

FINANCIAL UPDATE

BOARD MEETING

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14-15 June 2017, Geneva



TO REVIEW

- **Financial capacity for the decisions proposed to the Board**
- **Report back on 2016; outlook for 2017**
- **Health Campus financial savings**

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FINANCIAL CAPACITY FOR THE PROPOSED DECISIONS

THE CURRENT FORECAST (Dec 2016 version)

2016-2020

US\$ million

*Post Berlin
Meeting
Jan 2015
(plus IPV)*

**Last
Forecast
Dec 2016
Board**

Per Table 1 of the Dec 2016 Forecast

Annual update of the
Forecast is scheduled
for November 2017

A	Qualifying Resources	10,261 \$10.3 bn	9,914 \$9.9 bn
B	Forecast Expenditure	9,809 \$9.8 bn	9,606 \$9.6 bn
A-B	Available for future investments	452 \$0.5 bn	307 \$0.3 bn

Resources fully
cover Expenditure

THE CURRENT FORECAST (Dec 2016)

	2016-2020 US\$ million	Post Berlin Meeting Jan 2015 (plus IPV)	Last Forecast Dec 2016 Board	Per Table 1 of the Dec 2016 Forecast
	Assured Resources <i>add: Allowance</i>	9,738	9,489	Relies on pledges being extended through 2020
A	Qualifying Resources	10,261 \$10.3 bn	9,914 \$9.9 bn	
B	Forecast Expenditure	9,809 \$9.8 bn	9,606 \$9.6 bn	Will be updated in November 2017
A-B	Available for future investments	452 \$0.5 bn	307 \$0.3 bn	Volatility!
	Without the Allowance, shortfall:		(118)	

DECISIONS FOR CONSIDERATION AT THIS BOARD MEETING - FINANCIAL IMPACT

Decisions for consideration at June 2017 Board meeting

US\$ million	Decision amount	Per Table 1 of Board paper
(a) 2018 UNICEF Procurement fee budget <i>Investment return: Direct Health Impact</i>	19	Already <u>fully provided for</u> within the current financial forecast
(b) 2018 UNICEF Procurement fee budget for CCEOP <i>Investment return: Direct Health Impact</i>	2.4	

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REPORT BACK ON 2016 & 2017:

- Expenditure & Resources
- Ratios
- Currency hedging

2016 EXPENDITURE & RESOURCES

2016
US\$ millions

	FORECAST Dec 2015 Board	ACTUAL	% of Forecast	Change
Vaccine Programmes	1,145	927	81%	(218)
Cash-based Programmes	452	270	60%	(182)
Programmes	1,597	1,197	75%	(400)
Secretariat & Partners	272	257	95%	(15)
Total Expenditure	1,869	1,454	78%	(415)
	\$1.9 bn	\$1.5 bn		(\$0.4 bn)
Direct contributions	1,568	1,562	100%	(6)
IFFIm & AMC proceeds	200	199	100%	(1)
Investment income & other	36	102	284%	66
Total Resources	1,804	1,863	103%	60
	\$1.8 bn	\$1.9 bn		\$0.1 bn



In \$ million:

(93) Penta prepaid in 2015

(66) M-R; (24) HPV; (18) IPV; (17) YF

(99) HSS programme delays & enhanced risk management;

(66) Campaign op. costs and (15) VIGs – linked to delayed immunisation activity

Further detail in Appendix 6, figure 1

<< **Higher returns than anticipated**

2017 EXPENDITURE & RESOURCES



2017

US\$ millions

	FORECAST Dec 2016 Board	Latest estimate	% of Forecast	Change \$ millions
Vaccine Programmes	1,130	1,111	98%	(19)
Cash-based Programmes	495	403	81%	(92)
Programmes	1,625	1,514	93%	(111)
Secretariat & Partners	292	302	103%	10
Total Expenditure	1,917	1,816	95%	(101)
	\$1.9 bn	\$1.8 bn		(\$0.1 bn)
Direct contributions	1,518	1,444	95%	(74)
IFFIm & AMC proceeds	239	189	79%	(50)
Investment income & other	25	25	100%	0
Total Resources	1,782	1,658	93%	(124)
	\$1.8 bn	\$1.7 bn		(\$0.1 bn)

In \$ million:

(48) HSS (programme delays & risk mangt.)

