



Report to the GAVI Alliance Board

12-13 June 2012

Subject:	Financial forecast
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Agenda item:	04
Category:	For Information
Strategic goal:	Alliance operations

Section A: Overview

1. Purpose of the report

- 1.1 This paper informs the GAVI Alliance Board of the updated GAVI financial forecast for 2011-2020 (Version 5.0Fb).

2. Recommendations

- 2.1 For information only.

3. Executive summary

- 3.1 The updated GAVI financial forecast incorporates the latest demand estimates and funding decisions taken to date. The level of resources reflects the results of the June 2011 Pledging Conference for 2011-2015 and an assumption for projection purposes that direct contributions will continue at their 2012-2014 level in subsequent years.
- 3.2 The financial forecast extends through 2020 to provide visibility to the Board of GAVI's long term expenditure and resource needs. No funding decisions are proposed in this paper.
- 3.3 The forecast indicates that while GAVI will have sufficient resources to cover the needs of existing programmes, additional resources will be needed to fully meet estimated demand anticipated for future programmes (through new proposals expected in the future for currently supported vaccines).

4. Context

- 4.1 See section C.

5. Next steps

5.1 Not applicable.

6. Conclusions

6.1 Expenditure for all existing programmes is fully covered by Qualifying Resources through 2014 (i.e. through the next two calendar years), as is required by the Programme Funding Policy.

6.2 Additional resources will be required to fully fund the demand expected from future programmes. This will be assessed whenever funding decisions are being considered.

Section B: Implications

7. Impact on countries

7.1 The visibility on resource availability will enable countries to advance their immunisation plans with greater confidence.

8. Impact on the Business Plan / Budget / Programme Financing

8.1 The forecast indicates GAVI's programme funding capacity.

9. Risk implications and mitigations

9.1 See paragraph 19.

10. Legal implications

10.1 None.

11. Consultation

11.1 The Strategic Demand forecast is produced by the AVI Team with the demand forecasts for Pneumococcal, Rotavirus and Pentavalent vaccines being reviewed and endorsed by the AVI Management Team.

12. Gender equality implications

12.1 None.

13. Implications for the Secretariat

13.1 None.

Note: In tables throughout this paper that include rounded numbers, the constituent numbers may appear not to sum to the total because of rounding.

Section C: Overview of needs and resources

14. Updated forecast

- 14.1 Expenditure: The current expenditure estimates are based on the latest Adjusted Strategic Demand Forecast (version 5.0), issued in March 2012. The forecast reflects all previous funding decisions made by the EC/Board through April 2012. The expenditure estimates are based on current GAVI eligibility and graduation rules and include provision for the opening of the envisaged new vaccine windows for Measles-Rubella, Human Papillomavirus, Japanese Encephalitis and Typhoid (from 2017), but not for any other new vaccines (or for the options for additional financial support for measles outlined in Document no. 12). The introduction of additional vaccines would increase demand and expenditure.
- 14.2 Policy change: The forecast provides for the financial implications of the policy change that is now recommended by the Policy and Performance Committee (PPC) with regard to Vaccine Introduction Grants and Campaign Operational Costs Support¹, amounting to an estimated US\$ 418 million in 2012- 2020.
- 14.3 Contributions: The forecast relies on all pledged contributions being paid when due. Because the current replenishment period extends through 2015 only, the resource forecast includes an allowance for direct contributions not yet pledged which assumes that the overall level of direct contributions will be maintained at the 2012-14 level of US\$ 1.1 billion per year in subsequent years².
- 14.4 Forecast period: The forecast reviewed at the November 2011 Board meeting was for the period 2011 to 2016 and details of the changes since then are outlined in paragraph 15 below. That period gave the visibility required by the Programme Funding Policy, by spanning the then current year and five subsequent calendar years (i.e. a 'rolling six-year' view). The visibility now required is for 2012-2017. To facilitate like-for-like comparison going forward, a ten-year forecast is now provided, sub-divided into two periods: the current replenishment period (2011-2015) and the next (2016-2020). Going forward, changes between forecast updates will be reviewed for each of the replenishment periods, to better facilitate comparability. Within the overall ten-year period, the 'rolling six-year' view required by the Programme Funding Policy is highlighted.

¹ See Document no. 06: "Vaccine introduction grants and operational support for campaigns".

