



Report to the GAVI Alliance Board

21-22 November 2013

Subject:	Financial Forecast and Programme Funding approvals
Report of:	Barry Greene, Managing Director, Finance & Operations
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Agenda item:	06
Category:	For Decision
Strategic goal:	Alliance operations

Section A: Overview

1. Purpose of the report

- 1.1 This report informs the GAVI Alliance Board (“Board”) of the updated GAVI financial forecast for 2011-2020 (Version 8.0Fb¹) and **requests the Board to approve:**
- (a) A **programme funding request** for a yellow fever stockpile in 2014;
 - (b) A **programme funding envelope** for 2014 to be allotted by the Secretariat through 31 December 2014.
- 1.2 The forecast includes the financial implications of the foregoing decisions.
- 1.3 The forecast also includes the **financial implications of other funding decisions** which the Board will be requested to consider under other agenda items, namely:
- (a) A contribution to the global cholera stockpile for use in epidemic and endemic settings, and other future new vaccines investments² as recommended by the Vaccine Investment Strategy (“VIS”).
 - (b) An IPV Programme Funding Envelope to be allocated by the Secretariat through 31 December 2014 contingent on the incremental polio-specific resources being made available by the donors to fund this Programme.
- 1.4 This report also informs the Board (in Section F: Programme Expenditure Report) of:

¹ Version 8.0Fa of the forecast was shared with AFC on 10 October 2013. That has been updated as this Version 8.0Fb to take account of donor contributions received after the issuance of the AFC paper.

² New investments recommended include a contribution to the global cholera stockpile, additional yellow fever campaigns and possibly a malaria vaccine.

- (a) Funds allotted through 30 September 2013 from the Programme Funding Envelope amount that the Board approved in December 2012
- (b) Programme disbursements made during 2013.

2. Recommendations

2.1 The GAVI Alliance Board is requested to:

Yellow fever stockpile funding request

- (a) **Approve** a contribution to the Yellow Fever stockpile for 2014 (as detailed in Sections 14 and 15 of Doc. 06) and to that end.
 - i. **Endorse** a net increase in programme budgets by US\$ 12.2 million for 2014. (These endorsements would constitute acknowledgement of such budget amounts but would not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors.)
 - ii. **Approve** a net increase of near-term programme liabilities (a sub-component of endorsed programme budgets) by US\$ 12.2 million for 2014.

2014 Envelope for “unrestricted” countries

- (b) **Approve** a 2014 Programme Funding Envelope for unrestricted countries from which the Secretariat, under the Programme Funding Policy, shall allot funding to programmes until 31 December 2014, to:
 - i. **Endorse** or adjust previously endorsed amounts of programme multi-year budgets for existing programmes and new cash programmes for an aggregate amount not exceeding US\$ 689 million. (These endorsements would constitute acknowledgement of such budget amounts at the time of allotment but would not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors.)
 - ii. **Establish or adjust near-term liabilities** of the GAVI Alliance in respect of endorsed programme budgets for periods ending no later than 31 December 2015 for an aggregate amount not exceeding US\$ 1,245 million. (These amounts are a sub-component of endorsed programme budgets.)

2.2 The Board in session without the participation of US citizens and residents is requested to:

2014 Envelope for “restricted” countries

- (a) **Approve** a 2014 Programme Funding Envelope for restricted countries from which the Secretariat, under the Programme Funding Policy, shall allot funding to programmes until 31 December 2014, to:

- i. **Endorse** or adjust previously endorsed amounts of programme multi-year budgets for existing programmes and new cash programmes for an aggregate amount not exceeding US\$ 20 million. (These endorsements would constitute acknowledgement of such budget amounts at the time of allotment but would not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors.)
- ii. **Establish or adjust near-term liabilities** of the GAVI Alliance in respect of endorsed programme budgets for periods ending no later than 31 December 2015 for an aggregate amount not exceeding US\$ 10 million. (These amounts are a sub-component of endorsed programme budgets.)

2.3 **Under other agenda items**, the Board is also requested to make other funding decisions that are mentioned here for completeness, as follows:

Cholera stockpile funding request

(To be considered in the context of the agenda item on the Vaccine Investment Strategy and presented here for information only)

- (a) **Approve** a contribution to the global cholera stockpile for use in epidemic and endemic settings and to that end:
 - i. Endorse, subject to confirmation by the Audit and Finance Committee that this is consistent with the Programme Funding Policy, a net increase in programme budgets for the global cholera stockpile by US\$ 114.5 million for the period 2014-2018. (This endorsement would constitute acknowledgement of such budget amounts as an indication of potential future expenditures but would not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors).
 - ii. Approve, subject to confirmation by the Audit and Finance Committee that this is consistent with the Programme Funding Policy, a net increase of near-term programme liabilities for the global cholera stockpile (a sub-component of endorsed programme budgets) by US\$ 8.5 million for 2014.

IPV Programme Funding Envelope for 2014

(To be considered in the context of the agenda item on polio and routine immunisation and presented here for information only)

- (b) **Approve**, subject to polio-specific additional funds being made available from donors, an initial IPV Funding Envelope from which the Secretariat shall allot funding to IPV programmes until 31 December 2014, to:

- (a) Endorse or adjust previously endorsed amounts of programme multi-year budgets for IPV programmes for an aggregate amount not exceeding US\$ 231 million. (These endorsements would constitute acknowledgement of such budget amounts at the time of allotment but would not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors.)
 - (b) Establish or adjust near-term liabilities of the GAVI Alliance in respect of endorsed IPV programme budgets for periods ending no later than 31 December 2015 for an aggregate amount not exceeding US\$ 121 million. (These amounts are a sub-component of endorsed programme budgets.)
- 2.4 To assist the Board in its decision making, the Audit and Finance Committee reviewed the financial implications of the requested decisions at its meeting on 10 October 2013 and will advise the Board at its meeting on 21-22 November 2013 regarding the ability to make these decisions in accordance with the Programme Funding Policy.

3. Executive summary

- 3.1 The updated GAVI financial forecast (see Section B) incorporates the latest demand estimates and funding decisions taken to date. The level of resources reflects amounts pledged to date and an allowance for forecasting purposes that direct contributions will continue at their 2012-2014 level in subsequent years.
- 3.2 The expenditure forecast has also been updated to incorporate estimates for the vaccine investments being proposed to the Board for approval under the Vaccine Investment Strategy (Doc. 09). If all these investments were adopted, it would increase programmatic expenditure by US\$ 524 million³ through 2020, with an estimated US\$ 44 million of this in the period 2014-2015.
- 3.3 The Board will also consider opening a funding window for inactivated polio vaccine (IPV). Expenditure on IPV is not yet included within the updated GAVI financial forecast as presented in this paper because it depends on additional polio-specific funding being made available by donors. That potential expenditure is estimated at US\$ 430 million⁴ through 2018, with an estimated US\$ 165 million of this in the period 2014-2015. The provision of corresponding amounts of donor funding would neutralise the net impact on the financial forecast. (See Section E.)
- 3.4 The funding decisions recommended in this paper (see Sections C and D) are reflected within the expenditure estimates in the forecast. The forecast indicates that through 2015 GAVI will have sufficient resources to cover the needs of existing programmes and the funding decisions requested herein in accordance with the Programme Funding Policy. Additional resources of US\$ 86 million may be needed to fully meet estimated demand anticipated for

³ Refer to Annex 1, Figure 1 for breakdown of costs by vaccine

⁴ Refer to Annex 1, Figure 5 for details of IPV expenditures

future programmes (i.e. through new proposals expected in the future for currently supported vaccines).

- 3.5 That resource need (for future programmes) is US\$ 135 million less than was forecast in June 2013 and this decrease is due principally to adjustment of expenditure estimates for 2013, arising mainly from updated information on Pneumococcal and Rotavirus supply availability and country introduction dates.
- 3.6 The funding decisions sought in the December 2013 Board meeting, either as requested in this paper, or for consideration under other agenda items, are summarised in Figure 1 below.

Figure 1 Funding decisions to be taken

Programme Decision	US\$ millions	2011-13	2014	2015	2016	2017	2018	2019	2020	Total	For Decision	
Specific Programme budget requests												
Yellow Fever stockpile												
2.1 (a) i	Endorse	Prog. Budget	12.2							12.2	In this paper	
	Approve	NT Liability	12.2							12.2	In this paper	
Cholera stockpile												
2.3 (a) i <i>(part of VIS)</i>	Endorse	Prog. Budget	8.5	17.0	26.0	34.0	29.0			114.5	In VIS paper	
	Approve	NT Liability	8.5									8.5
Envelopes												
Prog. Funding envelope for 2014 for "unrestricted countries"												
2.1 (a) i	Endorse	Prog. Budget	-30.0	52.6	252.2	168.5	136.1	99.3	10.3	689	In this paper	
	Approve	NT Liability	1,245.2							1,245	In this paper	
Prog. Funding envelope for 2014 for "restricted countries"												
2.2 (a) i	Endorse	Prog. Budget	5.0		5.0	5.0	5.0				20	In this paper
	Approve	NT Liability	10.0									10
										709		
										1,255		
IPV funding envelope for 2014												
Estimated costs (incl. BP)			55.2	109.8	96.2	84.5	84.1				430	in Polio paper
<u>Of which included in the envelope</u>												
2.3 (b) i	Endorse	Prog. Budget	43.9	76.7	67.1	39.6	3.9				231	in Polio paper
	Approve	NT Liability	43.9	76.7								121

4. Risk implications and mitigations

4.1 See Section B, paragraph 12.

5. Financial implications

2011-2015

5.1 Expenditure for all existing programmes is fully covered by Qualifying Resources through 2015 (i.e. through the next two calendar years), as is required by the Programme Funding Policy.

