

**SUBJECT: RESOURCE MOBILISATION UPDATE**

**Agenda item: 14**

**Category: For Information**

### **Section A: Introduction**

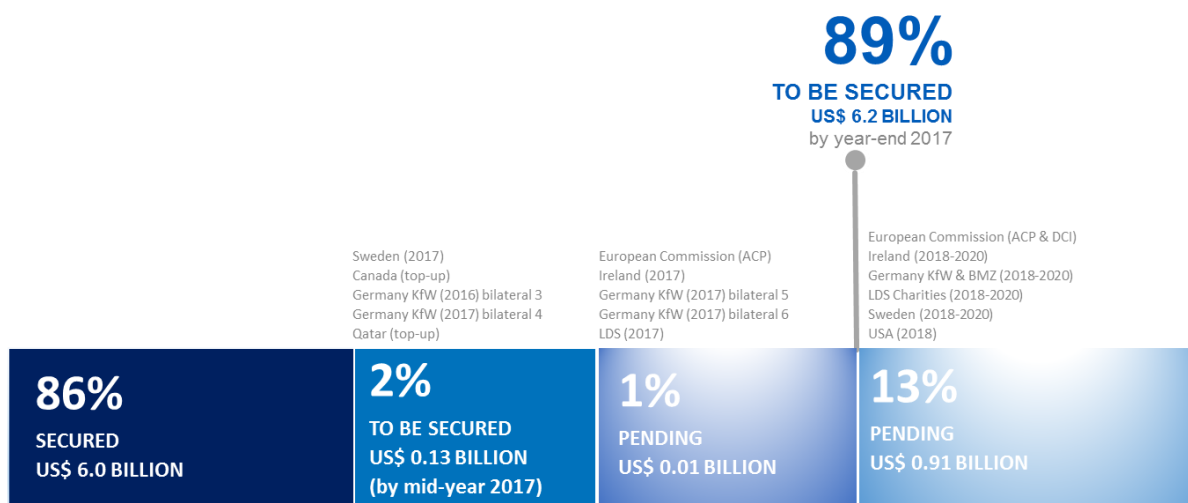
- This report provides the Gavi Board with an update on fundraising efforts in the midst of significant geopolitical changes. It highlights (i) the status of conversion and payment of the Berlin pledges, and (ii) the efforts being deployed to broaden both sovereign and private sector partners.

### **Section B: Status of fundraising efforts**

#### **1. Securing Berlin outcomes**

- 1.1 Two years following the Berlin pledging conference, grants representing 86% of the total cash value of pledges announced in Berlin have been signed (see Figure 1). All long-term pledges including new IFFIm grants have now been secured. In total, 50 agreements have been signed, which has involved complex negotiations with various multilateral, bilateral and innovative finance sources and a variety of development agencies with different requirements and procedures. The remaining pledges are annual and will need to be signed year-by-year in line with countries' annual budget cycles.
- 1.2 With elections in donor countries representing nearly two thirds of Gavi support taking place in late 2016 and 2017, these results have required deepened bi-partisan engagement, continuing advocacy and civil society dialogue and early engagement with newly-elected governments. In the midst of shifting global development priorities, competing needs (e.g. humanitarian crises and national security) and an increasingly divergent worldview among donors, it has been particularly important to highlight Gavi's flexible, impactful and innovative model and reinforce the link between immunisation, development and economic growth.

Figure 1: Turning Pledges into Agreements...