² This conservative allowance as required by the Programme Funding Policy is based on the annual average of total direct contributions currently confirmed for the three years 2012-2014, which amounts to US\$ 1.1 billion per year. The allowance is included in the financial forecast by assuming that in years where currently confirmed direct contributions total less than US\$ 1.1 billion for the year, further contributions will bring the total to that level. The Secretariat expects that this level will be exceeded.

15. Updated forecast for 2011-2016

- 15.1 At the November 2011 Board meeting, the Board reviewed the financial forecast for the period 2011 to 2016. That forecast indicated that while resources were sufficient to cover expenditure on existing programmes (and business plan), an additional US\$ 278 million would be required to fully fund anticipated demand from future programmes in that period.
- 15.2 The current expenditure estimates are based on the latest Adjusted Strategic Demand Forecast (version 5.0), issued in March 2012. The forecast reflects all previous funding decisions made by the EC/Board through March 2012. It also provides for the financial implications of the policy change that is now recommended by Policy and Performance Committee (PPC) with regard to Vaccine Introduction Grants and Campaign Operational Costs Support³, amounting to an estimated US\$ 321 million in 2012-2016 (and a further US\$ 97 million through 2020). This is offset by US\$ 145 million from an increase in the US dollar value of pledges and other adjustments to estimates.
- 15.3 Accordingly, for 2011-2016 it is now forecast that after fully covering existing programmes, a further US\$ 454 million beyond currently forecast resources would be required to fully fund anticipated demand from future programmes⁴.

Figure 1: Reconciliation with previous forecast for 2011-2016

Cash flow basis US\$ millions	Nov 2011 Board	Change in estimates	Policy change - VIG & OSC	June 2012 Board
Expenditure	9,336	(15)	321	9,641
Qualifying Resources	9,058	129		9,187
Additional required	(278)	145	(321)	(454)
	(\$0.3 bn)	\$0.1 bn	(\$0.3 bn)	(\$0.5 bn)

Surplus after existing programmes	\$1.7 bn	1,716
Future programmes (net of AMC funding)	(\$2.2 bn)	(2,170)
Additional required -- for future programmes	(\$0.5 bn)	(454)

For further details see Annex 1, Figure 1

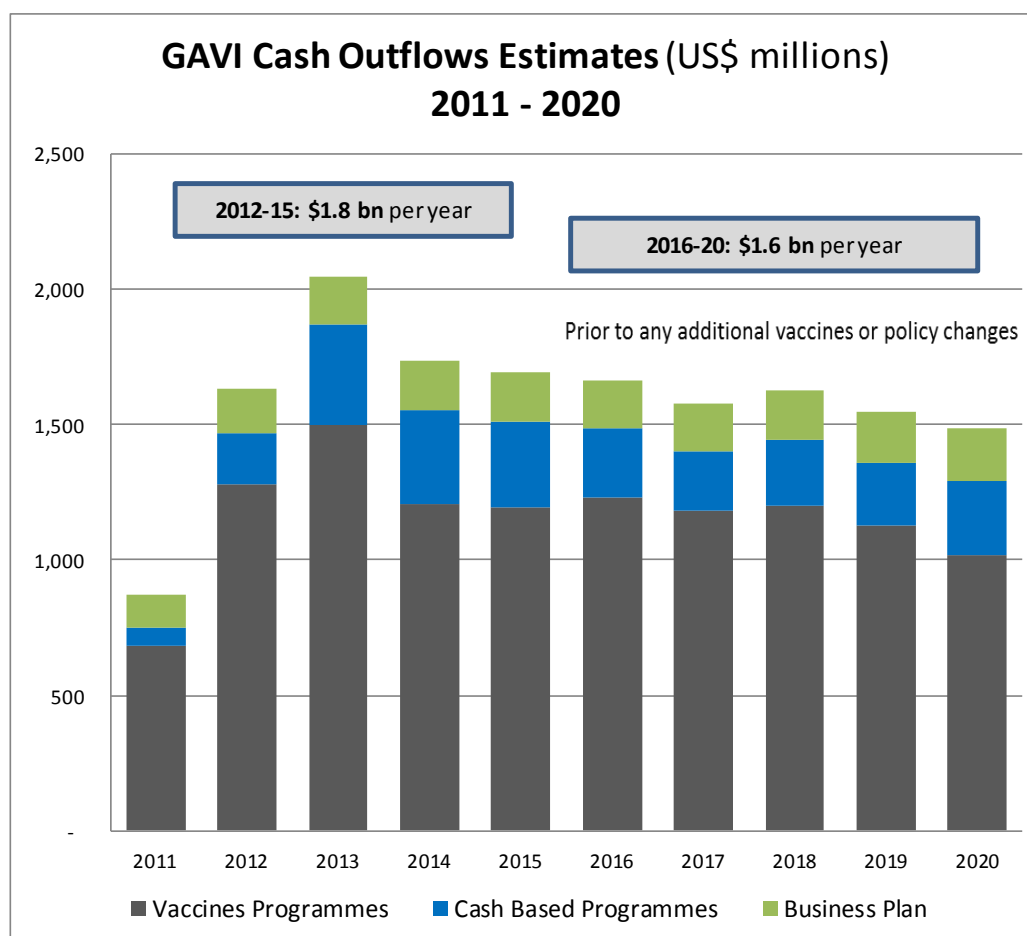
³ See Document no. 06: "Vaccine introduction grants and operational support for campaigns".

