

MEMORANDUM OF UNDERSTANDING

Regarding the Principles Governing the Individual Serving as the Executive Secretary of the GAVI Secretariat and the President and CEO of the Vaccine Fund Respectively

After five successful years of partnership, the Vaccine Fund and the GAVI Alliance are further strengthening their efforts by aligning programmes and fundraising through the restructuring of their operations. This restructured arrangement represents a unique public-private partnership, that to be successful will depend on the flexibility and commitment of all partners to meet overall Board objectives.

THIS MEMORANDUM OF UNDERSTANDING ("MOU") forms the basis for agreement among the following parties to move forward on this restructuring, including the appointment of a single leader for the Vaccine Fund and the GAVI Secretariat.

UNICEF, an international inter-governmental organization established by the General Assembly of the United Nations by resolution No. 57(I) of 11 December 1946 as a subsidiary organ of the United Nations, having its Headquarters at UNICEF House, 3 United Nations Plaza, New York, New York 10017;

The Vaccine Fund, a private non-profit corporation organized under the laws of the State of Washington, U.S.A., with offices at 1130 Connecticut Ave., N.W., Washington, D.C., is exempt from U.S. federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code (i.e., a "public charity"); and

GAVI Board, the members of the Board, composed of representatives of certain partners of the Global Alliance for Vaccines and Immunization ("GAVI") or the ("Alliance"), an unincorporated, non-juridical public-private alliance of governments in developing and industrialized countries, established and emerging vaccine manufacturers, nongovernmental organizations (NGOs), research institutes, UNICEF, the World Health Organization, the Bill & Melinda Gates Foundation, and the World Bank all committed to coordinating their individual programmes in immunization, and to working together with governments of the world's poorest countries to develop and implement effective immunization programmes.

UNICEF, the Vaccine Fund, and the GAVI Board are collectively referred to herein as the "Parties", and individually, as a "Party". The individual serving in the role as Executive Secretary of the GAVI Secretariat and an official of UNICEF, is referred to herein as the "ESGS".

RECITALS

WHEREAS, the ESGS has been appointed by UNICEF as a UN official pursuant to a standard Letter of Appointment and has taken the Oath required of all UN officials, and is the Executive Secretary of the GAVI Secretariat; and

WHEREAS, the Vaccine Fund desires to appoint the ESGS to serve as its President and CEO consistent with the general principles set out below; and

WHEREAS, UNICEF has agreed to grant permission for the ESGS to serve as the President and CEO of the Vaccine Fund consistent with the general principles set out below; and

WHEREAS, the GAVI Board agrees and acknowledges that the ESGS may serve as the President and CEO of the Vaccine Fund while also serving as the Executive Secretary of the GAVI Secretariat consistent with the general principles set out below; and

NOW, THEREFORE, the Parties hereby establish the principles under which the ESGS will serve as Executive Secretary of the GAVI Secretariat and as the President and CEO of the Vaccine Fund:

1. Structural Framework for the ESGS's Actions as Executive Secretary of the GAVI Secretariat and as President and CEO of the Vaccine Fund. The Parties agree that as the holder of a UNICEF Letter of Appointment, the ESGS will be acting on behalf of the Alliance, as Executive Secretary of the GAVI Secretariat, when performing the functions of the GAVI Secretariat, and will be acting on behalf of the Vaccine Fund, as its President and CEO, when performing the functions of the Vaccine Fund, all as set out below. Each Party agrees that during the term of the MOU, the operations and functions of the GAVI Secretariat and the operations and functions of the Vaccine Fund will be consistent with those functions set out below under 1.a. (in the case of the GAVI Secretariat) and 1.b. (in the case of the Vaccine Fund). The Parties may, from time to time, mutually agree to modify the functions of the GAVI Secretariat and the Vaccine Fund as described in this MOU, by mutual written agreement expressly modifying the descriptions of such functions.

a. Functions of GAVI Secretariat. The Parties agree that the functions of the GAVI Secretariat vis-à-vis the Vaccine Fund are as follows:

- i. Development of Alliance policy and strategy related to GAVI;
- ii. Support or manage Alliance programme related activities;
- iii. Fund raising on behalf of GAVI; and
- iv. Support coordination of the Alliance.

b. Functions of the Vaccine Fund. The Parties agree that the functions of the Vaccine Fund vis-à-vis the GAVI Secretariat are as follows:

