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Subject            **Road to Replenishment**

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Agenda item    **09**

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Category        **For Information**

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## **Section A: Summary**

### **Context**

Following the guidance of the Board in June 2023 on the Road to Replenishment, Gavi is now entering the active phase of its replenishment to raise resources for the next strategic period (Gavi 6.0) and ensure a smooth transition between the two periods. Against the backdrop of an important accountability moment at the Global Vaccine Impact Summit in Madrid in June 2023, the Mid-Term Review report found that the Alliance is on track to meet the majority of the key Gavi 5.0/5.1 commitments made in the 2020 Investment Opportunity and set the road to the next replenishment.<sup>1</sup> Reflecting on significant needs arising in the post pandemic era and Gavi's current stretched financial position, the preparation of the Investment Opportunity (IO) is starting with a planned launch event for the IO in mid-2024 and a pledging conference likely to be Q4 2024 so that the Gavi 6.0 strategy can be resourced and implemented in time for the end of this cycle.

### **Questions this paper addresses**

- How will timing of the replenishment support country needs and programmatic priorities?
- What will be the collaborative engagement strategy for the Gavi 6.0 replenishment reflecting the multiple financing moments of international organisations and the elections cycle?

### **Conclusions**

The Road to Replenishment for Gavi 6.0 is a critical pathway to ensure not only the long-term resources to achieve the new strategy's goals, but to deliver funding commitments in time for countries and partners to implement their strategies effectively. Gavi is strengthening collaboration with global and regional health initiatives and international financial institutions to leverage complementary and achieve greater health impact, particularly with the Global Fund to develop a joint approach to malaria control and shared narrative. The Investment Opportunity will mobilise the global community around the last chance to achieve Sustainable Development Goal (SDG) 3 before 2030, leveraging the Gavi model to support global health security in an unpredictable world.

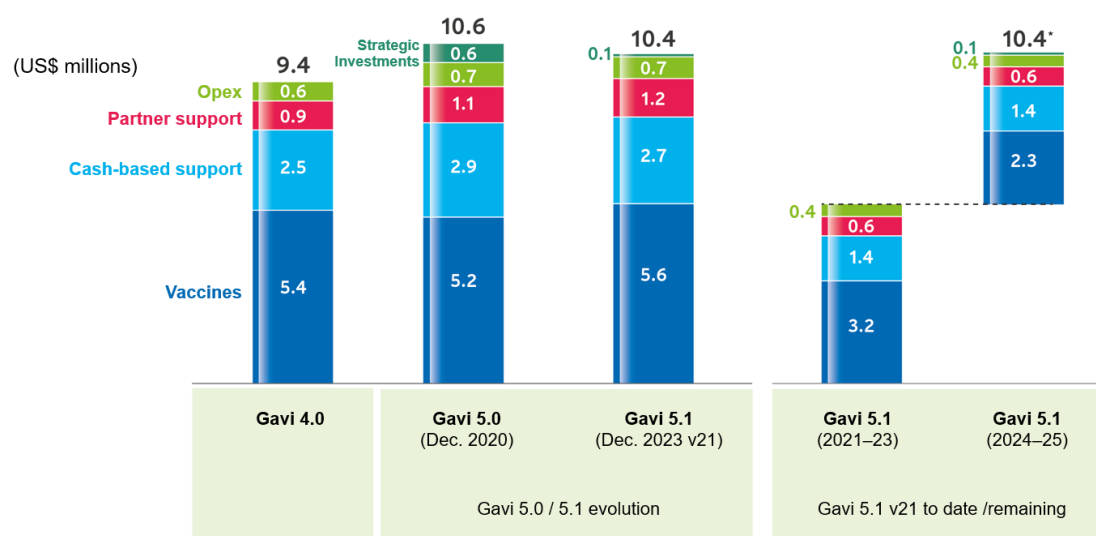
<sup>1</sup> Subsequent WEUNIC results confirmed this finding.

