

GAVI COVAX AMC & COVAX FACILITY STRUCTURE AND GOVERNANCE

BOARD MEETING

Seth Berkley

30 July 2020, Virtual Meeting



Reach every child

www.gavi.org

Historic pandemic with severe consequences

- **Dramatic spread: 16.5M known cases; 655K known deaths**
We are only safe, if we are all safe
- **Incredible scientific progress: >200 vaccine under development; 25 in clinical trials; 5 in phase III; companies fully engaged**
- **Unprecedented demand will outstrip supply for at least 12-18 months**
- **Likely danger: a repeat of 2009 Swine Flu vaccine supply**

We need to act now; the window is closing

COVAX: an end-to-end solution

Bold ideas and strong collaboration to combat the pandemic



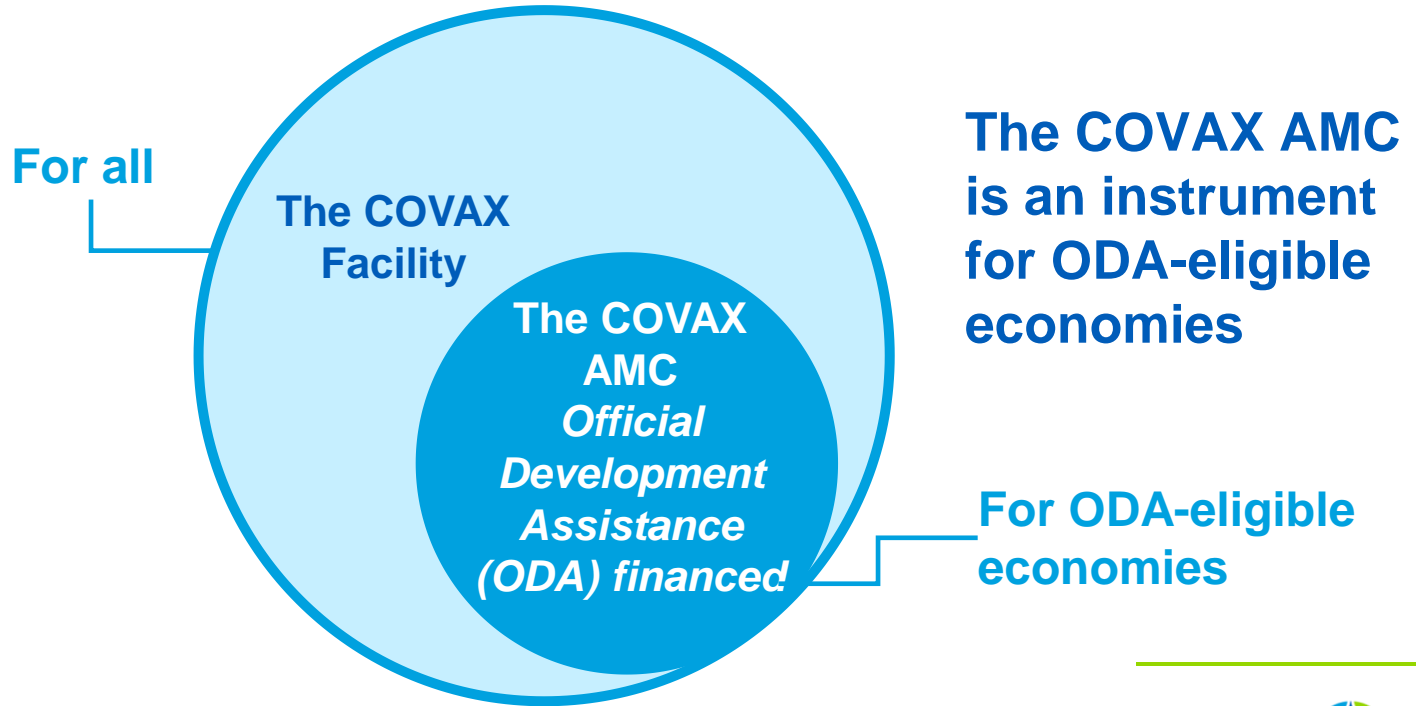
CEPI



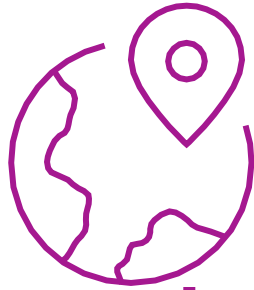
1

Gavi COVAX AMC

The COVAX Facility is open to all



The Gavi COVAX AMC