- i. Financial and asset management of the assets of the Vaccine Fund, and, pursuant to appropriate services agreements, financial and asset management of the assets of Vaccine Fund affiliates (both current and future affiliates), such as the International Finance Facility for Immunization (IFFIm) and the IFFIm affiliates;
- ii. Prime responsibility to coordinate fund raising strategy and work planning for, and in support of, GAVI; and
- iii. Innovative contracting, procurement and administrative services.

c. Conflicts of Interest; Financial Firewalls. UNICEF and the Vaccine Fund acknowledge that as an official of UNICEF, the ESGS is bound by the United Nations conflicts of interest policies and that as an employee of the Vaccine Fund, the ESGS is bound by the Vaccine Fund's conflicts of interest policies. These policies will help to ensure that the ESGS's actions on behalf of the GAVI Secretariat and the Vaccine Fund will be transparent to GAVI partners, third parties, and to the general public. In addition, the GAVI Secretariat (UNICEF) and the Vaccine Fund shall maintain their separate financial accounting systems and records, and the Parties shall jointly develop procedures and practices ("financial firewalls") to insure that the Parties' assets and financial accounting shall remain separate, and to preserve the special nature of each institution. The Vaccine Fund Board delegates responsibility for this to the Vaccine Fund Executive Committee.

2. Employment Agreements, Terms of Reference, Privileges and Immunities, and Liability Insurance.

a. Separate Employment Agreements with the ESGS. The Parties agree and acknowledge that UNICEF and the Vaccine Fund will each maintain separate employment agreements with the ESGS; the ESGS/UNICEF Agreement, in which the ESGS serves as Executive Secretary of the GAVI Secretariat, and the President and CEO/Vaccine Fund Agreement in which the ESGS serves as President and CEO of the Vaccine Fund. The payment to the ESGS under the President and CEO/Vaccine Fund Agreement shall not exceed US\$1. Each employer shall be separately liable for liabilities attributable to its employment arrangement with the ESGS. The ESGS's employment grade under the ESGS/UNICEF Agreement shall reflect the newly expanded nature of the joint duties and responsibilities undertaken by the ESGS as Executive Secretary and President-CEO as generally described in this MOU.

b. Terms of Reference. To coordinate the services that the ESGS will provide under the ESGS/UNICEF Agreement and under the President and CEO/Vaccine Fund Agreement, each agreement will include an appropriate "Terms of Reference." A copy of each agreement's Terms of Reference is attached hereto as Annex A and Annex B. The Parties shall coordinate any modification of their respective Terms of Reference consistent with the general principles of this MOU.

c. Privileges and Immunities; Liability Insurance. It is the intention of the Parties that the ESGS will enjoy all the privileges and immunities of a United Nations official while performing his duties as Executive Secretary of the GAVI Secretariat under the ESGS/UNICEF Agreement, but not when he is performing his duties as President and CEO of the Vaccine Fund. To the maximum extent permitted under applicable law of the United States, the Vaccine Fund shall indemnify and hold the ESGS harmless for his actions on behalf of the Vaccine Fund as its President and CEO under the terms of the ESGS/Vaccine Fund Agreement and shall obtain appropriate liability insurance acceptable to the ESGS to fund this obligation.

d. No Compromise of Duties. The Vaccine Fund will take no action and will not require the ESGS when serving as President and CEO of the Vaccine Fund to take any action that would compromise the ESGS's duties and loyalties as a UN official. In addition, UNICEF and the GAVI Board (individually or collectively) will take no any action and will not require the ESGS when serving as Executive Secretary of the GAVI Secretariat to take any action that would compromise the ESGS's duties and loyalties to the Vaccine Fund as its President and CEO.

3. Physical Location of Personnel of the GAVI Secretariat (UNICEF) and of the Vaccine Fund.

a. GAVI Secretariat. UNICEF shall offer letters of appointment to former Lyon-based employees of the Vaccine Fund who will then undertake GAVI Secretariat functions, as described above.

b. Vaccine Fund. The current Washington based Vaccine Fund employees are fulfilling the Vaccine Fund functions and will remain employees of the Vaccine Fund; current employees of the Vaccine Fund French Affiliate that will continue to fulfil Vaccine Fund functions are based in France. Any Geneva-based administrative officers performing Vaccine Fund functions in the future may become employees of a newly-formed Swiss affiliate of the Vaccine Fund (the Swiss Association) and will furnish certain contracting and administrative services in Geneva.

c. Physical Location of the ESGS. The Parties acknowledge that the ESGS's primary location shall be at the GAVI Secretariat at Geneva.