## Section B: Facts and Data

### 1. From Gavi's current fundraising and financial situation

- 1.1 As Gavi embarks on its replenishment, ensuring a smooth transition from the current funding period to the next one is critical. This section highlights the resource mobilisation efforts to date to close the Gavi 5.1 period. The Alliance's achievements during this period have been made possible by strong and sustained donor support, a growing donor base, and a diverse set of funding mechanisms. Two years before the end of the cycle, 100% of the multi-year agreements related to pledges announced at the Global Vaccine Summit in 2020 have been signed and 98% of annual pledges are being paid per the agreed schedule. Efforts are now focused on ensuring contributions from donors which have not yet pledged through to 2025. To date total commitments on Gavi 5.1 for 2021-2025 amount to US\$ 8.9 billion of pledges, and US\$ 1.7 billion of International Financing Facility for Immunisation (IFFIm) proceeds, with 34 donors to Gavi core. As detailed in the Financial Update paper (Doc 07), these resources are reaching full utilisation with limited financial flexibility as shown with the figure below.

Figure 1: Gavi 5.1 resources are planned to be utilised.



- 1.2 With the COVID-19 pandemic receding, Secretariat efforts have focused on the Board request in June 2023 that the AMC Investors Group consider funding options for use of the COVAX AMC (PVP) funding and the Programme

and Policy Committee (PPC) consider the programmatic perspective.<sup>2</sup> With COVAX AMC donor agreements almost entirely earmarked for emergency use to accelerate the availability of COVID-19 vaccines in the AMC countries, there has been extensive discussion and legal consultations with the COVAX AMC Investors group donors to extend the Pandemic Vaccine Pool purposes to pandemic preparedness and response and dealing with the pandemic's impact.

- 1.3 This has resulted in a proportion of the AMC funds (US\$ 813 million) now allocated to the new COVID-19 programme for 2024 and 2025. Further proposals to address pandemic-related issues will be discussed at this December 2023 Board meeting including targeted investments amounting to US\$ 1.8 billion in the African Vaccine Manufacturing Accelerator (AVMA), the Day Zero Financing Facility (DZF), the Coalition of Vaccine Partners plan for Pandemic Prevention, Preparedness and Response (PPPR), and the Big Catch up for children who missed their immunisations as a result of the pandemic. In a following step, as per the COVAX AMC legal agreements a COVAX AMC evaluation will be conducted, after which donors could decide to terminate COVAX AMC in 2025.

## 2. Towards Gavi 6.0 funding

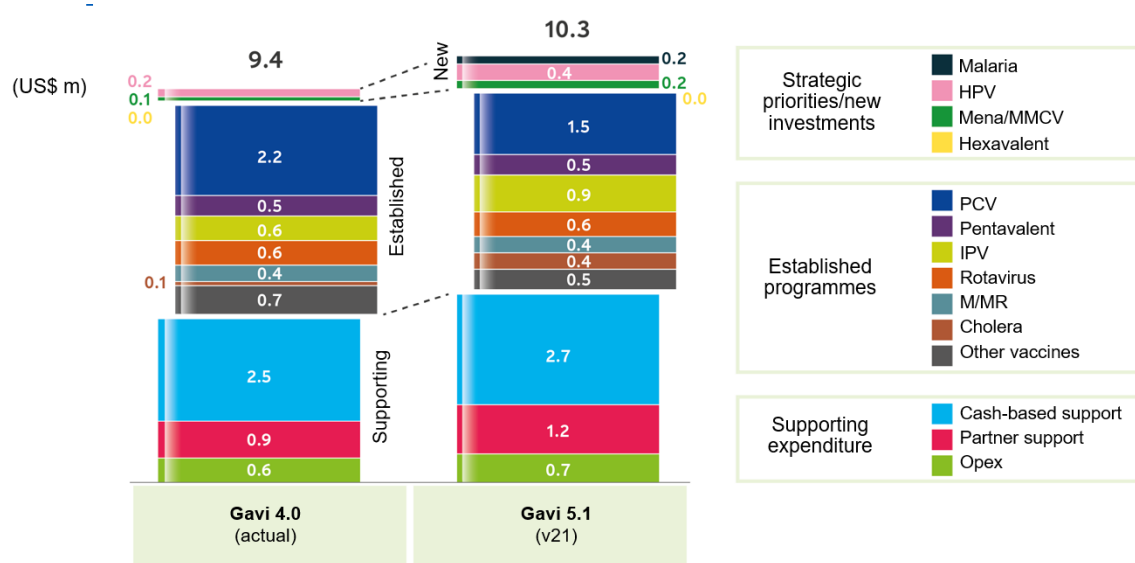
- 2.1 In light of Gavi's current financial constraints with full utilisation of core resources and increased demand apparent for new vaccines like malaria, and coordination of various financing moments, a launch of the Investment Opportunity mid-2024 and a Pledging Conference at the end of 2024 or early 2025 allows the timely receipt of pledges and funding for critical programmes. This approach is consistent with Gavi's past replenishment cycles and preserves the Gavi 5-year predictable funding model, so countries can plan their immunisation programmes and industry can invest to ensure vaccine supply. Funding commitments need to anticipate the end of each cycle as it takes a year to convert pledges into signed agreements and payments, and to finalise operationalisation of the new strategy based upon the level of commitments received – this was a key finding of the recent evaluation of the operationalisation of Gavi's strategy across cycles.<sup>3</sup> As Gavi is two years from the end of the Gavi 5.1 cycle, pledges need to be secured within one year.
- 2.2 The upcoming period provides a unique opportunity to make decisive progress towards SDG3 and reach the immunisation related targets as 2030

