



## Report to the GAVI Alliance Board

11-12 June 2013

<b>Subject:</b>	<b>Financial Forecast update</b>
<b>Report of:</b>	Barry Greene, Managing Director, Finance & Operations
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<b>Agenda item:</b>	05
<b>Category:</b>	For Information
<b>Strategic goal:</b>	Alliance operations

### **Section A: Overview**

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

- 1.1 This report informs the Board of the updated GAVI financial forecast for 2011-2020 (Version 7.0Fb<sup>1</sup>).
- 1.2 It also informs the Board of:
  - (a) Funds allotted through 30 April 2013 from the Programme Funding Envelope amount that the Board approved in December 2012
  - (b) Programme disbursements made during 2012 and 2013.
- 1.3 No programme approvals are being sought on this occasion.

#### **2. Recommendations**

- 2.1 This report is for information only.

#### **3. Executive summary**

- 3.1 The updated GAVI financial forecast (see Section B) incorporates the latest demand estimates and funding decisions taken to date. The level of resources reflects amounts pledged to date and an allowance for forecasting purposes that direct contributions will continue at their 2012-2014 level in subsequent years.
- 3.2 The forecast indicates that through 2015, while GAVI will have sufficient resources to cover the needs of existing programmes, additional resources of US\$ 221 million may be needed to fully meet estimated demand anticipated for

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<sup>1</sup> Version 7.0Fa of the Financial Forecast was shared with Audit & Finance Committee on 22 April 2013. That has been updated (as Version 7.0Fb) for this paper, to include programme funding decisions taken through 30 April 2013, with an immaterial impact (of US\$ 2 million) on the expenditure forecast through 2015.

future programmes (i.e. through new proposals expected in the future for currently supported vaccines). That resource need (for future programmes) is US\$ 225 million more than was forecast in December 2012 and this increase is due mainly to the deferral of proceeds from IFFIm to years after 2015.

3.3 No funding decisions are recommended in this paper.

#### **4. Risk implications and mitigations**

4.1 See Section B, paragraph 6.

#### **5. Financial implications**

##### 2011-2015

5.1 Expenditure for all existing programmes is fully covered by Qualifying Resources through 2015 (i.e. through the next two calendar years), as is required by the Programme Funding Policy.

5.2 After taking into account an allowance<sup>2</sup> for future contributions of US\$ 210 million, additional funding of US\$ 221 million will be required to fully meet estimated demand anticipated for future programmes through 2015 (i.e. through future proposals for currently supported vaccines and cash-based programmes).

5.3 Consequently, US\$ 431 million of additional contributions remains to be raised in the period 2013-2015 to fully meet demand through 2015, as currently forecast. If existing donors who have yet to pledge their contributions for 2014 and 2015 do so at their recent levels, about US\$ 400 million would be raised, leaving a further US\$ 31 million to be raised from new or increasing donors.

##### 2016-2020 (tentative)

5.4 The tentative outlook for 2016-20 estimates expenditure at US\$ 8.6 billion, indicating a resource need of US\$ 7.3 billion in addition to already assured resources of US\$ 1.3 billion. Of the US\$ 7.3 billion still required to be raised for those five years, direct contributions, if maintained at their current level, would provide US\$ 5.4 billion and would cover the needs of currently existing programmes. A further US\$ 1.9 billion would need to be raised through new or increased contributions to fully meet demand expected from future programmes in 2016-20.

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

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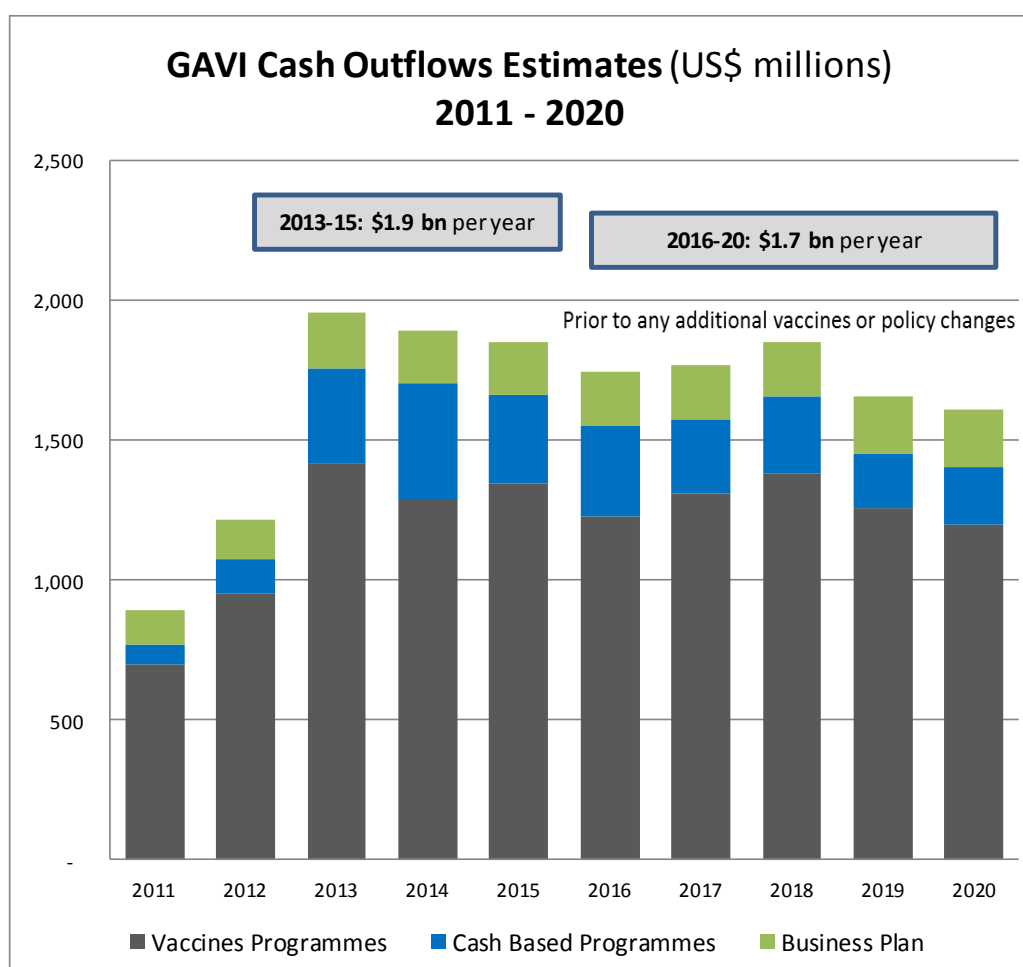
<sup>2</sup> Conservative allowance in 2015 for further direct contributions to maintain an overall amount equal to average of confirmed pledges for 2012-2014, as further explained in footnote 3.

