

## Annex A: Implications/Anticipated impact

### 1 Impact on countries

- 1.1 Approval of the Financial Forecast will enable funding to be allotted to programmes throughout 2018, in accordance with the Programme Funding Policy.

### 2 Risk implication and mitigation, including information on the risks of inaction

- 2.1 Determination of Gavi's financial capacity to approve funding decisions relies on the approved Financial Forecast. Risks that could impact the reliability of Forecast are described below, as well as the mitigation strategies in place to address these risks.
- 2.2 If the Forecast was not approved, funding decisions would be delayed, potentially causing delay or disruption of countries' immunisation activities.

#### Risks and their mitigation

- 2.3 Should the net effect of risk factors described below materially impact the Forecast, the following are important measures towards mitigating that risk:
- (a) The Cash and Investments Reserve, equivalent to eight months' future expenditure at least, provides a cushion for adverse fluctuations in resources and expenditures.
  - (b) In each year, a cumulative surplus is forecast after meeting the needs of Existing Programmes, which is available towards funding Expected Future Requests for programme funding. When, in the future, such requests are considered for funding, approval can be declined or deferred in light of resource availability as foreseen at that time.

#### Expenditure: Factors that may impact the expenditure forecast include:

- 2.4 Demand volumes can vary significantly based on changes in country assumptions regarding the timing of vaccine introductions and campaigns. The timing assumptions made in the current forecast rely on the information readily available, which inherently has a high degree of uncertainty.
- 2.5 Introduction timing is often dependent on projections of when a country will no longer be eligible for new Gavi support. This forecast represents the application of the current Board approved Eligibility and Transition Policy. Changes or exceptions to this policy could vary demand significantly.
- 2.6 Price forecasts reflect expected market dynamics specific to each vaccine. The point forecast is the middle estimate among the range of possible points and reflects information available at the time of preparation.

- 2.7 The forecast includes assumptions for supply availability for IPV and HPV vaccines, as currently anticipated.
- 2.8 Expenditure reductions may also be achieved through future vaccine price reductions and more efficient stock management at country level that cannot yet be counted in the forecast.
- 2.9 The introduction of new vaccines would increase expenditure, as would any changes to the recommended age catchments for vaccine campaigns.

**Resources:** Factors that may impact the forecast of resources available include:

- 2.10 Since Gavi's inception, almost 100% of all donor pledges have been honoured by donors. Any non-payment of amounts pledged or failure to extend pledges would adversely impact the forecast of resources.
- 2.11 Exposure to foreign currency exchange rate fluctuations can change the value in US dollars (USD) of resources available to Gavi. This could impair Gavi's capacity to incur expenditure because USD is the currency in which most of Gavi's expenditures are incurred. In the forecast, non-USD pledges are valued at their USD equivalents using the current Bloomberg forecast exchange rates<sup>3</sup> when compiling the forecast or, where hedged, at the hedge rate. Pledges are hedged progressively. Pledges representing ~9% of 2016-2020 Assured Resources are not yet hedged, pending clarification of contribution timing for some pledges mainly in 2019 and 2020.

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<sup>3</sup> This is consistent with the approach agreed with donors at the Berlin Replenishment Meeting.