<sup>2</sup> The Board requested "that the Gavi Secretariat present to the Programme and Policy (PPC) Committee for programmatic consideration, and to the AMC Investors Group for funding consideration, options for the use of COVAX AMC (PVP) funding, by early Q4 2023, and further decision by the Board by December 2023. Taking account of current grant agreements and possibilities for related reprogramming, these options should include but not be limited to preparing for and responding to coronavirus and future health emergencies (among other things by supporting the catch-up and recovery of, preserving, and enhancing immunisation capabilities), and accelerating diversified vaccine manufacturing capacity. These options should be developed with full consideration of enhanced collaboration with other pandemic recovery and PPPR initiatives."

<sup>3</sup> Evaluation of the operationalisation of Gavi's strategy through policies, programmatic guidance and use of funding levers 14 November 2023 <https://www.gavi.org/our-impact/evaluation-studies/evaluation-operationalisation-gavi-strategy-policies-programmatic-guidance-funding-levers>

approaches. While the Board members will discuss the level of ambition and trade-offs across the different opportunities for impact in Gavi 6.0 at its December 2023 retreat in Ghana as part of the broader Gavi 6.0 design process it is already clear that several key drivers will affect costing scenarios as they have historically. First, the balance between current and new vaccines - in line with Gavi's efforts to expand the breadth of protection and make decisive progress towards SDG3, Gavi 6.0 will see the scale up of existing vaccines including Human Papillomavirus (HPV) so that no woman is vulnerable to cervical cancer. New vaccines are being introduced – hexavalent available as an alternative to pentavalent and Inactivated Poliovirus vaccine (IPV) so that routine protection against polio is extended, along with malaria vaccine to tackle one of the biggest killers of children in Africa, and subject to the Board's decision, multivalent meningococcal conjugate vaccine to replace monovalent Meningococcal A conjugate vaccine. At the same time an increase in outbreaks driven by falls in coverage during the pandemic and climate change is increasing requirements for vaccine stockpiles by 13%. This improved protection is driving an increase in cost as volumes increase and new vaccines are at least initially more expensive.

