

FINANCIAL UPDATE, INCLUDING FINANCIAL FORECAST

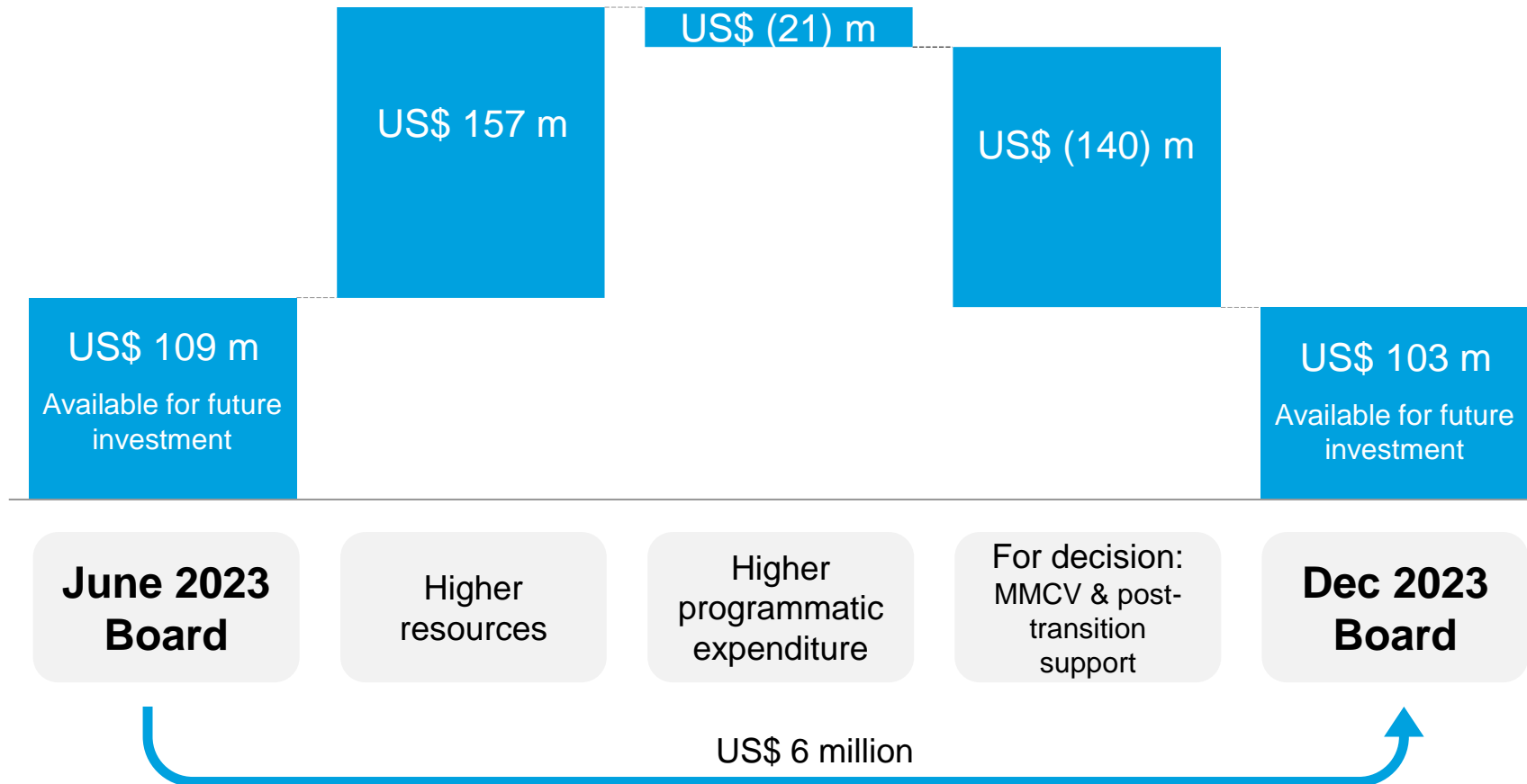
BOARD MEETING

Assietou Diouf

6-7 December 2023, Accra, Ghana

Gavi Core (2021-2025)