(41) Campaign operational costs (delays)

Further detail in Appendix 6, figure 2

<< Deferral of IFFIm proceeds

RATIOS

	Actual 2016	Projection 2017
	US\$m	US\$m
Summary of Expenditure		
Programmes	1,197	1,514
Partner Engagement - FS, TCA & SFA etc.	147	165
Evaluations & Assessments, AMC fees	16	28
Secretariat - programme support	51	60
Secretariat - mangagement & fundraising, including Board-related expenses	46	52
Total expenditure	1,457 100%	1,820 100%

RATIOS

Operating Expenses

Overhead



113 7.7%

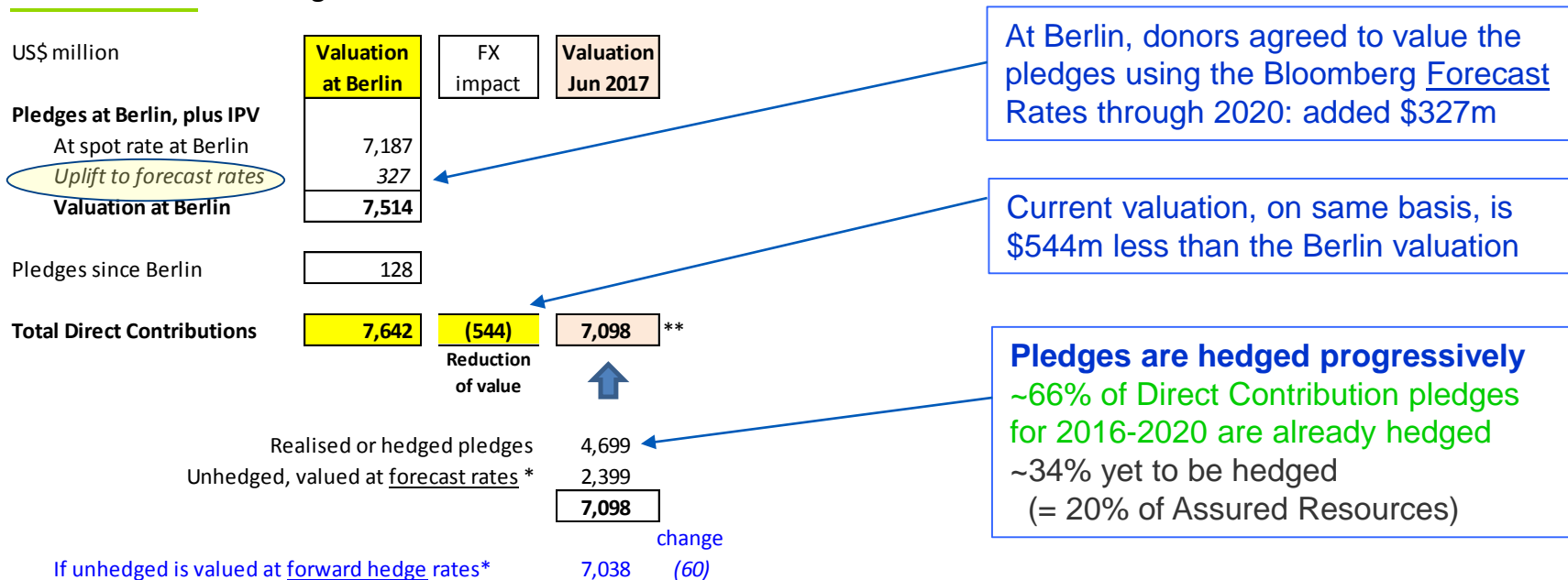
46 3.1%

140 7.7% OpEx Ratio

52 2.8% Overhead Ratio

EVOLUTION OF PLEDGE VALUATION

Direct Contribution Pledges



* Rates are per Bloomberg at 12 June 2017

** In the **December 2016 forecast**, the corresponding amount was **US\$ 7,160 m** before deducting a \$120m provision for depreciation in the value of the unhedged amounts

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HEALTH CAMPUS FINANCIAL SAVINGS

HEALTH CAMPUS RENTAL SAVINGS

Based on current financial estimates, prior to final costs

US\$ millions

(using current CHF-USD exchange rate)

Annual rent & associated services

Includes Gavi share of Conference Centre & Auditorium -- participation to be decided

Current buildings	Health Campus
US\$m	US\$m
4.6	3.0

\$1.6m saving per year



4.8 years pay-back



\$7.7m investment

Up-front investments by Gavi

Investment in shared infrastructure and development costs*

Gavi costs of vacating, moving and furniture for Gavi floors

Investments avoided (for upkeep of current space)

7.7
7.0
3.2
(2.5)

* For shared investments, Gavi ultimately bears 26% of the cost (i.e. pro-rata to its office floor area)

Gavi contributes 50% up-front, and 24% is recovered by rent reduction over 10 years

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Total costs over <u>10</u> years	46	37	\$8m saving	18%
Total costs over <u>15</u> years	69	52	\$16m saving	24%

Net Savings over time

Before counting operational synergies

RECOMMENDATION

The Gavi Alliance Audit and Finance Committee recommends to the Gavi Alliance Board that it

Approve, within the overall Partnership Engagement Framework, a budget of:

- (i) US\$ 19.0 million for UNICEF Supply Division fees for the procurement of vaccines and related devices in 2018; and
- (ii) US\$ 2.4 million for UNICEF Supply Division fees for the procurement of cold chain equipment in 2018.

Thank you



www.gavi.org