

Technical Briefing Session - Finance

GAVI's financial forecasting – enabling programme funding approvals

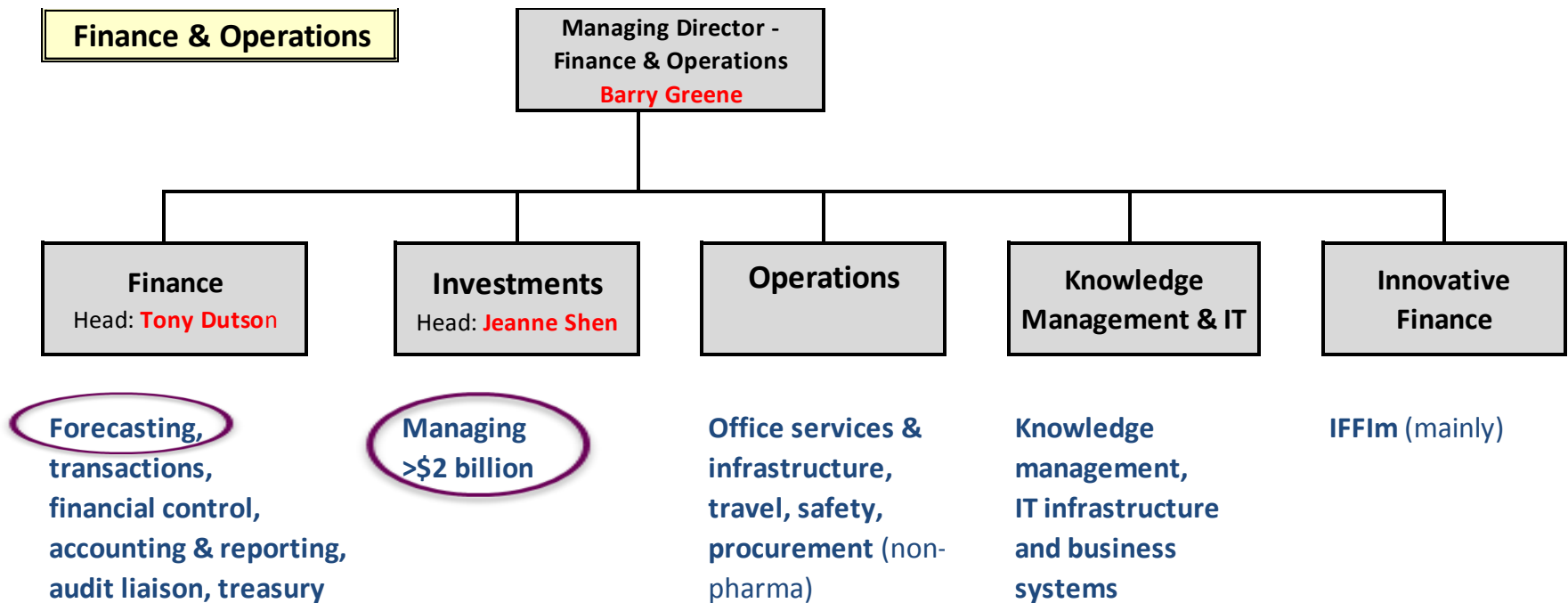
Tony Dutson & Barry Greene

Geneva, Switzerland, 17 June 2014



Welcome!

- **Barry Greene** (Managing Director – Finance & Operations)
- **Tony Dutson** (Chief Accounting Officer, Senior Director)
- **Jeanne Shen** (Chief Investment Officer, Senior Director)



Objective

To provide an understanding of:

- How GAVI builds the financial forecast of needs to meet country demand, and available resources
- How GAVI determines financial capacity for approval of programme funding requests
- The current financial forecast

(in separate presentation)