A **financing instrument** for the procurement of vaccines

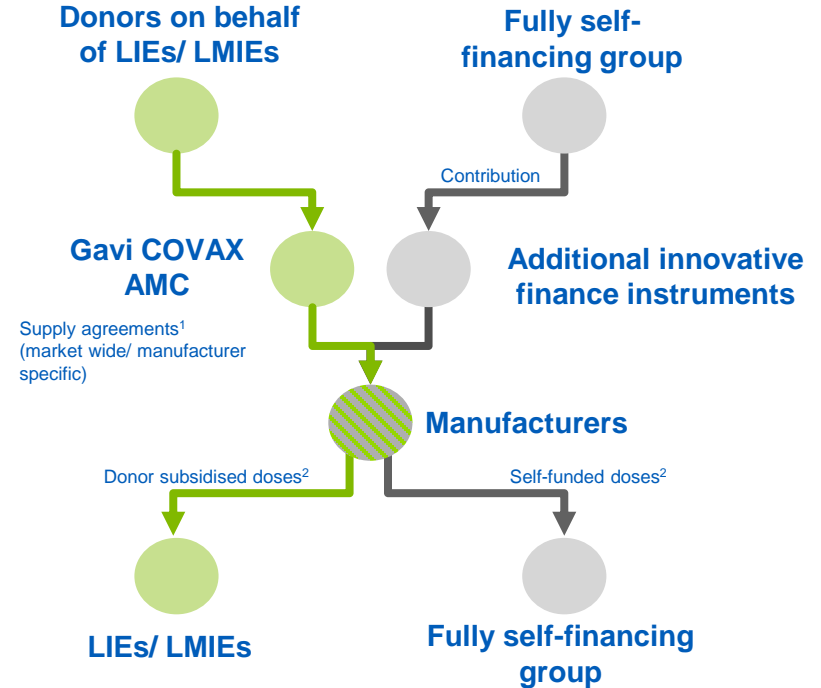
Works to ensure that **no economy is left without access to a future COVID-19 vaccine**

Administered by **Gavi**

Initially funds procurement through the Facility

Draws upon the lessons of the pneumococcal AMC

Funding raised (to date): nearly \$600 Mn



1. Agreements with manufacturers would be unified across full scope of economies participating in the Facility, but ODA funding will only be used to support LIEs, LMIEs plus other IDA-eligible economies (pending Board decision)

2. Financing for procurement incremental to contribution

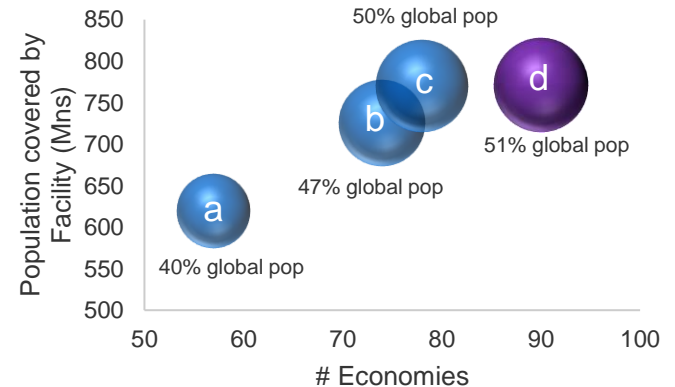
AMC Governance through the normal Gavi processes supplemented by a dedicated Stakeholders Group

Group members are committed to the objectives of the AMC through a Stakeholders Agreement. The Group meets semi-annually and:

- Brings together partners combining resources to achieve objectives, including donors, economies & other partners such as UNICEF, PAHO, & multilateral development banks
- Has opportunity to assess the AMC's progress & prospects, considering investment, deals with manufacturers, cost estimates & plans to introduce vaccines
- May be represented on the COVAX Facility Shareholders Council

The COVAX AMC: key for equitable access

- The AMC: a key tool to ensure **that no lower income economy is left without access to a future COVID-19 vaccine because of lack of available vaccines, procurement capacity, or buying power**
- Scope of AMC eligibility should **reflect this objective**.
- Four options considered:
 - a) Gavi eligible economies
 - b) Gavi supported economies
 - c) Low income & lower middle-income economies
 - d) **RECOMMENDED OPTION**: Low income & lower middle-income economies, plus other World Bank IDA-eligible economies
- **Rationale**:
 - Focuses on the **poorest economies** in the world today
 - Uses **recognised, transparent World Bank definitions**, not a Gavi-specific threshold
 - **Covers half of the global population** to make a **meaningful impact on the pandemic**;
 - Speaks to **the Board's recognition of challenges faced by lower middle-income economies**
 - Acknowledges the **recognised vulnerabilities of IDA-eligible economies*****



Recommendation

The Gavi Alliance Board is requested to:

- a) **Approve** the establishment of the Gavi COVAX AMC as a financing mechanism for the procurement of COVID-19 vaccines for eligible economies as set out in Doc 4b as read with the note below;
- b) **Approve** the recommended eligibility for the Gavi COVAX AMC as comprising all low income and lower middle-income economies, plus the other World Bank IDA-eligible economies, i.e. economies with a GNI per capita under ~US\$4,000, plus other IDA-eligible economies. Having regard to the 2018 World Bank GNI data, this comprises 90 economies.
- c) **Note** that this decision does not amend previous decisions on Gavi's eligibility for core financing and relates only to the Gavi COVAX AMC.

2

COVAX Facility Structure & Governance

The COVAX Facility

- Optimises public health outcomes by **making vaccines available to all economies** & not a small subset
- Allows **upper-middle income and high-income economies to come together to self-finance** vaccine procurement
- Allows **larger portfolio of vaccine candidates; higher probability of success; critical mass of financing** to manufacture at scale & at risk
- Allows companies to have **clear demand forecasts** & to serve global needs
- An **actively managed portfolio** optimises resources including manufacturing, raw materials and supplies

Significant benefits of Gavi administering the COVAX Facility

Benefits of Gavi administering

- Recognised as **key global stakeholder**
- **Track record and credibility** (immunisation, market shaping, innovative finance)
- Already **operating at scale**
- Has **led design of the Facility** and will **administer COVAX AMC**¹

Risks of alternative options

- **High transaction costs** to set up legal entity and coordinate between Facility and AMC
- **Structural complexity**
- **Delays in transactions** with manufacturers
- **Vaccine provision** to developing economies likely to be **fragmented and/or delayed**

Risks of Gavi administering Facility can be actively managed

Several risks with administering Facility ...

- Impact on **core business**
- Challenges of **engaging with upper-middle income & high-income economies**
- **Reputational, liability, geopolitical, anti-vaccine & security risks**
- Potential for **under/over supply, default** by Participants

... which the Secretariat will actively manage

- Principles of engagement:
 - **Segregation of funds**
 - **Financial commitments** from Participants to support manufacturer agreements
 - **Incremental resourcing**
- **Bank guarantees** and other instruments to further manage financial risk
- *Dedicated risk management framework to be established*

The Shareholders Council will provide a forum for Facility participants to be engaged

Shareholders Council

Composition






- **All Self-Financing Participants**
- Could also include representatives of **AMC Stakeholders Group**
- Role for **observers** e.g. CSOs, regional bodies
- *Steering / executive committee could be established to liaise with Board for decision-making*

Role

- **Strategic guidance** on areas related to the status of vaccines under development
- **Share information & access regular updates** from Secretariat/CEPI

