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This document updates the Board on the updated GAVI financial forecast for 2010-2015. It indicates that in order to fully respond to anticipated country demand through 2015, additional resources of US$ 3.7 billion would be needed, beyond the amount of resources currently assured.

This funding challenge, which stood at US$ 4.3 billion in March 2010, has declined to US$ 3.7 billion mainly because of additional contributions committed since then. Of the US$ 3.7 billion needed through 2015, US$ 1.7 billion is needed through 2013.

GAVI Financial Forecast Update

November 2010

1 Executive Summary

1.1 In order to fully respond to anticipated country demand, GAVI would be called upon to disburse an estimated US$ 7.7 billion between 2010 and 2015, for existing and future programmes. Already-assured resources amount to US$ 4 billion, leaving a funding challenge that currently stands at US$ 3.7 billion through 2015, of which US$ 1.7 billion is needed through 2013.

1.2 Many donors have yet to confirm the amounts of their contributions to GAVI for future years and the US$ 3.7 billion funding challenge will decline as their contribution commitments are confirmed. If direct contributions for 2011-2015 were maintained at the 2007-2009 overall average of US$350 million per year, then a further US$ 1.2 billion would be added to the resources already assured. If all of those resources were directed to existing programmes, continuity of funding for all existing programmes would be ensured through 2015. This would leave a further US$ 2.5 billion to be raised in order to fully respond to expected demand from future programmes through 2015, while still maintaining the cash reserve at US$ 1 billion.

1.3 The financial forecast reflects the latest estimates of country vaccine needs and readiness per the strategic demand forecast; however the financial implications of this create no material change to the overall projected vaccine programme expenditure as estimated in the March 2010 forecast.

1.4 At US$ 3.7 billion, the funding challenge is US$ 0.6 billion less than it was in March. This reduction results mainly from US$ 0.4 billion of additional contributions for 2010-2015 received or confirmed since March 2010.

1.5 The other significant changes to the forecast since March are the inclusion of expected proceeds in 2011-2015 from the latest pledges to IFFIm by Australia, Norway and the United Kingdom (US$ 0.5 billion), and inclusion of the projected expenditure (US$ 0.5 billion) through the joint platform for health systems strengthening, following the June Board decision on HSS resource allocation. This HSS expenditure estimate supersedes the tentative estimate of US$ 0.2 billion per the March forecast and removal of the provision for this

(as recommended by the PPC) contributes US$ 0.2 billion to the reduction of the funding challenge.

1.6 Sustaining GAVI's currently funded programmes and the Alliance's ability to fund new vaccines depends on securing the necessary additional resources. Towards this end, GAVI's donors met in March and October 2010 and have agreed to meet in June 2011 to pledge funds for GAVI; a process is now underway to prepare for that meeting.

2 Summary of projected demand and resource needs 2010-2015

Demand

2.1 Country demand for GAVI support and associated costs are estimated to require cash outflows of US$ 7.7 billion in the period 2010-2015 (as summarised in Figure 1 and detailed in Figure 6). Of this, US$ 6.9 billion is for direct programmatic support through GAVI's vaccine and cash-based programmes, while Business Plan costs for programme implementation by GAVI partners and mission support are estimated at US$ 0.8 billion over the six years.

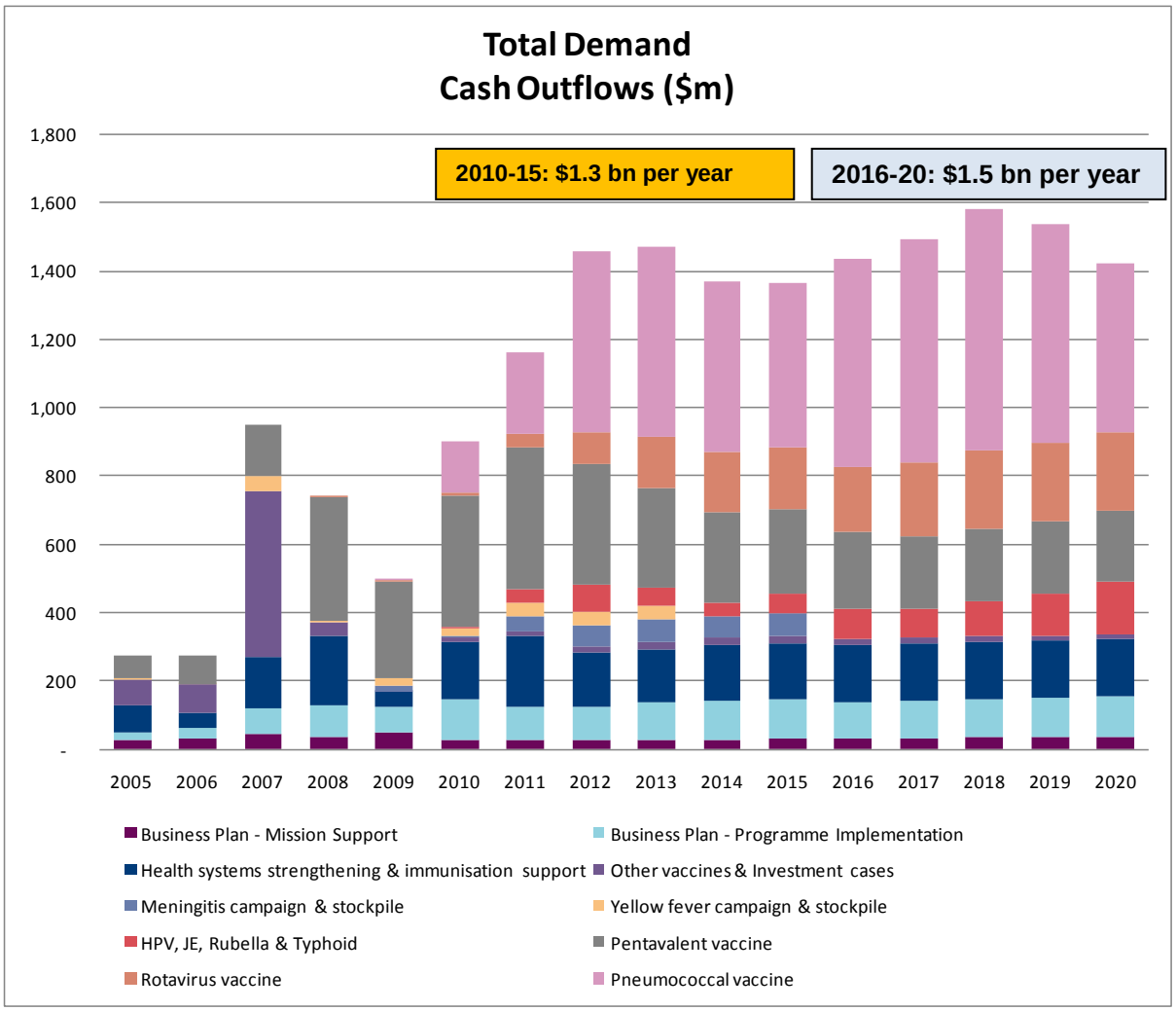
2.2 Of the US$ 6.9 billion for direct programmatic support, US$ 4.1 billion is for existing programmes that have already been approved or endorsed by the Board, including provision for extension of these through 2015. A further US$ 2.8 billion is estimated for demand from new (or expanded) programmes through 2015. Within the overall total of US$ 6.9 billion, 85% is projected for vaccine programmes and 15% for cash-based programmes.