Figure 2: expenditure by vaccine from Gavi 4.0 to Gavi 5.1

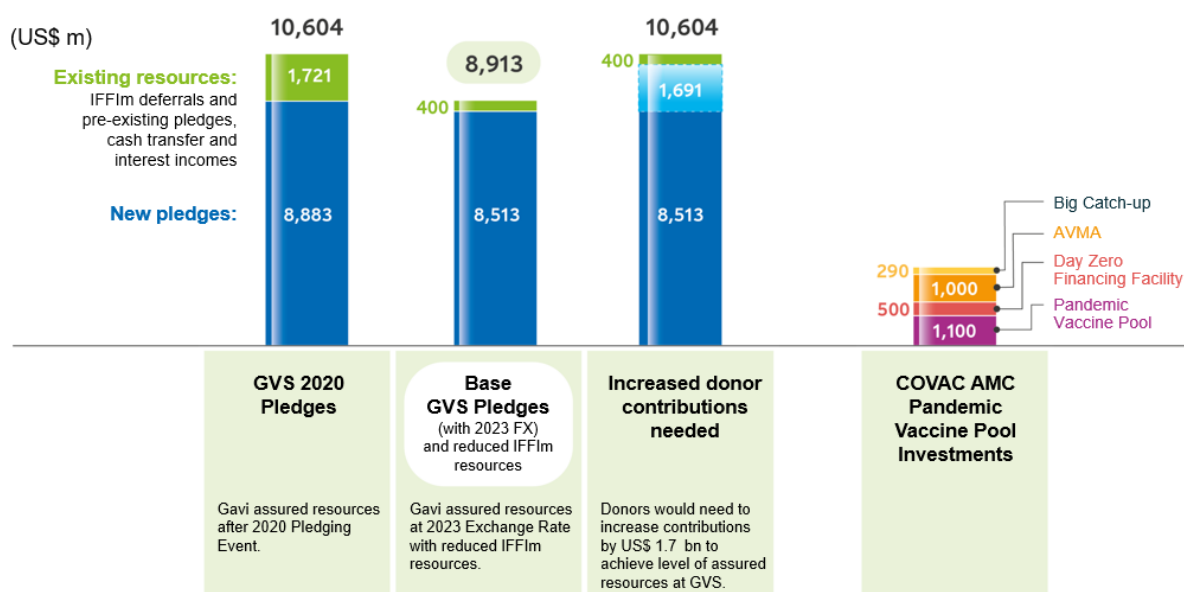


2.3 A second driver affecting costing scenarios is the volume of vaccines required as programmes are scaled up and populations grow: in Gavi 6.0, 5% greater volume will be required to maintain the same level of coverage achieved in Gavi 5.0. A third driver which reduces costs to Gavi is co-financing and the number of transitioning countries. In line with Gavi's sustainable financing model, in 2023 countries will contribute 40% more than the average from 2016-2020, and this trend will continue in Gavi 6.0. Seven countries are forecast to transition from Gavi support in the Gavi 6.0 period, bringing the total of transitioned countries to 29. However, as a result of slower than

forecast growth, six countries fewer are expected to graduate as compared to the forecast at the start of Gavi 5.0.

- 2.4 On the funding scenarios side, in addition to the costing needs that may come from the Gavi 6.0 strategy, two main factors typically affect fundraising scenarios. (1) the foreign exchange rate to US\$ and (2) the level of IFFIm proceeds. As a starting point, Figure 3 illustrates the funds pledged and available at the Global Vaccine Summit in 2020 and these two factors which may affect funding in Gavi 6.0. With more than two thirds of funding in non-US\$ currencies and an expenditure base mainly in US\$, exchange rates matter: the level of pledges received in 2020 would be worth c. US \$ 350 million less today than they were in 2020. Second, US\$ 1.7 billion of IFFIm proceeds were available in 2020, whereas up to US\$ 400 million may be available for 6.0 unless IFFIm is replenished. Together, these factors mean that an increase of 20% would be needed to maintain the level of pledges received in 2020.

Figure 3: Global Vaccine Summit (GVS) pledges vs today and potential PVP investments