- Investing GAVI's funds

Building the forecast

Expenditure forecast is built from bottom up

Vaccine 1 - Penta	Commit.	2014	2015	2016	2017	2018	2019	2020
Total Doses								
Country A	Existing							
Country B	Existing							
Country C	Existing							
Country D	Future							
...								
Total Doses vaccine X								
Co-financed doses								
Country A	Existing							
Country B	Existing							
Country C	Existing							
Country D	Future							
...								
Total co-financed Doses								
GAVI funded doses								
Country A	Existing							
Country B	Existing							
Country C	Existing							
Country D	Future							
...								
Total GAVI Funded doses		x	x	x	x	x	x	x
Vaccine 2 - Pneumo								
Vaccine 3 - Rota								
Vaccine 4 - HPV etc								

1
**Country demand:
Vaccines,
Volumes, Years**

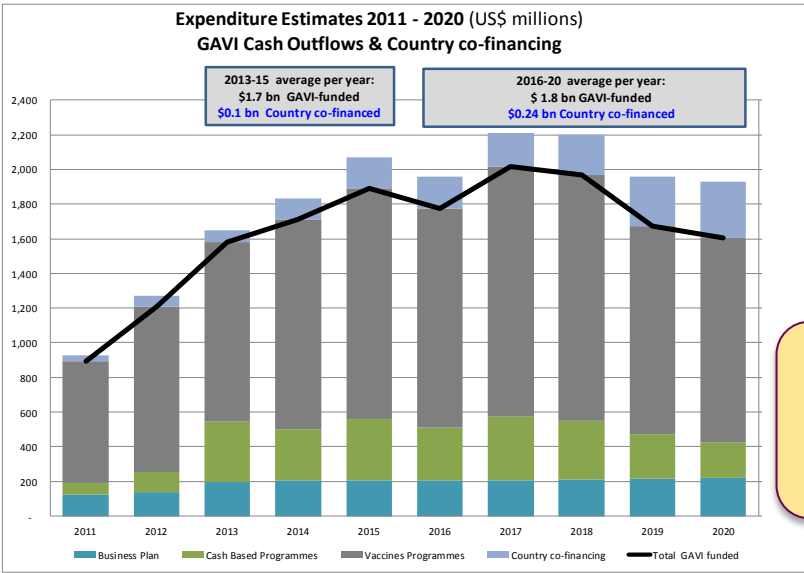
Programme Budget

	2014	2015	2016	2017	2018	2019	Total
Doses							
x Price							
Programme Budget	10	10	10	10	10		40

2
**Prices &
Cash-flow
timing**

"Programme Year" to cash flow

	2014	2015	2016	2017	2018	2019	Total
2014	30%	65%	5%				
2015	3.0	6.5	0.5				10.0
2016		3.0	6.5	0.5			10.0
2017			3.0	6.5	0.5		10.0
2018				3.0	6.5	0.5	10.0
Cash flow	3.0	9.5	10.0	10.0	7.0	0.5	40



3
**Expenditure
Forecast**



Resources to meet country demand – where they come from

\$m	2011-15	
Direct contributions - confirmed	5,137	71%
IFFIm proceeds	750	10%
AMC proceeds	1,007	14%
Investment income	174	2%
Total inflows	7,068	97%
Drawdown / (increase) of Cash Reserve	59	1%
Assured Resources	7,127	98%
Allowance for Further Contributions	153	2%
Qualifying Resource Inflows	7,280	100%

