

**SUBJECT:** 2015 BUSINESS PLAN AND BUDGET

**Report of:** Anuradha Gupta, Deputy CEO

**Authored by:** Adrien de Chaisemartin, Tony Dutson, Ciara Goldstein, Barry Greene, Minzi Lam Meier, Robert Newman, Ricca Ranariboana, Meegan Murray-Lopez

**Agenda item:** 13

**Category:** For Decision

**Strategic goal:** Affects all strategic goals

## **Section A: Overview**

### **1. Purpose of the report**

- 1.1 In December 2012, the Board approved the business plan and budget for 2013 and 2014. For 2015, the final year of the current strategy period, a one-year business plan is being developed with the aim of consolidating the work started earlier in the period, supporting progress towards the agreed targets and deliverables for the end of 2015, and preparing the ground for the new paradigm envisioned under the Gavi 2016-2020 strategic framework.
- 1.2 This report provides the Board with an overview of the key programmatic and budget aspects of the 2015 business plan, the operating model to implement it and the allocation of resources across the priority areas. It also describes the step changes envisaged for the 2016-2017 period.
- 1.3 A summary of the business plan programme objectives, deliverables and costs is included in Annex 1 of this document. Annex 2 provides the background information for the adjustments in baseline and target for some of Gavi's business plan indicators. Annex 3 provides details of Secretariat budget. Annex 4, provided by UNICEF Supply Division, details the basis for the proposed procurement fee for 2015. Additional information on detailed deliverables and activities by partners are available on myGavi.
- 1.4 At its September meeting, the Executive Committee reviewed and endorsed the strategic direction and priorities for the business plan 2015 and the new principles and approaches foreseen for the 2016-2017 period.

- 1.5 At its meeting on 7-8 October, the Policy and Programme Committee (PPC) endorsed the programmatic elements of the 2015 business plan and the step changes proposed for 2016-2017.
- 1.6 The Audit and Finance Committee (AFC) and the Programme and Policy Committee (PPC) met in joint session on 24 October 2014 to discuss the 2015 business plan and budget. The committees recommended that the Executive Committee recommend to the Board that it approves the 2015 business plan and budget.
- 1.7 At its meeting on 6 November 2014, the Executive Committee (EC) reviewed the business plan and budget and recommended that the Board approve it.

## 2. Recommendations

2.1 The Board is requested to:

- (a) **Approve** the 2015 business plan structure, including programme objectives, deliverables, activities and their allocation to partners and the Secretariat.
- (b) **Approve** US\$ 93.2 million for the Secretariat operating expenses and US\$ 3.1 million for a capital expenditure budget to implement its part of the 2015 business plan.
- (c) **Approve** US\$ 58.8 million for WHO to implement its part of the 2015 business plan.
- (d) **Approve** US\$ 19.6 million for UNICEF Supply Division for fees to implement procurement under the 2015 business plan.
- (e) **Approve** US\$ 23.5 million for UNICEF Programme Division to implement its part of the 2015 business plan.
- (f) **Approve** US\$ 3.6 million for The World Bank to implement its part of the 2015 business plan.
- (g) **Approve** US\$ 4.2 million for the United States Centers for Disease Control and Prevention (CDC) to implement its part of the 2015 business plan.
- (h) **Approve** US\$ 15.3 million to supplement implementation of the Gavi Immunisation Supply Chain Strategy in 2015, as funded by an earmarked and one-time contribution to Gavi.
- (i) **Approve** US\$ 3.5 million for civil society organisations to implement their part of the 2015 business plan
- (j) **Approve** US\$ 27.9 million for the implementation of the remainder of the 2015 business plan, as outlined in Figure 4 in Doc 13.

### 3. Executive summary

- 3.1 2015 represents a transition year between the completion of the 2011-2015 strategy period and implementation of the Board-approved 2016-2020 strategic framework.
- 3.2 The Gavi strategic framework for 2016-20 calls for a strengthened focus on coverage and equity and the effectiveness of immunisation delivery; a more holistic emphasis on sustainability; continued work on market shaping with a growing emphasis on innovation and access to appropriate prices for graduated countries; and stronger support for leadership, management, and coordination at the country level.
- 3.3 The proposed business plan for 2015 is designed primarily as a bridging plan, with limited changes from the previous year that seeks to keep budgets nearly flat in most areas. However the proposed plan does include some new activities and ways of working driven by the specific context of and priorities for 2015, primarily:
- (a) Continued scale-up of new vaccine roll-outs with a record number of roll-outs occurring year on year, driven by the scale-up of IPV in Gavi countries (Strategic Goal 1);
  - (b) Implementation of the HSS grants on the basis of the new design and focus on results with intermediate indicators and continued focus on coverage and equity (Strategic Goal 2);
  - (c) Implementation of the Board-approved supply chain strategy using business plan funds, including incremental funding from the Government of Canada and from the Elma Foundation (the latter matched by DFID);
  - (d) Strengthened focus on graduation and financial sustainability (Strategic Goal 3);
  - (e) Continued efforts in market shaping including a new effort on access to affordable prices for graduated countries (Strategic Goal 4);
  - (f) Continued routine monitoring, results measurement through evaluation studies, surveillance and impact assessment (Monitoring and Evaluation); and
  - (g) Resource Mobilisation and Replenishment.
- 3.4 The business plan 2015 also includes some important steps towards the 2016-2020 strategy period, in particular:
- (a) Continuing to expand our work with Alliance partners who bring unique capabilities, including intensified engagement with:
    - The World Bank on graduation and financial sustainability; and

- The U.S. Centers for Disease Control and Prevention (CDC) on surveillance and vaccine safety;
- (b) Enhancing our grant and risk management capabilities, including fiduciary oversight, particularly in our country programmes, given an increasing focus on strengthening systems and on fragile states;
- (c) A more country-centric approach to developing the business plan to align with the primary focus on coverage and equity; and
- (d) Enhancing accountability for outcomes at country level.

3.5 The key roles and responsibilities of Alliance partners in the business plan 2015 are summarised in the table below.

Key roles across strategic goals					
Main responsibilities					
	SG1	SG2	SG3	SG4	M&E
<b>WHO</b>	<ul style="list-style-type: none"> <li>▪ NRAs/ NITAGs</li> <li>▪ Applications</li> <li>▪ Introduction support</li> </ul>	<ul style="list-style-type: none"> <li>▪ Coverage improvements</li> <li>▪ HSS applications/repogramming</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support to co-financing</li> <li>▪ National Health Account</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support market shaping</li> </ul>	<ul style="list-style-type: none"> <li>▪ Coverage data</li> <li>▪ Surveillance</li> <li>▪ Impact assessments</li> </ul>
<b>UNICEF</b>	<ul style="list-style-type: none"> <li>▪ Supply chain/ Cold chain &amp; logistics</li> <li>▪ Social mobilisation</li> <li>▪ HPV intro</li> </ul>	<ul style="list-style-type: none"> <li>▪ Equity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Health financing at sub-national level</li> </ul>	<ul style="list-style-type: none"> <li>▪ Vaccine procurement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Coverage data</li> </ul>
<b>CDC</b>	<ul style="list-style-type: none"> <li>▪ HPV and OCV introduction evaluations</li> </ul>				<ul style="list-style-type: none"> <li>▪ Surveillance (CRS, IB-VPD)</li> <li>▪ Civil registration/ immunisation registries</li> <li>▪ Data quality</li> <li>▪ Impact evaluation studies</li> </ul>
<b>World Bank</b>		<ul style="list-style-type: none"> <li>▪ TA for HSS on procurement, PBF/ Data verification</li> </ul>	<ul style="list-style-type: none"> <li>▪ Graduating countries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Innovative finance</li> </ul>	
<b>Other partners (Non-exhaustive)</b>	<ul style="list-style-type: none"> <li>▪ VITAC In-country advocacy</li> <li>▪ JSI / AMP: Support introduction</li> <li>▪ PATH/ UNFPA: Support HPV introductions</li> </ul>	<ul style="list-style-type: none"> <li>▪ AMP: Coverage improvement</li> <li>▪ CRS: CSO involvement in policy dialogue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sabin institute / African Development Bank: support to graduating countries</li> </ul>	<ul style="list-style-type: none"> <li>▪ PATH: Support innovation development agenda</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multiple partners: Scientific studies</li> <li>▪ IHME: Full country evaluations</li> </ul>

3.6 Of note, in most cases, the funding received by partners through the business plan is in addition to the core investments that they make in the field of immunisation. As examples:

- (a) WHO provides most of its technical assistance to countries via its country offices which are for the most part funded through WHO core funding;

- (b) At UNICEF around 250 full-time staff (not including those working on polio eradication) are dedicated to immunisation work in Gavi eligible/graduating countries. These staff, of which around 13% are supported by the Gavi business plan, focus their efforts on facilitating new vaccine introduction, routine immunisation strengthening and coverage improvement, measles and rubella elimination, etc.;
- (c) Business plan funding to the World Bank for 2015 is delivered through the Externally Financed Output (EFO) mechanism, which channels additional external support to existing bank activities. The majority of Gavi funds will support additional work on immunisation in World Bank strategic priority areas in Sustainable Financing and Results-based Financing for Health, and leverage existing capacity in the Global Practice for Health, Nutrition and Population; and
- (d) CDC already supports a number of countries on initiatives related to data quality and epidemiological surveillance. Gavi business plan funding will be a limited investment to complement these initiatives and enable the Alliance to leverage a number of on-going projects.

