

FINANCIAL UPDATE, INCLUDING FORECAST

BOARD MEETING

Ian MacTavish

6-7 June 2024, Geneva, Switzerland

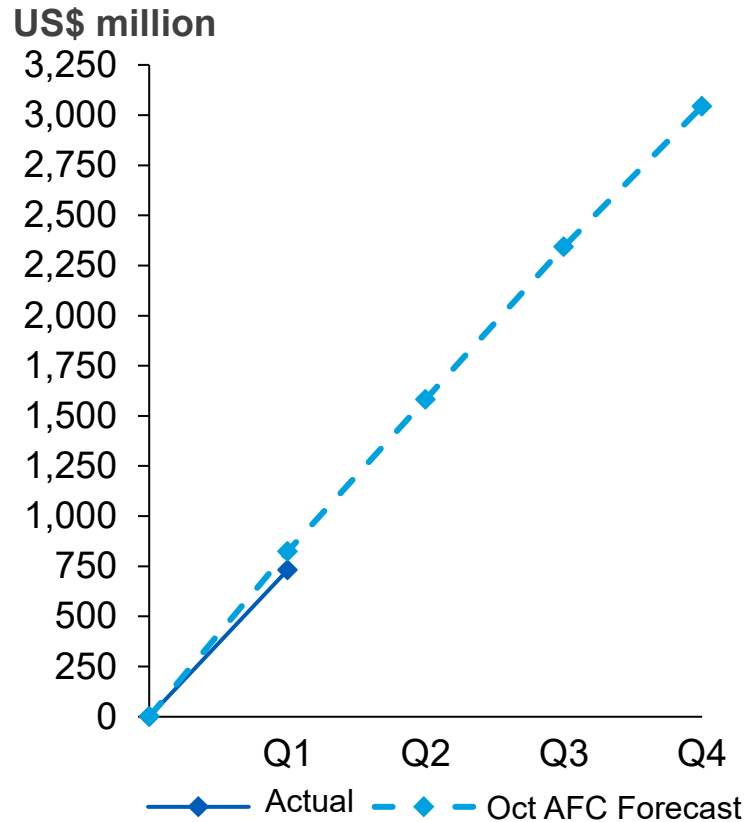
Key Messages

- 2023 Statutory Financial Statements recommended to the Board for approval by the AFC
- Majority of Gavi 5.1 Resources fully committed
- COVAX AMC Repurposing ongoing, outcome will be significant
- It's time for Organisational Effectiveness decisions!

Q1 2024 Performance

Resources ahead due to early donations. Vaccines and Partners' Engagement Framework above or in line, slow start for Cash Programmes

YTD Expenditure versus Forecast *cumulative*



Q1 2024 = 25% of 2024 elapsed

\$m	Q1 24 Actuals 3 mths	YTD Actuals vs. Forecast	Forecast FY 2024 (Oct AFC)	Utilisation FY Oct AFC 2024
① Resources	1,195	166%	3,074	39%
Direct Contr.	571	422%	1,658	34%
IFFIm	0	0%	339	0%
Investment Inc.	55	395%	55	99%
Repurposed funds from Covax	569	100%	1,021	56%
Expenditure	731	89%	3,043	24%
Programmatic Exp.	689	89%	2,829	24%
② Vaccines	525	111%	1,541	34%
HSIS	54	44%	519	10%
Other cash ²	46	41%	431	11%
③ Cash progs	100	43%	949	11%
④ PEF	64	98%	338	19%
⑤ Opex	42	85%	215	20%
Secretariat	40	93%	192	21%
PEF Opex	2	29%	23	7%