US\$ 103 million remains available for future investments



Assumptions driving financial update

- Resources US\$ +157 m
 - Driven by investment income and foreign exchange movements
- Expenditure US\$ (21) m
 - Advancement of programmatic demand
 - offset by increased working capital efficiencies

For decision: US\$ 140 m

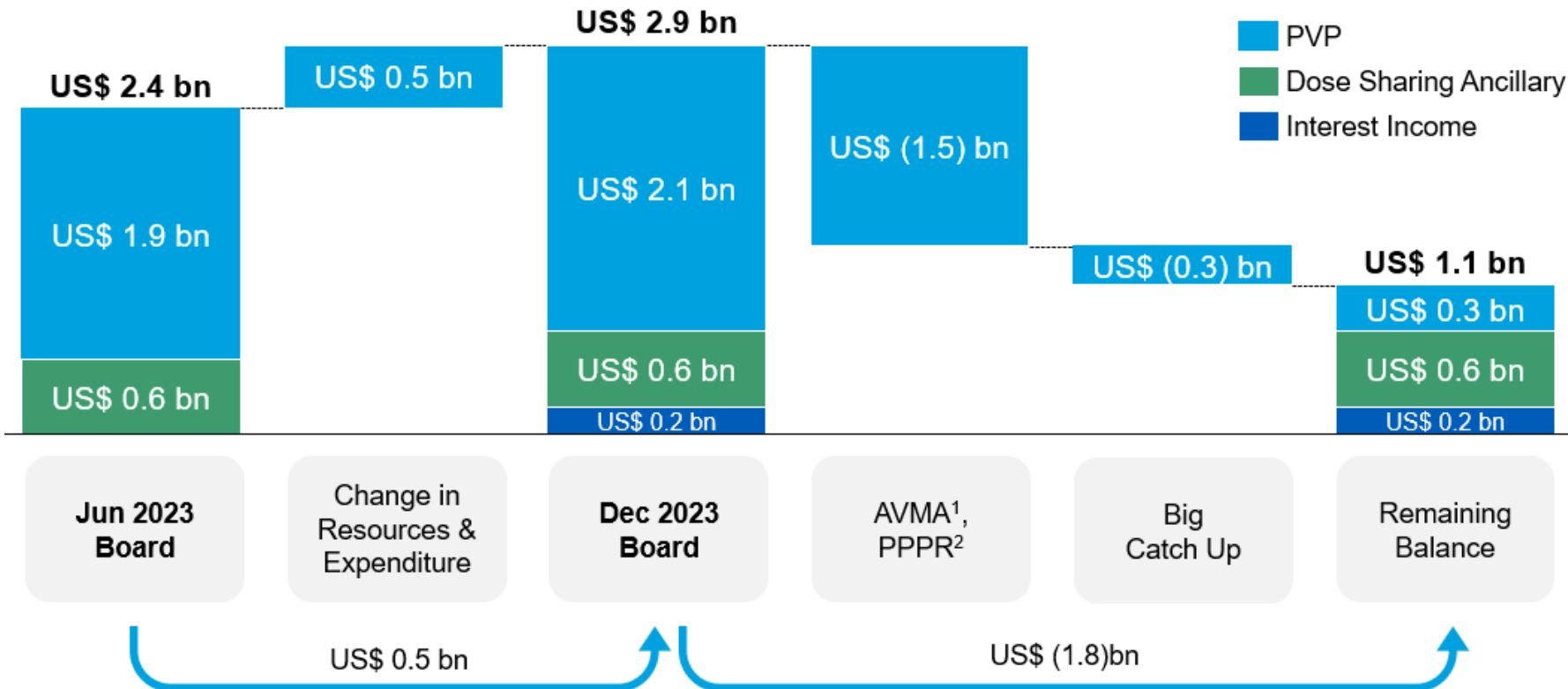
- MMCV investment proposal (US\$ 136 m)
- Post-transition support, Timor-Leste (US\$ 4 m)

Sufficient resources available

- Forecasts confirm sufficient resources to support Board decisions submitted
- Limited additional flexibility remains

COVAX (2020-2025)

US\$ 2.1 billion remains available in the Pandemic Vaccine Pool (PVP)



