

Subject **Financial Update, including forecast**

Agenda item **05**

Category **For Decision**

Executive Summary

The purpose of this paper is to present the updated Financial Forecast for **Gavi 5.1 (2021-2025)** on a consolidated basis, including all approved ongoing programmes for Gavi Board approval based on the recommendation of the Audit and Finance Committee (AFC). There are no financial implications from the recommendations made to the Programme and Policy Committee (PPC) on the Gavi 5.1 financial forecast. The latest **Gavi 6.0** projections reflecting the outcome and financial implications of the 25 June Global Summit will be presented to the AFC on 17 July and then at the 22-23 July Board retreat. The Gavi 6.0 financial forecast will be formally presented to the Board for approval at the December 2025 Board meeting.

Since the previous financial forecast there has been a significant increase in uncertainty with broader changes in international development increasing country delivery risk for all development actors including the Gavi Alliance with reports of disruption to vaccination activities and monitoring with countries, Alliance partners and expanded partners. As noted to the AFC, the Secretariat is closely monitoring the risks associated with the current operating context and is actively implementing mitigating actions where possible. Nevertheless, this uncertain context is reflected in several changes to the financial forecast including the broader range forecast outlined in the risks and opportunities section with key changes set out below:

- Resources: removal of US\$ 300 million donor funds from 2025, in line with the risk outlined in the prior financial forecast;
- Programmatic expenditure: net reduction of US\$ 164 million to base expenditure plans, reflecting reduced COVID-19 (C19) demand / C19 Delivery Support (CDS) and later phasing of cash-support disbursement timing; and
- Execution risk adjustment: a reduction in country programmatic disbursements of US\$ 214 million to reflect the risk of disbursement delays in 2025 given the impact of the global health funding context (noting that this adjustment is made centrally as the specific impacts on individual country delivery is not yet known).

After reflecting the above assumptions, the **Gavi 5.1** consolidated financial forecast confirms financial flexibility with **US\$ 185 million available for future investment**. As most country plans remain unchanged and the financial results for the half year reflect strong vaccine demand with vaccine disbursements ahead of the forecast, the Secretariat seeks approval to draw down on these remaining funds should the aforementioned global health capacity execution risk not materialise.

COVAX AMC: The consolidated **Gavi 5.1** financial forecast covers all ongoing approved programmes, including those funded from repurposed COVAX AMC funds

(e.g.: C19, CDS, Big Catch Up). Lower demand for C19 vaccines and CDS results in US\$ 149 million returned to the Pandemic Vaccine Pool (PVP). After reflecting this lower demand and other **non-Gavi 5.1** forecast changes, the PVP balance is US\$ 1.9 billion.

Action Requested of the Board

The Gavi Alliance Audit and Finance Committee reviewed the Financial Forecast, confirmed that sufficient funding is available in the current strategic period, and **recommended** to the Gavi Alliance Board that it:

- a) **Note** that the Audit and Finance Committee reviewed the recommendations to be made to the Programme and Policy Committee and concluded that there are no financial implications for the Gavi 5.1 strategic period;
- b) **Approve** the Gavi 5.1 Financial Forecast (2021-2025) of Qualifying Resources of US\$ 13.6 billion and Forecast Expenditure of US\$ 13.4 billion;
- c) **Note** that the financial forecast reflects the risk that reduced partner and country delivery capacity will impact Gavi programmes, at an estimated value of US\$ 214 million in 2025. In the event that the risk of lower vaccine demand does not materialise, the Secretariat is **authorised** to fund these programmes in line with country plans and up to a total Gavi 5.1 Expenditure of US\$ 13.6 billion;
- d) **Note** that a number of risks and opportunities in relation to the Gavi 5.1 financial forecast have been identified which may lead to additional changes in the forecast;
- e) **Note** that in light of the uncertainty of the environment, no additional commitments beyond existing programmatic commitments will be made against the forecasted net available funds of US\$ 185 million;
- f) **Note** the remaining balance on the COVAX Advance Market Commitment Pandemic Vaccine Pool is US\$ 1.9 billion.

Next steps/timeline

On approval, the Secretariat will allot funding against the financial forecast in line with the Gavi Programme Funding Policy. The Gavi 5.1 financial forecast will be updated for the next governance cycle (October 2025 AFC, December 2025 Board).