4. Payment and/or Reimbursement of Expenses Incurred on Behalf of Another Party. The Parties will cooperate to reimburse each other with regard to costs incurred on the other's Party's behalf as a result of the ESGS's performance under the respective employment agreements.

5. Other Vaccine Fund Affiliates; IFFIm.

a. The Parties acknowledge that the Vaccine Fund has a relationship with its French affiliate (the "French Association") that may be reorganized as part of the GAVI/Vaccine Fund "convergence objectives¹" and that the Vaccine Fund is in the process of establishing a Swiss affiliate ("Swiss Association") (collectively "VF Affiliates"). In connection with such convergence, the Vaccine Fund anticipates that the post of President of the French Association will be left vacant and that the Swiss Association will be established to provide certain administrative services to the GAVI Secretariat, as determined by the ESGS in his role as Executive Secretary of the GAVI Secretariat, provided however that all such decisions shall be consistent with Paragraph 11. of the "Functions in the GAVI Secretariat" document. The Parties understand that the ESGS, in his role as President and CEO of the Vaccine Fund, will interact with the VF Affiliates.

b. Furthermore, the Parties acknowledge that the Vaccine Fund's involvement with the IFFIm project is in furtherance of its Vaccine Fund functions as listed in 1.b. above. The Vaccine Fund may organize additional affiliates to facilitate the organization or functioning of the IFFIm or to receive funds raised by the IFFIm. In addition, the Vaccine Fund may perform a variety of services directly for or in furtherance of the IFFIm, including soliciting government pledges to support the IFFIm. The Parties acknowledge that the ESGS, in his role as President and CEO of the Vaccine Fund, will be involved in these activities on behalf of the Vaccine Fund, and will interact with entities associated with the IFFIm project.

c. Any proposed appointment of the ESGS as an officer for any VF Affiliate or any entity associated with the IFFIm would be subject to mutually written approval by the Parties which proposed appointment(s) will be discussed in good faith by the Parties.

¹ As agreed at the 13th GAVI Board Meeting, 6-7 July, 2004.

6. Relationship of Parties. Except with respect to the ESGS/UNICEF Agreement and the President and CEO/Vaccine Fund Agreement, no Party is, nor shall anything in this MOU constitute such Party as, the employer, employee, principal, agent or partner of, or joint venture with, any other. No Party is authorized to enter into any agreement on behalf of any other Party or to bind any other Party in any other manner and neither shall act or omit to act so as to suggest that it has such authority.

7. Non-Waiver of United Nations Privileges and Immunities. Nothing in or related to this MOU shall be deemed a waiver of any of the privileges and immunities of the United Nations or of UNICEF under the Convention on Privileges and Immunities of the United Nations or otherwise, and all such privileges and immunities are specifically reserved by UNICEF.

8. Termination. Any Party may terminate this MOU by giving 90 days written notice to the other Parties.

9. Settlement of Differences. In the unlikely event of a difference of view arising with respect to the interpretation or application of this MOU, the Parties shall consult with a view to finding a mutually satisfactory solution or agreeing on a mechanism for finally settling the matter.

10. If objections are raised by the host country to any aspect of the arrangement described by this MOU which cannot be satisfied within the terms of the MOU, the parties shall consider in good faith appropriate amendments to remove the source of the objections.

Acknowledged as of the last signature date below, in three originals, each being equally authentic:

UNICEF

Date

The Vaccine Fund

Charles ("Chip") Lyons
Chair, Executive Committee of Board of Directors
The Vaccine Fund

Date

The GAVI Board

GAVI Board Chair

Date

ANNEX A

RESPECTIVE TERMS OF REFERENCE FOR

Executive Secretary of the GAVI Secretariat (ESGS)/UNICEF AGREEMENT

GLOBAL ALLIANCE FOR VACCINES AND IMMUNIZATION

Terms of Reference: Executive Secretary of the GAVI Secretariat

The Executive Secretary reports to the Chair of the GAVI Board with administrative oversight by the executive head of the host organization. The Executive Secretary of the Alliance i) provides overall policy and strategic guidance to the Alliance's governing body on the use of the VF resources, and ii) coordinates activities to bring greater synergy and harmonization to the efforts of all partners working together as an Alliance towards the achievement of common immunization goals

As the Executive overseeing the work of the Secretariat staff, the Executive Secretary of the GAVI Secretariat:

1. Supervises and provides overall management and leadership to the staff of the GAVI Secretariat, to ensure that the Secretariat properly supports the GAVI Board, the Executive Committee of the Board, and GAVI Alliance partners as requested (and various GAVI structures such as the Working Group, the Independent Review Committee as well as time-limited task forces) in achieving GAVI goals, and ensures that all Secretariat resources are used with efficiency, effectiveness, and in a manner consistent with prudent financial practice;
2. Coordinates the preparation of the biannual GAVI alliance work plan for approval by the GAVI Board and coordinates with the Vaccine Fund to ensure complementarity of programme and funding plans;
3. Sets financial and operating goals for the GAVI Board approval, and decides internal resource allocations in the Secretariat, as delegated by the GAVI Board;
4. Within the framework of the administrative and organizational support from the host organization to the Secretariat, reviews staff development programmes, recruitment, training, personal development, career planning and tracking, reassignment to other duties within the Secretariat;
5. Establishes an organizational structure and staffing plan to meet GAVI Secretariat goals and objectives within a budget approved by the GAVI Board;
6. Coordinates the development of overall policy and related goals of the Alliance within the existing governance structures and accountabilities of partners in the Alliance, and of the partnership between the GAVI Alliance and the Vaccine Fund for respective Board(s) approval;
7. Ensures objectives and strategies of GAVI and the Vaccine Fund are complementary and supportive of overall policies and goals set by the Board(s);

8. Provides overall policy and strategic guidance to GAVI's governing body on the use of the Vaccine Fund resources, and coordinates the development of programme investment cases for review and evaluation by the GAVI Board of the cost-effectiveness of current programme investments;
9. Ensures implementation of GAVI and Vaccine Fund Boards' decisions falling directly under the responsibility of the coordinated management structure, and monitors and reports on implementation of all GAVI Board decisions;
10. Within the framework of GAVI structures for reporting and accountability by Governments, generally monitors and reports on programme operations. For programmes of the Alliance not pursued by Governments, generally monitors programme operations, and has overall accountability for use of funding and resource transfers against targets and goals as approved by the GAVI Board;
11. Monitors and reports to the GAVI Board on the cost-effectiveness of procurement by the GAVI Secretariat; facilitates reports to the GAVI Board on procurement operations in support of programmes approved by the GAVI Board (in particular as against GAVI Board-approved benchmarks);
12. Works closely with the GAVI Board to ensure effective communication between the Executive Secretary and the governing body. In particular, provides regular bilateral briefings to the Chair of the GAVI Board or his/her designate;
13. Presents to the GAVI Board plans, expectations, and achievements, and secures approval on major strategic, operational and organisational initiatives;
14. Briefs GAVI Board regularly on "status of business" and ensures open access by GAVI Board members to Secretariat staff;
15. Provides an annual report to the Board on progress against GAVI goals and objectives;
16. As an adjunct to the resource mobilization strategies of individual partners of the Alliance, mobilizes financial resources and political support to the goals of the GAVI Alliance pursuant to an annual fundraising strategy approved by the GAVI Board; provides regular reports to the GAVI Board on the implementation of the fundraising strategy;
17. Represents the Alliance in international and national fora and in meetings with government or multilateral or bilateral officials and, following consultation with the Chair of the GAVI Board, with heads of States or Governments and with heads of multilateral or bilateral agencies.
18. Represents the Alliance to the media, civil society and nongovernmental organizations (NGOs);
19. While respecting the separate communications strategies of individual partners of the Alliance, develops and ensures execution of a coordinated communication plan to communicate overall mission and value creation expectations of partners and stakeholders in a way which preserves the unique characteristics of GAVI (as a unique public-private partnership);

Other

20. If requested by individual partners in the Alliance, coordinate partnership building within Alliance;

21. As requested, coordinates and guides Secretariat support to partners in the Alliance in their innovative programme and policy work; and

22. The Executive Secretary will undertake such duties and responsibilities as may from time to time be assigned by the GAVI Board or Executive Committee.

ANNEX B

TERMS OF REFERENCE FOR

President and Chief Executive Officer (CEO)/VACCINE FUND AGREEMENT

As President and Chief Executive Officer (CEO) of the Vaccine Fund, the ESGS will serve totally at the pleasure of and report to the Board of Directors of the Vaccine Fund and will have overall responsibility for the strategic, programmatic and financial and management operations of the Vaccine Fund. As President and CEO of the Vaccine Fund, the ESGS will not have conflicting responsibilities or divided loyalties to the Vaccine Fund. He will communicate the Vaccine Fund's mission and goals to internal and external constituencies both nationally and globally.

