



GAVI, THE VACCINE ALLIANCE 2020 ANNUAL FINANCIAL REPORT

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DISCUSSION AND ANALYSIS



INTRODUCTION

2020 was always going to be a busy and important year for Gavi as we completed the final year of the 2016-2020 strategic period and began the transition to the next. Unexpectedly in March 2020, as a result of the global pandemic, Gavi had to respond to the pandemic and the Secretariat offered immediate flexibilities to all eligible and post transition countries on use of Gavi's different funding channels. The Secretariat also transitioned to remotely working for the rest of the year. Fortunately, the 2019 implementation of SAP ensured that the financial and procurement operations of the organisation and the supporting control environment continued with limited disruption.

At an early stage during this pandemic, global leaders called for a solution that would accelerate the development and manufacture of COVID-19 vaccines, as well as equitable access to them for people in all countries. Consequently, the COVAX Facility was launched as a global risk-sharing mechanism for pooled procurement and equitable distribution of eventual COVID-19 vaccines. The Gavi Board formally approved Gavi as the legal entity to administer the COVAX Facility.

The replenishment event to raise resources for the next 2021-2025 strategic period at the Global Vaccine Summit, hosted by the United Kingdom, was a success, raising more than US\$ 8.8 billion from 31 donor governments and 8 foundations, corporations, and organisations to immunise 300 million more children by the end of 2025. In addition, the Gavi Advance Market Commitment for COVID-19 Vaccines was launched at the event to support the global fight against COVID-19 which required an initial investment of US\$ 2.0 billion by the end of 2020. This target was exceeded.

With Gavi's robust risk management, Gavi was able to manage expectations and challenges and safely face the risks posed by the current environment and confidently take the risks required to achieve Gavi's mission.

This 2020 Annual Financial Report provides an overview of Gavi's financial results and a review of operations during 2020. In terms of audited financial results, we are pleased to report an unqualified audit opinion by Deloitte SA.



Assietou Diouf
Managing Director
Finance and Operations



José Manuel Barroso
Board Chair

STRUCTURE AND GOVERNANCE

STRUCTURE

Gavi, the Vaccine Alliance (the "Alliance") is a global health partnership representing stakeholders in immunisation from both private and public sectors: donor and implementing country governments, private sector philanthropists such as the Bill & Melinda Gates Foundation (the "Gates Foundation"), the financial community, donor and implementing country vaccine manufacturers, research and technical institutes, civil society organisations and multilateral organisations such as the World Health Organization (the "WHO"), the United Nations Children's Fund ("UNICEF") and the International Bank for Reconstruction and Development (the "World Bank"). The Alliance was launched in January 2000 with the aim to save children's lives and protect people's health by increasing access to immunisation in implementing countries.

Working together, the Alliance members achieve objectives that no single agency or group could achieve. These objectives include accelerating access to new and underused vaccines, strengthening health and immunisation systems in countries and shaping the global vaccine market to the benefit of implementing countries. This has prevented millions of deaths worldwide. The Alliance conducts its operations as an international organisation, registered in Switzerland as the Gavi Alliance ("Gavi"), with privileges and immunities similar to those accorded to other international intergovernmental organisations in Switzerland.

In June 2006, the Alliance incorporated the International Finance Facility for Immunisation ("IFFIm"), a private company in the United Kingdom and a registered charity in England and Wales. IFFIm is set up to rapidly accelerate the availability, and enhance the predictability of funds for Gavi's immunisation programmes. Gavi enters into legally binding pledge agreements with sovereign government donors and then irrevocably assigns to IFFIm the right to receive cash payments under those agreements. IFFIm uses these long-term pledges from sovereign government donors as collateral to sell Vaccine Bonds in the global capital markets, making large amounts of funds immediately available for Gavi's programmes, including new and underused vaccine support, health systems strengthening support, vaccine research and development activities, and procurement and delivery of COVID-19 vaccines. Gavi is the sole member of IFFIm.

In August 2015 and March 2019, IFFIm Sukuk Company Limited II ("IFFImSC II") and IFFIm Sukuk Company Limited III ("IFFImSC III"), each a Cayman Islands company with limited liability, were established for the sole purpose of issuing Sukuk certificates in support of IFFIm's operations. Gavi's use of IFFIm as an innovative finance mechanism is discussed further in the *Innovative Finance Mechanisms* section on page 16 of this report. IFFImSC II made the final payment to the holders of its certificates in September 2018 and was dissolved in July 2019.

In April 2020, Gavi, WHO, and the Coalition for Epidemic Preparedness Innovations ("CEPI"), working together with multinational and developing country vaccine manufacturers, launched the COVAX Facility (the "Facility") as a global risk-sharing mechanism for pooled procurement and equitable distribution of eventual COVID-19 vaccines. In July 2020, the Gavi Board formally approved Gavi as the legal entity to administer the Facility and Gavi established, within the Secretariat, The Office of the COVAX Facility during the year to execute its responsibilities as administrator. Gavi maintains separate contracts, bank accounts and money market funds, general ledger accounts, where necessary, and expense coding for the Facility to keep track of the transactions and activities. The Facility is not a separate legal entity and is discussed further in the *Mission and Strategic Goals* section on page 7 of this report.

Gavi prepares consolidated financial statements in accordance with accounting principles generally accepted in the United States ("US GAAP"), which include the financial information of IFFIm. For the purposes of this report, Gavi and IFFIm are jointly referred to as the "Gavi Group". Gavi includes the financial information of the Facility and IFFIm includes the financial information of IFFImSC II, up to its dissolution dates, and IFFImSC III. These Gavi Group financial statements commence on page 29 of this Annual Financial Report. The Statutory Financial Statements of Gavi and the Annual Trustees' Report of IFFIm may be found at <https://www.gavi.org/news-resources/document-library/financial-reports> and <https://iffim.org/investor-centre/trustee-reports-financial-statements>, respectively. The Facility Statement of Funds is available upon request.

The following table summarises the assets and liabilities of Gavi (with assets and liabilities relating to the Facility disclosed separately) and IFFIm, on standalone and consolidated bases, as of 31 December 2020. As described in the *Mission and Strategic Goals* section on page 7 of this report, Gavi - Core represents the transactions and activities related to Gavi's core strategic mission and Gavi - Facility represents the transactions and activities related to the COVAX Facility.

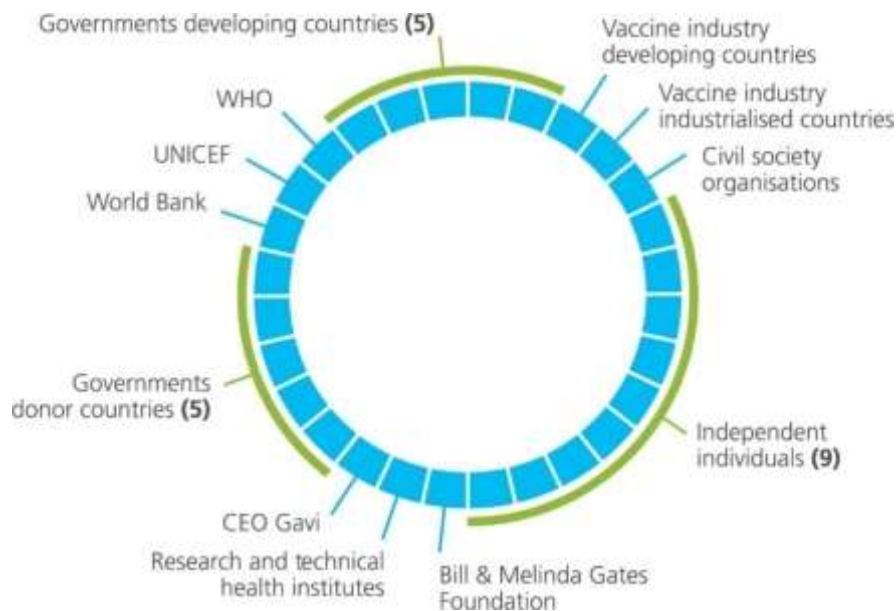
In Millions of US\$	Gavi - Core	Gavi - Facility	IFFIm	Eliminations	Consolidated
Assets					
Cash and investments	1,836	1,958	492	-	4,286
Restricted cash	820	-	-	-	820
Contributions receivable	969	668	3,286	(161)	4,762
Receivable on COVAX Facility arrangements	-	220	-	-	220
Net derivative assets	4	-	-	-	4
Other assets	122	300	-	-	422
Total assets	3,751	3,146	3,778	(161)	10,514
Liabilities					
Programme grants payable	118	-	161	(161)	118
Procurement accounts payable	815	-	-	-	815
Bonds and other borrowings	-	-	916	-	916
Payable on COVAX Facility arrangements	-	1,851	-	-	1,851
Net derivative liabilities	136	-	407	-	543
Other liabilities	164	306	1	-	471
Total liabilities	1,233	2,157	1,485	(161)	4,714
Total net assets	2,518	989	2,293	-	5,800
Total liabilities and net assets	3,751	3,146	3,778	(161)	10,514

The following table summarises the income and expenses of Gavi (with income and expenses relating to the Facility disclosed separately) and IFFIm, on standalone and consolidated bases, for the year ended 31 December 2020.

In Millions of US\$	Gavi - Core	Gavi - Facility	IFFIm	Eliminations	Consolidated
Revenue					
Contributions from donors	1,621	810	1,347	(210)	3,568
Net investment income	125	-	4	-	129
Other revenue	1	-	1	(1)	1
Total revenue	1,747	810	1,352	(211)	3,698
Expenses					
Programme	2,057	3	210	(208)	2,062
Fair value losses (gains)	120	(4)	(78)	-	38
Financing costs	-	-	38	-	38
Administrative, fundraising and other	44	-	4	(3)	45
Total expenses	2,221	(1)	174	(211)	2,183
(Decrease) increase in net assets	(474)	811	1,178	-	1,515

GOVERNANCE

Gavi's Board of Directors (the "Board") establishes Gavi's policies, oversees the operations of Gavi and monitors programme implementation. The Board brings together experts from both the public and private sectors. Representative Board members from multilateral development agencies, donors, implementing country governments, civil society, the pharmaceutical industry, and research and technical health communities help to shape Gavi's strategic vision and policies. Independent Board members, including those with experience in the private sector, bring an innovative perspective to Board discussions and decisions, and assist the Board in fulfilling its role as Gavi's fiduciary.



The Board is supported by a secretariat with offices in Geneva, Switzerland and Washington, DC (the “Secretariat”). The Secretariat is responsible and accountable for the day-to-day operations of Gavi, including mobilising resources to fund programmes, coordinating programme approvals and disbursements, developing policy and implementing strategic initiatives, monitoring and evaluation, legal and financial management, and administration for the Board and its Committees.

In November 2009, Gavi established an independent internal audit function (now “Audit and Investigations”) to evaluate and strengthen risk management, internal control and governance processes in the organisation. The work of the Audit and Investigations extends not only to the Secretariat but also to the programmes and activities of Gavi’s grant recipients and partners and the Facility. Audit and Investigations is led by a managing director who reports to the Board, which is effected through routine reporting to the Audit and Finance Committee (“AFC”) and the Chief Executive Officer.

In July 2020, as the legal administrator of the Facility, Gavi established The Office of the COVAX Facility within the Secretariat to ensure a dedicated team is available to support the Facility operations, and to mitigate disruption to Gavi’s core work.

The IFFIm board, working with the World Bank, oversees bond issuances and develops funding, liquidity and other strategies to safeguard and maximise the value of IFFIm bond proceeds. The IFFIm board is comprised of experts in finance and investments, and is independent of the Board.

MISSION AND STRATEGIC GOALS

Gavi’s mission is to save children’s lives and protect people’s health by increasing equitable use of vaccines in lower-income countries.

2016 to 2020 STRATEGIC PERIOD

Pursuant to Gavi’s mission, in June 2014, the Board approved the strategy for 2016 to 2020 (“Gavi 4.0”). This strategy defined Gavi’s mission, operating principles, strategic goals, objectives and progress indicators.

The Gavi Engagement Framework for 2016 to 2020 described the actions to be undertaken to achieve the 2016 to 2020 strategy and laid out the context and challenges for the coming years. The COVID-19 pandemic had a significant impact in the final year of the strategic period and impacted progress as well as posed risks to the health, economic, social and political landscapes in implementing countries.

Gavi 4.0 was supported by four strategic goals:

- **Strategic Goal 1 – the Vaccine Goal: Accelerate the uptake and coverage of vaccines:** Accelerating the uptake of new and underused vaccines was Gavi’s core business and represents the majority of its expenditure. The Vaccine Goal was achieved through three strategic objectives: (1) increasing coverage and equity of immunisation, (2) supporting countries in introducing and scaling up new vaccines, and (3) responding flexibly to the special needs of children in fragile countries.

The first ten years of Gavi’s work focused mainly on catalysing adoption of vaccines against yellow fever, hepatitis B and Haemophilus influenzae type b. In the next five years, Gavi maintained momentum on these antigens but also targeted new vaccines, which held potential to achieve progress on the

Millennium Development Goals (“MDG”), in particular MDG 4: Reduce Child Mortality. Gavi aimed to continue to accelerate the introduction of routine meningitis, pneumococcal and rotavirus vaccines and supported campaigns against yellow fever and meningitis.

Under the 2016-2020 strategy, Gavi continued to support implementing countries to introduce and increase access to vaccines so that they can protect every child with a full package of WHO-recommended life-saving vaccines. This included introducing new vaccines into the routine schedules of national immunisation programmes and working to protect every child, including those who are hardest to reach, such as children in poor urban areas and remote rural locations. Gavi also supported global stockpiles and immunisation campaigns, so the world’s lowest income countries can be assured of ready access to quality vaccines to protect against disease outbreaks. Gavi worked to ensure that wealth, geography and gender are not obstacles to immunisation and that children, even in the most fragile settings, benefit from the protection that a complete schedule of vaccines provides.

- Strategic Goal 2 – the Systems Goal: Increase effectiveness and efficiency of immunisation delivery as an integrated part of strengthened health systems: While countries are responsible for their health systems, Gavi’s role was to help ensure that their health systems are effective in delivering vaccines and ensuring that these systems reach every child. The Systems Goal was achieved through three strategic objectives: (1) contributing to improving integrated and comprehensive immunisation programmes, including fixed, outreach and supplementary components, (2) supporting improvements in supply chains, health information systems, demand generation and gender sensitive approaches, and (3) strengthening the engagement of civil society, the private sector and other partners in immunisation.

Without the people and equipment to deliver vaccines, no immunisation programme will be sustainable over the long-term. Gavi boosted the capacity of health and immunisation services through health system strengthening support, funding to support civil society involvement in immunisation planning and delivery, and immunisation services support, which has used reward payments to encourage implementing countries to increase the number of children immunised with three doses of the diphtheria, tetanus and pertussis vaccine. Technical assistance from a wide range of partners through the partners’ engagement framework was another. Gavi also supported countries through the cold chain equipment optimisation platform, helping to extend the reach of immunisation.

Under the 2016-2020 strategy, effective and efficient immunisation delivery systems, drawing on modern technologies and approaches, was critical to ensure that Gavi supports countries to sustainably reach more children, and in more places. Recognising the importance of integration, Gavi supported implementing countries to build comprehensive immunisation programmes and to do this in a way that strengthens their broader health systems. While Gavi developed and proposed solutions in critical areas of immunisation delivery such as vaccine supply chains and data quality, the support that was delivered was driven by national and local situations and priorities.

- Strategic Goal 3 – the Sustainability Goal: Improve sustainability of national immunisation programmes: One of the cornerstones of Gavi’s development model was that support is time-limited and catalytic, and that Gavi support for countries diminishes and ultimately ends as their economies grow. The Sustainability Goal recognised that widening Gavi’s donor base to secure long-term, predictable funding was critical to meeting increased demand for new vaccines. The Sustainability Goal was achieved through three strategic objectives: (1) enhancing national and sub-national political commitments to immunisation, (2) ensuring appropriate allocation and management of national human and financial resources to immunisation through legislative and budgetary means, and (3) preparing for sustained performance in immunisation after graduation.

Under the 2016-2020 strategy, Gavi worked with implementing countries to ensure that they successfully transition, or “graduate”, from Gavi financial support and can sustain and continue to improve the performance of their immunisation programmes. In doing so, Gavi focused on sustainability from the outset of each country grant to support and sustain gains in immunisation. Gavi’s approach to sustainability was mindful of the simultaneous transitions that countries undergo from other development funding instruments.

- Strategic Goal 4 – the Market Shaping Goal: Shape markets for vaccines and other immunisation products: Gavi’s success depended upon the vaccine markets providing appropriate and affordable vaccines. With plans to introduce a larger portfolio of vaccines in the world’s poorest countries, it was imperative that Gavi continued to innovate and shape a larger number of markets. The Market Shaping Goal was achieved through four strategic objectives: (1) ensuring adequate and secure supply of quality vaccines, (2) reducing prices of vaccines and other immunisation products to an appropriate and sustainable level, (3) continuing to build a healthy vaccine market, including by working to increase the number of suppliers, and (4) incentivising the development of suitable and quality vaccines and other immunisation products.

Gavi has already dramatically improved markets to ensure that lower income countries can access vaccines at affordable prices. Under the 2016-2020 strategy, Gavi continued to play an active role in promoting innovation, affordability and supply continuity in the global market for vaccines and immunisation-related products. Gavi aimed to address the needs of lower income countries for appropriate products at affordable prices. Gavi also worked to ensure that governments have access to appropriate vaccine prices after Gavi support ends.

2021 to 2025 STRATEGIC PERIOD

In June 2019, the Board approved a new strategy ("Gavi 5.0") to guide Gavi's work over the 2021 to 2025 strategic period, with the aspiration of leaving no one behind with immunisation and prioritising reaching communities with immunisation that are currently missed. Reducing the number of zero-dose children is a new mission indicator for Gavi 5.0 with a goal of 25% reduction in the number of zero-dose children by 2025. While Gavi 5.0 was approved before the COVID-19 pandemic, the strategy, with equity as its organising principle, is more relevant than ever. The Board and Secretariat have considered the impact of the pandemic on Gavi's business activities and, in their assessment, Gavi continues to meet its obligations as scheduled; undertake business activities on an ongoing basis; and deliver on its strategic goals. In light of the pandemic, Gavi has recalibrated its priorities for Gavi 5.0, with a key focus on supporting implementing countries to (a) maintain, restore and strengthen immunisation services, (b) reach zero-dose children and missed communities with life-saving vaccines, (c) pace the expansion of new vaccines, (d) deliver COVID-19 vaccines, and (e) safeguard domestic financing for immunisation.

Gavi 5.0 is supported by four strategic goals:

- Gavi 5.0 Strategic Goal 1 – Introduce and scale up vaccines: Since 2000, Gavi has supported countries to conduct more than 400 introductions of new and under-used vaccines. In Gavi's first phase, it began by supporting vaccines that protect against six infectious diseases. By 2025, this will have increased to at least 18, including the inactivated polio vaccine (IPV) and new vaccines like rabies, hepatitis B birth dose and multivalent meningococcal. Gavi will also support vaccines, like those for Ebola, cholera and typhoid, that tackle outbreaks, fight antimicrobial resistance and boost global health security. Given the increasing number of Gavi-supported vaccines, Gavi will help countries to prioritise vaccines based on local epidemiology, national capacity and sustainability considerations.
- Gavi 5.0 Strategic Goal 2 – Strengthen health systems to increase equity in immunisation: Despite the fact that over 50% more children were immunised in Gavi countries in 2019 than in 2000, there remain 10.6 million children who have not yet been reached with even a single dose of basic vaccinations. As many as 1 in 10 children in Gavi-supported countries receive no routine vaccines and COVID-19 pandemic is likely to result in millions of children missing out on vaccines, particularly impacting the most marginalised communities. To reach these missing millions, Gavi will bring a much stronger focus on reaching those most marginalised, by strengthening primary health care systems, building and sustaining community demand, and using innovation to ensure that immunisation services are maintained and restored to reach these children. It will also bring a greater focus and enhanced approach to tackle gender-related barriers that stand in the way of reaching every child.
- Gavi 5.0 Strategic Goal 3 – Improve sustainability of immunisation programmes: Gavi actively works with supported countries so that they co-finance and gradually take over the financing of their vaccines as they get wealthier. In this regard, countries transition out of Gavi support over time as Gavi provides them with necessary support to ensure that their immunisation programmes remain strong. The year 2019 was the most successful so far in terms of countries co-financing Gavi-supported vaccines, which brought the total amount invested by countries in co-financing Gavi-supported vaccines to over US\$ 1.0 billion. Gavi will continue its work building political support and increasing domestic public resources for immunisation and primary health care, as well as supporting countries as they move away from Gavi funding to self-finance their vaccine programmes. In light of the economic impact of COVID-19 pandemic, co-financing waivers and flexibilities were provided on a case-by-case basis and upon request by a country to mitigate the acute impact of the pandemic while ensuring incentives remain in place for countries to make successful, sustainable transitions out of Gavi support.
- Gavi 5.0 Strategic Goal 4 – Ensure healthy markets for vaccines and related products: Since Gavi was founded in 2000, its market shaping work has helped increase the number of vaccine manufacturers supplying Gavi-eligible countries which has expanded from 5 to 17, and prices have reduced dramatically. In recent years Gavi has widened the focus of its market shaping work towards building healthy markets for each of its vaccines, as well as related products like cold chain equipment. Gavi will continue to work on balancing all the elements necessary to ensure healthy market dynamics for vaccines and immunisation-related products, focusing on reliable, consistent and affordable supply as an overarching objective. It will also bring a more purposeful approach to driving innovation for immunisation-related products and services.

THE COVAX FACILITY

Developing a vaccine against COVID-19 is one of the most pressing challenges of our time. The global pandemic has already caused the loss of more than one million lives and disrupted the lives of billions more. As well as reducing the tragic loss of life, introducing vaccines will prevent the loss of hundreds of billions of dollars to the global economy every month.

Many leaders have called for a global solution to address this global issue. For a collaborative endeavor, that involves the best shared science to resolve, in the shortest possible time, a pandemic that involves every region and territory on the planet. In response, the Access to COVID-19 Tools (“ACT”) Accelerator – a ground-breaking collaboration to accelerate development, production and equitable access to COVID-19 diagnostics, treatments and vaccines – was launched in April 2020.