⁴ The forecast provided to the Board in April 2012 indicated that additional resources of US\$ 133 million would be required to fund future programmes through 2016. That amount has increased to US\$ 454 million in this current forecast (per Figure 1) after providing for the recommended policy change mentioned in paragraph 14.2 and other updating of estimates.

16. Projected expenditure to meet demand

- 16.1 Details of the projected expenditure to meet demand are provided in Annex 1, Figure 2 and are summarised in Figure 2 below.
- 16.2 The expenditure estimates are based on current GAVI eligibility and graduation rules and include provision for the opening of the envisaged new vaccine windows for Measles-Rubella, Human Papillomavirus, Japanese Encephalitis and Typhoid (from 2017), but not for any other new vaccines. The introduction of additional vaccines would increase demand and expenditure.
- 16.3 The scale-up of country demand is evident from 2012 onwards, with expenditure expected to reach a level of US\$1.8 billion per year on average in 2012-2015.
- 16.4 Estimates for 2016-2020 are tentative and should be considered as indicative at this time. The reduction of the average level to US\$1.6 billion per year is due to factors such as graduation of countries from eligibility for GAVI support, the acceleration of vaccine introductions into the 2011-2015 period and the reducing cost to GAVI as Pneumococcal vaccine reaches the AMC 'tail price'.

Figure 2:



For further details, see Annex 1, Figure 2

17. Capacity to meet projected demand through 2020

17.1 A cash flow projection for each year from 2011 through 2020 is provided in Figure 3 of Annex 1 and is summarised in Figure 3 below.

Figure 3: Expenditure to meet demand and resources available

Cash flow basis US\$ millions		2011-15		2016-20		2011-20
A	Existing Programmes & Business Plan	6,080	76%	5,007	63%	11,087
	Future Programmes	1,898	24%	2,892	37%	4,790
	Total Expenditure to meet demand	7,978	100%	7,899	100%	15,877
		\$8.0 bn		\$7.9 bn		\$15.9 bn
B	Assured Resources	7,736	99%	1,163	18%	8,900
	Allowance for further contributions *	111	1%	5,308	82%	5,419
	Resources Available	7,847	100%	6,471	100%	14,318
		\$7.8 bn		\$6.5 bn		\$14.3 bn
B-A	Surplus/(Deficit) for period	2011-15		2016-20		2011-20
	Surplus after existing programmes	1,549		1,085		2,634
	minus: Future programmes**	1,681		2,512		4,193
	Additional required for Future Programmes	(131)	2%	(1,427)	18%	(1,559)
		(\$0.1 bn)	of A	(\$1.4 bn)	of A	(\$1.6 bn)

* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

** Anticipated demand from Future Programmes, minus related AMC funding

For further details, see Annex 1, Figure 3

2011-15

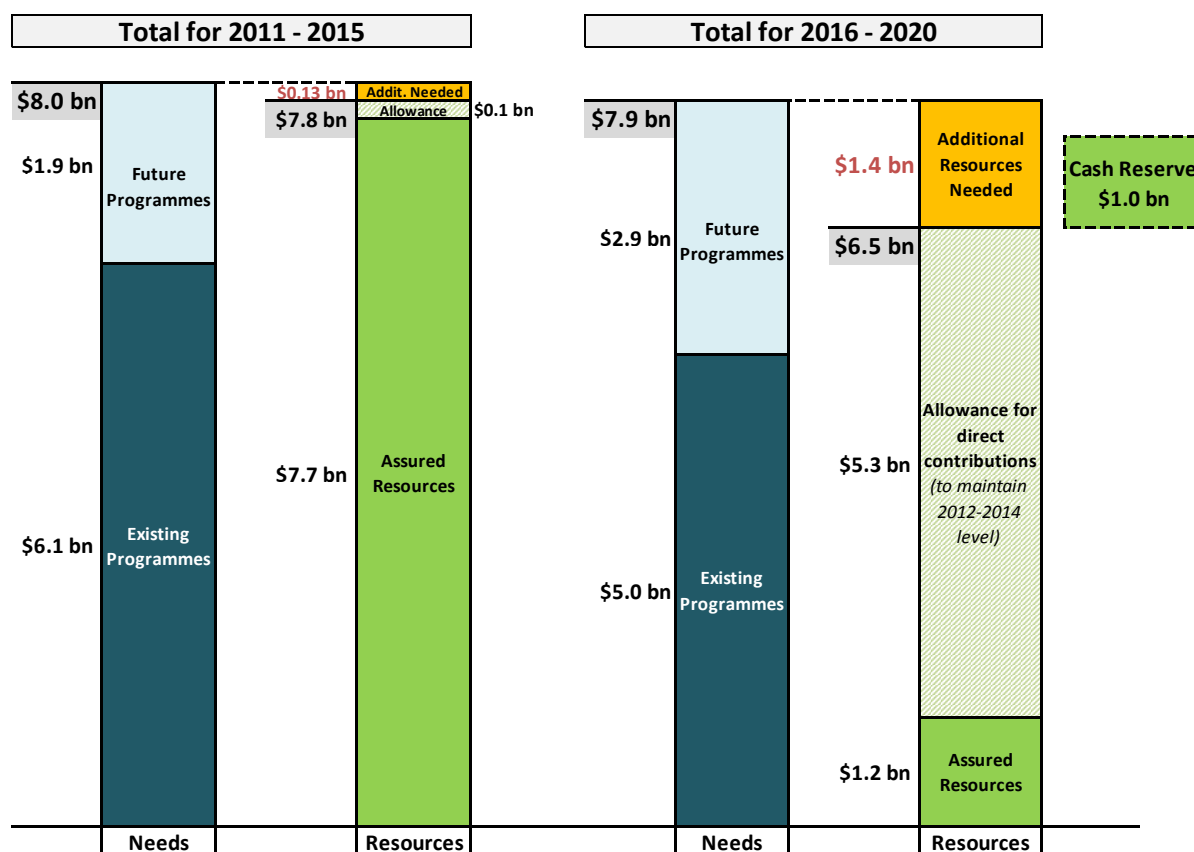
17.2 For 2011-15, expenditure needed to meet forecast demand is forecast at almost US\$ 8 billion and resources available at US\$ 7.85 billion. Such resources would be sufficient to meet the needs of all currently existing country programmes (including the impact of the recommended policy change mentioned in paragraph 15.2), and almost the entirety of the demand anticipated from future programmes (new proposals expected in the future for currently supported vaccines). A further US\$ 131 million would be needed to fully meet the demand expected from future programmes through 2015, as currently estimated.

Outlook for 2016-20

17.3 Based on early, tentative estimates of demand, expenditure is projected at US\$ 7.9 billion and resources available at US\$ 6.5 billion for 2016-20. Already assured resources, mainly from IFFIm and AMC, account for 18% of projected resources. Because pledges of direct contributions have not yet been sought for these years, the major part (82%) of projected resources is based on the assumption that direct contributions will be maintained at the 2012-14 level of US\$ 1.1 billion per year (as explained in paragraph 14.3).

- 17.4 On that basis, resources are projected to fully cover the needs of currently existing programmes. However, a further US\$ 1.4 billion⁵ in addition to the projected resources would be required to fully meet projected demand for 2016-20 from future programmes.
- 17.5 Figure 4 below illustrates the forecast capacity to meet the needs of existing and future programmes as outlined above, in each of the five-year periods.