## Section B: Forecast of needs and resources

### 1. Estimates of expenditure to meet country demand through 2020

- 1.1 The expenditure estimates in this forecast are based on the latest Adjusted Strategic Demand Forecast (version 7.0), issued in March 2013, covering currently supported (and four envisaged) vaccines. The forecast reflects all previous funding decisions of the EC/Board (and no new funding decisions are requested in this paper). It incorporates updated implementation assumptions based on latest country and supplier information regarding country readiness and supply availability. The preliminary estimates of demand for 2016-2020 are tentative and should be considered as indicative at this time.
- 1.2 The overview of expenditures per Figure 1 illustrates the scale-up of country demand from 2012 onwards, with expenditure expected to reach a level of US\$ 1.9 billion per year on average in 2013-2015. It indicates that expenditures will reduce from that level to US\$ 1.7 billion per year in 2016-20. The reduction 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 1: Expenditure estimates**



- 1.3 Details of the expenditure estimates for each five-year period are provided in Annex 1, Figure 1. The 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.
- 1.4 Consistent with the Board's decision in June 2012, GAVI's expenditure estimates also include a provision for six large countries at high risk of measles outbreaks (Afghanistan, Chad, DR Congo, Ethiopia, Nigeria, and Pakistan) to be able to receive GAVI support for measles vaccines and operational costs until these countries are forecasted to have implemented a measles-rubella (MR) campaign, by no later than 2017.
- 1.5 In response to Board guidance in December 2012, the estimates for 2016-20 provide for a greater level of cash programme support than previously estimated.

## 2. Estimates of resource availability

- 2.1 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 no less than the 2012-14 level of US\$ 1.1 billion per year in subsequent years<sup>3</sup>.
- 2.2 IFFIm proceeds: As indicated at the December 2012 Board meeting, the IFFIm Board was considering options to enhance IFFIm's overall risk profile in a manner that would be beneficial to GAVI for the longer term. This is likely to necessitate a deferral of approximately \$300 million of proceeds from IFFIm to years after 2015. While this postponement of timing would reduce cash flows to GAVI through 2015, any deferred proceeds would count towards resources available after 2015, without any overall economic loss to GAVI. The forecast has been updated to reflect such a deferral.

## 3. Forecast period

- 3.1 The forecast spans the period 2011 to 2020, sub-divided into two periods: the current replenishment period (2011-2015) and the next five years (2016-2020). The Programme Funding Policy requires the financial implications of funding decisions to be assessed over the current year and five subsequent calendar years (i.e. a 'rolling six-year' view). Hence funding decisions made in 2013 require visibility on qualifying resources through 2018.

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<sup>3</sup> 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.

## 4. Changes since the December 2012 forecast

- 4.1 2011-15: In December 2012 the Board reviewed the financial forecast for the period 2011 to 2015. That forecast indicated that resources were sufficient to cover expenditure on existing and all future anticipated demand (and business plan needs) in that period<sup>4</sup>. The current forecast indicates that additional resources of US\$ 221 million will be required to fully fund anticipated demand for future programmes. This change is due mainly to a lower estimate of qualifying resources that reflect the anticipated deferral of IFFIm proceeds to years after 2015 (per paragraph 2.2). This is partially offset by a relatively small reduction in expenditure estimates (see Figure 2).
- 4.2 2016-20: The tentative estimate of expenditure for 2016-20 has increased relative to the December 2012 forecast mainly due to an increased provision for cash programme support (per paragraph 1.5) and, to a lesser extent, for vaccine programmes. This is partially offset by an increase in resources arising from the deferral of IFFIm proceeds previously forecast for 2013-15 (per paragraph 2.2), some of which will now forecast to be received in 2016-20.