COVAX, the vaccines pillar of the ACT Accelerator, is co-led by Gavi, WHO and CEPI. Its goal is to help end the acute phase of the global pandemic by the end of 2021 by providing access to at least 2 billion doses of safe and effective COVID-19 vaccines to the most vulnerable in all participating economies. If it succeeds in this goal, through the appropriate allocation of safe and effective doses of vaccines in phases determined by epidemiology and public health to slow and ultimately to stop the pandemic, it could save millions of lives and transform the economic prospects of governments and individuals.

Consistent with Gavi’s mission, COVAX was founded on the principles of equity, recognising that the pandemic cannot be defeated unless people everywhere have access to COVID-19 vaccines. Gavi, as legal administrator of the Facility, is leading on procurement and delivery for COVAX: coordinating the design, implementation and administration of the Facility and the Gavi Advance Market Commitment for COVID-19 Vaccines (“Gavi COVAX AMC”) and working with its Alliance partners UNICEF and WHO, along with governments, on country readiness and delivery. As part of this role, Gavi hosts the Office of the COVAX Facility to coordinate the operation and governance of the mechanism as a whole, manages relationships with Facility participants, and negotiates advance purchase agreements with manufacturers of promising vaccine candidates on behalf of the 185 economies participating in the Facility. It also coordinates design, operation and fundraising for the Gavi COVAX AMC, which is described in more detail below, that supports 92 lower-income economies, including a no-fault compensation mechanism that will be administered by a third party administrator, engaged by WHO. As part of this work, Gavi supports governments and partners in ensuring country readiness, providing funding and oversight of UNICEF procurement of vaccines as well as partners’ and governments’ work on readiness and delivery. This includes support for cold chain equipment, technical assistance, syringes, vehicles, and other aspects of the vastly complex logistical operation for delivery.

By joining the Facility, participating countries and economies will not only get access to a diverse portfolio of COVID-19 vaccines, but also an actively managed portfolio. The Facility continually monitors the COVID-19 vaccine landscape to identify the most suitable vaccine candidates, based on scientific merit and scalability, and works with manufacturers to incentivise them to expand their production capacity in advance of vaccines receiving regulatory approval.

The Facility has global participation of 185 economies (representing over 90% of the world’s population), consisting of 93 Self-Financing Participants (“SFPs”) and 92 Gavi COVAX AMC-eligible economies (“AMC92”). SFPs can choose a committed purchase arrangement, committing participants to purchase allocations of approved vaccines from the Facility, or an optional purchase arrangement, giving them the possibility to opt-out, either before Gavi enters into an agreement with a manufacturer (“window 1”) or later when Gavi provides purchase options for vaccines which have been allocated to the participant (“window 2”). A list of participating economies is available on Gavi’s website at the following link: https://www.gavi.org/sites/default/files/covid/pr/COVAX_CA_COIP_List_COVAX_PR_12-05-21.pdf.

With funding through the SFPs and through donations to the Gavi COVAX AMC, the Facility is reserving doses with manufacturers to build an actively managed portfolio of vaccine candidates based upon diverse technologies and geographies to maximise the chance of a successful outcome and accelerate access with up to 2 billion doses by the end of 2021. This shapes the vaccine market to expand supply and achieve economies of scale through aggregating demand and increasing availability simultaneously in lower-income and higher-income countries.

Further information on these strategic goals, Gavi’s future plans, performance indicators related to these goals and any impact of the COVID-19 pandemic will be found in Gavi’s 2020 Annual Progress Report, which will be available online in the last quarter of 2021 at <https://www.gavi.org/programmes-impact/o-ur-impact/progress-reports>.

KEY FINANCIAL PERFORMANCE INDICATORS

This section lays out the key financial performance indicators that are used by the Secretariat to review, assess and manage the Gavi Group's overall financial position, activities, results and cash flows. In addition to these Key Financial Performance Indicators, the Secretariat has developed several indicators focused on specifically measuring performance against Gavi's Strategic Goals. These additional performance indicators are defined and described in Gavi's 2016 to 2020 Strategy Indicator Definitions, and progress against these indicators is described in the 2020 Annual Progress Report.

The following table summarises the Gavi Group's Key Financial Performance Indicators for the years ended 31 December 2016 to 2020.

In Billions of US\$, except Percentages	Gavi - Core	Gavi - Facility	Total 2020	2019	2018	2017	2016
Cash proceeds from donors and IFFIm investors	2.0	0.3	2.3	2.0	1.6	1.5	1.7
Percentage of funds received from innovative finance mechanisms	22%	14%	36%	20%	8%	4%	13%
Total multi-year pledges	3.4	1.4	4.8	3.2	4.3	5.8	6.3
New and underused vaccines programme disbursements	1.1	-	1.1	1.3	1.0	1.0	1.1
Health systems strengthening programme disbursements	0.4	-	0.4	0.4	0.3	0.3	0.2
Percentage overhead expenses	2.14%	-	2.14%	4.35%	2.53%	2.71%	2.52%
Percentage operating expenses	5.17%	-	5.17%	10.68%	6.11%	7.29%	6.67%
Percentage net financing costs	0.72%	-	0.72%	2.64%	2.42%	1.53%	0.93%

These Key Financial Performance Indicators are described in more detail below.

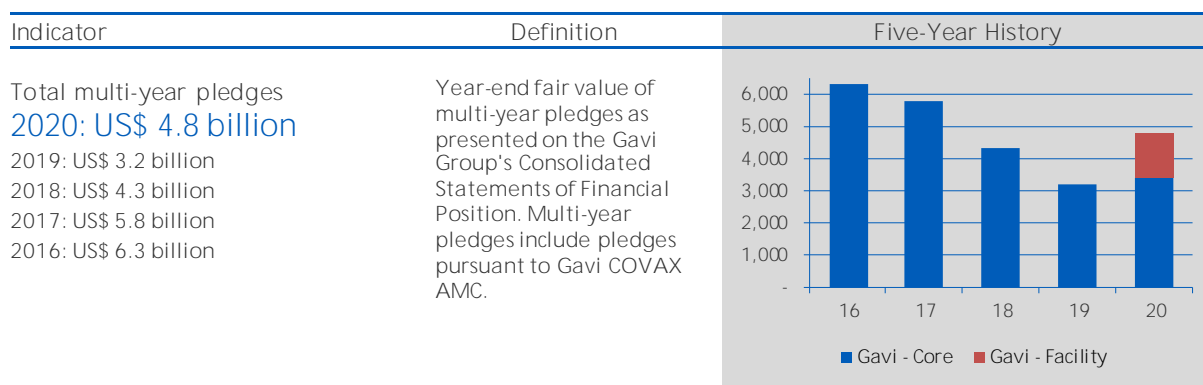
Indicator	Definition	Five-Year History																								
<p>Cash proceeds from donors and IFFIm investors</p> <p>2020: US\$ 2.3 billion</p> <p>2019: US\$ 2.0 billion</p> <p>2018: US\$ 1.6 billion</p> <p>2017: US\$ 1.5 billion</p> <p>2016: US\$ 1.7 billion</p>	<p>Cash receipts from Gavi's direct donors plus cash receipts through IFFIm. Direct cash receipts include cash received pursuant to the Advance Market Commitment ("AMC") innovative finance mechanism.</p>	<table border="1"> <caption>Cash proceeds from donors and IFFIm investors (US\$ billion)</caption> <thead> <tr> <th>Year</th> <th>Gavi - Core</th> <th>Gavi - Facility</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>1.7</td> <td>0.0</td> <td>1.7</td> </tr> <tr> <td>2017</td> <td>1.5</td> <td>0.0</td> <td>1.5</td> </tr> <tr> <td>2018</td> <td>1.6</td> <td>0.0</td> <td>1.6</td> </tr> <tr> <td>2019</td> <td>2.0</td> <td>0.0</td> <td>2.0</td> </tr> <tr> <td>2020</td> <td>2.0</td> <td>0.3</td> <td>2.3</td> </tr> </tbody> </table>	Year	Gavi - Core	Gavi - Facility	Total	2016	1.7	0.0	1.7	2017	1.5	0.0	1.5	2018	1.6	0.0	1.6	2019	2.0	0.0	2.0	2020	2.0	0.3	2.3
Year	Gavi - Core	Gavi - Facility	Total																							
2016	1.7	0.0	1.7																							
2017	1.5	0.0	1.5																							
2018	1.6	0.0	1.6																							
2019	2.0	0.0	2.0																							
2020	2.0	0.3	2.3																							

Continued support from donors and IFFIm investors is fundamental to the achievement of all Gavi's strategic goals. Cash receipts from these donors and IFFIm investors indicate that Gavi has received a strong and consistent level of support. Cash receipts increased from US\$ 1.7 billion in 2016 to US\$ 2.3 billion in 2020. Fluctuations in the level of cash receipts from 2016 to 2019 was primarily due to the timing of IFFIm drawdowns based on Gavi's funding needs. The increase in cash receipts in 2020 was due to the funding received for Gavi COVAX AMC of US\$ 323 million. Gavi COVAX AMC is described in the *Innovative Finance Mechanisms* section on page 16 of this report.

Indicator	Definition	Five-Year History																								
<p>Percentage of funds received from innovative finance mechanisms</p> <p>2020: 36 percent</p> <p>2019: 20 percent</p> <p>2018: 8 percent</p> <p>2017: 4 percent</p> <p>2016: 13 percent</p>	<p>Total cash receipts through IFFIm, the AMC and the Gavi Matching Fund as a percentage of total cash receipts in each year from all of Gavi's donors and investors.</p>	<table border="1"> <caption>Percentage of funds received from innovative finance mechanisms</caption> <thead> <tr> <th>Year</th> <th>Gavi - Core</th> <th>Gavi - Facility</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>13%</td> <td>0%</td> <td>13%</td> </tr> <tr> <td>2017</td> <td>4%</td> <td>0%</td> <td>4%</td> </tr> <tr> <td>2018</td> <td>8%</td> <td>0%</td> <td>8%</td> </tr> <tr> <td>2019</td> <td>20%</td> <td>0%</td> <td>20%</td> </tr> <tr> <td>2020</td> <td>22%</td> <td>14%</td> <td>36%</td> </tr> </tbody> </table>	Year	Gavi - Core	Gavi - Facility	Total	2016	13%	0%	13%	2017	4%	0%	4%	2018	8%	0%	8%	2019	20%	0%	20%	2020	22%	14%	36%
Year	Gavi - Core	Gavi - Facility	Total																							
2016	13%	0%	13%																							
2017	4%	0%	4%																							
2018	8%	0%	8%																							
2019	20%	0%	20%																							
2020	22%	14%	36%																							

As described in the *Innovative Finance Mechanisms* section on page 16 of this report, Gavi’s innovative finance mechanisms are an integral part of its strategy for achieving all four of its strategic goals. Over the past five years, innovative finance mechanisms have generated 18% of Gavi’s cash receipts. This reflects Gavi’s strong commitment to developing and maintaining mechanisms that tap new sources of capital and bring specific characteristics that advance Gavi and its mission.

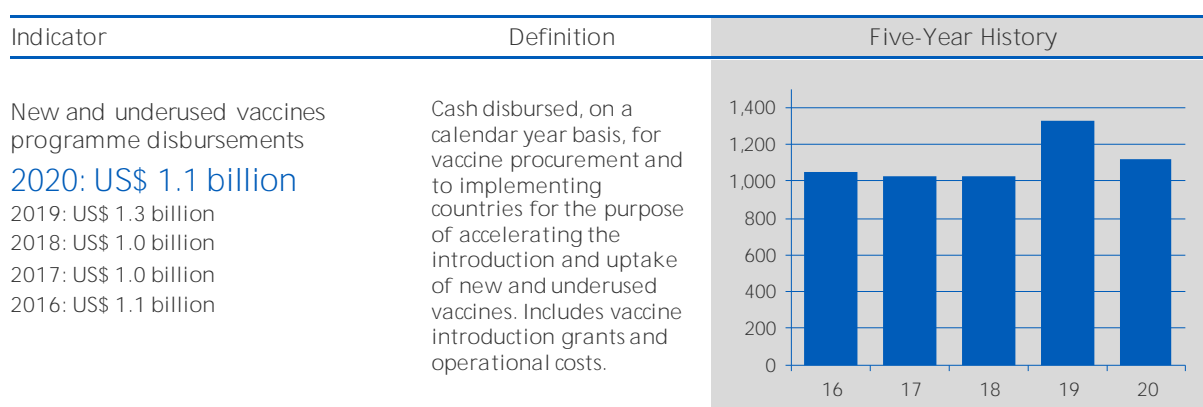
The percentage of funds received from innovative finance mechanisms decreased from 13% in 2016 to 4% in 2017 primarily due to a decrease in AMC cash proceeds and the deferral of a portion of IFFIm drawdowns based on Gavi’s funding needs. The increase from 8% in 2018 to 20% in 2019 was due to an increase in IFFIm proceeds comprised of previously deferred IFFIm drawdowns and new funding received for vaccine research and development activities by CEPI. The percentage further increased to 36% in 2020 due to an increase in AMC cash proceeds, which includes Gavi COVAX AMC, and an increase in IFFIm proceeds. 14% of the 36% represents funds received from Gavi COVAX AMC donors.



In order to achieve its Sustainability Goal, Gavi requires sufficient long-term multi-year pledges to provide implementing countries with a predictable and stable funding environment.

The total value of multi-year pledges decreased during the period from 2016 to 2019 as direct donors paid down their multi-year pledges made during Gavi’s second pledging conference in January 2015. These new multi-year pledges were made to help fund Gavi’s programmatic activities until 2020. The multi-year pledges increased by US\$ 1.6 billion in 2020 as a result of converting the remaining multi-year commitments from the second pledging conference into grant agreements and new multi-year pledges from Gavi COVAX AMC donors, including pledges to IFFIm, of US\$ 1.4 billion.

At the second pledging conference in January 2015, new multi-year commitments made by direct donors totalled US\$ 7.5 billion for the period 2016 to 2020. As of 31 December 2020, 100% of these multi-year commitments had been converted into grant agreements signed by donors. At the third pledging conference in June 2020, new multi-year commitments made by direct donors totalled US\$ 8.8 billion for the period 2021 to 2025. These new multi-year commitments have yet to be converted into grant agreements signed by donors. See the *Gavi Foreign Currency and Hedging Activity* section on page 24 of this report for further information on the valuation of the multi-year commitments made by direct donors at the third pledging conference.



Under its Vaccine Goal, Gavi aims to accelerate the uptake and use of underused and new vaccines (“NVS”). The level of NVS programme disbursements is directly correlated with the rate of uptake of these vaccines and, therefore, provides an indication of Gavi’s progress toward achieving its strategic goal. NVS programme disbursements have remained stable from 2016 to 2020. The decrease in NVS programme disbursements

during 2020 was primarily due to delays in campaigns and vaccine introductions as a result of COVID-19 pandemic disruptions and consequently, lower operational costs.

Indicator	Definition	Five-Year History												
<p>Health systems strengthening programme disbursements</p> <p>2020: US\$ 412 million</p> <p>2019: US\$ 409 million</p> <p>2018: US\$ 318 million</p> <p>2017: US\$ 273 million</p> <p>2016: US\$ 203 million</p>	<p>Cash disbursed, on a calendar year basis, to implementing countries for the purpose of strengthening their health systems. Includes disbursements for immunisation services support and Cold Chain Equipment Optimisation Platform ("CCEOP").</p>	<table border="1"> <caption>Health systems strengthening programme disbursements (US\$ million)</caption> <thead> <tr> <th>Year</th> <th>Disbursements</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>203</td> </tr> <tr> <td>2017</td> <td>273</td> </tr> <tr> <td>2018</td> <td>318</td> </tr> <tr> <td>2019</td> <td>409</td> </tr> <tr> <td>2020</td> <td>412</td> </tr> </tbody> </table>	Year	Disbursements	2016	203	2017	273	2018	318	2019	409	2020	412
Year	Disbursements													
2016	203													
2017	273													
2018	318													
2019	409													
2020	412													

Under its Systems Goal, Gavi aims to help strengthen the capacity of implementing countries' integrated health systems. From 2016 to 2020, Gavi disbursed US\$ 1.6 billion to implementing countries to help bolster their health systems. Health systems strengthening ("HSS") support addresses health system bottlenecks, primarily in five areas: (1) supply chain; (2) data availability, quality, and use; (3) demand promotion and community engagement; (4) in-country leadership, management, and coordination; and (5) health workforce. Governments are encouraged to engage civil society organisations for the implementation of HSS activities. HSS programme disbursements continued to increase from 2016 to 2020 as Gavi scaled up the HSS programme in the 2016-2020 strategic period to deliver on the coverage and equity agenda, and strengthened the disbursement process.

In June 2015, the Board approved the establishment of the CCEOP to strengthen country cold chain systems with an initial amount of US\$ 50 million to launch its implementation and fund the first applications. The CCEOP was launched in 2016. In December 2016, the Board approved additional funding for an aggregate amount not exceeding US\$ 250 million.

In June 2016, the Board agreed that an amount of at least US\$ 1.3 billion is available for HSS disbursements, including performance payments and excluding disbursements to CCEOP, for grant programme years in the 2016-2020 strategic period, with additional funding being subject to future Board decisions. Subsequently in June 2018, the Board approved certain flexibilities to allow countries to fully benefit from the Board-approved HSS disbursements. Flexibilities allowed all countries facing fragility challenges to request additional HSS support of up to 50% beyond the current country ceiling and allowed Gavi to increase individual non-fragile country ceilings for HSS through 2020 by up to 25%, including countries that currently have a maximum ceiling of US\$ 100 million. In June 2020, the Board approved the removal of cap of US\$ 100 million over five years currently applied to total country HSS ceilings.

Indicator	Definition	Five-Year History												
<p>Percentage overhead expenses</p> <p>2020: 2.14 percent</p> <p>2019: 4.35 percent*</p> <p>2018: 2.53 percent</p> <p>2017: 2.71 percent</p> <p>2016: 2.52 percent</p>	<p>Gavi-core's overhead expenses as a percentage of total expenses.</p> <p>* The 2019 increase was primarily a result of a change in accounting policy as further described below.</p>	<table border="1"> <caption>Percentage overhead expenses</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>2.52</td> </tr> <tr> <td>2017</td> <td>2.71</td> </tr> <tr> <td>2018</td> <td>2.53</td> </tr> <tr> <td>2019*</td> <td>4.35</td> </tr> <tr> <td>2020</td> <td>2.14</td> </tr> </tbody> </table>	Year	Percentage	2016	2.52	2017	2.71	2018	2.53	2019*	4.35	2020	2.14
Year	Percentage													
2016	2.52													
2017	2.71													
2018	2.53													
2019*	4.35													
2020	2.14													

Indicator	Definition	Five-Year History												
<p>Percentage operating expenses 2020: 5.17 percent 2019: 10.68 percent* 2018: 6.11 percent 2017: 7.29 percent 2016: 6.67 percent</p>	<p>Gavi-core's operating expenses as a percentage of total expenses.</p> <p>* The 2019 increase was primarily a result of a change in accounting policy as further described below.</p>	<table border="1"> <caption>Percentage operating expenses (2016-2020)</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>6.67%</td> </tr> <tr> <td>2017</td> <td>7.29%</td> </tr> <tr> <td>2018</td> <td>6.11%</td> </tr> <tr> <td>2019*</td> <td>10.68%</td> </tr> <tr> <td>2020</td> <td>5.17%</td> </tr> </tbody> </table>	Year	Percentage	2016	6.67%	2017	7.29%	2018	6.11%	2019*	10.68%	2020	5.17%
Year	Percentage													
2016	6.67%													
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2020	5.17%													

In order to maximise the amount of funds available for programmatic activities, the Gavi Group's administrative overhead must be kept as low as possible. The Gavi Group's percentage overhead expenses have been below 5% since 2016 and decreased from 4.35% in 2019 to 2.14% in 2020. The Gavi Group's percentage operating expenses decreased from 10.68% in 2019 to 5.17% in 2020. These decreases were driven primarily by an increase in programme expenses from US\$ 1.1 billion in 2019 to US\$ 2.1 billion in 2020. In 2019, there was a one-off reduction due to a change in accounting policy as a result of the prospective adoption of Accounting Standards Update ("ASU") No. 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, a new accounting standard which was issued by the Financial Accounting Standards Board ("FASB") effective 1 January 2019. The ASU requires the substantial fulfillment of certain conditions before expenses can be recognised. Prior to 2019, Gavi records programme expenses and liabilities for Near-Term Programme Approvals, where the likelihood that future events will confirm the incurrence of programme liabilities is probable.

In 2020, the Facility was being implemented and no vaccines were procured during the year. As of 31 December 2020, the Facility's operating costs totalled US\$ 8.7 million. US\$ 6.0 million of which was covered under the self-financing participants arrangements and presented at net of the interest income, in-kind contributions and pro-rata reimbursements under such arrangements in the consolidated financial statements.

For the purposes of calculating the Gavi Group's percentage overhead and operating expenses amounts above, overhead expenses are the aggregate of the Gavi Group's fundraising, management and general expenses, and operating expenses are the aggregate of the Gavi Group's overhead expenses, secretariat programme implementation expenses, and partners' programme implementation expenses in relation to evaluations and assessments. Overhead expenses exclude indirect programme expenses such as those expenses related to programme implementation and performance monitoring.

The components of the Gavi Group's percentage overhead and operating expenses were:

Indicator	2020	2019
Management and general expenses percentage	1.24%	2.36%
Fundraising expenses percentage	0.90%	1.99%
Total overhead expenses percentage	2.14%	4.35%

Indicator	2020	2019
Total overhead expenses percentage	2.14%	4.35%
Secretariat programme implementation expenses percentage	2.61%	5.29%
Partners' programme implementation expenses percentage	0.42%	1.04%
Total operating expenses percentage	5.17%	10.68%

The Gavi Group's fundraising, management and general expenses were as follows:

In Millions of US\$	2020	2019
Management and general expenses	26	25
Fundraising expenses	19	21
Total overhead expenses	45	46

The Gavi Group's operating expenses were as follows:

In Millions of US\$	2020	2019
Total overhead expenses	45	46
Secretariat programme implementation expenses	55	56
Partners' programme implementation expenses ¹	9	11
Total operating expenses	109	113

¹ This total only includes the portion of partners' programme implementation expenses that are related to evaluations and assessments.

