

SUBJECT: THE ROAD TO REPLENISHMENT

Agenda item: 05

Category: For Information

Section A: Introduction

- This report presents the roadmap to replenishment 2020: from the Mid-Term Review (MTR) in Abu Dhabi in December 2018 to the launch event in August 2019 in Tokyo, culminating with a pledging conference in London mid 2020.
- In doing so, it also highlights the status of the organisation's resource mobilisation efforts needed to close the 2016-2020 period and provides an update on the private sector engagement approach originally discussed at a Board technical briefing in 2016.

Section B: A phased approach towards the 2020 replenishment

1. From the United Arab Emirates

- 1.1 Gavi is now entering a critical phase of its replenishment process to raise long-term resources for the next strategic period, 2021-2025.

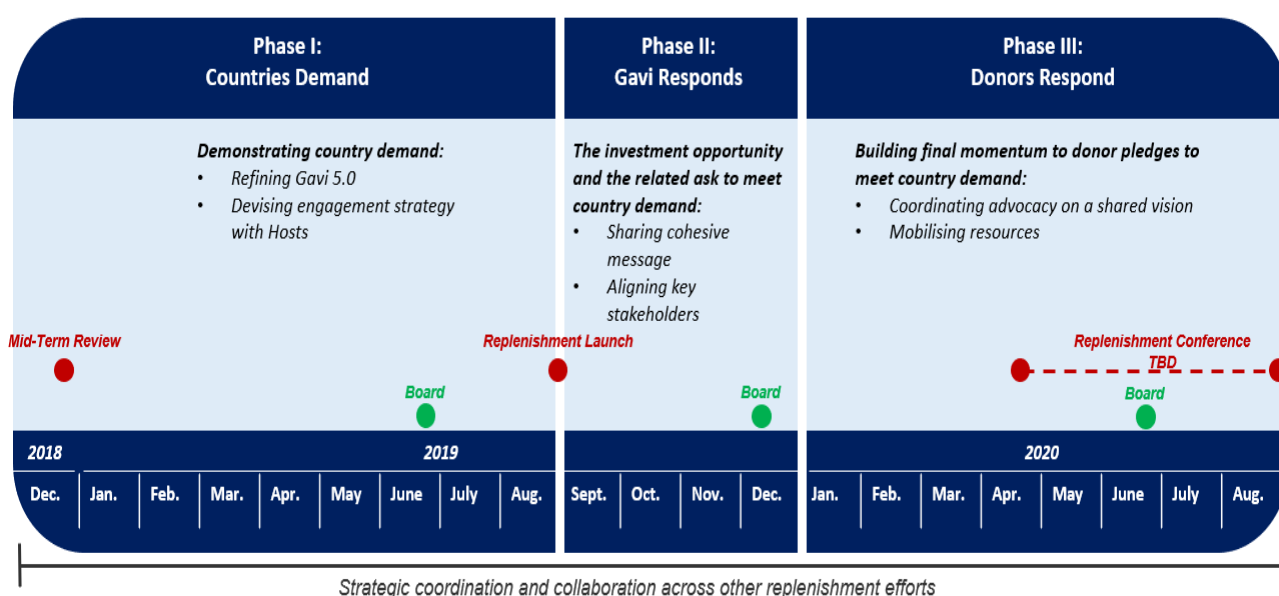


Figure 1

- 1.2 The proposed phased approach highlighted in Figure 1 above takes into account the timing of multiple replenishments taking place in 2019 and is coordinated with key partners' financing moments.
- 1.3 The replenishment process started with the MTR, where more than 300 representatives from donor and implementing country governments, the private sector, innovators, civil society, and Gavi partners gathered in Abu Dhabi, United Arab Emirates (UAE), on 10-11 December 2018. The high-level conference, entitled *Empowering the Next Generation*, provided a platform to discuss Gavi's results to date and the future for the Alliance beyond 2020.
- 1.4 The MTR was hosted by the UAE government under the patronage of Her Excellency Reem Al Hashimy, Minister of State for International Cooperation. Esteemed guests included H.E. Mahamadou Issoufou, President of the Republic of Niger and H.E. Carlos Agostinho Do Rosario, Prime Minister of the Republic of Mozambique.
- 1.5 **Delivering on our goals and beyond** - Participants welcomed Gavi's progress since the 2015 Replenishment Conference in Berlin, highlighting that the organisation is on track to meet its commitments: immunise 300 million more children and avert 5–6 million future deaths; transition 19 countries out of Gavi support to fully fund their immunisation programmes; enable conditions for healthy vaccine markets at affordable prices; and generate US\$ 80–100 billion in economic benefits.
- 1.6 Beyond the Berlin commitments, Gavi has also met several requests for increased donor support, some arising from fragility crises and disease outbreaks. This has resulted in increased support for vaccine stockpiles, Ebola and Malaria vaccines, inactivated poliovirus vaccine (IPV) and a catalytic partnership with India.
- 1.7 The MTR also offered opportunities to discuss the challenges faced by Gavi throughout this strategic cycle. This included deep dives into health system strengthening, transition, market shaping and innovation for vaccine delivery. It was noted that in spite of improvements, vaccine coverage is not accelerating as fast as Gavi would like, particularly in fragile countries and conflict settings. Success will require exploring more innovative and tailored approaches with countries, while selectively forging new partnerships including with the private sector. Through both an opening event organised by the Civil Society Organisations (CSOs) Steering Committee and through participation in various panels, CSOs provided critical thinking on accountability as well as coverage and equity.