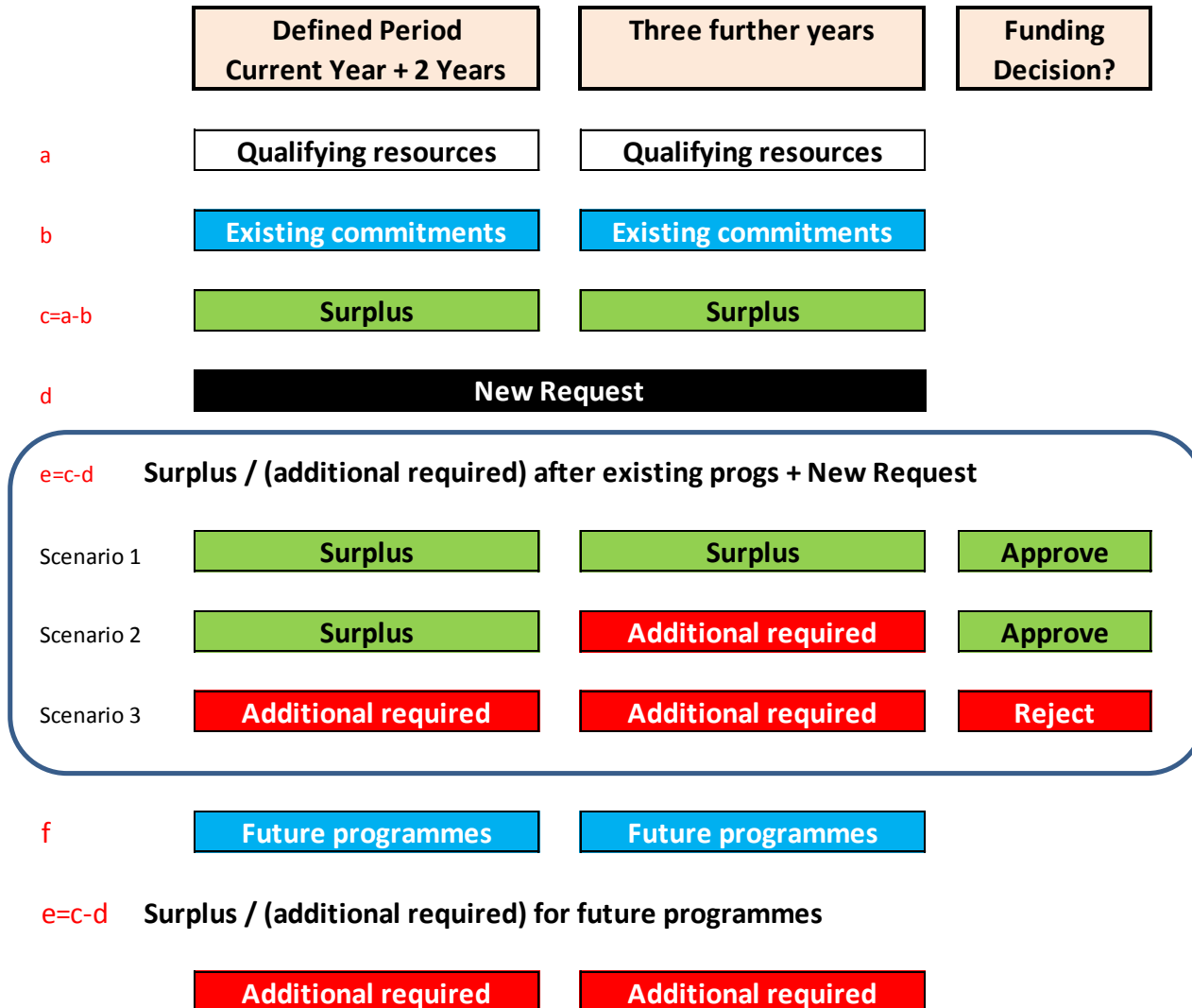
Programme Funding Policy – Key Principles

1. As a prerequisite to the approval or endorsement of any new programmes, an amount of Qualifying Resources shall be set aside to fully cover all commitments arising in the coming 3 years* (e.g. 2014-2016)
2. Also provide visibility on the following 3 years (e.g. 2017-2019), so the Board can take account of the longer-term implications

* “ ... the period from the start of the then current year through the next two calendar years”

Programme funding decision making process

On a cumulative basis...