Certain departments within the Secretariat conduct activities that have programmatic and fundraising, as well as management and general components. The cost of conducting these activities ("Joint Costs") were allocated as follows:

In Millions of US\$	2020	2019
Joint costs allocated to programmes	15	17
Joint costs allocated to fundraising	4	5
Joint costs allocated to management and general	5	6
Total joint costs	24	28

For the purposes of calculating the Gavi Group's percentage overhead and operating expenses amounts above, total expenses are the aggregate of the Gavi Group's direct and indirect programme expenses, and overhead costs. Total expenses exclude financing costs, provision for doubtful accounts, and all fair value gains and losses. Total expenses were determined as follows:

In Millions of US\$	2020	2019
Direct country programme expenses	1,790	795
Secretariat programme implementation expenses	55	56
Partners' programme implementation expenses	217	161
Total programme expenses	2,062	1,012
Total overhead expenses	45	46
Total non-programme expenses	45	46
Total expenses, excluding financing costs, provision for doubtful accounts and fair value gains and losses	2,107	1,058

Indicator	Definition	Five-Year History												
<p>Percentage net financing costs</p> <p>2020: 0.72 percent</p> <p>2019: 2.64 percent</p> <p>2018: 2.42 percent</p> <p>2017: 1.53 percent</p> <p>2016: 0.93 percent</p>	<p>IFFIm's net interest expense as a percentage of its average bonds and other borrowings balance for the year. Net interest expense is after the effect of hedging transactions. Average bonds and other borrowings for the year is the average of the nominal monthly balances.</p>	<table border="1"> <caption>Five-Year History of Percentage Net Financing Costs</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>0.93</td> </tr> <tr> <td>2017</td> <td>1.53</td> </tr> <tr> <td>2018</td> <td>2.42</td> </tr> <tr> <td>2019</td> <td>2.64</td> </tr> <tr> <td>2020</td> <td>0.72</td> </tr> </tbody> </table>	Year	Percentage	2016	0.93	2017	1.53	2018	2.42	2019	2.64	2020	0.72
Year	Percentage													
2016	0.93													
2017	1.53													
2018	2.42													
2019	2.64													
2020	0.72													

The Gavi Group's net interest expense and average bonds and other borrowings balances were as follows:

In Millions of US\$, except Percentages	2020	2019	2018	2017	2016
Net interest expense on bonds and other borrowings after impact of swaps	5	24	27	22	13
Average nominal value of bonds and other borrowings for the year	699	908	1,114	1,436	1,395
Percentage net financing costs	0.72%	2.64%	2.42%	1.53%	0.93%

The Gavi Group incurs financing costs on Vaccine Bonds issued by IFFIm. In order to minimise these financing costs, IFFIm has done the following:

- Put in place a liquidity policy that allows it to maintain a high credit rating. As a result of this high credit rating, IFFIm's bonds and other borrowings rates to date have historically been better than if IFFIm's donors had raised their share of IFFIm's funding individually in their own markets. See the *Cash Reserve and Liquidity Policies* section on page 24 for further details.
- Entered into currency and interest rate swaps to hedge against IFFIm's exposure to currency and interest rate fluctuations impacting its Vaccine Bonds.

Percentage net financing costs were lower in 2020 compared to 2019 primarily due to lower interest rates in 2020. Interest rates were dropped as a financial response to COVID-19 pandemic. The Gavi Group's low percentage net financing costs over the last five years indicates that IFFIm's liquidity and hedging policies have been appropriately designed and effectively executed. Since its inception in 2006, IFFIm has accessed the capital markets at a weighted average cost of borrowing that is in total lower than that of its donors as stated above. IFFIm's weighted average cost of all its bonds issued since its inception is 5 basis points over USD LIBOR. This is 4 basis points lower than the weighted average cost of borrowing of its donors, which is 9 basis points over USD LIBOR calculated over the same period.

INNOVATIVE FINANCE MECHANISMS

BENEFITS OF INNOVATIVE FINANCE MECHANISMS

Innovative finance mechanisms help Gavi to:

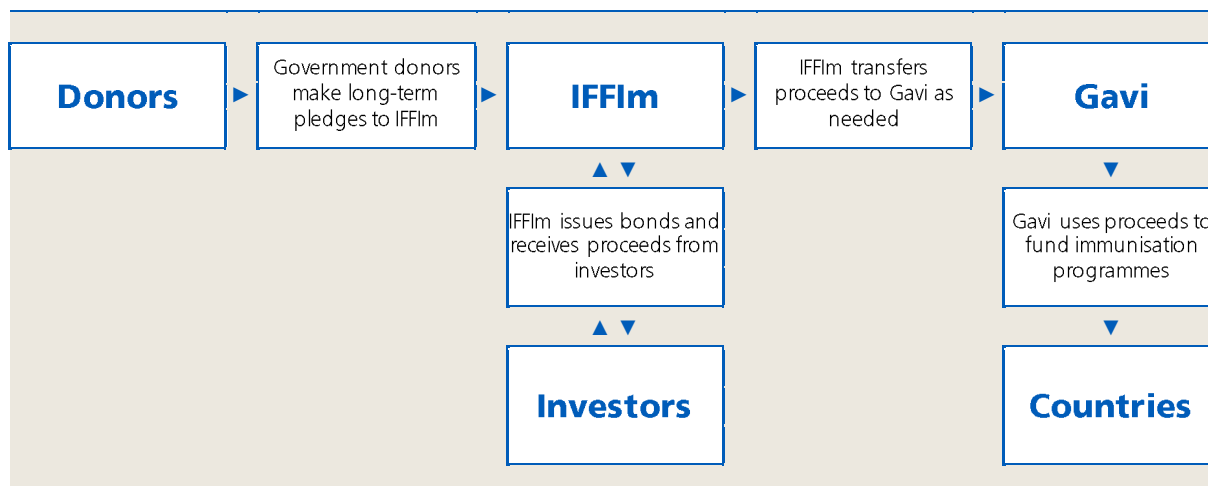
- Diversify its funding portfolio: Innovative finance mechanisms attract capital from a variety of public and private sources. They aim to attract funds that are committed for longer periods of time.
- Adapt to the needs of implementing countries, donors and investors: Innovative finance mechanisms help match the capacity and preferences of donors and investors with the needs of implementing countries to rapidly scale up vaccine coverage, lower disease prevalence and accelerate introduction of new and underused vaccines.
- Provide predictable and flexible resources: Funding predictability has enabled countries to implement multi-year programmes that fundamentally improve the quality of and access to health care services. Flexible resources allow Gavi to access alternate funding resources as funding constraints emerge, avoiding programme disruption.
- Respond to the United Nations Sustainable Development Goals: Gavi and immunisation are critical to achieving child health goals set by the United Nations ("UN"). Gavi aided the UN in achieving the MDG for child health, which aimed to reduce by two-thirds the deaths of children under five by 2015. As the MDG period came to an end, Gavi is in full support of the UN post-2015 Sustainable Development Goals including child health: accelerate the progress made to date in reducing newborn and child mortality by ending all such preventable deaths before 2030. Additional resources provided from innovative finance mechanisms help Gavi accelerate funding for the introduction of vaccines and strengthen health systems.
- Shape markets: Gavi's use of innovative finance helps meet country demand, grow markets, attract manufacturers and reduce prices. This makes donor resources go further and increases the ability of countries to fund vaccines in the long-term.
- Respond to emergencies: Gavi's use of innovative finance mechanism provides Gavi with resources and ability to respond to emergencies during outbreaks or pandemics.

THE INTERNATIONAL FINANCE FACILITY FOR IMMUNISATION

IFFIm is an innovative finance mechanism created in 2006 that provides long-term, predictable and flexible funding to Gavi. IFFIm historically has converted long-term government commitments into immediately available cash resources by issuing bonds in the capital markets. IFFIm contributes to accelerating the availability and predictability of funds for Gavi's immunisation programmes, including new and underused

vaccine support, health systems strengthening support, vaccine research and development activities, and procurement and delivery of COVID-19 vaccines. Between 2006 and 2020, IFFIm accounted for over 19% of Gavi’s funding. IFFIm is a core component of Gavi’s long-term funding strategy.

IFFIm is backed by legally binding funding commitments from the Governments of the Commonwealth of Australia, the Federative Republic of Brazil, the Republic of France, the Republic of Italy, the State of the Netherlands, the Kingdom of Norway, the Republic of South Africa, the Kingdom of Spain, the Kingdom of Sweden, and the United Kingdom of Great Britain and Northern Ireland (“the United Kingdom”), which together have pledged to contribute approximately US\$ 8 billion to IFFIm over 25 years¹. These long-term government pledges are used as collateral to raise funds on the global capital markets by issuing Vaccine Bonds. Cash receipts from the donor governments are then used to repay IFFIm bonds.



The ability of IFFIm to convert long-term commitments into immediate cash provides Gavi with the flexibility to use funds when they are needed most. This means that Gavi can choose either to frontload IFFIm resources over a short period of time or to have smaller and more consistent drawdowns over a longer-term, depending on Gavi’s funding needs and without incurring significant costs on either situation. Having these immediately available resources ensures a near-term positive impact on public health that strengthens and protects future generations.

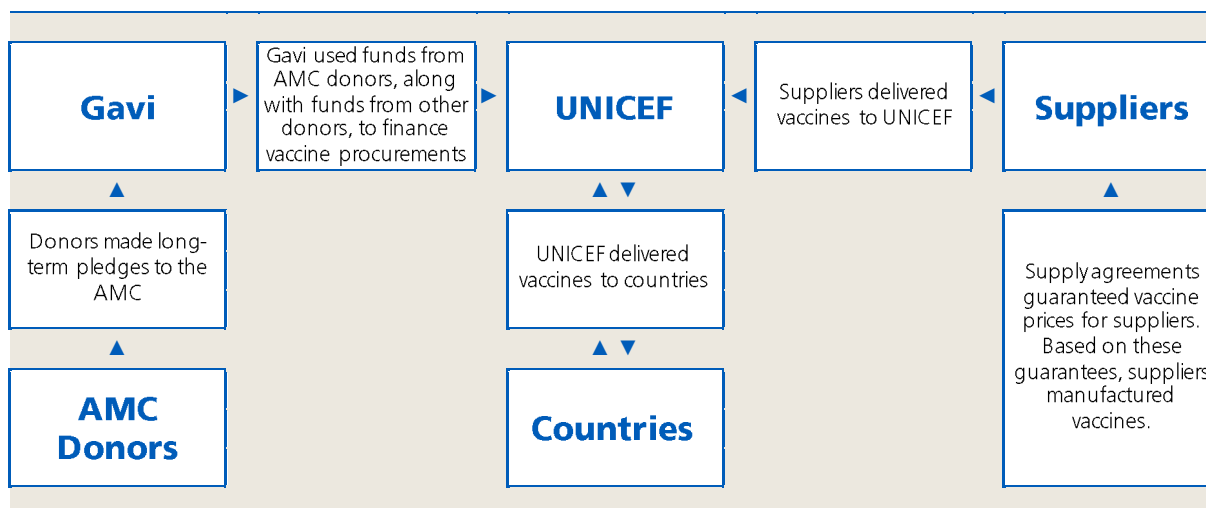
IFFIm Bonds also provide investors with a socially responsible investment opportunity, and raise awareness about Gavi and its mission. IFFIm Bonds have proved popular with both institutional and individual investors, raising over US\$ 6.9 billion since IFFIm’s inception in 2006 to 31 December 2020.

THE ADVANCE MARKET COMMITMENT FOR PNEUMOCOCCAL VACCINES

The Advance Market Commitment for Pneumococcal Vaccines (the “PCV AMC”) aimed to encourage the development and production of affordable vaccines tailored to the needs of implementing countries. Following the announcement of the Governments of Italy, the United Kingdom, Canada, the Russian Federation, the Kingdom of Norway and the Gates Foundation, which collectively pledged a total of US\$ 1.5 billion to fund the programme. The terms that most significantly impacted the AMC commitment are described in the *Significant Accounting Policies: Contributions Receivable from PCV AMC Donors* section on page 39 of the consolidated financial statements.

Under the PCV AMC arrangement, donors committed funds to guarantee the price of vaccines once they have been developed. These financial commitments provided vaccine manufacturers with an incentive to invest in late stage vaccine development, and expand manufacturing capacity. In exchange, the vaccine manufacturers signed legally binding commitments to provide the vaccines at a pre-agreed long-term price to implementing countries.

¹ Further information on donor pledges to IFFIm is on page 62 of this report.



The overarching goal of the PCV AMC was to reduce morbidity and mortality from pneumococcal diseases, preventing an estimated 7 million childhood deaths by 2030. Specifically, the objectives of the PCV AMC were:

- To accelerate the development of pneumococcal vaccines to meet implementing country needs.
- To bring forward the availability of effective pneumococcal vaccines for implementing countries by guaranteeing the initial purchase price, for a limited quantity of the new vaccines, that represents value for money and incentivises manufacturers to invest in scaling-up production capacity to meet implementing country vaccine demand.
- To accelerate vaccine uptake by ensuring predictable vaccine pricing for countries and manufacturers, for example through binding commitments by participating companies to supply vaccines at low, long-term and sustainable prices.
- To test the effectiveness of the PCV AMC mechanism as an incentive for supplying much needed vaccines and to learn lessons for developing possible similar initiatives in the future.

The PCV AMC reached its conclusion on 31 December 2020, with 60 AMC-eligible countries having introduced pneumococcal vaccines since 2010. At the Global Vaccine Summit (“GVS”), Gavi’s third pledging conference that was hosted by the Government of the United Kingdom on 4 June 2020, PCV AMC donors the Republic of Italy, the United Kingdom, Canada, the Kingdom of Norway, and the Gates Foundation publicly announced their commitment of US\$ 177.5 million in unused funding remaining at the close of the PCV AMC to be available to the newly launched Gavi COVAX AMC. Furthermore, Russia also announced at the GVS for its pro-rata share of the unused PCV AMC funds of US\$ 10.0 million to be available for use in the 2021-2025 strategic period as part of Gavi’s core funding.

THE GAVI ADVANCE MARKET COMMITMENT FOR COVID-19 VACCINES

At the GVS on 4 June 2020, Gavi launched the Gavi COVAX AMC as the first building block of the Facility. It will incentivise investments so that capacity is secured to guarantee access to substantial volumes of safe and efficacious vaccines. The Gavi COVAX AMC is the innovative financing mechanism for the procurement of COVID-19 vaccines for 92 lower-income countries and economies, comprising all economies with Gross National Income (GNI) per capita under US\$ 4,000 plus other World Bank International Development Association (IDA)-eligible economies. This will enable access to donor-funded doses of safe and effective COVID-19 vaccines. The Gavi COVAX AMC, combined with additional support for country readiness and delivery, will make sure the most vulnerable in all countries can be protected in the short term, regardless of income level.

Gavi is coordinating the development and implementation of the Gavi COVAX AMC. The Gavi COVAX AMC is critical to ensuring equitable access to COVID-19 vaccines, regardless of income level – and required an urgent investment of US\$ 2 billion, from sovereign donors, philanthropies, and the private sector, by the end of 2020. The target to raise US\$ 2 billion in commitments was achieved by 13 November 2020. This was needed to signal and guarantee the market for low- and middle-income economies.

As of 31 December 2020, pledges totalling US\$ 2.4 billion had been received from 12 sovereign donors and 6 private organisations of which US\$ 1.8 billion had been converted into legally signed agreements and cash received of US\$ 323 million.

THE GAVI MATCHING FUND

The Gavi Matching Fund is a public-private funding mechanism designed to incentivise private sector investments in immunisation.

At Gavi's pledging conference in June 2011, the United Kingdom Department for International Development ("DFID") and the Gates Foundation pledged £ 50 million and US\$ 50 million, respectively, to match contributions from corporations, foundations and other organisations, as well as from their customers, members, employees and business partners until 2015.

At Gavi's second pledging conference in January 2015, the Gates Foundation and the State of the Netherlands pledged US\$ 75 million and € 10 million, respectively, to match contributions from corporations, foundations and other organisations, as well as from their customers, members, employees and business partners until 2020.

The Gavi Matching Fund will allow Gavi to deliver more life-saving vaccines to the lowest-income countries. Healthy children lead to healthy communities and healthy societies. The Gavi Matching Fund also attracts advocates for the cause of immunisation and those who provide core business skills to help address technological and logistical challenges to immunisation.

The Gavi Matching Fund process comprises three key steps:

- (1) Gavi works with the partner to find ways to engage customers, employees, business partners or others to contribute through the Gavi Matching Fund.
- (2) A private sector partner makes a cash or in-kind contribution to Gavi.
- (3) Until 2015, every contribution to Gavi through the Gavi Matching Fund by the private sector partner, its customers, employees and business partners was matched either by DFID or by the Gates Foundation. From 2016 to 2020, private sector contributions to Gavi through the Gavi Matching Fund are matched by the Gates Foundation and the State of the Netherlands.

The Gavi Matching Fund raised US\$ 16 million in 2020. Since its inception in 2011 to 31 December 2020, the Gavi Matching Fund has raised a total of US\$ 373 million. This amount is the total of pledges from the private sector partners and matching pledges from DFID, the Gates Foundation, and the State of the Netherlands.

FUNDING FROM GATES FOUNDATION

Gavi received US\$ 300 million in funding from the Gates Foundation to fund the COVID-19 vaccine procurement prepayment to Serum Institute of India Private Limited ("SII"), across two US\$ 150 million tranches on 31 July 2020 and 28 September 2020, respectively. The Gates Foundation funding is subject to repayment by Gavi on a quarterly basis starting with the quarter in which the first SII procurement credit is applied, reduced or offset by SII. Procurement credit is equal to the amount of the procurement prepayment from Gavi. For each quarter, Gavi will repay to the Gates Foundation (within 60 days after quarter-end) an amount equal to one-third of such SII procurement credit during such quarter. As SII delivers vaccine doses to Gavi (through UNICEF or any other agent designated by Gavi), Gavi will repay its one-third equivalent obligation to the Gates Foundation.

The aggregate amount repayable by Gavi to the Gates Foundation will be subject to proportional reduction relative to the amount of any procurement credit reduction, which relates to reductions to the amount repayable by Gavi in the event of product failures that may be incurred by SII.

Gavi received US\$ 300 million as of 31 December 2020. No repayment has been made for the quarter ended 31 December 2020 as there were no vaccine doses supplied by SII during such quarter.

EUROPEAN COMMISSION LOAN FACILITY

In December 2020, the European Commission ("EU") committed support to the Facility with a € 400 million EU guaranteed loan, in two tranches, provided through the European Investment Bank, as part of its Global Coronavirus Response. The loan was received on 31 March 2021.

FINANCIAL OVERVIEW

OVERVIEW OF ASSETS AND LIABILITIES

The following table summarises Gavi Group's consolidated assets and liabilities as of 31 December 2020, 2019 and 2018:

In Millions of US\$, except Percentages	2020	2019	2018	Change, 2019 to 2020	Change, 2018 to 2019
Assets					
Cash and investments	5,106	3,063	3,489	67 %	(12)%
Contributions receivable	4,762	3,192	4,329	49 %	(26)%
Receivable on COVAX Facility arrangements	220	-	-	- %	- %
Net derivative assets	4	45	84	(91)%	(46)%
Other assets	422	86	39	391 %	121 %
Total assets	10,514	6,386	7,941	65 %	(20)%
Liabilities					
Programme grants and procurement accounts payable	933	873	1,974	7 %	(56)%
Bonds and other borrowings	916	510	886	80 %	(42)%
Payable on COVAX Facility arrangements	1,851	-	-	- %	- %
Net derivative liabilities	543	520	529	4 %	(2)%
Other liabilities	471	199	94	137 %	112 %
Total liabilities	4,714	2,102	3,483	124 %	(40)%
Total net assets	5,800	4,284	4,458	35 %	(4)%
Total liabilities and net assets	10,514	6,386	7,941	65 %	(20)%

The Gavi Group's total assets increased by 65% during 2020, 49% of the increase relates to the Facility. The increase in total assets was primarily due to increases in cash and investments, contributions receivable, and receivable on COVAX Facility arrangements. Each of these is discussed below:

- **Increase in cash and investments:** The increase in cash and investments of US\$ 2 billion was primarily due to cash receipts related to the Facility. Gavi received US\$ 323 million from Gavi COVAX AMC donors and US\$ 1.4 billion in down payment/upfront payment and US\$ 238 million in guarantee from self-financing participants that joined the Facility. The cash receipts were temporarily invested in money market funds to earn a greater return (risk free) compared to bank deposits.
- **Increase in contributions receivable:** The increase in contributions receivable of US\$ 1.6 billion resulted primarily from new multi-year pledges of US\$ 3.4 billion offset by cash receipts of US\$ 1.5 billion.
- **Receivable on COVAX Facility arrangements:** Gavi, as the administrator of the Facility, records collected funds, not yet distributed to vaccine manufacturers, as cash or receivable on COVAX Facility arrangements cash and payable on COVAX Facility arrangements. Receivable on COVAX Facility arrangements of US\$ 220 million represent the unpaid contractual amount of down payment/upfront payment from self-financing participants, which is irrevocable and unconditional.

The Gavi Group's total liabilities increased by 124% during 2020, 62% of the increase relates to the Facility. The increase in total liabilities was primarily due to increases in bonds and other borrowings, payable of COVAX Facility arrangements, and IFFIm's net derivative liability. Each of these is discussed below:

- **Increase in bonds and other borrowings:** The increase in bonds and other borrowings of US\$ 406 million resulted from the proceeds from two new bond issuances totalling US\$ 699 million and fair value losses of US\$ 33 million. The increase was partially offset by redemption of a bond of US\$ 325 million.
- **Payable on COVAX Facility arrangements:** Gavi, as the administrator of the Facility, records collected funds, not yet distributed to vaccine manufacturers, as cash or receivable on COVAX Facility arrangements cash and payable on COVAX Facility arrangements. Payable on COVAX Facility arrangements of US\$ 1.8 billion represent the advances from self-financing participants held by Gavi for future procurement of vaccines. In 2020, the Facility was being implemented and no vaccines were procured during the year ended 31 December 2020.
- **Increase in net derivatives and other liabilities:** The increase in net derivatives and other liabilities was due to accounts payable balances, which were US\$ 272 million higher in 2020 compared to 2019, and net derivative liabilities, which were US\$ 23 million higher in 2020 compared to 2019.