#### **4. Risk implication and mitigation**

- 4.1 There are two complementary risks associated with the approach underlying the proposed business plan for 2015:
  - (a) That we are unable to align on or implement the proposed changes to the structure and approach of the business plan fast enough to ensure we can fully implement these new ways of working into our plans for 2016-17.
  - (b) That the changes brought to the structure of the business plan in 2015 (specifically the shift being piloted for a more country-centric approach) creates confusion amongst partner institutions, especially for those that manage coordination and planning processes at the headquarters, regional and country levels.
- 4.2 The current approach aims to provide budget for 2015 for existing and expanding areas of work with an explicit understanding that we will review staff levels and activities and build a zero-based budget for the first budget of the 2016-2020 period. This will thus strike a balance between these two risks by transitioning smoothly towards a new model in a way that avoids major disruptions for the Secretariat and for partners, allows time for planning for the 2016-2020 budget, and builds on the collaborative nature of the Alliance.

#### **5. Business plan budget**

- 5.1 The increase in the business plan budget is mainly driven by the incremental supply chain activities to implement the associated strategy approved by the Board in June 2014. The other drivers include:
  - (a) Supporting the continued acceleration of new vaccine rollouts;

- (b) Continued focus on coverage and equity;
- (c) Strengthening focus on graduation and financial sustainability;
- (d) Enhancing grant and risk management, including fiduciary oversight.

5.2 The requested 2015 business plan budget totals US\$ 234 million, which represents a 7% increase (US\$ 15 million) on the 2014 budget. That is prior to an increased investment of US\$ 15 million (up from US\$ 3 million in 2014) in supply chain strengthening activities funded by earmarked contributions which, if adopted and fully implemented, would bring the overall increase to 12%.

<b>Business Plan Budget US\$m</b>	<b>2014</b>	<b>Change</b>		<b>2015</b>
Secretariat	88	5	6%	93
Business Plan Partners	101	9	9%	110
Other partners	20	0	0%	20
Impact assessments, etc.	10	1	10%	11
<b>Total Business Plan</b>	<b>219</b>	<b>15</b>	<b>7%</b>	<b>234</b>
Supply chain (if so decided)	3	12	411%	15
<b>Including supply chain</b>	<b>222</b>	<b>27</b>	<b>12%</b>	<b>250</b>
<i>Supply chain activities</i>		12	5%	
<i>Other than supply chain</i>		15	7%	

- 5.3 The distribution of the proposed budget is outlined further in Section C.
- 5.4 In response to country demand during the current strategic period, programme disbursements will have grown from an annual level of US\$ 0.77 billion in 2011 to US\$ 1.7 billion estimated for 2015, equivalent to 2.2 times the 2011 level. Business plan expenditure as proposed for 2015 shows a lower growth rate at 2 times the 2011 level; that is after including areas added since 2010, notably supply chain and other partners (see Figures 1 and 2A).
- 5.5 Business plan expenditure is declining as a proportion of total expenditure<sup>1</sup>, dropping from 14% in 2011 to 12.7% in 2015 (see Figures 1 and 2). Secretariat overhead (as reported in Gavi’s annual financial report) is a sub-component of business plan expenditure and remains at 2.7% for 2014 (see Figure 1).
- 5.6 It should be noted that while the 2015 business plan percentage of total expenditure is flat against 2014, it would have continued to decline except for Gavi’s increased investment in supply chain activities (see Figures 1 and 2).
- 5.7 Figures 1 and 2 illustrate the evolution over the five years 2011 through 2015. By 2015, the number of active vaccine programmes (282) is expected to have grown nearly three times greater than the 2011 number

<sup>1</sup> For this purpose, total expenditure is counted as business plan costs plus disbursements for vaccine and cash programmes.

(98). The business plan budget as proposed for 2015 would be two times the 2011 amount, a lower rate of growth than for the programmes, as measured by the number of active vaccine programmes being supported by Gavi. Overall programmatic expenditure (i.e. funds disbursed to countries) is growing approximately in line with the business plan budget, with disbursements in 2015 expected to have reached 2.2 times the 2011 level.

**Figure 1: Evolution of expenditures from 2010 through 2015**

US\$ million	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2014 Forecast	2015 Budget	2015 as a factor of 2011
<b>Business Plan</b>							
- Secretariat	54	62	77	88	88	93	1.7
- Business Plan Partners	69	74	87	101	101	110	1.6
- Supply Chain: earmarked funding (Note 1)				3	3	15	
- Other Partners (Note 2)		1	2	20	22	20	
- Impact assessments (including envelope)	3	4	6	10	8	11	4.1
- Partners Forum		3	1.0	0	0	0	
<b>Business Plan</b>	<b>125</b>	<b>144</b>	<b>174</b>	<b>222</b>	<b>222</b>	<b>250</b>	<b>2.0</b>
of which Secretariat Overhead is: (Note 3)	37	41	39		44	48	
Programme Expenditure (disbursements) (Note 4)	768	1,069	1,385	1,566	1,388	1,711	2.2
<b>Total Expenditure</b>	<b>893</b>	<b>1,213</b>	<b>1,559</b>	<b>1,788</b>	<b>1,610</b>	<b>1,961</b>	
<b>Business Plan % of Total</b>	<b>14%</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>	<b>14%</b>	<b>13%</b>	
Secretariat Overhead % per Financial Statements (Note 3)	2.9%	4.1%	2.5%		2.4%	2.7%	
<b>Number of Active Vaccine Programmes</b>	<b>98</b>	<b>124</b>	<b>149</b>		<b>184</b>	<b>282</b>	<b>2.9</b>
<b>Business Plan costs per Active Programme (US\$ million)</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>		<b>1.2</b>	<b>0.9</b>	

Note 1: Represents earmarked donor funding provided by the Government of Canada

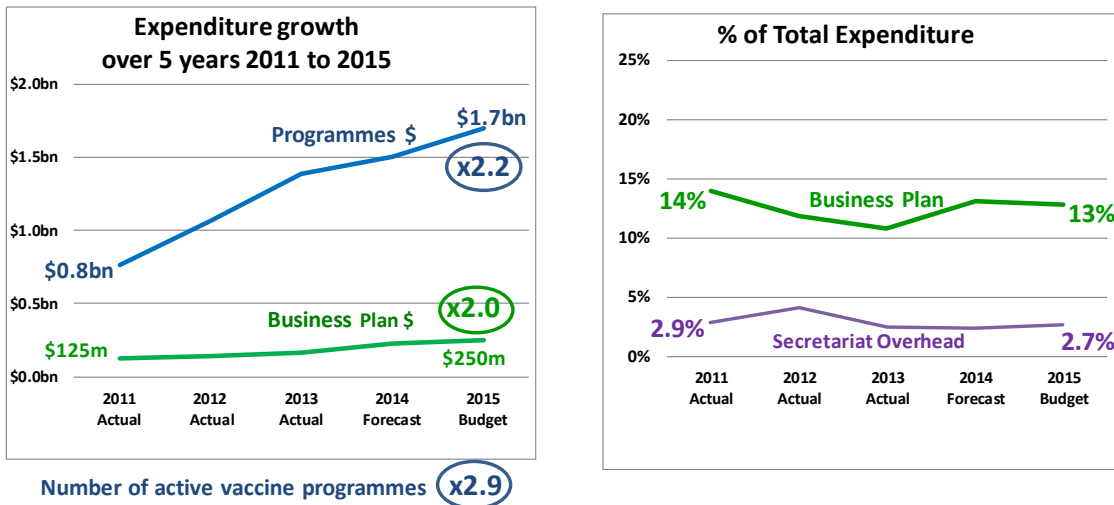
Note 2: Other Partners include: AVI TAC (Core), ADIPs, CRS and the envelope for implementation activities

Note 3: Secretariat Overhead as reported in Gavi's audited Annual Financial Report through 2013; as projected by Secretariat for 2014 and 2015. These expenses are the aggregate amounts of Gavi Alliance, IFFIm and Gavi Campaign for fundraising, management and general expenses. Overhead expenses exclude direct programme expenses such as expenses related to programme implementation and performance monitoring.

Note 4: Programme expenditure as presented to the Board in December 2014 (v10.0Fa), cashflow basis



**Figure 2: Business plan is growing at a slightly lower rate than programmes**



Over the five years 2011-2015, Business Plan costs have doubled, By 2015, Programme disbursements will be 2.2 times the 2011 level and the number of active vaccine programmes will be 2.9 times.

Business Plan costs and Secretariat Overhead costs are declining as a percentage of Total Expenditure (which is Programme Expenditure plus Business Plan costs).

5.8 The drivers of the changes in the 2015 budget compared to 2014 are explained in Section B and the detailed budgetary implications are outlined in Section C. The relationship between budget and deliverables is outlined in Annex 1 and the budget for the Secretariat is detailed in Annex 3.

**Section B: Content**

6. **The 2015 business plan is primarily a consolidation of the work started earlier in the current strategy period.** The budgets and activities will therefore broadly remain similar to 2014. There will however be some incremental changes related to the specific context and priorities for 2015, which are detailed below.

