

16th GAVI BOARD MEETING

Paris, France, 19-20 July, 2005

FINAL Summary Report

1 Report from the field: Malawi

- The Board welcomed the presentation by the Honourable Minister of Health of Malawi, Dr Hetherwick Ntaba, and requested that GAVI Board meetings continue to include presentations by representatives of countries that are facing different types of challenges.
- Malawi has made substantial gains in its health outcomes in spite of significant challenges and competing priorities. Internal efforts toward harmonization and donor coordination have been an important factor in this success; currently donors contribute to “basket” funding to pay for country-identified priorities.

2 GAVI/Vaccine Fund in Phase 2—Executive Secretary Report

- It is clear that the GAVI alliance and immunization in general will continue to have a major role in achieving the MDGs.
- In the future it would be helpful to set aside time for in-depth discussion of policies raised in the Executive Secretary report.
- The strategic objectives must articulate GAVI’s unique contribution within global health and development, and allow individual partners to focus on their respective areas of expertise in order to avoid duplicative efforts. More clarity is needed on GAVI’s mandate so that there is no confusion as to what GAVI supports or is prepared to support.
- Indicators of progress must be specifically spelled out and deliverables made as tangible as possible, with clear links to impact on disease burden, including morbidity and mortality.
- Influences on the vaccine markets, and programmatic sustainability, should also be measured as they will be key deliverables for phase 2.
- While broader systems support is crucial for any health initiative, immunization must remain the core focus of GAVI/VF support. This should be clearly reflected in both the objectives and principles.
- The converged entity will retain two independent Boards for legal and financial reasons; to ensure the greatest utility of these bodies their complementary and distinctive roles need to be clearly defined.

DECISIONS

The Board:

- 2.1 Endorsed the joint GAVI/VF principles.
- 2.2 Requested that the new objectives should be revised based on the discussion. Quantified, time-limited indicators to measure objectives need to be defined. It may be appropriate to use the GAVI Partners’ meeting in December to obtain endorsement of the new objectives from a broader community.
- 2.3 Agreed that a joint EC meeting would help clarify respective roles of the GAVI and Vaccine Fund Boards.

2.4 Welcomed the commitment by the Executive Secretary to:

- 2.4.1 Develop a new integrated financial system for the joint GAVI/VF Secretariat to enable simpler transactions and clearer representation of accountability and resource flows.
- 2.4.2 Develop systems to better track the performance of the Secretariat, and the added value of the partnership, against defined deliverables.

3 Investment case development, review and decision-making process

DECISIONS

The Board:

- 3.1 Agreed that a rapid evaluation of the investment case process is needed so that we can move ahead with the benefit of what we have learned in this process, for future investment case management

4 Bridge financing investment case

- The feasibility of co-financing will depend upon the willingness and ability of country governments and other donors to contribute to vaccine costs.
- The process for handling countries in crises, or those unable to meet their co-financing obligations, requires further development.
- Explicit mechanisms for managing and monitoring the implementation of bridge financing will need to be established, so that operations can be modified as needed.
- Policies must be developed and applied with manufacturers and markets in mind. For example, some concern was expressed regarding the setting of a so-called “working price” given the risks of creating market constraints and because of the many variables involved in calculating such a price. Even so, there was recognition of the need to set a certain price parameter for future planning and financial projections.
- Even though financing more expensive vaccines is proving a significant challenge, the programmatic benefits of combination vaccines are still highly valued by the countries.

DECISIONS

The Board:

- 4.1 Endorsed the three main principles of the bridge financing:
 - 4.1.1 Flatline support (extending 100% support through 2007 – affects 11 countries)
 - 4.1.2 The concept of a “working” price given the need for a figure for planning and budgeting, with a request to come up with a new name that better reflects its imprecision.
 - 4.1.3 Co-financing, so that countries make commitments to gradually increase non-GAVI contributions to the vaccine’s costs over the years through 2015.