Figure 4: Overview of needs and resources



Existing Programmes - Programmes already endorsed by GAVI Board/EC and Business Plan, including extension through the five year period

Future Programmes - Projected demand from future programmes expected to seek GAVI support, including extension through the five year period

Assured Resources - Direct contributions (confirmed), IFFIm and AMC proceeds, investment income and drawdown of cash (to the required reserve level)

Allowance - for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

Additional Resources Needed - in order to fully fund Future Programmes

Cash Reserve - in addition to Assured Resources, maintained at level to cover 8 months' future expenditure needs

⁵ This is consistent with what was indicated to the Board in November 2011, when the amount of additional resources needed was estimated at approximately US\$ 0.2 billion per year from 2016 to 2020, amounting to US\$ 1.0 billion for the five years. The increase to US\$ 1.4 billion is due mainly to the impact of recommended policy change outlined in paragraph 14.2.

18. Coverage of funding decisions in 2012

18.1 The GAVI Programme Funding Policy requires that:

- (a) As a prerequisite to the approval or endorsement of any new programmes, an amount of Qualifying Resources shall be set aside to fully cover all commitments arising in the period from the start of the then current year through the next two calendar years (the Defined Period), 2012-14; and
- (b) The Secretariat shall also provide the Board with a projection of commitments arising and Qualifying Resources in the three years subsequent to the Defined Period, so that the Board can take into account the longer-term implications when considering the funding of new programmes, 2015-17.

18.2 Hence, a 'rolling six-year' view is required. Figure 5 below provides a year-by-year view of the cash outflows to meet the needs of existing and future programmes, and the resource inflows to meet those needs, highlighting the two 3-year periods relevant to the Funding Policy: 2012-14 and 2015-17.

18.3 No funding decisions are being sought at this time, but will be requested on a number of occasions during the remainder of 2012.

Figure 5: Cash flows by year

Cash flow basis US\$ millions		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
A	Existing Programmes & Business Plan	872	1,500	1,619	1,080	1,008	1,091	1,065	985	951	914
	Future Programmes		133	426	653	686	572	513	643	594	570
	Total Expenditure to meet demand	872	1,633	2,045	1,734	1,694	1,663	1,579	1,629	1,545	1,484
B	Assured Resources	872	1,728	2,059	1,657	1,420	300	161	322	250	130
	Allowance for further contributions *					111	1,041	1,067	1,067	1,067	1,067
	Resources Available	872	1,728	2,059	1,657	1,531	1,341	1,228	1,389	1,317	1,197
For year:											
B-A	Surplus/(Deficit) FOR YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Surplus after existing programmes		223	409	502	415	167	96	262	282	278
	minus: Future programmes**		128	395	578	579	489	447	502	509	564
	Additional required for Future Programmes		95	14	(77)	(164)	(322)	(351)	(240)	(228)	(287)
Cumulative:											
B-A	Surplus/(Deficit) CUMULATIVE	'Rolling six-year' view									
	Surplus after existing programmes	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Surplus after existing programmes		223	632	1,134	1,549	1,716	1,813	2,075	2,357	2,634
	Additional required for Future Programmes		95	109	32	(131)	(454)	(805)	(1,044)	(1,272)	(1,559)
Key periods for Programme Funding Policy:											
 2014 All needs covered  2017 Additional required for Future Programmes											
Cash Reserve maintained		1,632	1,363	1,156	1,130	1,109	1,052	1,086	1,030	989	989

* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

** Anticipated demand from Future Programmes, minus related AMC funding

- 18.4 In 2012 and the two subsequent calendar years (i.e. 2012-14), the “Defined Period” for which full coverage of needs is a prerequisite:
- a) The needs of all existing programmes (i.e. already endorsed) and all anticipated demand from future programmes, including provision for their extension (where relevant) through 2014, are forecast to be fully covered.
- 18.5 In the three following years (i.e. 2015-17), for which the “longer term implications” should be considered:
- a) The needs of existing programmes, including provision for their extension (where relevant) through 2017, are forecast to be fully covered.
 - b) In order to support the entirety of demand from future programmes anticipated to be endorsed in the years from 2012 through 2017, additional resources of US\$ 805 million (beyond the resources currently forecast) would be required to meet their cash flow needs during 2015-17.
 - c) Whenever new programmes are considered for endorsement, an updated forecast is provided to provide visibility on their longer-term implications. Accordingly, endorsement of future programmes can be declined or deferred in the light of resource availability at that time.
- 18.6 In addition to the foregoing, a cash reserve equivalent to eight months’ future expenditure is maintained⁶.