**\*ALL COMMITMENTS PAID PER ANNUM**

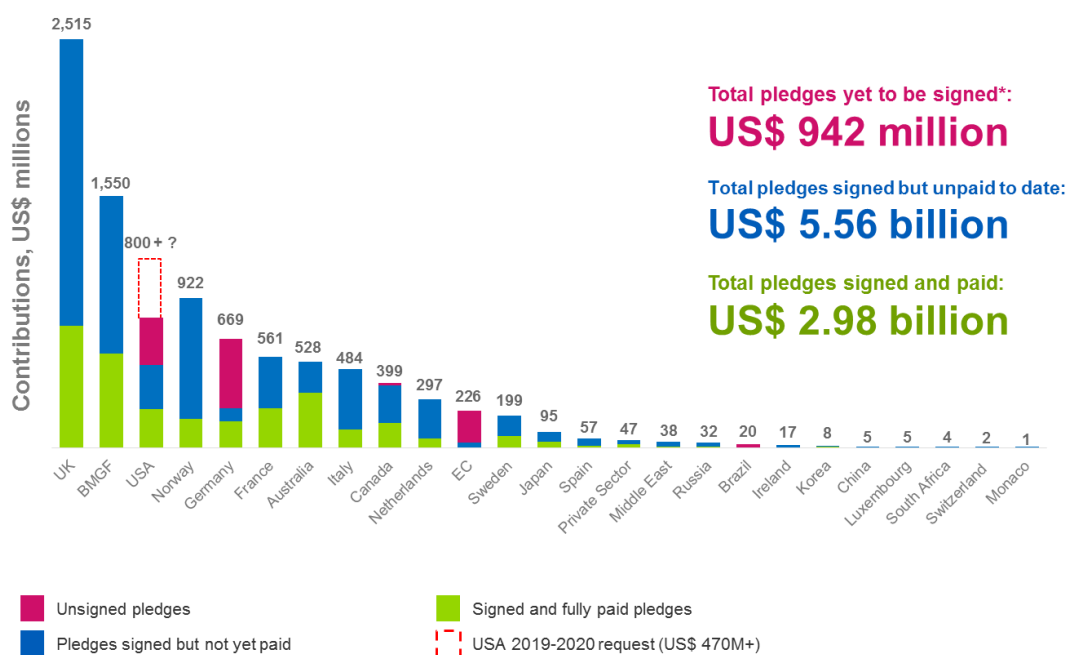
Requires continual engagement throughout 2016-2020 to ensure full and on-time payments

NOTE: % secured vs pledged based on denominator of US\$ 7 billion [current denominator as of 31 March 2017]. This denominator will fluctuate depending on FX rates. Calculations include non-Berlin pledges.

Data as of May 24, 2017

- 1.3 In this context, it was important that two multilateral donor reviews published earlier this year highlighted the strengths of the Gavi model. The UK’s Department for International Development (DFID) gave Gavi the highest possible rating in its latest Multilateral Development Review. Gavi was one of only three organisations ranked in the top category, among 38 global institutions and programmes assessed. Gavi received particularly strong scores for its comparative advantage, controlling costs and transparency. Separately, the Multilateral Organisation Performance Assessment network (MOPAN) concluded that Gavi was fit for purpose and an effective and high-performing multilateral organisation. Gavi scored ‘highly satisfactory’ or ‘satisfactory’ on all twelve overall indicators in the MOPAN assessment, which highlighted particular strengths in the Alliance’s comparative advantage, strong partnerships, accountability and transparency, sustainability model, and focus on results.
- 1.4 To date, 31% of commitments have already been paid, all on schedule (Figure 2). However, significant exposure remains with most pledges still to be paid (donor money is not fully secured until it arrives at Gavi) and 14% of pledges not yet signed.

Figure 2: ... and into Payments



Includes all pledges (direct, IFFIm, AMC, MF) committed for the 2016-2020 period. US dollar equivalent based on Q1-2017 internal FX rates for pledges; actual payments use FX as at value date of receipt.

Data as of May 24, 2017

- 1.5 In light of recent and upcoming elections (notably in Europe from where Gavi receives two thirds of its funding), uncertainty over Brexit implications and the US aid budget, and shifting and competing priorities, an intensified engagement with leaders in core donor markets and with new donors is of utmost priority.
- 1.6 A first wave of elections has already taken place earlier this year, with new governments being formed in the Netherlands and France. Other crucial elections are coming up in the UK, Germany, Norway and Italy. The Secretariat is proactively engaging in these markets at critical points, including through Leadership visits, and is working with partners to highlight the uniqueness of the Gavi model and shape the discussion on new governments' emerging priorities. This has also included showcasing the Alliance's in-country results with donor missions in-country. Gavi is also leveraging global fora including the G7 and G20. Civil society partners called on both the G7 and G20 leaders to continue their support to Gavi and the declaration of the G20 health ministers meeting in Berlin last month highlighted Gavi as a public private partnership able to build resilient and sustainable systems towards universal health coverage.
- 1.7 After the US election, the White House proposed deep cuts to the State Department and foreign aid budget. While the Fiscal Year 2017 budget includes an increase in funding for Gavi (US\$ 275 million) and global health programmes, the Administration has released a budget request for fiscal year 2018 which proposes a cut of 32% to the international affairs budget.

