Annex A: Implications/Anticipated impact

1. Impact on countries

1.1 Approval of the Financial Forecast will enable funding to be allotted to programmes throughout 2020, in accordance with the Programme Funding Policy.

2. Risk implication and mitigation, including information on the risks of inaction

2.1 Determination of Gavi's financial capacity to approve the recommended decisions relies on the current Financial Forecast. Risks that may impact the reliability of financial forecast are described below, as well as the mitigation strategies in place to address these risks.

2.2 One of those risks arises from exposure to foreign currency exchange rate fluctuations. In the forecast, non-USD pledges are valued at their USD equivalents using the current Bloomberg forecast exchange rates when compiling the forecast (consistent with the approach agreed with donors at the Berlin Replenishment Meeting) or, where hedged, at the hedge rate. Pledges are hedged progressively, and pledges representing 6% of 2016- 2020 Assured Resources are not yet hedged, pending clarification of timing.

2.3 Gavi's eight-month Cash and Investments Reserve provides a cushion for adverse fluctuations in resources and expenditures. Gavi can also decline or defer funding requests based on resource availability.

3. Risks associated with the financial forecast and mitigations

Factors that may impact the expenditure forecast include:

3.1 Demand volumes can vary significantly based on small changes in country introduction assumptions. While the introduction assumptions made in the current forecasts leverage the information readily available, there remains an inherent high degree of uncertainty on these assumptions. In addition, the assumptions on introduction timing are often dependent on projections of when a country will no longer be eligible for new Gavi support. This forecast represents the application of the current Board approved Eligibility and Transition Policy. Changes or exceptions to this policy could vary demand significantly.

3.2 Price forecasts reflect expected market dynamics specific to each vaccine. The point forecast represents a moderate most likely scenario estimate among a range of possible estimates and reflects information available at the time of preparation.

3.3 The forecast includes assumptions for supply availability for Rotavirus, HPV, IPV, Yellow Fever and Typhoid as currently anticipated.

3.4 Expenditure reductions may also be achieved through future vaccine price reductions beyond what has already been incorporated into the price forecast and more efficient stock management at country level that cannot yet be counted in the forecast.

3.5 The introduction of new vaccines would increase expenditure, as would any changes to the recommended age catchments for vaccine campaigns.

Factors that may impact the forecast of resources available include:

3.6 Since Gavi's inception, approximately 99% of all donor pledges have been honoured by donors. Any non-payment of amounts pledged or failure to extend pledges would adversely impact the forecast of resources.

Risk mitigation

3.7 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 at least, provides a cushion for adverse fluctuations in resources and expenditures.

b) In each year, a cumulative surplus is forecast after meeting the needs of Existing Programmes, which is available towards funding Expected Future Requests for programme funding. When, in the future, such requests are considered for funding, approval can be declined or deferred in the light of resource availability as foreseen at that time.