- 5.2 After taking into account an allowance⁵ for future contributions of US\$ 116 million, additional funding of US\$ 86 million will be required to fully meet estimated demand anticipated for future programmes through 2015 (i.e. through future proposals for currently supported vaccines and cash-based programmes).
- 5.3 Consequently, US\$ 201 million of additional contributions remains to be raised in the period 2013-2015 to fully meet demand through 2015, as currently forecast. If all existing donors who have yet to pledge their contributions for 2014 and 2015 do so at their recent levels, this amount would be covered. However, GAVI is also seeking pledges in excess of this amount in order to establish a base of pledges for 2016-2020 that provides visibility on resources for that period.

2016-2020 (tentative)

- 5.4 The tentative outlook for 2016-20 estimates expenditure at US\$ 9.2 billion after including a provision of US\$ 0.5 billion for the new investments proposed under the Vaccine Investment Strategy that will be considered for approval by the Board. With already assured resources of US\$ 1.2 billion, a further US\$ 8.0 billion will need to be raised for these years – equivalent to US\$ 1.6 billion per year.
- 5.5 The overall average of direct contributions pledged for 2012-2014 is US\$ 1.1 billion per year, ignoring further contributions expected from donors who have yet to pledge for 2013 and 2014. Pledges for 2013 total US\$ 1.3 billion. That 2013 level would need to increase by 22% in order to reach the US\$ 1.6 billion average annual level needed for 2016-2020.

Note: In tables and charts throughout this paper that include rounded numbers, the constituent numbers may appear not to sum to the total because of rounding.

Section B: Forecast of needs and resources

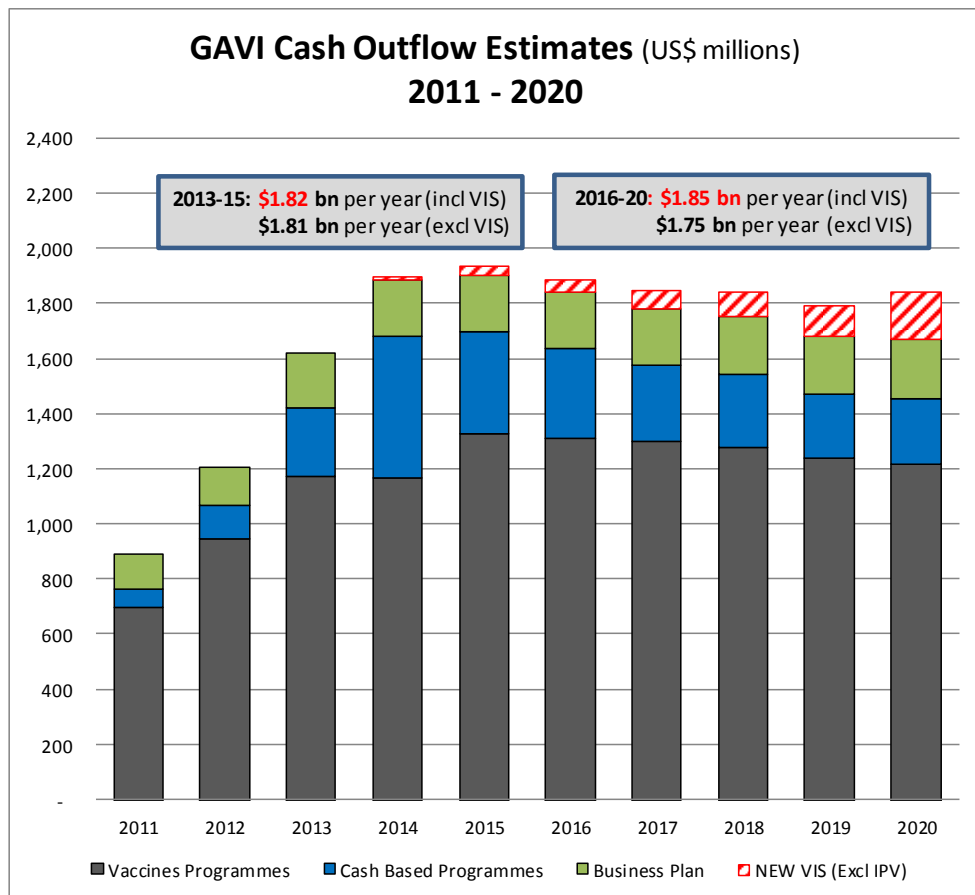
6. Estimates of expenditure to meet country demand through 2020

- 6.1 The expenditure estimates in this forecast are based on the latest Adjusted Strategic Demand Forecast (version 8.0), issued in September 2013, which covers currently supported vaccines, and after making provision for the new investments proposed by the Vaccine Investment Strategy (VIS). The forecast reflects all previous funding decisions of the EC/Board and the new funding decisions that are now requested (through this paper and the separate VIS and Polio papers). It incorporates updated implementation assumptions based on latest country and supplier information regarding country readiness and supply availability. The preliminary estimates of demand for 2016-2020 are tentative and should be considered as indicative at this time.

⁵ Conservative allowance in 2015 for further direct contributions to maintain an overall amount equal to average of confirmed pledges for 2012-2014, as further explained in paragraph 7.1.

- 6.2 The overview of projected expenditures for GAVI through 2020 per Figure 2 illustrates the scale-up of country demand from 2012 onwards, with expenditure expected to reach a level of US\$ 1.82 billion per year on average in 2013-2015.
- 6.3 Expenditures will reach a plateau of around US\$ 1.85 billion per year in the period 2016-20. During this period, expenditures for the current vaccine portfolio will reduce due to factors such as graduation of countries from eligibility for GAVI support, a drop in vaccine introductions into the 2011-2015 period and the reducing cost to GAVI as pneumococcal vaccine reaches the AMC ‘tail price’.
- 6.4 Estimated expenditures for the additional VIS-proposed vaccines by (pending Board approval in November 2013) would add a further US\$ 0.1 billion per year on average for the 2016-20 period.

Figure 2: Expenditure estimates – GAVI current portfolio, plus VIS

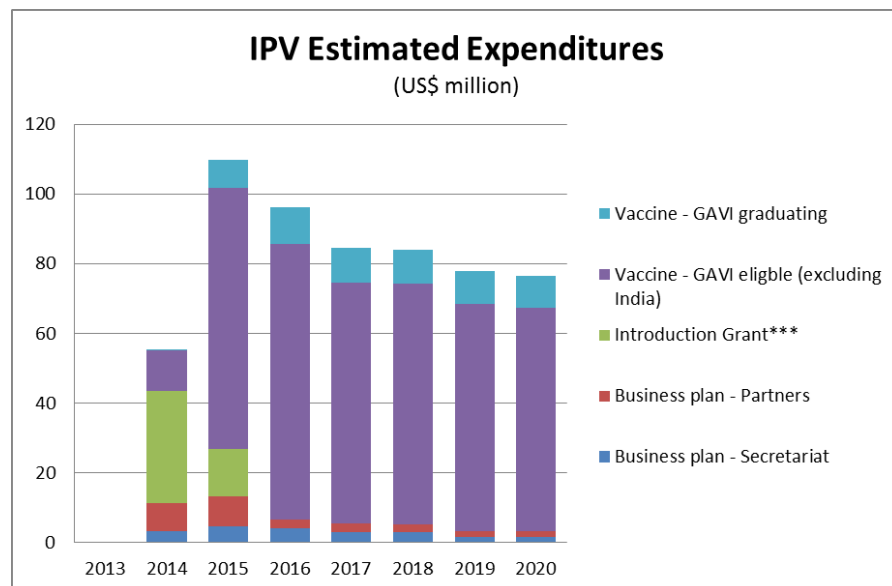


- 6.5 Details of the expenditure estimates for each five-year period are provided in Annex 1, Figure 1. The estimates are based on current GAVI eligibility and graduation rules and include provision for the opening of the envisaged new vaccine windows for Measles-Rubella, Human Papillomavirus, Japanese Encephalitis and Typhoid (from 2017).
- 6.6 The provision made for new investments as recommended by the VIS includes a cholera stockpile contribution, additional yellow fever campaigns, and

possibly a malaria vaccine (the latter to be confirmed in a subsequent Board meeting after 2013). The current estimate for these programmes is US\$ 40 million in the period 2014-2015 and US\$ 471 million in the period 2016-2020.

- 6.7 The forecast includes provision for an increase in Business Plan costs that is contingent on a separate request to the Board.
- 6.8 Consistent with the Board's decision in June 2012, GAVI's expenditure estimates also include a provision for six large countries at high risk of measles outbreaks (Afghanistan, Chad, DR Congo, Ethiopia, Nigeria, and Pakistan) to be able to receive GAVI support for measles vaccines and operational costs until these countries are forecasted to have implemented a measles-rubella (MR) campaign, by no later than 2017.
- 6.9 The above estimates do not include expenditure for IPV, which is estimated at US\$ 0.58 billion over the 2014-2020 period, as shown in Figure 3 below. Section E of this paper provides details on IPV expenditures.

Figure 3: Expenditure estimates – IPV support to GAVI eligible countries



7. Estimates of resource availability

7.1 Contributions: The forecast relies on all pledged contributions being paid when due. Because the current replenishment period extends through 2015 only, the resource forecast includes an allowance* for direct contributions not yet pledged which assumes that the overall level of direct contributions will be maintained at no less than the 2012-14 level of US\$ 1.1 billion per year in subsequent years. The Secretariat expects that this level will be exceeded, and contributions pledged for 2013 total US\$ 1.3 billion.