- Representatives from Shareholders Council **included on MSDC** for review of COVAX-related agreements

Facility governance will leverage Gavi's existing mechanisms where possible

			Portfolio	Allocation	Financing	Operations
Existing Bodies	Gavi Board				✓	✓
	MSDC <i>Market Sensitive Decisions Committee</i>		✓		✓	
	AFC <i>Audit and Finance Committee</i>				✓	
	SAGE <i>Strategic Advisory Group of Experts</i>		✓	✓		
	RDMIC <i>R&D and Manufacturing Investment Committee</i>		✓		✓	
Newly Proposed Bodies	Shareholders Council		✓	✓	✓	✓
	Dose Allocation Body			✓		
	Independent Product Group		✓			
	AMC Stakeholders Group				✓	✓

Office of the COVAX Facility established as dedicated team within the Secretariat



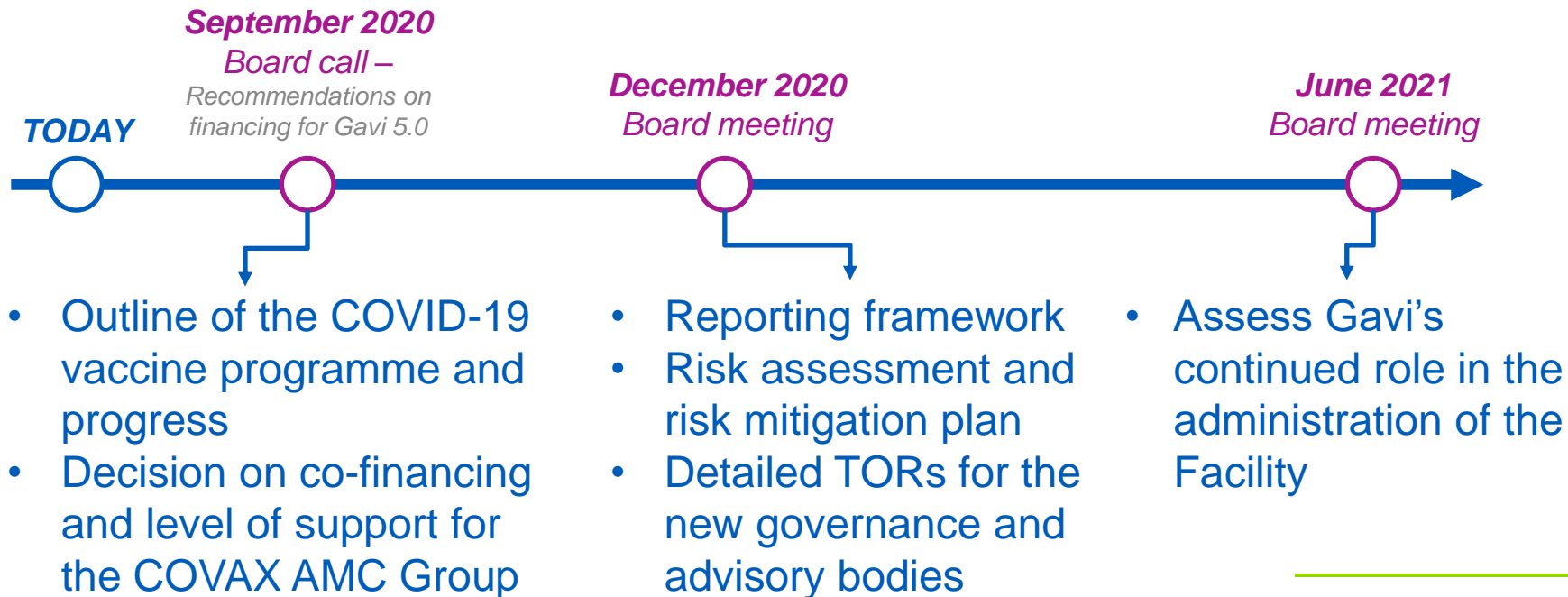
Office of the COVAX Facility

- Dedicated resources separate from rest of Secretariat
- Additional dedicated & monitored incremental resources from Secretariat teams to support the Facility
- Surge capacity for next six months, followed by steady state