19. Risk implications and mitigation

19.1 Factors that may impact the expenditure forecast include:

- a) Reviews by the Monitoring IRC have historically resulted in the reduction of endorsed programme budgets in light of actual implementation progress; if this continued to be the case, expenditure would be less than currently estimated.
- b) The forecast allows for expected supply constraints for rotavirus vaccine, which mainly affect 2013. Based on current indications, there may also be supply constraints for pneumococcal and measles-rubella vaccines in 2013, which are not yet reflected in the forecast. If these supply constraints were to occur, they would reduce the 2011-15 expenditure estimate by potentially US\$ 200 million. Any other supply constraints in future years would also reduce the expenditure estimate.
- c) Expenditure reductions may also be achieved through future vaccine price reductions that cannot yet be counted in the forecast.
- d) The introduction of new vaccines would increase expenditure.

⁶ The required minimum level of the Cash and Investments Reserve is estimated to be US\$ 1.1 billion at the end of 2015 and US\$ 1.0 billion at the end of 2020, based on projected expenditure for the following year and calculated as 8/12 of that amount.

19.2 Factors that may impact the forecast of resources available include:

a) Proceeds to GAVI from IFFIm:

The forecast for IFFIm Proceeds reflects the amount GAVI would receive based on current and announced pledges to IFFIm and the current Gearing Ratio Limit (that limits disbursements from IFFIm). IFFIm proceeds to GAVI would be reduced if there was a lowering of the Gearing Ratio Limit.

b) Direct contributions:

The resources forecast for 2011-2015 include Direct Contributions in the amount of US\$ 5.1 billion (comprised of US\$ 5.0 billion already confirmed and an allowance of US\$ 0.1 billion for future contributions yet to be confirmed). If actual contributions through 2015 were less than forecast, then for each 10% reduction on the overall amount, resources would be reduced by US\$ 0.5 billion.

As almost no contributions have yet been pledged for 2016-2020 the forecast for those years relies heavily on the assumption that direct contributions will be maintained at their 2012-2014 level (per footnote 3).

19.3 Risk mitigation:

Should the net effect of risk factors materially impact the forecast, the following are important measures towards mitigating that risk:

- a) The cash and investments reserve, equivalent to eight months' future expenditure, provides a cushion for adverse fluctuations in resources and expenditures.
- b) A surplus is forecast for each year after meeting the needs of existing programmes. When, in the future, new programmes are considered for funding, endorsement can be declined or deferred in the light of resource availability as foreseen at that time.

20. Conclusions:

- a) Expenditure for all existing programmes is fully covered by Qualifying Resources through 2014 (i.e. through the next two calendar years), as is required by the Programme Funding Policy
- b) Additional resources will be required to fully fund the demand expected from future programmes. This will be assessed whenever funding decisions are considered.

Annex 1: Supporting tables

Figure 1: Reconciliation with previous forecast (2011-2016)

Cash flow basis US\$ millions		2011 - 2016				2011-2016
		Bridge from previous to current forecast				
A	Expenditure to meet demand	Nov 2011 Board	Change in estimates	Endorsed on 16 Apr. 2012	Change to VIG & OSC grants	June 2012 Board
	Existing Programmes	5,402	111	596	61	6,170
	Business Plan	1,022	(20)			1,002
	Existing Programmes & Business Plan	6,424	91	596	61	7,171
	Future Programmes	2,912	(106)	(596)	260	2,470
	Total Expenditure Outflows	9,336	(15)	0	321	9,641
		\$9.3 bn			\$0.3 bn	\$9.6 bn
B	Resources Available	Nov 2011 Board	Change in estimates			June 2012 Board
	Direct contributions - confirmed	4,905	76			4,981
	IFFIm proceeds	1,580	0			1,580
	AMC contributions - existing programmes	1,024	(190)			834
	AMC contributions - future programmes	139	161			300
	Investment income	145	10			155
	Total inflows	7,793	57			7,850
	Drawdown of cash & investments	117	69			186
	Assured Resources	7,910	126			8,036
Allowance for further direct contributions*	1,148	3			1,151	
B	Qualifying Resource Inflows	9,058	129			9,187
		\$9.1 bn	\$0.1 bn			\$9.2 bn
B-A	Surplus / (Additional required)	(278)	145		(321)	(454)
						