The Gavi Group's increase in net derivative liabilities balance comprised of an increase in Gavi's liability position on its foreign currency forward contracts by US\$ 135 million which was offset by a decrease in IFFIm's net liability position on its interest rate and currency swap contracts by US\$ 112 million. In 2020, Gavi entered into foreign currency forward contracts to manage the foreign exchange risk on its future net cash inflows in the 2021 to 2025 strategic period. IFFIm's liability on swap contracts decreased from US\$ 519 million, as of 31 December 2019, to US\$ 407 million, as of 31 December 2020, primarily due to a US\$ 200 million swap re-couponsing outlay and net swap settlements of US\$ 50 million during 2020, which were partially offset by net fair value losses of US\$ 138 million. The swap re-couponsing transaction was executed between IFFIm and the World Bank, which is the counterparty on all IFFIm's swap contracts, to reduce the World Bank's exposure on IFFIm's derivative positions and enable the World Bank to intermediate new swaps for IFFIm. All else being equal, IFFIm's derivative liability will reverse over time as the swap positions related to those payments are unwound in the normal course of business. These swap positions will be unwound as payments are received from IFFIm donors and bonds are redeemed. See the *IFFIm Hedging Activity* section on page 25 of this report for further information on IFFIm's currency and interest swap arrangements.

OVERVIEW OF INCOME AND EXPENSES

The following table summarises Gavi Group's consolidated income and expenses for the years ended 31 December 2020, 2019 and 2018:

In Millions of US\$, except Percentages	2020	2019	2018	Change, 2019 to 2020	Change, 2018 to 2019
Revenue					
Contributions from government and private donors	3,568	620	589	475 %	5 %
Net investment income	129	161	19	(20)%	747 %
Other revenue	1	1	6	- %	(83)%
Total revenue¹	3,698	782	614	373 %	27 %
Expenses					
Programme	2,062	1,011	1,854	104 %	(45)%
Net interest expense on bonds and other borrowings after impact of swaps	5	24	27	(79)%	(11)%
Other fair value losses (gains) ²	71	(125)	(183)	(157)%	(32)%
Administrative, fundraising and other	45	46	54	(2)%	(15)%
Total expenses	2,183	956	1,752	128 %	(45)%
Increase (decrease) in net assets	1,515	(174)	(1,138)	(971)%	(85)%

¹ This total includes donor-restricted contributions from government and private and does not include the release of net assets and net fair value gains on derivatives, which are included in the total revenue reported in the Consolidated Statements of Activities on page 31 of the consolidated financial statements.

² Other fair value losses (gains) include net fair value losses on derivatives, and net fair value gains on contributions receivable and foreign currency transaction adjustments on contributions receivable, which are reported as total revenue and changes in net assets with donor restrictions, respectively, in the Consolidated Statements of Activities on page 31 of the consolidated financial statements.

The Gavi Group's recorded contribution revenue is the aggregate of new multi-year pledges and annual contributions. The Gavi Group's revenue for 2020, 2019 and 2018 was driven primarily by the following:

- **2020 contribution revenue:** Contribution revenue of US\$ 3.6 billion was recorded in 2020. This high contribution revenue amount was primarily due to grant agreements signed by several public and private donors, pursuant to the commitments these donors made at the third pledging conference in June 2020 in support of Gavi's immunisation mission, including its efforts to respond to the COVID-19 pandemic through the Facility.

Some grant agreements were multi-year pledges whose initial fair values were recorded as 2020 revenue in accordance with the Gavi Group's accounting policies. Gavi's multi-year pledges for the year included US\$ 732 million and US\$ 31 million from the Federal Republic of Germany, and various other donors, respectively, for the 2021 to 2025 strategic period and US\$ 171 million, US\$ 150 million and US\$ 150 million from Canada, the Gates Foundation and the Kingdom of Saudi Arabia, respectively, for Gavi COVAX AMC. In 2020, IFFIm received new sovereign pledges from the Republic of Italy, the State of the Netherlands, the Kingdom of Norway, and the United Kingdom in amounts totalling € 155 million, € 250 million, kr 3 billion, and £ 500 million, respectively, with initial recorded fair values totalling US\$ 1.3 billion. The new pledges were made to IFFIm to support programme funding to Gavi encompassing its core programmes, new vaccine research and development activities by CEPI, and the Gavi COVAX AMC.

Other grants took the form of annual contributions, which were recorded as revenue as the funds were received. See *Schedule 1.5: Annual Contributions from Donors* on page 63 for a complete list of annual contributions received by the Gavi Group during 2020.

- **2019 contribution revenue:** Contribution revenue of US\$ 620 million was recorded in 2019. Recorded revenue included new multi-year pledges received during the year of US\$ 59 million, US\$ 20 million, and US\$ 13 million from the Kingdom of Norway, the United States of America, and various other donors, respectively. Recorded revenue also included annual contributions of US\$ 290 million from the United States Agency for International Development (“USAID”), US\$ 147 million from the Federal Republic of Germany and US\$ 91 million from various other donors. See *Schedule 1.5: Annual Contributions from Donors* on page 63 for a complete list of annual contributions received by the Gavi Group during 2020. The decrease in contribution revenue, compared to 2017, is an expected trend given that Gavi is in the fourth year of its current strategic period and winding down on its multi-year pledges, the majority of which were recognised at the beginning of the strategic period.
- **2018 contribution revenue:** Contribution revenue of US\$ 589 million was recorded in 2018. Recorded revenue included new multi-year pledges received during the year of US\$ 19 million, US\$ 11 million, US\$ 8 million, and US\$ 0.8 million from the Kingdom of Denmark, the Federative Republic of Brazil, the Republic of India, and various other donors, respectively. Recorded revenue also included annual contributions of US\$ 290 million from USAID and US\$ 260 million from various other donors.

The Gavi Group’s net investment income was US\$ 129 million in 2020, a decrease from an income of US\$ 161 million in 2019. IFFIm’s investment income was lower by US\$ 19 million in 2020 compared to 2019 as IFFIm’s investment portfolio had a lower weighted average balance and achieved a lower rate of return in 2020. IFFIm’s portfolio achieved a rate of return of 0.99% during 2020 compared to 2.61% during 2019, primarily due to the prevailing market conditions on account of the COVID-19 pandemic. Gavi’s investment income was lower by US\$ 13 million in 2020 compared to 2019 as Gavi’s long-term portfolio delivered an estimated return of 10.4% during 2020 compared to 12.4% during 2019.

The Gavi Group’s programme expenses increased by 104% in 2020. In 2020, programme expenses comprised primarily of US\$ 1.5 billion for cash and vaccine programmes, US\$ 214.9 million for Partner Engagement Framework, US\$ 200.1 million for CEPI, US\$ 35.1 million for pneumococcal vaccine firm order commitment, US\$ 26.5 million for procurement fees, and US\$ 18.4 million for CCEOP. Programme expenses were lower in 2019 as a result of the adoption of a new accounting standard on the recognition of expenses, which requires the substantial fulfillment of certain conditions before expenses can be recognised. Prior to 2019, Gavi records programme expenses and liabilities for Near-Term Programme Approvals, where the likelihood that future events will confirm the incurrence of programme liabilities is probable.

Net interest expense was lower in 2020 compared to 2019 primarily due to lower interest rates in 2020. Interest rates were dropped as a financial response to COVID-19 pandemic. In 2020, net interest expense on bonds and other borrowings after impact of swaps of US\$ 5 million was comprised of interest expense of US\$ 4 million and interest expense on bond swaps of US\$ 1 million. In 2019, net interest expense on bonds and other borrowings after impact of swaps of US\$ 24 million was comprised of interest expense of US\$ 21 million and interest expense on bond swaps of US\$ 3 million.

The Gavi Group incurred other fair value loss of US\$ 71 million in 2020, and other fair value gains of US\$ 125 million and US\$ 183 million in 2019 and 2018, respectively. The composition and drivers of each of these gains are described below:

- **2020 other fair value losses:** Other fair value losses of US\$ 71 million were comprised of fair value losses on derivatives of US\$ 236 million and net fair value losses on bonds and other borrowings of US\$ 33 million. These losses were partially offset by foreign currency transaction gains on contributions receivable of US\$ 151 million, net fair value gains on contributions receivable of US\$ 36 million and other foreign exchange gains of US\$ 11 million. The US\$ 236 million fair value losses on derivatives were primarily the result of hedging Gavi’s future net cash inflows and a weaker United States dollar in 2020, which resulted in higher fair values of pledge swaps, the majority of which were related to pledges denominated in British pounds. The US\$ 33 million fair value losses on bonds and other borrowings were primarily the result of lower interest rates in 2020. Due to lower interest rates in 2020, lower discount rates were applied to IFFIm’s bonds. The US\$ 151 million foreign currency transaction gains on contributions receivable were primarily the result of a weaker United States dollar in 2020, which significantly increased the fair values of foreign currency denominated contributions receivable. The US\$ 36 million net fair value gains on contributions receivable were primarily the result of lower interest rates in 2020. Due to lower interest rates in 2020, lower discount factors were applied to the pledges.
- **2019 other fair value gains:** Other fair value gains of US\$ 125 million were comprised of net fair value gains on contributions receivable of US\$ 86 million, foreign currency transaction gains on contributions receivable of US\$ 50 million, and fair value gains on derivatives of US\$ 9 million. These gains were partially offset by net fair value losses on bonds and other borrowings of US\$ 11 million and other foreign

exchange losses of US\$ 10 million. The US\$ 86 million net fair value gains on contributions receivable were primarily the result of lower interest rates in 2019. Due to lower interest rates in 2019, lower discount factors were applied to the pledges. The US\$ 50 million foreign currency transaction gains on contributions receivable were primarily the result of the strengthening of the British pound against the United States dollar in 2019, which was of greater magnitude than the impact due to the strengthening of the United States dollar against the euro and the other currencies. This significantly increased the fair values of foreign currency denominated contributions receivable. The US\$ 9 million fair value gains on derivatives were primarily the result of lower interest rates in 2019. Due to lower interest rates in 2019, lower discount factors were applied to bond swaps in 2019. The US\$ 11 million fair value losses on bonds and other borrowings were primarily the result of lower interest rates in 2019.

- **2018 other fair value gains:** Other fair value gains of US\$ 183 million were comprised of net fair value gains on contributions receivable of US\$ 105 million, fair value gains on derivatives of US\$ 262 million, and net fair value gains on bonds and other borrowings of US\$ 6 million. These gains were partially offset by the foreign currency transaction losses on contributions receivable of US\$ 165 million and other foreign exchange losses of US\$ 25 million. The US\$ 105 million net fair value gains on contributions receivable were primarily the result of lower interest rates in 2018. The US\$ 262 million fair value gains on derivatives were primarily the result of a stronger United States dollar in 2018, which resulted in lower fair values of pledge swaps, the majority of which were related to pledges denominated in euros and British pounds. The US\$ 6 million fair value gains on bonds and other borrowings were primarily the result of higher interest rates in 2018. The US\$ 165 million foreign currency transaction losses on contributions receivable were primarily the result of a stronger United States dollar in 2018, which significantly decreased the fair values of foreign currency denominated contributions receivable.

Net fair value gains on derivatives, and net fair value gains on contributions receivable and foreign currency transaction adjustments on contributions receivable are reported as total revenue and changes in net assets with donor restrictions, respectively, in the Consolidated Statements of Activities on page 31 of the consolidated financial statements. Net fair value gains or losses on bonds and other borrowings are reported as net financing income or expenses in the Consolidated Statements of Activities on page 31 of the consolidated financial statements and as other borrowing income or expenses in the Consolidated Statements of Functional Expenses on page 33 of the consolidated financial statements. See the *Gavi Foreign Currency and Hedging Activity* and *IFFIm Hedging Activity* sections on pages 24 and 25, respectively, of this report for further information on Gavi Group's use of derivatives to hedge against market risks.

OVERVIEW OF CASH FLOWS

The following table summarises Gavi Group's consolidated cash flows for the years ended 31 December 2020, 2019 and 2018:

In Millions of US\$, except Percentages	2020	2019	2018	Change, 2019 to 2020	Change, 2018 to 2019
Net cash from (used in) operating activities ¹	1,480	(158)	215	(1,037)%	(173)%
Net cash (used in) from investing activities	(1,976)	638	98	(410)%	551 %
Net cash from (used in) financing activities	651	(378)	(332)	(272)%	14 %
Net change in cash	155	102	(19)	52 %	(637)%
Cash and restricted cash as of the beginning of the year	873	771	790	13 %	(2)%
Cash and restricted cash as of the end of the year	1,028	873	771	18 %	13 %

¹ This total includes the effect of exchange rate changes on cash, which is excluded from net cash provided by operating activities reported in the Consolidated Statements of Cash Flows on page 32 of the consolidated financial statements.

Net cash from (used in) operating activities is driven mainly by cash receipts from donors and self-financing participants, as described in the *Overview of Assets and Liabilities* section on page 20 of this report, and cash payments to implementing countries, procurement agents, partners and vendors for programmatic and administrative purposes.

Net cash (used in) from investing activities mainly relates to the investment of proceeds from donors and self-financing participants, as described in the *Overview of Assets and Liabilities* section on page 20 of this report, and bond issuances before those proceeds are used to fund Gavi programmes or redeem bonds.

Net cash from (used in) financing activities reflects the cash inflows from Vaccine Bond issuances and cash outflows from Vaccine Bond redemptions.

As of 31 December 2020, cash and restricted cash as of the end of the year in the table above included US\$ 11.6 million of cash related to Gavi's role as administrator of the Facility.

The Gavi Group's cash receipts from donors and IFFIm investors were as follows:

In Millions of US\$, except Percentages	2020	2019	2018	Change, 2019 to 2020	Change, 2018 to 2019
Sovereign governments and the European Community	1,151	1,280	1,138	(10)%	12 %
Gates Foundation and other private donors	313	331	350	(6)%	(5)%
IFFIm and other innovative finance mechanisms	833	385	107	116 %	261 %
Total cash receipts from donors and IFFIm investors	2,297	1,996	1,595	15 %	25 %

The Gavi Group's programme disbursements were as follows:

In Millions of US\$, except Percentages	2020	2019	2018	Change, 2019 to 2020	Change, 2018 to 2019
New and underused vaccines	1,120	1,328	1,025	(16)%	30 %
Health systems strengthening	412	409	318	1 %	30 %
Total programme disbursements	1,532	1,737	1,343	(12)%	29 %

CASH RESERVE AND LIQUIDITY POLICIES

Gavi and IFFIm have put in place certain policies in order to ensure that they maintain sufficient liquidity to meet their obligations to implementing countries, IFFIm investors and all other creditors. These policies are summarised below:

- **Gavi cash reserve policy:** At all times, Gavi maintains a minimum unrestricted cash and investment reserve equivalent to eight months of Gavi's expected annual expenditures.
- **Gavi programme funding policy:** As a prerequisite to Board approval or endorsement of any new programmes, Gavi designates an amount of Qualifying Resources sufficient to fully cover all its commitments for the period from the start of the current year through the next two calendar years. Qualified Resources are defined as the aggregate of Gavi cash and investments on hand, in excess of the cash and investment reserve policy, and expected future cash inflows for the next two years. Expected future cash flows are comprised of: (1) expected cash receipts from AMC donors and other direct Gavi donors, (2) expected funding from IFFIm, and (3) projected investment income.
- **IFFIm liquidity policy:** IFFIm maintains an adequate level of liquidity to meet its operational requirements, provide predictability of programme funding and support its credit rating. Taking these factors into account, IFFIm maintains a minimum balance of pooled investments equivalent to its cumulative contracted debt service payments for the next twelve months. This minimum balance is recalculated and reset on a quarterly basis.

GAVI FOREIGN CURRENCY AND HEDGING ACTIVITY

Gavi expenditures are primarily incurred in United States dollars. Therefore, Gavi is exposed to foreign currency exchange rate fluctuations on contributions receivable in currencies other than the United States dollar. In November 2011, the Board approved a currency hedging policy that specified parameters for currency hedging through which Gavi can manage this exposure. Under its hedging policy, Gavi actively hedges its foreign currency exchange risk on a portion of contributions receivable and future net cash inflows by entering into currency forward contracts. In addition, a small portion of Gavi's currency exchange risk is naturally hedged by expenses that Gavi incurs in currencies other than the United States dollar.

At its pledging conference in United Kingdom on 4 June 2020, Gavi valued pledges for direct contributions from donors using Bloomberg spot foreign currency exchange rates. Using these rates, the valuation of direct contributions pledged for the period 2021 to 2025 totalled US\$ 8.1 billion². The United States dollar has weakened since then, thereby increasing the United States dollar valuation³ of the direct contributions pledged in other currencies. The Secretariat estimated that, as of March 2021, the United States dollar value of the pledges for direct contributions had increased by US\$ 0.3 billion to a value of US\$ 8.4 billion, for the period 2021 to 2025. The amount of US\$ 8.4 billion is comprised of:

- US\$ 3.2 billion (38%) for amounts received or to be received in United States dollars;

² Includes pledges for direct contributions that were made at the United Kingdom conference.

³ The updated valuation of non-US\$ contributions uses Bloomberg forecast foreign currency rates as of March 2021.

- US\$ 2.6 billion (31%) for amounts in other currencies already received and exchanged for United States dollars, and amounts to be received that are hedged into United States dollars; and
- US\$ 2.6 billion (31%) for amounts in other currencies to be received that are not yet hedged and are valued using Bloomberg forecast rates. Gavi is exposed to exchange rate fluctuations on this amount.

The Covid-19 pandemic has caused a global financial crisis and introduced volatility and uncertainty on financial markets. As a result, Gavi applied currency hedging to provide certainty of funding and reduce the volatility in the US\$ value of future net cash inflows due to exchange rate fluctuations. As of March 2021, Gavi had hedged 80% of the non-US\$ direct contributions that it expects to receive in 2021 and 2022 and 30% of the non-US\$ direct contributions that it expects to receive in 2023 to 2025.

Gavi remains exposed to foreign currency fluctuations on a portion of its contributions receivable. The sensitivity analysis in the following table shows the impact that a 5% change in value of the United States dollar would have on the fair value of Gavi's contributions receivable as of 31 December 2020 and 2019:

In Millions of US\$	Illustrative Increase or Decrease in US\$ Value of Contributions Receivable for each 5% movement of exchange rate against US\$	
	2020	2019
Australian dollar	-	2
British pound	-	13
Canadian dollar	-	3
Danish krone	-	1
Euro	38	3
Norwegian krone	-	8

The impact in 2020 is minimal as new multi-year commitments made by direct donors at the third pledging conference in June 2020 has yet to be converted into grant agreements signed by donors.

IFFIm HEDGING ACTIVITY

The majority of IFFIm's contributions receivable and some of its bonds and other borrowings are denominated in currencies other than the United States dollar. Therefore, IFFIm is exposed to the risk of financial loss or unpredictable cash flows resulting from fluctuations in foreign exchange rates. Since almost all Gavi's programme expenses are incurred in United States dollars and predictability of funding is essential to Gavi's mission, IFFIm has entered into currency swap contracts with the World Bank to mitigate the aforementioned risks. Under these contracts, IFFIm has economically swapped foreign currency receipts from donors and payments to investors with United States dollar receipts from, and payments to, the World Bank.

In addition to the abovementioned foreign exchange risks, IFFIm is also exposed to potential adverse changes in the value of contributions receivable and bonds and other borrowings resulting from fluctuations in interest rates. In order to mitigate this risk, IFFIm has entered into interest rate swap contracts with the World Bank. Under these contracts, IFFIm has effectively swapped contributions receivable into dollar floating rate receivables from the World Bank and bonds and other borrowings into floating rate payables to the World Bank.

The following table shows IFFIm's fair value adjustments and interest expense, for the year ended 31 December 2020, before and after the impact of IFFIm's currency and interest rate swaps:

In Millions of US\$	Pledges	Bonds
<u>Interest and fair value adjustments before impact of swaps</u>		
Interest expense	-	(4)
Interest rate fair value losses	(6)	(16)
Foreign currency fair value gains (losses)	187	(18)
Other fair value gains	33	-
Total interest and fair value adjustments before impact of swaps	214	(38)
<u>Impact of currency and interest rate swaps</u>		
Interest expense	-	(1)
Interest rate fair value (losses) gains	(29)	9
Foreign currency fair value losses	(110)	(7)
Total impact of currency and interest rate swaps	(139)	1
Net interest and fair value adjustments after impact of swaps	75	(37)

RECENT EVENTS

ADVANCE PURCHASE AGREEMENTS

On 18 December 2020, Gavi announced the signing of an advance purchase agreement with AstraZeneca for 170 million doses of the AstraZeneca/Oxford COVID-19 vaccine candidate.

On 22 January 2021, an advance purchase agreement was signed with Pfizer for up to 40 million doses of the Pfizer-BioNTech vaccine candidate, which has already received WHO emergency use listing. Rollout will commence with the successful negotiation and execution of supply agreements.

On 3 May 2021, Gavi announced that it had signed an advance purchase agreement with Moderna for its mRNA vaccine against COVID-19. The agreement is for 500 million doses of the Moderna vaccine, secured on behalf of the Facility. Initial supply under the agreement is for Gavi COVAX AMC-eligible participants, with the potential to allocate and supply to self-financing participants in the future.

On 6 May 2021, Gavi announced that it had signed an advance purchase agreement with Novavax for its highly efficacious NVX-CoV2373 vaccine candidate against COVID-19. The agreement is for a commitment to purchase 350 million doses of the Novavax vaccine candidate, secured on behalf of the Facility. Supply of the vaccine is anticipated to commence in the third quarter of 2021, as soon as Novavax has secured the required regulatory approvals. Deliveries would then continue through the second half of 2021 and into 2022.

On 21 May 2021, Gavi announced that it had signed an advance purchase agreement with Johnson & Johnson for its single-dose vaccine against COVID-19. The agreement is for a commitment to purchase 200 million doses on behalf of the Facility, with the goal of being supplied to self-financing and Gavi COVAX AMC-eligible participants in 2021.

FIRST ROLLOUT OF COVID-19 VACCINES

On 23 February 2021, the Facility became operational as Gavi shipped the first batch of COVID-19 vaccine doses to Ghana. This marked the beginning of the global rollout of COVID-19 vaccines.