6.1 **Continued acceleration of new vaccine roll-outs** with a record number of vaccine introductions. In 2014 we are on track to support over 50 launches and in 2015 this figure could surpass 100 including IPV introductions.



- (a) The key business plan deliverable in this area relates to countries having reached their coverage targets in the first year after vaccine introduction. The bulk of the work will be done through WHO and UNICEF, which will support the countries with approved vaccine applications for preparatory activities before introduction and follow through once vaccines are introduced. This support will include strengthening staff capacity, improving vaccine management, strengthening integration with other preventive and curative services and support communication and social mobilisation efforts around new vaccines. In addition, the support provided by the Agence de Médecine Préventive (AMP) and John Snow, Inc. (JSI) to 9 countries for additional day-to-day support on vaccine introduction will be extended in 2015.
- (b) Following Board approval of the Immunisation Supply Chain Strategy in June, implementation is moving forward with additional one-time funding from Canada. 2015 will be a critical building year to start progress on a path towards the 2020 strategic goals; this work is important to our vision for reshaping immunisation supply chains designed 40 years ago. The strategy focuses on three primary areas - human resources, better use of information, and comprehensive supply chain planning that is linked to national plans, GAVI's HSS, and other resources.
- (c) The Alliance partners have developed a draft implementation framework which encompasses a 3-pronged approach: 1) work at the global level to strengthen standards and explore promising innovations, 2) broad work to help countries strengthen their systems as they continue to introduce new vaccines, and 3) a focused approach in a limited number of countries to pursue deep structural improvements. Deliverables and activities aligned with 2015 and 2020 goals have been identified for each lead organisation, and the budget allocated accordingly. Some of the activities will be implemented by additional partners in the supply chain field. In proposing a budget with significant increases in 2015, the risks associated with scaling up and implementing an ambitious scope of work should be noted. Success will require the Alliance to coordinate closely, remain flexible, and stretch beyond traditional ways of doing business. The work will continue to be regularly overseen by a Steering Committee made up of leaders from UNICEF, WHO, Gavi, and the Bill & Melinda Gates Foundation. In addition to funding allocated in other parts of the 2015 business plan for UNICEF and WHO, the projected allocations from an earmarked and one-time contribution to Gavi are as follows: US\$ 9.3 million to UNICEF Programme Division, US\$ 3.6 million to WHO and US\$ 2.4 million to the Secretariat. These allocations are subject to endorsement by the Steering Committee based on the provision of a satisfactory implementation framework.

- (d) Another deliverable in this area relates to country decision making. As part of the targets for 2015, GAVI aims to ensure that 50 countries have functional National Immunisation Technical Advisory Groups (NITAGs). At the beginning of 2014, there were 24 functional NITAGs. To meet our target, Gavi will provide an additional grant to AMP to complement WHO's support to countries.

## 6.2 Implementation of the HSS grants on the basis of the new design and continued focus on coverage and equity

- (a) The business plan 2015 will continue to roll out of the redesigned HSS programme which focuses more strongly on immunisation outcomes. WHO and the Secretariat have undertaken analytical work on the main causes for delayed implementation of HSS plans and grants and are working with partners to develop tools and indicators to monitor these implementation delays. This work will entail defining the conditions that would warrant additional external support – if agreed/required by countries themselves. This support will then be provided by WHO and other partners. A key change for 2015 is that the World Bank will join other partners to provide targeted technical assistance as part of Alliance support when specific bottlenecks are identified, such as in parts of country procurement systems.
- (b) In 2015 we will revisit our approach to coverage and equity through a collaborative analytic process involving country consultations and workshops. This work will result in an Alliance-wide approach to country-level engagement as part of the 2016-2020 strategy. The work will seek to learn from successes and challenges of Gavi's support in relation to coverage and equity to date.
- (c) With regard to dedicated support to coverage improvement, WHO will support 13 countries in improving their coverage levels. This will now be done through supporting the development and implementation of annual EPI action plans, both at national and sub-national levels in alignment with the new approach envisaged for 2016 onwards. AMP will also continue its support to 4 countries as a complement to WHO's support.

UNICEF has been focusing its support on equity improvement in 10 countries. The equity work has faced significant implementation challenges in a number of countries such as during the analysis of barriers preventing access to immunisation and funding for the implementation of strategies to address barriers. In 2015 UNICEF has proposed to accelerate action. Depending on the specificities of each country, UNICEF will support the national Ministries of Health in the micro-planning for specific regions and increasing linkages with GAVI HSS processes. This work will continue in 9 of the 10 countries that were initially supported. Based on bottlenecks revealed through the GAMR process and country tailored approaches, 5 additional countries are proposed to be added in 2015. Equity work in these would be aligned with the new business plan approach.

- (d) Civil Society Organisations (CSOs) will continue to receive support to engage at country and define their contributions to achieving immunisation outcomes within the HSS grant. This activity is managed through Catholic Relief Services and targets 24 countries. It will refocus on ensuring that CSOs are engaged in implementation rather than just planning. It will work to ensure that CSOs are engaged in implementation of immunisation activities in addition to engaging in national planning and coordination processes.

### 6.3 **Strengthened focus on graduation and financial sustainability**

- (a) Gavi partners will continue to strive towards the overall increase of domestic funding for the routine immunisation programme. This will be done through the monitoring of actual country expenditures (amounts and sources); and tailored technical support to countries that rely to a large extent on external financing for routine immunisation.
- (b) Partners will also support countries to put in place the relevant policy and budgetary processes to meet their immunisation financing requirements: co-financing requirements and overall increase in government resources for immunisation. Although the number of countries defaulting on co-financing has risen recently, there continues to be an annual increase in the overall value of co-payment across the 73 Gavi implementing countries. This support is provided through a range of partners including WHO, the World Bank and Sabin Institute.
- (c) Lastly, Gavi partners will also support graduating countries to successfully transition from Gavi support. Based on the graduation assessment template developed in 2014, Gavi partners plan to carry out country assessments aimed at developing transition plans in the 20 currently graduating countries. An appropriate monitoring methodology will be implemented to ensure countries execute their transition plans and stay on track towards graduation. Under the new strategy, the focus would be on early engagement with countries for requisite investments in immunisation.

### 6.4 **Continued market shaping including a new effort on Access To Appropriate Prices (ATAP) for graduated countries**

- (a) Strategic Goal 4, "the market shaping goal," aims to ensure adequate supply of appropriate, quality vaccines at low and sustainable prices for developing countries. Gavi partners will continue to work on strategic demand and supply forecasting, ensuring efficient and effective vaccine procurement; developing instruments for lowering price to Gavi and graduated countries and encouraging the development of appropriate products.

- (b) The two objectives of balancing costs and supply security will continue through the development and update of roadmaps and the implementation of procurement strategies through UNICEF Supply Division. On the objective of quality and innovative vaccines, the focus of WHO will remain on ensuring a regulatory environment in vaccine producing countries that identifies and mitigates risks to prequalification of vaccines of interest to Gavi, and supports the licensure and prequalification of future Gavi vaccines. In 2015, there will also be some work to further encourage innovation in vaccines and vaccine-related commodities which is highlighted in Strategic Goal 4 in the 2016-2020 strategy.
- (c) Lastly, in response to the request from the Gavi Board in November 2013, the Gavi Secretariat with input from partners identified initial options for the Alliance to support access to appropriate vaccine prices (ATAP) for Gavi graduated and non-Gavi LMICs. In May 2014, this initial work was presented to the PPC, which requested the conduct of additional consultations and analyses to develop proposal(s) for a pooled procurement facility.

#### **6.5 Continued routine monitoring, results measurement through evaluation studies, surveillance and impact assessment**

- (a) In line with the Gavi M&E Framework for 2011-2015, partners' work in this area is structured around three priorities: 1) strengthening on-going grant performance monitoring within the broader context of the Grant Application, Monitoring and Review (GAMR) re-design; 2) conducting targeted studies and assessments of impact scaled up in line with Board decisions; and 3) implementing comprehensive public health effectiveness evaluations through a prospective design.
- (b) One of the critical deliverables in this area relates to the grant application and monitoring review (GAMR) process, which will introduce measures to improve the performance of Gavi grants to countries. This includes increasing in-country input to Gavi decision-making, accountability for grant performance across the Alliance, and significantly strengthened capacity and tools for the monitoring of grants throughout the year.
- (c) In 2015, Gavi partners will be fully utilising the envelope decided by the Board for effectiveness and impact research. The number of institutions that Gavi contracts for the conduct of targeted studies and impact assessments has increased from two to more than ten, including a number of institutions based in Gavi supported countries, and international institutions (e.g., the United States Centers for Disease Control and Prevention ('CDC') and the Institute for Health Metrics and Evaluation). Similarly, Gavi has increasingly moved to commissioning evaluations through institutions based in Gavi supported countries; for example, an Ethiopian research and technical institution is conducting the Health Systems Strengthening grant evaluation in Ethiopia, following a competitive bidding process. All

these studies have been contracted in 2014, and will continue in 2015. The only new investment in 2015 relates to Cholera and Rabies, following the Board decision on the Vaccine Investment Strategy (VIS) in 2013. The new studies on Cholera and Rabies will allow the generation of the relevant data and information on burden of disease and cost-effectiveness for the next VIS process, which will be presented to the PPC and the Board in 2018.