Figure 1

US$ million	**Cash flow basis**				
	Approved / Endorsed	Extensions	Balance of Demand	**Total**	
Summary					
Vaccine Programmes	2,741	968	2,178	5,887	85%
Cash-based Programmes	421	0	596	1,017	15%
Direct programmatic support	**3,162**	**968**	**2,774**	**6,904**	100%
Business Plan	396	423	0	819	
Total	**3,558**	**1,391**	**2,774**	**7,723**	

2.3 The composition and timing of the cash outflows needed to meet total demand in 2010-2010 is illustrated in Figure 2. Tentative estimates are also provided for 2016-20, which include a preliminary provision of US$ 0.2 billion per year for cash-based programmes. On that basis, projected outflows would average US$ 1.3 billion per year in 2010-15 and US$ 1.5 billion per year in 2016-20.

Figure 2: Composition and timing of demand



The US$3.7 billion funding challenge

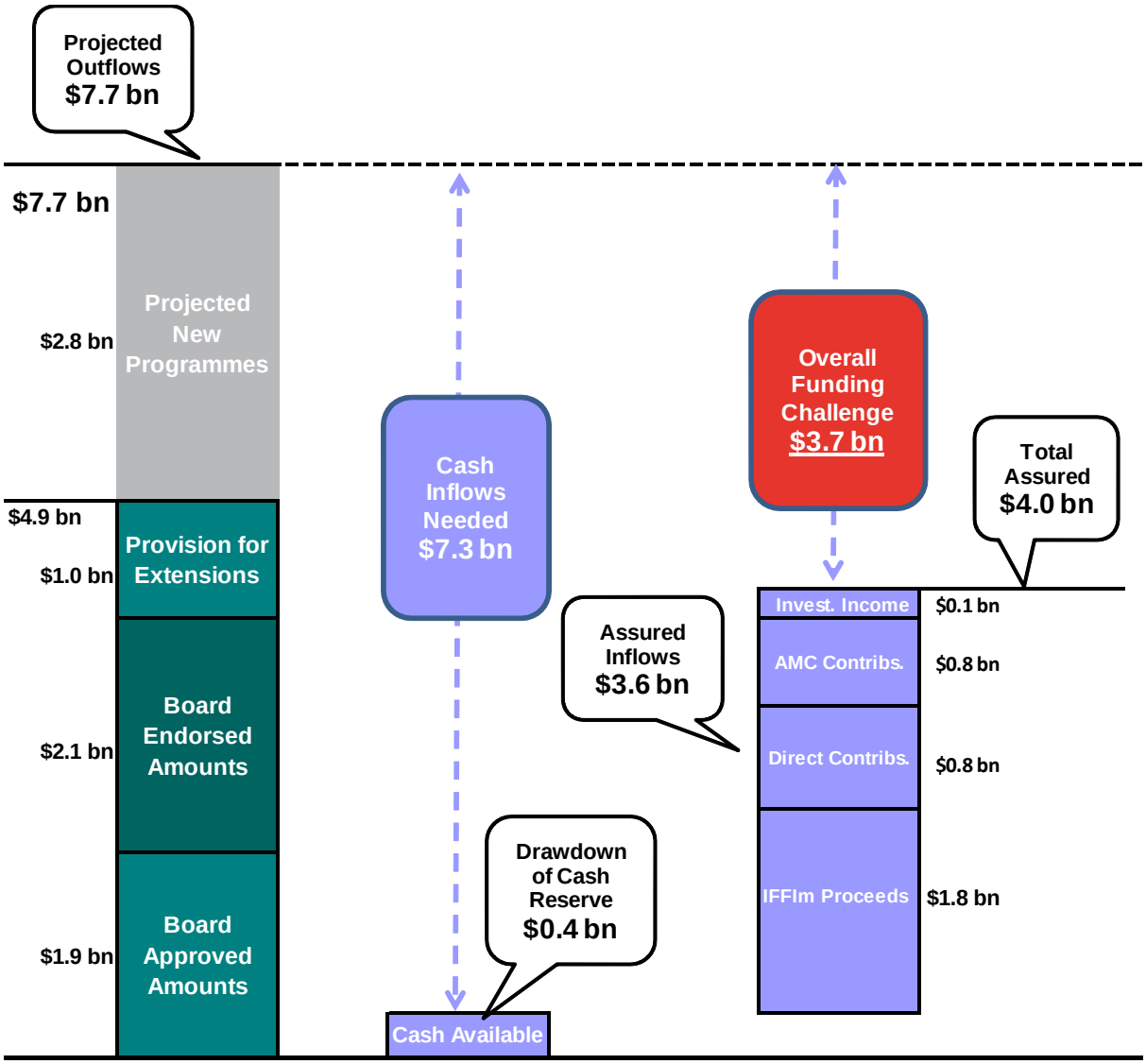
2.4 Cash and investments totalled US$1.4 billion at the start of 2010. On the basis of projected annual expenditure of US$1.4 billion by 2016, this balance can be reduced to US$ 1.0 billion while still maintaining the Board-mandated reserve of eight months' expenditure. With this US$0.4 billion available towards meeting demand of US$ 7.7 billion, cash inflows of US$7.3 billion are needed in 2010-2015.

2.5 Cash inflows of US$ 3.6 billion are currently assured, comprised of direct contributions already committed[1], AMC contributions, IFFIm proceeds from pledges to date and a conservative estimate of investment income (see Figure 4). Thus the overall funding challenge is to raise additional income of

[1]Already committed under signed multi-year grant agreements or pledges made at the New York Donor meeting, 6 October 2010.

US$3.7 billion in 2010-2015 from direct contributions, innovative finance mechanisms and other sources, as illustrated in Figure 3.