Previous Board Committee or Board deliberations related to this topic

In 12-13 May 2025 AFC meeting book: Doc 04 - *Financial Forecast for Gavi 5.1 (2021-2025)*

In 4-5 December 2024 Board meeting book: Doc 09 - *Financial update, including forecast and Partners' Engagement Framework and Secretariat Budget 2025*

Report

1. Financial Forecast and Forecast Approach

- 1.1 The financial forecast is prepared on a consolidated basis encompassing all approved ongoing programmes, including those funded by repurposed COVAX AMC funds (C19, CDS, Big Catch Up). Additional programme detail can be found in **Annex A**, including the reconciliation of the prior forecast (v22, approved at the December 2024 Board meeting) from a source-of-funding basis to a consolidated basis.
- 1.2 The financial forecast process within the Secretariat has been revised to reflect the recommendations from an internal audit review of the prior process and feedback from independent strategic consultants. The improvements reflected in this cycle include greater visibility on country demand and the resulting impact on programmatic plans and enhanced internal governance.

2. Gavi 5.1 Financial Forecast Update

Figure 1: Gavi 5.1 Financial Forecast Overview

Overview of resources to meet expenditure (US\$m)	2021-2025		
	New Forecast (v22) Dec 2024 Board	Change upon updating estimates	New Forecast (v22.1) July 2024 Board
Assured Resources (projected)	13,635	(61)	13,574
Allowance for Further Direct Contributions	300	(300)	-
Qualifying Resources	13,935	(361)	13,574
	\$13.9 bn		\$13.6 bn
Total Expenditure	13,774	(386)	13,388
	\$13.8 bn		\$13.4 bn
Available for future investments	160	25	185
	\$0.2 bn		\$0.2 bn

2.1 Qualifying Resources: US\$ 361 million lower

- 2.1.1 **Qualifying Resources** have decreased from the prior forecast by US\$ 361 million driven by (i) the **Allowance for Future Direct Contributions** of US\$ 300 million is removed based on the risk outlined in the prior forecast (ii) **Repurposed funds** are US\$ 149 million lower, reflecting the reduction in C19 and CDS forecast in line with country demand (and these funds being returned to the PVP) (iii) **Investment income** is US\$ 55 million higher than the prior forecast driven by actual returns from the long-term investment plan (LTIP) (US\$ 21 million) and higher interest rates and higher cash balances on the short-term portfolio (US\$ 34 million), and (iv) **IFFIm proceeds** have increased by US\$ 44 million, driven by the pass-through funding from the Coalition for Epidemic Preparedness Innovations (CEPI), which is reflected as a corresponding increase in expenditure.

2.2 Forecast Expenditure: US\$ 386 million lower

- 2.2.1 **Expenditure overall** has decreased from the prior forecast by US\$ 386 million. Underlying core country programme demand remains in line with the prior forecast and the decrease is driven by a further lowering of C19 routine immunisation demand/CDS (risk outlined in the prior forecast) and a central country-execution adjustment. Key drivers are set out below, please refer to **Annex A** for additional detail.
- 2.2.2 **Vaccine procurement** is **US\$ 395 million lower** driven by (i) **core vaccine** procurement costs are **US\$ 313 million lower** reflecting **US\$ 114 million increase** in Measles & Measles-Rubella costs driven by Nigeria, Pakistan and the Democratic Republic of the Congo campaigns now forecast to be procured in 2025 offset by lower costs for Malaria following scale-up delays and switches to lower priced product. There is a **US\$ 321 million decrease** in portfolio adjustments as the prior forecast included US\$ 162 million funding for launches which has now been allocated to specific country plans (principally in Campaign Operational Costs (Op Costs) and Vaccine Introduction Grants (VIGS) as set out below) with a US\$ 159 million central adjustment now included to reflect the risk of disbursement delays in 2025 given the impact of the global health funding context (ii) **US\$ 33 million increase for market shaping transactions** subject to Market-Sensitive Decisions Committee (MSDC) approval, and (iii) **US\$ 115 million lower C19 expenditure** from decreased demand
- 2.2.3 **Cash disbursements** are **US\$ 17 million higher** driven by (i) **core cash disbursements** are **US\$ 7 million higher** reflecting **US\$ 116 million higher Op Costs/VIGS** driven by campaign timing moving disbursements earlier into 2025, and including a central execution risk adjustment of US\$ 55 million offset by **US\$ 54 million lower Health Systems and Immunisation Strengthening (HSIS)** expenditure based on expectations of slower programme implementation due to global health capacity challenges and the impact of the cash-in-country balance target of 6 months for the end of 2025 and **US\$ 29 million lower PEF** costs, driven by lower than forecast disbursements in Strategic Focus Areas (SFA) and Studies & Evaluations, (ii) **CDS expenditure is US\$ 34 million lower** driven by lower demand, and (iii) **US\$ 44 million increased cost** which is a pass-through of matching CEPI costs/resources, covered above in resources.
- 2.2.4 **Opex Secretariat Operating Expenditure** is **US\$ 8 million lower** reflecting AFC approval in February 2025 that US\$ 6 million of the US\$ 14 million underspend in 2024 can be carried forward to 2025 as it relates to project phasing. The forecast excludes any financial impact from the Secretariat review.

