

## Appendix 3: Update on resources and expenditures in 2016 and 2017

### 1 Resources

- 1.1 The Total cash inflows in 2016 are predicted to be 102% of the amount projected in December 2015, the increase being due mainly to additional direct contributions. In January through September, 77% of the projection for all of 2016 was realised, compared to 75% over the similar period in 2015.

#### Resource projections for 2016 and 2017

Resources	2016				2017	
	Dec-2015 Board Projection	Actual: YTD Sept-16	% of Projection for year	Dec-2016 Board Projection	Dec-2015 Board Projection	Dec-2016 Board Projection
US\$ millions						
Direct contributions - confirmed						
Direct contributions for IPV	97	93	96%	93	79	77
IFFIm Proceeds	100	0	0%	100	300	150
AMC Proceeds	100	107	107%	131	47	89
Investment Income	36	56	156%	50	36	25
Other *	0	15			0	
<b>Total Inflows</b>	<b>1,804</b>	<b>1,388</b>	<b>77%</b>	<b>1,834</b>	<b>1,889</b>	<b>1,783</b>

For Resources, the Projected amount is per the latest forecast presented to the Board before the start of the year

\* 'Other' comprises unrealised FX gains/(losses) and timing adjustments

### 2 Expenditure

- 2.1 Disbursements for programmes in 2016 are predicted to be 86% of the amount projected in December 2015, to reflect the results of programme approvals and endorsements in 2016 and updated assumptions on disbursement timing. In January through September, 52% of the projection for all of 2016 was realised, compared to 61% over the similar period in 2015. A breakdown of disbursements by Programme is included in Annex 2, Figure 2 of document AFC-2016-Mtg-4-Doc 02.

## Expenditure projections for 2016 and 2017

Expenditure	2016				2017	
	Dec-2015 Board Projection	Actual: YTD Sept-16	% of Projection for year	Dec-2016 Board Projection	Dec-2015 Board Projection	Dec-2016 Board Projection
US\$ millions						
Vaccine Programmes	1,145	628	55%	1,016	1,219	1,130
Cash-based Programmes	452	205	45%	350	427	495
<b>Programmes - total</b>	1,597	832	52%	1,366	1,646	1,625
			86%			
Secretariat	103	67	66%	98	109	108
Partners	169	136	81%	161	179	184
<b>Secretariat &amp; Partners</b>	272	204	75%	259	288	292
			95%			
<b>Total Expenditure</b>	1,869	1,035	55%	1,625	1,934	1,917
<b>Secretariat CAPEX</b>	3	2	70%	4	2	5

For programme expenditure, the Projected amount is per the latest forecast presented to the Board before the start of the year

For Secretariat and Partners, the Projected amount is the budget amount approved by the Board for the year

- 2.2 Expenditure on Secretariat and Partners activities is estimated to consume 95% of the budget in 2016. Of the US\$ 12 million that was not spent (*operating expense plus capital expenditure*), US\$ 7 million is likely to be spent in 2017. In paragraph 2 (of the paper), the Secretariat is requesting that the budgets for 2016 and 2017 be treated as an overall amount spanning both years. Such an arrangement would enable some emerging expenditures for 2017 to be absorbed. A further breakdown of Gavi's Secretariat and Partners spend in 2016 is provided in Annex 7, Figures 1 and 2 of document AFC-2016-Mtg-4-Doc 02.
- 2.3 IBRD AMC Fees: ~US\$ 4.5 represents the amount due to the World Bank to cover the shortfall in funding for 2009-2014 they have received from AMC investment income that is required under the AMC Stakeholders agreement to cover the Bank's related administrative and commitment fees.
- 2.4 Gavi's operating expenses and overheads: At the May 2016 AFC meeting, the committee endorsed the methodology developed by the Secretariat for an operating expense ratio that could enable comparability with other organisations. Figure 6 below presents the year-to-date expenditure through September 2016 and an estimate for whole year, as well as forecast amounts for 2017. The new Operating Expense Ratio is presented for those periods, as is the Overhead Ratio that is included in Gavi's audited Annual Financial Report each year. Going forward, both ratios will be reported.