*This conservative allowance as required by the Programme Funding Policy is based on the annual average of total direct contributions currently confirmed for the three years 2012-2014, which amounts to US\$ 1.1 billion per year. The allowance is included in the financial forecast by assuming that in years where

currently confirmed direct contributions total less than US\$ 1.1 billion for the year, further contributions will bring the total to that level.

- 7.2 IFFIm proceeds: The forecast is unchanged from that presented to the Board in June 2013 (which reflected a deferral of US\$ 300 million of IFFIm proceeds to years after 2015).

8. Forecast period

- 8.1 The forecast spans the period 2011 to 2020, sub-divided into two periods: the current replenishment period (2011-2015) and the next five years (2016-2020). The Programme Funding Policy requires the financial implications of funding decisions to be assessed over the current year and five subsequent calendar years (i.e. a 'rolling six-year' view). Hence funding decisions made in 2013 require visibility on qualifying resources through 2018.

9. Changes since the June 2013 forecast

- 9.1 2011-15: In June 2013 the Board reviewed the financial forecast for the period 2011 to 2015. That forecast indicated that additional resources were required of US\$ 221 million would be required to fully fund anticipated demand for future programmes in that period⁶. That amount has reduced to US\$ 86 million per the current forecast. This change is due mainly to a reduction in expenditure estimates (see Figure 4) to reflect updated introduction plans. A more detailed explanation on the reduction in expenditure is explained in Annex 1, Figure 2.
- 9.2 2016-20: The tentative estimate of expenditure for 2016-20 has increased relative to the June 2013 forecast by US\$ 0.6 billion. This increase is mainly due to provision for the new investments (US\$ 0.5 billion) recommended by the Vaccine Investment Strategy (VIS). This is partially offset by a US\$ 0.1 billion increase in forecast resources (arising mainly from an increase in the allowance for direct contributions, based on an increased 2012-14 average of confirmed contributions).

⁶ "Existing programmes" means country programmes that have already been approved for support by GAVI. "Future programmes" means projected demand from country programmes expected to seek GAVI support in the future for currently supported vaccines and cash-based programmes; it does not include any additional vaccines that GAVI may consider for support in the future.

Figure 4: Reconciliation with previous forecast

2011-2015	June 2013 Board	Change in estimates	New Requests	Nov 2013 Board	
Cash flow basis US\$ millions					
Existing portfolio	7,803	(286)		7,517	\$7.5 bn
"VIS" - Proposed new investments*	0	18	26	44	\$0.0 bn
Total Expenditure	7,803	(268)	26	7,560	\$7.6 bn
Qualifying Resources	7,582	(107)		7,475	\$7.5 bn
Surplus / (Additional required)	(221)	161	(26)	(86)	(\$0.1 bn)

Surplus after existing programmes		736	
New Requests - Yellow Fever campaign		12	
New Requests - "VIS" - Cholera stockpile		26	
Surplus after existing programmes & new requests	607	698	\$0.7 bn
Future programmes (net of AMC funding)	(828)	(766)	(\$0.8 bn)
Future programmes ("VIS")*	0	(18)	(\$0.0 bn)
Additional required -- for future programmes	(221)	(86)	(\$0.1 bn)

2016-2020 - tentative	June 2013 Board	Change in estimates	New Requests	Nov 2013 Board	
Cash flow basis US\$ millions					
Existing portfolio	8,628	115		8,743	\$8.7 bn
"VIS" - Proposed new investments*	0	391	89	480	\$0.5 bn
Total Expenditure	8,628	506	89	9,223	\$9.2 bn
Qualifying Resources	6,701	58		6,759	\$6.8 bn
Surplus / (Additional required)	(1,927)	(448)	(89)	(2,464)	(\$2.5 bn)

Surplus after existing programmes		855	
New Requests - Yellow Fever campaign		0	
New Requests - "VIS" - Cholera stockpile		89	
Surplus after existing programmes & new requests	761	766	\$0.8 bn
Future programmes (net of AMC funding)	(2,688)	(2,838)	(\$2.8 bn)
Future programmes ("VIS")*	0	(391)	(\$0.4 bn)
Additional required -- for future programmes	(1,927)	(2,464)	(\$2.5 bn)

* includes vaccine costs and business plan costs

For Further details see Annex 1, Figure 2

10. Capacity to meet projected demand through 2020

10.1 A cash flow projection for each year from 2011 through 2020 is provided in Figure 3 of Annex 1 and is summarised in Figure 5 below.

Figure 5: Expenditure to meet demand and resources available

Cash flow basis US\$ millions		2011-15	% of A	2016-20	% of A	2011-20
A	Existing Programmes & Business Plan	6,726	89%	5,883	64%	12,609
	New Requests - Yellow Fever campaign	12	0%			12
	New requests - "VIS" - Cholera stockpile	26	0%	89	1%	115
	Future Programmes - existing portfolio	779	10%	2,860	31%	3,639
	VIS - Proposed new vaccine investments	14	0%	382	4%	396
	VIS - Business Plan / Other costs	4		9		13
	Total Expenditure to meet demand	7,560	100%	9,223	100%	16,783
		\$7.6 bn		\$9.2 bn		\$16.8 bn
b1	Assured Resources	7,358	97%	1,203	13%	8,562
b2	Allowance for further contributions *	116	2%	5,556	60%	5,672
B	Qualifying Resources available	7,475	99%	6,759	73%	14,234
		\$7.5 bn		\$6.8 bn		\$14.2 bn
	Surplus/(Deficit) for period					
	Surplus after existing programmes and New Requests	698		766		1,464
	minus: Future Programmes**	(784)		(3,230)		(4,014)
C (=B-A)	Additional required for Future Programmes	(86)	1%	(2,464)	27%	(2,549)
		(\$0.1 bn)		(\$2.5 bn)		(\$2.5 bn)
Summary of resources to be raised:						
b2	Allowance for further contributions *	116		5,556		
C	Additional required for Future Programmes	86		2,464		
A-b1	Total resources to be raised	202	3%	8,020	87%	

* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

** Anticipated demand from Future Programmes, minus related AMC funding

2011-15

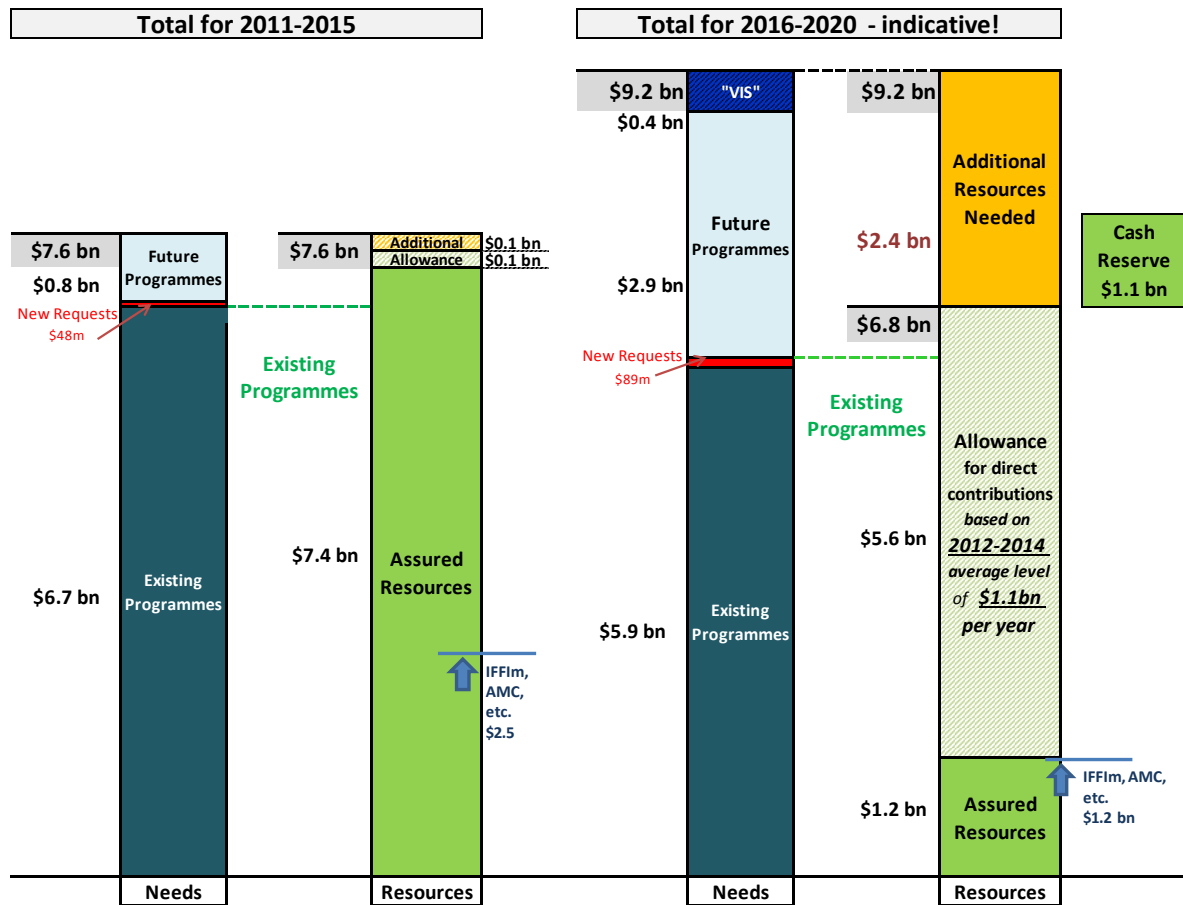
10.2 For 2011-15, expenditure needed to meet forecast demand (including a provision for VIS-proposed investments of US\$ 44 million) is forecast at US\$ 7.6 billion. Qualifying resources amount to US\$ 7.5 billion, which includes an allowance of US\$ 116 million for extension of pledges through 2015. Such resources would be sufficient to meet the needs of all currently existing country programmes, including their extension through 2015.