The CEO's services to the Vaccine Fund under these Terms of Reference and the President and CEO/Vaccine Fund Agreement will be guided by the following principles:

- the CEO will be empowered to fulfil his fiduciary duties to direct and supervise the Vaccine Fund's pursuit and achievement of its strategic objectives, to comply with its organizational and management documents, and to maintain its status as a public charity exempt from U.S. taxation under sections 501(c)(3) and 509(a) of the U.S. tax Code.

- the CEO's employment with UNICEF as the Executive Secretary of the GAVI Secretariat, or employment with any other employer will not restrict or otherwise limit the Vaccine's Fund's ability to carry out its corporate purposes and pursue and achieve its strategic objectives in furtherance of its charitable goals and programmes.

- The President and CEO of the Vaccine Fund will assist the Vaccine Fund Board of Directors in fulfilling its responsibility to independently determine that all interventions of the Vaccine Fund, including expenditures of Vaccine Fund assets, are in furtherance of its charitable purposes generally, and the substantive content of its mission and strategic objectives in particular, and that the Vaccine Fund at all times will maintain its status as a public charity exempt from income taxes under sections 501(c)(3) and 509(a) of the U.S. tax Code.

Terms of Reference: President and Chief Executive Officer of the Vaccine Fund

The President and CEO reports to the Board of Directors of the Vaccine Fund. The CEO:

- 1) Provides overall policy and strategic recommendations to the Vaccine Fund Board for its consideration and approval; and
- 2) Coordinates activities to bring greater synergy and harmonization to the efforts of all partners working together as an Alliance towards the achievement of common immunization goals.

As the Executive overseeing the work of the Vaccine Fund staff, the CEO:

- 1) Supervises and provides overall management and leadership to the staff of the Vaccine Fund;
- 2) Ensures that all Vaccine Fund resources are used with efficiency, effectiveness, and in a manner consistent with prudent financial practice;
- 3) Coordinates the preparation of the biannual work-plan for the Vaccine Fund for approval by the Vaccine Fund Board and coordinates with GAVI to ensure complementarity of programme and funding plans;
- 4) Sets financial and operating goals for approval by the Vaccine Fund Board, and recommends internal resource allocations through the periodic budget process for consideration and approval by the Vaccine Fund Board;
- 5) Establishes an organizational structure and staffing plan to meet Vaccine Fund goals and objectives within a budget approved by the Vaccine Fund Board;
- 6) Coordinates the development of overall policy and related goals of the Vaccine Fund for Board approval;
- 7) Ensures implementation of Vaccine Fund Board's decisions and monitors and reports on implementation of all Vaccine Fund Board decisions;
- 8) Monitors and reports to the Vaccine Fund Board on the cost-effectiveness of various procurement activities to assure optimum cost-effectiveness in the use of the Vaccine Fund's charitable resources;
- 9) Works closely with the Vaccine Fund Board and EC to ensure effective communication between the CEO and the governing body;
- 10) Provides regular bilateral briefings to the Chair of the Vaccine Fund Board or his/her designate;
- 11) Presents to Vaccine Fund Board/EC plans, expectations, and achievements, and secures approval from the Board on major strategic, operational and organizational initiatives;
- 12) Briefs Vaccine Fund Board/EC regularly on status of the work of the Vaccine Fund Alliance per its agreed-upon strategy and objectives and ensures open access by Vaccine Fund Board members to the Vaccine Fund staff;
- 13) As an adjunct to the resource mobilisation strategies of individual partners in the Alliance, mobilises financial resources and political support to the goals of the GAVI Alliance pursuant to an annual fundraising strategy approved by the Vaccine Fund Board; provides regular reports to the Vaccine Fund Board on the implementation of the fundraising strategy;
- 14) Represents the Vaccine Fund in international and national fora and in meetings with government or multilateral or bilateral officials and, following consultation with the Chair of the Vaccine Fund EC, with heads of States or Governments and with heads of multilateral or bilateral agencies;

- 15) Represents the Vaccine Fund to the media, civil society and nongovernmental organizations (NGOs);
- 16) While respecting the separate communications strategies of individual partners in the Alliance, develops and ensures execution of a coordinated communication plans to communicate overall mission and value creation expectations of partners and stakeholders in a way which preserves the unique characteristics of the Vaccine Fund as a member of GAVI as a public-private partnership; and
- 17) The CEO will undertake such duties and responsibilities as may from time to time be assigned by the Vaccine Fund Board or EC.
