

**Annex A: Alternative options explored for the administration of the Facility and key reasons for not exploring further<sup>1</sup>**

Option	Advantages	Disadvantages	Key reasons for not exploring further
<p>1. A new legal entity (established as an affiliate of Gavi) is established for the purposes of contracting for participants' commitments and holding funds on behalf of the COVAX Facility.</p>	<ul style="list-style-type: none"> <li>No recourse to Gavi itself, means Gavi's balance sheet is not at risk as a result of the COVAX Facility.</li> <li>Gavi's ownership of the new legal entity however lends Gavi's credibility and experience to the structure.</li> <li>Opportunity to design a bespoke administration architecture for the COVAX Facility.</li> <li>Outsourcing of administration to Gavi, and a third-party treasury manager leverages existing expertise from previous innovative finance mechanisms, including the Pneumo AMC.</li> <li>Counterparties (e.g. manufacturers, and participants) have no contractual recourse beyond the assets owned by this new affiliated legal entity. The entity would report to its own Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>High transaction costs</li> <li>Additional structural complexity brought by the additional entity.</li> <li>The setup of the new legal entity is a condition precedent for being able to enter into transactions with manufacturers which will delay implementation and achievement of the Facility's objectives and this could take up to a month just to set up</li> <li>Unclear whether sufficient advantage would be obtained over using Gavi's existing structure, given the short period the Facility is expected to be operational</li> <li>Introduces additional governance bodies into decision making, leading to potential cross over with Gavi's governance and creating complexities</li> </ul>	<ul style="list-style-type: none"> <li>Need to set up of the legal entity resulting in delays and high transaction costs</li> </ul>
<p>2. An existing third-party organisation, should one be identified administers the COVAX Facility</p>	<ul style="list-style-type: none"> <li>Provides credibility of an experienced third-party administrator for such a high-profile project</li> <li>Keeps distinct roles of Self-financing Participants and Funded Participants</li> <li>Minimises/eliminated Gavi Balance Sheet risk</li> </ul>	<ul style="list-style-type: none"> <li>Hard to ensure a seamless cooperation between the COVAX AMC administered by Gavi and a third party administering the COVAX Facility</li> <li>Level of experience in vaccine delivery and credibility with high income and upper middle-income economies and manufacturers from a third party would need to be assessed</li> <li>Additional steps would be expected to have the Secretariat handing over the expressions of interest and build a new relationship between Self-financing Participants and the third party</li> <li>Separate entities administering the COVAX</li> </ul>	<ul style="list-style-type: none"> <li>Need to (i) identify a third party with required level of expertise and credibility and (ii) handover to such third party resulting in delays</li> <li>Requested level of cooperation between AMC and Facility expected to create structural complexity</li> </ul>

		<p>AMC and COVAX Facility may be disruptive, inefficient and more costly</p> <ul style="list-style-type: none"> <li>• Introduces additional governance bodies into decision making leading to potential cross over with Gavi's governance and creating complexities</li> <li>• Is likely to slow down the deal making and effort at a time when speed is critical to access vaccines</li> </ul>	
<p>3. A new legal entity (not affiliated to Gavi) is established to administer the Facility</p>	<ul style="list-style-type: none"> <li>• Provides a clear and distinct framework</li> <li>• Opportunity to design a bespoke administration architecture for the COVAX Facility</li> </ul>	<ul style="list-style-type: none"> <li>• High transaction costs</li> <li>• Delays the date by which the Facility would become operational, considering time to incorporate, status of organisation (non-profit, IO, etc.), staffing, putting in place a new board, etc</li> <li>• There may be a lack of confidence to participate in a newly established entity and signing up in a short time frame</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that participants and manufacturers have sufficient trust in a newly established entity</li> <li>• Delays resulting from the set up</li> </ul>