

Annex D: Financial Forecast Detail COVAX AMC

Figure 1: COVAX AMC Resources

US\$ million, cash-flow basis		2020-2023		
	Prior Forecast Dec 2021 Board	Change upon updating estimates	Phase III Investments	New Forecast June 2022 Board
Resources Available				
New contributions - Phase III	-	-	1,690	1,690
Direct contributions - Vaccines	8,875	(216)	-	8,659
IFFIm Proceeds (projected)	1,153	(69)	-	1,084
Subtotal Vaccines (projected)	10,028	(285)	-	9,743
Direct contributions - Delivery	799	32	-	831
Subtotal Delivery (projected)	799	32	-	831
EIB Loan Proceeds	537	(40)	-	497
BMGF Loan Proceeds	300	-	-	300
Investment Income, etc.	1	-	-	1
Total Inflows	11,665	(293)	1,690	13,062
EIB Loan Repayment	(537)	40	-	(497)
BMGF Loan Repayment	(300)	-	-	(300)
Qualifying Resources (US\$)	10,828	(253)	1,690	12,265
	\$10.8 bn	(\$0.3 bn)	\$1.7 bn	\$12.3 bn

Qualifying Resources Overall cash Qualifying Resources are US\$ 12.3 billion. This reflects the new US\$ 1.7 billion pledges from the April 2022 *Break COVID Now Summit*. There was a US\$ 253 million decrease to the past resources primarily due to IFFIm's Gearing Ratio drawdown limit and adverse foreign exchange impact. Of the US\$ 12.3 billion pledged, US\$ 10.2 billion has been received, US\$ 9.4 billion relating to vaccine procurement and ancillary costs and US \$0.8 billion relating to delivery support.

IFFIm Proceeds have come down by US\$ 69 million to reflect the COVAX portion of the gearing ratio drawdown limit (currently 73%) across both Gavi 5.0 and COVAX resources (US\$ 144 million) despite a US\$ 75 million increase from two direct pledges that were converted to IFFIm pledges after December 2021.

The European Investment Bank (EIB) Loan has been hedged and will be swapped on a quarterly basis. The proceeds and repayment now reflect the hedged rate, which results in a US\$ 40 million lower value than the rate used in the previous forecast. This is a frontloading capacity consideration only, and does not impact total Qualifying Resources. The COVAX AMC Financial Forecast only considers the EUR 440 million AMC portion of the loan, as the balance relates to SFPs.

Dose-sharing and cost-sharing initiatives are key factors in COVAX achieving vaccine coverage targets. While both initiatives are excluded from the Gavi financial

forecast as they do not meet the definition of Qualifying Resources, further details are provided given the importance of these initiatives. The details reflect the current financial status of the initiatives and do not, due to the rapidly changing context, seek to forecast future contributions/deals:

- a) At the time of preparing the forecast, 1.5 billion donated doses are potentially available with an accounting value (based on COVAX Advance Purchase Agreement prices) of US\$ 8.4 billion. At the COVAX AFC meeting on 13 September 2021, the AFC approved the accounting treatment for doses in line with US GAAP requirements and they will be accounted for as 'non-cash' donations in the Financial Accounts.
- b) The Gavi Alliance Board has approved an exceptional approach to cost-sharing which allows COVAX AMC countries to contribute directly to the cost of vaccines, leveraging domestic sources and funds made available by Multilateral Development Banks ("MDBs"). Since the last financial forecast, agreements have been reached with the World Bank and the Asian Development Bank and, in conjunction with domestic financing, used to finance at the date of this report procurement of 135 million doses at a cost of US\$ 957 million with appropriate risk mitigation in place. COVAX anticipates that cost-sharing mechanisms will continue to be offered to and leveraged by COVAX AMC participants.