- 4.2 Agreed that the project management structure as proposed needs to be reconsidered to ensure that it strengthens capacity of countries and builds upon existing structures and capacity of partners.
- 4.3 Endorsed the proposed budget envelope of \$520 million as a provisional total, with the understanding that should assumptions about vaccine price declines not materialize, the costs of bridge financing would increase. The Board will need to be kept regularly informed.

5 New vaccines in phase 2

- Financial implications of current policies do limit GAVI's ability to take on new investments. Therefore it is critical that the Board be presented with a better analysis of resource availability – considering current commitments and potential future commitments based on current policies – before it is asked to make decisions on new policies.
- The presentation lacked clarity. Specifically, Board members disagreed as to whether the stated funding envelope of \$1.3 billion for hepatitis B and Hib vaccines should be considered within current investment policies, or as a new investment.
- GAVI support should be better integrated into the national planning and budgeting cycles. Thus, financial sustainability planning needs to be included in the application with consideration of co-financing from the outset.
- Countries need to have full information on the financial implications of adding new vaccines to their routine systems before they introduce that vaccine.
- Experience with bridge financing, particularly in the development of MOUs and management of co-payments will inform this process.
- The bridge financing principles would apply to Hib and HepB containing vaccines, as well as yellow fever.
- GAVI must align its policies regarding how much support different countries are eligible to receive. This applies to the lowest income countries, as well as large population countries.
- At the conclusion of GAVI support, governments and their partners would be expected assume the costs of the vaccines.

DECISIONS

The Board:

- 5.1 Affirmed its current policy regarding supporting countries to introduce HepB and Hib as appropriate and in consideration of disease burden. Policies for the provision of this support must be aligned with those applicable to bridge financing and the recommendations of the country consultation process.
- 5.2 Agreed that a decision should be deferred and requested the Secretariat to clarify the proposal on the table, including an analysis of how demand for new vaccines in phase 2 might be affected by a requirement for co-financing from countries at the outset.
- 5.3 Welcomed the suggestion by the Secretariat to distribute a paper that lays out the main recommendations and budgetary implications regarding policies to support countries to introduce new vaccines in phase 2.
- 5.4 Agreed that a decision could be made via email exchange so as not to delay resolution until the December Board meeting.

6 IFFIm-Dependent Investment Cases

- Provisional decisions on all three cases are necessary in order to prepare for upcoming developments on the IFFIm. Clear budgetary processes to address such initiatives must be developed.
- While IFFIm ‘frontloaded’ funds lend themselves naturally to the financing of campaigns and stockpiles, a balance must be found to ensure that such activities are not carried out at the expense of country-led processes and routine immunization services.

Measles investment case

- A very strong case was made for supporting measles mortality reduction activities with IFFIm resources. The impact of routine measles coverage alone would not likely be visible for 10-15 years. Measles campaigns can provide immediate impact and should be followed with sustained coverage.
- Campaigns carried out with this support should include additional interventions such as distribution of vitamin A supplements and insecticide treated nets.

Maternal and neonatal tetanus (MNT) elimination investment case

- While the ‘catch-up’ campaigns discussed in this investment case seem to be a justified activity for which to use IFFIm resources, many felt that the MNT case should be ranked third among the three IFFIm-dependent investment cases.
- Given the difficulties with community misperceptions regarding past MNT campaigns targeted at women of child-bearing age, the proposal should include a comprehensive communications strategy, in addition to the other issues raised by the IRC.

Polio stockpile investment case

- Development of new monovalent OPV vaccines for a polio stockpile would contribute to the acceleration of polio eradication. GAVI and IFFIm resources are well-suited to making this type of investment, while traditional donors are not.
- Approximately 60% of the proposed budget is the minimum required to issue a tender for the development of the new vaccines.

DECISIONS

The Board:

- 6.1 Approved that investments in all the IFFIm-dependent cases should not exceed \$500 million. If less than a \$4 billion IFFIm is launched, this budget would have to be reduced proportionately.
- 6.2 Approved investing in the polio investment case, at an indicative 60% of the proposed amount.
- 6.3 Requested that the MNT investment case address the weaknesses identified by the IRC.
- 6.4 Agreed that depending on the size of the IFFIm, a cap should be placed on the size of the measles investment. The investment case developers would then be asked to design a programme based on the capped budget.
- 6.5 Agreed on the need to strike an appropriate balance between campaigns and broader system support in regards to the measles and MNT investments.