Results reported on a cashflow basis

Commentary vs Oct Forecast

- Resources: +US\$ 477 million, 166% Above**
 - Timing of contributions received early vs. forecast
 - US\$ 569 million repurposed from COVAX YTD
 - Investment Income: Long term investment portfolio US\$ 35 million not in forecast
- Vaccines: (+US\$ 51 million, 111%) Above**
 - YF +US\$ 76 million vs forecast due to upfront payment of campaigns at maximum price, (refund adjustment later in year)
 - Typhoid +US\$ 38 million timing of Kenya campaign
- Cash : (-US\$ 136 million, 43%) Below**
 - HSS (-US\$ 37 million) impacted by large Q4 2023 disbursements ahead of forecast and some programme delays.
 - Equity Accelerator Funding (EAF) (-US\$ 21 million) application delays and absorption capacity
 - MICs Financing Facility was not yet required and Iran instability (-US\$ 35 million)
 - COVID-19 Delivery Support delays: Core & High Impact (-US\$ 30 million)
- PEF : (-US\$ 1 million, 98%) In line / Below**
 - High level on track but some delayed disbursements from Q4 23. Targeted Country Assistance (TCA) in line, Strategic Focus Areas (SFA) behind due to contracting delays & Extended partners dependency driving delays
- Opex: (-US\$ 7 million, 85%) Below**
 - Sec OPEX slightly behind due to higher level of open positions vs budget assumptions and some projects delays (vs phased forecast). Minimal PEF OPEX YTD

1. Includes cash & investment brought forward from 4.0 (as agreed with donors)

2. Other cash programmes include MICS (excluding US\$ 9 million Opex costs in SEC), COVID-19 Delivery Support (CDS), Fiduciary risk

3. Note LTIP was not forecast

HSIS: Health System and Immunisation Strengthening;

MICs = Middle Income Countries

PEF: Partners' Engagement Framework

* - additional detail on HSIS (including CDS) forecast, approvals and disbursements included in reference back-up to this report

Financial Forecast: Key Highlights

Gavi Core: 2021-2025

Qualifying resources of US\$ 10.6 billion

- **US\$ 264 million increase**
 - US\$ 182 million investment income
 - US\$ 17 million new pledges
 - US\$ 65 million increased pledges (US\$ 235 million previously included in Allowance for Further Direct Contributions transferred to Assured Resources and increased to US\$ 300 million)

Expenditure of US\$ 10.5 billion

- **US\$ 235 million increase in programmatic expenditure**
 - Mainly vaccine spend increase of US\$ 243 million of which US\$ 266 million from accelerated supply of Malaria R21 and Cholera (increased availability at a higher average price)
 - A small reduction across some other vaccine programmes and cash-based programmes offsets increased Ops/VIGs costs (driven by Cholera)

Remaining for future investments US\$ 131 million

KEY RISKS: Main risk area is a faster implementation of programmes that might need pacing and therefore choices in H2 2025

COVAX AMC: 2020-2025

Qualifying resources of US\$ 12.8 billion

- **US\$ 304 million increase**

Total Expenditure of US\$ 11.0 billion

Of which

COVAX Expenditure of US\$ 9.1 billion (2020-2023)

- **US\$ 491 million lower programmatic expenditure**
 - Driven by successful manufacturer negotiations
- **'Repurposed' Expenditure US\$ 1.9 billion**
 - **Board approved programmes subject to repurposing**
 - Including AVMA, Day Zero First Response Fund, Coalition Network and the Big Catch-Up