Figure 3: Financial overview 2010-2015



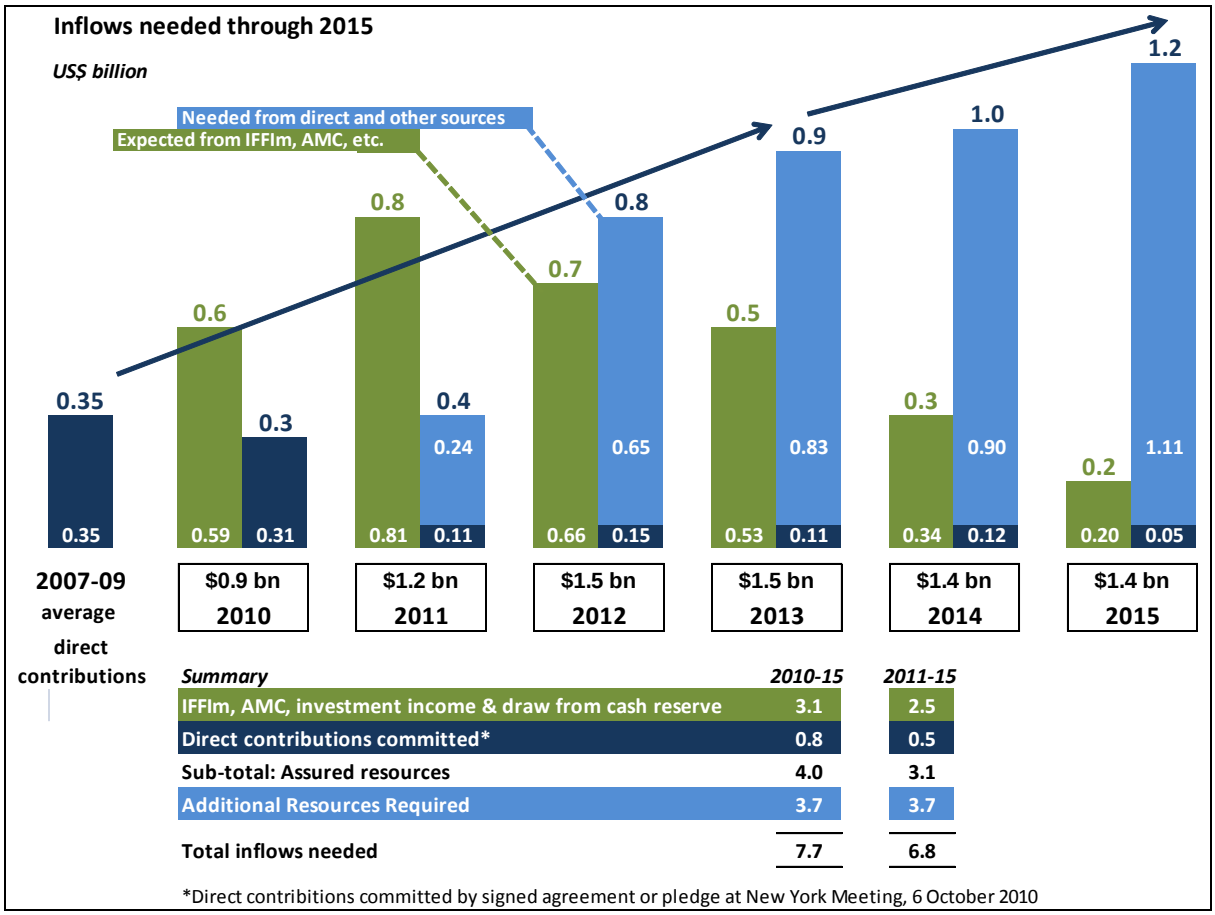
Note: A comparison with the March 2010 projection is provided in Annex 1.

2.6 The increasing additional need is due to a combination of factors: growth in demand, declining proceeds from IFFIm and the inability to further draw from the cash reserve, as illustrated in Figure 4. Expected resources from IFFIm, AMC contributions (based on existing pledges for IFFIm and AMC), investment income and draw-down of the cash reserve reach a peak (of US$ 0.8 billion) in 2011 (the green bars in Figure 4). After 2011, these sources in aggregate decline progressively because of the front-loading nature of IFFIm.

2.7 Accordingly, the burden on direct contributions and other sources increases significantly after 2011 (the blue bars in Figure 4), if demand is to be fully met. 'Other sources' in this context includes the potential expansion/extension of

IFFIm, as well as new innovative finance mechanisms. Direct contributions in 2007-2009 totalled US$ 350 million per year on average. Direct contributions and inflows from 'other sources' will need to reach levels of US$ 0.8 billion by 2012 and US$ 1.2 billion by 2015, as illustrated in Figure 4.

Figure 4: Timing and nature of resource needs



Focus through 2015

2.8 As illustrated in Figure 4, additional resources of US$ 3.7 billion are needed through 2015. Figure 5 illustrates that of this amount, US$1.2 billion is for existing programmes, while US$2.5 billion is the estimated future demand from new programmes yet to be considered for approval by the Board (estimated at US$ 2.8 billion, towards which AMC contributions of US$ 0.3 billion are available).

2.9 Many donors have yet to confirm the amounts of their contributions to GAVI for future years and the US$ 3.7 billion funding challenge will decline as their contribution commitments are confirmed. If direct contributions for 2011-2015 were maintained at the 2007-2009 overall average of US$350 million per year, then a further US$ 1.2 billion would be added to the resources already assured (Figure 5, C).

2.10 If all of those resources (i.e. the US$ 4 billion current assured, plus the $1.2 billion that would maintain the 2007-2009 level of direct contributions) were directed to existing programmes, continuity of funding for all existing programmes would be ensured through 2015. This would leave a further US$ 2.5 billion to be raised in order to fully respond to expected demand from future programmes through 2015, while still maintaining the cash reserve at US$ 1 billion (Figure 5, D).

2.11 However, of the currently assured resources, US$ 0.5 billion is likely to be disbursed to future cash-based programmes. Hence, funding through 2015 for existing programmes is reliant on further contributions of US$ 0.5 billion (within the US$ 2.5 billion), as was indicated at the time of approving the October 2009 IRC-recommended proposals[2].