GAVI COVAX AMC INVESTMENT OPPORTUNITY

On 15 April 2021, the "One World Protected" Event, hosted by the United States and Gavi, launched a campaign to raise US\$ 2 billion of donor funding and US\$ 1 billion in cost sharing in addition to the US\$ 2.1 billion and US\$ 4.2 billion already pledged in 2020 and 2021, respectively, to further raise vaccination rates, further diversify vaccine portfolio and prepare to fight variants. In parallel, AMC-eligible economies need to mobilise domestic resources for additional doses and delivery, and fully harness support from the World Bank and other multilateral development banks ("MDB"). The additional funding from donors and countries with MDB support will enable the Gavi COVAX AMC to secure 1.8 billion doses of COVID-19 vaccines for 92 lower-income countries by the end of 2021.

IFFIm VACCINE BONDS

On 21 April 2021, IFFIm issued US\$ 750 million 5-year fixed rate Vaccine Bonds, which provides Gavi with immediately available funding to support routine immunisation in lower-income countries. The issuance also accelerates the availability of critical funding for the Gavi COVAX AMC. The transaction will mature on 21 April 2026, has a re-offer price of 99.704%, and carries a semi-annual coupon of 1%.

GAVI COVAX AMC SUMMIT

On 2 June 2021, the Gavi COVAX AMC Summit “One World Protected” virtual event, hosted by the Government of Japan and Gavi, raised US\$ 2.4 billion from nearly 40 donor governments, the private sector and foundations, exceeding the funding target and bringing the total pledged to the Gavi COVAX AMC to US\$ 9.6 billion to date. The funds raised will enable Gavi to secure 1.8 billion doses of COVID-19 vaccines for lower-income countries participating in the Facility.

FUTURE PLANS

MEETING FUTURE VACCINE DEMAND

Taking into account the available resources, the Secretariat forecasts that Gavi will have sufficient resources to fund all its programmatic commitments, as revised for the impact of COVID-19 pandemic on Gavi’s core mission and the response to the pandemic through the Facility.

Gavi-Core: The Secretariat regularly forecasts, reviews and manages Gavi’s cash flows to ensure that Gavi has sufficient Qualifying Resources and liquidity to meet all its future vaccine demand. See *Cash Reserve and Liquidity Policies* section on page 24 of this report for further information on Gavi’s Qualifying Resources and liquidity policies.

As of December 2020, the date of the last forecast approved by the Board, Gavi’s estimated Qualifying Resources for its 2021 to 2025 strategic period totalled US\$ 10.4 billion, while its total forecasted cash outflows for the same period were US\$ 10 billion. Therefore, Gavi had approximately US\$ 0.4 billion available for additional future mission-related investments. This surplus also provides increased assurance that Gavi will be able to meet future vaccine demand while still responding to significant unexpected future events and has allowed Gavi to provide additional support to countries in response to the COVID-19 pandemic.

COVAX Facility: Due to the rapidly changing nature of the COVID-19 pandemic, the Facility forecast for resources and expenditures required to meet future COVID-19 vaccine demand are, at the time of this report, revised and presented to the AFC more frequently than the Gavi-Core forecast. The Secretariat anticipates that the Facility forecast will continue to rapidly evolve, including the revisions necessary to reflect any future Board decisions on the strategy of the Facility after the initial objective of procuring and delivering 2 billion doses of COVID-19 vaccines is achieved. Any financial commitments made by Gavi in its capacity as administrator of the Facility are governed by the Board approved framework and the subsequent risk management mechanism agreed with the AFC.

PREPARATION OF THE ANNUAL FINANCIAL REPORT

RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Board and the Secretariat are responsible for the preparation of Gavi's consolidated financial statements and related information that is presented in this report. The consolidated financial statements have been prepared in conformity with US GAAP and also comply with Swiss Law and the Gavi Alliance Statutes. Gavi's consolidated financial statements include amounts based on estimates and judgments made by the Secretariat. The Company engaged Deloitte to audit and opine on Gavi's consolidated financial statements.

Gavi designs and maintains accounting and internal control systems to provide reasonable assurance at reasonable cost that assets are safeguarded against loss from unauthorised use or disposition, and that the financial records are reliable for preparing consolidated financial statements and maintaining accountability for assets. These systems are augmented by written policies, an organisational structure providing division of responsibilities, careful selection and training of qualified personnel, and a program of internal audits.

The Board, through its Audit and Finance Committee, meets periodically with the Secretariat, internal auditor, and Deloitte to ensure that each is meeting its responsibilities, and to discuss matters concerning internal controls and financial reporting. Deloitte and the internal auditor each have full and free access to the Audit and Finance Committee.

FORWARD-LOOKING INFORMATION

Certain information contained in this *Discussion and Analysis* constitutes forward-looking information. This forward-looking information relates to the future financial conditions and results of activities of Gavi. The information represents the Secretariat's current expectations and estimates about the business environments in which Gavi operates and the Secretariat's beliefs and assumptions regarding these environments. This forward-looking information is subject to important risks and uncertainties which are difficult to predict and assumptions which may prove to be inaccurate. The results or events predicted in the forward-looking information contained in this *Discussion and Analysis* may differ materially from actual results or events.

CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In Thousands of US\$	Note	As of 31 December 2020	As of 31 December 2019
<u>Assets</u>			
Cash		209,364	246,719
Receivables, prepaid expenses and other assets		401,093	61,845
Foreign currency forward contracts receivable	3	3,886	44,971
Investments	4	3,598,388	1,761,945
Pooled investments	4	478,455	427,925
Restricted cash	5	819,505	626,482
Contributions receivable	6	4,761,605	3,192,105
Receivable on COVAX Facility arrangements	7	220,375	-
Operating lease right-of-use asset	14	21,364	23,977
Total assets		10,514,035	6,385,969
<u>Liabilities and net assets</u>			
<u>Liabilities</u>			
Accounts payable and other liabilities	8	446,104	172,475
Programme grants payable	9	117,860	246,809
Procurement accounts payable	5	815,498	626,482
Net payable for currency and interest rate swaps	3	407,225	519,271
Foreign currency forward contracts payable	3	135,526	1,101
Payable on COVAX Facility arrangements	7	1,851,030	-
Operating lease obligations	14	24,821	26,174
Bonds and other borrowings	10	916,328	509,801
Total liabilities		4,714,392	2,102,113
<u>Net assets</u>			
Without donor restrictions		939,361	1,151,512
With donor restrictions	11	4,860,282	3,132,344
Total net assets		5,799,643	4,283,856
Total liabilities and net assets		10,514,035	6,385,969

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF ACTIVITIES

In Thousands of US\$	Note	Year Ended 31 December 2020	Year Ended 31 December 2019
<u>Changes in net assets without donor restrictions</u>			
<u>Revenue</u>			
Contributions from government and private donors		398,940	350,702
Net investment income	12	129,384	161,011
Net fair value gains on derivatives	13	-	8,768
Other revenue		1,040	1,055
Release of net assets		1,628,982	1,534,731
Total revenue		2,158,346	2,056,267
<u>Expenses</u>			
Programme		2,062,044	1,011,214
Management and general		25,775	25,304
Net financing expenses	16	38,151	32,306
Fundraising		19,592	20,905
Net fair value losses on derivatives	13	235,868	-
Foreign currency transaction adjustment		(10,933)	10,970
Total expenses		2,370,497	1,100,699
Change in net assets without donor restrictions		(212,151)	955,568
<u>Changes in net assets with donor restrictions</u>			
Contributions from government and private donors		3,169,449	269,284
Net fair value gains on contributions receivable		36,667	85,974
Foreign currency transaction adjustment on contributions receivable		150,804	49,691
Provision for doubtful accounts		-	(65)
Release of net assets		(1,628,982)	(1,534,731)
Change in net assets with donor restrictions		1,727,938	(1,129,847)
<u>Net assets as of the beginning of the year</u>			
Without donor restrictions		1,151,512	195,944
With donor restrictions		3,132,344	4,262,191
Total net assets as of the beginning of the year		4,283,856	4,458,135
<u>Net assets as of the end of the year</u>			
Without donor restrictions		939,361	1,151,512
With donor restrictions	11	4,860,282	3,132,344
Net assets as of the end of the year		5,799,643	4,283,856

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In Thousands of US\$	Note	Year Ended 31 December 2020	Year Ended 31 December 2019
<u>Net cash flows from operating activities</u>			
<u>Change in net assets</u>		1,515,787	(174,279)
<u>Adjustments to reconcile change in net assets to net cash from operating activities:</u>			
Realised and unrealised foreign currency transaction adjustment		(158,647)	(49,388)
Increase in fair value of bonds and other borrowings		32,769	8,383
Increase in fair value of contributions receivable		(32,411)	(85,974)
Net gains from swaps related to bonds and other borrowings		(1,172)	(8,730)
Provision for doubtful accounts		-	65
Amortisation of operating lease right-of-use asset		2,613	2,549
Depreciation expense		698	1,294
Investment fees		2,104	2,761
Realised and unrealised gains on investments and pooled investments		(113,664)	(112,141)
<u>Changes in assets and liabilities:</u>			
Increase in receivables, prepaid expenses and other assets		(339,648)	(24,620)
Decrease in foreign currency forward contracts receivable		41,085	39,322
(Increase) decrease in contributions receivable		(1,386,150)	1,273,108
Increase in receivable on COVAX Facility arrangements		(220,375)	-
(Decrease) increase in accounts payable and other liabilities		(26,371)	79,428
Decrease in programme grants payable		(128,949)	(1,165,836)
Increase in procurement accounts payable		189,016	65,722
Increase in payable on COVAX Facility arrangements		1,851,030	-
Decrease in operating lease obligation		(1,353)	(2,554)
Increase (decrease) in currency and interest rate swaps payable related to contributions receivable		111,733	(5,699)
Increase (decrease) in foreign currency forward contracts payable		134,426	(820)
<u>Net cash provided by (used in) operating activities</u>		<u>1,472,521</u>	<u>(157,409)</u>
<u>Cash flows from investing activities</u>			
Purchase of fixed assets		(298)	(45)
Payment for re-coupons of derivative financial instruments		(200,000)	-
Purchase of investments and pooled investments		(7,052,274)	(4,152,384)
Sales of investments and pooled investments		5,276,861	4,789,930
<u>Net cash (used in) provided by investing activities</u>		<u>(1,975,711)</u>	<u>637,501</u>
<u>Cash flows from financing activities</u>			
Net (payments) proceeds upon settlement of swaps related to bonds and other borrowings		(22,607)	6,946
Proceeds from issuance of bonds and other borrowings		698,768	115,080
Redemption of bonds and other borrowings		(325,010)	(500,000)
Proceeds from procurement prepayment funding received		300,000	-
<u>Net cash provided by (used in) financing activities</u>		<u>651,151</u>	<u>(377,974)</u>
Effect of exchange rate changes on cash		7,707	(34)
<u>Net change in cash</u>		<u>155,668</u>	<u>102,084</u>
Cash and restricted cash as of the beginning of the year		873,201	771,117
Cash and restricted cash as of the end of the year	20	1,028,869	873,201
<u>Supplemental disclosures</u>			
Cash paid for interest		4,822	23,484
Non-cash investing and financing activity:			
Operating lease right-of-use asset		-	26,526
Operating lease obligation		-	28,460

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended 31 December 2020, in Thousands of US\$	Programme Expenses	Manage- ment and General Expenses	Financing Expenses	Fundraising Expenses	Total Expenses
Direct programme expenses	1,789,942	-	-	-	1,789,942
Programme implementation	217,013	-	-	-	217,013
Total programme expenses	2,006,955	-	-	-	2,006,955
Payroll and benefits	33,692	14,654	-	9,515	57,861
Training and recruitment	-	772	-	-	772
Professional fees	13,825	7,356	-	7,161	28,342
Media production and distribution	71	15	-	375	461
Events and meetings	321	259	-	581	1,161
Travel and representation	520	140	-	190	850
Facility and office costs	4,706	1,927	-	1,259	7,892
Supplies and minor equipment	1,954	652	-	511	3,117
Other borrowing income	-	-	34,010	-	34,010
Interest expense	-	-	4,141	-	4,141
Other operating expenses	55,089	25,775	38,151	19,592	138,607
Total functional expenses	2,062,044	25,775	38,151	19,592	2,145,562

Year Ended 31 December 2019, in Thousands of US\$	Programme Expenses	Manage- ment and General Expenses	Financing Expenses	Fundraising Expenses	Total Expenses
Direct programme expenses	794,869	-	-	-	794,869
Programme implementation	160,756	-	-	-	160,756
Total programme expenses	955,625	-	-	-	955,625
Payroll and benefits	31,780	12,104	-	9,493	53,377
Training and recruitment	-	1,298	-	-	1,298
Professional fees	11,707	6,853	-	7,335	25,895
Media production and distribution	213	20	-	296	529
Events and meetings	1,112	1,489	-	684	3,285
Travel and representation	3,772	646	-	1,005	5,423
Facility and office costs	5,070	2,116	-	1,540	8,726
Supplies and minor equipment	1,935	778	-	552	3,265
Other borrowing expense	-	-	11,362	-	11,362
Interest expense	-	-	20,944	-	20,944
Other operating expenses	55,589	25,304	32,306	20,905	134,104
Total functional expenses	1,011,214	25,304	32,306	20,905	1,089,729

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 NATURE OF OPERATIONS AND AFFILIATIONS

These consolidated financial statements include the accounts of the following entities: (1) the Gavi Alliance (“Gavi”) and (2) the International Finance Facility for Immunisation Company (“IFFIm”). For the purposes of these consolidated financial statements, Gavi and IFFIm are collectively referred to as the Gavi Group. IFFIm’s accounts include the accounts of IFFIm Sukuk Company II Limited, up to its date of dissolution as described below, and IFFIm Sukuk Company III Limited, all Cayman Islands companies with limited liability, which were established for the sole purpose of issuing Sukuk certificates in support of IFFIm’s operations. Each of the entities included in these consolidated financial statements is described below:

The Gavi Alliance: Gavi was formerly known as the Global Alliance for Vaccines and Immunisation. It was created in 2000 to respond to and combat declining immunisation rates in implementing countries. Gavi was initially created as a non-judicial association of public and private sector organisations, institutions and governments, including the Bill & Melinda Gates Foundation (the “Gates Foundation”), the United Nations Children’s Fund (“UNICEF”), the International Bank for Reconstruction and Development (the “World Bank”), the World Health Organisation (the “WHO”), implementing country governments, grantor country governments, vaccine manufacturers, civil society organisations and research and technical health institutes. Gavi is registered as an international organisation in Switzerland, with privileges and immunities similar to those accorded to other international intergovernmental organisations.

The International Finance Facility for Immunisation Company: IFFIm was incorporated in June 2006 as a private company limited by guarantee under the United Kingdom Companies Act 1985, with the company registration number 5857343. It is also registered as a charity with the Charity Commission for England and Wales, with the charity registration number 1115413. IFFIm is a multilateral development institution that raises funds by issuing bonds in the international capital markets. It then disburses the funds to Gavi which uses the funds for its vaccine procurement, immunisation, health systems strengthening (“HSS”), vaccine research and development programmes, and procurement and delivery of COVID-19 vaccines. Gavi is the sole member of IFFIm. Gavi has control of IFFIm and also has ongoing economic interests in the net assets of IFFIm through contracts and affiliation agreements.

IFFIm Sukuk Company II Limited (“IFFImSC II”): IFFImSC II was a Cayman Islands company with limited liability, incorporated on 25 August 2015 under the Companies Law (2013 Revision) of the Cayman Islands with the company registration number 303397. IFFIm had control over IFFImSC II, which was established for the sole purpose of issuing Sukuk certificates in support of IFFIm’s operations. IFFIm SC II was dissolved on 4 July 2019.

IFFIm Sukuk Company III Limited (“IFFImSC III”): IFFImSC III is a Cayman Islands company with limited liability, which was incorporated on 5 March 2019 under the Companies Law (2013 Revision) of the Cayman Islands with the company registration number 348825. IFFIm has control over IFFImSC III, which was established for the sole purpose of issuing Sukuk certificates in support of IFFIm’s operations.

In April 2020, Gavi, WHO, and the Coalition for Epidemic Preparedness Innovations (“CEPI”), working together with multinational and developing country vaccine manufacturers, launched the COVAX Facility (the “Facility”) as a global risk-sharing mechanism for pooled procurement and equitable distribution of eventual COVID-19 vaccines. In July 2020, the Gavi Board formally approved Gavi as the legal entity to administer the Facility and Gavi established, within the Secretariat, The Office of the COVAX Facility during the year to execute its responsibilities as administrator. Gavi maintains separate contracts, bank accounts and money market funds, general ledger accounts, where necessary, and expense coding for the Facility to keep track of the transactions and activities. The Facility is not a separate legal entity.

The principal role of the Facility is to help end the acute phase of the pandemic by enabling equitable access to life-saving COVID-19 vaccine. The Facility has set a target to procure and distribute at least 2 billion doses of COVID-19 vaccines to participants by the end of 2021. By joining the Facility, participating countries and economies will not only get access to a diverse portfolio of COVID-19 vaccines, but also an actively managed portfolio. The Facility continually monitors the COVID-19 vaccine landscape to identify the most suitable vaccine candidates, based on scientific merit and scalability, and works with manufacturers to incentivise them to expand their production capacity in advance of vaccines receiving regulatory approval.

The Facility has global participation of 185 economies (representing over 90% of the world’s population), consisting of 93 Self-Financing Participants (“SFPs”) and 92 Gavi COVAX AMC-eligible economies (“AMC92”). SFPs can choose a committed purchase arrangement, committing participants to purchase allocations of approved vaccines from the Facility, or an optional purchase arrangement, giving them the possibility to opt-out, either before Gavi enters into an agreement with a manufacturer (“window 1”) or later when Gavi provides purchase options for vaccines which have been allocated to the participant (“window 2”).

With funding through the SFPs and through donations to the Gavi COVAX AMC, the Facility is reserving doses with manufacturers to build an actively managed portfolio of vaccine candidates based upon diverse

technologies and geographies to maximise the chance of a successful outcome and accelerate access with up to 2 billion doses by the end of 2021. This shapes the vaccine market to expand supply and achieve economies of scale through aggregating demand and increasing availability simultaneously in lower-income and higher-income countries.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("US GAAP").

Basis of Consolidation: The accompanying consolidated financial statements include the accounts of Gavi, IFFIm, and IFFIm SC III. All intercompany balances and transactions have been eliminated on consolidation.

Adoption of New Accounting Pronouncement: In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements on fair value measurements in Topic 820 *Fair Value Measurement*. It eliminates the disclosure requirements on (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements, and (4) the changes in unrealised gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. It also amends the disclosure requirements to include (1) transfers in and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities in lieu of a Level 3 rollforward, (2) timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse for investments in entities that calculate a net asset value only if the investee has communicated the timing to the entity or announced the timing publicly, and (3) information about the uncertainty in measurement as of the reporting date. The adoption of ASU 2018-13 did not result in a significant change in the consolidated financial statements. The existing fair value measurement disclosures shown in Note 2 *Significant Accounting Policies: Fair Values of Financial Instruments* section on page 37 and Note 19 of the consolidated financial statements are in compliance with ASU 2018-13.

Cash and Cash Equivalents: The Gavi Group reports all demand deposits as cash. At times, the balances in bank accounts held in Switzerland, the United Kingdom of Great Britain and Northern Ireland ("the United Kingdom"), and the United States may exceed the respective deposit insurance limits. The Gavi Group has, however, not experienced any losses in these accounts and manages the risk in accordance with its cash investment policy. Gavi does not believe it is exposed to any significant credit risk related to the accounts. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less. The Gavi Group reports all cash equivalents, which includes time deposits, fiduciary deposits, and money market funds, as investments.

Net Contributions Receivable: The Gavi Group's net contributions receivable comprise unconditional promises to give from donors. The Gavi Group records each unconditional promise to give at fair value on the date the recognition criteria are met. A conditional promise to give is considered unconditional if the barriers or conditions are met. The techniques applied in determining the fair values of promises to give are described in the *Fair Values of Financial Instruments* section below.

Due to the nature of promises to give, changes in market and credit risk, vaccine demand and the economic environment may significantly impact the inputs used in the model and, consequently, the fair values of the contributions receivable. Although a secondary market may not exist for these transactions, it is reasonably possible that if Gavi were to sell these receivables in a secondary market a buyer may require a discount to the reported fair value, and the discount could be significant.

Changes in the fair values of contributions receivable, excluding fair value changes related to changes in currency exchange rates, are recognised in the Consolidated Statements of Activities in the period of change and included in net fair value gains and losses on contributions receivable in the Consolidated Statements of Activities.

An allowance for doubtful accounts is provided for those receivables which are considered to be uncollectible based on historical experience and management's evaluation of the likelihood of payment. Accounts are written off after all reasonable collection efforts have been exhausted.

Contributions receivable pledged in currencies other than the United States dollar are converted to United States dollars using the spot currency exchange rates as of year-end. Fair value changes related to changes in currency exchange rates are reported in the Consolidated Statements of Activities as foreign currency transaction adjustment.

Receivable on COVAX Facility arrangements: These are the contractual amount of down payment/upfront payment due from self-financing participants, which are due and irrevocable when the participants join the Facility.

Investments: Gavi and IFFIm manage and record their investments in different ways as follows:

- Investments held by Gavi: These investments are governed by Gavi's investment policies and managed by external investment managers. The investments are recorded at fair value. Investment sales and purchases are recorded on a trade-date basis, which results in both investment receivables and payables on unsettled investment trades on individually held securities. Money market accounts managed by external advisors, with original maturities of three months or less, are reported in the Consolidated Statements of Financial Position as investments.
- Investments held by IFFIm: These investments are managed on a pooled basis by the World Bank, which maintains a single, commingled investment portfolio (the "Pool") for all of the trust funds it administers. The World Bank commingles IFFIm's assets with other trust fund assets it administers. The amounts recorded in the Gavi Group's Consolidated Statements of Financial Position represent the Gavi Group's allocated share of the Pool's fair value at year-end. The fair value is based on market quotations, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The carrying amount of cash included in the Pool approximates its fair value.

The Gavi Group records investments at fair value. The techniques applied in determining the fair values of investments are described in the *Fair Values of Financial Instruments* section below.

Gains and losses on investments as well as interest and dividend income are reported as net investment income in the Consolidated Statements of Activities.