Assumptions driving financial update

- Lower 2023 country demand US\$ 0.4 bn
- Small net increase in resources US\$ 46 m
 - investment income
 - new SFP pledges offset by reduction to reflect only pledges received

Funds available for investment (PVP)

- PVP US\$ 2.1 bn
- Ancillary Costs US\$ 0.6 bn
- Interest Income US\$ 0.2 bn

Investment proposals (subject to donor approval)

- AVMA (US\$ 1.0 bn)
- PPPR (US\$ 0.5 bn)
- Big Catch Up (US\$ 0.3 bn)

¹African Vaccine Manufacturing Accelerator; ²Pandemic Prevention, Preparedness, and Response

Gavi 6.0 (2026-2030):

Projection Only ⇒ *Gavi 6.0 strategy under development*

Overview of Resources to meet expenditure - Gavi 6.0 (in US\$m)

Qualifying Resources

Forecast Expenditure (continuation and extension of Approved & Endorsed Programmes)

Potential Available for Further Investments

Additional expenditure, not included in Forecast Expenditure (projection only)

| 2026-2030 | | |
|---------------------------------------|--------------------------------|-------------------------------------|
| Prior Forecast (v20.1) Jun 2023 Board | Change upon updating estimates | New Forecast (v21.0) Dec 2023 Board |
| 8,758 | (45) | 8,713 |
| 6,285 | 872 | 7,157 |
| 2,473 | (917) | 1,556 |
| 4,618 - 5,239 | | 4,860 - 5,660 |

Illustrative projection shows a high level of commitments based on current approvals, which highlights the importance of strategic trade-offs and prioritisation in the Gavi 6.0 design

Gavi 6.0 costing ongoing as part of the Gavi 6.0 design, initial view to be discussed at 5 December 2023 Board Retreat

Qualifying resources

- Reflects Programme Funding Policy
- Assured Resources include cash carried forward from Gavi 5.1 and IFFIm funding based on existing pledges – no assumption on IFFIm future replenishment
- Allowance for Future Contributions not yet pledged based on existing contribution levels from existing donors

Forecast expenditure

- Vaccine expenditure based on continuation of HLRP/IRC approved country programmes. Malaria and other new country-approvals drive increase over prior forecast.
- HSS, PEF and Operating Expenditure held flat to Gavi 5.1 levels (ex HSS rephasing)
- EAF rephasing into Gavi 6.0 as approved at the June 2023 Board.

Expenditure not included

- Vaccine programmes not yet approved for a specific country (Balance of Demand)
- Potential new programmes
- Policy changes not yet approved by the Board

Potential future forecast change drivers

GAVI Core (2021-2025)

Opportunities

US\$ million

- **Foreign exchange** fluctuation / market returns 0 - 20+
- **Vaccines** – slower launches incl. w/capital efficiencies 0 - 200
- **Cash programmes** – cash absorption capacity leads to later disbursements than forecast 0 - 200
- **Operational Excellence** accelerated efficiency gains 0 - 10+

Opportunities of up to US\$ 0.4 billion

Risks / Choices

US\$ million

- **Foreign exchange** fluctuation / market returns 0 - 20+
- **Vaccine expenditure:**
 - earlier launches / higher demand 0 - 350
 - Big Catch Up¹ 0 - 290
 - Malaria increased demand / supply 0 - 125
 - Malaria / Cholera / other¹ 0 - 240
- **Cash programmes** – faster ramp up of EAF & MICs 0 - 200

Risks (choices) of up to US\$ 1.2 billion

COVAX AMC (2020-2025)

Opportunities

US\$ million

- Additional **interest income** from higher rates and subject to phasing of new expenditure plans 0 - 429
- **Outstanding Pledges** drive higher resources 0 - 308
- **Vaccines** – lower demand in 2023 0 - 50
- Outcome of remaining COVAX **manufacturer APAs** 0 - 650

Opportunities of up to US\$ 1.4 billion

Risks / Choices

US\$ million

- **Vaccine expenditure** – In addition to the proposed African Manufacturing / PPPR investments, Gavi remains ready to respond to a resurgence in COVID-19, via the pandemic vaccine pool and dose sharing ancillary pool
- Remaining COVAX manufacturer APA (Advanced Purchase Agreement) legal claim