- 1.8 **Fundraising update** – The Alliance's achievements during the current period have been made possible by strong donor support, a growing donor base and a diverse set of funding mechanisms. Eighteen months before the end of the period, 96% of the pledges announced in Berlin have been signed and all annual pledges have been paid per agreed schedule. Gavi's resource mobilisation efforts have also been focused on securing additional contributions from donors who had not pledged through 2020. As of the first

quarter of this year, pledges were secured for India (2018-2020), South Korea (2019-2021), United States (2019), with a renewed pledge from founding donor Denmark (2018-2022). In addition, several new donors have joined Gavi (most recently, Iceland and Kuwait Fund), bringing the total commitments for 2016-2020 to US\$ 9.3 billion. The total number of new sovereign donors joining Gavi since the Berlin replenishment amount to 10.¹

- 1.9 Gavi is supported by a broad donor base. Its ability to finance itself with a diverse set of funding instruments has been critical to Gavi's success: 75% from direct contributions, 25% from innovative instruments including the Advance Market Commitment (AMC), the International Financing Facility for Immunisation (IFFIm) and the Matching Fund.
- 1.10 The AMC has helped build a healthier market for the pneumococcal vaccine and accelerate access to the vaccine in record time. IFFIm's mandate was initially to frontload donor commitments to accelerate immunisation; its financing flexibility has also enabled Gavi to defer IFFIm proceeds based on need. This deferral will contribute to Gavi's assured resources for the next strategic period.
- 1.11 IFFIm's role continues to evolve, with efforts underway for Gavi to utilise IFFIm in new, impactful ways. Recent activities include facilitating Gavi's arrangement with the Government of Norway and the Coalition for Epidemic Preparedness Innovations (CEPI), enabling Norway to frontload support to CEPI, and transacting a sukuk private placement – a security that conforms to Islamic law – with the Islamic Development Bank.

2. To Japan

- 2.1 In 2019, the increase in disease outbreaks worldwide, from measles, cholera and Ebola to the resurgence of polio cases, coupled with inequities in providing access to care, are stark reminders of the need to support countries' efforts to expand vaccine access. Against this backdrop, Gavi's third replenishment represents a prime opportunity to make significant strides in the final decade of the Sustainable Development Goals (SDGs).
- 2.2 In this upcoming period, Gavi can address inequalities and provide the most complete package of protection and security ever, notably to: (1) save every child from the most debilitating vaccine-preventable killers by finishing the job on the 'big' children's vaccines, such as pentavalent, rotavirus, pneumococcal, rubella and others; (2) accelerate the critical roll out of human papillomavirus (HPV) vaccine against cervical cancer, which has become one of the leading cancer killers of girls and women in Africa; (3) fight epidemics and protect against outbreaks by expanding use of vaccines for outbreak diseases, as well as improving responses to outbreaks by building stockpiles for measles, cholera, yellow fever, meningitis and soon Ebola; (4) insure the world against polio re-emergence, by continuing to improve routine coverage of IPV, eventually fully integrating IPV through Hexavalent vaccines – six antigens combined in one vaccine, including polio

¹ Brazil, China, Denmark, Iceland, India, Kuwait, Monaco, Oman, Qatar, Saudi Arabia, Switzerland.