Figure 5: Need for Additional Resources

	US$ billion	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2010-13**	**2010-15**	**2011-15**
	Existing programmes	0.9	1.0	1.0	0.8	0.7	0.6	3.7	4.9	4.1
	New Programmes	0.0	0.2	0.5	0.6	0.6	0.8	1.3	2.8	2.8
A	**Total Outflows**	**0.9**	**1.2**	**1.5**	**1.5**	**1.4**	**1.4**	**5.0**	**7.7**	**6.8**
	Direct contributions - already committed	0.3	0.1	0.1	0.1	0.1	0.0	0.7	0.8	0.5
	Expected from IFFIm, AMC & investment income	0.4	0.6	0.7	0.5	0.3	0.3	2.1	2.7	2.3
	Drawdown of Cash & Investment Reserve	0.2	0.2	(0.0)	0.1	0.0	(0.0)	0.5	0.4	0.2
B	**Assured Resources**	**0.9**	**0.9**	**0.8**	**0.6**	**0.5**	**0.3**	**3.3**	**4.0**	**3.1**
A-B	**Additional Resources Required**		**0.2**	**0.6**	**0.8**	**0.9**	**1.1**	**1.7**	**3.7**	**3.7**
	Additional Resources Required - Cumulative		*0.2*	*0.9*	*1.7*	*2.6*	*3.7*	*1.7*	*3.7*	
	Of which:									
	- For existing programmes (cumulative)	*(0.0)*	*0.1*	*0.3*	*0.6*	*0.9*	*1.2*	**0.6**	1.2	
	- For new programmes (cumulative)	*0.0*	*0.2*	*0.6*	*1.2*	*1.8*	*2.5*	**1.2**	2.5	
C	**Additional inflows to meet the funding challenge**									
	1. Direct contributions to maintain $350m level		*0.2*	*0.2*	*0.2*	*0.2*	*0.3*	0.7	1.2	1.2
	2. Further contributions required			*0.4*	*0.6*	*0.7*	*0.8*	1.0	2.5	2.5
	Total additional resources needed		*0.2*	*0.6*	*0.8*	*0.9*	*1.1*	**1.7**	**3.7**	**3.7**
	(in addition to already assured resources)									
D	Cash and Investment Reserve at year-end	1.2	1.0	1.0	0.9	0.9	1.0			

Focus through 2013

2.12 In accordance with the GAVI programme funding policy, at the time of approving additional programmes, sufficient 'Qualifying Resources' must exist to cover cash outflows arising in that year and the following two calendar years. Accordingly, in order to approve new programmes in 2011, sufficient Qualifying Resources must exist at the time of approval to cover cash

[2] GAVI Alliance Executive Committee Meeting, 29 July 2010, Doc 02a Programme Funding Plan, page 8.

outflows (for the new and existing programmes) through 2013. As indicated in Figure 5, additional Qualifying Resources of US$ 1.7 billion are required through 2013 to fully meet demand, including US$ 0.6 billion to cover existing programmes.

2.13 Long-term pledges are essential to GAVI's ability to approve funding for new programmes. Accordingly, it is important that at the time of approving new proposals in 2011, contributions have been confirmed at an annual level that will at least be maintained through 2013. Such would allow an accurate assessment of resources available to inform Board decision-making with regard to 2011 IRC-recommended proposals.

3 Projected Expenditure

3.1 The country demand projected for 2010-2015, estimated at a cash-flow amount of US$ 7.7 billion, has been updated to reflect:

a) The latest version of the Adjusted Strategic Demand Forecast (version 2.0 issued in September 2010).

b) Board / EC programme funding decisions taken in June, July and September 2010.

c) An estimate for expenditure on health systems strengthening (HSS) through the joint funding platform, computed under the new HSS resource allocation method that was approved by the Board in June 2010. Included in the latest forecast, under Balance of Demand, is a provision for the ceiling level of potential demand from Low Income Countries (but not for Low-Middle Income Countries).

d) Full details of the methodology used for the calculation of the estimates is included in Annex 2.

3.2 Projected expenditures vary in levels of commitment, from the highest level of commitment, where legally binding contracts are in place, to the lowest level where no country applications have been received and there has been no endorsement by the Board. Figure 6 provides a perspective on the various levels of commitments. Figure 2 (on page 3) highlights the significant growth in actual and projected demand as a result of GAVI's decision to support pneumococcal, rotavirus and other vaccines from 2005 through 2012.

3.3 The principal change in the demand forecast compared to the March 2010 version is the inclusion of a cash-flow provision of US$ 484 million for expenditure to support Health Systems Strengthening through new programmes under the joint platform. This HSS expenditure estimate supersedes the tentative estimate of US$ 175 million per the March forecast and removal of the provision for this (as recommended by the PPC) results in

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a net increase of US$ 309 million. This increase and various smaller adjustments to estimates account for an overall increase of US$ 361 million compared to the March 2010 estimate of US$ 7.4 billion. The estimated total cash outflows of US$ 7.7 billion in 2010-2015 are outlined in Figure 6.

Figure 6: Expenditures by Commitment Level 2010-2015

	US$ million	Programmatic Year basis					Cash flow basis					Change vs. Mar 10
		Approved / Endorsed	Extensions	Balance of Demand	Total		Approved / Endorsed	Extensions	Balance of Demand	Total		
	Summary											
(a+c)	Vaccine Programmes	2,797	994	1,990	5,781	86%	2,741	968	2,178	5,887	85%	12
(b)	Cash-based Programmes	268	0	662	930	14%	421	0	596	1,017	15%	352
	Direct programmatic support	**3,065**	**994**	**2,652**	**6,711**	100%	**3,162**	**968**	**2,774**	**6,904**	100%	364
(d)	Business Plan	390	439	0	829		396	423	0	819		-3
	Total	**3,455**	**1,433**	**2,652**	**7,540**		**3,558**	**1,391**	**2,774**	**7,723**		361
	Detail											
	Vaccines											
	Penta	1,678	209	80	**1,966**	26.1%	1,636	202	122	**1,960**	25.4%	-55
	HepB mono	0	0	0	**0**	0.0%	-1	0	0	**-1**	0.0%	-4
	Hib mono	1	0	0	**1**	0.0%	1	0	0	**1**	0.0%	-1
	Tetra DTP-HepB	3	0	0	**3**	0.0%	5	0	0	**5**	0.1%	-5
	Tetra DTP-Hib	0	0	0	**0**	0.0%	0	0	0	**0**	0.0%	-2
	Pneumo-GAVI funded	517	511	519	**1,547**	20.5%	515	493	604	**1,612**	20.9%	136
	Pneumo-AMC funded	350	251	224	**825**	10.9%	347	251	246	**844**	10.9%	-76
	Rotavirus	112	10	505	**627**	8.3%	110	9	526	**644**	8.3%	-105
	Measles	2	0	0	**2**	0.0%	2	0	0	**2**	0.0%	0
	Yellow Fever	74	13	16	**103**	1.4%	68	12	19	**99**	1.3%	33
												0
	Japanese Encephalitis (JE)	0	0	118	**118**	1.6%	0	0	124	**124**	1.6%	32
	Rubella	0	0	43	**43**	0.6%	0	0	43	**43**	0.6%	-1
	Typhoid	0	0	0	**0**	0.0%	0	0	1	**1**	0.0%	0
	Human Papillomavirus (HPV)	0	0	96	**96**	1.3%	0	0	103	**103**	1.3%	60
	*** Total Vaccines**	**2,737**	**994**	**1,600**	**5,331**	**70.7%**	**2,682**	**968**	**1,787**	**5,438**	**70.4%**	**13**
	INS	6	0	0	**6**	0.1%	5	0	0	**5**	0.1%	-3
(a)	*** Total Vaccines + INS**	**2,742**	**994**	**1,600**	**5,336**	**70.8%**	**2,687**	**968**	**1,787**	**5,442**	**70.5%**	**9**
	Cash based programmes											
	CSO	7	0	1	**8**	0.1%	10	0	1	**11**	0.1%	1
	CSO A	0	0	6	**6**	0.1%	0	0	6	**6**	0.1%	6
	HSS	217	0	540	**757**	10.0%	303	0	484	**788**	10.2%	309
	ISS	40	0	0	**40**	0.5%	100	0	0	**100**	1.3%	-73
	IRIS	0	0	68	**68**	0.9%	0	0	62	**62**	0.8%	62
	Lumpsum	4	0	47	**51**	0.7%	7	0	43	**50**	0.6%	47
(b)	*** Total Cash based prog.**	**268**	**0**	**662**	**930**	**12.3%**	**421**	**0**	**596**	**1,017**	**13.2%**	**352**
	*** Total Country Programmes**	**3,010**	**994**	**2,262**	**6,267**	**83.1%**	**3,108**	**968**	**2,383**	**6,459**	**83.6%**	**361**
	Investment Cases											
	Yellow Fever	42		97	**139**	1.8%	42		97	**139**	1.8%	-46
	Meningitis (Stockpile & Prev)	12		293	**305**	4.0%	12		293	**305**	4.0%	48
(c)	*** Total Investment Cases**	**54**		**390**	**445**	**5.9%**	**54**		**390**	**445**	**5.8%**	**3**
	Programme Implementation	313	354		**668**	8.9%	319	338		**658**	8.5%	120
	Mission Support	77	84		**161**	2.1%	77	84		**161**	2.1%	-123
(d)	*** Business Plan**	**390**	**439**	**0**	**829**	**11.0%**	**396**	**423**	**0**	**819**	**10.6%**	**-3**
	**** Total expenditures**	**3,455**	**1,433**	**2,652**	**7,540**	100.0%	**3,558**	**1,391**	**2,774**	**7,723**	100.0%	**361**