Overview of COVAX AMC Expenditure

Figure 2: COVAX AMC Expenditures

US\$ million, cash-flow basis	2020-2023			
	Prior Forecast Dec 2021 Board	Change upon updating estimates	Phase III Investments	New Forecast June 2022 Board
Forecast Expenditure				
AZ	344	(9)		334
J&J	915	(24)		891
Pfizer	2,041	(48)		1,993
Moderna	2,382	(99)		2,283
Novavax	990	21		1,012
Clover	288	-		288
Serum Institute of India	1,380	-		1,380
Sinopharm	244	(2)		242
Sinovac	181	(1)		180
Ancillary Vaccine Costs				
APA Ancillary Costs	553	19		572
Donated Dose Ancillary Costs	290	-	545	835
Insurance Costs				
No Fault Compensation	181	(1)		180
Pandemic Vaccine Pool	-	-	345	345
Vaccine programmes	9,789	(144)	890	10,535
CDS / cross-cutting delivery elements	789	29	600	1,418
Procurement fees	17	8		25
Programmatic Expenditure	10,594	(107)	1,490	11,978
Secretariat COVAX Vaccines - OpEx	50	24	-	74
Secretariat COVAX Delivery - OpEx	10	3	-	13
Operating Expenditure	60	27	-	88
Total Expenditure	10,655	(80)	1,490	12,066
	\$10.7 bn	(\$0.1 bn)	\$1.5 bn	\$12.1 bn

COVAX AMC Forecast Expenditures are US\$ 12.1 billion relating to commitments under Advance Purchase Agreements (APAs) including options exercised, COVID- 19 delivery support, ancillary costs and operating costs. Compared with the prior forecast, Forecast Expenditure has increased by US\$ 1.4 billion. It includes new programmatic envelopes presented in the 2022 Break COVID Now Investment Opportunity (delivery spending, ancillary costs associated with the donated doses, and the Pandemic Vaccine Pool launch). A portion of the Pandemic Vaccine Pool amount is held in Available for future investments, including Pandemic Vaccine Pool. Overall commitments to manufacturers for vaccine procurement has decreased by US\$ 162 million due to shifts in supply and pricing.

Ancillary Costs (US\$ 564 million increase): Compared with the prior forecast, ancillary costs are expected to increase by US\$ 564 million to US\$ 1.4 billion driven by the expected increase in volume of donated doses as set out in the 2022 Break COVID Now Investment Opportunity.

No Fault Compensation Scheme (US\$ 1 million decrease): The No Fault Compensation Scheme is a key part of COVAX's value proposition with countries and manufacturers. The future of the scheme is currently under review by the Secretariat and partners and the financial forecast assumes that the scheme continues in its current form. The financial forecast assumes US\$ 180 million based on the existing commitment to the scheme partner, WHO, of US\$ 105 million and an allowance of US\$ 75 million for additional contributions expected to be made as a result of the increase in COVAX AMC doses procured and administered. Based on claims data and analysis, the facility also assumes that US\$ 180 million will be sufficient for coverage of up to 3 billion doses (COVAX doses and dose donations).

COVID-19 Delivery Support: Donations to COVID-19 Delivery Support program have increased by US\$ 629 million since the prior forecast to US\$ 1.4 billion, primarily due to the US\$ 600 million from the April 2022 Break COVID Now Summit.

The addition of US\$ 600 million further strengthens in-country delivery systems to administer doses, with focused support on the 34 countries facing the greatest challenges to help them implement plans to accelerate uptake. This expenditure will extend and expand technical assistance, fill remaining gaps in countries' cold chain and ultra-cold chain capacity, and replenish its CDS envelope given high country demand.

COVAX AMC Operating Costs (US\$ 35 million increase) Total operating costs for the COVAX Facility (including AMC, SFPs, Delivery, and PEF procurement agent fees) expands to include 2023 (US\$ 151 million total for 2020-2023). These costs are funded from current COVAX resources prior to the April 2022 Break COVID Now summit.

Cost Sharing: The Gavi Alliance Board has approved an exceptional approach to cost-sharing which allows COVAX AMC countries to contribute directly to the cost of vaccines, leveraging domestic sources and funds made available by Multilateral Development Banks ("MDBs"). The Facility is actively seeking to mitigate all financial risks to Gavi associated with cost-sharing however, until full risk mitigation is in place, COVAX must backstop the manufacturer risk on delay or non-delivery associated with advance payment. The backstop is US\$ 22 million and will unwind on implementation of risk mitigation measures or delivery of the vaccine.

After resources, expenditures and the cost-sharing backstop mentioned above, the amount 'Available for Future Investments, including Pandemic Vaccine Pool' is US\$ 178 million.

Self-Financing Participants

The COVAX Facility has also received upfront payments from Self-Financing Participants to fund Advance Purchase Agreements with manufacturers and the operating costs relating to the Self-Financing Participants segment. These are not included within the forecasts as they do not qualify as Qualifying Resources or Expenditures as Gavi is solely acting as an agent for the Self-Financing Participants. Under the terms of the COVAX Facility, any upfront payments not used at the end of the Facility will be reimbursed to the Self-Financing Participants.