Surplus after existing programmes		2,495				1,716
Future programmes (net of AMC funding)		(2,773)				(2,170)
Additional required - for Future Programmes		(278)				(454)
		(\$0.3 bn)				(\$0.5 bn)
Cash Reserve maintained - at end of 2016						1,052

*Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

Figure 2: Projected expenditure to meet demand

Summary of Expenditure 2011-2015

Cash flow basis	Existing Programmes		Impact of proposed change to VIG & OSC		Estimate for future demand	Total	
	Endorsed	Prov. for Extensions	Endorsed	Prov. for Extensions			
US\$ million							
Programmes:							
Penta	1,577	184	-	-	-	1,761	25%
Pneumo	2,155	204	-	-	427	2,785	39%
Rota	293	35	-	-	121	449	6%
Other vaccines	213	29	-	-	578	821	11%
Total Vaccine Programmes	4,239	451	-	-	1,126	5,816	81%
Cash-based Programmes	504	-	264	-	568	1,337	19%
Total Programmes	4,743	451	264	-	1,694	7,153	100%
Business Plan	287	539			-	826	
Total Expenditure	5,030	990	264	-	1,694	7,978	
	\$6.0 bn		\$0.3 bn		\$1.7 bn	\$8.0 bn	

Summary of Expenditure 2016-2020

Cash flow basis	Existing Programmes		Impact of proposed change to		Estimate for future demand	Total	
	Endorsed	Prov. for Extensions	Endorsed	Prov. for Extensions			
US\$ million							
Programmes:							
Penta	35	1,400	-	-	5	1,440	21%
Pneumo	58	2,101	-	-	675	2,834	41%
Rota	5	397	-	-	418	820	12%
Other vaccines	3	80	-	-	577	660	9%
Total Vaccine Programmes	101	3,978	-	-	1,675	5,754	82%
Cash-based Programmes	12	-	154	-	1,063	1,229	18%
Total Programmes	113	3,978	154	-	2,738	6,983	100%
Business Plan		916			-	916	
Total Expenditure	113	4,894	154	-	2,738	7,899	
	\$5.0 bn		\$0.2 bn		\$2.7 bn	\$7.9 bn	

See Annex 2 for explanation of forecast methodology

Figure 3: Expenditure to meet demand and resources available

Cash flow basis US\$ millions												
A	Existing Programmes & Business Plan											
	Future Programmes											
	Total Expenditure to meet demand											
B	Assured Resources											
	Allowance for further contributions *											
	Resources Available											
For year:												
B-A	Surplus/(Deficit) FOR YEAR											
	Surplus after existing programmes											
	minus: Future programmes**											
	Additional required for Future Programmes											
Cumulative:												
A	Surplus/(Deficit) CUMULATIVE											
	Surplus after existing programmes											
	Additional required for Future Programmes											
	Key periods for Programme Funding Policy:											
Cash Reserve maintained												
* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years												
** Anticipated demand from Future Programmes, minus related AMC funding												
Detail of Expenditure and Resources:												
A	Expenditure to meet demand											
	Existing Programmes											
	Business Plan											
	Existing Programmes & Business Plan											
Future Programmes												
Total Expenditure Outflows												
B	Resources Available											
	Direct contributions - confirmed											
	IFFIm proceeds											
	AMC contributions - existing programmes											
AMC contributions - future programmes												
Investment income												
Total inflows												
Drawdown / (increase) of cash & invest's												
Assured Resources												
Allowance for further contributions *												
Qualifying Resource Inflows												

* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

** Anticipated demand from Future Programmes, minus related AMC funding

Detail of Expenditure and Resources:

See Annex 2 for forecast estimation methodology

Annex 2: Forecast estimation methodology

Cash Outflows

Programmatic Expenditures

Vaccines

For Country Programme expenditures there are three main drivers of the expenditure estimates: demand, supply and prices.

- **Demand**
 - The forecasted demand used for the latest financial estimates are taken from the Adjusted Strategic Demand Forecast ("ASDF") Version 5.0 updated to reflect the recommendations of the February 2012 IRCs for all vaccines. Demand is reflected by "programmatic year" i.e. the year in which the vaccine is available for use in the recipient country.
 - India: The Pentavalent vaccine demand forecast provides for a roll-out of Penta during the period 2012-15, reflective of the original board approval of a US\$ 165 million commitment.
- **Supply**
 - Supply constraints amounting to \$38m over 2012 and 2013 have been reflected based updated information on supply availability. While no supply constraints have been assumed in the forecast for Pneumococcal and Measles-Rubella vaccines, such constraints may occur.
- **Prices**
 - Prices are estimated based on best available information. Added to these are assumptions for the costs of freight, safety boxes and syringes.

