

## **Annex B: COVAX Budget 2021 and three-year forecast**

### **Section A: Summary**

- 1.1 This objective of this paper is to present the Office of the COVAX Facility budget for 2021 and Forecast 2022 and 2023 to the Board for approval.
- 1.2 The July Board meeting approved US\$ 8.4 million seed funding to enable the setting up of the Office of the Covax Facility. It was agreed that these costs would ultimately be funded by the SFP contributions and AMC funds.
- 1.3 A three year budget has been prepared for the expected life of the Facility (a three year facility was outlined in the terms and conditions for the SFPs). This budget will be funded by the upfront payments of SFPs and Gavi COVAX AMC funds.
- 1.4 Total Facility operating costs are forecast to be US\$ 135 million over the three years.
- 1.5 The budget Facility costs for 2021 are US\$ 55 million of which US\$ 23 million are staff/ consultants/ professional fees.
- 1.6 An estimate has been made to identify (where possible) and allocate costs of the Facility to SFP and AMC participants. New processes are being introduced and new risk mitigation measures established some specifically to support the new SFPs. It is therefore expected that more of the Facility costs will be funded by SFPs than the AMC. An initial estimated split of costs of 70% SFP and 30% AMC has been made and a more accurate assessment will be made as the Facility design is finalised and operationalised.
- 1.7 The 2021 budget has been recommended for approval by the AFC.

### **Section B: Office of the COVAX Facility Budget**

- 2.1 The table below provides a summary of the COVAX operational expenditure budget for 2021 along with projections for 2022 and 2023.

Figure 1: Gavi Framework Expenditure

	2021	2022	2023	Total
	Total	Budget Total	Budget Total	Budget Total
<i>All Values in \$US m</i>				
<i>Full Year Values unless otherwise Stated</i>				
Salary and other Staff Costs	7.0			
Consultancy & Professional Services	12.0			
Travel, subs & accomodation	0.5			
Events & Mtgs	0.9			
Other Costs	3.0			
<b>Total Staff, Services, and other</b>	<b>23.4</b>	<b>18.1</b>	<b>12.7</b>	<b>54.2</b>
		-23%	-30%	
UNICEF Procurement Coordinator	2.9			
UNICEF Procurement Agent ( <i>SFPs to cover</i> )	4.6			
PAHO Procurement Agent	1.5			
Joint Allocation Taskforce	2.0			
Exchange / Systems	5.0			
Contingency	5.0			
<b>Total Procurement, JAT, and Exchange</b>	<b>21.0</b>	<b>14.0</b>	<b>14.0</b>	<b>49.0</b>
		-33%	0%	
Financing Costs (Guarantees, MIGA tbc)	10.0			
Liability (Central) <sup>1</sup>	0.5			
<b>Total Financing &amp; Insurance</b>	<b>10.5</b>	<b>10.5</b>	<b>10.5</b>	<b>31.5</b>
		0%	0%	
<b>Total COVAX Facility</b>	<b>54.9</b>	<b>42.6</b>	<b>37.2</b>	<b>134.7</b>
		-22%	-13%	

<sup>1</sup> Insurance early estimates. Product insurance charged per dose where relevant

## Staff, Services and other

- 2.2 Staff, services and other, mainly comprise the operational costs of establishing and running the Office of the COVAX facility. Roles will be primarily supported by consultants on fixed-term contracts or temporary staff. To create the optimal knowledge base some permanent staff will be seconded into the facility and a back fill put into place to manage the day to day responsibilities. Some roles are surge support (for a few months) some roles are for establishing the facility (part of a year) and some roles (over one year) are for the delivery of the facility. Overall 86 roles have been identified and specified alongside 10 'contingency' place holders (where there is uncertainty on the exact scope or number of roles required and available to be allocated) . For context, the facility will more than double the US\$ budget of GAVI and number of Vaccines procured in 2021 compared to a normal year.
- 2.3 The largest cost (US\$ 7 million) is the **Office of the COVAX Facility** team that reports directly into the Managing Director Office for the COVAX Facility. This team is made up of 4 key components: 1) Design and Operationalisation, 2) Country engagement, 3) Deal-making and Vx portfolio management and 4) Managing Director's office.
- 2.4 This makes up roughly a third of the total staff and services budget for fiscal year 2021. Due to the speed and complexity of COVAX, the Facility team



will have the highest ratio of staff/temp to consultants than support from departments and other teams.