It suggests significant reductions for most global health programmes – including HIV/AIDS, malaria and pandemics – with Gavi one of the very few programmes with a proposed increase in funding (to the requested level of US\$ 290 million which completes the US\$ 1 billion pledge 2015-2018 that the United States made at Replenishment). Gavi continues to be recognised for its results, unique model and impact on health security both in the US and around the world. While Gavi is grateful for this support, the President's budget request is only the first step in the US funding process. Congress ultimately is responsible for funding decisions and leaders from both parties have said this budget will not be considered. Gavi has strong bipartisan support in Congress and the Secretariat will continue to engage US policy makers through leadership visits and work with advocacy partners, to maintain the proposed funding level of US\$ 290 million in light of the proposed reductions in the global health and international affairs accounts. Beyond protecting funding for immunisation, Gavi has also raised concerns about the broad planned cuts in global health funding and will continue to advocate for an increase in the overall maternal, newborn and child health account.

- 1.8 The Secretariat is also mitigating funding risks by engaging in Europe, Asia and the Middle East to broaden and deepen our donor base. Most recently, Switzerland and the Principality of Monaco became Gavi donors at the end of last year. In line with the new emerging markets strategy discussed at the Board retreat in 2016, the Secretariat is seeking to leverage public-private collaboration and new instruments being developed by emerging players, most notably China. In the Middle East, since the last Board meeting, Gavi has secured US\$ 5 million funding from the United Arab Emirates. Gavi is actively engaging with our donors from the region to deepen their contribution and investment, as well as exploring opportunities to engage with two new donors and regional financial institutions. Key areas of interest lie in fragile settings, technology and innovation, and the private sector.

## **2. Private sector efforts**

- 2.1 In support of its ambitious 2016-2020 strategy, Gavi has recognised the potential for private sector investments to accelerate and significantly strengthen the delivery of its mission by contributing both additional financing and the latest technology and expertise. Governments are also looking more and more to the private sector to co-invest in impactful solutions.
- 2.2 Since the beginning of last year, new partnerships worth US\$ 26 million have been developed. There has been significant interest from increasingly diverse private sector investors to engage with Gavi. These range from innovative technology companies and entrepreneurs in Africa to financial institutions in Europe, the US, and Asia.
- 2.3 The diversification of private sector partners has been accelerated by the expansion of the Gavi Matching Fund with the support of the Bill and Melinda Gates Foundation (BMGF) and the government of the Netherlands.

BMGF's contributions have catalysed new investments from emerging markets (Asia, Middle-East) and sustained investments and innovation in traditional markets (e.g. with La Caixa in Spain). In addition, 75% of the €10 million contributed by the Dutch Matching Fund has already been committed to new partnerships. In order to foster sustainable private sector engagement, Gavi aims to redefine existing business models by aligning the incentives and motivations of the private sector with the needs of countries. This is achieved by applying their core business expertise to support Gavi countries address their key challenges (especially in supply chain, data and demand promotion), while ensuring a return on investment for private sector partners, and importantly creating efficiencies in countries. Gavi recently announced a partnership with the global logistics company, DHL, to address supply chain issues in Kenya by adapting existing DHL's practices to the country context.