Fixed Assets: Furniture, equipment, computer software, and leasehold improvements that were purchased by the Gavi Group are stated at cost. Depreciation for furniture and equipment is calculated using the straight-line method over their estimated useful lives of three to five years. Depreciation for leasehold improvements is calculated using the straight-line method over the shorter of the asset's useful life or the term of the lease. Fixed assets (net of accumulated depreciation of US\$ 8.1 million and US\$ 7.9 million in 2020 and 2019, respectively) of US\$ 1.9 million and US\$ 2.4 million are included in receivables, prepaid expenses and other assets in the Consolidated Statements of Financial Position as of 31 December 2020 and 2019, respectively.

Bonds and Other Borrowings: Bonds and other borrowings are recognised at fair value. The techniques applied in determining the fair values of bonds and other borrowings are described in the *Fair Values of Financial Instruments* section below.

Changes in the fair values of bonds and other borrowings are recognised in net assets without donor restrictions in the period of change and are included in net financing expenses in the Consolidated Statements of Activities. Bonds and other borrowings issuance costs, mark-to-market costs, and discounts are recognised in the period incurred and are also included in net financing expenses in the Consolidated Statements of Activities.

Derivative Financial Instruments: IFFIm uses currency and interest rate swaps and Gavi uses foreign currency forward contracts to manage the foreign exchange risk on its foreign currency assets and liabilities and future net cash inflows (usually for up to five years forward). These derivatives are recognised at fair value in the Consolidated Statements of Financial Position. The currency and interest rate swaps are shown net, as they are the subject of a master netting agreement, while the foreign currency forward contracts are shown gross. The techniques applied in determining the fair values of derivative financial instruments are described in the *Fair Values of Financial Instruments* section below.

Changes in the fair values of derivatives including fair value changes related to changes in currency exchange rates are recognised in the Consolidated Statements of Activities in the period of change and included in net fair value gains and losses on derivatives in the Consolidated Statements of Activities.

IFFIm and Gavi have elected not to apply hedge accounting. Therefore, fair value changes on derivative financial instruments are not offset against related fair value changes on the contributions receivable, and bonds and other borrowings that are economically hedged by those derivative financial instruments.

IFFIm has both: (1) a master netting agreement with the World Bank that legally provides for net settlement of receivables and payables on IFFIm's currency and interest rate swaps, and (2) the intention to settle such receivables and payables on a net basis. As such, IFFIm offsets derivative assets against derivative liabilities and presents the net amounts in the Consolidated Statements of Financial Position.

Net Programme Grants Payable: Net programme grants payable are recognised at fair value. The techniques applied in determining the fair values of programme grants payable are described in the *Fair Values of Financial Instruments* section below.

Payments to programme implementing partners or procurement agents in advance of any service delivery are accounted for as prepayments for procurement and are included in receivables, prepaid expenses and other assets in the Consolidated Statements of Financial Position.

Procurement Accounts Payable: Procurement accounts payable are recognised at fair value. The techniques applied in determining the fair values of procurement accounts payable are described in the *Fair Values of Financial Instruments* below.

Payable on COVAX Facility arrangements: These are the advances from self-financing participants held by Gavi for future procurement of vaccines.

Leases: Gavi is a lessee in several non-cancelable operating leases, for office space, computers and other office equipment. Gavi determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Gavi recognises a lease liability and a right-of-use asset at the commencement date of the lease. The lease liability is initially and subsequently recognised based on the present value of its future lease payments using risk-free discounted rate at commencement date for all leases. The right-of-use asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortised initial direct costs, plus any prepaid lease payments, less the unamortised balance of lease incentives received, and any impairment recognised. Lease cost for lease payments is recognised on a straight-line basis over the lease term.

Gavi has elected, for all underlying classes of assets, to not recognise the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement, and do not include an option to purchase the underlying asset that Gavi is reasonably certain to exercise. Gavi recognises lease cost associated with short-term leases on a straight-line basis over the lease term.

Gavi made an accounting policy election by class of underlying asset, for computers and other office equipment, to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

Fair Values of Financial Instruments: US GAAP establishes a framework for measuring fair value and prescribes disclosures about fair value measurements. It emphasises that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participants' assumptions in fair value measurements, US GAAP establishes a fair value hierarchy based upon the observability of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

The Gavi Group has elected to report its contributions receivable, programme grants payable, procurement accounts payable and bonds and other borrowings at fair value, with changes in fair value reported in the Consolidated Statements of Activities. With respect to IFFIm's contributions receivable and bonds and other borrowings, this election was made to better align the carrying values of these contributions receivable and bonds and other borrowings with the carrying values of currency and interest rate swap contracts that economically hedge them. With respect to programme grants payable, procurement accounts payable and non-IFFIm contributions receivable, this election was made to ensure consistent accounting treatment across Gavi and IFFIm. The Gavi Group recognises all new contributions receivable, programme grants payable, procurement accounts payable and bonds and other borrowings at fair value as these assets and liabilities are acquired or incurred.

US GAAP establishes a three-level fair value hierarchy under which financial assets and financial liabilities are categorised based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities, the next-highest priority to observable market-based inputs or inputs that are corroborated by market data and the lowest priority to unobservable inputs that are not corroborated by market data. US GAAP requires that the valuation techniques used to measure fair value maximise the use of observable inputs and minimise the use of unobservable inputs.

The Gavi Group's financial assets and financial liabilities recorded at fair value are categorised based on the inputs to the valuation techniques as follows:

- Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Financial assets and liabilities whose values are based on either: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in non-active markets, or (3) pricing models for which all significant inputs are observable, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorised is based on the lowest-level input that is significant to the fair value measurement of the asset or liability in its entirety.

Investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient are not categorised in the fair value hierarchy and are disclosed separately, as shown in Note 19 to the consolidated financial statements for the years ended 31 December 2020 and 2019.

The techniques applied in determining the fair values of assets and liabilities are summarised below:

- Cash: The carrying amount of the Gavi Group's cash approximates its fair value.
- Investments Managed by Gavi: The fair values of investments are calculated based on either quoted market prices per share, observable data such as ongoing redemption and subscription activity, or net asset values per share provided by Gavi's investment managers.
- Pooled Investments Managed by the World Bank: Pooled Investments managed by the World Bank are included in the Consolidated Statements of Financial Position. The World Bank maintains the Pool for IFFIm, certain trust funds and other entities administered by the World Bank, as well as assets held in trust for other World Bank Group institutions. The Pool's assets are maintained separate from the funds of the World Bank Group. The Pool is divided into sub-portfolios to which allocations were made based on funding specific investment horizons, risk tolerances and other eligibility requirements set by the World Bank.

IFFIm's share of the Pool is not traded in any market. However, the Pool is a trading portfolio that is reported at fair value. IFFIm's shares in the Pool represent its allocated share of the Pool's fair value at the end of the reporting period. If an active market exists, the market or quoted price is applied. If an active market does not exist, generally accepted valuation techniques, based on observable market data as of the reporting date, are used instead. The carrying amount of cash included in the Pool approximates its fair value.

Under an investment strategy approved by the IFFIm board, IFFIm is invested in high-grade fixed-income instruments with interest rate sensitivity matching that of the liabilities funding its investment portfolio. For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally generated or vendor-supplied, including the standard discounted cash flow method using market observable inputs, such as yield curves, credit spreads and prepayment speeds. Unless quoted prices are available, money market instruments are reported at face value, which approximates fair value.

- Contributions Receivable from IFFIm Donors: The Gavi Group's contributions receivable include pledges to IFFIm from the following ten sovereign government donors: (1) the Commonwealth of Australia, (2) the Republic of France, (3) the Republic of Italy, (4) the Kingdom of Norway, (5) the State of the Netherlands, (6) the Republic of South Africa, (7) the Kingdom of Spain, (8) the Kingdom of Sweden, (9) the United Kingdom, and (10) Federative Republic of Brazil (together the "IFFIm Donors"). These pledges are legally binding payment obligations to IFFIm. The pledges are irrevocable and are payable by the IFFIm Donors in several instalments in accordance with predetermined fixed paymentschedules over time.

The total amount paid by the IFFIm Donors is impacted by a grant payment condition ("GPC") that allows the donors to reduce their payment amounts. The GPC allows the IFFIm Donors to reduce their payments in the event that one or more eligible recipient countries, as defined by the transactional documents, enter into protracted arrears on their obligations to the International Monetary Fund ("IMF"). Each recipient country has been ascribed a weight within a reference portfolio, which represents the IMF's estimate of how likely the country will be to enter into protracted arrears. These weights remain static for the life of IFFIm, and are 0.5%, 1%, 3%, or 5%. The amounts are aggregated, and the IFFIm Donors reduce the amounts they pay by the aggregate percentage weights of countries that are in protracted arrears to the IMF. When countries clear their arrears to the IMF, future amounts payable by the IFFIm Donors are increased by the respective weights of those clearing countries. The final determination of each IFFIm Donor payment amount, as measured by the World Bank, is made 25 business days prior to the due date of the payment.

The reference portfolio as of 31 December 2020 and 2019 was as follows:

Country	Country Weighting	Total Share
South Sudan, Sudan	0.5%	1%
Afghanistan, Angola, Armenia, Azerbaijan, Benin, Bhutan, Bolivia, Burkina, Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Djibouti, Eritrea, The Gambia, Georgia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Kenya, Kiribati, Kyrgyzstan, Lao PDR, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Moldova, Mongolia, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Papua New Guinea, Rwanda, Sao Tome & Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sri Lanka, Tajikistan, Tanzania, Timor-Leste, Togo, Uganda, Ukraine, Uzbekistan, Yemen Republic, Zambia, Zimbabwe	1%	61%
Vietnam	3%	3%
Bangladesh, Democratic Republic of Congo, Ethiopia, India, Indonesia, Nigeria, Pakistan	5%	35%

The fair values of contributions receivable from the IFFIm Donors are estimated using a discounted cash flow method. Each expected future cash flow is reduced by an estimated reduction amount due to the GPC. The GPC reduction amounts are calculated using a probabilistic model that estimates the likelihood and duration that any recipient member country might fall into arrears with the IMF. The probabilistic model uses inputs that are both unobservable and significant to the overall fair value of the contributions receivable. This model yielded reductions in expected future cash flows of 8.7% and 8.6% as of 31 December 2020 and 2019, respectively.

The reduced expected future cash flows are then discounted to present value using observable donor-specific risk-adjusted interest rates. Each IFFIm Donor's promise to give is discounted using the donor's sovereign government borrowing rate, which considers both market risk and the donor's credit risk.

The fair values of future cash flows from IFFIm Donors were US\$ 3.3 billion and US\$ 2.1 billion as of 31 December 2020 and 2019, respectively. These fair values were estimated using observable donor-specific risk adjusted annual discount rates ranging from 0% to 6.4% for 2020, and from 0.0% to 6.2% for 2019.

- **Contributions Receivable from PCV AMC Donors:** Advance Market Commitments (each an "AMC") are designed to stimulate the development and manufacture of vaccines specifically for implementing countries. Under AMC arrangements, donors pledge funds to guarantee the price of vaccines once they have been developed, thus creating the potential for a viable future market.

In June 2009, the following sovereign government donors, government agencies and private donors: (1) the Canadian International Development Agency ("CIDA"), (2) the Republic of Italy, (3) the Kingdom of Norway, (4) the Russian Federation, (5) the United Kingdom, and (6) the Gates Foundation (together the "PCV AMC Donors"), along with the World Bank, UNICEF and the WHO, launched the AMC pilot project against pneumococcal disease ("PCV AMC"). Pursuant to the launch of this PCV AMC, the PCV AMC Donors entered into grant agreements of which Gavi is the beneficiary. The PCV AMC Donor pledges made in these grant agreements are legally binding and guaranteed by the World Bank. They are irrevocable and are payable by the PCV AMC Donors over the expected life of the AMC.

The fair values of contributions receivable from PCV AMC Donors are estimated using a discounted cash flow method. The timing and amounts of payment by PCVAMC Donors are dictated by terms included in the various agreements entered into among Gavi, the World Bank and the PCVAMC Donors that govern the operation of the pneumococcal AMC (the "AMC Governing Documents"). Therefore, these terms are taken into account when estimating future cash flows.

The AMC Governing Documents terms that most significantly impact the timing and amounts of future cash flows are summarised below:

- Gavi and the PCV AMC Donors both contribute to the purchase of each pneumococcal vaccine dose. PCV AMC Donor funds are not available to Gavi if it does not, or cannot, fund its portion of the purchases at the time that the funding is required.
- The aggregate amount funded by PCV AMC Donors is limited to the total vaccine demand over the expected life of the AMC. This vaccine demand is estimated through strategic demand forecasts that are compiled and published semi-annually by Gavi.
- Payments by the Gates Foundation, the Republic of Italy and the Russian Federation are made in accordance with fixed payment schedules included in the AMC Governing Documents. Payments by

CIDA, the Kingdom of Norway and the United Kingdom are made only when Gavi submits funding requests. These funding requests are based on projected future vaccine demand.

Each PCV AMC Donor's promise to give is discounted using rates determined by either adjusting the supranational yield curve to reflect increased risk, if any, or identifying securities with similar risk profiles and using the yield curves for those securities.

The fair value of future cash flows from PCV AMC Donors was US\$ 258 million as of 31 December 2019. This fair value was estimated using observable annual discount rate of 1.9%.

As of 31 December 2020, the PCV AMC mechanism ended and the fair value of future cash flows from PCV AMC Donors was US\$ 187.5 million. US\$ 177.5 million in unused funding from PCV AMC Donors - the Republic of Italy, the United Kingdom, Canada, the Kingdom of Norway, and the Gates Foundation - is available for Gavi COVAX AMC and US\$ 10 million in unused funding from Russia is available for use in the 2021 to 2025 strategic period as part of Gavi's core funding.

- **Other Contributions Receivable:** Contributions receivable other than those from IFFIm Donors or PCV AMC Donors are estimated using a discounted cash flow method. The fair values of future cash flows as of 31 December 2020 and 2019 were US\$ 1.3 billion and US\$ 856 million, respectively. This fair value was estimated using observable donor-specific risk adjusted annual discount rates ranging from 0.03% to 3.0% for 2020, and from 0.7% to 5.5% for 2019.
- **Programme Grants Payable:** The fair value of each country programme grant payable is the estimated cost of the vaccine and supplies to be procured plus shipping, or the actual cash value to be paid to the country.

The fair values of grants payable to programme implementing partners are estimated using a discounted cash flow method. Future cash flows are discounted using inputs from the United States treasury bonds and notes Bloomberg Fair Values ("BFV") yield curve.

- **Procurement Accounts Payable:** The fair value of each procurement accounts payable is the estimated cost of the vaccine and supplies to be procured plus shipping, or the actual cash value to be paid to the country.
- **Bonds and Other Borrowings:** The fair value of IFFIm's bonds and other borrowings is determined using a discounted cash flow method, which relies on market observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.
- **Derivatives:** The fair values of derivatives are estimated using a discounted cash flow method. All model inputs are based on readily observable market parameters such as yield curves, foreign exchange rates, and credit spreads. A credit valuation adjustment and a debit valuation adjustment are included in the valuation of derivatives to account for counterparty credit risk and IFFIm's own credit risk, respectively.

Income Taxes: The Gavi Group is exempt from income taxes in each of the jurisdictions in which it has operations. US GAAP requires that financial statements reflect the expected future tax consequences of uncertain tax positions that an entity has taken or expects to take on a tax return, presuming the tax authorities' full knowledge of the position and all relevant facts. US GAAP also requires that an entity recognise the benefit of tax positions when it is more likely than not that the provision will be sustainable based on the merits of the position. The Gavi Group performed an evaluation of uncertain tax positions for the years ended 31 December 2020 and 2019 and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of 31 December 2020, the statutes of limitations for tax years 2017 through 2019 remain open with the United States Federal jurisdiction or the various states and local jurisdictions in which the Gavi Group files tax returns. It is the Gavi Group's policy to recognise interest or penalties related to uncertain tax positions, if any, in income tax expense. As of 31 December 2020 and 2019, the Gavi Group had no accrued interest or penalties.

Contingencies: The Gavi Group's programmes include investment cases. An investment case is a proposal that is prepared jointly by Gavi and one or more partners to fund a special vaccine related programme, such as rapid response to outbreaks through stockpiling vaccines or prevention campaigns. Due to uncertainty around when or where outbreaks will occur and how much Gavi will be required to fund, it is difficult to estimate the costs involved with such programmes. Therefore, such costs are recorded at the time they are incurred, and there will be future costs associated with investment case programmes.

Foreign Currency Transactions: These consolidated financial statements are presented in United States dollars, which is the reporting currency of the Gavi Group. The assets and liabilities held in foreign currency are converted to United States dollars at the prevailing average interbank exchange rate as of 31 December 2020 and 2019. Foreign currency transactions are translated at the prevailing average interbank exchange rates on the date of the transaction. The resulting foreign exchange gains and losses are recognised in the Consolidated Statements of Activities.

Classification of Net Assets: Net assets are reported as follows:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions: Net assets subject to donor-imposed stipulations that are expected to be met by actions of the Gavi Group, the passage of time, or both.

Revenue Recognition: Contributions are reported as revenue in the year in which payments are received, unconditional promises are made or barriers on conditional promises are met. Gavi reports gifts of cash and other assets as donor-restricted support if they are received with donor stipulations that limit the use of the contributed assets for specific purposes or use in future years. When a donor restriction expires, that is when the time or purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Revenue from cost-reimbursable contracts and grants is recognised as the related costs are incurred, or as the related activities occur and any conditions stipulated in the grant agreements are met, on the basis of direct costs, plus allowable indirect costs.

Contributed goods and services are included in contributions in the Consolidated Statements of Activities at their estimated fair value at the date of their receipt. Gavi received US\$ 1.3 million and US\$ 1.2 million in contributed services for the years ended 31 December 2020 and 2019, respectively.

Expenses: The Gavi Group records expenses in the periods to which the transactions, events and circumstances relate.

The Gavi Group's major classes of programmes are New and Underused Vaccine Support ("NVS") programmes, HSS programmes and Investment Cases. NVS programmes provide funding to Gavi supported implementing countries for the introduction of vaccines and associated vaccine technology. HSS programme funding is used to achieve and sustain increased immunisation coverage, through strengthening the capacity of countries' systems to provide immunisation and other health services. The Gavi Group records these programme expenses in the periods to which the grants are approved and barriers or conditions are met. Investment Cases, which includes research and development of new vaccines, are one-time tactical investments in disease prevention and control. These investments are made through Gavi Group partners such as the UNICEF and WHO.

Allocation of Functional Expenses: The Gavi Group's expenses are summarised by their functional classification in the Consolidated Statements of Activities. Certain costs have been allocated among the respective functional classes of expenses, on the basis of time and effort of full-time employees, as shown in the Consolidated Statements of Functional Expenses.

Use of Estimates and Judgements: The preparation of the consolidated financial statements, in conformity with US GAAP, requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements include the commitment agreements between self-financing participants and Gavi under the Facility. Gavi acts as an agent in these commitment agreements based on the following factors: (1) Gavi does not have control over the vaccines or have inventory risk before the vaccines are transferred to the participants; (2) Gavi does not have control over the pricing of the actual procurement price of the vaccines; (3) the vaccines purchase are directly between the manufacturer and the self-financing participants or their procurement agent; and (4) the agreements are constructed to eliminate any risks to Gavi.

3. DERIVATIVE FINANCIAL INSTRUMENTS

The Gavi Group is exposed to the market risk that its net assets or its ability to meet its objectives may be adversely affected by changes in the level of, or volatility in, market rates or prices. IFFIm's market risk is comprised primarily of foreign exchange rate risk and interest rate risk, while Gavi is exposed to foreign exchange risk only. Each of these is described further below.

Foreign Exchange Rate Risk: During the years ended 31 December 2020 and 2019, IFFIm was exposed to foreign exchange risks from currency mismatches as well as timing differences between receipt of donor payments, payment of bonds and other borrowings obligations, disbursements to Gavi and issuance of IFFIm bonds. To mitigate these risks, donor pledges were economically swapped into United States dollar floating rate assets and, at issuance, IFFIm's bonds and other borrowings was economically swapped into United States dollar floating rate liabilities.

The Gavi Group hedges its exposure to currency fluctuations by taking out foreign currency forward contracts. This was done primarily to improve predictability of contribution cash flows which are denominated in foreign currencies, and cash balances which are required in Swiss Francs to pay operating expenses for the Secretariat.

Interest Rate Risk: IFFIm was exposed to interest rate risk from differences in the interest rate bases of the bonds and other borrowings and funds held in trust. IFFIm used interest rate swaps to mitigate this exposure.

The notional amounts and fair values of currency and interest rate swaps held by IFFIm were:

In Thousands of US\$	2020		2019	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Currency and interest rate swaps receivable related to contributions receivable	331,271	79,391	22,113	2,105
Total currency and interest rate swaps receivable		79,391		2,105
Currency and interest rate swaps payable related to contributions receivable	2,384,053	(429,821)	1,935,048	(440,802)
Currency and interest rate swaps payable related to bonds and other borrowings	626,907	(56,795)	174,679	(80,574)
Total currency and interest rate swaps payable		(486,616)		(521,376)
Net fair value of currency and interest rate swaps		(407,225)		(519,271)

The rationale of offsetting derivative assets against derivative liabilities is described in Note 2 to the consolidated financial statements.

IFFIm maintains a minimum liquidity equivalent to its cumulative contracted debt service payments for the next twelve months. This minimum liquidity level is recalculated and reset on a quarterly basis. As of December 2020, IFFIm's calculated minimum liquidity was US\$ 40 million and the value of IFFIm's cash and pooled investments was US\$ 478 million. As of December 2019, IFFIm's calculated minimum liquidity level was US\$ 338 million and the value of IFFIm's cash and pooled investments was US\$ 428 million.

Under the terms of the Credit Support Annex ("CSA") to the International Swaps and Derivatives Association ("ISDA") Agreement between IFFIm and the World Bank, the World Bank as IFFIm's counterparty on all currency and interest rate swap contracts has the right to call for collateral to protect against its exposure under these contracts. The World Bank has not exercised this right and has confirmed that it will not call collateral over at least twelve months from the date of approval of these financial statements. Instead, in order to mitigate the risk that the World Bank may call collateral, an agreement has been reached between the World Bank and IFFIm to apply an additional buffer (the "Risk Management Buffer") to an existing gearing ratio limit that IFFIm uses to manage its liquidity risk. The Risk Management Buffer was applied to manage the World Bank's exposure under the swap contracts and may be adjusted by the World Bank in its sole discretion. In addition, the World Bank as IFFIm's Treasury Manager, shall continue to monitor IFFIm's funding needs to ensure that at all times IFFIm maintains sufficient available resources to be able to meet its financial obligations, including debt-service payments and obligations under the abovementioned CSA and ISDA Agreement.