– when available; (5) help reach the unreached in the context of primary health care (PHC) strengthening; and (6) be prepared to help launch new and improved vaccines against major killers such as tuberculosis (TB), malaria and HIV when they become available.

- 2.3 The next period has the potential to be a turning point in making vaccines work for all by 2030. This vision is within reach but it will depend on successfully leveraging effective collaboration and competitive advantages of Alliance partners and the broader stakeholder ecosystem. It is supported by the SDG3 Global Action Plan, where Gavi is coordinating with other agencies to leverage the complementary strength of Alliance partners and other global health organisations. Gavi is also working closely with the Global Polio Eradication Initiative (GPEI) and has now joined GPEI's Polio Oversight Board, continuing to work towards the new Polio Endgame Strategy.
- 2.4 The 2016-2020 period has been characterised by sustained investments in vaccines and health systems.

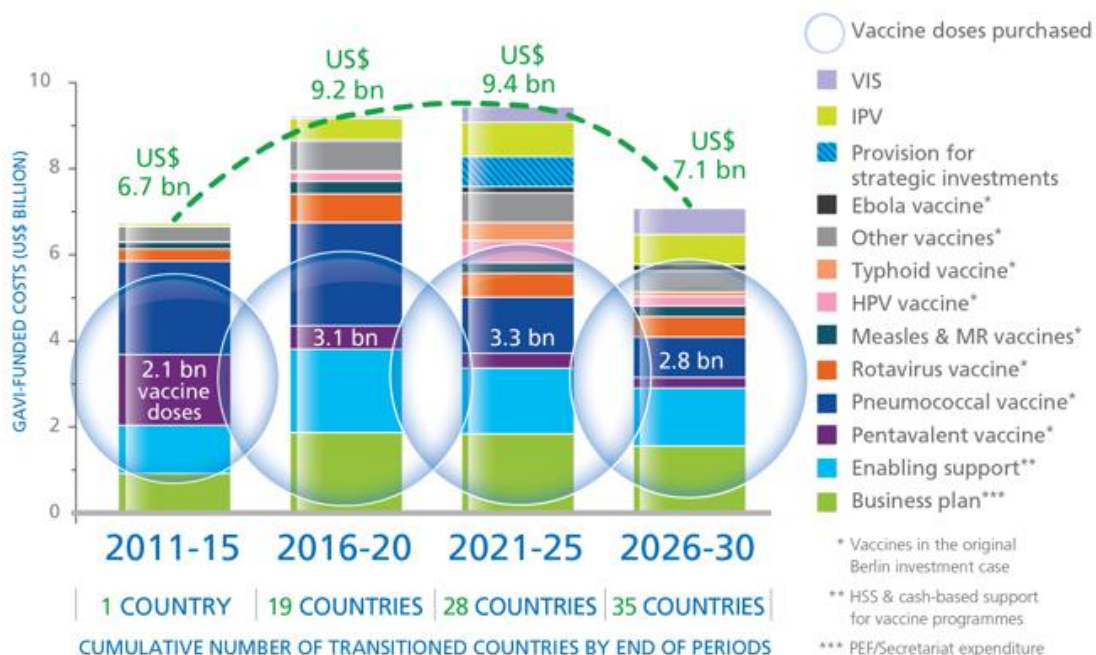


Figure 2

- 2.5 Moving forward, while coverage of the vaccines listed in the 2015 investment opportunity will continue to expand, expenditures are expected to decrease in value, as per our promise in Berlin.