10.3 In addition to those resources, a further US\$ 86 million will be required to fully meet anticipated demand from future programmes through 2015, as currently estimated, bringing the remaining fundraising need through 2015 to US\$ 202 million. If existing donors who have yet to pledge their contributions for 2014 and 2015 do so at their recent levels, this amount would be covered.

Outlook for 2016-20

- 10.4 Based on early, tentative estimates of demand, expenditure (including a provision for VIS-proposed investments of US\$ 480 million) is projected at US\$ 9.2 billion for 2016-20. Of this demand, US\$ 6.0 billion (65%) is expected to come from existing programmes including their extension through 2020 together with new requests considered in this paper, and US\$ 3.2 billion (35%) from future programmes. Already assured resources of US\$ 1.2 billion, mainly from IFFIm and AMC, cover 13% of projected expenditure, leaving US\$ 8.0 billion to be raised for 2016-20.
- 10.5 Because pledges of direct contributions have not yet been sought for these years, the major part of qualifying resources is based on the assumption that direct contributions will be maintained at no less than the 2012-14 level of US\$ 1.1 billion per year, in accordance with the Programme Funding Policy (as explained in paragraph 7.1). That would provide further resources of US\$ 5.6 billion, to bring qualifying resources to US\$ 6.8 billion, which would cover 74% of projected expenditure.
- 10.6 This would more than fully meet the needs of existing programmes and new requests, estimated at US\$ 6.0 billion including their extension for 2016-20, and also cover US\$ 0.8 billion of future programmes. A further US\$ 2.4 billion would be required to fully meet the expected demand from future programmes.
- 10.7 If direct contributions in 2016-2020 were maintained at their 2013 level of US\$ 1.3 billion (and not the 2012-14 average level of US\$ 1.1 billion per year), this would increase resources by US\$ 1 billion over the five years, to total US\$ 7.8 billion, covering 85% of projected expenditure. A further US\$ 1.4 billion would need to be raised to fully meet projected demand, from existing and VIS-proposed programmes.
- 10.8 Figure 6 below illustrates the forecast capacity to meet the needs of existing and future programmes as outlined above, in each of the five-year periods.

Figure 6: Overview of needs and resources



Notes to Figure 6:-

Existing Programmes - Programmes already endorsed by GAVI Board/EC and Business Plan, including extension through the five year

New Requests - Programmes being recommended to the Board in November 2013 already endorsed by GAVI Board/EC and Business

Future Programmes - Projected demand from country programmes expected to seek GAVI support in the future, including their extension through the five year period, for currently supported vaccines and cash-based programmes.

VIS -New investments being proposed in the VIS i.e. cholera stockpile, new YF campaigns & malaria vaccine

Assured Resources - Direct contributions (confirmed), IFFIm and AMC proceeds, investment income and drawdown of cash (to the required reserve level). Note: AMC proceeds relates to the original PCV AMC (\$1.5 bn) and will be received over the period 2011-2022.

Allowance - for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

Additional Resources Needed - in order to fully fund Future Programmes

Cash Reserve - in addition to Assured Resources, maintained at a level to cover 8 months' future expenditure needs, as mandated by the Board

11. Coverage of funding decisions to be made in 2014

11.1 A summary of Programme Funding budgets being sought for approval at the November 2013 board meeting are summarized in Figure 1.

11.2 The GAVI Programme Funding Policy requires that:

- (a) As a prerequisite to the approval or endorsement of any new programmes, 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), 2014-16; and

(b) 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, 2016-18.

11.3 Hence, a 'rolling six-year' view is required. Figure 7 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: 2013-15 and 2016-18.

11.4 The cash flow impact of the new Programme Funding Plan requests and Programme Funding Envelope decisions now recommended (see Section C and D) is highlighted within Figure 7.

Figure 7: Cash flows by year

Cash flow basis US\$ millions											2011-15	2016-20	2011-20
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			
Existing Programmes & Business Plan	893	1,208	1,701	1,533	1,391	1,260	1,195	1,168	1,143	1,118	6,726	5,883	12,609
a1 Portion of above in the Envelope			(53)	(20)	91	85	76	58	4	0	19	223	242
a2 Existing Programmes, not in the Envelope	893	1,208	1,753	1,552	1,301	1,175	1,119	1,109	1,139	1,118	6,707	5,660	12,367
New Requests: NVS Programmes				21	17	26	34	29			38	89	127
Yellow Fever campaign				12							12		12
New VIS - Cholera stockpile				9	17	26	34	29			26	89	115
Future programmes - existing portfolio			37	228	514	584	588	587	544	557	779	2,860	3,639
a3 Portion of above in the Envelope				63	153	123	64	36	22	6	216	251	467
a4 Future Programmes, not in the Envelope			37	165	362	461	524	551	522	551	563	2,609	3,172
a1+a3 Board approved envelope for 2014			(53)	44	243	208	140	94	26	6	234	474	709
Future investments - "VIS" (incl BP/Other)				1	17	16	31	62	110	172	18	391	409
A Total Expenditure to meet demand	893	1,208	1,737	1,783	1,939	1,886	1,849	1,845	1,797	1,846	7,560	9,223	16,783
											\$7.6 bn	\$9.2 bn	\$16.8 bn
B Assured Resources	893	1,757	1,674	1,538	1,497	309	252	249	166	228	7,358	1,203	8,562
Allowance for further contributions *				2	114	1,086	1,112	1,119	1,119	1,119	116	5,556	5,672
B Qualifying Resources available	893	1,757	1,674	1,540	1,611	1,394	1,364	1,369	1,285	1,347	7,475	6,759	14,234
											\$7.5 bn	\$6.8 bn	\$14.2 bn
For year:													
Surplus/(Deficit) FOR YEAR													
Surplus after existing programmes		548	(28)	2	213	129	164	197	139	226	736	855	1,591
minus: New Requests				21	17	26	34	29			38	89	127
minus: Future programmes**			35	225	524	595	615	645	651	725	784	3,230	4,014
B-A (Additional required) for Future Programmes		548	(63)	(243)	(328)	(491)	(485)	(477)	(512)	(499)	(86)	(2,464)	(2,549)
											(\$0.1 bn)	of A (\$2.5 bn)	of A (\$2.5 bn)
Cumulative:													
Surplus/(Deficit) CUMULATIVE													
Surplus after Existing Programmes		548	521	523	736	865	1,029	1,226	1,366	1,591			1,591
Surplus after above and New Requests		548	521	502	698	802	931	1,100	1,239	1,464			1,464
(Additional required) for Future Programmes		548	485	242	(86)	(577)	(1,062)	(1,539)	(2,050)	(2,549)			(2,549)
Key periods for Programme Funding Policy:													
					2015	2016	2017	2018					
Cash Reserve maintained (minimum)	805	1,158	1,189	1,293	1,257	1,233	1,230	1,198	1,231	1,231			

* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 in subsequent years
 ** Anticipated demand for currently supported vaccines from Future Programmes not included in the envelope, minus related AMC funding.

11.5 In 2013 and the two subsequent calendar years (i.e. 2014-15), the Defined Period for which full coverage of needs is a prerequisite:

(a) The needs of all existing programmes (i.e. already endorsed) and the funding decisions now recommended, including provision for their extension (where relevant) through 2016, are forecast to be fully covered.

(b) The estimated demand from future programmes anticipated to be endorsed in the years through 2016, would require an additional US\$ 86 million to be raised to be fully covered.

- 11.6 In the three following years (i.e. 2016-18), for which the longer term implications should be considered:
- (a) The needs of all existing programmes and those future programmes included in the programme funding envelope, including provision for their extension (where relevant) through 2018, are forecast to be fully covered.
 - (b) In order to support the entirety of demand from future programmes anticipated to be endorsed in the years through 2018, additional resources of US\$ 1,539 million (beyond the resources currently forecast) would be required to meet their cash flow needs during 2017-18.
 - (c) Whenever new programmes are considered for endorsement, an updated forecast is provided to provide visibility on their longer-term implications. Accordingly, endorsement of future programmes can be declined or deferred in the light of resource availability at that time.
- 11.7 In addition to the foregoing, a cash reserve equivalent to eight months' future expenditure is maintained⁷.
- 11.8 Accordingly, Programme Funding decisions now recommended can be approved in accordance with the Programme Funding Policy.

12. Risk implications and mitigation

Factors that may impact the expenditure forecast include:

- 12.1 Reviews by the Monitoring IRC and Secretariat adjustments for updated implementation assumptions have historically resulted in the reduction of endorsed programme budgets in light of actual implementation progress; if this continued to be the case, expenditure would be less than currently estimated.
- 12.2 The forecast allows for expected supply constraints and country readiness for pneumococcal and rotavirus vaccines in 2013 and 2014, as currently anticipated. Prudently, the forecast does not make any allowance for potential further supply constraints, delays in country readiness or other factors that may also reduce the estimates of future expenditure.
- 12.3 Expenditure reductions may also be achieved through future vaccine price reductions that cannot yet be counted in the forecast.
- 12.4 The introduction of new vaccines would increase expenditure, as would any changes to the recommended age catchments for vaccine campaigns.