As of 31 December 2020, derivative financial instruments include the effects of a swap re-couponsing transaction in the amount of US\$ 200 million, which was executed in May 2020 between IFFIm and the World Bank, as counterparty on all IFFIm's swap contracts. The transaction, which reduced the World Bank's derivative exposure, amended certain swap contracts between IFFIm and the World Bank by modifying their cash flows such that IFFIm made an additional payment of US\$ 200 million to the World Bank in May 2020 and the World Bank will make scheduled repayments to IFFIm in 2023, 2024, and 2025 totalling US\$ 200 million with interest. IFFIm evaluated the transaction and determined that it resulted in a hybrid financial instrument comprised of the amended swap contracts as an embedded derivative and the modified cash flows corresponding to a separate financial instrument as the host. IFFIm elected to designate the entire hybrid instrument as a financial instrument through profit or loss. As both components of the hybrid instrument have closely related economic characteristics and risks, they are not separated in the consolidated financial statements and are reported as part of derivative financial instruments as the principal cash flows are primarily related to the embedded derivative component.

As of 31 December 2020 and 2019, the Risk Management Buffer was 0% and 12% of the present value of expected future cash flows from pledges, respectively. In May 2020, the World Bank recalculated and reset the Risk Management Buffer to 0% from the previous value of 12% following the execution of a swap re-couponing transaction.

The notional amounts and fair values of foreign currency forward contracts held by Gavi were:

In Thousands of US\$	2020		2019	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Foreign currency forward contracts receivable	526,542	3,886	720,936	44,971
Foreign currency forward contracts payable	(2,027,564)	(135,526)	(28,263)	(1,101)

Gavi uses foreign exchange contracts to reduce the level of foreign exchange risk associated with its contributions receivable and future net cash inflows (usually for up to five years forward). Under its hedging policy, Gavi enters into foreign exchange contracts to economically hedge a portion of the foreign currency exposure on its contributions receivable and future net cash inflows. These foreign exchange contracts, which include option and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Gavi minimises counterparty credit risk in derivative instruments by entering into transactions with high quality counterparties whose credit rating is not lower than A or A2 as measured by at least two major credit agencies. The maximum exposure with any single bank is limited to 10% of the short-term portfolio or US\$ 250 million (or equivalent in other currencies), whichever is higher. Due to the policy in place and assessment performed, there are no significant concentrations of risk.

The required collateral as a result of hedging future net cash inflows and a weaker United States dollar was US\$ 70.6 million as of 31 December 2020. US\$ 47.7 million of which was held as collateral and included in receivables, prepaid expenses and other assets in the Consolidated Statements of Financial Position.

4. INVESTMENTS

The fair values of the Gavi Group's investments were:

In Thousands of US\$	2020	2019
Money market funds	2,271,725	625,775
Registered investment companies	409,161	410,594
Limited liability companies and limited partnerships ¹	917,502	725,576
Pooled investments	478,455	427,925
Total investments	4,076,843	2,189,870

¹ The Gavi Group invests a portion of its assets in limited liability companies and limited partnerships. The fair value of these investments is estimated using their calculated net asset value per share ("NAVPS") as a practical expedient, and they are redeemable at their current net asset value upon written notice by the Gavi Group.

As of 31 December 2020, US\$ 1.9 billion of the money market funds disclosed in the table above is related to Gavi's role as administrator of the Facility.

The following table summarises the redemption frequencies, redemption notice periods and fair values of the Gavi Group's investments in funds which are valued based on NAVPS as a practical expedient:

As of 31 December 2020, In Thousands of US\$	Redemption Frequency	Redemption Notice Period	Fair Value
Limited liability companies and limited partnerships ¹	Daily	2 day notice	69,054
Limited liability companies and limited partnerships ²	Daily	5 day notice	152,465
Limited liability companies and limited partnerships ³	Monthly	3 day notice	69,866
Limited liability companies and limited partnerships ⁵	Monthly	30 day notice	284,822
Limited liability companies and limited partnerships ⁶	Monthly	60 day notice	36,960
Limited liability companies and limited partnerships ⁷	Monthly	90 day notice	34,902
Limited liability companies and limited partnerships ⁸	Quarterly	45 day notice	47,999
Limited liability companies and limited partnerships ⁹	Quarterly	60 day notice	56,227
Limited liability companies and limited partnerships ¹⁰	Quarterly	90 day notice	93,439
Limited liability companies and limited partnerships ¹¹	Semi-Annually	90 day notice	44,504
Limited liability companies and limited partnerships ¹²	None	None	27,264
Total			917,502

As of 31 December 2019, In Thousands of US\$	Redemption Frequency	Redemption Notice Period	Fair Value
Limited liability companies and limited partnerships ¹	Daily	2 day notice	66,268
Limited liability companies and limited partnerships ²	Daily	5 day notice	113,314
Limited liability companies and limited partnerships ³	Monthly	3 day notice	77,453
Limited liability companies and limited partnerships ⁴	Monthly	7 day notice	1,237
Limited liability companies and limited partnerships ⁵	Monthly	30 day notice	253,106
Limited liability companies and limited partnerships ⁶	Monthly	60 day notice	23,777
Limited liability companies and limited partnerships ⁸	Quarterly	45 day notice	27,834
Limited liability companies and limited partnerships ⁹	Quarterly	60 day notice	43,074
Limited liability companies and limited partnerships ¹⁰	Quarterly	90 day notice	90,487
Limited liability companies and limited partnerships ¹¹	Semi-Annually	90 day notice	5,032
Limited liability companies and limited partnerships ¹²	None	None	23,994
Total			725,576

¹ This category is comprised of one underlying fund. This fund seeks to outperform the Barclays Capital 1-3 Year U.S. Treasury index by investing in fixed rate, floating rate or variable interest fixed income securities.

² This category is comprised of two underlying funds. One fund's investment objective is to maximise long-term total return by investing up to 50% of its total net assets in securities rated at or above Baa1 or BBB- at the time of purchase by a rating agency recognised nationally in the United States. The other fund seeks to provide investors with above average absolute returns primarily through investing and trading in equities and equity related instruments. Short-term volatility will be managed through the use of various hedging and risk management techniques.

³ This category is comprised of two underlying funds. One fund's investment objective is to realise long-term appreciation in the value of its assets. This fund seeks exposure to risks that are systematic in nature, i.e., the risks that are intrinsic to the operation of the global markets and economies. The other fund seeks to invest in transferable securities and/or in other liquid financial assets in accordance with the Regulations with the aim of spreading investment risk. In 2018, this category comprised of three underlying funds. The other fund seeks to generate an attractive risk-adjusted return while preserving capital, with a focus on ultra-short duration fixed income securities. This fund seeks to provide additional yield relative to a money market strategy via higher spread premiums and interest rate sensitivity.

⁴ This category is comprised of one underlying fund, which was redeemed in 2019. The fund seeks to maximise its total return on a risk-adjusted basis by investing in relative value opportunities within sectors of the U.S. fixed income market that are considered to be liquid.

⁵ This category is comprised of six underlying funds. One fund seeks long-term capital appreciation by investing primarily in common stocks of emerging markets small capitalisation issuers. The other fund seeks to generate absolute return on a period-by-period basis by investing in liquid derivative markets for commodities. Another fund seeks to invest all of its assets in ordinary shares to achieve long-term appreciation in the value of its assets. Another fund seeks to outperform the MSCI World ex USA Micro Cap Index over full market cycles. This fund will principally invest in equity securities issued by micro capitalisation non-U.S. corporations. Another fund seeks to achieve long-term capital appreciation that is uncorrelated or negatively correlated with global equity markets. Another fund seeks to generate superior risk adjusted returns relative to the B of A Merrill Lynch 0-5 year US High Yield Constrained Index through a portfolio of short duration investments consisting primarily of high yield and convertible bonds, corporate loans, preferred equities, stressed and distressed securities, and "special situation" investments.

⁶ This category is comprised of one underlying funds. The fund's investment objective is to monetise or benefit from the equity index correlation risk premium through buying single-name equity volatility and selling equity index volatility. This fund seeks to achieve its investment objective through an active correlation risk premium monetisation program that utilises both single name and index, listed and OTC options, among other strategies.

- ⁷ This category is comprised of one new underlying fund. The fund aims to achieve an array of investment objectives while spreading investment risks through investment in transferable securities, liquid financial assets, collective investment schemes or other permitted investments in accordance with the Undertakings for Collective Investment in Transferable Securities (“UCITS”) Regulations.
- ⁸ This category is comprised of one underlying fund. The fund’s investment objective is to provide consistently superior, risk adjusted returns. This fund seeks to achieve this objective primarily by investing both long and short in equity securities and related instruments of publicly traded issuers, with a focus on issuers in the global technology, media and telecommunication (TMT) sectors.
- ⁹ This category is comprised of one underlying fund. This fund seeks to invest opportunistically mainly in stressed, distressed and special situations debt obligations with varying terms as to collateralisation, relative seniority or subordination, interest requirements and maturity and occasionally in post-reorganisation equity products of corporate issuers incorporated or significantly carrying out business in Europe.
- ¹⁰ This category is comprised of two underlying funds. One underlying fund invests primarily in other offshore hedge fund vehicles. The other fund seeks to consistently generate attractive risk-adjusted returns over a market cycle by investing primarily in emerging markets across a range of asset classes, including but not limited to foreign exchange, credit, interest rates, commodities and equities.
- ¹¹ This category is comprised of one underlying fund. This fund seeks to achieve its target return by investing principally in (or otherwise gaining exposure to) performing, stressed or distressed securities and loans of any type and within any sector across the global fixed income markets. Gavi had outstanding capital commitments of US\$ 35 million as of 31 December 2019. These commitments represent amounts expected to be drawn by the investment fund managers. Gavi had no outstanding capital commitments as of 31 December 2020.
- ¹² This category is comprised of one underlying fund. This fund seeks capital preservation and the generation of superior, risk-adjusted absolute returns over a multi-year period. Due to a three-year lock-up period, redemptions of shares in these funds are restricted until the three-year anniversary of the subscription payment. Gavi had outstanding capital commitments of US\$ 6 million as of 31 December 2019. These commitments represent amounts expected to be drawn by the investment fund managers. Gavi had no outstanding capital commitments as of 31 December 2020.

5. RESTRICTED CASH AND PROCUREMENT ACCOUNTS PAYABLE

The Gavi Group established separate bank accounts into which it transfers cash as needed for the benefit of UNICEF to procure vaccines and other supplies on the Gavi Group’s behalf (the “Procurement Accounts”). All cash deposited into the Procurement Accounts is irrevocable and may only be withdrawn by UNICEF, with the exception of investment income, which may be remitted to the Gavi Group. As collateral security for the prompt payment and performance when due of Gavi Group’s obligations, the Gavi Group has granted to UNICEF a security interest in all of Gavi Group’s rights, titles, interests in, and proceeds from, the Procurement Accounts and all financial assets credited thereto. As of 31 December 2020 and 2019, US\$ 819 million and US\$ 626 million, respectively, were available to UNICEF in the Procurement Accounts.

Amounts committed to UNICEF for the procurement of vaccines were US\$ 815 million and US\$ 626 million as of 31 December 2020 and 2019, respectively. These amounts are presented as procurement accounts payable in the Consolidated Statements of Financial Position.

6. NET CONTRIBUTIONS RECEIVABLE

The Gavi Group’s net contributions receivable consisted of the following unconditional promises to give:

In Thousands of US\$	2020	2019
Unconditional promises due in less than one year	1,186,455	1,459,108
Unconditional promises due in two to five years	2,739,603	1,360,771
Unconditional promises due thereafter	1,150,506	620,748
Contributions receivable before unamortised discount, grant payment condition and allowance for doubtful accounts	5,076,564	3,440,627
Reduction due to grant payment condition and unamortised discount: ¹		
Due in less than one year	(35,164)	(40,107)
Due in more than one year	(279,795)	(202,350)
Allowance for doubtful accounts	-	(6,065)
Total net contributions receivable	4,761,605	3,192,105

¹ The grant payment condition is described in Note 2 to the consolidated financial statements.

As of 31 December 2019, contributions receivable was net of a provision for doubtful accounts of US\$ 6.0 million based on management's evaluation of collectability of contributions receivable. In 2020, the US\$ 6.0 million contributions receivable for which a provision was provided was collected. As of 31 December 2020, there was no provision for doubtful accounts.

As of 31 December 2020, US\$ 1.4 billion of the net contributions receivable in the table above is from Gavi COVAX AMC donors, including pledges to IFFIm, and related to Gavi's role as administrator of the Facility.

7. RECEIVABLE/PAYABLE ON COVAX FACILITY ARRANGEMENTS

As the administrator of the Facility, the Gavi Group records collected funds, not yet distributed to vaccine manufacturers, as cash or receivable on COVAX Facility arrangements and payable on COVAX Facility arrangements.

Self-financing countries joining the Facility have two ways in which they can participate, through a Committed Purchase Arrangement or an Optional Purchase Arrangement. As a pass-through facility, participants will pay the amount for the doses that was negotiated by the Facility, plus a speed premium invested in accelerating and scale-up of manufacturing, as well as a very small fee towards the operation of the Facility. As of 31 December 2020, the pro-rata reimbursement towards the Facility's operating costs totalled US\$ 4.2 million, net of interest income and in-kind contributions of US\$ 1.8 million.

Self-financing countries opting for a Committed Purchase make committed guarantees to procure an agreed volume of doses through the Facility. In exchange for this firm commitment these participants provide a lower upfront payment of US\$ 1.60 per dose, or 15% of the total estimated cost per dose and a financial guarantee of US\$ 8.95 per dose in cash or other form of credit support. Under this type of agreement, participants are effectively committing to purchase a set number of vaccines that, once available, will be fairly and equitably allocated amongst participants. Countries will have the ability to opt out of purchasing a vaccine should the price of the vaccine be twice (or more) that which was expected.

For the Optional Purchase Arrangement, participants choose to opt out of receiving any vaccine, without jeopardising their ability to receive their full share of doses of other candidates, subject to supply becoming available. This type of agreement may be more attractive to participants that already have bilateral agreements with manufacturers, through which they may already have secured sufficient doses of that particular vaccine. The participants pay a higher proportion of the total cost per dose upfront, making a down payment of US\$ 3.10 per dose and a risk-sharing guarantee of US\$ 0.40 per dose in cash or other form of credit support to help protect the Facility against any liabilities resulting from participants deciding not to purchase a particular vaccine candidate after the Facility has already entered into a contract with the manufacturer. Also, by opting out of vaccines that have been allocated to them and waiting for another to become available, these countries may inevitably experience a delay in receiving their full committed volume of vaccines.

In the end, the total cost for the vaccines will be the same for the two options. Some manufacturers will be providing vaccines at flat prices where others will be tiering the prices based upon income levels.

The Gavi Group's receivable on COVAX Facility arrangements were:

In Thousands	2020
Committed purchase arrangements	18,199
Optional purchase arrangements	202,176
Total receivable on COVAX Facility arrangements	220,375

The Gavi Group's payable on COVAX Facility arrangements were:

In Thousands	2020
Committed purchase arrangements	331,406
Optional purchase arrangements	1,519,624
Total payable on COVAX Facility arrangements	1,851,030

8. ACCOUNTS PAYABLE AND OTHER LIABILITIES

The Gavi Group's accounts payable and other liabilities were:

In Thousands	2020	2019
Refundable advance	300,000	-
Deferred revenue	127,113	145,216
Trade creditors	9,900	15,411
Accrued expenses	8,712	10,875
Other liabilities	379	973
Total accounts payable and other liabilities	446,104	172,475

As of 31 December 2020, Gavi received funding from the Gates Foundation in the amount of US\$ 300 million to fund the COVID-19 vaccine procurement prepayment to Serum Institute of India Private Limited ("SII") and reported as refundable advance in the Consolidated Statements of Financial Position.

The Gates Foundation funding is subject to repayment by Gavi on a quarterly basis, starting with the quarter ending 31 December 2020. For each quarter, Gavi will repay to the Gates Foundation (within 60 days after quarter-end) an amount equal to the value of vaccine doses supplied by SII during such quarter. As SII delivers vaccine doses to Gavi (via UNICEF or any other agent designated by Gavi), Gavi will repay its equivalent obligation to the Gates Foundation.

The aggregate amount repayable by Gavi to the Gates Foundation will be subject to reduction by the amount of any procurement credit reduction, which related to reductions to the amount repayable by Gavi in the event of product failures that may be incurred by SII.

As of 31 December 2020, Gavi advanced US\$ 300 million to SII as a prepayment for the manufacture of COVID-19 vaccines and reported as receivables, prepaid expenses and other assets in the Consolidated Statements of Financial Position.

9. NET PROGRAMME GRANTS PAYABLE

The Gavi Group's committed but unpaid grants were:

In Thousands of US\$	2020	2019
Grants payable due in less than one year	117,860	246,711
Grants payable due in two to five years	-	112
Grants payable before unamortised discount	117,860	246,823
Unamortised discount	-	(14)
Total net programme grants payable	117,860	246,809

10. BONDS AND OTHER BORROWINGS

IFFIm borrows in the worldwide capital markets by offering its bonds to fund the Gavi Group's programmes. IFFIm's outstanding bonds and other borrowings were all bonds except for IFFIm Sukuk certificates with a fair value of US\$ 50 million as of 31 December 2020 and 2019.

Bonds and other borrowings summarised by year of maturity were:

Year of Maturity, In Thousands of US\$	2020		2019	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
2020 ¹	-	-	330,625	331,467
2021 ¹	40,005	39,966	13,657	13,376
2022	89,948	89,626	63,657	62,960
2023	539,888	535,147	13,657	12,811
Thereafter	283,217	251,589	121,325	89,187
Total bonds and other borrowings	953,058	916,328	542,921	509,801

¹ Fair value includes accrued interest of US\$ 324 thousand and US\$ 1.0 million as of 31 December 2020 and 2019, respectively.

Bonds and other borrowings as of 31 December 2020 and 2019, include both United States dollar and foreign currency denominated fixed and variable rate debt as presented below:

Currency	Coupon Rate	Fair Value as of 31 December 2020, in Thousands of US\$	Fair Value as of 31 December 2019, in Thousands of US\$
United States Dollars	Variable	50,061	351,606
United States Dollars	Fixed	501,378	-
South African Rand	Fixed	72,149	94,144
Norwegian Krone	Fixed	292,740	64,051
Total bonds and other borrowings		916,328	509,801

In order to diversify its investors and raise its profile in the Middle East capital markets, IFFIm issued US\$ 200 million in Sukuk certificates through IFFImSC II on 17 September 2015 and US\$ 50 million in Sukuk certificates through IFFImSC III on 9 April 2019. The Sukuk certificates entitled the holders to pro-rata interests in commodity transactions with IFFIm under which IFFIm purchased and immediately on-sold commodities on a recognised commodities exchange as part of the Sukuk issuance. The purchase and on-sale of the commodity transactions offset each other and were recorded on a net basis. In September 2018, IFFImSC II made the final payment to the holders of its certificate and, on 4 July 2019, IFFImSC II was dissolved.

As of 31 December 2020, the weighted average coupon interest rate for fixed rate bonds was 0.3%, with actual rates ranging from 0.0% to 0.5%, and the coupon rate for variable rate bonds was ranging from 4 to 13 basis points over three-month USD LIBOR.

As of 31 December 2019, the weighted average coupon interest rate for fixed rate bonds was 0.3%, with actual rates ranging from 0.0% to 0.5%, and the coupon rate for variable rate bonds was ranging from 4 to 26 basis points over three-month USD LIBOR.

11. NET ASSETS WITH DONOR RESTRICTIONS

The Gavi Group's net assets with donor restrictions consisted of the following:

In Thousands of US\$	2020	2019
Due to time restriction	3,729,205	2,780,953
Due to programme restriction	1,131,077	351,391
Total net assets with donor restrictions	4,860,282	3,132,344

12. NET INVESTMENT INCOME

Net investment income was as follows:

In Thousands of US\$	2020	2019
Investment income on investments held by Gavi	129,862	143,246
Investment fees on investments held by Gavi	(4,185)	(4,816)
Direct internal investment expenses	(772)	(790)
Net investment income on investments held by Gavi	124,905	137,640
Investment income on pooled investments held by IFFIm	4,479	23,371
Total net investment income	129,384	161,011

Investment income on investments held by Gavi included realised and unrealised net gains of US\$ 114 million and US\$ 112 million for the years ended 31 December 2020 and 2019, respectively. US\$ 107 million and US\$ 88 million of net gains were unrealised as of 31 December 2020 and 2019, respectively.

13. NET FAIR VALUE GAINS (LOSSES) ON DERIVATIVES

Net gains (losses) on the fair values of derivatives, which have been recognised in the Consolidated Statements of Activities, include the following:

In Thousands of US\$	2020	2019
Net losses from swaps related to contributions receivable	(139,078)	(20,694)
Net gains from swaps related to bonds and other borrowings	1,172	8,730
Net (losses) gains from other derivatives	(97,962)	20,732
Net fair value (losses) gains on derivatives	(235,868)	8,768

14. LEASES

Gavi classified the following leases as operating leases. These leases generally contain renewal options that Gavi is not reasonably certain to exercise.

Geneva, Switzerland leases: Gavi entered into a ten-year lease agreement, with a five-year option to renew, for office space in Geneva, Switzerland which commenced in February 2018 and ending in February 2028.

Washington, DC leases: In September 2016, Gavi entered into a fifteen-year lease agreement for office space in Washington, DC, which commenced in August 2017 and ending in July 2032, with a five-year option to renew. The lease agreement provided Gavi with a Tenant Improvement Allowance of up to US\$ 2.3 million towards certain costs incurred by Gavi incidental to its occupancy of the office space.

As of 31 December 2020, the right-of-use asset and lease obligations of US\$ 21 million and US\$ 25 million, respectively, are reported in the Consolidated Statements of Financial Position. The right-of-use asset and lease obligations were measured using risk-free annual discount rates ranging from 0.0% to 2.7% for 2020.