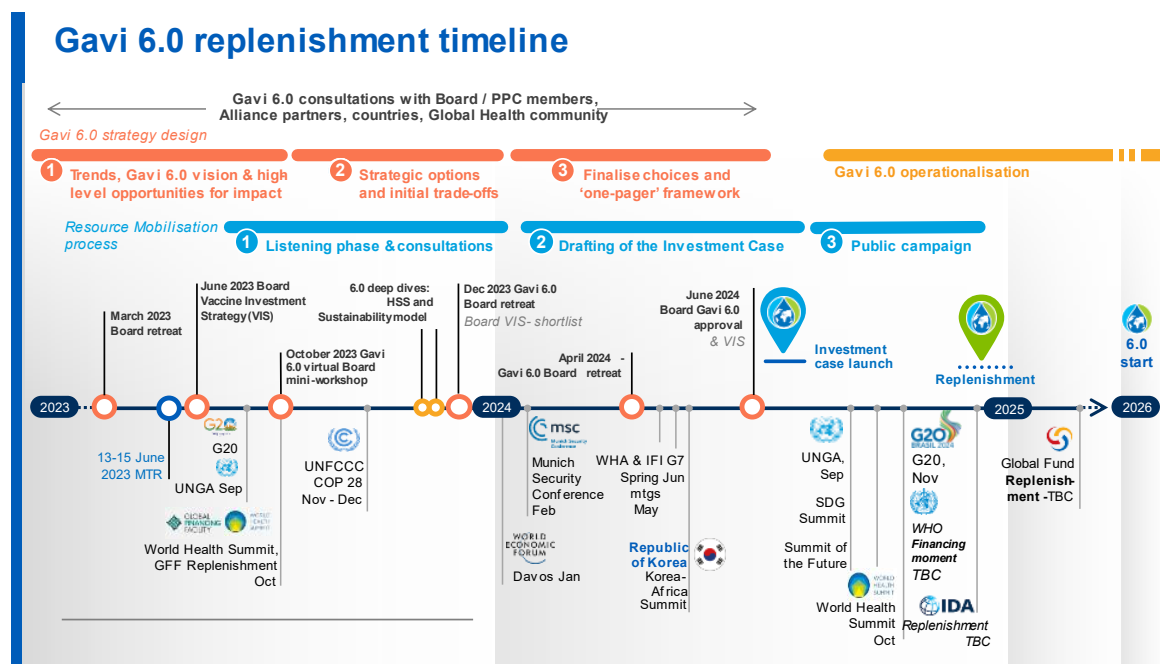


- 2.5 Gavi's replenishment process will build on the strong collaboration developed over the years with existing organisations and the scaling of new partnerships. For example, with the Global Fund there are new opportunities to work together to control malaria and tuberculosis and Gavi's partnership with Africa Centres for Disease Control and Prevention and other regional organisations in Asia and Latin America are also being strengthened.
- 2.6 To maximise the impact of resources pledged to Gavi 6.0, Gavi is actively working with a set of Multilateral Development Banks (MDBs) and International Financial Institutions on a new strategy to grow our existing suite of financial instruments and develop new proposals for joint financing. This work is based on Gavi's longstanding expertise in innovative finance and is in line with the key recommendations of the Group of 20's (G20) work on

boosting MDBs' lending capacity. Deepening these partnerships and blending grant financing pledged to Gavi with broader pools of capital can leverage our impact and build synergies across organisations financing global health priorities. It can ensure that more overall resources are available to Gavi implementing countries to support their immunisation goals.

- 2.7 Gavi's long-term funding strategy will focus on (1) maintaining, at a minimum, the leadership and contributions of a growing group of core top donors; (2) deepening and broadening the group of critical champions; (3) further expanding the base of sovereign and private investors; (4) continuing to grow the domestic resource base for financing vaccines and health systems delivery; and (5) leveraging our innovative financial instruments to build up the base of long-term resources and cater to the budgetary requirements of our growing base of donors, as well as shape new vaccine markets and to secure day zero financing in the event of another pandemic.
- 2.8 The replenishment process and milestones are set out below and reflect the need to remain flexible to adjust to elections in key donor markets, as well as the opportunities to continue to benefit from support from the Group of 7 (G7) and G20 under Italy and Brazil's leadership, and to rally supporters at key global meetings. Leading up to the launch meeting which will take place after the Board considers the final Gavi 6.0 strategy for decision, the Secretariat will develop an investment opportunity to lay out the compelling reasons, including the economic and public health impacts, to (re)invest in Gavi.
- 2.9 The launch meeting will mark the beginning of the "vocal phase", where Gavi will work with partners, civil society, champions, and leaders campaigning for success. The "vocal phase" will end with a Global Vaccine Summit – the replenishment summit where donors and partners can commit to continued support. Pledging will be possible at the launch event, throughout the vocal phase and at the Global Vaccine Summit.

Figure 4: Road to replenishment timeline



## Section C: Actions requested of the Board

This report is for information only.