- 2.5 COVAX will also be supported by the Country Support team (including Health Systems & Immunisation Strengthening) and Resource Mobilisation (including Innovative Finance) with total budgeted costs of US\$ 4 million.
- 2.6 Supporting the Facility are dedicated COVAX positions embedded in Gavi support departments including legal, finance, KMTS (IT), and HR. Together and across 12 Gavi departments this represents nearly US\$ 10 million of budget for fiscal year 2021. In addition to headcount cost the budget includes outsourcing costs such as legal advisory, audit, IT development, media content, and translation services. These roles will be primarily supported by consultants on fixed-term contracts.
- 2.7 These staff and services costs are expected to peak in 2021 as the facility is established and new processes put into place. It is not clear how the pandemic will progress and how the portfolio, manufacturing and delivery capacity will increase to meet demand but, in all scenarios, significant activity will continue in 2022 and 2023 (but declining from peak activity in 2021). We expect staffing to halve between 2021 and 2023.
- 2.8 The teams will also be supported by secondments and internships from countries and partners.

### Procurement

- 2.9 UNICEF will act as 'Procurement Coordinator' for the facility. In this role UNICEF will collate funding from GAVI for SFP and AMC countries, interface with the WHO allocation model to ensure a fair access to doses, and coordinate with the manufacturers to contract and ensure production. This is a new role for UNICEF and the budgeted costs for 2021 are US\$ 2.9 million.
- 2.10 UNICEF will also act in its established procurement agent role for AMC92 economies as well as for a limited number of Self-Financing Participants. Gavi will fund the US\$ 4.7 million procurement agent costs for AMC92 countries. Self-Financing Participants have the option to contract directly with UNICEF and will agree this funding on a bilateral basis.
- 2.11 Distribution costs from manufacturers to AMC countries are not included in the Operational Expenditure budget but (as per Gavi's normal way of reporting) included in the variable reported cost of vaccines. For the avoidance of doubt, no 'in country delivery' or 'other non vaccine costs' (e.g. HSS) are included in the Office of the COVAX Facility budget.
- 2.12 In the Americas, PAHO will act as a procurement agent for both regional AMC countries and SFP participants. As per the UNICEF model, Gavi will fund the AMC country procurement agent activities, and SFPs have the choice to bilaterally contract and procure through PAHO. Final costs have still to be agreed with PAHO.



- 2.13 Gavi will also fund its share of the Joint Allocation Taskforce, comprised of Gavi and the WHO. The taskforce will, based on a data-driven allocation model that prepares Vaccine Allocation Decision (VAD) proposals for review, validation and implementation. This is a complex task and an IT solution and operational team are being stood up. US\$ 2 million has been budgeted for this.
- 2.14 Other COVAX processes and system solutions are in the design phase (e.g. country portal, exchange). Detailed budgets are being developed and where possible we are working with partners on a pro or low bono basis. Costs are currently estimated at US\$ 5 million. Higher costs are expected in year 1 due to set up and launch activities and reduce to a lower run rate in 2022 and 2023.

### **Financing and Insurance**

- 2.15 The Office of the COVAX facility has completed a detailed risk assessment with the Gavi Head of Risk. In addition Citi Group have been selected to be the financial advisor to provide expert advice on structures to mitigate sovereign, credit and operational risk.
- 2.16 Risk mitigation mechanisms are currently being finalised and will be signed off in the coming weeks by the AFC. A provisional budget of US\$ 10 million per year as been put in the budget to cover financial risk mitigations.
- 2.17 Liability insurance to cover directors, crime, and errors & omissions is quoted at US\$ 530 thousand per year.
- 2.18 Liability and Indemnity insurance and damage/theft/loss are not included in the operational expenditure budget but are considered 'variable' costs and included into the prices of vaccines to countries.