3. COVAX AMC Financial Forecast

- 3.1 The consolidated forecast presented above includes all ongoing approved programmes, regardless of funding source. Reductions in forecast expenditure for the C19 programme and CDS serve to increase the Pandemic Vaccine Pool (PVP) by US\$ 149 million, increasing the funds available for Board approved programmes subject to donor repurposing.
- 3.2 The legacy COVAX programme continues to recover credits and refunds from manufacturers and partners and these changes, along with others, also lead to revisions to the PVP, which now stands at US\$ 1.9 billion. For more details and supporting COVAX AMC financial schedule, please refer to Annex A.

4. Risks and Opportunities

- 4.1 Gavi is operating in a highly uncertain context with the world facing a series of global challenges. The Secretariat has taken the current uncertainties into account in updating the financial forecast, and will continue to monitor, react to, and mitigate risks, in particular programmatic needs and macro-economic factors.
- 4.2 While the Secretariat has assessed that the financial forecasts presented represent the most likely point forecast, there are a range of outcomes in some key areas. The risks identified are principally controllable and relate to choices and trade-offs available. Key specific risks and opportunities are set out below for the **consolidated Gavi 5.1 financial forecast**:
 - a) an opportunity of up to US\$ 100 million in resources from Innovative Financing tools advancing liquidity into 2025 from Gavi 6.0 pledges. Conversely there is a risk of up to US\$ 50 million relating to delayed Gavi 5.1 contributions received in 2026;
 - b) an opportunity of up to US\$ 100 million in resources from adjusting the Programme Funding Policy cash-holding provision from 9 months forward expenditure cover while ensuring compliance with the 8 months minimum holding required by the Policy;
 - c) a risk to investment income of up to US\$ 110 million as a result of the current instability in financial markets noting that, at the time of this report to the Board, the Secretariat does not expect more significant downside risk to future investment income given the prudent approach to forecasting LTIP returns. Conversely, there is a possible opportunity of up to US\$ 50 million of additional income if LTIP returns are in line with the asset class return targets agreed with the Investment Committee;
 - d) an opportunity of up to US\$ 185 million to utilise the Available for Future Investments balance. In the event that execution risk related to global health funding does not materialise to the extent forecasted, the Secretariat seeks approval (as reflected in the decision language) to use this amount to fund 2025 programmes in line with country plans;

- e) a risk of up to US\$ 159 million of increased vaccine expenditure (and US\$ 55 million associated Op costs and VIGs) if country demand for routine immunisations, campaigns or outbreak support is delivered to plan (and not impacted by either specific or general country execution risk). Conversely there is an opportunity of up to US\$ 100 million of lower vaccine expenditure (and US\$ 20 million associated Ops & VIGs) if country execution is lower than expected / more significantly disrupted;
 - f) a risk that country implementation of Health Systems Strengthening (HSS), Equity Accelerator Fund (EAF) and Middle-Income Countries (MICs) grants, which were delayed due to the pandemic, could accelerate faster than currently forecast. This could result in higher disbursements in 2025 than currently projected of up to US\$ 78 million; conversely cash absorption capacity could lead to up to US\$ 63 million later disbursements than forecast.
- 4.3 The Gavi Alliance has received a termination notice from the US Government in relation to the contributions received for COVAX AMC. These funds have all been committed for related Gavi Board approved programmes and long-term financial instruments. As with all donors, Gavi continually monitors compliance with the use of funds received with the associated donor agreements and instructions.
- 4.4 The Secretariat has assessed that the Gavi 5.1 financial forecast presented is robust with sufficient financial flexibility and the risk and opportunities set out above are not sufficiently certain to reflect in the financial forecast.

Annexes and Appendices

Annex A: Financial Forecast additional information