An example

Step 1 – Establish programme budget and convert to cash flows

Example: Recommended for approval by IRC in [April 2013](#)

- 4 year programme: 2014-2017
- Start date: 1 January 2014
- Programme value: \$10m each year


	2013	2014	2015	2016	2017	2018	2019	2020	Total
Country programme budget request									
Endorsed Budget	0	10	10	10	10				40
> Programme Year totals	0	10	10	10	10	0	0	0	40

Step 1 – Establish programme budget and convert to cash flows

Example: Recommended for approval by IRC in [April 2013](#)

- 4 year programme: 2014-2017
- Start date: 1 January 2014
- Programme value: \$10m each year

	2013	2014	2015	2016	2017	2018	2019	2020	Total
Country programme budget request									
Endorsed Budget	0	10	10	10	10				40
> Programme Year totals	0	10	10	10	10	0	0	0	40
New Request - "cash flow"	3	9.5	10	10	7	0.5			40



Step 2 – Can the Funding Request be approved?

Cash flow basis US\$ millions

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Existing Programmes & Business Plan	900	1,200	1,700	1,500	1,400	1,200	1,200	1,200	1,100	1,000	
New Requests: NVS Programmes	0	0	3	10	10	10	7	1	0	0	40
Future programmes	0	0	50	200	500	500	500	600	600	700	
A Total Expenditure to meet demand	900	1,200	1,753	1,710	1,910	1,710	1,707	1,801	1,700	1,700	
Assured Resources	900	1,800	1,700	1,500	1,500	300	200	200	200	200	
Allowance for further contributions *	0	0	0	0	167	1,367	1,467	1,467	1,467	1,467	
B Qualifying Resources available	900	1,800	1,700	1,500	1,667	1,667	1,667	1,667	1,667	1,667	

Example

Expenditure

Resources

For year:

Surplus/(Deficit) FOR YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Surplus after existing programmes	0	600	0	0	267	467	467	467	567	667
minus: New Requests	0	0	3	10	10	10	7	1	0	0
minus: Future programmes**	0	0	50	200	500	500	500	600	600	700
(Additional required) for Future Programmes	0	600	(53)	(210)	(243)	(43)	(40)	(134)	(33)	(33)

Cumulative:

Surplus/(Deficit) CUMULATIVE	2011	2012	'Rolling-six' year						2019	2020
			2013	2014	2015	2016	2017	2018		
Surplus after Existing Programmes	0	600	600	600	867	1,334	1,801	2,268	2,835	3,502
Surplus after above and New Requests	0	600	597	588	845	1,302	1,762	2,228	2,795	3,462
(Additional required) for Future Programmes	0	600	547	338	95	52	12	(122)	(155)	(188)

Key periods for Programme Funding Policy:

First 3 years

Second 3 years

(-) = Additional required for Future Programmes

Capacity to Fund

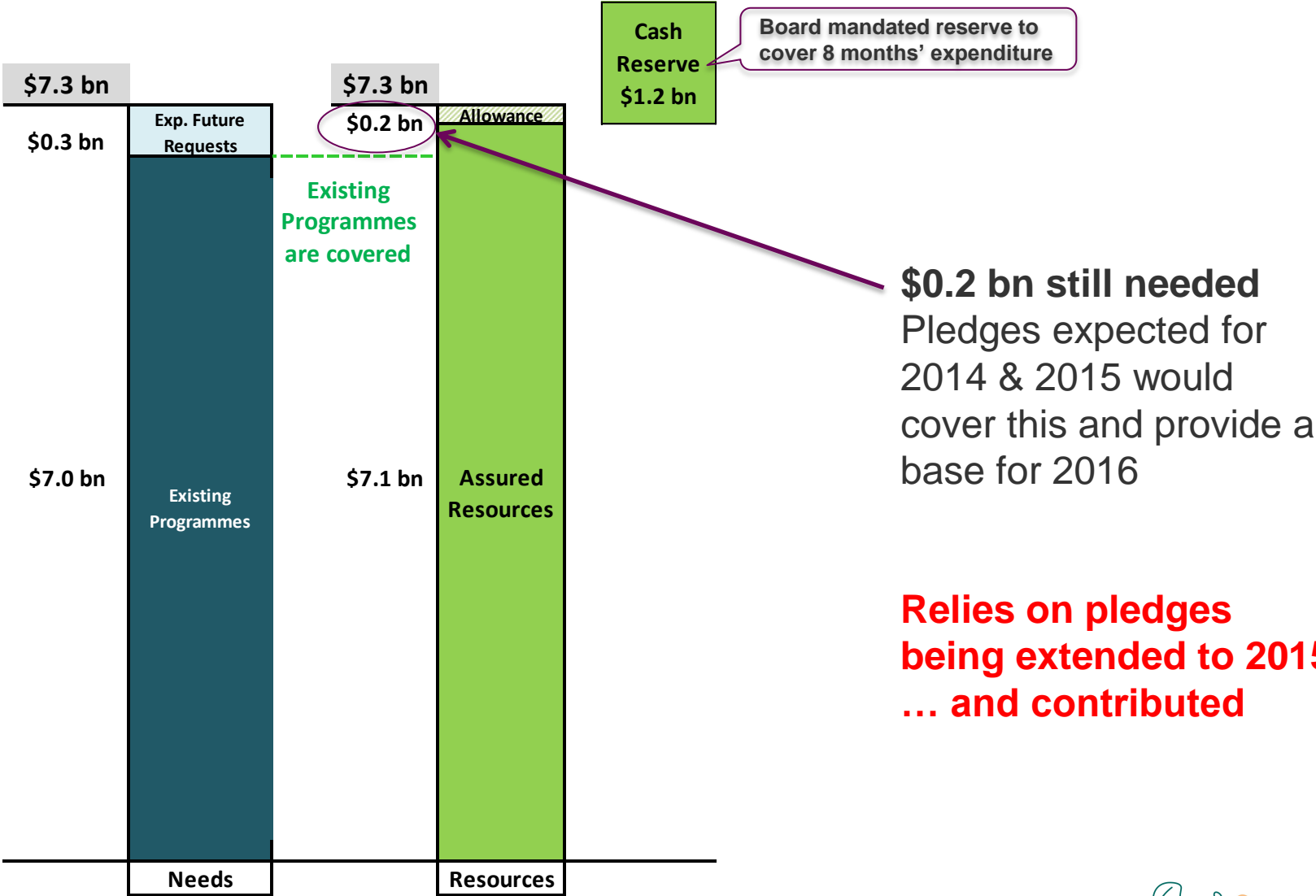
Step 3 – If the programme can be approved, the Board / EC is asked to take two decisions

	2013	2014	2015	2016	2017	Total
Country programme budget request						
Endorsed Budget	0	10	10	10	10	40
> Programme Year totals	0	10	10	10	10	40
Decision in 2013						
Endorsed Programme budget		10	10	10	10	40
Approved Near term liability		10				10