## **7. Preparing for the next strategic period- Structural evolution of the BP**

7.1 The 2015 business plan also includes some changes to prepare for the next strategic period. These prepare the ground to position us to achieve the objectives laid out in the 2016-20 strategy. The changes, which we have been actively discussing with partners, include:

7.2 Continuing to broaden the Alliance with an emphasis on leveraging the comparative advantage of each partner and expanding our engagement with new partners who bring unique capabilities. The business plan currently includes two types of partners and we are seeking to broaden both types of partnership:

(a) 'Business Plan Partners', most notably WHO and UNICEF, who contribute to GAVI's mission through their own core mandate and resources in addition to the earmarked funding provided by Gavi through the business plan. In 2015, we are expanding our strategic engagement with two Business Plan Partners to harness their unique expertise and capabilities:

- The World Bank will expand its work to support Gavi's efforts on graduation in three key areas: 1) in-depth country financing work in six graduating countries, 2) joint policy dialogue in nine graduating countries, and 3) analytical work on health and immunisation financing; and
- The CDC will receive funding to strengthen and leverage our existing efforts, and to dovetail its work, on vaccine-preventable diseases and safety surveillance, data quality, and targeted studies.

(b) 'Other Partners' which consists of other institutions receiving GAVI business plan funding. The 2015 business plan will not include major new activities that will require new contracting beyond the arrangement already in place in 2014. However, we will continue and strengthen work with these organisations, where warranted, based on need and performance. A non-exhaustive list of examples of institutions engaged so far include:

- The Sabin Institute and African Development Bank (ADB) for co-financing and graduation support;
- Agence de Médecine Préventive (AMP) and John Snow Institute (JSI) for support on vaccine introduction and increase in coverage;



- Catholic Relief Services for building Civil Society platforms in country which can in turn engage in the design and implementation of the HSS proposals and the numerous CSO organizations working with them;
- UNFPA for support to HPV projects (identification of target populations and integration with adolescent health services);
- Institutions involved in effectiveness and safety studies (Including Johns Hopkins University, Institute of Health Metrics and Evaluations (IHME), Aga Khan University, etc.);
- PATH for continued support across a range of programmatic areas, including for HPV demonstration projects and in-country advocacy work.

7.3 Enhancing grant and risk management including fiduciary oversight within the Alliance, including the capacity in the Secretariat

- (a) In recent years, we have substantially enhanced Gavi's approach and capacity to manage fiduciary risk. Key changes have included the approval of the Transparency and Accountability Policy (TAP) in 2009; subsequent creation of the TAP team and appointment of an Internal Auditor; creation of a risk register in 2011; re-orientation of the Country Programmes team to focus on grant management and stewardship, and substantial increase in capacity; and separation of grant approval, monitoring and review processes (now managed by the Policy & Performance department) from grant management (Country Programmes).
- (b) We believe it is an appropriate time to take stock of our current practice as we approach the next strategy period (which will entail a stronger focus on fragile states and countries with weak systems) and replenishment (in the context of lower risk tolerance among our key donors). Having reviewed our current processes, structures and resources, we propose to further strengthen our risk management approach. Key changes include enhancing the capacity of the Country Support team to dedicate appropriate time to each of their grants based on the inherent risk level; embedding financial expertise in the Country Programmes department; strengthening our collaboration with in-country partners on identifying and mitigating risks; creating a new risk management function within the Secretariat adhering to a model of three lines of defence; transferring responsibility for country audits to the Internal Audit department and reinforcing its capacity to conduct internal audits.
- (c) We have already reallocated some of the 2014 budget in order to commence implementing these changes, and the enhanced approach to managing risk and fiduciary oversight will be presented to the AFC. Provision has been made within the proposed 2015 budget for the associated Secretariat resources. It is expected that the Board will

review a draft Risk Policy for the Alliance at its meeting in December, which will consider the risk appetite appropriate to Gavi, approaches to managing risk and potential trade-offs in prioritising activities, as requested by the Executive Committee.

7.4 Shifting towards a more country-centric approach with more cohesive, bottom-up plans to align with the primary focus on coverage and equity

- (a) The 2015 business plan aims to move the Alliance further in the direction of bottom-up, country-driven and country-focused planning of technical assistance (TA) aligned with the national ONE EPI plan. This is consistent with the aspiration that business planning for the next strategic period should be embedded in comprehensive, integrated, country-specific plans with high attention to excluded populations. These will provide a holistic and harmonised view of needs and proposed support in each country, enable us to identify and address key gaps, and ensure greater alignment between partner TA contributions at both country and regional/global levels. To the extent possible, we will also seek to ensure these plans reflect and are aligned with partners' activities even where these are not funded by Gavi (e.g., bilateral donors whose engagement at country level is deepening). As a first step, this year we have strived to align the business plan activities with relevant activities of the Bill & Melinda Gates Foundation. Starting in 2015, we will include a number of bilateral donors in this exercise, notably USAID, DfID, Norway, Sweden, etc. In alignment with key global initiatives, e.g., the Global Polio Eradication Initiative (GPEI), USAID's A Promise Renewed, etc, and in consultation with partners, countries with the largest immunisation-related challenges and potential for high impact would be prioritised for concerted action.
- (b) The business plan 2015 seeks to pilot a country-based business planning approach for a small number of countries. Alliance partners discussed the specific TA needs of a first set of 15 countries (as identified in EPI reviews; country appraisals; IRC and High Level Review Panel recommendations; country-level improvement plans; and country-tailored approaches) and aimed to identify which partner can best support which need. The goal is to allocate specific resources to partners to address these specific country needs.
- (c) The PPC also underscored the need to capitalise on opportunities of integration offered by immunisation platforms. For example, HPV vaccines could be integrated with other adolescent health-enhancing interventions; and rota and pneumo vaccines with interventions envisaged by the Global Action Plan for Prevention and Control of Pneumonia and Diarrhoea (GAPPD).

7.5 Enhancing accountability for outcomes at country level

- (a) Moving forward, the business plan will better identify expected outcomes at the country level from the various activities and support



provided by partners and funded through the business plan. While recognising that these outcomes are under the responsibility of sovereign countries, the business plan will aim to better track these outcomes through key deliverables and understand the specific impact of Gavi-funded TA.

## **8. Future directions for business planning**

- 8.1 As we move towards implementing the strategic framework for 2016-2020, we would start initial work on improved approaches for 2016 onwards that will not impact directly on the 2015 cycle. We have already initiated discussions with partners on these areas.
- 8.2 The EC emphasised that it cannot be business as usual from 2016 and that there is a need for a different way of formulating the business plan with a country focus. The PPC also endorsed this approach and the three pillars of the new paradigm: enhancing country focus, strengthening grant and risk management, and investing in purposeful partnerships.
- 8.3 As per guidance by EC and PPC, we are planning to re-engineer the business plan process, applying a strong country lens through bottom-up planning; to adopt a zero-based budgeting approach for the Secretariat and the partners for the first budget of the next strategic period; to seek ways to enhance accountability at the country level; to plan a review of our Secretariat structure, processes, and staffing in preparation for implementation of our new strategic plan during the next strategic period; and to undertake evaluations of the effectiveness and efficiency of support provided by the Alliance to countries. Timelines are currently being worked out as per PPC guidance.

## **Section C: The proposed 2015 budget**

### **9. Distribution of budget by Strategic Goal**

- 9.1 The 2014 Business plan budget maps out how to deliver on Gavi's mission, strategic goals, and targets by achieving clearly defined, critical, costed deliverables (see Annex 1). The proportional distribution per the 2015 budget remains largely unchanged from the budget approved for 2014.

**Figure 3: Distribution of budget by Strategic Goal**

US\$ 000

	Budget 2014		Change 2014 to 2015		Budget 2015	
	\$	% of total	\$	% of total	\$	% of total
SG1 - Vaccine Goal	56,321	25%	13,025	47%	69,346	28%
SG2 - Health Systems Goal	32,885	15%	1,672	6%	34,557	14%
SG3 - Funding-/Co-financing Goal	18,573	8%	835	3%	19,408	8%
SG4 - Market-shaping Goal	3,942	2%	1,702	6%	5,644	2%
SG4 - Procurement Fees	19,140	9%	460	2%	19,600	8%
Advocacy, Com. & Public Policy	9,547	4%	(490)	(2%)	9,057	4%
Monitoring and Evaluation	38,651	17%	5,956	22%	44,607	18%
Policy	1,720	1%	116	0%	1,836	1%
<b>Programme Implementation</b>	<b>180,779</b>	<b>81%</b>	<b>23,276</b>	<b>85%</b>	<b>204,055</b>	<b>82%</b>
<b>Mission Support</b>	<b>41,351</b>	<b>19%</b>	<b>4,237</b>	<b>15%</b>	<b>45,588</b>	<b>18%</b>
<b>TOTAL</b>	<b>222,130</b>	<b>100%</b>	<b>27,513</b>	<b>100%</b>	<b>249,643</b>	<b>100%</b>