**Figure 2: Reconciliation with previous forecast**

### 2011-2015

Cash flow basis US\$ millions

	Dec 2012 Board	Change in estimates	June 2013 Board	
Expenditure	7,848	(45)	7,803	\$7.8 bn
Qualifying Resources	7,852	(270)	7,582	\$7.6 bn
<b>Surplus / (Additional required)</b>	<b>4</b>	<b>(225)</b>	<b>(221)</b>	<b>(\$0.2 bn)</b>
	\$0.0 bn	(\$0.2 bn)	(\$0.2 bn)	

<b>Surplus after existing programmes &amp; new requests</b>	<b>607</b>	\$0.6 bn
<b>Future programmes (net of AMC funding)</b>	<b>(828)</b>	(\$0.8 bn)
<b>Additional required -- for future programmes</b>	<b>(221)</b>	(\$0.2 bn)

For further details see Annex 1, Figure 1

### 2016-2020 - tentative

Cash flow basis US\$ millions

	Dec 2012 Board	Change in estimates	June 2013 Board	
Expenditure	8,255	373	8,628	\$8.6 bn
Qualifying Resources	6,534	167	6,701	\$6.7 bn
<b>Surplus / (Additional required)</b>	<b>(1,721)</b>	<b>(207)</b>	<b>(1,928)</b>	<b>(\$1.9 bn)</b>
	(\$1.7 bn)	(\$0.2 bn)	(\$1.9 bn)	

<b>Surplus after existing programmes &amp; new requests</b>	<b>761</b>	\$0.8 bn
<b>Future programmes (net of AMC funding)</b>	<b>(2,688)</b>	(\$2.7 bn)
<b>Additional required -- for future programmes</b>	<b>(1,928)</b>	(\$1.9 bn)

<sup>4</sup> "Existing programmes" means country programmes that have already been approved for support by GAVI. "Future programmes" means projected demand from country programmes expected to seek GAVI support in the future for currently supported vaccines and cash-based programmes; it does not include any additional vaccines that GAVI may consider for support in the future.

## 5. Capacity to meet projected demand through 2020

5.1 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	% of A	2016-20	% of A	2011-20
A	Existing Programmes & Business Plan	6,935	89%	5,918	69%	12,853
	Future Programmes	868	11%	2,710	31%	3,578
	<b>Total Expenditure to meet demand</b>	<b>7,803</b>	<b>100%</b>	<b>8,628</b>	<b>100%</b>	<b>16,431</b>
		<b>\$7.8 bn</b>		<b>\$8.6 bn</b>		<b>\$16.4 bn</b>
b1	Assured Resources	7,371	94%	1,284	15%	8,655
b2	Allowance for further contributions *	210	3%	5,417	63%	5,627
B	<b>Qualifying Resources available</b>	<b>7,582</b>	<b>97%</b>	<b>6,701</b>	<b>78%</b>	<b>14,282</b>
		<b>\$7.6 bn</b>		<b>\$6.7 bn</b>		<b>\$14.3 bn</b>
C (=B-A)	<b>Surplus/(Deficit) for period</b>					
	Surplus after existing programmes	607		761		1,368
	minus: Future Programmes**	(828)		(2,688)		(3,517)
	<b>Additional required for Future Programmes</b>	<b>(221)</b>	<b>3%</b>	<b>(1,928)</b>	<b>22%</b>	<b>(2,149)</b>
		<b>(\$0.2 bn)</b>		<b>(\$1.9 bn)</b>		<b>(\$2.1 bn)</b>
<b>Summary of resources to be raised:</b>						
b2	Allowance for further contributions *	210		5,417		
C	Additional required for Future Programmes	221		1,928		
A-b1	<b>Total resources to be raised</b>	<b>431</b>	<b>6%</b>	<b>7,345</b>	<b>85%</b>	

\* 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

### 2011-15

5.2 For 2011-15, expenditure needed to meet forecast demand is forecast at US\$ 7.8 billion. Qualifying resources amount to US\$ 7.6 billion, which includes an allowance of US\$ 210 million for extension of pledges through 2015. Such resources would be sufficient to meet the needs of all currently existing country programmes, including their extension through 2015.

5.5 In addition to those resources, a further US\$ 221 million will be required to fully meet anticipated demand from future programmes through 2015, as currently estimated, bringing the remaining fundraising need through 2015 to US\$ 431 million. If existing donors who have yet to pledge their contributions for 2014 and 2015 do so at their recent levels, about US\$ 400 million would be raised, leaving a further US\$ 31 million to be raised from new or increasing donors.