Factors that may impact the forecast of resources available include:

- 12.5 Direct contributions: The resources forecast for 2011-2015 include Direct Contributions in the amount of US\$ 5.1 billion (comprised of US\$ 5.0 billion already confirmed and an allowance of US\$ 0.1 billion for future contributions

⁷ The required minimum level of the Cash and Investments Reserve is estimated to be US\$ 1.1 billion at the end of 2015 and US\$ 1.0 billion at the end of 2020, based on projected expenditure for the following year and calculated as 8/12 of that amount.

yet to be confirmed). If actual contributions through 2015 were less than forecast, then for each 10% reduction on the overall amount, resources would be reduced by US\$ 0.5 billion. The forecast already conservatively includes a provision of US\$ 0.1 billion for the risk that some assured resources may not be fully contributed if the requirements of the Matching Fund and Challenge Grant for matching by other donors are not fully met.

- 12.6 Proceeds to GAVI from IFFIm: Earlier in 2013, the IFFIm Board enhanced IFFIm's overall risk profile in a manner that will be beneficial to GAVI for the longer term, while postponing proceeds to GAVI in the near-term. No further adjustments are currently anticipated that would affect the resources available to GAVI.
- 12.7 Because almost no contributions have yet been pledged for 2016-2020, the forecast for those years relies heavily on the assumption that direct contributions will be maintained at no less than their 2012-2014 average level (see paragraph 7.1). Direct contributions pledged for 2013 exceed that level.

Risk mitigation

- 12.8 Should the net effect of risk factors 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, provides a cushion for adverse fluctuations in resources and expenditures.
 - (b) A surplus is forecast for each year after meeting the needs of existing programmes. When, in the future, new programmes are considered for funding, endorsement can be declined or deferred in the light of resource availability as foreseen at that time.

13. Conclusions

- 13.1 Expenditure for all existing programmes is fully covered by Qualifying Resources through 2016 as is required by the Programme Funding Policy;
- 13.2 Additional resources will be required to fully fund the demand expected from future programmes. This will be assessed whenever funding decisions are considered.

Section C: Programme Funding Requests for Yellow Fever Stockpile and Cholera Stockpile

14. Context

- 14.1 Yellow Fever stockpile: Between 2006 and 2010, the stockpile financed by GAVI has been used in 28 outbreak response vaccination campaigns in 12 countries in Africa. Countries facing an outbreak can apply for access to stockpile vaccines through the International Coordinating Group on Vaccine Provision for Yellow Fever Control ("YF-ICG"). WHO is the acting secretariat of the YF-ICG. The Yellow Fever ("YF") stockpile is an integral part of the

multi-pronged strategy for control of Yellow Fever (WHO and UNICEF 2010-2010 YF Initiative Strategy). The existence of a functional stockpile is necessary to prevent large outbreaks that may affect also GAVI countries. To date more than 25 million people have been reached with outbreak response support in 12 GAVI eligible out of the 15 countries covered by the YF-ICG.

- 14.2 The Yellow Fever Investment Case and related MOUs expire at the end of 2013, and the YF-ICG subject to vaccine supply availability, is requesting financial support for 9 million doses, equivalent to US\$10 million for vaccines and US\$ 2.2 million to cover operational costs in 2014. The proposed investment by GAVI for 2014 is relatively small, approximately US\$ 12.2 million, compared to the long term health impact, value for money, and more importantly will avoid future disruptions of the stockpile before a possible Board decision on support for yellow fever in the context of the VIS becomes effective or another suitable mechanism outside GAVI has been identified. A brief presentation of this request was made to the Vaccine Investment Management Team. In the long term, the Yellow Fever Program will also be engaging with VIMT on a regular basis.
- 14.3 The Board is requested to endorse/approve the US\$ 12.2 million for 2014 only. Continuation of GAVI funding for the Yellow Fever stockpile and preventive campaigns from 2015 onwards is included in the Vaccine Investment Strategy (VIS) proposal and would begin in 2015 if approved by the GAVI Board.
- 14.4 Cholera stockpile: Details are provided in PPC document "Vaccine Investment Strategy (Doc PPC-2013-Mtg-2-Doc 07).

15. Changes to Total Programme Budgets (endorsements)

- 15.1 The GAVI Alliance Board is requested to endorse a net increase in programme budgets by **US\$ 126.7 million** as summarised below.
- 15.2 This budget endorsement request totaling US\$ 126.7 million is comprised of:
 - (a) US\$ 12.2 million for a Yellow Fever stockpile that is recommended by the YF-ICG ICG
and if so decided by the Board:
 - (b) US\$ 114.5 million for a Cholera stockpile during 2014-2018

16. Changes to Near-Term Programme Liabilities (approvals)

- 16.1 The GAVI Alliance Board is asked to approve an increase in near-term programme liabilities totaling **US\$ 20.7 million**, as summarised below. This amount corresponds to the amounts endorsed for the current and next calendar years (2013 and 2014) and is comprised of:
 - (a) US\$ 12.2 million for a yellow fever stockpile that is recommended by the YF-IRC
and, if so decided by the Board:

(b) US\$ 8.5 million for a Cholera stockpile in 2014

16.2 Figure 7 also indicates the cash flow impact of the proposed programme budgets, which is separately identified within Figure 3 as “New Requests”.

Section D: Request for Programme Funding Envelope for 2014

17. 2014 Programme Funding Envelope

17.1 In December 2012, the Board approved a Programme Funding Envelope, from which the Secretariat can allot funding for the continuation and adjustment of funding for existing programmes, and for new cash programmes, during 2013. This envelope will expire at the end of 2013

17.2 The Board is now requested to approve a similar envelope for 2014, from which the Secretariat, in accordance with the Programme Funding Policy, shall allot funding to programmes until 31 December 2014 to:

(a) Endorse or adjust previously endorsed amounts of programme multi-year budgets for existing programmes and new cash programmes for an aggregate amount not exceeding US\$ 689 million for unrestricted countries and US\$ 20 million for restricted countries. (In total US\$ 709 million, per Figure 8 below).

(b) Establish or adjust near-term liabilities of the GAVI Alliance in respect of endorsed programme budgets for periods ending no later than 31 December 2014 for an aggregate amount not exceeding US\$ 1,245 million for unrestricted countries and US\$ 10 million for restricted countries. (In total US\$ 1,255 million, per Figure 8 below).

(c) The Board is requested to make the decisions that relate to restricted countries in session without the participation of US citizens and residents.

Figure 8: The envelope amounts

US\$ millions Programme Year basis	Endorsed Programme Budget Amounts										Total	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
A Already Endorsed Budgets (per Annex 2)	670	923	1,491	1,456	998	133	5					5,676
Estimates for changes to endorsed amounts during 2014												
(a) Adjustments to existing programmes				-30	-95	-70	-20	15				-200
(b) Extensions of existing vaccine programmes						174	112	86	69	0		442
Total Existing Programmes				-30	-95	104	92	101	69	0		242
(c) New Cash Programmes					150	150	80	40	30	10		460
(d) HPV Demonstrations					3	3	1					7
Total Future Programmes					153	153	81	40	30	10		467
B Envelope for changes to endorsed amounts				-30	58	257	174	141	99	10		709
Changes to Endorsed Amounts												
Unrestricted countries				-30	53	252	169	136	99	10		689
Restricted countries					5	5	5	5				20
A+B Forecast Endorsed budgets at end 2014	670	923	1,461	1,514	1,255	307	146	99	10			6,385
Envelope for changes to near-term liabilities during 2014												
											Changes to Near-Term Liabilities	1,255
											Unrestricted countries	1,245
											Restricted countries	10
Note: Cash flows arising from changes to endorsed budget amounts												
Changes to Endorsed Budgets, as cash flows				-53	44	243	208	140	94	26	6	709
Existing Programmes				-53	-20	91	85	76	58	4	0	242
New (Cash) Programmes					63	153	123	64	36	22	6	467

Endorsed programme budget amounts

17.3 As explained in in Section B, paragraph 5, the cash flows arising from changes to endorsed programme budgets for the envelope amount are included within the expenditure forecast, for which adequate Qualifying Resources exist in conformity with the Programme Funding Policy.

17.4 The funding envelope amount of US\$ 709 million (see Figure 8) for endorsed programme budgets covers the duration of multi-year plans of individual country programmes recommended by an Independent Review Committee (IRC) and is comprised of estimates for the following components:

- (a) US\$ -200 million (a net reduction) to cover anticipated adjustments to existing programme budgets to reflect decisions of the Monitoring IRC and updated implementation assumptions.
- (b) US\$ 442 million to cover to the extension of existing programmes as and when recommended by the Monitoring IRC.
- (c) US\$ 460 million to cover the endorsement of new cash programmes as and when recommended by the Health Systems IRC
- (d) US\$ 7 million to cover the endorsement of new HPV demonstration projects based on the recommendations of the IRC.

Near-term liability amounts

- 17.5 GAVI establishes a near-term liability on its balance sheet for endorsed programme budgets through the next calendar year. These liabilities are discharged as disbursements are made (for vaccines or in cash).
- 17.6 In 2014, it will recognise as liabilities endorsed programme budgets for 2015. Accordingly, in 2014 it will add to its near-term liabilities amounts endorsed through 2015, for which a liability has not already been established, amounting to US\$ 1,255 million (see Figure 8).
- 17.7 Details of the foregoing have been reviewed by the Audit and Finance Committee. Details of the already endorsed amounts for each country for 2012 and subsequent years are provided in Annex 2.