Leaving

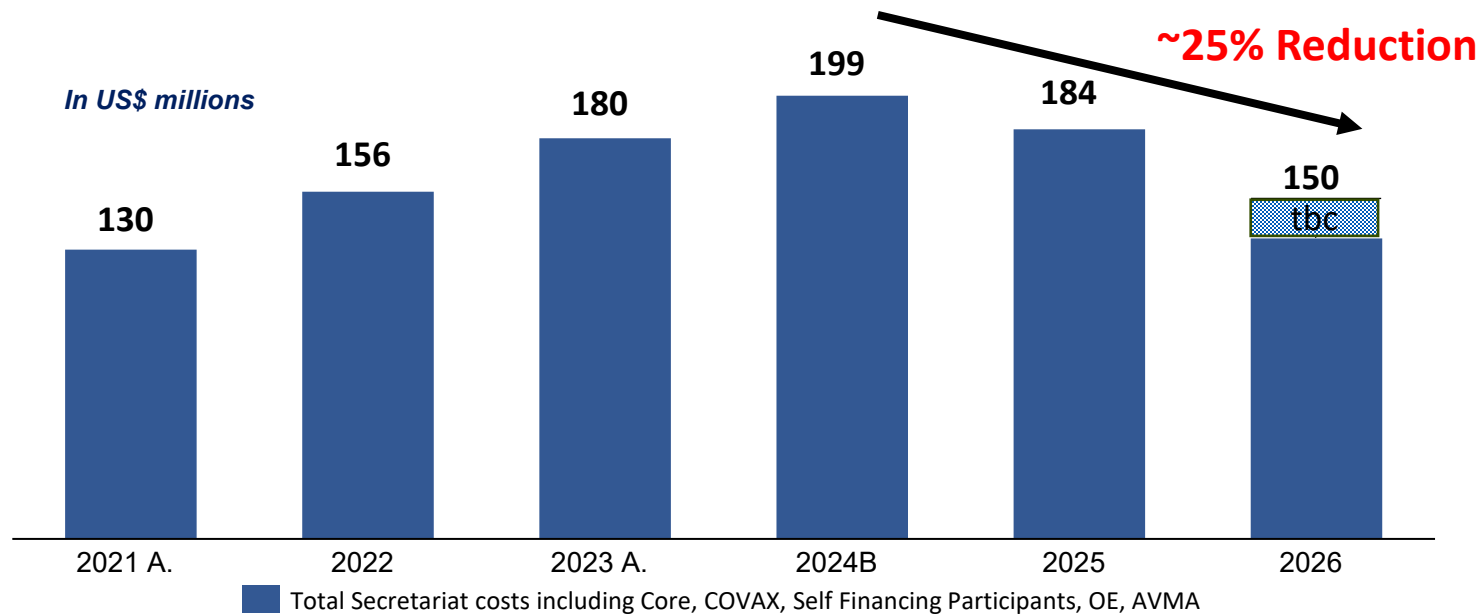
COVAX AMC balance of US\$ 1.8 billion:

- US\$ 0.9 billion Pandemic Vaccine Pool
- US\$ 0.6 billion Dose sharing ancillary
- US\$ 0.3 billion Interest income allocation

Donor approval required to repurpose funds

KEY RISKS: Main risk area is COVAX repurposing. Opportunities from higher investment income or lower COVID-19 programme costs

Operational Excellence critical to deliver Board targets for Secretariat Costs



- Secretariat 5.1 budget phasing peaking in 2024 with launch of malaria, Multivalent Meningococcal Conjugate Vaccine (MMCV), Hexavalent, Big Catch-Up, COVID-19, HPV revitalisation, cholera drive and Operational Efficiency initiatives
- Board 6.0 Opex target will require significant efficiencies to be operationalised to realise US\$ 150 million (OE target)
- In addition, Board retreat targeted an additional US\$ 100 million efficiency* between PEF and Opex tbc

Recommendation

The Gavi Alliance Audit and Finance Committee **reviewed** the financial forecast and **recommends** to the Gavi Alliance Board that it:

- a) **Note** that the Audit and Finance Committee reviewed the financial implications of the recommendations to be made to the Programme and Policy Committee and concluded that the recommendations relating to the current strategic period were already included in the previous Financial Forecast and could be approved by the Gavi Alliance Board in accordance with the Programme Funding Policy, and, where relevant, remain subject to AMC Donors approval for re-purposing of COVAX AMC funds;
- b) **Approve** the updated Financial Forecast for the Gavi 5.1 (2021-2025) Strategic Period of Qualifying Resources of US\$ 10.6 billion and Forecast Expenditure of US\$ 10.5 billion;
- c) **Approve** the updated Financial Forecast for the COVAX AMC and COVID-19 programme of Qualifying Resources of US\$ 12.8 billion and Forecast Expenditure of US\$ 11.0 billion, with a COVAX AMC retained balance of US\$ 1.8 billion noting that the financial forecast does not include future interest income from COVAX AMC funds not yet disbursed for 2024 and 2025 of US\$ 180 million and the African Vaccine Manufacturing Accelerator or the Day Zero Financing Facility for 2024 and 2025 of US\$ 88 million; and
- d) **Agree** that the budgetary amounts approved by the Gavi Alliance Board in Decision 12 of the Board Meeting of 7-8 December 2022 for Secretariat Resources (including COVAX) for 2023 and separately for 2024, be treated as an overall Budget amount which may be utilised across 2023 and 2024.