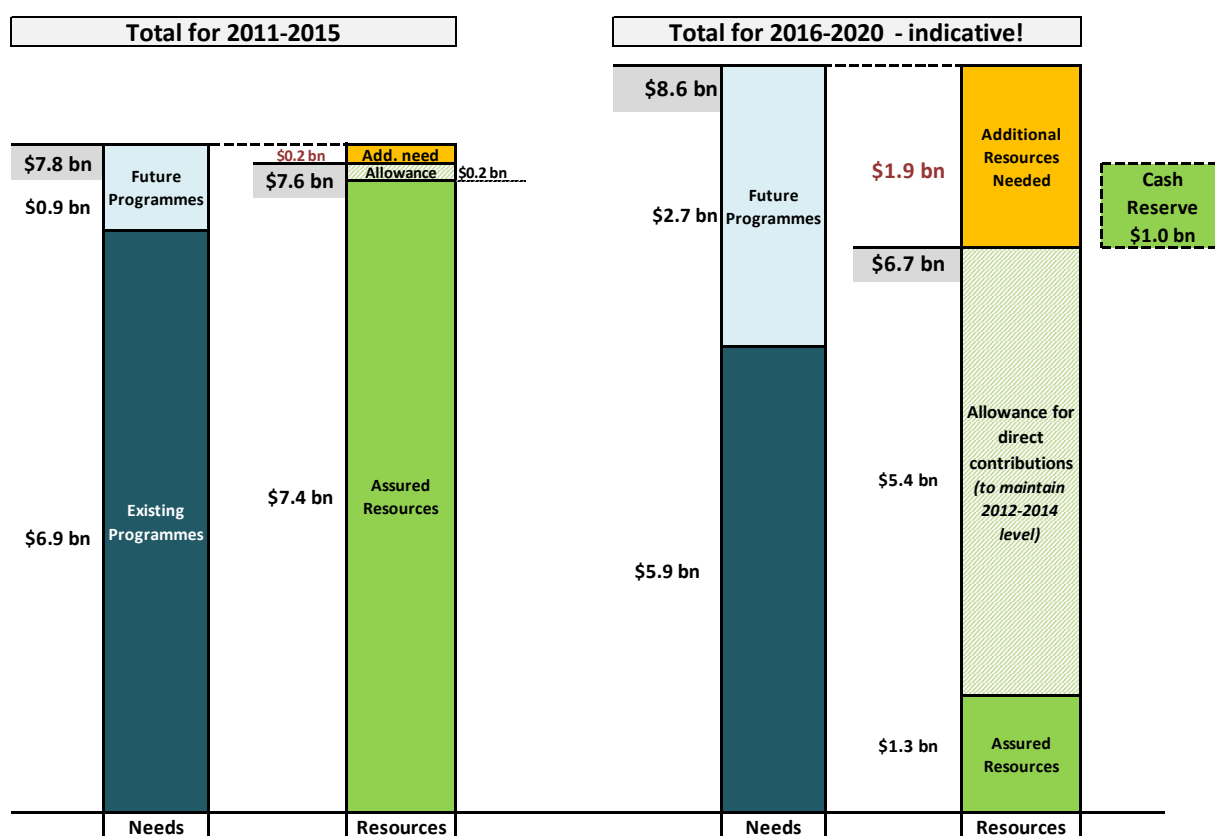
### Outlook for 2016-20

5.3 Based on early, tentative estimates of demand, expenditure is projected at US\$ 8.6 billion for 2016-20. Of this demand, US\$ 5.9 billion (69%) is expected to come from existing programmes, including their extension through 2020, and US\$ 2.7 billion (31%) from future programmes (see footnote 4). Already

assured resources of US\$ 1.3 billion, mainly from IFFIm and AMC, cover 15% of projected expenditure, leaving US\$ 7.3 billion to be raised.

- 5.4 Because pledges of direct contributions have not yet been sought for these years, the major part of qualifying resources is based on the assumption that direct contributions will be maintained at no less than the 2012-14 level of US\$ 1.1 billion per year (as explained in Section B, paragraph 2.1). That would provide further resources of US\$ 5.4 billion, to bring qualifying resources to US\$ 6.7 billion, which would cover 78% of projected expenditure.
- 5.5 This would more than fully meet the needs of existing programmes, estimated at US\$ 5.9 billion including their extension for 2016-20, and also cover US\$ 0.8 billion of future programmes. However, a further US\$ 1.9 billion (would be required to fully meet the expected demand from future programmes.
- 5.6 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**





### Notes to Figure 4

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

Future Programmes - Projected demand from country programmes expected to seek GAVI support in the future, including their extension through the five year period, for currently supported vaccines and cash-based programmes. This does not include any additional vaccines that GAVI may consider for support in the future.

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 a level to cover 8 months' future expenditure needs, as mandated by the Board

## **6. Risk implications and mitigation**

### Factors that may impact the expenditure forecast include:

- 6.1 Reviews by the Monitoring IRC and Secretariat adjustments for updated implementation assumptions 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.
- 6.2 The forecast allows for expected supply constraints and country readiness for pneumococcal and rotavirus vaccines in 2013. Based on current indications, there may also be additional supply constraints and country readiness issues across the vaccines portfolio in 2014 and 2015 that are not yet reflected in the forecast. If these were to occur, they could reduce the 2014-15 expenditure estimates by potentially up to US\$ 0.1 billion.
- 6.3 Expenditure reductions may also be achieved through future vaccine price reductions that cannot yet be counted in the forecast.
- 6.4 The introduction of new vaccines would increase expenditure as would changes to the recommended age catchments for vaccine campaigns.