Funds available to respond: US\$ 1.1 billion³

Recommendation

The Gavi Alliance Audit and Finance Committee **recommends** to the Gavi Alliance Board that it:

- a) **Note** that the Audit and Finance Committee reviewed the financial implications of the recommendations to be made to the Programme and Policy Committee and concluded that the recommendations relating to the current strategic period could be approved by the Gavi Alliance Board in accordance with the Programme Funding Policy, and subject to AMC Donors approval for repurposing of PVP funds, however the recommendations relating to the next strategic period (Gavi 6.0) are contingent on additional funding being made available.
- b) **Approve** the updated Financial Forecast for the Gavi 5.1 (2021-2025) Strategic Period of Qualifying Resources of US\$ 10.4 billion and Forecast Expenditure of US\$ 10.3 billion.
- c) **Approve** the updated Financial Forecast for the COVAX AMC (2020-2023) and the COVID-19 programme (2024-2025) of Qualifying Resources of US\$ 12.5 billion and Forecast Expenditure of US\$ 12.5 billion (made up of US\$ 9.6 billion base expenditure, US\$ 2.1 billion pandemic vaccine pool, US\$ 0.6 billion dose sharing ancillary, and US\$ 0.2 billion interest income, after funding the COVID-19 programme).
- d) **Approve** the illustrative Financial Forecast for the Gavi 6.0 (2026–2030) Strategic Period of Qualifying Resources of US\$ 8.7 billion and Forecast Expenditure of US\$ 7.2 billion noting that only **existing Approved and Endorsed programmes have been forecast** and the projections have been prepared to enable the Secretariat to allot funding to these programmes in accordance with the Programme Funding Policy and **does not prejudice future donor contributions or future investment decisions**.
- e) **Note** that given the increasing trend of expenditures, coupled with the fact that we are nearing the end of the cycle with resources close to full utilisation, the Gavi Alliance Board is advised that there is now limited financial flexibility and any significant additional commitments would need to come with new funding or programme expenditure reprioritised, and/or be considered in the Gavi 6.0 strategy design process. As the Board engages in the Gavi 6.0 strategy design process, it is also advised that while the Gavi 6.0 forecast is an illustrative forecast, it shows a high level of commitments based on current approvals, which illustrates the importance of strategic trade-offs and prioritisation in the Gavi 6.0 design.

Thank you

Annex

Key programmatic drivers of updated financial forecast

| Programmatic drivers | Gavi 5.1 impact (Core & COVAX) (2021-2025) | Gavi 6.0 impact (2026-2030) | Key observations |
|--|--|--------------------------------|--|
| Programmatic decisions pending PPC / Board decision: reflected in Gavi 5.1 financial forecast | | | |
| Multivalent Meningococcal Conjugate Vaccine (MMCV) | US\$ 136 m | US\$ 326 – 577 m | Gavi 5.1: amount for decision is US\$ 136 million across vaccines, cash and PEF support. Net impact on Gavi 5.1 financial forecast is US\$ 34 million Gavi 6.0 approval contingent on funding being made available |
| Extension for Timor-Leste | US\$ 4 m | - | PEF post-transition support is no longer included in the annual budget (from 2021) and therefore any decision to extend the grant would need to be reflected in the forecast |
| Programmatic decisions pending PPC / Board decision: to be funded out of COVAX PVP funds subject to alignment with COVAX AMC Investor Group | | | |
| African Vaccine Manufacturing Accelerator (AVMA) | US\$ 1,000 m across Gavi 5.1 and Gavi 6.0 | | To be funded out of COVAX PVP funds; subject to alignment with COVAX AMC Investor Group and pending PPC / Board decision |
| Pandemic Prevention, Preparedness and Response (PPPR) | US\$ 522 m primarily in Gavi 5.1; limited impact on 6.0 | | To be funded out of COVAX PVP funds; subject to alignment with COVAX AMC Investor Group and pending PPC / Board decision |
| Key programmatic drivers of changes to Gavi 5.1 financial forecast (no PPC/Board decision required) | | | |
| Acceleration of key launch / campaign timings to support Gavi 5.1 must wins (Core) | US\$ 131 m* | US\$ (131) m | Acceleration of India HPV introduction (US\$ 52 million) and Nigeria MR campaign (US\$ 79 million) (Core) No change to Board approved India envelope (2021-2026) Offset in Gavi 5.1 forecast by UNICEF Working Capital improvement |
| PEF Expenditure to support VIS18 / Hexavalent (Core) | US\$ 32 m* | - | In line with June 2023 Board decision, PEF forecast aligned with partners to include additional TCA and FS to support VIS18 and Hexavalent programmes |
| COVID-19 Vaccine Demand (COVAX) | US\$ (440) m | - | 2023 demand for COVID-19 vaccines lower at 110 m doses driven by revised SAGE guidance and response to WHO PHEIC update |