2021-2025 funding scenarios

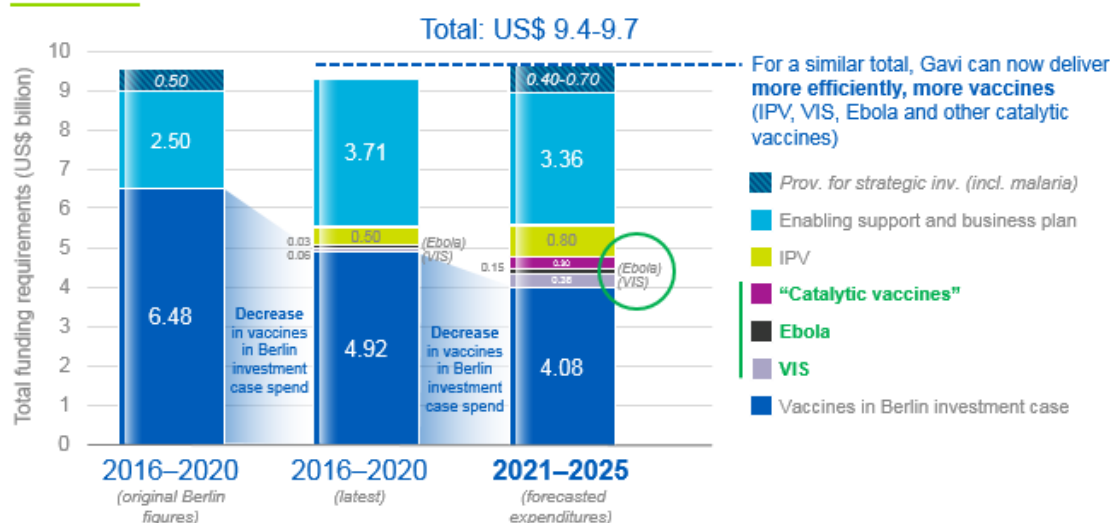


Figure 3

2021-2025 funding scenarios

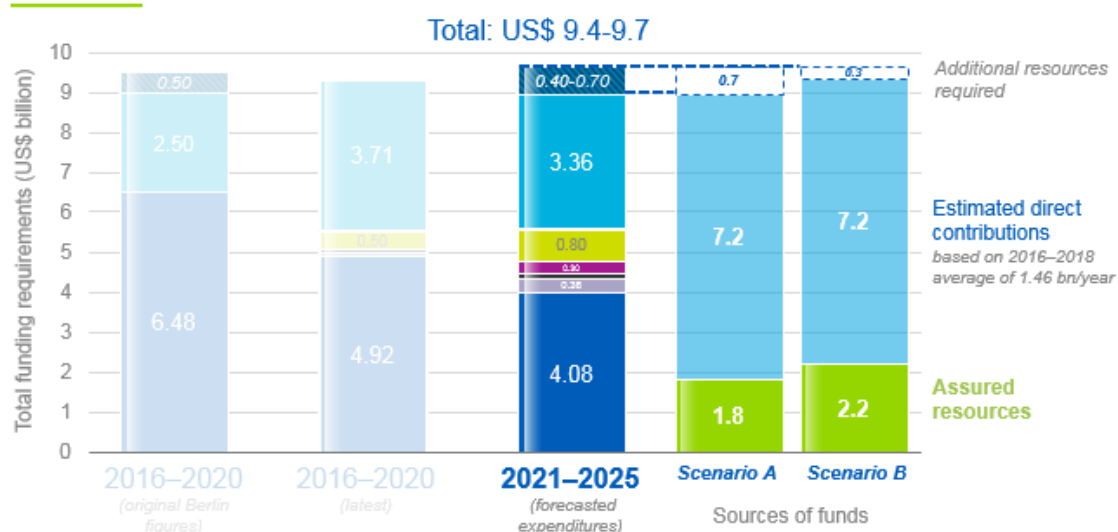


Figure 4

- 2.6 There are two main drivers for this decrease: additional reductions in vaccine prices, and countries transitioning out of Gavi support. Over time, many investments, including Ebola and the vaccines within the new Vaccine Investment Strategy (VIS), will also start to decline as countries continue to transition. All together, this is expected to bring the total vaccine spend to US\$ 5.69 billion (a reduction from US\$ 6.48 billion in Berlin).
- 2.7 With US\$ 3.36 billion in enabling support including Health Systems Strengthening (HSS), Partners' Engagement Framework (PEF), Vaccine Introduction Grants (VIGs), campaign operational costs, Cold Chain

Equipment Optimisation Platform (CCEOP) and Secretariat, and an envelope for strategic investments ranging from US\$ 400 to 700 million, the total funding requirement could be comparable to, or slightly exceed, that of Berlin (US\$ 9.5 billion for 2016-2020).