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

- 6.5 Direct contributions: The resources forecast for 2011-2015 include Direct Contributions in the amount of US\$ 5.0 billion (comprised of US\$ 4.8 billion already confirmed and an allowance of US\$ 0.2 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. The forecast already conservatively includes a provision of US\$ 0.1 billion for the risk that some assured resources may not be fully contributed if the requirements of the Matching Fund and Challenge Grant for matching by other donors are not fully met.
- 6.6 Proceeds to GAVI from IFFIm: As mentioned in Section B, paragraph 2.2, the IFFIm Board is considering measures to enhance IFFIm's overall risk profile in a manner that would be beneficial to GAVI for the longer term. This is likely to necessitate a deferral of proceeds from IFFIm to years after 2015. The current forecast makes provision for a deferral of US\$ 0.3 billion. To the extent that the



impact of the measures finally adopted may differ from that estimate, the resources available to GAVI would decrease or increase accordingly.

- 6.7 Because 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 no less than their 2012-2014 level (see footnote 3).

### Risk mitigation

- 6.8 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.

## **7. Conclusions**

- 7.7 Expenditure for all existing programmes is fully covered by Qualifying Resources through 2015 as is required by the Programme Funding Policy;
- 7.8 Additional resources will be required to fully fund the demand expected from future programmes. This will be assessed whenever funding decisions are considered.

## **Section C: Programme Expenditure Report**

### **1. Programme Funding Envelopes utilisation**

- 1.1 In June 2012 the Board approved an amendment to the Programme Funding Policy to enable it to approve funding envelopes from which the Secretariat can allot funding to programmes.
- 1.2 Two such programme funding envelopes have been approved by the Board subsequently. The utilisation of these funding envelopes to date (through 30 April 2013) is outlined below, to inform the Board.

### Envelope for HPV demonstration projects

- 1.3 In July 2012 the Board approved an envelope of US\$ 7.4 million of budget amounts to be endorsed for HPV demonstration projects (see document EC-2012-Mtg-3-Doc03b).
- 1.4 Through 30 April 2013, the Secretariat had allotted US\$ 4.8 million to 8 HPV demonstration projects, based on the recommendations of the Independent Review Committee, as summarised below. Further allotments of US\$ 0.6

million are expected to be made from this envelope for projects in Mozambique and Zimbabwe.

## Envelope for HPV demonstration projects (approved July 2012)

Programme year basis Endorsed budget amounts, US\$ million	Envelope amount	Allotted to date	% Allotted
Ghana		0.4	
Kenya		0.5	
Lao PDR		0.7	
Madagascar		0.4	
Malawi		0.6	
Niger		0.9	
Sierra Leone		0.6	
Tanzania		0.7	
<b>Total - Envelope for HPV demo projects</b>	<b>7.4</b>	<b>4.8</b>	<b>65%</b>

Further details of allotments to date are provided in Annex 1, Figure 4

## Envelope for 2013

- 1.5 In December 2012 the Board approved an envelope of US\$ 615 million for multi-year budget amounts to be endorsed for new cash programmes, the extension and adjustment of existing programmes, and (exceptionally) a measles campaign in Ethiopia.
- 1.6 Through 30 April 2013, net utilisation of this envelope amounted to US\$ 94 million, representing 15% of the total envelope. The table below highlights how these funds have been allotted.

### Envelope for 2013 (approved Dec 2012)

Programme year basis Endorsed budget amounts, US\$ million	Envelope amount	Allotted to date	% Allotted
a) Adjustments to existing programmes	-125	-252	202%
b) Extensions of existing vaccine programmes	120	0	0%
c) New cash programmes	606	341	56%
d) New vaccine campaign (Ethiopia)	14	5	32%
<b>Total - Envelope for 2013</b>	<b>615</b>	<b>94</b>	<b>15%</b>

- 1.7 With regard to each component of the envelope:
  - a) US\$ -125 million (a net reduction) was conservatively estimated for adjustments to existing programme budgets for decisions of the Monitoring IRC, updated implementation assumptions and other operational adjustments. To date, these total a net reduction of US\$ 248 million

reflecting updated assumptions regarding country readiness, supply availability and vaccine prices.

- b) US\$ 120 million was estimated for the extension of existing programmes as and when recommended by the Monitoring IRC, due to commence in September 2013.
- c) US\$ 606 million was estimated for the endorsement of new cash programmes as and when recommended by the IRC. To date, US\$ 341 million has been allotted including US\$ 107 million for India. Allotments for new cash programmes will continue as and when IRC recommendations are made throughout the year.
- d) US\$ 14 million was estimated for the vaccine component of a new measles SIA in Ethiopia subject to its approval by the New Proposals IRC<sup>5</sup>. The amount finally approved was US\$ 5 million for vaccines and US\$ 7.6 million for campaign operational costs.

Further details of allotments to date are provided in Annex 1, Figure 4.

## 2. Programme Disbursements

- 2.1 In response to the Board's request for the provision of updated disbursement information at each Board meeting, Figure 6 below provides a summary of programme disbursements made in 2012 and in 2013 (through April). To provide context, these amounts are compared with the amounts previously estimated for those years, at the Board meeting immediately prior to the start of each year.