- 2.4 Many companies are combining catalytic funding with deep expertise and innovation. For instance, Unilever will make a financial contribution and work with Gavi to leverage its messaging and outreach on handwashing to generate demand for immunisation. This pioneering approach is catalysed by the government of the Netherlands through the Matching Fund.
- 2.5 To ensure countries have access to the most transformative innovations, Gavi launched the INFUSE<sup>1</sup> initiative at Davos in 2016. This was designed to address market failures that hinder the scale-up of potentially transformative innovations in developing countries such as a lack of available funding to scale-up innovations and countries' limited expertise to select appropriate, cost-effective solutions. To address these bottlenecks, INFUSE matches the highest potential innovations (which are selected through a year-long selection process) with multinational companies who can help them scale and with interested countries.
- 2.6 The first INFUSE partnerships were announced at Davos in January 2017. One of these, from Nexleaf Analytics, is being taken up by the governments of Tanzania and Kenya to help make evidence-based decisions on the purchase and maintenance of vaccine refrigerators. Supported by US\$ 2 million from Google, the project is matched by BMGF through the Matching Fund. Other innovations prioritised through INFUSE include solutions to optimise child registration and tracking in low resource settings, and data capture at service delivery solutions. With the 2017 call for innovations, the INFUSE platform hope to expand its pool of solutions for countries.
- 2.7 Our engagement with private sector partners also echoes our increased involvement and unique partnership with the World Economic Forum (WEF). The Forum is helping us tap into a community of pioneers and global companies and brainstorm on solutions to leapfrog immunisation delivery.

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<sup>1</sup> Innovation for Uptake, Scale and Equity in Immunisation

## **Annexes**

### **Annex A: Implications/Anticipated impact**

- Risk implication and mitigation, including information on the risks of inaction
- A reduction in donor support is one of the top 15 risks identified in Gavi's Risk & Assurance report. This risk remains significant given electoral changes, evolving priorities and falling aid budgets in some countries. Policies from newly elected governments are still under discussion, and major Gavi donors countries will hold elections in the coming months (Germany, Italy, Norway and the UK). Another challenge emerging from discussions with some donors is that the Alliance's status does not meet their definition of an International Organisation, hence creating additional barriers to entry, making Gavi more vulnerable to aid budget cuts, and making it more difficult to craft simple and robust legal agreements. Additional exposure is caused by significant foreign exchange fluctuations between national donor currencies and USD (most Gavi expenditure is in USD).
- As described above, Gavi is mitigating this risk through bipartisan engagement in core markets, proactive outreach to political leadership and the creation of an expansive network of supporters in civil society and media, as well as private sector champions in key markets. Gavi has also developed financial instruments, which are tailored to donors' budgetary processes and requirements. In addition, Gavi is working closely with donors to hedge the currency risk every time possible.
- Impact on countries
- Securing pledges and ensuring timely payments is indispensable to continue to offer predictable support of programmes in Gavi countries, while maintaining Gavi's market shaping abilities.
- Impact on Secretariat
- Risk mitigation efforts require intensified engagement from the Secretariat in order to maintain visibility for Gavi in donor markets and continue to make a strong case for immunisation.