Investment Cases

- Yellow Fever
 - Included in these costs are estimates for vaccine stockpile, "Outbreak response" and Preventative; costs as well as operational support costs provided by WHO and UNICEF to the extent not covered in the Business Plan. Estimated costs for country specific programmes have been presented as part of investment case forecast. For 2012-13, US\$ 14.9 million for vaccine stockpile costs has been included under "Approved and Endorsed". An estimate of ~\$49m for vaccine procurement and operational costs has been included in "balance of demand" for a YF campaign in Sudan in 2013.
- Meningitis
 - Included in these costs are estimates for vaccine stockpile, "Outbreak response and Preventative.
 - Estimated costs for country specific programmes have been presented separately as part of the Country Programmes section, under Meningitis A. For 2012-13, US \$10.3 million for vaccine stockpile costs have been included under "Approved and Endorsed".

Cash Based programmes

- Cash Based Programmes - General
 - "Committed" programmes reflect all previous approvals and endorsements by the Board / Executive Committee including recommendations made by the February 2012 HSFP IRCs.
 - "Balance of demand" estimates reflect values consistent with 15-20% of GAVI support funding cash-based programmes.
- Campaign Operational Costs
 - For all vaccine campaigns, related operational costs have been calculated based on PPC recommended methodology that is being presented for Board approval in June 2012. (Calculation = \$0.65 x target population per country)
- Vaccine Introduction Grants
 - For all VIGs, costs reflect the PPC recommended methodology that is being presented for Board approval in June 2012. (Calculation for all vaccines except HPV = greater of \$100k or \$0.80 x birth cohort. HPV calculation is the greater of \$100k or \$2.40 x targeted girl.)

Expenditures are converted from “Programmatic Year” to “Cash Outflow”

- GAVI’s expenditure estimates are first built on a “programmatic year” basis and then converted to cash outflows based on a set of standard timing assumptions including historical trends e.g. for vaccines the general assumption is that 20% of the programmatic year’s expenditure will be disbursed in the preceding year, 75% in the year itself and 5% in the subsequent year; for cash-based programmes including VIGs and Campaign operational costs, it is assumed that ~50% will be disbursed in the programmatic year and ~50% in the following year.

Example: Converting “Programme Year” to “Cash outflow” for Vaccines

Calendar Year	2011	2012	2013	2014	2015
Programme Year (Implementation) - Board / EC approval					
Programme Budget:		100	100	100	
Cash Outflow - Cash flow forecast					
- 2012 Programme budget	20	75	5		
- 2013 Programme budget		20	75	5	
- 2014 Programme budget			20	75	5
Programme Budget:	20	95	100	80	5

Business Plan

- The financial forecast reflects those estimates included in the Business Plan Budget for 2012. The 2012 Budget was approved by the Board in November 2011.
- Beyond 2012, an annual cost increase of 2-3% is assumed for Partner and Secretariat budgets.

Cash Inflows

Direct Contributions

- These reflect direct contributions to either the GAVI Alliance or GAVI Campaign and are reflected on a cash basis.
- Direct contributions and commitments represent received contributions and publicly announced and confirmed commitments as at 13 June 2011 updated for any further commitments and clarifications subsequent to this meeting through to the 31 March 2012. Non-USD contributions have been valued at their US dollar equivalents using the spot rate of 31 March 2012.

IFFIm / GFA Proceeds

- The cash inflows projected reflect “GFA to IFFIm transfers”, i.e. the monies that would be available for supporting programmes.
- The total amount of US\$ 1,180 million projected for the period 2012-2015 reflects the maximum amount of monies that are available from IFFIm based on existing pledges plus the new pledges made in June 2011 from Brazil, Italy and the UK.

AMC

- AMC inflow estimates have been derived from the AMC financial model that takes into account both demand and supply assumptions etc.

Investment Income

- Investment income is estimated on a conservative basis that assumes overall annual returns on cash and investments of 2% to 2.5%.