Section E: Request for IPV Programme Funding Envelope

18. Background

- 18.1 The GAVI Alliance Board in December 2012 and further in June 2013 recognised the importance of a strong partnership and complementarity between the GAVI Alliance and GPEI's efforts eradicating polio. The GAVI Alliance Board provided further guidance in June 2013, when it supported the Alliance playing a lead role in the introduction of inactivated polio vaccine (IPV) in routine immunisation (RI) services in 73 GAVI countries as part of the Endgame.
- 18.2 As documented in an update given to the PPC on 8-10 October 2013, the Secretariat and partners have been working intensively with GPEI to define mechanisms of coordination, develop joint work plans where appropriate, and begin discussing IPV with countries.

19. Funding Requirements for IPV

- 19.1 GAVI's funding requirements for polio through 2020 are estimated to be US\$ 584 million (see Figure 3 and Annex 1, Figure 5). This assumes that India will not require IPV support from GAVI. Through 2018, these costs are estimated at US\$ 430 million. These costs form part of the Endgame financial projections against which pledges were received at the April 2013 Global Vaccine Summit. Business Plan costs for Secretariat and partner costs are estimated to be US\$ 11.3 million for 2014.

20. IPV Funding Envelope for 2014

- 20.1 As described in the IPV/Polio paper, the Secretariat suggests that the Board establish an IPV Funding Envelope from which funds would be allotted by the Secretariat in the upcoming year (or other period as the Board or EC may specify) for new IPV programmes. The Secretariat acting within that Board-approved funding envelope, would during this period allot funding to individual programmes based on the recommendations of the Independent Review Committee. This means that - unlike for other applications for new vaccine support - the Secretariat rather than the AFC and EC would be responsible for allotting funding to individual applications for the introduction of IPV.

- 20.2 The Secretariat, following principles consistent with GAVI's Programme Funding Policy, would allot funding to programmes until 31 December 2014. The initial funding envelope would be for an amount sufficient to cover endorsed programme budgets for the duration of multi-year plans of individual countries for the period 2014-2018.
- 20.3 The IPV funding envelope would be managed independently of GAVI's other funding envelopes. Any allotment from the IPV Funding Envelope would be subject to sufficient IPV-specific funding being available in accordance with the principles of the Programme Funding Policy.
- 20.4 The Board will be asked to approve under the Polio and routine immunisation (Doc. 09) agenda item, subject to endorsement by the Audit and Finance Committee and contingent on polio-specific additional funds being made available from donors, an initial IPV Funding Envelope from which the Secretariat shall allot funding to IPV programmes until 31 December 2014, to:
- (a) Endorse or adjust previously endorsed amounts of programme multi-year budgets for IPV programmes for an aggregate amount not exceeding US\$ 231 million. (These endorsements would constitute acknowledgement of such budget amounts at the time of allotment but would not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors.)
 - (b) Establish or adjust near-term liabilities of the GAVI Alliance in respect of endorsed IPV programme budgets for periods ending no later than 31 December 2015 for an aggregate amount not exceeding US\$ 121 million. (These amounts are a sub-component of endorsed programme budgets.)
- 20.5 The IPV funding envelope of US\$ 231 million is part of the total US\$ 388 estimated IPV programme costs⁸ for the period 2014 - 2018. An envelope is not at this time being sought for the years 2019 and 2020 as these would be outside the timeframe for which donors have committed additional resources. Annex 1 Figure 5 provides detail of the envelope calculation.

Section F: Programme Expenditure Report for 2013

21. Utilisation of Programme Funding Envelopes

- 21.1 In June 2012 the Board approved an amendment to the Programme Funding Policy to enable it to approve funding envelopes from which the Secretariat can allot funding to programmes.
- 21.2 Two such programme funding envelopes have been approved by the Board subsequently. The utilisation of these funding envelopes to date (through 30 September 2013) is outlined below, to inform the Board.

22. Envelope for HPV demonstration projects

⁸ Includes vaccine cost plus introduction grants

- 22.1 In July 2012 the Board approved an envelope of US\$ 7.4 million of budget amounts to be endorsed for HPV demonstration projects (see document EC-2012-Mtg-3-Doc03b).
- 22.2 Through 30 September 2013, the Secretariat had allotted US\$ 5.5 million to 10 HPV demonstration projects, based on the recommendations of the Independent Review Committee, as summarised below.

Envelope for HPV demonstration projects (approved July 2012)

Programme year basis Endorsed budget amounts, US\$ million	Envelope amount	Allotted to date	% Allotted
1 Ghana		0.4	
2 Kenya		0.5	
3 Lao PDR		0.7	
4 Madagascar		0.4	
5 Malawi		0.6	
6 Mozambique		0.3	
7 Niger		0.9	
8 Sierra Leone		0.6	
9 Tanzania		0.7	
10 Zimbabwe		0.4	
Total - Envelope for HPV demo projects	7.4	5.5	74%

Further details of allotments to date are provided in Annex 1, Figure 4.

23. 2013 Programme Funding Envelope

- 23.1 In December 2012 the Board approved an envelope of US\$ 615 million for multi-year budget amounts to be endorsed for new cash programmes, the extension and adjustment of existing programmes, and (exceptionally) a measles campaign in Ethiopia. This envelope will expire at the end of 2013.
- 23.2 Through 30 September 2013, net utilisation of this envelope amounted to US\$ 78 million, representing 13% of the total envelope. The table below highlights how these funds have been allotted.

Envelope for 2013 (approved Dec 2012)

Programme year basis Endorsed budget amounts, US\$ million	Envelope amount	Allotted to date	% Allotted
a) Adjustments to existing programmes	-125	-290	232%
b) Extensions of existing vaccine programmes	120	0	0%
c) New cash programmes	606	363	60%
d) New vaccine campaign (Ethiopia)	14	5	32%
Total - Envelope for 2013	615	78	13%

Further details of allotments to date are provided in Annex 1, Figure 4.

23.3 With regard to each component of the envelope:

- (a) US\$ -125 million (a net reduction) was conservatively estimated for adjustments to existing programme budgets for decisions of the Monitoring

IRC, updated implementation assumptions and other operational adjustments. To date, these total a net reduction of US\$ 290 million reflecting updated assumptions regarding country readiness, supply availability and vaccine prices.

- (b) US\$ 120 million was estimated for the extension of existing programmes as and when recommended by the Monitoring IRC, due to commence in October 2013.
- (c) US\$ 606 million was estimated for the endorsement of new cash programmes as and when recommended by the IRC. To date, US\$ 363 million has been allotted including US\$ 105 million for India. Allotments for new cash programmes will continue as and when IRC recommendations are made throughout the year.
- (d) US\$ 14 million was estimated for the vaccine component of a new measles SIA in Ethiopia subject to its approval by the New Proposals IRC⁹. The amount finally approved was US\$ 4.5 million for vaccines and US\$ 7.6 million for campaign operational costs.

24. Programme Disbursements

- 24.1 Figure 9 below provides a summary of programme disbursements made in 2011 and 2012, and in 2013 through September, along with an updated estimate for all of 2013. Estimates of future disbursements are also provided for 2014 and 2015 using the latest ADF, version 9. To provide context to the 2013 estimates, the actual disbursement amounts for 2011 and 2012 are also expressed as a percentage of the original forecasts for those year that were provided to the Board immediately prior to the start of each year.
- 24.2 As requested by the Board in June 2013, disbursement data is provided individually for each year from 2011 through 2015, and this is complemented by impact indicator data.

⁹ The Ethiopia measles SIA was exceptionally included in the envelope in order to avoid the need to convene an additional EC meeting solely to approve this proposal. The original budget assumption was for a campaign with an age group of up to 15 years. The final approved budget was for an age group of up to 5 years resulting in a significant reduction vs. the original board approved envelope.

Figure 9: Programme Disbursements, by year

2010	US\$ millions Cash flow basis	2011	2012	Full Year 2013 - Estimate				Jan - Sept 2013		2014	2015	2011-15
				Estimate to Board in Dec 2012	Change since Dec 2012	Estimate to Board in Nov 2013	% of Dec 2012 Estimate	Actual YTD	% of Dec 2012 Estimate			
Actual		Actual	Actual	ADF 6		ADF 8				ADF 8	ADF 8	
	Vaccine Programmes											
146	Pneumo	354	396	644	(187)	457	71%	291	45%	610	655	2,471
429	Penta	295	356	362	(31)	331	91%	171	47%	389	380	1,752
9	Rotavirus	11	136	163	(14)	149	91%	51	31%	6	62	364
0	Measles-Rubella	0	4	65	9	74	114%	53	82%	56	81	215
0	Measles SIA (vaccine only)	0	3	16	14	30	185%	30	188%	3	15	50
1	Measles - 2nd dose	1	5	5	2	7	136%	4	74%	5	9	27
35	Meningitis A	21	39	49	4	53	108%	27	55%	44	37	194
33	Yellow Fever	17	12	120	(72)	48	40%	27	22%	48	48	173
0	Human Papillomavirus	0	0	0	2	2	1115%	2	800%	7	22	30
0	Japanese Encephalitis	0	0	0	0	0	0%	0	0%	4	15	19
(4)	All other	1	(0)	1	(0)	0	5%	0	0%	0	0	1
0	Cholera TBC	0	0			0				9	17	26
0	Yellow Fever (New) TBC	0	0			0				0	14	14
649	Vaccine Programmes	700	951	1,424	(275)	1,150	81%	654	46%	1,181	1,353	5,335
96	Cash-based Programmes	68	118	392	(3)	389	99%	274	70%	394	380	1,349
745	Total Programmes	768	1,069	1,816	(278)	1,538	85%	929	51%	1,574	1,734	6,683
	% of original forecast for ye	66%	73%									
	% of original forecast for 2013 (in Dec 2012)			[100%]		85%		51%				

The values for "Vaccine Programmes" include disbursements for country programmes and investment cases

Impact Indicators

The indicator data are compiled by programme year and hence do not directly correspond to the cash flow amounts (above) for a particular year.