**Annex B : Status of Secured/Signed vs. Pledged as of Q1-2017**

<b>SIGNED (BATCH 1)</b>	<b>LC</b>	<b>Amount</b>	<b>USD Equivalent (millions)</b>
Australia	AUD	212.5	157.6
Australia (IFFIm)	AUD	37.5	28.1
Alwaleed Philanthropies	USD	1.0	1.0
BMGF	USD	1550.0	1550.0
Canada (main grant)	CAD	500.0	393.6
China	USD	5.0	5.0
EC-8 (DCI)	EUR	10.0	11.5
EC-8 Appendix 1 (DCI)	EUR	10.0	11.5
EC-8 Appendix 2 (DCI)	EUR	10.0	11.5
France (buydown)	EUR	100.0	109.5
France (IFFIm)	EUR	150.0	181.5
Germany BMZ 2016-2018 (multilateral)	EUR	120.0	124.7
Germany BMZ 2015 pre-pay (multilateral)	EUR	30.0	26.0
Germany BMZ 2016 top-up (multilateral)	EUR	20.0	22.8
Germany BMZ 2017 top-up (multilateral)	EUR	20.0	21.4
Germany KfW 2016 (bilateral 1)	EUR	30.0	31.2
Germany KfW 2016 (bilateral 2)	EUR	10.0	11.5
HH Sheikh Mohammed bin Zayed Al Nahyan (secured)	USD	5.0	5.0
IFPW	USD	0.8	0.8
Ireland (2015)	EUR	3.0	3.3
Ireland (2016)	EUR	3.0	3.4
Italy	EUR	100.0	114.2
Japan	USD	18.5	18.5
Japan (additional)	USD	76.0	76.0
Japan (top-up)	USD	0.2	0.2
Korea (top-up)	USD	9.0	9.0
La Caixa (2017)	EUR	1.0	1.2
LDS Charities (annual contract)	USD	1.0	1.0
Luxembourg	EUR	4.1	4.7
Monaco	EUR	0.6	0.6
Norway	NOK	6250.0	793.6
Oman	USD	3.0	3.0
Qatar	USD	10.0	10.0
Saudi Arabia	USD	25.0	25.0
Sweden 2016 (annually)	SEK	300.0	36.4
Switzerland	CHF	2.0	2.1
The Netherlands (DC)	EUR	179.5	205.0
The Netherlands (MF)	EUR	10.0	11.4
The Netherlands (IFFIm)	EUR	60.0	67.7
United Kingdom	GBP	1000.0	1434.0
USA (2016)	USD	235.0	235.0
USA (2017)	USD	275.0	275.0
<b>Total</b>			<b>6034</b>
% signed vs 2016-2020 pledged (denominator 6.993). The denominator is different as the USD equivalents of the LC pledges made will float with the latest published FX rates as/until they are actually contributed.			86%
<b>TO BE SIGNED (BATCH 2a) MID-YEAR 2017</b>	<b>LC</b>	<b>Amount</b>	<b>USD Equivalent (millions)</b>
Canada top-up	CAD	20.0	15.7
Germany KfW (bilateral 3)	EUR	10.0	10.7
Germany KfW (bilateral 4)	EUR	30.0	32.1
Qatar (additional funding)	USD	34.7	34.7
Sweden <sup>(2017 secured)</sup>	SEK	300.0	37.1
<b>Total</b>			<b>130</b>
% signed vs 2016-2020 pledged (denominator 6.993) to be completed by MID-YEAR 2017.			2%



TO BE SIGNED (BATCH 2b) YEAR-END 2017			LC	Amount	USD Equivalent (millions)
EC-9 (ACP)	EUR	50.0			56.1
Germany KfW (bilateral 5)	EUR	10.0			10.7
Germany KfW (bilateral 6)	EUR	10.0			10.7
Ireland (2017)	EUR	3.0			3.8
LDS Charities (annual contract) <sup>*annual negotiation</sup>	USD	1.0			1.0
<b>Total</b>					<b>82</b>
<b>% signed vs 2016-2020 pledged (denominator 6.993) to be completed by YEAR-END 2017</b>					<b>1%</b>
<b>Percentage of signed vs pledged BY YEAR-END 2017</b>					<b>89%</b>
TO BE SIGNED (BATCH 3)			LC	Amount	USD Equivalent (millions)
EC-10 (DCI)	EUR	40.0			44.9
EC-11 (ACP)	EUR	80.0			89.7
Germany BMZ 2018 top-up + 2019-2020 (multilateral)	EUR	140.0			162.4
Germany KfW 2018-2020 (bilateral)	EUR	170.0			195.4
Ireland (2018-2020)	EUR	9.0			10.1
LDS Charities (annual contract) <sup>*annual negotiation</sup>	USD	3.0			3.0
Sweden (annually) <sup>* remaining 3 years</sup>	SEK	900.0			111.4
USA (annually) <sup>*remaining year</sup>	USD	290.0			290.0
<b>Total</b>					<b>907</b>
<b>% signed vs 2016-2020 pledged (denominator 6.993).Remaining amount to be secured/signed during the 2018-2020 cycle</b>					<b>13%</b>

**NOTE:** The above table is based on the latest conversations with donors and is subject to change related to shifting timelines, parliamentary processes, and legal proceedings. Given the complexity of grant agreements and the involvement of multiple donor agencies and funding mechanisms, some pledges have been split into multiple agreements per donor while others are considered as one agreement for the purposes of this table. To note calculations include non-Berlin pledges that have been made during the 2016-2017 period.

**Acronyms:** LC: local currency, DC: Direct contribution, MF: Matching Fund