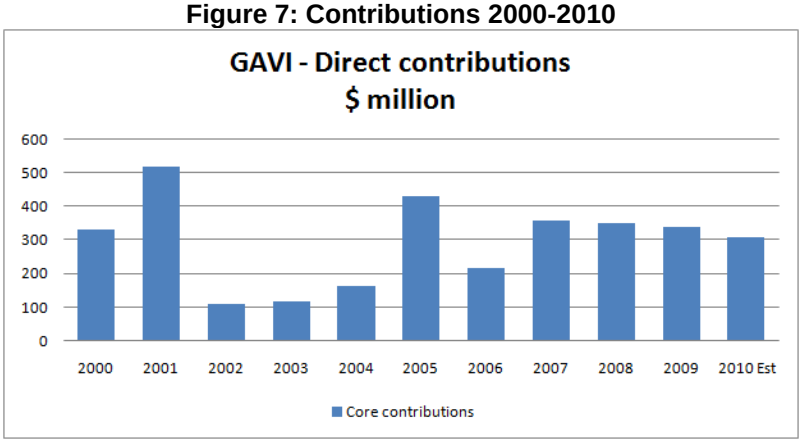
4 Assured Resources

4.1 GAVI's ability to bring down the costs of vaccines (for GAVI eligible countries and the market at large) and to drive efficiencies in the vaccine market is linked to its ability to pool considerable funds based on predictable, multi-year donor commitments. The key components of assured resources for 2010-15 are outlined below

Direct contributions

4.2 Direct contributions since inception are illustrated in Figure 7.

Figure 7: Contributions 2000-2010



4.3 Direct contributions already committed for the period 2010-2015 comprise signed annual or multi-year contribution/grant agreements and pledges confirmed at the New York Donor Meeting on 6 October 2010. These commitments – as currently known – totalling US$ 842 million are outlined in Figure 8. This is expected to increase as donors confirm additional pledges.

Figure 8: Direct contributions committed for 2010-2015

US$ million	Actual	At November 2010						
	07-09 Avg	2010	2011	2012	2013	2014	2015	Total
Australia	5.0	8.6	19.4	19.4	19.4			**66.8**
B & M Gates Foundation	75.0	75.0	75.0	75.0	75.0	75.0		**375.0**
Canada			9.7	9.7	9.7	9.7	9.7	**48.5**
Denmark	4.6	6.4	4.5					**10.9**
European Commission*	18.9			*40.1*				**40.1**
France								
Germany	3.9	5.1						**5.1**
Ireland	5.2	0.6						**0.6**
Luxembourg	1.1	1.1	1.1	1.1	1.1	1.1	1.1	**6.6**
Netherlands	34.5	25.7						**25.7**
Norway **	78.1	78.0						**78.0**
South Korea		0.4	0.3	0.3				**1.0**
Spain	13.5							
Sweden	16.2	7.4						**7.4**
United Kingdom	16.0	15.9			4.7	37.9	37.9	**96.4**
United States	72.1	78.0						**78.0**
GAVI Campaign								
- La Caixa Foundation	2.1	4.1						**4.1**
- Other private	2.8	1.0						**1.0**
Total Direct Contributions	**349.1**	**307.3**	**110.0**	**145.6**	**109.9**	**123.7**	**48.7**	**845.2**

Changes since March 2010							
Totals per March 2010 Forecast	113.2	79.5	88.2	75.0	75.0		**430.9**
Further commitments since March:							
Signed agreements / remittances	29.5	1.4	1.4	5.8	39.0	39.0	116.1
Pledges confirmed at New York Meeting	164.6	29.1	56.0	29.1	9.7	9.7	298.2
	194.1	30.5	57.4	34.9	48.7	48.7	**414.3**
Totals per November 2010 Forecast	307.3	110.0	145.6	109.9	123.7	48.7	**845.2**