### 2012, whole year

- 2.2 Actual disbursements for programmes in 2012 amounted to US\$ 1.1 billion, which was 73% of the \$1.5 billion estimated in December 2011. Of the estimate for vaccine programmes, 77% was disbursed, while 49% of the estimate for cash support programmes was disbursed. Supply constraints for pneumococcal vaccine, delayed country readiness and slow uptake of cash support were key factors in the lower than anticipated amount disbursed.

### 2013, January through April

- 2.3 The current financial forecast estimates programme disbursements in 2013 at US\$ 1,761 million, which is 3% less than the estimate current at the December 2012 Board meeting, following updating of the financial forecast.
- 2.4 In the four months of 2013, GAVI has disbursed US\$ 398 million in support of country programmes. This compares with US\$ 138 million and US\$ 121 million

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<sup>5</sup> The Ethiopia measles SIA was exceptionally included in the envelope in order to avoid the need to convene an additional EC meeting solely to approve this proposal. The original budget assumption was for a campaign with an age group of up to 15 years. The final approved budget was for an age group of up to 5 years resulting in a significant reduction vs. the original board approved envelope.

in the first four months of 2010 and 2011 respectively, and represents 23% of the currently estimated amount for all of 2013.

**Figure 6: Programme disbursements in 2012 and 2013**

US\$ millions Cash flow basis	Full Year 2012			Full Year 2013			Through April 2013	
	Estimate to Board Dec 2011	Change	Actual	Estimate to Board Dec 2012	Change	Estimate to Board Jun 2013	Actual YTD	% of Jun 2013 Estimate
<b>Vaccine Programmes</b>								
Pneumo	577	-181	396	644	7	651	142	22%
Penta	364	-8	356	362	-9	353	136	38%
Rotavirus	86	50	136	163	-5	158	19	12%
Measles-Rubella	24	-20	4	65	11	76	17	22%
Measles SIA (vaccine only)	0	3	3	16	39	55	4	6%
Measles - 2nd dose	5	0	5	5	-1	4	4	89%
Meningitis A	62	-23	39	49	-7	42	26	61%
Yellow Fever	109	-97	12	120	-40	80	13	17%
Human Papillomavirus	0	0	0	0	1	1	0.4	32%
Japanese Encephalitis	0	0	0	0	1	1	0	0%
Hib/HepB	0	0	0	1	-1	0	0	0%
<b>Vaccine Programmes</b>	<b>1,228</b>	<b>-276</b>	<b>951</b>	<b>1,425</b>	<b>-3</b>	<b>1,422</b>	<b>360</b>	<b>25%</b>
			77%		1	100%		
<b>Cash-based Programmes</b>	<b>250</b>	<b>-127</b>	<b>123</b>	<b>392</b>	<b>-53</b>	<b>339</b>	<b>38</b>	<b>11%</b>
			49%			87%		
<b>Total Programmes</b>	<b>1,478</b>	<b>-404</b>	<b>1,074</b>	<b>1,817</b>	<b>-56</b>	<b>1,761</b>	<b>398</b>	<b>23%</b>
	<b>100%</b>		<b>73%</b>	<b>100%</b>		<b>97%</b>		



<b>Estimate to Board in Dec 2012</b>	<b>1,111</b>	<b>-37</b>	<b>1,074</b>
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### **Section D: Implications**

#### **1. Impact on countries**

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

#### **2. Impact on GAVI Stakeholders**

- 2.1 None.

#### **3. Impact on Secretariat**

- 3.1 None.

#### **4. Legal and governance implications**

- 4.1 None.

#### **5. Consultation**

- 5.1 The Strategic Demand forecast is produced by the Vaccine Implementation Technical Assistance Consortium (VITAC)<sup>6</sup> with the demand forecasts for pneumococcal, rotavirus and pentavalent vaccines, and is reviewed and endorsed by the Vaccine Implementation Management Team (VIMT).
- 5.2 An earlier version of this paper was reviewed by and discussed with the Audit and Finance Committee at its meeting on 22 April 2013.

#### **6. Gender implications**

- 6.1 None.

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<sup>6</sup> The VITAC Team is comprised of participants from PATH, Johns Hopkins University, & US CDC. The VIMT includes participants from these organisations, as well as from the Bill and Melinda Gates Foundation, WHO, UNICEF and the GAVI Secretariat.