Glossary of key terms

-- Annex --

| Key Terms | Definition |
|--------------------------|--|
| C-19 | Covid-19 |
| Campaign Op Costs | Funding to support vaccination campaigns. Also called Operational Costs/Op Costs |
| Campaigns | Vaccination programmes(eg catch up of missed children) reaching beyond routine immunisation programmes |
| CCEOP | Cold chain equipment optimisation platform. Initiative to improve temperature control in the vaccine cold chain |
| CDS | Covid-19 Delivery Support to fund C-19 immunisation programmes |
| CDS Core | Initial Covid Delivery Support funding (\$150m) provided through Gavi 5.0 resources |
| Co-Financing | Implement countries share of costs of vaccines supplied through Gavi |
| CTN | Contract Transfer Notice. Vaccine disbursement request from UNICEF to Gavi to transfer funds to escrow accounts for vaccine procurement. |
| DTP3 | Diphtheria - tetanus -pertussis 3rd dose used by Alliance to measure the strength of national immunisation programmes. |
| EAF | Equity Accelerator Fund. Programme to improve equity by reaching zero-dose and underimmunised children. |
| FMRA | Fiduciary Management and Risk Assurance. Systematic approach to financial management of cash grants, in particular cash grants direct to country. |
| FS | Foundational Support (PEF). Long term funding to core partners (WHO, UNICEF, IBRD) for global and regional activities to support key programmatic areas. |
| FTE | Full Time Equivalent of workforce. For example, staff working 4 days are 0.8 FTE |
| Gavi Core | Term used to refer to Gavi 5.0 strategic activities excluding COVAX |
| HPV | Human Papillomavirus Vaccine |
| HSIS | Health System and Immunisation Strengthening |
| HSS | Health System Strengthening |
| IFFIm | International Finance Facility for Immunisation. Independent body established to secure funding for Gavi's immunisation programmes. |
| IPV | Inactivated Polio Vaccine |
| MICs | Middle Income Countries. Programme to prevent and mitigate backsliding and strengthen immunisation programmes in Middle Income Countries |
| MR | Measles Rubella vaccine |
| Overhead ratio | Percentage of Gavi expense spent on operating costs incurred on fundraising, management and general expenses excluding indirect programme expenses |
| PEF | Partners Engagement Framework - Mechanism through which Gavi funds assistance through core and extended partners |
| Penta | Pentavalent vaccine (protecting against diphtheria, tetanus, pertussis (whooping cough), hepatitis B and Haemophilus influenzae type b) |
| PII | Partnerships in Innovation with private sector to leverage latest innovations to tackle key coverage and equity bottlenecks |
| Pneumo | Pneumococcal conjugate vaccine. Also known as PCV. |
| PVP | Pandemic Vaccine Pool. Pooled vaccine inventory to ensure faster outbreak response. |
| Rota | Rotavirus vaccine |
| SFA | Strategic Focus Areas (PEF). Time-limited investments to support transformation beyond business as usual activities to address persisting inequalities. |
| TCA | Targeted Country Assistance (PEF). Non-Financial technical support provided by specialists to countries. |
| v20 Forecast | Gavi Financial Forecast approved by the Board in December 2022 |
| VIGs | Vaccine Introduction Grants. Funding to facilitate implementation of critical activities ahead of new vaccine introductions. |
| VIS | Vaccine Implementation Strategy. Gavi's prioritisation approach for new immunisation investments to inform next strategic cycle. |