	2011	2012	2013*	2014*	2015*	Total
Persons Immunised (million)	92	112	264	236	239	943
Deaths Averted (million)	0.5	0.6	1	1	1	4

*The impact indicator values for years after 2012 are projections based on Strategic Demand Forecast version 7

The indicator of Persons Immunised shown here captures the total number of complete series administered with a GAVI supported vaccine, rather than the unique number of individuals reached with a GAVI supported vaccine, since the former more closely corresponds to the monetary values shown above by capturing the scale-up of the number of vaccines included within the GAVI portfolio. The corresponding results for GAVI mission indicator 3 are shown on the GAVI website along with the full definition of each indicator: <http://www.gavialliance.org/results/goal-level-indicators/>. It is projected that between 2011 and the end of 2013 GAVI supported vaccines will have reached 145 million unique children, placing GAVI on track to meet the 2011-2015 target of 243 million.

2013, January through September

24.3 The current financial forecast estimates programme disbursements in 2013 at US\$ 1,538 million, which is 15% less than the then current estimate provided at the December 2012 Board meeting. The main drivers of the forecast decrease reflect the delayed rollout of pneumococcal vaccine (US\$ 187 million) due principally to updated information regarding supply availability. Further details are explained on Annex 1, Figure 2.

24.4 In the first nine months of 2013, GAVI has disbursed US\$ 929 million in support of country programmes. This compares with US\$ 412 million and US\$ 572 million in the first nine months of 2011 and 2012 respectively, and represents 60% of the currently estimated amount for all of 2013.

Section G: Implications

25. Impact on countries

- 25.1 The visibility on resource availability will enable countries to advance their immunisation plans with greater confidence.

26. Impact on GAVI Stakeholders

- 26.1 The proposed Programme Funding decisions will further advance the GAVI mission.

27. Impact on Secretariat

- 27.1 The additional programmatic activity will increase workload.

28. Legal and governance implications

- 28.1 There are no legal or governance implications.

29. Consultation

- 29.1 The Strategic Demand Forecast is produced by GAVI's Market Shaping Team in collaboration with Vaccine Implementation and partner agencies represented on the SDF sub team and vaccine-specific sub teams of the Vaccine Implementation Management Team (VIMT)¹⁰. It is reviewed and endorsed by the Head of Market Shaping and the VIMT.
- 29.2 An earlier version of this paper was reviewed by and discussed with the Audit and Finance Committee at its meeting on 10 October 2013.

30. Gender implications

- 30.1 There are no gender implications associated with this policy.

Section H: Annexes

Annex 1: Supporting tables

¹⁰ The VIMT includes participants from these organisations, as well as from the Bill and Melinda Gates Foundation, WHO, UNICEF and the GAVI Secretariat.

Annex 1: Supporting tables

Annex 1, Figure 1: Projected expenditure to meet demand

Expenditure estimate 2011-2015	Existing Programmes		New Requests	Estimate for future demand	Total		2011	2012	2013	2014	2015	
	Endorsed	Provision for Extensions	Endorsed									
Cash flow basis, US\$ million												
Programmes:												
Penta	1,533	94	-	125	1,752	26%	295	356	331	389	380	
Pneumo	2,110	324	-	38	2,471	37%	354	396	457	610	655	
Rota	309	41	-	15	364	5%	11	136	149	6	62	
Measles-Rubella	79	-	-	136	215	3%	-	4	74	56	81	
Measles SIA	34	-	-	16	50	1%	-	3	30	3	15	
HPV - routine & demo	4	-	-	26	30	0%	-	-	2	7	22	
Typhoid	-	-	-	-	-	-	-	-	-	-	-	
Other vaccines	322	8	10	72	412	6%	40	56	107	101	109	
Total Vaccine Programmes	4,391	467	10	428	5,296	80%	700	951	1,150	1,172	1,323	
Health systems strengthening	492	-	-	130	621		44	52	100	236	189	
Campaign operational costs	237	-	-	135	372		8	29	49	169	118	
Vaccine introduction grants	63	-	-	44	107		6	15	30	23	33	
Measles SIA operational costs	58	-	-	29	87		-	-	21	39	27	
All other cash (ISS, CSO, HPV etc)	145	-	2	14	161		11	22	72	43	13	
Total Cash-based Programmes	995	-	2	351	1,349	20%	68	118	272	510	380	
Total Programmes	5,386	467	12	779	6,644	100%	768	1,069	1,422	1,682	1,703	
Business Plan	670	202	-	-	873		125	139	199	207	202	
Total Expenditure excl. "VIS"	6,057	669	12	779	7,517		893	1,208	1,621	1,889	1,905	
Cholera stockpile	-	-	26	-	26		-	-	-	9	17	
Yellow fever campaigns	-	-	-	14	14		-	-	-	-	14	
Malaria country support window	-	-	-	-	-		-	-	-	-	-	
New Prog. Investments - "VIS"	-	-	26	14	40		-	-	-	9	31	
Rabies feasibility study	-	-	-	1	1		-	-	-	-	1	
Business Plan (Secr. + Partners)	-	-	-	3	3		-	-	-	1	2	
Total New Investments - "VIS"	-	-	26	18	44		-	-	-	18	64	
Total Expenditure incl. "New VIS"	6,057	669	38	797	7,561		893	1,208	1,621	1,908	1,970	
2011-2015	\$6.7 bn		\$0.0 bn	\$0.8 bn	\$7.6 bn							

Expenditure estimate 2016-2020 (tentative)	Existing Programmes		New Requests	Estimate for future demand	Total		2016	2017	2018	2019	2020	
	Endorsed	Provision for Extensions	Endorsed									
Cash flow basis, US\$ million												
Programmes:												
Penta	29	1,434	-	5	1,468	19%	313	299	295	287	274	
Pneumo	51	2,645	-	157	2,853	37%	593	592	577	555	536	
Rota	13	426	-	416	855	11%	147	167	178	183	180	
Measles-Rubella	-	-	-	250	250	3%	127	92	29	2	-	
Measles SIA	-	-	-	1	1	0%	1	-	-	-	-	
HPV - routine	3	4	-	363	371	5%	39	58	76	92	106	
Typhoid	-	-	-	212	212	3%	-	23	68	61	60	
Other vaccines	18	144	-	161	323	4.2%	81	60	58	61	63	
Total Vaccine Programmes	115	4,653	-	1,565	6,333	82%	1,301	1,290	1,281	1,240	1,220	
Health systems strengthening	48	-	-	820	868		152	157	185	185	189	
Campaign operational costs	-	-	-	334	334		128	90	60	26	30	
Vaccine introduction grants	-	-	-	134	134		47	28	19	22	18	
Measles SIA operational costs	-	-	-	1	1		1	-	-	-	-	
All other cash (ISS, CSO, HPV etc)	20	-	-	5	25		13	12	0	-	-	
Total Cash-based Programmes	68	-	-	1,295	1,363	18%	341	288	264	232	237	
Total Programmes	182	4,653	-	2,860	7,695	100%	1,642	1,578	1,545	1,473	1,457	
Business Plan	-	1,047	-	-	1,047		201	205	209	214	218	
Total Expenditure excl. "New VIS"	182	5,701	-	2,860	8,743		1,844	1,783	1,755	1,686	1,675	
Cholera stockpile	-	-	89	-	89		26	34	29	-	-	
Yellow fever campaigns	-	-	-	95	95		14	16	10	24	31	
Malaria country support window	-	-	-	287	287		-	12	49	86	140	
New Prog. Investments - "VIS"	-	-	89	382	471		40	63	88	110	171	
Rabies feasibility study	-	-	-	2	2		1	1	-	-	-	
Business Plan (Secr. + Partners)	-	-	-	7	7		2	2	2	1	1	
Total New Investments - "VIS"	-	-	89	391	480		82	128	179	220	343	
Total Expenditure incl. "New VIS"	182	5,701	89	3,251	9,223		1,925	1,911	1,934	1,906	2,017	
2016-2020	\$5.9 bn		\$0.1 bn	\$3.3 bn	\$9.2 bn							