## 10. Budget distribution by Implementer

10.1 Figure 4 illustrates the distribution of the budgets by implementer.

**Figure 4: Distribution of budget by Implementer**

US\$ 000		Budget 2014		Change 2014 to 2015		Budget 2015	
		\$	% of total	\$	% change	\$	% of total
(a)	<b>Secretariat</b>	<b>87,796</b>	<b>40%</b>	<b>5,400</b>	<b>6%</b>	<b>93,195</b>	<b>37%</b>
	<b>Business Plan Partners:</b>						
	WHO	56,987	26%	1,782	3%	58,769	24%
	UNICEF - Supply Division	19,140	9%	460	2%	19,600	8%
	UNICEF - Programme Division	22,120	10%	1,399	6%	23,519	9%
	WorldBank	2,000	1%	1,600	80%	3,600	1%
	CDC	630	0%	3,602	572%	4,232	2%
(b)	<b>Business Plan Partners</b>	<b>100,877</b>	<b>45%</b>	<b>8,843</b>	<b>9%</b>	<b>109,720</b>	<b>44%</b>
(c)	<b>Supply Chain: earmarked funding - note 1, note 2</b>	<b>3,000</b>	<b>1%</b>	<b>12,328</b>	<b>411%</b>	<b>15,328</b>	<b>6%</b>
	<b>Other Partners</b>						
	Implementation Partners	10,160	5%	4,745	47%	14,905	6%
	VITAC	7,140	3%	(5,094)	-71%	2,046	1%
	GAVI CSO constituency (CRS)	3,146	1%	316	10%	3,462	1%
(d)	<b>Other Partners - note 2</b>	<b>20,446</b>	<b>9%</b>	<b>(33)</b>	<b>-0.2%</b>	<b>20,413</b>	<b>8%</b>
	<b>Impact Assessments:</b>						
	PATH	2,969	1%	(1,769)	-60%	1,200	0.5%
	ADIPs	150	0%	(150)	-100%	0	0%
	Envelope for new Impact Assessments	6,892	3%	2,895	42%	9,787	4%
(e)	<b>Impact Assessments - note 2</b>	<b>10,011</b>	<b>5%</b>	<b>976</b>	<b>10%</b>	<b>10,987</b>	<b>4%</b>
a+b+c+d+e	<b>TOTAL</b>	<b>222,130</b>	<b>100%</b>	<b>27,514</b>	<b>12%</b>	<b>249,643</b>	<b>100%</b>

note 1: Represents ear-marked donor funding provided by the Government of Canada

note 2: Budgets to be allocated to selected contractors by the Secretariat

### 10.3 The key drivers of the increase in budget from 2014 to 2015 are:

- (a) WHO: Increase of US\$ 1.8 million (3%) requested: from US\$ 57.0 million to US\$ 58.8 million.

This corresponds to increases in specific areas as detailed in section B, namely in the area of polio (specifically for IPV introduction), HSS grant implementation, quality of immunisation coverage data, surveillance (except rota and IBD), Men A routine introductions.

- (b) UNICEF Supply Division: Increase of US\$ 0.5 million (2%) requested: from US\$ 19.1 million to US\$ 19.6 million. Details of the basis of the 2015 fee are included in Annex 4: Proposed UNICEF-Gavi procurement fee for 2015 (provided by UNICEF SD).

- (c) UNICEF Programme Division: Increase of US\$ 1.4 million (6%) requested: from US\$ 22.1 million to US\$ 23.5 million.

This corresponds to increases in specific areas as detailed in section B, namely equity and immunisation financing.

- (d) World Bank: Increase of US\$ 1.6 million (80%) requested: from US\$ 2.0 million to US\$ 3.6 million. This corresponds to increases in specific areas as detailed in section B, mostly for graduation, financial sustainability and support for HSS.
- (e) CDC: Increase of US\$ 3.6 million (572%) requested: from US\$0.6 million to US\$ 4.2 million. This corresponds to increases in specific areas as detailed in section B, namely impact assessment, data quality, surveillance and vaccine safety
- (f) Secretariat: Increase of US\$ 5.4 million (6%) requested: from US\$ 87.8 million to US\$ 93.2 million. This corresponds to increases in specific areas as detailed in section B, namely enhancing fiduciary risk management including the capacity in the Secretariat.
- (g) Impact Assessments: Increase of US\$ 1.0 million (10%) requested: from US\$ 10 million to US\$ 11 million. Impact assessments were prioritized based on prior Board recommendations and global level expert consensus on mission critical evidence gaps. These assessments include demonstrating the health and economic impact of PCV and Rotavirus vaccines in early adopter countries; assessments of the risk of pneumococcal serotype replacement, intussusception and congenital rubella syndrome (CRS); evidence to support country decisions to introduce and sustain use of new vaccines and GAVI 2018 VIS decisions; identification of strategies to increase immunisation coverage; and GAVI 4.0 impact measurement, including the Disease Dashboard.
- (h) Supply Chain (earmarked funding): Increase of US\$ 12.3 million (411%) requested: from US\$ 3.0 million to US\$ 15.3 million. Details of the increase are provided in par 6.1(b) above.

## **Section D: Implications**

### **11. Impact on countries**

- 11.1 Overall, the Ministries of Health in Gavi countries have the primary responsibility for delivering on Gavi programmes. The Business Plan deliverables and associated activities are intended to support this implementation and delivery on the four strategic goals.

### **12. Impact on GAVI stakeholders**

- 12.1 Once fully developed, the business plan will include the budget for each implementing partner participating in the Gavi business plan.

### **13. Impact on Secretariat**

- 13.1 The business plan for 2015 will enable the Secretariat to support country needs in a manner that incorporates the enhanced risk management approach described in this paper.

#### **14. Legal and governance implications**

- 14.1 Once approved by the Board, the Business Plan will form the basis of Memoranda of Understanding with WHO, UNICEF, World Bank and CDC, and contractual arrangements with other implementing partners.

#### **15. Consultation**

- 15.1 The 2015 Business Planning process included multiple interactions between the Secretariat and the relevant focal points for each implementing partner, either individually or through the management teams across the business areas (e.g. Vaccine Implementation Management Team, Strategic Goal 2 Management Team, Immunisation Financing and Sustainability Team, Supply Chain Task Force). Through these fora, multiple iterations of the business were shared for review and comments.
- 15.2 The Bill & Melinda Gates Foundation, DFID, NORAD and SIDA were also involved in the process as they provided the list of their investments that have potential links and synergies with the Gavi business plan.

#### **16. Gender implications**

- 16.1 Currently, in the Gavi business plan, activities related to gender equity and gender-related barriers to immunisation are primarily led by WHO, UNICEF and AMP. When relevant, the coverage improvement plans include analyses and actions to tackle the gender-related barriers to immunisation. The countries of focus for UNICEF's support on equity also include some that were identified as having a statistical difference between the number of boys and girls being immunised. In these countries UNICEF will support the countries to assess the drivers of such differences and develop and implement improvement plans.

## Annex 1: Programme objectives, 2015 deliverables, main objectives and cost of the 2015 business plan

PO	Programme Objective	End of year deliverable 2015	Budget 2015 (US\$ million)	Main activities
1.1.1	Improve country decision making structures, systems, and processes	i) 50 GAVI supported countries have National Immunisation Technical Advisory Groups (NITAG) meeting 6 basic process indicators	\$ 6.1	Generate vaccine-specific data and information (WHO, Gavi Sec)
		ii) 18 GAVI supported countries have functional National Regulatory Authorities (NRAs)		NRA and NITAG strengthening (WHO, WB, Expanded Partners)
		iii) NITAGs and ICC have the relevant evidence prior to deciding national introduction of vaccines (e.g. HPV)		Vaccine-specific introduction and roll-out support (WHO)
1.2.1	Improve the quality of country planning, Gavi applications, and performance reporting	i) 80% of applications submitted to GAVI approved by the IRC	\$ 11.6	Application support (WHO, UNICEF, Gavi Sec)
		ii) 90% of countries approved for GAVI vaccine support are ready to introduce the vaccines at times proposed in their application		Communication on Gavi policies and procedures (VITAC)
				Data sharing across partners (WHO)
				Operational planning (WHO)
1.2.2	Prepare countries for successful introductions of new and underused vaccines	i) 80% of countries that introduced new vaccines reached their coverage targets in the first year after introduction	\$ 52.8	Global management of introduction activities (Gavi Sec)
				Health worker training (WHO)
		ii) All GAVI supported countries have undertaken Effective Vaccine Management (EVM) assessments and 80% of them are on track in the implementation of their improvement plan		In-country A&C (VITAC)
				In-country coordination of Gavi activities (Gavi Sec)
				Supply chain (WHO, UNICEF, Gavi Sec)
Vaccine-specific introduction and roll-out support (WHO, UNICEF, CDC, Expanded Partners, Gavi Sec)				
1.2.4	Strengthen national capacity for planning of behavior change communication for new and underused vaccines within a country's disease control framework	25 priority countries have implemented coordinated communication plans and demonstrated impact on 1-3 priority targeted behaviours	\$ 3.4	In-country communication plans (UNICEF)
2.1.1	Identify and address constraints to safe immunisation and service delivery in	At least 7 out of the 12 countries that were below 70% coverage in 2010 have improved their immunization coverage by minimum 10% from the baseline.	\$ 7.6	cMYP development and implementation (WHO) Coverage implementation and support (WHO)
2.1.2	Improve immunisation systems in GAVI countries through implementation of national health strategies supported by well-aligned and functioning GAVI HSS grants	i) 100% of countries receiving GAVI HSS support demonstrate satisfactory implementation progress as assessed by IRC, JANS or equivalent independent mechanism.	\$ 14.8	HSS grant application and reprogramming (WHO)
				HSS grant monitoring and implementation support (WHO, WB, Gavi Sec)
		ii) 100% of GAVI HSS grants awarded since 2011 are fully aligned with the national health system development plans/strategies, which incorporate cMYPs*		Improve HSS M&E frameworks (WHO)
				Programme fiduciary oversight (Gavi Sec)
2.2.1	Increase equity (geographic, social strata, gender) of routine immunisation	At least 10 countries with the highest inequity in vaccination coverage*, have identified the main drivers of inequity, are able to monitor inequities, have implemented equity action plans, and GAVI HSS grants contribute to the funding of these plans.	\$ 9.7	Equity (UNICEF)
2.3.1	Promote active engagement of Civil Society Organisations (CSOs)	At least 70% of countries, supported by partners, have actively engaged with CSO in the development, the implementation and the monitoring & evaluation of their GAVI HSS Grants, cMYPs and national health plans	\$ 5.6	Support to in-country CSO's to engage in policy dialogue (CSO Constituency, Gavi Sec)