## Expenditure and ratios

US\$ million									
	2016 Budget	2016 Sept YTD	2016 Forecast	2017 Budget	2017 Forecast	2016-2017 Budget	2016-2017 Forecast		
<b>Programmes (vaccines and cash-based)</b>	<b>1,597.0</b>	<b>832.1</b>	<b>1,363.0</b>	<b>1,646.0</b>	<b>1,615.0</b>	<b>3,243.0</b>	<b>2,978.0</b>		
<b>Partner Engagement Framework</b>									
Targeted Country Assistance	64.5	49.3	57.2	69.5	65.0	134.0	122.2		
Investments in Strategic Focus Areas	26.0	22.4	22.2	29.0	29.0	55.0	51.2		
Vaccine & Cold Chain procurement fees	22.9	16.5	22.0	22.9	22.9	45.8	44.9		
Foundational Support (to partners)	36.4	36.4	36.4	36.4	36.4	72.8	72.8		
Evaluations & assessments	18.9	11.6	17.2	20.4	20.4	39.3	37.6		
AMC fees	0.6	-	0.6	0.5	5.0	1.1	5.6		
Operational Partnership	-	-	5.0	-	5.0	-	10.0		
<b>Total Partner Engagement Framework</b>	<b>169.3</b>	<b>136.2</b>	<b>160.6</b>	<b>178.6</b>	<b>183.7</b>	<b>347.9</b>	<b>344.3</b>		
<b>Secretariat</b>									
Programme support (staff, travel, etc.)	58.4	37.0	53.7	63.5	63.0	121.9	116.7		
Management, general & fundraising	44.0	30.1	44.0	44.8	45.3	88.8	89.3		
IFFIm & Gavi campaign*	4.0	3.0	3.5	3.0	3.0	7.0	6.5		
<b>Total Secretariat</b>	<b>106.4</b>	<b>70.1</b>	<b>101.2</b>	<b>111.3</b>	<b>111.3</b>	<b>217.7</b>	<b>212.5</b>		
<b>Total Expenditure</b>	<b>1,872.7</b>	<b>1,038.4</b>	<b>1,624.8</b>	<b>1,935.9</b>	<b>1,910.0</b>	<b>3,808.6</b>	<b>3,534.8</b>		
<b>Total Operating Expenses</b>	<b>125.9</b>	<b>81.7</b>	<b>119.0</b>	<b>132.2</b>	<b>136.7</b>	<b>258.1</b>	<b>255.7</b>		
<b>Operating Expenses Ratio</b>	<b>6.7%</b>	<b>7.9%</b>	<b>7.3%</b>	<b>6.8%</b>	<b>7.2%</b>	<b>6.8%</b>	<b>7.2%</b>		
<b>Total Overhead</b>	<b>48.0</b>	<b>33.1</b>	<b>47.5</b>	<b>47.8</b>	<b>48.3</b>	<b>95.8</b>	<b>95.8</b>		
<b>Overhead Ratio</b>	<b>2.6%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.7%</b>		

\*For IFFIm & Gavi Campaign, YTD is an estimate

### 3 Operational partnerships

- 3.1 Operational Partnerships are developed by the Gavi Secretariat, often using donor matching funds, with the objective of leveraging private sector resources to support the achievement of the Gavi mission in one or more Gavi-supported countries. Each partnership is wholly aligned to a Gavi Strategic Goal or Strategic Enabler.
- 3.2 Financial implications: For 2016-2020 an amount of US\$ 50 million is proposed for investment in these Partnerships. The major part of that expenditure will be financed by contributions to Gavi that are earmarked for objectives aligned with specific Partnerships, including Matching Fund contributions. The remainder would be financed from unrestricted funding available to Gavi, up to an amount not exceeding US\$ 20 million in 2016-2020. Of this amount, expenditure of approximately US\$ 5 million a year is anticipated in 2016 and 2017 and the Secretariat will seek to absorb this within the Board approved PEF / Secretariat budgets for these years. (For further details, see document AFC-2016-Mtg-4-Doc 02-Annex 9.)

### 4 Programme Funding Envelope utilisation

- 4.1 The Board has approved a number of Programme Funding Envelopes from which the Secretariat can allot multi-year funding amounts to programmes, and report back to the Board. The cash-flow impact of the multi-year allotments is included for relevant years within the expenditure amounts in various tables in this paper.
- 4.2 Allotments are made in response to country needs and in accordance with the Programme Funding Policy. Utilisation of less than 100% of an envelope means that the actual allotments (in total) were lower than the envelope amount which set a ceiling on the Secretariat's authority to allot. All necessary allotments have been made, and were within the envelope limits, as illustrated in the table below. (For further details, see document AFC-2016-Mtg-4-Doc 02-Annex 8, Figure 1.)

