Secretariat workload and resources is a high priority risk.

- Nevertheless, the Committee was concerned about increasing staff before the permanent CEO is in office and thereby limiting flexibility to make any

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\(^1\) Attendees are listed in Attachment A

\(^2\) Comprised of a $126.4 million administrative budget and a $12.1 million ADIPs budget.
changes deemed necessary. Consequently, the Committee was not yet comfortable with funding the new staff positions and requested the Secretariat to provide additional information on the phasing of the additional staffing requirements in 2011.

- Foreign exchange exposure is limited given that donor funds are held in US dollars, the currency in which GAVI incurs the major part of the Business Plan expenditures. Limited exposure arises from the need to pay in Swiss francs for Secretariat operations in Geneva and this exposure is hedged.

### Decision Two
The GAVI Alliance Audit and Finance Committee 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. However, with regard to the requested additional staff positions, the Committee was conscious of the need to leave sufficient flexibility to the new CEO upon taking up office, given the budget constraints. It therefore requested additional information on when it was expected that the proposed new positions would need to be filled before considering whether it would be comfortable advising the Board to fund the positions.

### 3 Financial Update
Mr Greene updated the Committee on GAVI’s latest financial projections (Doc #3). 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 Secretariat had anticipated that the funding gap would reduce once certain pledges firmed up.

- IFFIm bond proceeds underwritten by the HSS-specific pledges will be used for HSS. However, the bonds themselves need not be branded as “HSS bonds.”

- In June 2010, the Board set a maximum share for cash programme funding of 15-25% of all programme funding. The updated demand forecast predicts that cash programmes will comprise 16% of all programmes from 2010-2015.

- The revised funding requirement accounts for AMC and vaccine prices.
• If unable to fully fund all recommended proposals, GAVI will use the prioritisation mechanism to rank new programme applications. However, the Board has instructed the Secretariat to maintain full programme ambition unless and until circumstances otherwise warrant.

• The Executive Committee will consider the timing of a call for a new round of programme applications during its meeting on 4 November 2010. By June 2011, GAVI should have clarity on its funding potential during 2011-2015 and will be able to make new programme funding decisions accordingly.

### 4 Programme Funding Plan

Tony Dutson, Senior Director, Finance and Chief Accounting Officer 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. They have always been factored into financial projections and GAVI has indicated in the past that sufficient finances are in hand to fund their entire lifespan. Discussion followed:

- Reductions in New Vaccines Support budgets and liabilities result from supply constraints rather than reductions in vaccine prices. In addition, some recipient countries determined they were not yet ready to introduce a certain vaccine and so did not yet require requisite near-term funding.

- The requested liability write-offs serve to true-up the liability balances after the completion of programmes in which there was unused funding.

#### Decision Three

The GAVI Alliance Audit and Finance Committee moved to:

**Acknowledge** that it reviewed the financial implications of the programme funding plan and that it could be endorsed and approved by the Executive Committee in accordance with the Programme Funding Policy.

### 5 Restricted Programmes Funding Plan

Mr Dutson presented a funding plan for restricted programmes 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).³

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³ During this portion of the meeting, Wayne Berson recused himself from chairing or participating. In addition, Dwight Bush, David Crush and Anne Schuchat recused themselves from participating.
**Decision Four**
The GAVI Alliance Audit and Finance Committee moved to:

*Acknowledge* that it reviewed the financial implications of the restricted programmes funding plan and that it could be endorsed and approved by the Executive Committee in accordance with the Programme Funding Policy.

*Wayne Berson, Dwight Bush, David Crush, and Anne Schuchat recused themselves from voting on this decision.*

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**6 Q2 2010 Consolidated Financials**
Louis Mkanganwi, Director of Financial Reporting reviewed GAVI’s unaudited Q2 2010 financial statements (Doc #5). He explained the Alliance procurement account was operational so the GAVI Fund (now GAVI Campaign) procurement account could be closed. In addition, he commented on the impact of the Advance Market Commitment and IFFIm’s issuance activity to GAVI’s balance sheet.

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**7 Internal Audit Report**
Cees Klumper, Director of Internal Audit described his activities since the last meeting of the Committee and reviewed internal audit reports issued since July 2010 (Doc #6). Discussion followed:

- The Chair confirmed that he and the Director of Internal Audit communicate regularly and have a scheduled appointment each month.
- The Director of Internal Audit continues to meet with counterparts at partner agencies and reported on recent visits at the World Bank and UNICEF.

There being no further business, the meeting was adjourned.

Mr Barry Greene, Treasurer
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<td>• Wayne Berson, Chair</td>
<td>• Santiago Cornejo</td>
<td>• Rob Lin, Bill &amp; Melinda Gates Foundation</td>
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<td>• Dwight Bush</td>
<td>• Tony Dutson</td>
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<td>• David Crush</td>
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<td>• Magid Al-Gunaid</td>
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<td>• Gavin McGillivray</td>
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<td>• Clarisse Paolini</td>
<td>• Louis Mkanganwi</td>
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<td>• Anne Schuchat</td>
<td>• Nina Schwalbe</td>
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<td><strong>Other Board Members Present</strong></td>
<td>• Brenda Storey</td>
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<td>• Helen Evans (non-voting)</td>
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**Participants**