## Annex 1: Supporting tables

### Annex 1, Figure 1: Projected expenditure to meet demand

Expenditure estimate 2011-2015	Existing Programmes		Estimate for future demand	Total	
	Endorsed	Provision for Extensions			
Cash flow basis, US\$ million					
<b>Programmes:</b>					
Penta	1,614	131	40	1,785	26%
Pneumo	2,203	408	133	2,744	39%
Rota	323	48	87	458	7%
Measles-Rubella	83	-	117	200	3%
Measles SIA	25	-	28	53	1%
HPV - routine & demo	4	-	28	33	0%
Other vaccines	291	8	99	398	6%
<b>Total Vaccine Programmes</b>	<b>4,543</b>	<b>595</b>	<b>533</b>	<b>5,671</b>	<b>81%</b>
Health systems strengthening	502	-	99	602	
Campaign operational costs	220	-	105	325	
Vaccine introduction grants	62	-	57	119	
Measles SIA operational costs	37	-	50	87	
All other cash (ISS, CSO, HPV etc)	137	-	24	160	
<b>Total Cash-based Programmes</b>	<b>958</b>	<b>-</b>	<b>335</b>	<b>1,293</b>	<b>19%</b>
<b>Total Programmes</b>	<b>5,500</b>	<b>595</b>	<b>868</b>	<b>6,964</b>	<b>100%</b>
Business Plan	464	375	-	839	
<b>Total Expenditure</b>	<b>5,964</b>	<b>971</b>	<b>868</b>	<b>7,803</b>	
<b>2011-2015</b>	<b>\$6.9 bn</b>		<b>\$0.9 bn</b>	<b>\$7.8 bn</b>	

Expenditure estimate 2016-2020 (tentative)	Existing Programmes		Estimate for future demand	Total	
	Endorsed	Provision for Extensions			
Cash flow basis, US\$ million					
<b>Programmes:</b>					
Penta	24	1,551	2	1,577	21%
Pneumo	36	2,616	80	2,732	36%
Rota	13	497	498	1,008	13%
Measles-Rubella	-	-	223	223	3%
Measles SIA	-	-	1	1	0%
HPV - routine	3	5	446	454	6%
Other vaccines	5	110	237	352	5%
<b>Total Vaccine Programmes</b>	<b>81</b>	<b>4,780</b>	<b>1,486</b>	<b>6,346</b>	<b>83%</b>
Health systems strengthening	49	-	821	870	
Campaign operational costs	-	-	299	299	
Vaccine introduction grants	-	-	97	97	
Measles SIA operational costs	-	-	1	1	
All other cash (ISS, CSO, HPV etc)	20	-	7	27	
<b>Total Cash-based Programmes</b>	<b>70</b>	<b>-</b>	<b>1,224</b>	<b>1,294</b>	<b>17%</b>
<b>Total Programmes</b>	<b>151</b>	<b>4,780</b>	<b>2,710</b>	<b>7,640</b>	<b>100%</b>
Business Plan		988	-	988	
<b>Total Expenditure</b>	<b>151</b>	<b>5,768</b>	<b>2,710</b>	<b>8,628</b>	
<b>2016-2020</b>	<b>\$5.9 bn</b>		<b>\$2.7 bn</b>	<b>\$8.6 bn</b>	

<b>Total 2011-2020</b>	<b>\$16.4 bn</b>
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## Annex 1, Figure 2: Reconciliation with previous forecast for 2011-2015

Cash flow basis US\$ millions		2011 - 2015 Bridge from previous to current forecast			2011-2015
Expenditure to meet demand		Dec 2012 Board	Change in estimates	Funding Decisions to Date	June 2013 Board
Existing Programmes		5,076	92	928	6,095
Business Plan		840	(1)	0	839
Existing Programmes & Business Plan		5,916	91	928	6,935
Future Programmes		1,932	(136)	(928)	868
<b>Total Expenditure Outflows</b>		<b>7,848</b>	<b>(45)</b>	<b>0</b>	<b>7,803</b>
		\$7.8 bn	(\$0.0 bn)		\$7.8 bn
Resources Available		Dec 2012 Board	Change in estimates		June 2013 Board
Direct contributions - confirmed		4,952	(93)		4,859
IFFIm proceeds		1,480	(310)		1,170
AMC contributions		1,042	40		1,082
Investment income		130	51		181
<b>Total inflows</b>		<b>7,604</b>	<b>(312)</b>		<b>7,292</b>
Drawdown of cash & investments		85	(5)		80
<b>Assured Resources</b>		<b>7,689</b>	<b>(317)</b>		<b>7,371</b>
Allowance for further direct contributions*		163	47		210
<b>Qualifying Resource Inflows</b>		<b>7,852</b>	<b>(270)</b>		<b>7,582</b>
		\$7.9 bn	(\$0.3 bn)		\$7.6 bn
<b>Surplus / (Additional required)</b>		<b>4</b>	<b>(225)</b>		<b>(221)</b>
		\$0.0 bn	(\$0.2 bn)		(\$0.2 bn)
<b>Surplus after existing programmes</b>		<b>1,667</b>			<b>607</b>
<b>Funding decisions now requested</b>		<b>0</b>			<b>0</b>
<b>Surplus after existing progs. &amp; new requests</b>		<b>1,667</b>			<b>607</b>
<b>Future programmes (net of AMC funding)</b>		<b>(1,663)</b>			<b>(828)</b>
<b>Additional required - for Future Programmes</b>		<b>4</b>			<b>(221)</b>
					(\$0.2 bn)
<b>Cash Reserve maintained - at end of 2015</b>					<b>1,161</b>

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



## Annex 1, Figure 3: Expenditure to meet demand and resources available – details

The table below provides detail of the amounts summarised in Figure 3 on page 6.