IFFIm proceeds

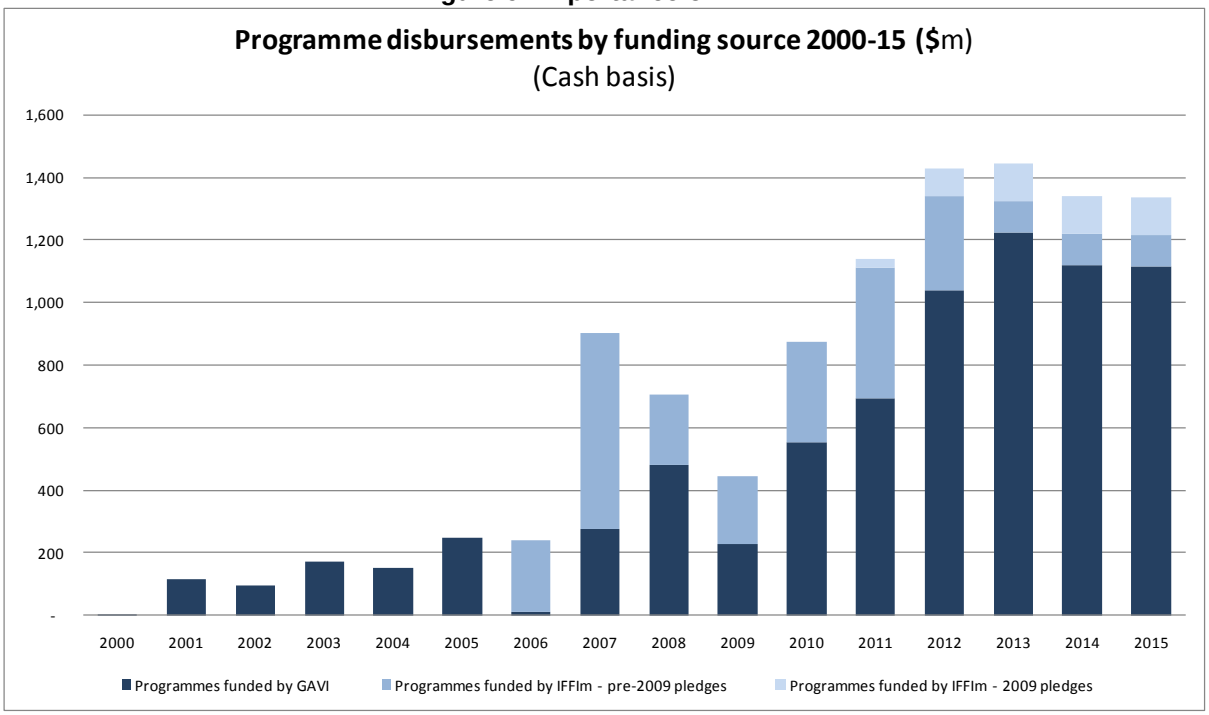
4.4 The IFFIm framework was designed to fund US$4 billion of programmes through the period 2006-2015. This innovative financing mechanism is delivering tremendous health gains by front-loading investments in immunisation programmes: it enables GAVI to accelerate access to vaccines and save lives, provide predictable funding to countries for multi-year plans, and tackle bottlenecks in accessing immunisation while solidifying GAVI's market shaping power, with cheaper vaccines as a result of public commitments and accelerated investments.

4.5 The original US$ 5.4 billion of pledges (pre-2009) allows approximately US$3.8 billion to be spent on programmes between 2006 and 2026. Of this, US$ 3.8 billion, the monies available for the period 2010-2015 remain unchanged as compared to the March 2010 estimate at US$ 1.3 billion.

4.6. From the additional US$ 860 million pledged in 2009 by Australia, Norway and the United Kingdom, it is estimated that a further US$ 475-500[3] million will be available to support programmatic needs in the period 2011-2015. The lower end of that range is assumed in this Financial Forecast. Thus total proceeds expected from IFFIm via GFA in 2010-2015 are included in the forecast at US$ 1,755 million.

4.7 Because of the front-loading nature of the IFFIm mechanism, the expected proceeds from the existing pledges will decline in the years ahead. Hence the proportion of programmes funded by IFFIm going forward reduces significantly post 2012 (see Figure 9).

Figure 9: Importance of IFFIm

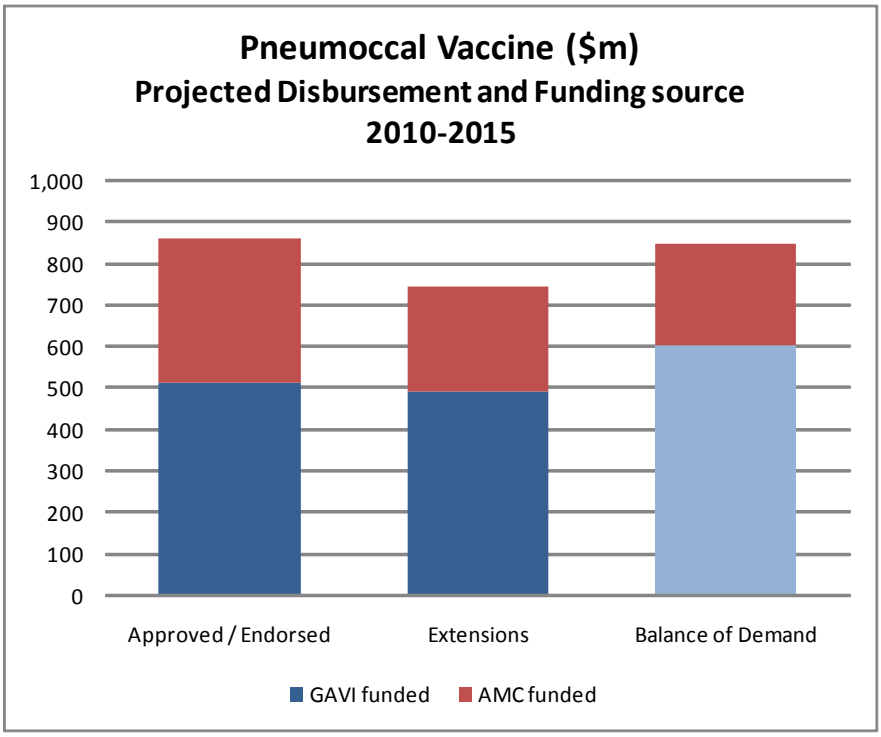


[3] Ultimate value will depend upon the date upon which the Australian pledge is signed.

AMC funding

4.8 Figure 10 provides an estimate of the income from Advance Market Commitment (AMC) funds that could be drawn down by the GAVI Alliance (from funds held by The World Bank) to pay for pneumococcal vaccine programmes. The draw down is contingent on a corresponding amount being spent by GAVI on pneumococcal vaccines.

Figure 10: Pneumococcal & AMC inflows



				Total
AMC funded	347	251	246	844
GAVI funded	515	493	604	1,612
Total	862	744	849	2,456

4.9 It should be noted that the AMC funds under the category "Balance of Demand" will only be accessed if GAVI's funding challenge is met. Under the scenario where GAVI's direct contributions or other additional income only amounts to US$ 350 million a year, demand will be met for the categories approved / endorsed and extensions but not for the category "balance of demand".

Investment Income

4.10 The forecast has includes a conservative estimate of US$ 15 million per year from 2012. If the cash and investment reserve is maintained at US$ 1 billion, investment income should considerably exceed this estimate.

5 Overview of cash inflows and expenditures

5.1 Figure 11 below presents an overview of cash inflows needed to meet projected demand in 2010-2015, showing that additional inflows of US$3.7 billion are needed beyond the currently assured amounts, in order to fully meet anticipated demand.