#### Utilisation of programme funding envelopes - summary

Multi-year allotment amounts US\$ million	Envelope amount	Allotted:			Remaining	% utilised to date	Est. allot. Oct-Dec '16	Remaining	% utilised Dec '16
	in 2014	in 2015	by Sep '16						
"Annual" Envelopes									
General envelope for 2015	2,472		(1,157)		n/a	47%		n/a	47%
General envelope for 2016*	2,706			(2,266)	440	84%	(106)	334	88%
*excludes IPV programmes of US\$ 121 million									
"Cumulative" Envelopes									
IPV envelope for 2014-2016	389	(167)	(139)	(1)	82	79%	37	119	69%
Ebola envelope for 2015-2016	390		(20)		370	5%	(19)	351	10%
CCE OP envelope for 2016	50			(6)	44	12%	(22)	22	56%
India envelope for 2016	500			(180)	320	36%	(128)	192	62%

## Appendix 4: Calculation details

### 1 Envelopes

#### 1.1 General Funding Envelope for 2017 (excl. CCEOP)

**Figure 1: General Programme Funding Envelope for 2017**

PROGRAMME FUNDING ENVELOPE 2017		Endorsed Programme Budget Amounts										
Programme Year basis	US\$ millions	2001-2010	2011-2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
<b>Already Endorsed Budgets</b> as at 30 September 2016		3,328	5,620	1,480	1,215	809	543	308	18			<b>13,321</b>
<b>Estimate for changes</b> through end of 2016:												
Adjustments to existing programmes		(2)	(16)	(138)	13							(144)
Extensions to existing vaccine programmes (excl. IPV)												
New Cash Programmes				8	37	16	16					77
<b>Estimated changes to Programme Budgets - Oct-Dec 2016</b>		(2)	(16)	(130)	50	16	16					(67)
<b>A Already Endorsed Budgets</b> as at 31 December 2016		<b>3,326</b>	<b>5,605</b>	<b>1,350</b>	<b>1,264</b>	<b>825</b>	<b>559</b>	<b>308</b>	<b>18</b>			<b>13,255</b>
<b>Estimates for changes to endorsed amounts during 2017</b>												
(a) Adjustments to existing cash & vaccine programmes				10	10	10	10	10				50
(b) Extensions of existing vaccine programmes (excl IPV)						74	86	39	17	6		223
(c) Extensions of existing IPV programmes**					50	68	20					138
<b>Total for changes to Existing Programmes</b>				<b>10</b>	<b>60</b>	<b>152</b>	<b>116</b>	<b>49</b>	<b>17</b>	<b>6</b>		<b>411</b>
<b>(d) New Cash Programmes</b>					<b>99</b>	<b>156</b>	<b>55</b>	<b>51</b>	<b>48</b>	<b>65</b>		<b>475</b>
(e) New Routine vaccine programmes					44	98	69	60	11			283
(f) New Campaign vaccine programmes					49	48	12	3	9			120
<b>New Vaccine Programmes</b>					<b>93</b>	<b>146</b>	<b>81</b>	<b>63</b>	<b>20</b>			<b>404</b>
<b>(g) New Stockpile investments</b>					<b>11</b>	<b>25</b>						<b>36</b>
<b>B 2017 ENVELOPE for changes to endorsed amounts</b>				<b>10</b>	<b>263</b>	<b>480</b>	<b>252</b>	<b>164</b>	<b>85</b>	<b>71</b>		<b>1,326</b>
<b>Estimated split:</b>												
Unrestricted countries				10	263	476	248	160	81	67		1,306
Restricted countries						4	4	4	4	4		20
<b>A+B</b>	<b>Forecast Endorsed budgets at end 2017</b>	<b>3,326</b>	<b>5,605</b>	<b>1,360</b>	<b>1,527</b>	<b>1,306</b>	<b>811</b>	<b>472</b>	<b>104</b>	<b>71</b>		<b>14,581</b>
<b>Timing of cashflows</b> (as shown in Annex 3, Figure 1)												
<b>Changes to Endorsed Budgets, as cash flows</b>				20	318	354	296	162	76	60	39	<b>1,326</b>
Existing Programmes				20	72	136	109	54	16	5	0	411
New Programmes					246	218	187	108	60	55	39	915

Envelope covers 'Restricted' + 'Unrestricted' countries. Excludes Ebola programmes.