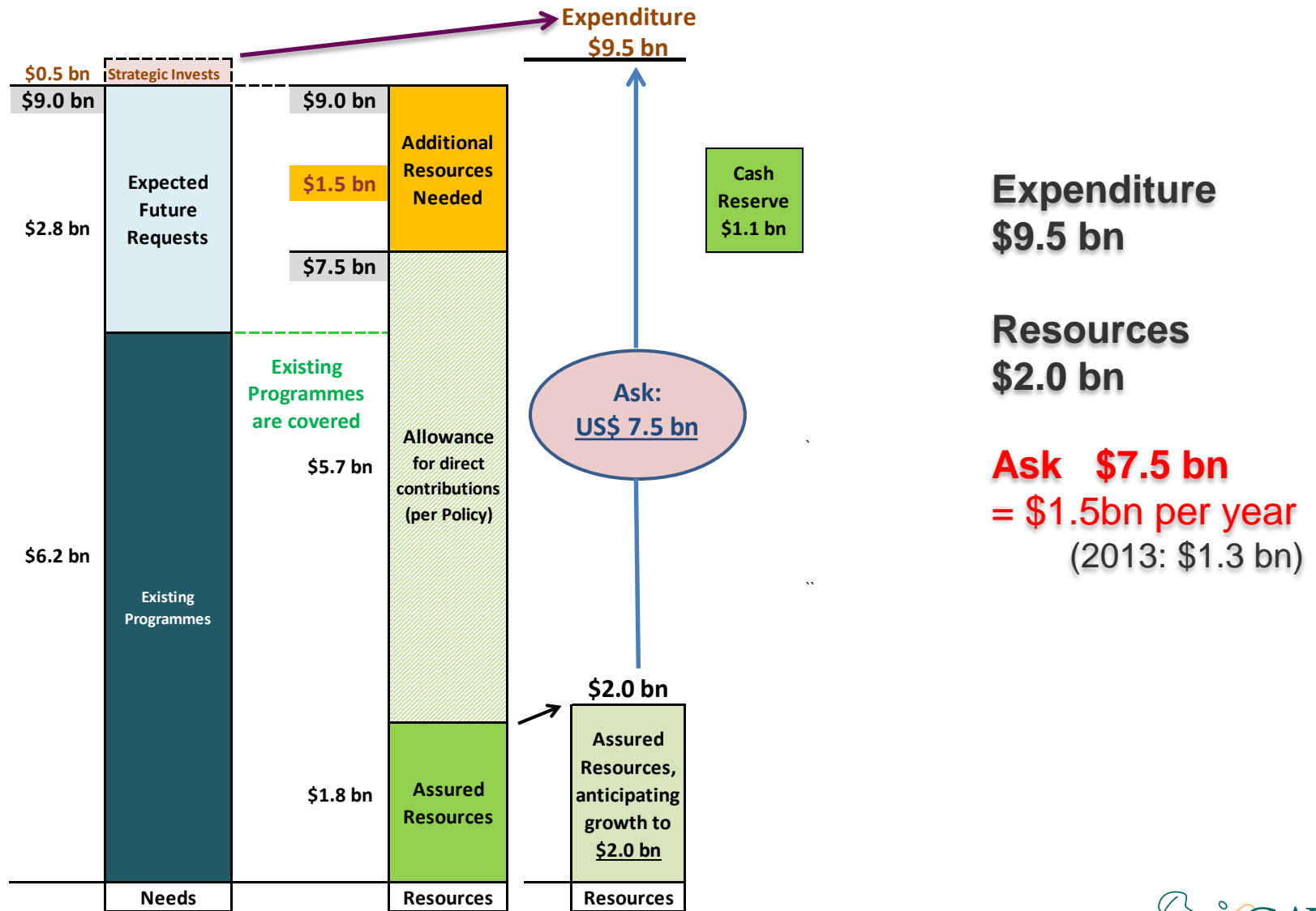
- **Endorse** a programme multi-year budget of **\$40m**
- Establish near-term liabilities of GAVI for endorsed programme budgets for period an amount of **\$10m**