Figure 11: Cash flow projections 2010-2015

Projected Cash Flows

	in $ millions	2010	2011	2012	2013	2014	2015	2010-15	
	Cash outflows								
	Existing Programmes (already endorsed):								
	Programmes - Approved & Endorsed, at Nov 2010	735	755	621	464	366	221	3,162	$3.2 bn
	Programmes - Expected extensions / renewals	12	89	216	230	219	202	968	$1.0 bn
		748	844	837	694	584	423	4,130	$4.1 bn
	Business Plan (Programme Implemenation & Mission Support)	146	126	124	137	141	145	819	$0.8 bn
	Future Programmes:								
	Expected future programmes (balance of demand)	5	193	494	639	644	798	2,774	$2.8 bn
A	**Total cash outflows**	**899**	**1,163**	**1,455**	**1,470**	**1,369**	**1,366**	**7,723**	**$7.7 bn**
	Cash inflows - assured								
	Direct contributions - already committed	307	110	146	110	124	49	845	$0.8 bn
	IFFIm proceeds through GFA - pre-2009 pledges	320	420	300	80	80	80	1,280	$1.3 bn
	IFFIm proceeds through GFA - 2009 AUS/N/UK pledges		25	90	120	120	120	475	$0.5 bn
	AMC contributions - Approved/Endorsed	19	76	116	91	42	5	347	$0.3 bn
	AMC contributions - Extensions	6	41	88	75	36	4	251	$0.3 bn
	AMC contributions - Balance of demand		16	75	82	45	27	246	$0.2 bn
	Investment Income	26	20	15	15	15	15	106	$0.1 bn
	Total assured inflows	678	708	830	573	462	299	3,550	**$3.6 bn**
	Additional inflows to meet the funding challenge								
	1 Direct contributions to maintain current level		240	204	240	226	301	1,212	**$1.2 bn**
	2 Further contributions required			445	589	679	812	2,525	**$2.5 bn**
	Total additional inflows		**240**	**650**	**829**	**905**	**1,113**	**3,737**	**$3.7 bn**
B	**Total cash inflows**	**678**	**948**	**1,479**	**1,403**	**1,367**	**1,412**	**7,287**	**$7.3 bn**
C (=A-B)	**Net Cash Inflows / (Outflows)**	(221)	(215)	24	(67)	(2)	46	(435)	**($0.4 bn)**
D	**Cash & Investments - Opening Balance**	1,392	1,171	956	980	913	911	1,392	
E (=C+D)	**Cash & Investments - Closing Balance**	**1,171**	**956**	**980**	**913**	**911**	**957**	**957**	

Change in November 2010 estimate compared to March 2010 estimate

5.2 GAVI's funding challenge now stands at US$ 3.7 billion, a reduction of US$ 0.6 billion compared to the estimate presented in The Hague (March 2010). Figure 12 sets out the components of this change, summarised as follows:

a) + $0.3bn net increase to provision for HSS support, as result of replacing the prior estimate of $175m with a provision of $484m computed under the methodology approved in June 2010 (see 3.3)

b) - $0.5bn upon including the expected proceeds in 2011-15 from the 2009 pledges to IFFIm from Australia, Norway and the United Kingdom ($475m)

c) -$0.4bn from additional direct contributions committed ($414m, see 4.3) and lesser adjustments to estimates for IFFIm, AMC and investment income.

d&e) $0.0bn from increases to estimates of demand ($50m) offset by an increase in the allowable drawdown of cash reserves ($43m)

Figure 12: Explaining the changes in estimates for 2010-2015

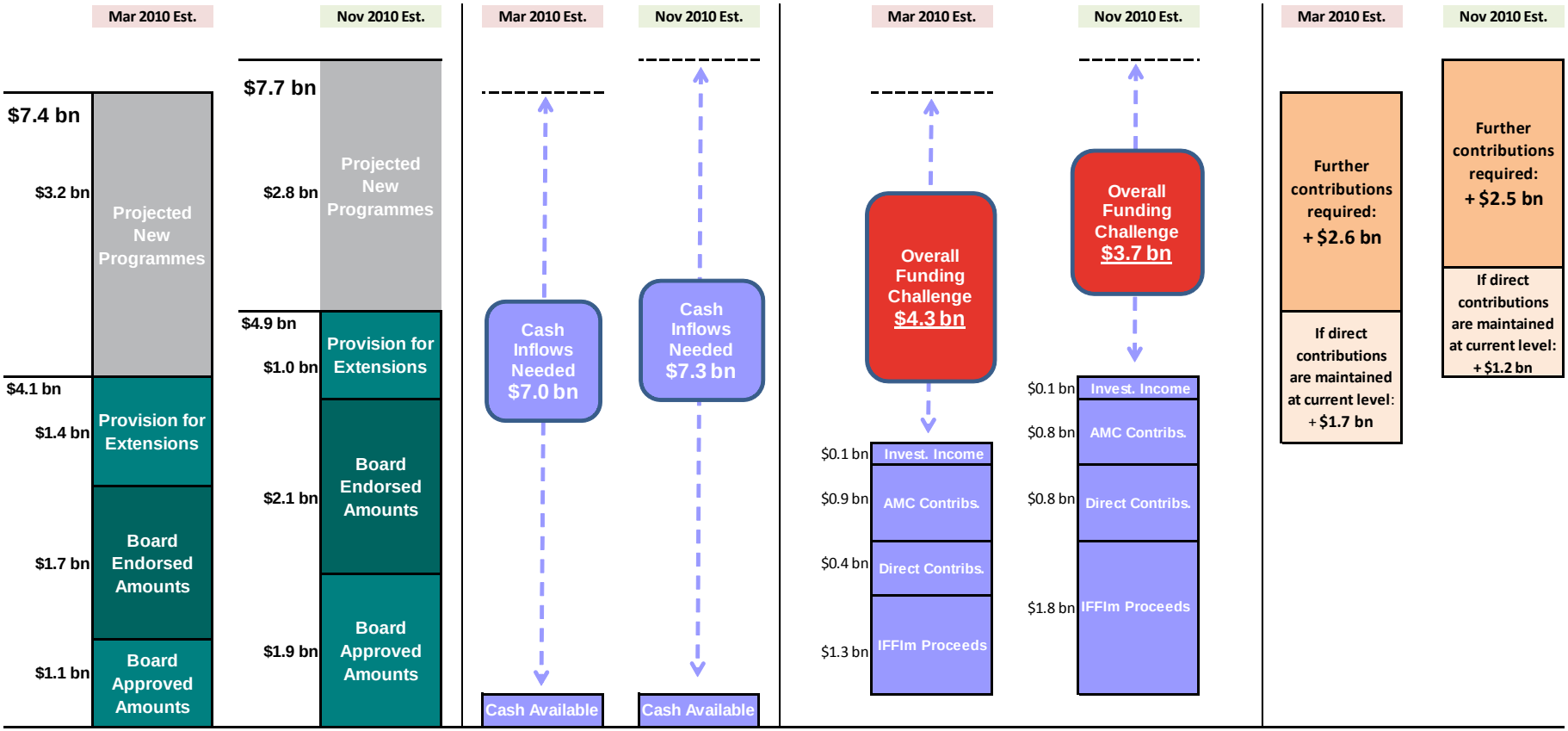
Summary of Changes in Estimates from March to November 2010