Cash flow basis US\$ millions		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-15	2016-20	2011-20
Existing Programmes & Business Plan		893	1,213	1,816	1,676	1,337	1,164	1,184	1,288	1,198	1,084	6,935	5,918	12,853
Future programmes				144	211	513	577	585	565	456	526	868	2,710	3,578
A	Total Expenditure to meet demand	893	1,213	1,960	1,888	1,850	1,742	1,769	1,853	1,654	1,611	7,803	8,628	16,431
												\$7.8 bn	\$8.6 bn	\$16.4 bn
Assured Resources		893	1,613	1,813	1,647	1,405	166	154	500	303	160	7,371	1,284	8,655
Allowance for further contributions *					18	192	1,064	1,088	1,088	1,088	1,088	210	5,417	5,627
B	Qualifying Resources available	893	1,613	1,813	1,665	1,597	1,230	1,243	1,589	1,391	1,248	7,582	6,701	14,282
												\$7.6 bn	\$6.7 bn	\$14.3 bn
For year:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-15	2016-20	2011-20
Surplus/(Deficit) FOR YEAR			401	(10)	(31)	247	65	54	291	188	163	607	761	1,368
Surplus after existing programmes				138	192	499	576	581	555	451	526	828	2,688	3,517
minus: Future programmes**														
B-A	(Additional required) for Future Programmes		401	(147)	(222)	(252)	(512)	(527)	(264)	(263)	(362)	(221)	(1,928)	(2,149)
												(\$0.2 bn)	of A (\$1.9 bn)	of A (\$2.1 bn)
Cumulative:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			
Surplus/(Deficit) CUMULATIVE			401	391	360	607	672	726	1,016	1,204	1,368			
Surplus after Existing Programmes														
(Additional required) for Future Programmes			401	253	31	(221)	(733)	(1,260)	(1,524)	(1,787)	(2,149)			
Key periods for Programme Funding Policy:														

## Annex 1, Figure 4: Allotments from Programme Funding Envelopes - detail

The table below provides detail of the amounts allotted from each envelope through 30 April 2013, as summarised on page 10.

### Envelope for 2013 (approved Dec 2012)

Allotments from the Programme Funding Envelope by Programme as at 30 April 2013

US\$ millions

Programme Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
<b>Adjustments to Existing Programmes</b>											
<b>Vaccines</b>											
Measles					-0.2						-0.2
Measles-Rubella						-5.8					-5.8
Measles SIA						0.3	0.6				0.8
Meningitis A - campaign				-1.3	-6.2	-0.1	-1.8	0.1			-9.3
Penta			-2.3	-23.7	-47.8	0.9	4.3	3.4			-65.2
Pneumo			-1.4	-4.4	-3.1	-161.4	22.3	-0.9	0.3		-148.7
Rotavirus					-2.8	-25.2	7.1	1.8			-19.1
Tetra DTP-HepB			-0.1			-0.7	-0.7	-0.7			-2.2
Yellow Fever			-0.1	-1.3	-1.0	0.6	-0.1				-1.9
<b>Cash</b>											
HSS	-0.8			-2.9	-11.6	13.6	2.6	-0.9			0.0
Vaccine Introduction Grant	0.9	-0.6			-0.7						-0.4
<b>*Sub-Total</b>	<b>0.1</b>	<b>-0.6</b>	<b>-3.9</b>	<b>-33.6</b>	<b>-73.4</b>	<b>-177.8</b>	<b>34.2</b>	<b>2.8</b>	<b>0.3</b>	<b>0.0</b>	<b>-252.0</b>
<b>New Cash Programmes</b>											
HSS						42.2	51.5	45.9	4.8	3.4	147.8
Operational support - MR, YF, Men A						84.1	35.1	24.4			143.6
Operational support - Measles SIA						30.6	6.0				36.6
Vaccine Introduction Grant						7.5	4.4				11.9
CSO Type B						1.5					1.5
<b>*Sub-Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>165.9</b>	<b>97.0</b>	<b>70.3</b>	<b>4.8</b>	<b>3.4</b>	<b>341.4</b>
<b>New Vaccine Campaign (exceptional)</b>											
Measles SIA Ethiopia					2.9	1.6					4.5
<b>*Sub-Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.9</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.5</b>
<b>Total - Dec 2012 Envelope Allotments</b>	<b>0.1</b>	<b>-0.6</b>	<b>-3.9</b>	<b>-33.6</b>	<b>-70.5</b>	<b>-10.3</b>	<b>131.2</b>	<b>73.1</b>	<b>5.1</b>	<b>3.4</b>	<b>93.9</b>

Within the Operational support - Measles SIA amount of US\$ 36.6 million is US\$ 7.6 million allocated to the campaign in Ethiopia.

### Envelope for HPV demonstration projects (approved July 2012)

Allotments from the HPV demonstration projects envelope by country as at 30 April 2013

Programme Year	2013	2014	2015	Total
Ghana	0.3	0.1		0.4
Kenya	0.3	0.2		0.5
Lao PDR	0.4	0.3		0.7
Madagascar	0.3	0.1		0.4
Malawi	0.4	0.2		0.6
Niger	0.6	0.3		0.9
Sierra Leone	0.4	0.2		0.6
Tanzania		0.5	0.3	0.7
<b>Total allotted</b>	<b>2.6</b>	<b>1.9</b>	<b>0.3</b>	<b>4.8</b>