\*\* The \$138m remains the balance of funds available for IPV from the monies earmarked by donors for this programme (\$389m)

The funding envelope amount of US\$ 1,326 million for endorsed programme budgets covers the duration of multi-year plans of individual country programmes and is comprised of estimates for the following components:

- US\$ 50 million to cover anticipated adjustments to existing programme budgets to reflect decisions of the High Level Review Panel or other bodies as approved by the Board and updated implementation assumptions.
- US\$ 223 million to cover to the extension of existing programmes as and when recommended by the High Level Review Panel.

- (c) US\$ 138 million for IPV programmes to cover the extension of the existing programmes. The amount<sup>1</sup> that can be allotted to these programmes is limited to maximum remaining available from the specific earmarked funds pledged in 2013 for the period 2014-2018. It is anticipated that some of the initial funding pledged will be available to support a portion of the programmatic need in 2019.
- (d) US\$ 475 million to cover the endorsement of new cash-based programmes as and when recommended by the Independent Review Committee or other bodies so approved by the Board.
- (e) US\$ 283 million to cover the endorsement of new routine vaccine programmes as and when recommended by the Independent Review Committee or other bodies as so approved by the Board. **(Note: If the proposed revision to programme funding policy on the inclusion of new routine vaccine programmes is rejected, this amount will be removed from the programme funding envelope.)**
- (f) US\$ 120 million to cover the endorsement of new campaign vaccine programmes as and when recommended by the Independent Review Committee or other bodies as so approved by the Board.
- (g) US\$ 36 million to cover the endorsement of new stockpile investments for MenA and Yellow Fever vaccine programmes as and when recommended by the Independent Coordinating Group (ICG).

## 1.2 CCEOP Envelope for 2016-2017

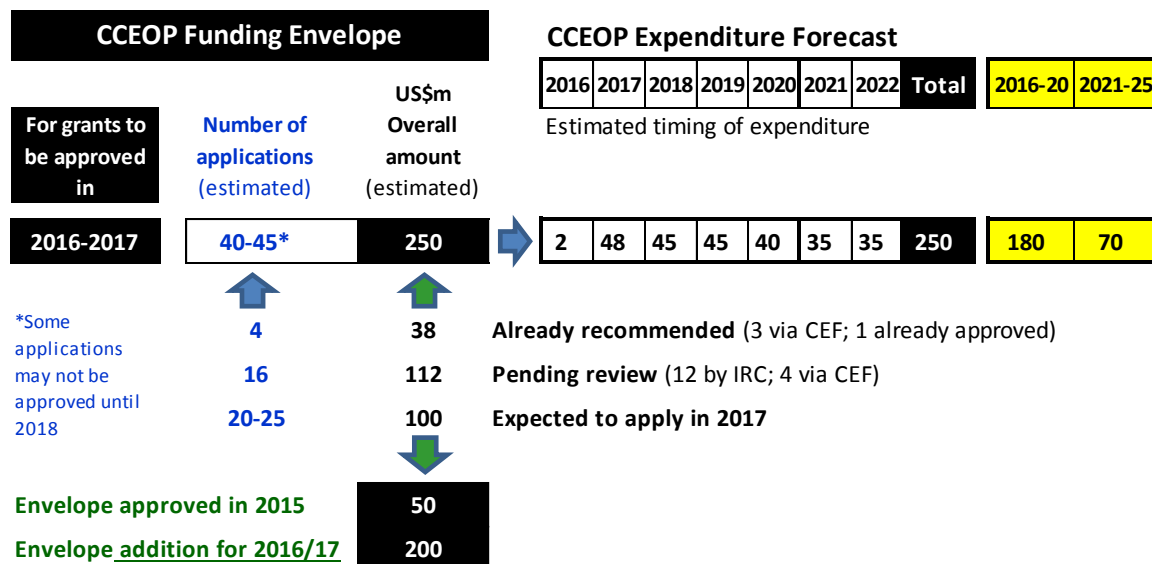
- (a) The CCEOP envelope amount is based on the estimated timing of expenditure to meet demand for CCEOP support anticipated to be requested through 2017, and expended through 2022, as summarised in Figure 2 below. This informed the PPC recommendation.

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<sup>1</sup> Cumulatively, up to US\$ 389 million is available to support IPV vaccine and VIG programmatic costs based on ear marked funding provided for the period 2014-2018.