## Annex 1 Continued

PO	Programme Objective	End of year deliverable 2015	Budget 2015 (US\$ million)	Main activities
3.1.1	Countries successfully mobilise resources required in their annual plans and budgets	Countries finance on average 70% of routine immunisation costs with government resources.	\$ 4.9	cMYP development and implementation (WHO) Immunization expenditure tracking (UNICEF, Gavi Sec) Support to improve sustainability of national financing for immunization (Gavi Sec, WHO, UNICEF, WB, Expanded Partners) Sustainable financing (WB)
3.1.2	Implement the co-financing policy and secure domestic funding for all other routine vaccines	100% of countries fulfill their co-financing requirement and at least 90% of countries finance all other routine vaccines from domestic sources	\$ 1.9	Co-financing advocacy (WHO, Gavi Sec) Support to improve sustainability of national financing for immunization (Gavi Sec, WHO, UNICEF, WB, Expanded Partners) Sustainable financing (Gavi Sec)
3.1.3	Support graduating countries in sustaining investment in	100% of graduating countries for which GAVI support ends in 2015, co-finance 80% of the projected 2016 vaccine price.	\$ 6.4	Support to graduating countries (WHO, UNICEF, WB, Gavi Sec, Expanded Partners)
3.2.1	Expand and extend donor commitments	Resources needed for 2016-2020 are pledged	\$ 2.3	Donor engagement (Gavi Sec)
3.2.2	Broaden the public and private sector donor base	Secure at least 8 new public sector donors and at least 16 new private sector donors	\$ 2.2	Donor engagement (Gavi Sec) Private sector engagement (Gavi Sec)
3.3.1	Grow and develop Gavi's innovative finance product portfolio (including scaling of IFFIm)	Successful replenishment of IFFIm of at least US\$1bn Achievement of US\$260m with the match, or renewal of GAVI Matching Fund as a private sector partnership platform Ensure readiness to roll out 2016-20 strategy	\$ 1.6	Innovative finance (Gavi Sec)
4.1.1	Strategically forecast the demand and supply for all vaccines in the	Bi-annual strategic demand forecasts and annual strategic supply forecast with improved accuracy over previous year	\$ 0.8	Supply and demand forecasting (Gavi Sec, Expanded Partners)
4.1.2	Ensure efficient and effective vaccine procurement and	Streamlined and uninterrupted vaccine supply for all GAVI-funded vaccines	\$ 20.3	Procurement-related activities (Gavi Sec, UNICEF SD)
4.2.1	Develop instruments for lowering price to GAVI and countries and/or encouraging development of	3 new initiatives or instruments to decrease cost and/or accelerate product development	\$ 3.6	Market shaping (Gavi Sec) Risk management (WHO) Support acceleration of vaccine development (WHO)
AC 1.1.1	immunisation, new vaccines, and Gavi is understood amongst	Increased understanding of the value of immunisation and the GAVI Alliance amongst target stakeholders (as measured by monitoring of traditional and social media)	\$ 4.3	Communication of results, media stories, reputational risk management (Gavi Sec)
AC 1.1.2	empowered advocates to inform Gavi's policies, support fundraising, and help	100-200 advocates actively engaged in key processes to raise awareness and engage donors and potential donors	\$ 2.6	Partnership with advocate networks (Gavi Sec, Expanded Partners)
AC 1.1.3	Increased influence in development aid policy settings	Increased number of endorsements in key events and global/regional policy documents (e.g. AU Summit, G8)	\$ 1.7	Stakeholder summits (Gavi Sec)



## Annex 1 Continued

PO	Programme Objective	End of year deliverable 2015	Budget 2015 (US\$ million)	Main activities
ME 1.1.1	Ensure <b>effective routine program monitoring that links</b>	Rigorous performance monitoring of all GAVI grants to countries, with enhanced means of validation of country reported data and release of funding based on	\$ 3.7	Performance and strategy development (Gavi Sec)
				Routine program monitoring (Gavi Sec)
ME 1.1.2	Coordinate and conduct <b>targeted studies</b> to address key questions and meet critical	Filled knowledge and information gaps related to specific strategies through completion of studies identified by the Board and its committees	\$ 12.8	Studies and evaluations (Gavi Sec)
ME 1.1.3	<b>Evaluate the impact and cost-effectiveness of Gavi support to countries</b>	Findings on effectiveness, cost-effectiveness and impact in 5 countries, with results used to inform an understanding of what is happening more broadly across the portfolio	\$ 7.9	Outcome and impact assessments (Gavi Sec, Expanded Partners)
ME 1.1.4	Ensure the availability and use of high quality <b>programmatic and epidemiological data</b>	24 countries are on track with the implementation of their corrective action plans for data quality	\$ 7.3	Data quality improvement (WHO, UNICEF, CDC)
				Generate vaccine-specific data and information (CDC)
ME 1.1.5	Meet established quality indicators for <b>surveillance</b> of disease preventable by new and underused vaccines	i) 90% of supported countries have laboratories that pass external quality assurance standards by end of 2015  ii) 30 countries have functioning national Adverse Events Following Immunisation systems for addressing vaccine safety alerts and significant safety issues	\$ 14.7	Vaccine safety (WHO, CDC)
				Vaccine-specific surveillance (WHO, CDC)
Pol 1.1	<b>Adapt and develop Gavi policies to respond to evolving environment</b>	At least 5 new policies or policy revisions reviewed and endorsed by the Board	\$ 2.0	Policy development (Gavi Sec)
Other	<b>Mission support</b>		\$ 37.3	

TOTAL: \$ 249.6

## Annex 2: Revision of Business Plan Indicators

Each year in July, WHO and UNICEF update immunisation coverage estimates for every member state. These revisions can also result in updates to historical data. Every time WHO/UNICEF revises the estimates for the 2010 baseline year, the corresponding baselines and targets for the GAVI strategy are also revised. Similarly, the Inter-agency Group for Child Mortality Estimation also revises its time series of estimates of the under-five mortality rate, and when their estimates for 2010 change, the baseline for the under-five mortality rate indicator in the GAVI strategy also needs updating. When baselines and targets are adjusted for the GAVI strategy in response to changes in estimates from the agencies responsible for producing the estimates, the level of ambition remains constant – for the coverage indicators, for example, the targeted increase in number of percentage points to be gained from baseline to 2015 does not change. Similarly, for the under-five mortality rate indicator, the targeted decrease in number of deaths per thousand live births from baseline to 2015 does not change.

### a. Revision of baseline and targets

Domain	Name of the indicator	Change log	Baseline	Target					Achievement		
			2010	2011	2012	2013	2014	2015	2011	2012	2013
Mission	Under Five Mortality Rate	Previous <sup>1</sup>	78	76	74	72	70	68	75	73	-
		New <sup>2</sup>	77	75	73	71	69	67	74	71	69
Strategic Goal 2a	DTP1-DTP3 Drop Out Rate	Previous	12%	12%	11%	11%	10%	10%	12%	12%	
		New	11%	11%	10%	10%	9%	9%	11%	11%	11%
Strategic Goal 2b	DTP3 Coverage Rate	Previous	75%	77%	78%	79%	80%	81%	74%	74%	
		New	76%	78%	79%	80%	81%	82%	74%	74%	76%

1. “Previous” indicates the target value agreed by the board in the last revision
2. “New” indicates the revised and proposed new target value