- 2.8 On the resources side, the level of “assured resources” provides a strong financial base. It comes primarily from our proceeds from innovative finance instruments, investment income and potential carry forward. Early estimates indicate a level ranging from US\$ 1.8 billion to US\$ 2.2 billion.
- 2.9 Applying a three-year average to direct contributions received so far in the 2016-2020 period and projecting that level over 5 years would represent an additional US\$ 7.2 billion in resources. Although this is not making any assumptions as to individual donor support, this gives a first approximation of feasibility. In order to meet the required funding level, there may be a remaining funding gap as shown in Figure 4.
- 2.10 In the 2021-2025 period, at least 7 million deaths could be averted, bringing the total number of deaths averted since 2000 to 22 million, and 300 million additional children could be immunised with a lower spend on the original vaccines. This reflects significant efficiency gains from our model, including market shaping, sustainability and systems strengthening. In addition, domestic resource mobilisation through co-financing and self-financing will continue to increase, and broader benefits will arise from investments in IPV that build global insurance against polio re-emergence.
- 2.11 Gavi’s long-term funding strategy will focus on (1) maintaining, at a minimum, the leadership and contributions of a growing group of core top donors; (2) deepening and broadening the group of critical champions to 20 donors; (3) leveraging our innovative financial instruments including IFFIm and new tailored instruments to build up the base of long-term resources and cater to various budgetary requirements of our growing base of donors; (4) further expanding the base of sovereign and private investors; and (5) continuing to grow the domestic resource base for financing vaccines and health systems delivery.
- 2.12 In line with this strategy, the launch of the replenishment process in Japan at the Tokyo International Conference on African Development (TICAD) 7 offers a key opportunity to engage with African and Asian leaders. The launch, scheduled on the morning of 30 August 2019, is intended to be an inspiration for the journey ahead. It will help: (1) raise Gavi’s visibility and profile, in its first-ever meeting in the Asia region, showcasing the breadth of its involvement in a diverse region; (2) demonstrate Japan’s leadership in global health as host of the G20 presidency, and its contribution to the development of the African continent; and (3) leverage the Gavi-supported countries’ leadership attendance at TICAD 7, highlighting country needs that will be supported by the long-term resources to be raised.
- 2.13 Leading up to the launch meeting, the Secretariat will develop an investment opportunity to lay out the compelling reasons, including the economic and public health impacts, to (re)invest in Gavi, and link donor priorities to

arguments that resonate in each market. It is important to note that the investment opportunity differs from the Gavi 5.0 strategy. The former will make the case for “why” donors should invest, and the latter will focus on the “what and how” of Gavi’s strategic priorities to the Board.

3. To the United Kingdom

- 3.1 Ahead of the pledging conference in the United Kingdom (UK), a series of high-level events and leadership visits will be leveraged to make the case for the Alliance. In terms of public campaigns, in the context of the Global Fund and GPEI funding moments later this year, Gavi’s efforts will first focus on making the case for global health and showing support for these institutions’ efforts to mobilise international attention. This has already started, notably with Gavi and the Global Fund sharing the stage in global forums, such as at the Women Deliver conference in Canada and European Development Days in Brussels, earlier this month.
- 3.2 Building on the success of the G7 Health Ministerial Meeting held in Paris in May, where the G7 recognised the importance of our joint work to tackle global health issues, Gavi will also continue to coordinate with WHO, the World Bank, the Global Fund, GPEI and others to ensure that our issues remain high on the international agenda. In this context, Gavi shares a seat with the Global Fund and the Global Financing Facility (GFF) in the Universal Health Coverage (UHC) 2030 steering committee, and will work with partners in the lead up to the first UN High Level meeting on UHC, which will be held in New York in September.
- 3.3 In a second phase starting in January 2020, Gavi’s public and closed-door advocacy and messaging will pivot towards the replenishment, with proactive leveraging of global, regional and country-level moments in collaboration with civil society partners. Gavi will also work closely with select Gavi champions coming from a diversity of backgrounds – from senior Government leaders in donor and implementing countries to strong civil society voices, from private sector CEOs to Alliance partners and health workers – to help raise the profile of immunisation and share impact stories. Finally, working with partners in the UK, a specific campaign will be shaped to bring the appropriate level of visibility and build up momentum in Britain as we advance towards the replenishment conference.