**Figure 2: CCEOP Financial forecast and Envelope Amounts for 2016-2017**

US\$ million



## 2 Coverage of the funding decisions for consideration by the Board in December 2016

### 2.1 The Gavi Programme Funding Policy requires that:

- As a prerequisite to the approval or endorsement of any new programme, an amount of Qualifying Resources shall be set aside to fully cover all commitments arising in the period from the start of the then current year through the next two calendar years (the Defined Period), 2016-2018; and
- The Secretariat shall also provide the Board with a projection of commitments arising and Qualifying Resources in the three years subsequent to the Defined Period, so that the Board can take into account the longer-term implications when considering the funding of new programmes, 2019-2021.

### 2.2 Figure 3 below provides a year-by-year view of the cash outflows to meet the needs of existing and future programmes, and the resource inflows to meet those needs, highlighting the two 3-year periods relevant to the Funding Policy: 2016-2018 and 2019-2021.

### 2.3 The cash flow impact of the Programme Funding decisions recommended for approval in December 2016 is included within the forecast of Total Expenditure in the Annex 4, Figure 1 in document AFC-2016-Mtg-4-Doc 02, which illustrates that:

- In 2016 and the two subsequent calendar years (2016-2018), the Defined Period for which full coverage of needs is a requirement, all currently foreseen needs are forecast to be fully covered

(b) In the second three-year period (2019-2021), for which the longer term implications should be considered, all currently foreseen needs are also forecast to be fully covered.

2.4 In addition to the foregoing, a cash reserve equivalent to at least eight months' future expenditure is maintained throughout the forecast period.

2.5 Accordingly, the funding decisions being considered can be approved in accordance with the Programme Funding Policy.

Note: The forecast is reliant on donors extending pledges through 2020 and contributing their pledges.

**Figure 3: Cash flows by year**

Cash flow basis US\$ millions

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-20	2021-25
<b>Existing Programmes &amp; PEF/Secretariat</b>	1,617	1,617	1,650	1,259	1,026	957	809	764	730	696	7,168	3,955
a1 Portion of above in the General Envelope	20	72	136	109	54	16	5	0			390	21
a2 Portion of above in the CCEOP Envelope	1	2	2	1	0						6	
a3 Existing Programmes, not in the Envelope	1,597	1,543	1,512	1,148	971	941	804	764	730	696	6,772	3,934
<b>New Requests not in envelope</b>	2	14	24	19	11	1	-	-	-	-	69	1
<b>Expected Future Requests**</b>	6	286	588	750	738	645	719	763	671	637	2,369	3,436
a4 Portion of above in the General Envelope		246	218	187	108	60	55	39			760	155
a5 Portion of above in the CCEOP Envelope		35	48	46	45	40	30				174	70
a6 Future Programmes, not in the Envelope	6	5	322	518	585	545	634	724	671	637	1,435	3,211
a1+a4 <b>General Envelope for 2017</b>	20	318	354	296	162	76	60	39			1,150	175
a2+a5 <b>CCEOP Envelope</b>	1	37	50	47	45	40	30				180	70
<b>A Total Expenditure to meet demand</b>	1,625	1,917	2,261	2,028	1,775	1,603	1,528	1,527	1,401	1,332	9,606	7,392
											\$9.6 bn	\$7.4 bn
<b>Assured Resources</b>	1,616	1,524	2,222	1,869	1,783	274	143	221	167	110	9,013	915
<b>Allowance for further contributions*</b>				229	196	1,442	1,444	1,444	1,444	1,444	425	7,218
<b>B Qualifying Resources available</b>	1,616	1,524	2,222	2,098	1,979	1,716	1,587	1,665	1,611	1,554	9,438	8,133
											\$9.4 bn	\$8.1 bn
<b>For year:</b>												
<b>Surplus/(Deficit) FOR YEAR</b>												
B-A <b>Addition available / (required) for Expected Future Requests**</b>	(10)	(393)	(39)	70	204	113	59	137	210	222	(168)	741
											(\$0.2 bn)	\$0.7 bn
<b>For each year Cumulative</b>												
<b>Cumulative:</b>												
<b>Additional available / (deficit)</b>	2015	2016	2017	2018	2019	2020	2021					
<b>Additional available / (required) after Expected Future Req.**</b>	475	466	73	34	103	307	420					
<b>Key periods for Programme Funding Policy:</b>												

\* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2016-2018 in subsequent years (per Funding Policy).

\*\* Projected demand from expected future requests for funding for currently approved vaccine and cash-based programmes, minus related AMC funding.