Total 2011-2020

\$16.8 bn

Annex 1, Figure 2: Reconciliation with previous forecast for 2011-2015

Cash flow basis US\$ millions		2011 - 2015				2016 - 2020			
		Bridge from previous to current forecast			2011-2015	Bridge from previous to current forecast			2016-2020
	June 2013 Board	Change in estimates	New Requests	Nov 2013 Board		June 2013 Board	Change in estimates	New Requests	Nov 2013 Board
Expenditure to meet demand									
Existing Programmes	6,095	(242)	12	5,866		4,937	(101)		4,836
Business Plan	839	33		873		988	59		1,047
Existing Programmes & Business Plan	6,935	(209)	12	6,738	\$6.7 bn	5,925	(42)	0	5,883
Future Programmes (excluding "VIS")	868	(77)	(12)	779	\$0.8 bn	2,703	157	0	2,860
"VIS" including related Business Plan	0	(286)	0	7,517	\$7.5 bn	8,628	115	0	8,743
Total Expenditure Outflows	7,803	(268)	26	7,560	\$7.6 bn	8,628	506	89	9,223
	\$7.8 bn	(\$0.3 bn)		\$7.6 bn		\$8.6 bn	\$0.5 bn		\$9.2 bn
Resources Available									
Direct contributions - confirmed	4,859	199		5,058		25	16		41
IFFIm proceeds	1,170	0		1,170		550	0		550
AMC contributions	1,082	(99)		983		462	(36)		426
Investment income	181	(16)		165		160	0		160
Total inflows	7,292	83		7,375		1,197	(20)		1,177
Drawdown of cash & investments	80	(97)		(17)		87	(61)		26
Assured Resources	7,372	(13)		7,358	\$7.4 bn	1,284	(81)		1,203
Allowance for further direct contributions*	210	(94)		116	\$0.1 bn	5,417	139		5,556
Qualifying Resource Inflows	7,582	(107)		7,475	\$7.5 bn	6,701	58		6,759
	\$7.6 bn	(\$0.1 bn)		\$7.5 bn		\$6.7 bn	\$0.1 bn		\$6.8 bn
B-A Surplus / (Additional required)	(221)	161	(26)	(86)	(\$0.1 bn)	(1,927)	(448)	(89)	(2,464)
	(\$0.2 bn)	\$0.2 bn		(\$0.1 bn)		(\$1.9 bn)	(\$0.4 bn)		(\$2.5 bn)
Surplus after existing programmes	607			736		761			855
Funding decisions now requested - YF stockpile	0			12		0			0
Funding decisions now requested - VIS - Cholera	0			26		0			89
Surplus after existing progs. & new requests	607			698	\$0.7 bn	761			766
Future programmes (net of AMC funding)	(828)			(766)	(\$0.8 bn)	(2,688)			(2,838)
Future programmes ("VIS")				(18)		0			(391)
Additional required - for Future Programmes	(221)			(86)	(\$0.1 bn)	(1,927)			(2,464)
									(\$2.5 bn)
Cash Reserve maintained - at end of 2015 / 2020	1,158			1,257		1,074			1,231

* Conservative allowance for further direct contributions to maintain an overall annual level equivalent to that confirmed for 2012-2014 (\$1.1bn) in subsequent years

Commentary on updated expenditure estimates for 2011-2015:

In the past six months, GAVI and UNICEF Supply Division have received more clarity on the supply availability of the pneumococcal & rotavirus vaccines:

1. For pneumococcal, the greater clarity is due mainly to the conclusion of the third AMC tender in July 2013. Based on this information, countries revised their introduction plans and the financial requirements were therefore adjusted to reflect the countries' preferred introduction timing. In addition, the manufacturer of PCV10 informed UNICEF SD in April 2013 of a production issue that will impact the timing of certain key introductions. Financial requirements were adjusted to reflect the revised introduction timing expected.
2. For rotavirus, there is more clarity on when supplies of the supply-constrained 2-dose schedule vaccine would be made available to countries, in the last quarter of 2013. Based on this information, most countries confirmed that they would introduce in late 2013 or early 2014. Financial requirements were adjusted accordingly.

Annex 1, Figure 4: Allotments from Programme Funding Envelopes - detail

The table below provides detail of the amounts allotted from each envelope through 30 September 2013.

Envelope for 2013 (approved Dec 2012)

Allotments from the Programme Funding Envelope by Programme as at 30 September 2013 US\$ millions

Programme Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Adjustments to Existing Programmes											
Vaccines											
Measles					-0.2						-0.2
Measles-Rubella						-5.8					-5.8
Measles SIA						0.3	0.6				0.8
Meningitis A - campaign				-1.5	-6.2	-0.1	-1.8	0.1			-9.4
Penta			-2.3	-23.7	-49.5	23.9	4.3	3.5			-43.8
Pneumo			-1.4	-4.4	-5.1	-236.7	36.7	0.8	0.3		-209.8
Rotavirus					-2.8	-22.6	6.4	2.0			-17.1
Tetra DTP-HepB			-0.1			-0.7	-0.7	-0.7			-2.2
HepB mono			-0.1								-0.1
Yellow Fever			-0.1	-1.4	-1.0	0.6	-0.1				-2.0
Cash											
HSS	-0.8		-1.9	-10.4	-12.3	20.3	3.1	-0.3	0.4		-1.9
CSO Type B					2.3						2.3
Vaccine Introduction Grant	0.9	-0.6			-0.7	0.0					-0.5
*Sub-Total	0.1	-0.6	-5.9	-41.3	-75.4	-220.9	48.4	5.4	0.7	0.0	-289.6
New Cash Programmes											
HSS						42.2	51.5	45.9	4.8	3.4	147.8
Operational support - MR, YF, Men A						84.0	35.1	24.4			143.6
Operational support - Measles SIA						52.3	6.0				58.3
Vaccine Introduction Grant						7.6	4.4				11.9
CSO Type B						1.5					1.5
*Sub-Total	0.0	0.0	0.0	0.0	0.0	187.6	97.0	70.3	4.8	3.4	363.1
New Vaccine Campaign (exceptional)											
Measles SIA Ethiopia					2.9	1.6					4.5
*Sub-Total	0.0	0.0	0.0	0.0	2.9	1.6	0.0	0.0	0.0	0.0	4.5
Total - Dec 2012 Envelope Allotments	0.1	-0.6	-5.9	-41.3	-72.6	-31.6	145.4	75.7	5.5	3.4	78.0

Within the Operational support - Measles SIA amount of US\$ 58.3 million is US\$ 7.6 million allocated to the campaign in Ethiopia.

Envelope for HPV demonstration projects (approved July 2012)

Allotments from the HPV demonstration projects envelope by country as at 30 August 2013

Envelope for HPV demonstration projects (approved September 2012)

Programme Year basis

Endorsed budget amounts, US\$ million

	2013	2014	2015	Total
Ghana	0.3	0.1		0.4
Kenya	0.3	0.2		0.5
Lao PDR	0.4	0.3		0.7
Madagascar	0.3	0.1		0.4
Malawi	0.4	0.2		0.6
Mozambique		0.2	0.1	0.3
Niger	0.6	0.3		0.9
Sierra Leone	0.4	0.2		0.6
Tanzania		0.5	0.3	0.7
Zimbabwe		0.3	0.1	0.4
Total allotted	2.6	2.4	0.4	5.5

Annex 1, Figure 5: IPV Programme Funding Envelope

The table below indicates the estimated IPV expenditure amounts, totalling US\$ 430 million through 2018, and US\$ 584 million through 2020. These amounts comprise expenditure on programmes (for vaccines and vaccine introduction grants) and business plan activities pertaining to IPV.

The lower part of the table estimates the amounts of IPV programme expenditure that would be endorsed in each of 2014, 2015 and 2016. These amounts are estimated by applying notional percentages to the expenditure forecast for each year, to arrive at the estimated amount to be endorsed for (future) multi-year budgets, at the time programmes are approved for support¹¹. On that basis, it is estimated that programmes could be endorsed in 2014 with multi-year programme budgets spanning 2014 through 2018 in an amount of US\$ 231 million, with the first two years being recorded as a liability of US\$ 121 million. These are the components of the envelope proposed to cover IPV programmes endorsed in 2014. Because the envelope estimates include prudent assumptions, the actual utilisation may be lower.

US\$ millions	Estimated Programme Budget Amounts									
	2014	2015	2016	2017	2018	2019	2020	2014-2020	2014-2018	
<i>Expenditure on Programme year basis</i>										
Vaccine - GAVI eligible (excluding India)	11.8	74.8	78.9	69.2	69.2	65.4	64.2	433.4	303.8	
Vaccine - GAVI graduating	0.1	8.2	10.5	10.0	9.8	9.2	9.0	56.6	38.5	
Total vaccines	11.8	82.9	89.5	79.2	79.0	74.6	73.2	490.1	342.3	
Vaccine Introduction Grants (VIG)	32.1	13.7						45.8	45.8	
Total Programme costs	43.9	96.6	89.5	79.2	79.0	74.6	73.2	535.9	388.1	
<i>Business Plan (Secretariat + Partners)</i>	11.3	13.2	6.7	5.3	5.1	3.2	3.2	48.0	41.6	
Total IPV Support	55.2	109.8	96.2	84.5	84.1	77.8	76.4	583.9	429.8	

IPV Funding Envelope for funding decisions to be made in 2014

Amount for endorsed Programme budgets	43.9	76.7	67.1	39.6	3.9	231.2
Amount for approved Near Term liabilities	43.9	76.7				120.6

Envelope calculation	2014	2015	2016	2017	2018	Total 14-18
Estimated IPV Vaccine expenditure:	11.8	82.9	89.5	79.2	79.0	
Percentage of expenditures endorsed in:						
2014	100%	90%	75%	50%	5%	
2015		10%	15%	20%	25%	
2016			10%	30%	70%	
Amount of expenditures endorsed in:						
2014	11.8	74.6	67.1	39.6	3.9	197.1
2015		8.3	13.4	15.8	19.7	57.3
2016			8.9	23.7	55.3	88.0
Estimated IPV VIG expenditure:	32.1	13.7				
Percentage of expenditures endorsed in:						
2014	100%	15%				
2015		85%				
Amount of expenditures endorsed in:						
2014	32.1	2.1				34.2
2015		11.6				11.6
Total Vaccines + VIG						
Programme Funding Envelope for 2014**	43.9	76.7	67.1	39.6	3.9	231.2
Programme Funding Envelope for 2015		19.9	13.4	15.8	19.7	68.9
Programme Funding Envelope for 2016			8.9	23.7	55.3	88.0
	43.9	96.6	89.5	79.2	79.0	388.1

No allotments of funding from the Envelope will be made until sufficient IPV-specific funding has been provided

¹¹ The estimation conservatively assumes that, for example, in 2014, vaccine budget amounts would be endorsed for programmes that represented 100% of 2014 IPV vaccine expenditure, plus 90% of 2015 expenditure, 75% of 2016 expenditure, 50% of 2017 expenditure, and 5% of 2018 expenditure.