**b. Full list of 2011-2015 indicators and targets**

	Baseline	Intermediate Targets					Achievement			
	2010	2011	2012	2013	2014	2015	2011	2012	2013	2014
<b>MISSION</b>										
<b>Under Five Mortality Rate</b>	<b>77</b>	75	73	71	69	67	74	71	69	
<b>Cumulative number of future deaths averted (Millions)</b>	<b>0</b>	0.5	1.1	1.9	2.9	3.9	0.6	1.3	2.2 (projected)	
<b>Number of children immunized (Millions)</b>	<b>0</b>	36	39	50	58	61	45	50	53	
<b>STRATEGIC GOAL 1: VACCINE GOAL</b>										
<b>Country introduction of vaccines (Cumulative Count)</b>										
Pentavalent	<b>62</b>	65	69	69	69	69	65	70	72	73*
Rotavirus	<b>4</b>	5	16	23	28	33	5	12	18	32*
Pneumococcal Vaccine (PCV)	<b>3</b>	19	32	35	36	45	16	24	38	44*
<b>Coverage of new and underused vaccines (%)</b>										
Pentavalent 3rd dose	<b>39%</b>	46%	51%	65%	76%	77%	41%	43%	53%	
Rotavirus last dose	<b>1%</b>	1%	5%	14%	24%	31%	1%	3%	7%	
Pneumococcal Vaccine (PCV) 3rd dose	<b>1%</b>	5%	17%	29%	35%	40%	5%	10%	19%	
<b>STRATEGIC GOAL 2: HEALTH SYSTEM GOAL</b>										
<b>DTP1 - DTP3 drop-out rate (%)</b>	<b>11%</b>	11%	10%	10%	9%	9%	11%	11%	11%	
<b>DTP3 Coverage (%)</b>	<b>76%</b>	78%	79%	80%	81%	82%	74%	74%	76%	
<b>Equity in immunization (%)</b>	<b>51%</b>					62%	51%	54%	57%	57%*
<b>MCV1 Coverage (new indicator added in 2013)</b>	<b>76%</b>						75%	75%	76%	
<b>STRATEGIC GOAL 3: FINANCNG GOAL</b>										
<b>Total resources mobilized to meet demand (\$)</b>	<b>NA</b>	100%	100%	100%	100%	100%	100%	100%	100%	
<b>Country investment in vaccines per child (\$)</b>	<b>\$3.78</b>	Target is equal to increase					\$3.7	\$4.8	-	
<b>Fulfilment of co-financing commitments (\$)</b>	<b>86%</b>	100%	100%	100%	100%	100%	93%	86%	79%	
<b>STRATEGIC GOAL 4: MARKET SHAPING GOAL</b>										
<b>Total cost to fully immunise a child with Penta, Rota and PCV (\$)</b>	<b>\$35</b>						<b>\$33</b>	<b>\$23</b>	<b>\$22</b>	
<b>Security of supply (number of products offered as % of 5 year target)</b>	<b>54%</b>					100%	67%	79%	79%	

NA: Not applicable

\*as of 1 October 2014

## Annex 3: Details of Secretariat budget

### 1. Priority areas being addressed

1.1 The Secretariat budget is increasing by US\$ 5.4 million (6%) compared to the 2014 budget. Of this, US\$ 4.0 million is for strengthening risk management capacity. Capacity to support the financial sustainability of graduation is also being strengthened.

### 1.2 Distribution of Secretariat budget

**Annex 3, Figure 1: Secretariat budget 2014 and 2015 – distribution by expense type**

US\$ 000

	Budget 2014		Change 2014 to 2015		Budget 2015	
	\$	% of total	\$	% change	\$	% of total
<b>Salaries</b>	<b>42,873</b>	<b>49%</b>	5,147	12%	<b>48,020</b>	<b>52%</b>
<b>Other Costs:</b>						
Training & Recruitment	2,134	2%	(556)	(26%)	1,578	2%
Outsourced Services	18,797	21%	(825)	(4%)	17,971	19%
Facility & Office Costs	11,693	13%	(269)	(2%)	11,424	12%
Travel	4,834	6%	930	19%	5,764	6%
Events & Meetings	5,580	6%	353	6%	5,933	6%
Media Production & Supplies	1,884	2%	620	33%	2,504	3%
<b>Total Other Costs</b>	<b>44,923</b>	<b>51%</b>	<b>253</b>	<b>1%</b>	<b>45,175</b>	<b>48%</b>
<b>TOTAL</b>	<b>87,796</b>	<b>100%</b>	<b>5,399</b>	<b>6%</b>	<b>93,195</b>	<b>100%</b>
<b>Staff numbers (FTEs)</b>	<b>204.5</b>		<b>33.5</b>		<b>238.0</b>	

**Annex 3, Figure 2: Secretariat budget 2014 and 2015 – distribution by department**

US\$ 000

	Budget 2014		Change 2014 to 2015		Budget 2015	
	\$	% of total	\$	% change	\$	% of total
Country Programmes	17,845	20%	2,909	16%	20,754	22%
Policy & Performance	13,200	15%	1,743	13%	14,943	16%
Internal Audit & PFO	3,345	4%	1,579	47%	4,923	5%
Resource Mobilisation	6,805	8%	(29)	(0%)	6,776	7%
Communications	5,046	6%	(240)	(5%)	4,806	5%
Advocacy & Public Policy	3,315	4%	330	10%	3,644	4%
IF & PSP	2,280	3%	51	2%	2,331	3%
Executive Office & HR	7,082	8%	237	3%	7,319	8%
Legal & Governance	5,609	6%	(324)	(6%)	5,284	6%
Finance & Operations	14,415	16%	(709)	(5%)	13,705	15%
Corporate Costs	8,856	10%	(147)	(2%)	8,709	9%
<b>TOTAL</b>	<b>87,796</b>	<b>100%</b>	<b>5,399</b>	<b>6%</b>	<b>93,195</b>	<b>100%</b>

1.3 Capital expenditure budget: Requests for board approval of capital expenditure budgets are made on an annual basis and a budget request of US\$ 3.1 million is sought for 2015. Details of this budget are provided in Annex 3, Figure 3.

1.4 Key components of capital expenditure anticipated in 2015 are:

(a) Knowledge management: (US\$ 0.8 million)

As the Secretariat strengthens its knowledge management capabilities, this investment will provide an enterprise knowledge repository organised and searchable by key topics. This knowledge repository will deliver the best, most timely information to Gavi knowledge users through core crosscutting processes, ultimately improving programme management, risk management and operational efficiency. It will also reinforce transparency by making Gavi knowledge more accessible to stakeholders.

(b) Online Country Portal: (US\$ 0.7 million)

Aligned with the enterprise knowledge repository, the Online Country Portal delivers the most important country knowledge, contacts, and interactions with stakeholders. The further development of this application will enable the Secretariat to better collaborate with countries to capture their needs, and track support provided and implementation progress, and report on results.

(c) Enterprise data warehouse: (US\$ 0.3 million)

In the age of Big Data, Gavi's needs to aggregate, synthesise, and analyse complex data that change at a pace never seen before – not a data revolution, but more a data metamorphosis. Gavi must continue to partner and invest in data warehouse, reporting, and predictive data technologies that will ultimately ensure the Secretariat's ability to be country driven and responsive to county needs. This initial investment will put in place a foundation to build on in the coming years.

(d) Business systems: (US\$ 0.2 million)

Enhancing the Secretariat's business systems will help ensure operational efficiency, particularly in budget and human resource management.

(e) IT infrastructure: (US\$ 1.0 million)

On-going equipment replacement and software licence renewal as needed for Gavi's data centres and for users, aligned to the increasing need for mobile access and solutions. The equipment elements of this infrastructure are complemented by an increasing utilisation of cloud-based services.

## Annex 3, Figure 3: Budget for Capital Expenditure in 2014 and 2015 (Gavi Secretariat)

	2014 Budget	2014 Forecast	2015 Budget
<b>Capital Expenditure</b> <i>in US \$'000</i>			
<b>Knowledge Management</b>	<b>1,183</b>	<b>703</b>	<b>825</b>
Salesforce, Sharepoint	297	242	
Knowledge Management application development	886	461	825
<b>Online Country Portal</b>	<b>590</b>	<b>390</b>	<b>660</b>
Further development, including functionality for proposal screening, risk management, etc.	590	390	660
<b>Enterprise Data Warehouse</b>	<b>360</b>	<b>360</b>	<b>330</b>
Further development	335	335	330
Master data management	25	25	
<b>Business Systems (ERP)</b>	<b>100</b>	<b>0</b>	<b>225</b>
Axapta 2012 version enhancements	0	0	50
HR management suite	0	0	75
CLARITY enhancement	100	0	100
<b>IT Infrastructure</b>	<b>1,145</b>	<b>520</b>	<b>985</b>
Data centre equipment & licences	875	300	865
Laptops & docking stations	60	110	120
Conference rooms - replacements & build-out	110	110	0
Microsoft Exchange upgrade	100	0	0
<b>Media &amp; Communications</b>	<b>0</b>	<b>0</b>	<b>57</b>
Media production equipment	0	0	57
<b>Leasehold improvements</b>	<b>218</b>	<b>101</b>	<b>0</b>
Alteration of Geneva office space	143	58	0
Additional workstations Geneva	75	43	0
<b>Total Capital Expenditure</b>	<b>3,596</b>	<b>2,074</b>	<b>3,082</b>
<u>Depreciation charge:</u>			
Depreciation of future assets*	603	258	458
Depreciation of existing assets	2,660	2,605	2,385
<b>Total depreciation charge for year</b>	<b>3,262</b>	<b>2,862</b>	<b>2,843</b>
The depreciation charge is included in the Secretariat operating expenses (within Facility & Office Costs)			
<i>*Based on expected acquisition date</i>			

## 2. Forecast utilisation of 2014 Secretariat Budget

- 2.1 Annex 3, Figure 4 presents the Secretariat's business plan expenditure for the first eight months of 2014, and a forecast for the whole year.
- 2.2 The Secretariat budget for 2014 amounts to US\$ 87.8 million. A further US\$ 1.4 million carry-forward can be added, if needed, in respect of activities budgeted for 2013 which were undertaken in 2014, which would bring the budget to US\$ 89.2 million. Expenditure in the first eight months amounted to US\$ 53 million, utilising 61% of the budget amount prior to any carry-forward addition.
- 2.3 The current forecast of Secretariat business plan expenditure in 2014 (whole year) is at US\$ 90 million, based on teams' estimates in September 2014. The Secretariat is closely monitoring activities to contain costs. It is likely that whole-year expenditure for 2014 will be close to 100% of the budget.