Initial financial implications

- ~\$US 8.4mn, of which 7mn for next 12 months
- Funded through participation fees for self-financing participants and COVAX AMC funding

The Secretariat will revert to the Board with further details on the COVAX Facility and vaccine programme



Recommendation (1/4)

Building on the approvals and guidance provided by the Board at its meetings of 11 May and 24 and 25 June 2020, the Gavi Alliance Board is requested to:

- a) **Recognise** that the global fight against the COVID-19 pandemic and the nature of the disease call for the creation of a global mechanism to ensure rapid, fair and equitable global access to a safe and efficacious COVID-19 vaccine to as broad a population as possible.
- b) **Note** that, given the supply constraint environment and ongoing bilateral initiatives to secure availability of vaccine candidates, the timing for such a mechanism to become effective is of the essence.
- c) **Acknowledge** that, across several options presented to the Board, Gavi being entrusted with the task to administer the COVAX Facility is the fastest way to have an established and credible legal entity working towards the objective of ensuring global and equitable access of COVID-19 vaccines and that the benefits of Gavi administering the COVAX Facility outweigh the risks.
- d) **Note** that administering the COVAX Facility is aligned with Gavi's mission given the expected benefits it will yield for low income economies.

Recommendation (2/4)

- e) **Approve** Gavi as the legal entity to administer the COVAX Facility with immediate effect; provided that:
- i. Gavi's role will be reassessed by the Board on the earlier of: (a) the Board meeting taking place between June and September of 2023, and (b) the first Board meeting taking place after the Participants have been allocated enough Doses to vaccinate at least 20% of their population pursuant to the WHO's Allocation Mechanism; and
 - ii. The Secretariat will, at all times, ensure that:
 - i. Facility funds will be segregated from Gavi's core financing, and funding provided by the Self-financing Participants will be segregated from the funds received by the AMC donors under the Covax AMC
 - ii. Expenses associated with the administration of the Facility will be paid for with administrative fees provided by Self-Financing Participants and AMC funding in accordance with an appropriate allocation methodology.
 - iii. Gavi would not enter into agreements with manufacturers which result in Self-Financing Participants being distributed Doses without having provided a legally binding financial commitment to procure such Doses, with appropriate financial backing for such commitment.
 - iv. Additional staff would be hired to ensure capacity and bandwidth for the set-up and, ultimately, implementation of the Facility.

Recommendation (3/4)

- f) **Request** the Secretariat to present to the Board in December 2020: (i) a reporting framework and (ii) a risk assessment and risk mitigation plan for the COVAX Facility.
- g) **Request** the Secretariat to convene a Board meeting by no later than July 2021 to assess Gavi's continued role in the administration of the Facility.
- h) **Note** the establishment of a COVAX Shareholders Council to provide strategic guidance on the administration of the COVAX Facility, which body shall be self-organising and will operate in accordance with its operating procedures.
- i) **Approve** the amendments to the Market-Sensitive Decisions Committee Charter as set out in Annex C to Doc 04b to allow for review and approval of COVAX transactions with manufacturers to include members of the COVAX oversight body.

Recommendation (4/4)

With reference to the discussion on Doc 03 *Financial Forecast*, the Gavi Alliance Audit and Finance Committee **recommends** to the Gavi Alliance Board that it:

- j) **Approve** the pre-financing of the COVAX Facility initial costs through Gavi funds to enable operationalisation of the COVAX Facility, which includes the COVAX AMC mechanism. The estimated amount is US\$ 8.4 million, of which US\$ 1.4 million has already been incurred and an incremental US\$ 7 million is forecasted for the next 12 months. These costs will ultimately be funded through the COVAX Facility participation fees for Self-financed Participants and through Gavi funding mobilised for procurement and delivery of COVID-19 vaccines for Gavi-supported Participants.

THANK YOU



Reach every child

www.gavi.org