Section C: Gavi’s private sector engagement approach 2016-2020

4. 2016-2020 private sector engagement exploratory approach

- 4.1 **Overview of the approach** – In 2016, the Secretariat started an exploratory phase of additional private sector engagement in service of supporting Gavi’s ambitious 2016-2020 strategic and resourcing goals. This approach focused on securing incremental financial commitments as well as leveraging mission-aligned resources and expert capabilities from the private sector. An independent evaluation of the approach carried out over

the past 3 years is scheduled in the first half of 2020 as recommended by the Evaluation Advisory Committee.

- 4.2 Informed by a thorough assessment of country needs², Gavi's efforts to engage private sector contributions and expertise have focused on sustainably addressing challenges in delivering, measuring and creating demand for vaccines. This approach leverages the core competitive advantage of the Alliance in bringing innovations to scale. Fostering private sector engagement towards Gavi's mission is but one vector for innovation within the Secretariat; additional initiatives in vaccine technology and delivery system-related innovations are moving forward separately, both across the Secretariat and the Alliance.
- 4.3 To facilitate countries' access to the most innovative and transformative technologies and approaches, Gavi has targeted a mix of partnerships with leading corporations and emerging innovators. Leading corporations within industries of interest are identified through a landscaping exercise based on secondary market research and supplemented by primary interview feedback, then prioritised based on an assessment of technical expertise and regional experience, among other criteria.³
- 4.4 To identify emerging innovators with solutions that can help address some of the challenges in delivery, Gavi launched Innovation for Uptake, Scale and Equity in Immunisation (INFUSE) in 2016 at the World Economic Forum (WEF). INFUSE effectively fosters an emerging ecosystem of innovators focused on improving immunisation outcomes, and is based on public calls for submissions as well as an open, transparent review process for potential innovators. The initiative also aims to address market failures that hinder the scale-up of potentially transformative innovations in Gavi-supported countries.
- 4.5 This private sector approach is anchored in Gavi's collaborative resource mobilisation model, relying on joint investments and ownership from supported countries and donors. It is enabled by catalytic financial support from the Gavi Matching Fund, and INFUSE partners providing financial incentives to unleash private sector resources. Beyond these dedicated funds, the private sector itself has contributed over 95% of the financial resources needed to develop and implement private sector partnerships.
- 4.6 To operationalise this approach, Gavi developed specific risk mitigation measures. Prior to engaging with any prospective private sector partner, Gavi conducts a thorough due diligence. This assessment is undertaken by an independent third-party, and includes environmental, social, and governance criteria in addition to human rights and ethics compliance. Each proposal is then reviewed, refined, and assessed for advancement through an exhaustive process that engages internal experts across all levels of the Secretariat.

² Based on over 150 key stakeholder interviews and analysis of 2006-2014 HSS grants.

³ Initial landscaping of potential private sector partners are performed using information from a variety of sources

- 4.7 To further strengthen this process and benefit from breakthrough private sector thinking, Gavi is setting up a Private Sector Advisory Council reporting to the Board Chair, which will include Gavi's CEO and a Chair - designated Gavi Board member. This body will be comprised of esteemed business and innovation thinkers, to provide intellectual stewardship on cross-cutting private sector issues that emerge as Gavi's activities evolve, as well as to signpost new opportunities in the global business, finance and innovation landscape.
- 4.8 **Progress and learnings to date** – Since the approach was operationalised two years ago, there have been early, positive signs of private sector partnerships being effective in addressing immunisation challenges, as well as many lessons learned. Preliminary impact can be observed through improvements in efficiency and effectiveness of vaccine programmes and incremental private sector contributions (both financial and in-kind).
- 4.9 **Highlights of emerging results from private sector partnerships:** Gavi's partnership with UPS (United Parcel Service) has grown in support of the Alliance's Supply Chain Strategy, most recently to optimise 'last-mile' delivery of vaccines in Uganda. To address vaccine availability at the health facility level, Gavi is leveraging UPS' best-in-class logistical support to increase availability of potent vaccines, efficiently and reliably. Results from three initial districts are encouraging: a reduction in stock-outs from 79% to 7% has been observed. A further UPS partnership has resulted in the Strategic Training Executive Programme (STEP), which targets programme management and leadership training gaps for immunisation supply chain managers. First launched in Rwanda, the programme trained over 230 senior individuals across seventeen Gavi countries. With additional support from the International Federation of Pharmaceutical Wholesalers Foundation, Gavi plans to further scale the programme.
- 4.10 An innovative partnership with **Unilever** is leveraging leading capabilities in behaviour change marketing, integrated into a successful parenting programme, as well as a financial commitment from the corporation. The project delivers behaviour change interventions that promote the benefits of vaccination and handwashing with soap in two populous districts in India, with the initial seven month phase showing concrete early results in increased knowledge, positive attitudes, and vaccine adherence with over 300,000 direct beneficiaries. The initiative will be scaled up to fourteen districts in the coming months.
- 4.11 Gavi has just started to partner with **Orange** to boost immunisation coverage in Côte d'Ivoire. A mobile-based solution will empower 1,700 health agents with digital tools to capture and centralise immunisation data, create vaccination records and schedules, and send voice and text reminders to parents and community leaders to reduce the number of missed vaccination appointments. While early in implementation, the project focuses on 29 districts and targets over 300,000 children at the most risk of missing out on vaccination. Orange's footprint across many Gavi countries highlights the opportunity for scale significantly beyond Côte d'Ivoire.