The current forecast

Needs and resources 2011-2015



Needs and resources 2016-2020 replenishment



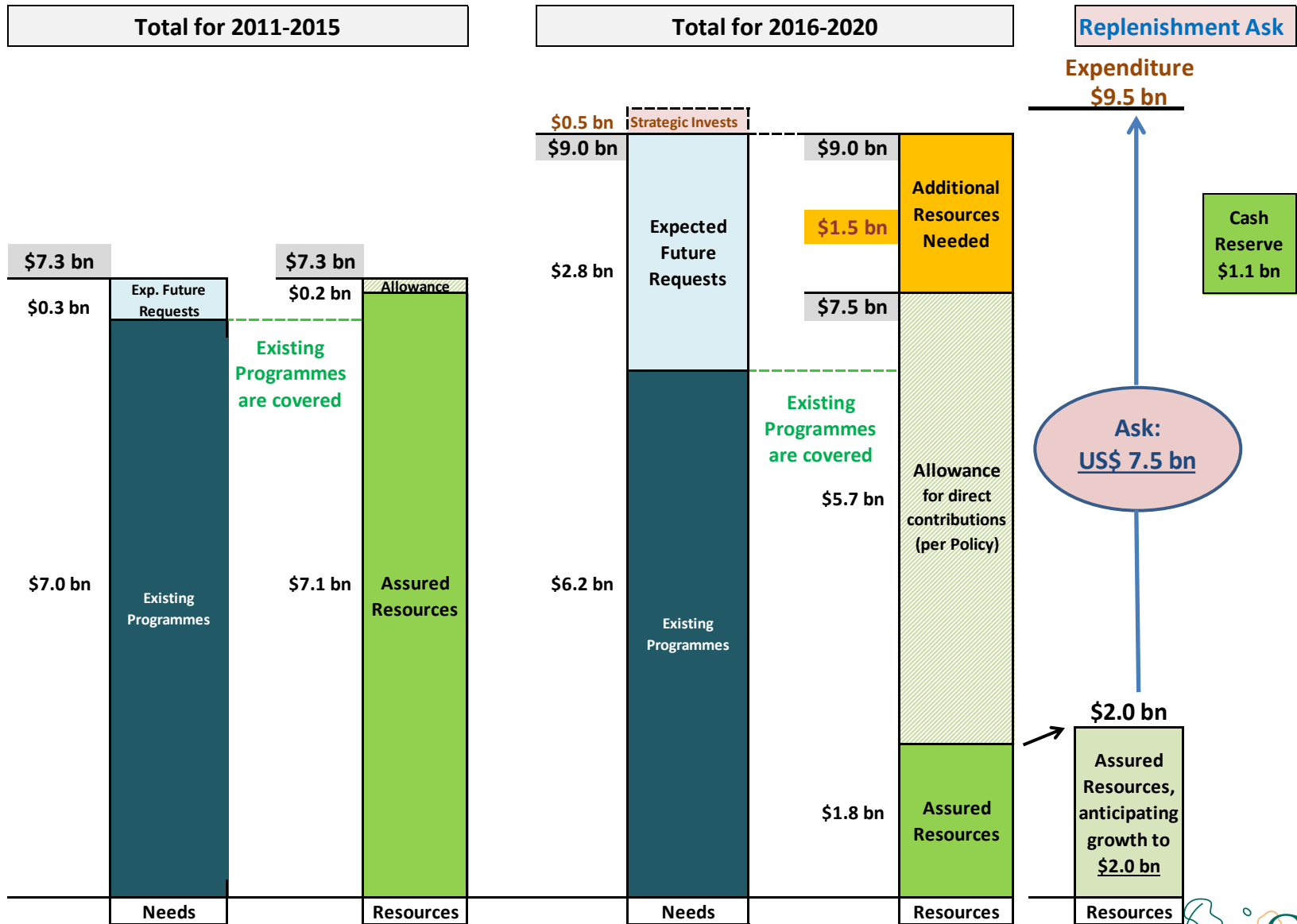
Evolution of Expenditure

Expenditure US\$ billion	2011-15	2016-20
November 2013 forecast	7.6	9.2
Updating of estimates	(0.3)	0.1
Removal of provision for Malaria (deferred)		(0.3)
June 2014 forecast	7.3	9.0
Plus: Provision for Strategic Investments in priority areas		0.5
Expenditure underlying the Replenishment Ask		9.5
Expenditure	7.3	9.5

Evolution of Assured Resources

Assured Resources US\$ billion	2011-15	2016-20
November 2013 forecast	7.3	1.2
IFFIm proceeds	(0.4)	0.5
Direct contributions	0.1	
Drawdown of cash reserve	0.1	0.1
June 2014 forecast	7.1	1.8
Plus: Allowance for increase by 2016		0.2
Assured Resources per the Replenishment Ask		2.0
Expenditure	7.3	9.5
Fundraising Need	0.2	7.5

Forecast overview





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