	US$ Millions	Forecast March 2010	Updating of Demand Forecast: HSS	Updating of Demand Forecast: Other	Additional assured inflows: IFFIm	Additional assured inflows: Other	Increase in draw down	Forecast November 2010
	Outflows							
	Vaccines (& Investment Cases)	5,883		4				5,887
	HSS	479	309					788
	Other cash based programmes	186		43				229
	Business Plan	816		3				819
A	**Total**	**7,364**	**309**	**50**				**7,723**
		$7.4 bn	**$0.3 bn**	**$0.1 bn**				**$7.7 bn**
			(a)	**(d)**				
	Inflows				IFFIm	Other		
	Direct contributions (already pledged)	431		414				845
	IFFIm proceeds	1,271		9				1,280
	IFFIm proceeds - 2009 AUS/N/UK pledges	0	475					475
	AMC contributions	920		(76)				844
	Investment Income	51		55				106
	Total	2,673	475	402			0	3,550
	Drawdown of Cash Reserve	392					43	435
B	**Total + Drawdown**	**3,065**	**475**	**402**			**43**	**3,986**
		$3.1 bn	**$0.5 bn**	**$0.4 bn**			**$0.0 bn**	**$4.0 bn**
			(b)	**(c)**			**(e)**	
A-B	**Funding Challenge**	**4,299**	**(166)**	**(352)**			**(43)**	**3,737**
		$4.3 bn	Changes:	**($0.6 bn)**	(net)			**$3.7 bn**

FOR INFORMATION

ANNEX 1

Financial Overview 2010-2015, as at March and November 2010



ANNEX 2: Updated cash flow assumptions

Cash Outflows

Programmatic Expenditures

Vaccines

For Country Programme expenditures there are three main drivers of the expenditure estimates, demand, supply and prices.

- Demand
  - The forecasted demand used for the latest financial estimates are taken from the Adjusted Strategic Demand Forecast ("SDF") Version 2.0 updated to reflect the recommendations of the September 2010 Monitoring IRC for all vaccines with the exception of the new[4] vaccines. In the case of the latter Version 1.1 of the SDF has been used. Demand is reflected by "programmatic year" i.e. the year in which the vaccine is available for use in the recipient country
  - India: For Pentavalent vaccine the financial forecast provides for a roll-out of Penta to five States during the period 2012-15. For Pneumococcal vaccine, the forecast assumes that India will not introduce this vaccine before 2016.
- Supply
  - Demand is only adjusted for supply constraints for Pneumococcal vaccine in 2010 and 2011 reflecting a maximum estimated support of 7.2 million and 29.2 million doses respectively. Doses under "Balance of Demand" have been adjusted to capture this limitation.
- Prices
  - GAVI uses best information available for its price estimates with the starting point being UNICEF's confidential 3 year "weighted average cost" values. Added to these weighted average costs are assumptions for the costs of freight, safety boxes and syringes.

Investment Cases

- Yellow Fever
  - Included in these costs are estimates for vaccine stockpile, "Outbreak response" and Preventative; costs as well as operational support costs provided by WHO and UNICEF not covered in the Business Plan.
  - For 2011-13, US$ 22 million for vaccine stockpile costs has been included under "Approved and Endorsed" reflecting the July 2010 Executive Committee approval.

- Meningitis
  - Included in these values are the estimated costs for both "Campaigns" and "Routine".

Cash Based programmes

- HSS
  - "Committed" programmes reflect all previous approvals and endorsements by the Board / Executive Committee including recommendations made by the September 2010 Monitoring IRC.
  - "Balance of demand" estimates reflect values derived from the new method (as approved by the Board in June 2010) for computing the maximum grant an eligible country could receive through the Health Systems Strengthening (HSS) programme. Included in the latest forecast, under Balance of Demand, are the values computed for Low Income Countries only. No provision has been made for inclusion of Low Middle Income Countries (in accordance with the recommendation of the PPC).
- IRIS:
  - Estimates are based on updated recommendations of the PPC in a manner consistent with IRIS Board paper.

[4] New Vaccines = HPV, JE, Rubella & Typhoid

- ISS
    - Demand reflects programmes previously approved and endorsed by the Board / Executive Committee including recommendations made by the September 2010 Monitoring IRC.
- CSOs
    - Demand reflects programmes previously approved and endorsed by the Board / Executive Committee together with best case estimates for "Balance of Demand".

Expenditures converted from "Programmatic Year" to "Cash outflow"

- GAVI's expenditure estimates are first built on a "programmatic year" basis and then converted to cash outflows based on a set of standard timing assumptions including historical trends e.g. for vaccines the general assumption is that 20% of the programmatic year's expenditure will be disbursed in the preceding year, 70% in the year itself and 10% in the subsequent year; for cash-based programmes, it is assumed that 60% will be disbursed in the programmatic year and 40% in the following year.

Business Plan

- The financial forecast reflects those estimates included in the Business Plan Budget for 2011 and the provisional amount for 2012, as considered and recommended by recommended Executive Committee on the 4 November 2010.
- Beyond 2012, an annual cost increase is assumed for Partner (3%) and Secretariat (5%) budgets following three years of a flat budget.

Cash Inflows

- Direct Contributions
    - These reflect direct contributions to either the GAVI Alliance or GAVI Campaign and are reflected on a cash basis.
    - Pledges made in New York on the 6th October 2010 are included in the estimates

- IFFIm / GFA Proceeds
    - The cash inflows projected reflect "GFA to IFFIm transfers", i.e. the monies that would be available for supporting programmes.
    - Two lines are recorded in the "Cash flow" projections (See Figure 12), those monies that are estimated to be available from the original (pre-2009) pledges (including Netherlands) and those estimates related to the 2009 pledges from Australia, Norway and the United Kingdom. In the case of the latter, these estimates are indicative.
    - The total amount of US$ 1,754 million projected to be disbursed by 2015 will keep the gearing ratio at / or below the current IFFIm Gearing ratio limit of 66.7%.

- AMC
    - AMC incomes have been estimated based derived from the AMC financial model that takes into account both demand and supply assumptions etc.

- Investment Income
    - Estimated investment incomes for 2010 and 2011 remain unchanged from the previous forecast. A conservative estimate of US$ 15 million per year from 2012 is included; if the cash and investment reserve is maintained at US$ 1 billion, investment income should considerably exceed this estimate.