- 6.6 Endorsed the suggestion by the Secretariat to form a small working group review and take forward a concrete proposal to the GAVI EC, based on the above Board directions and the forthcoming IFFIm decisions.

7 Long-term supply and procurement strategy

- In the near-term it will be important to focus on Hib and hepB-containing products. However, given long lead times, supply strategies for potential future vaccines must be considered early if GAVI is to help ensure that supply (adequate capacity at affordable prices) is available for future purchase and introduction into national programs.
- The procurement process will need to be underway by early 2006 so the work to develop the supply strategy should be ‘turbo-charged’.
- Experience has shown that policies aimed at quickly reducing prices may not encourage entry of additional manufacturers and long-term sustainable supply.
- From the increased number of Hib and hepB-containing combination vaccines currently in the pipeline, we can see that in its first phase GAVI has indeed been a ‘market shaper’.
- Strategies must be developed such that they do not encourage production beyond reasonable demand. Careful attention must be paid to forecasting, and the supply task team must involve experts with direct experience in buying and manufacturing.

DECISIONS

The Board:

- 7.1 Endorsed the proposal to create a small task team of GAVI partners that would begin work immediately to lead the next steps on the supply strategy for Hib and hepB combination vaccines. The Secretariat should engage a consultant to support the task team.
- 7.2 Expressed concern at the slow progress in this area and insisted that the work of this team move quickly, with a progress report to the joint Executive Committee meeting in September. The final recommendations will be presented for Board approval in December.
- 7.3 The recommendations of the task team will be shared with an independent expert review team.

8 The International Finance Facility for Immunization

- The UK’s Department for International Development stressed that given the large amount of public money that would be tied up in long-term commitments to an IFFIm, clear accountability and transparency of decision and monitoring processes will be especially important.
- The Vaccine Fund Board will need to make a decision about what kind of relationship is needed between it and the service providers it engages to implement certain IFFIm-related activities such as treasury management and procurement. The World Bank has expressed willingness to engage in a competitive process for treasury management services. UNICEF has not traditionally engaged in competitive processes for its services. A requirement for a competitive request for proposals (RFP) would therefore add certain complexities.
- The IFFImCo will require its own independent Board that will focus on financial issues. This Board will not review or change any programmatic policy decisions made by the GAVI Board.

- The use of IFFIm funding will not result in additional application procedures or monitoring requirements for countries.

DECISIONS

The Board:

- 8.1 Requested a timeline of decisions and milestones for the IFFIm, with the understanding that it would need to be flexible given all of the variables.
- 8.2 Agreed to schedule an exceptional Board teleconference in the autumn, if necessary, to make decisions required to keep the IFFIm on track.
- 8.3 Endorsed the concept of an MOU between the GAVI Board and the Vaccine Fund but requested that it be developed in the context of the ongoing discussions concerning the complementary roles of the GAVI and Vaccine Fund boards. A draft MOU will be circulated to the Board before it is signed.
- 8.4 Reiterated previous decisions that the process of disbursing IFFIm resources should be as simple as possible for the recipient countries, build upon the experiences gain in phase 1, and use existing mechanisms to the greatest degree possible.
- 8.5 Noted the request from DFID that there be a formal agreement between the Vaccine Fund and the procurement agent (currently UNICEF) to clearly outline deliverables, expectations and accountability. Board members expressed the view that whichever processes are decided, they should be consistent across all GAVI operations.

9 Immunization services support and health system strengthening

- Immunization services support (ISS) and health system strengthening (HSS) funding should be framed within the broader context of global initiatives. Complementary processes throughout health systems reduce burdens placed on countries.
- Both funding streams must remain clearly focused on immunization, especially considering that the funding needs in health systems are tremendous. The ratio of funding between HSS and ISS should be carefully monitored.
- It will be especially important to build monitoring processes into HSS funding from the start to ensure the most effective use of resources, and make adjustments to the process as needed.