### Annex 3, Figure 4: Secretariat 2014 Budget – current and forecast utilisation

US\$ 000

	Budget 2014		Actual 2014 ( Aug YTD )			Forecast 2014		
	\$	% of total	\$	% of total	% spent	\$	% of total	% spent
<b>Salaries</b>	<b>42,873</b>	<b>49%</b>	<b>26,858</b>	<b>50%</b>	63%	<b>43,000</b>	<b>48%</b>	100%
<b>Other Costs:</b>								
Training & Recruitment	2,134	2%	516	1%	24%	1,671	2%	78%
Outsourced Services	18,797	21%	14,289	27%	76%	24,437	27%	130%
Facility & Office Costs	11,693	13%	6,327	12%	54%	10,339	11%	88%
Travel	4,834	6%	2,620	5%	54%	4,796	5%	99%
Events & Meetings	5,580	6%	1,675	3%	30%	4,452	5%	80%
Media Production & Supplies	1,884	2%	1,113	2%	59%	1,703	2%	90%
<b>TOTAL</b>	<b>87,796</b>	<b>100%</b>	<b>53,398</b>	<b>100%</b>	<b>61%</b>	<b>90,399</b>	<b>100%</b>	<b>103%</b>
<i>2013 Carry-forward activities</i>			1,414					
<b>ADJUSTED TOTAL - indicative</b>	<b>89,210</b>	<b>100%</b>	<b>53,398</b>	<b>100%</b>	<b>60%</b>	<b>90,399</b>		<b>101%</b>



### Annex 3, Figure 5: Evolution of 2014 Budget

This table summarizes the various Board decisions that underlie the total Business Plan Budget approved for 2014 at the November 2013 Board meeting.

US\$ 000	Budget 2014 (per Nov-13 Board Paper)	2014 Budget Evolution					Budget 2014 (per Dec-14 Board Paper)	
		New Projects (approved Nov '13)				June '14 Board		-
		Graduation Strategy	Supply Chain	VIS	IPV	Supply Chain (Canada-funded)		Budget redistribution
<b>Secretariat</b>	80,628	-	3,900	1,000	3,114		(847)	<b>87,795</b>
<b>Business Plan Partners</b>								
WHO	53,018	-	-	500	3,187	-	282	56,987
UNICEF - Supply Division	18,500	-	-	-	640	-	-	19,140
UNICEF - Programme Supply Division	17,657	-	-	-	4,463	-	-	22,120
World Bank	0	2,000	-	-	-	-	-	2,000
CDC	0	-	-	-	-	-	630	630
<b>Sub-Total : Business Plan Partners</b>	<b>89,175</b>	<b>2,000</b>	<b>-</b>	<b>500</b>	<b>8,290</b>	<b>-</b>	<b>912</b>	<b>100,877</b>
<b>Supply Chain: earmarked funding - note 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>3,000</b>
<b>Other Partners</b>								
Implementation Partners	9,410	-	-	-	-	-	750	10,160
AVI TAC	7,140	-	-	-	-	-	-	7,140
GAVI CSO constituency (CRS)	3,146	-	-	-	-	-	-	3,146
<b>Sub-Total : Other Partners</b>	<b>19,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>20,446</b>
<b>Assessments:</b>								
PATH	2,969	-	-	-	-	-	-	2,969
AVI TAC	-	-	-	-	-	-	-	-
ADIPs	150	-	-	-	-	-	-	150
Envelope for Impact Assessments	7,707	-	-	-	-	-	(815)	6,892
<b>Sub-Total: Assessments</b>	<b>10,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(815)</b>	<b>10,011</b>
<b>Total</b>	<b>200,325</b>	<b>2,000</b>	<b>3,900</b>	<b>1,500</b>	<b>11,404</b>	<b>3,000</b>	<b>0</b>	<b>222,130</b>

note 1: Represents ear-marked donor funding provided by the Government of Canada

## Annex 4: Proposed UNICEF - GAVI procurement fee for 2015

This note provides the basis for the proposed 2015 procurement fee by UNICEF. The procurement fee for 2015 has not yet been established and is being so via the current 2015 GAVI business planning process.

### Background

- GAVI and UNICEF developed a fee adjustment mechanism which was endorsed by the GAVI Board's Audit and Finance Committee on 10 October 2013 (attached).
- The 2014 procurement fee is \$19.1 million. This includes the procurement fee of \$18.5 million based on ADF 5.0 and agreed upon in 2012. It was increased in 2013 by \$0.6 million to capture the additional work related to the introduction of IPV in 2014.
- Following earlier discussion with GAVI, UNICEF initiated key steps for developing the 2015 fee: i) apply the latest ADF to the GAVI-UNICEF fee adjustment mechanism; ii) if the outcome is a change in workload proxies of > 10%, review additional workload and associated costs; iii) incorporate any special adjustments; iv) obtain internal review and endorsement of costs and fee; and v) present to GAVI for discussion.
- Below is a summary of these steps and a recommendation.

### ADF 9.0 applied to the GAVI- UNICEF fee adjustment mechanism

The fee adjustment mechanism applied to the year 2015 on the basis of the latest ADF data available (ADF version 9.0, including IPV) leads to a combined workload proxy increase of 29.7% for the year 2015 as compared to the year 2014 (see table below).

Review of workload proxies ADF 5.0 forecast 2014 versus ADF 9.0					
August 2014					
Cost Drivers	ADF 5.0 (2012)	ADF 9.0 (May 2014)	Difference	Difference %	Average difference %
	2014	2015			
a) No. vaccines	8	11	3	38%	45%
b) No. of presentations	18	18	0	0%	
c) No. of suppliers	22	23	1	5%	
d) No. of countries+vaccine	194	237	43	22%	
e) No. of vaccine intro	42	110	68	162%	
f) No. doses/devices (M units)	1251	1337	86	7%	11%
g) Procurement amount (\$M)	1250	1430	180	14%	
<b>Base Fee 2014 (\$M)</b>	<b>18.5</b>				
60% Cost Strategic portion (no EOS)	11.1	16.1	5.0	45%	
40% Transaction Cost portion (EOS at 60%)	7.4	7.9	0.5	6%	
Measured increase proxies for 2015:	18.5	24.0	5.5	29.7%	

## Workload assessment, special adjustments and internal oversight

- With a change in workload proxies greater than 10%, the mechanism triggered a review of resource requirements. Supply Division's analysis of the work associated with the drivers, resulted in the identification of positions needed to address the increase in workload and the related costs for travel and other expenditure.
- The overall budget increase for 2015 was limited to an amount of \$ 1.1 million, representing 6% compared to the 2014 procurement fee. The proposed fee includes:
  - The ability to access efficiency gains which reduce costs<sup>2</sup>;
  - A smoothing factor based on UNICEF's assessment that some of the 2015 IPV new vaccine introductions may actually occur in 2016;
  - Consideration that 2015 may be a peak year in terms of GAVI throughput and new-country introductions (two key workload indicators) and SD would like to avoid resource swings in a short period.
- The analysis referred to above was presented to two oversight bodies<sup>3</sup> within UNICEF who both endorsed a proposed budget increase for the amount of \$1.1 million compared to 2014 and, thereby, a proposed GAVI procurement fee of \$19.6 million for the year 2015.

## Proposal

On the basis of the above, UNICEF kindly proposes the 2015 procurement fee to be \$19.6 million and that this be reflected via an amendment to the existing Procurement MOU such that all other aspects of the working relationship (reporting, etc.) remain, except as subsequently agreed.

The graph below shows the proportioning in terms of GAVI procurement amount as a portion of total procurement amount and GAVI budget as a portion of total budget. The trend is also positive in terms of efficiency gains.

UNICEF remains available for further discussion.

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<sup>2</sup> Efficiency gains are expected to be realised via: i) New configuration of GAVI module in SAP (UNICEF's ERP system) will reduce manual data entry and reports thereby decreasing financing management costs; ii) Improved freight calculator; may decrease time used for budget adjustments; and iii) Off-shoring of invoice processing in late 2015 may reduce some financing costs.

<sup>3</sup> Two oversight bodies i) Proserve (Procurement Services Advisory body), chaired by UNICEF Deputy Executive Director of Programmes; and ii) PBR (Budget Review committee), chaired by UNICEF Deputy Executive Director of Management.