- 4.12 **Financial partnerships** with the private sector notably include 'la Caixa' Foundation, the philanthropic arm of Spain's leading savings bank, and China Merchants Group, the Hong Kong based logistics and financial services conglomerate, both of which have made significant financial commitments to purchase vaccines for children in Gavi-supported countries. These partnerships have also increased the depth and visibility of Gavi's engagement in these markets.
- 4.13 Emerging innovators and advanced technologies are also contributing to the Alliance's mission. Gavi's first innovation project, with drone company **Zipline**, introduced the use of drones in Rwanda, pioneering the use of this technology at scale in global health. In April this year, Ghana launched the world's largest vaccine drone delivery network, that will serve 2,000 health facilities and 12 million people. Further demand for drone technology for vaccine delivery is fast materialising.
- 4.14 **Nexleaf**, a non-profit partner sourced through the INFUSE platform, manufactures and deploys remote temperature sensor devices. Evidence from Kenya shows that with Nexleaf's devices, health technicians were able to correct errors resulting in increased uptime by 30%, reduced heat exposure by 78% and cold exposure by 60%. Nexleaf's technology has also been deployed across 13,000 cold chain points in India. Having demonstrated scalability, Gavi has now engaged Nexleaf Analytics to create a global dashboard to track cold chain equipment performance. Using remote temperature sensors data from across all industry partners, the platform will inform country partners and Gavi on equipment performance. The project is scaling across Tanzania, Kenya, and Mozambique and will expand to countries installing equipment purchased through the Cold Chain Equipment Optimisation Platform (CCEOP).
- 4.15 In addition to these encouraging early results, Gavi has also generated a **number of key learnings** over the last three years, which will inform the future direction of this work. Lessons include the criticality of country ownership and for needs to be defined by countries, but also for country partners to have full ownership of interventions, in order to be able to sustain them over time. Equally critical is the need to adopt a systemic approach to private sector engagement. A successful technology alone may not be able to address critical problems. Yet when combined with efforts to strengthen country management capabilities and ensure alignment with existing systems, private sector solutions and innovations have the potential to be transformative.
- 4.16 While many projects have embodied the approach described above, others have not and these have been discontinued. For example, Gavi's engagements with a leading telecom provider and a major logistics company were terminated. Analysing the reasons for project failures is an important part of the learning agenda. Disappointing outcomes have emerged from misalignments in outcomes and priorities across stakeholders, and from proven technologies from one context failing to be effectively adapted in another. While still in its early days, the INFUSE

platform is also already providing initial learnings and is providing an effective medium for innovators to connect, refine, and accelerate their impact.

- 4.17 These lessons, and others still to be learned as partnerships are unfolding, are invaluable to our current and future successes. Gavi's comparative advantage is to take innovations and new technologies to scale, and in this period we have been trialing how this can best be done. As Gavi moves towards the next strategic period, it is an opportune moment to review the current private sector engagement approach, and refine it for the future. To this end, an **independent evaluation** will be completed in the first half of 2020. This evaluation will assess Gavi's private sector engagement approach and inform its refinement for Gavi 5.0, to ensure that Gavi can best support countries in using innovation and taking technologies to scale to address critical bottlenecks and reach the unreached with immunisation.