DECISIONS

The Board:

- 9.1 Endorsed the principles for health systems support in phase 2, with the proviso that support should be time-limited.
- 9.2 Approved the continuation of immunization services support (ISS), including extension of support to all GAVI-eligible countries, and the opening of a new funding stream for Health Systems Support (HSS) that would be focused on themed areas such as district-level support and human resources.
- 9.3 Requested a detailed proposal for ISS and HSS support, including guidelines for countries and resource implications, be submitted to the December 2005

Board for implementation in 2006. It may be worth exploring whether ISS and HSS could be considered two 'panes' in one window.

10 Technical support in phase 2

- Technical support requirements are best identified at the country level and therefore provision of this support should be a country-driven process. However, many countries may not currently have the capacity to coordinate and manage their technical support.
- NGOs have unique experience and qualifications to provide technical support to countries; their role in immunization should be more fully explored.

DECISIONS

The Board:

- 10.1 Endorsed the proposed principles for technical support in phase 2.
- 10.2 Agreed that the ultimate aim would be a completely country-driven approach. However, this will take time. In the meantime, support could flow through WHO and UNICEF and other technical partners such as NGOs, whilst phasing in a country-led approach. Further consideration would be needed to ensure that these different routes of support are coordinated at the country level.
- 10.3 Endorsed the creation of a task team to develop and further clarify the proposal. Given the experience of WHO and UNICEF in this area they should be on the team, but membership should be broader considering that these agencies would have an inherent conflict of interest.

11 GAVI/VF 2006-07 Work Plan Framework

- The presentation would have benefited from a more in depth progress report on the activities included in previous work plans.
- The work plan budget should include an analysis of fixed and variable costs, and overhead.
- The proposed work plan includes UNICEF activities in support of procurement and Trust Account management which had previously been funded through bilateral agreements between The Vaccine Fund and UNICEF. Therefore extension of contracts to relevant UNICEF employees depends on approval of relevant budget items.
- The Board should only be responsible for reviewing overarching policies and directions. Granular budgetary matters should be taken up with more appropriate bodies such as the Executive Committee.

DECISIONS

The Board:

- 11.1 Did not feel comfortable making a decision on approving an indicative work plan budget that had not been fully vetted by a smaller group that includes GAVI Board members, such as the GAVI Executive Committee.
- 11.2 Requested that the work plan framework and budget be more closely examined by the Executive Committees of GAVI and the Vaccine Fund, for discussion at its joint meeting in September. Recommendations from these

discussions will be presented back to the Board for ultimate decision on the work plan and budget in December.

- 11.3 Endorsed the proposal of the Vaccine Fund as the single funding source for entire GAVI/VF work plan budget. This entails the elimination of Board member dues.
- 11.4 Requested that due process be applied to the development of the work plan to avoid any conflict of interest issues.
- 11.5 Raised no fundamental objections to a short-term extension of funding for UNICEF to continue its procurement and financial management activities on behalf of the alliance in order to ensure continuity in the supply chain of vaccines and funds management. More specific information about UNICEF's activities in these areas will be required for the joint EC meeting in September.

12 Yellow fever stockpile evaluation

- The presentation would have benefited from a clearer analysis of costs and benefits. For example it may be that a longer-term 5 year tender could produce significantly reduced costs when compared to 1 year tender, but there was not enough information on this to make an evidence-based decision.
- Effective strategic decision making can not be achieved on an emergency funding basis. Rather, the Board must be able to assess the merit of a given investment and its added value as compared to other funding priorities.

DECISIONS

The Board:

- 12.1 Approved a one-year extension of the six million dose yellow fever stockpile considering the urgent need to issue a tender to ensure no interruption in vaccine supply.
- 12.2 Requested a comprehensive investment case be prepared and submitted to the Board before it could consider a longer-term investment in the stockpile.