As of 31 December 2019, the right-of-use asset and lease obligations of US\$ 24 million and US\$ 26 million, respectively, are reported in the Consolidated Statements of Financial Position. The right-of-use asset and lease obligations were measured using risk-free annual discount rates ranging from 0.0% to 2.7% for 2019.

Gavi's minimum future lease principal and interest payments are as follows:

In Thousands of US\$	Principal	Interest	Total
Year Ending 31 December 2021	2,866	55	2,921
Year Ending 31 December 2022	2,735	78	2,813
Year Ending 31 December 2023	2,682	102	2,784
Year Ending 31 December 2024	2,679	125	2,804
Year Ending 31 December 2025	2,677	149	2,826
Thereafter	9,133	1,625	10,758
Total	22,772	2,134	24,906

Rent expense for these leases is recognised on a straight-line basis over the term of the leases. Rental expense was US\$ 3.6 million and US\$ 2.7 million for the years ended 31 December 2020 and 2019, respectively, and reported as facility and office costs in the Consolidated Statements of Functional Expenses.

15. RETIREMENT PLANS

The Gavi Group sponsors the following retirement plans:

Employees Based in Geneva, Switzerland: Gavi sponsors a defined contribution term savings plan with Zurich International Life Limited ("the Geneva Plan"). Membership in the Geneva Plan is for all employees with Gavi employment contracts of four or more months. The Geneva Plan is funded by both Gavi and employees' contributions that are based on the employees' gross annual salaries. Gavi makes monthly employer contributions to the Geneva Plan at 16% of the employee gross salary. Each employee has a compulsory 5% contribution. The total amount expensed for Gavi's contributions was US\$ 7.8 million and US\$ 7.2 million for the years ended 31 December 2020 and 2019, respectively.

Employees Based in Washington, DC: Gavi sponsors a 401(k) defined contribution plan (the "Washington Plan"), which is a United States retirement savings plan under the United States Internal Revenue Code, for all eligible employees. Employees become eligible upon being hired and may participate starting on the first day of any month. Employees may contribute voluntary salary deferrals to the Washington Plan, subject to United States Internal Revenue Service limitations. Gavi's annual matching contributions equal 1% of each vested participant's compensation and a 3% contribution due to a safe harbour provision. Participants are fully vested upon employment. In addition, the Board approved discretionary spending equalling 12% of each participant's compensation in order to better align the Washington Plan with the Geneva Plan. The amounts expensed for Gavi's contributions were US\$ 355 thousand and US\$ 399 thousand for the years ended 31 December 2020 and 2019, respectively.

16. NET FINANCING EXPENSES

Financing expenses were as follows:

In Thousands of US\$	2020	2019
Interest expense on bonds and other borrowings	4,141	20,943
Net fair value losses on bonds and other borrowings	33,450	10,924
Other financing charges	560	439
Net financing expenses	38,151	32,306

17. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Gavi Group to concentrations of credit risk consist of deposits in banks in excess of deposit insurance limits in Switzerland, the United Kingdom and the United States. Bank deposits in these countries are insured up to limits guaranteed by the Swiss Banks' and Securities Dealers' Depositor Protection Association, the United Kingdom's Financial Services Compensation Scheme ("FSCS") and the United States Federal Deposit Insurance Corporation ("FDIC") respectively. The Gavi Group also invests its excess cash in money market and debt instruments and has established guidelines relative to diversification and maturities aimed at maintaining safety and liquidity.

The deposit insurance limits in Switzerland and the United Kingdom are SFr 100 thousand and £ 85 thousand respectively, per depositor, per insured depository institution. In the United States, the standard maximum FDIC deposit insurance amount per depositor, per insured depository institution for each account ownership category is US\$ 250 thousand. While amounts in the Gavi Group's demand deposit accounts at times exceed the amounts guaranteed in the respective jurisdictions and therefore bear some risk, the Gavi Group has not experienced, nor does it anticipate, any credit losses on these financial instruments.

The World Bank manages IFFIm's credit risk related to its derivative contracts by serving as the counterparty for all IFFIm's swaps. No collateral or other security is held in support of IFFIm's financial assets or liabilities. To manage credit risk related to investments, the World Bank invests the pooled assets in liquid instruments such as money market deposits, government and agency obligations. The World Bank is limited to investments with minimum credit ratings at the time of purchase as follows:

- Money market deposits issued or guaranteed by financial institutions whose senior debt securities are rated at least A- by the major rating agencies.
- Government and agency obligations issued or unconditionally guaranteed by government agencies rated at least AA- by the major rating agencies if denominated in a currency other than the home currency of the issuer, otherwise no rating is required. Obligations issued by an agency or instrumentality of a government, a multilateral organisation or any other official entity require a minimum credit rating of AA-.
- Mortgage-backed securities, asset-backed securities and corporate securities whose minimum rating is AAA.

The Gavi Group's contributions receivable as of 31 December 2020 included US\$ 1.4 billion and US\$ 2.1 billion of pledges received, either directly or through IFFIm, from the United Kingdom and euro zone countries, respectively. This represented 30% and 44%, respectively, of the Gavi Group's total contributions receivable as of 31 December 2020.

As of 31 December 2020, Gavi had entered into foreign currency forward contracts with two counterparties with an aggregate fair value payable of US\$ 119 million. This represented 91% of Gavi's foreign currency forward contracts as of 31 December 2020.

18. LIQUIDITY AND AVAILABILITY

The Gavi Group's financial assets available to meet cash needs for general expenditures, such as operating expenses and scheduled redemption of bonds and other borrowings, within one year consisted of the following:

In Thousands of US\$	Note	2020	2019
Cash		209,364	246,719
Foreign currency forward contracts receivable	3	3,886	44,971
Investments	4	3,598,388	1,761,945
Pooled investments	4	478,455	427,925
Contributions receivable	6	1,151,291	1,419,001
Total financial assets available within one year		5,441,384	3,900,561
Less those unavailable for general expenditure within one year due to:			
Lock-up redemption on investments	4	(27,264)	(23,994)
Redemption of bonds and other borrowings	10	(876,362)	(178,334)
Payable on COVAX Facility arrangements	7	(1,851,030)	-
Donor-imposed programme restrictions on contributions	11	(1,131,077)	(351,391)
Financial assets available to meet cash needs for general expenditures within one year		1,555,651	3,346,842

Gavi and IFFIm have put in place certain policies in order to ensure that they maintain sufficient liquidity to meet their obligations to implementing countries, IFFIm investors and all other creditors. These policies are summarised below:

- **Gavi cash reserve policy:** At all times, Gavi maintains a minimum unrestricted cash and investment reserve equivalent to eight months of Gavi's expected annual cash expenditures.
- **Gavi programme funding policy:** As a prerequisite to Board approval or endorsement of any new programmes, Gavi designates an amount of Qualifying Resources sufficient to fully cover all its commitments for the period from the start of the current year through the next two calendar years. Qualified Resources are defined as the aggregate of Gavi cash and investments on hand, in excess of the cash and investment reserve policy, and expected future cash inflows for the next two years. Expected future cash flows are comprised of: (1) expected cash receipts from AMC donors and other direct Gavi donors, (2) expected funding from IFFIm, and (3) projected investment income.
- **IFFIm liquidity policy:** IFFIm maintains an adequate level of liquidity to meet its operational requirements, provide predictability of programme funding and support its credit rating. Taking these factors into account, IFFIm maintains a minimum balance of pooled investments equivalent to its cumulative contracted debt service payments for the next twelve months. This minimum balance is recalculated and reset on a quarterly basis.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table summarises the Gavi Group's assets measured at fair value along with their valuation hierarchy:

As of 31 December 2020, in Thousands of US\$	Investments measured at Net Asset Value	Level 1	Level 2	Level 3	Total
Pooled investments	-	-	478,455	-	478,455
Other investments:					
Money market funds	-	2,271,725	-	-	2,271,725
Registered investment companies	-	409,161	-	-	409,161
Limited liability companies and limited partnerships	917,502	-	-	-	917,502
Net contributions receivable	-	-	1,475,820	3,285,785	4,761,605
Foreign currency forward contracts receivable	-	-	3,886	-	3,886
Total assets at fair value	917,502	2,680,886	1,958,161	3,285,785	8,842,334

As of 31 December 2019, in Thousands of US\$	Investments measured at Net Asset Value	Level 1	Level 2	Level 3	Total
Pooled investments	-	-	427,925	-	427,925
Other investments:					
Money market funds	-	625,775	-	-	625,775
Registered investment companies	-	410,594	-	-	410,594
Limited liability companies and limited partnerships	725,576	-	-	-	725,576
Net contributions receivable	-	-	992,031	2,200,074	3,192,105
Foreign currency forward contracts receivable	-	-	44,971	-	44,971
Total assets at fair value	725,576	1,036,369	1,464,927	2,200,074	5,426,946

The following table summarises the Gavi Group's liabilities measured at fair value along with their valuation hierarchy:

As of 31 December 2020, in Thousands of US\$	Level 1	Level 2	Level 3	Total
Programme grants payable	-	117,860	-	117,860
Bonds and other borrowings	-	916,328	-	916,328
Foreign currency forward contracts payable	-	135,526	-	135,526
Net payable for currency and interest rate swaps	-	407,225	-	407,225
Total liabilities at fair value	-	1,576,939	-	1,576,939

As of 31 December 2019, in Thousands of US\$	Level 1	Level 2	Level 3	Total
Programme grants payable	-	246,809	-	246,809
Bonds and other borrowings	-	509,801	-	509,801
Foreign currency forward contracts payable	-	1,101	-	1,101
Net payable for currency and interest rate swaps	-	519,271	-	519,271
Total liabilities at fair value	-	1,276,982	-	1,276,982

The following table provides a summary of changes in the fair value of Level 3 financial assets:

In Thousands of US\$	2020	2019
Fair value as of beginning of year	2,200,074	2,405,395
Net realised fair value gains	107,402	100,219
Net unrealised fair value gains	106,172	463
New pledges	1,347,303	59,150
Contributions received/redemptions	(348,928)	(365,153)
Transfer out	(126,238)	-
Fair value as of end of year	3,285,785	2,200,074

As of 31 December 2020, contributions receivable from PCV AMC Donors of US\$ 126 million was transferred from level 3 to level 2 as PCV AMC mechanism ended on 31 December 2020 and the unused funding are available to the newly launched Gavi COVAX AMC. There were no transfers of assets and liabilities between levels of the fair value hierarchy in 2019.

The techniques applied in determining the fair values of financial instruments are described in the *Fair Values of Financial Instruments* section of Note 2 to the consolidated financial statements.

20. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table reconciles cash and restricted cash in the Consolidated Statements of Financial Position to the total shown in the Consolidated Statements of Cash Flows:

In Thousands of US\$	2020	2019
Cash	209,364	246,719
Restricted cash	819,505	626,482
Total cash and restricted cash in the Consolidated Statements of Cash Flows	1,028,869	873,201

21. COMMITMENTS

On 18 December 2020, Gavi signed an advance purchase agreement with AstraZeneca for 170 million doses of the AstraZeneca/Oxford COVID-19 vaccine candidate.

22. RECENTLY ISSUED BUT NOT YET ADOPTED ACCOUNTING GUIDANCE

The following are recently issued accounting standards updates with possible financial reporting implications for the Gavi Group. These accounting standards updates are effective in future accounting periods and have not yet been adopted by the Gavi Group.

- In August 2018, the FASB issued ASU No. 2018-15 *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This update aligns the requirements for capitalising implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalising implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This update will be effective for Gavi's financial year ending 31 December 2021. The amendments in this update have implications for Gavi with respect to its current hosting arrangements. The Secretariat has considered the option to early adopt considering the significant costs incurred by Gavi in 2019 in relation to the implementation of a new accounting system. Gavi has concluded not to early adopt as the significant effort that would be involved outweighs the benefit to Gavi.
- In November 2018, the FASB issued ASU No. 2018-18 *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*. This update clarifies the interaction between Topic 808 Collaborative Arrangements and Topic 606 Revenue from Contracts with Customers and aims to reduce the diversity in how entities recognise and measure revenue from collaborative arrangements. The Gavi Group is reviewing this update to determine its impact on the Gavi Group's consolidated financial statements. This update will be effective for Gavi Group's financial year ending 31 December 2021.

- In March 2020, the FASB issued ASU No. 2020-04 *Reference Rate Reform (Topic 848)*. This update provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met and applies only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The Gavi Group is reviewing this update to determine its impact on the Gavi Group's consolidated financial statements. This update will be effective for Gavi Group's financial year ending 31 December 2022.
- In September 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update requires that a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The term nonfinancial assets includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The Gavi Group is reviewing this update to determine its impact on the Gavi Group's consolidated financial statements. This update will be effective for Gavi Group's financial year ending 31 December 2022.
- In October 2020, the FASB issued ASU No. 2020-10 *Codification Improvements*. This update affects a wide variety of Topics in the Codification that vary in nature. FASB recommends Codification users to review the entire update to assess any effects that the amendments may have on entities. The Gavi Group is reviewing this update to determine its impact on the Gavi Group's consolidated financial statements. This update will be effective for Gavi Group's financial year ending 31 December 2022.

23. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Gavi Group evaluated subsequent events through 25 June 2021, which represents the date that the consolidated financial statements were issued. The Gavi Group identified the following significant subsequent events requiring disclosure:

- On 22 January 2021, an advance purchase agreement was signed with Pfizer for up to 40 million doses of the Pfizer-BioNTech vaccine candidate, which has already received WHO emergency use listing. Rollout will commence with the successful negotiation and execution of supply agreements.
- On 23 February 2021, the Facility became operational as Gavi shipped the first batch of COVID-19 vaccine doses to Ghana. This marked the beginning of the global rollout of COVID-19 vaccines.
- On 15 April 2021, the "One World Protected" Event, hosted by the United States and Gavi, launched a campaign to raise US\$ 2 billion of donor funding and US\$ 1 billion in cost sharing in addition to the US\$ 2.1 billion and US\$ 4.2 billion already pledged in 2020 and 2021, respectively, to further raise vaccination rates, further diversify vaccine portfolio and prepare to fight variants. In parallel, AMC-eligible economies need to mobilise domestic resources for additional doses and delivery, and fully harness support from the World Bank and other multilateral development banks ("MDB"). The additional funding from donors and countries with MDB support will enable the Gavi COVAX AMC to secure 1.8 billion doses of COVID-19 vaccines for 92 lower-income countries by the end of 2021.
- On 21 April 2021, IFFIm issued US\$ 750 million 5-year fixed rate Vaccine Bonds, which provides Gavi with immediately available funding to support routine immunisation in lower-income countries. The issuance also accelerates the availability of critical funding for the Gavi COVAX AMC. The transaction will mature on 21 April 2026, has a re-offer price of 99.704%, and carries a semi-annual coupon of 1%.
- On 3 May 2021, Gavi announced that it had signed an advance purchase agreement with Moderna for its mRNA vaccine against COVID-19. The agreement is for 500 million doses of the Moderna vaccine, secured on behalf of the Facility. Initial supply under the agreement is for Gavi COVAX AMC-eligible participants, with the potential to allocate and supply to self-financing participants in the future.
- On 6 May 2021, Gavi announced that it had signed an advance purchase agreement with Novavax for its highly efficacious NVX-CoV2373 vaccine candidate against COVID-19. The agreement is for a commitment to purchase 350 million doses of the Novavax vaccine candidate, secured on behalf of the Facility. Supply of the vaccine is anticipated to commence in the third quarter of 2021, as soon as Novavax has secured the required regulatory approvals. Deliveries would then continue through the second half of 2021 and into 2022.
- On 21 May 2021, Gavi announced that it had signed an advance purchase agreement with Johnson & Johnson for its single-dose vaccine against COVID-19. The agreement is for a commitment to purchase 200 million doses on behalf of the Facility, with the goal of being supplied to self-financing and Gavi COVAX AMC-eligible participants in 2021.

- On 2 June 2021, the Gavi COVAX AMC Summit “One World Protected” virtual event, hosted by the Government of Japan and Gavi, raised US\$ 2.4 billion from nearly 40 donor governments, the private sector and foundations, exceeding the funding target and bringing the total pledged to the Gavi COVAX AMC to US\$ 9.6 billion to date. The funds raised will enable Gavi to secure 1.8 billion doses of COVID-19 vaccines for lower-income countries participating in the Facility.

Report of the Statutory Auditor

To the GAVI Alliance Board of
GAVI Alliance, Grand-Saconnex - Geneva

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of GAVI Alliance (Foundation), which comprise the consolidated statement of financial position as of 31 December 2020, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

GAVI Alliance Board and Secretariat's Responsibility for the Consolidated Financial Statements

The GAVI Alliance Board and the Secretariat are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, the requirements of Swiss law and the statutes and by-laws of the Foundation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The GAVI Alliance Board and Secretariat are further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 present fairly, in all material respects of the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America and comply with Swiss law and the statutes and by-laws of the Foundation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b Civil Code (CC) in connection with article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the GAVI Alliance Board.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

Fabien Bryois
Licensed Audit Expert
Auditor in charge

Lisa Watson
Licensed Audit Expert

Geneva, Switzerland, 25 June 2021

SUPPLEMENTARY INFORMATION



PLEDGES AND CONTRIBUTIONS SCHEDULES

Schedules 1.1 to 1.6 provide details of the Gavi Group's pledges and contributions from the following sources:

- **Multi-Year Pledges:** The Gavi Group receives upfront written commitments from donors that do not include any conditions and are payable over multiple years ("Multi-Year Pledges"). In accordance with its accounting policy, the Gavi Group records each Multi-Year Pledge as contribution revenue and contributions receivable at fair value on the date the recognition criteria are met. The recorded contributions receivable balances are then reduced over time as cash payments are received from the donors, and are adjusted for changes in fair value.

The Gavi Group's methodology for valuing its contributions receivable, including details of IFFIm's grant payment condition and the Advance Market Commitment, is described in the *Fair Values of Financial Instruments* section of Note 2 to the consolidated financial statements. Multi-Year Pledges in foreign currency are converted to United States dollars at the prevailing average interbank exchange rate as of 31 December 2020. See *Foreign Currency Transactions* section of Note 2 to the consolidated financial statements for further information.

Multi-Year Pledges balances presented in the currencies of the pledges, in Schedules 1.3 and 1.4, are not adjusted for reductions due to discounting. Discounting the Gavi Group's contributions receivable is described in Note 2 to the consolidated financial statements.

Multi-Year Pledges to IFFIm presented in the currencies of the pledge, in Schedule 1.4, are not adjusted for reductions due to the grant payment condition ("GPC"). The GPC is described in Note 2 to the consolidated financial statements.

- **Annual Contributions:** The Gavi Group receives contributions from donors that are committed and paid annually ("Annual Contributions"). In accordance with its accounting policy, the Gavi Group records Annual Contributions as contribution revenue when payments are received from the donors.

Schedules 1.7 to 1.8 provide details of cash receipts from donors, in United States dollar and in currencies of receipts. Cash receipts in foreign currencies are converted to United States dollar at the prevailing interbank exchange rate at the date cash is received.

SCHEDULE 1.1: MULTI-YEAR PLEDGES FROM DONORS, IN UNITED STATES DOLLARS

The following table presents the nominal amounts of Multi-Year Pledges from all Gavi Group's donors, in United States dollars:

In Thousands of US\$	Balance as of 31 December 2020	Balance as of 31 December 2019
Multi-Year Pledges to Gavi from sovereign governments:		
Australia, Commonwealth of	-	35,988
Canada	-	64,688
China, People's Republic of	-	1,000
Denmark, Kingdom of	4,103	11,258
European Union	30,538	-
Germany, Federal Republic of	732,900	-
India, Republic of	2,000	2,000
Italy, Republic of	-	31,394
Kuwait, State of	-	500
Luxembourg, Grand Duchy of	-	919
Monaco, Principality of	733	168
Netherlands, State of the	-	25,003
Norway, Kingdom of	-	150,018
Qatar, State of	-	6,000
Russian Federation ⁶	10,000	-
Saudi Arabia, Kingdom of	2,500	7,500
Swiss Confederation	452	413
United Kingdom	-	265,220
United States of America	20,000	20,000
Total Multi-Year Pledges to Gavi from sovereign governments	803,226	622,069

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In Thousands of US\$	Balance as of 31 December 2020	Balance as of 31 December 2019
<u>Multi-Year Pledges to Gavi from corporations, foundations and private individuals:</u>		
Al Ansari	-	300
Alwaleed Bin Talal Foundation	3,000	5,201
Bill & Melinda Gates Foundation	-	240,000
IFPW Foundation	215	280
Rockefeller Foundation	1,578	1,578
Sultanate of Oman	-	600
UPS Foundation	-	600
Other	-	500
Total Multi-Year Pledges to Gavi from corporations, foundations and private individuals	4,793	249,059
<u>Multi-Year Pledges to IFFIm:</u>		
Australia, Commonwealth of ¹	112,237	111,873
Australia, Commonwealth of ²	-	5,261
Brazil, Federative Republic of	17,000	18,985
France, Republic of ³	37,193	67,031
France, Republic of ⁴	521,552	536,395
France, Republic of ³	184,125	168,420
Italy, Republic of	352,906	185,262
Netherlands, State of the	306,875	16,667
Norway, Kingdom of	305,204	85,355
Norway, Kingdom of ⁵	117,386	-
South Africa, Republic of	6,000	7,000
Spain, Kingdom of	58,153	63,831
Sweden, Kingdom of	2,254	3,958
United Kingdom	893,627	1,036,961
United Kingdom ⁵	682,450	-
Total Multi-Year Pledges to IFFIm	3,596,962	2,306,999
<u>Multi-Year Pledges from Gavi COVAX AMC donors:</u>		
<u>Sovereign governments</u>		
Australia, Commonwealth of	1,924	-
Canada	172,766	-
Canada ⁶	25,000	-
Hellenic Republic (Greece)	1,832	-
Italy, Republic of ⁶	79,375	-
Korea, Republic of	10,000	-
Luxembourg, Grand Duchy of	1,221	-
Norway, Kingdom of ⁶	6,250	-
Saudi Arabia, Kingdom of	150,000	-
Singapore, Republic of	5,000	-
United Kingdom ⁶	60,625	-
<u>Corporations, foundations and private individuals</u>		
Bill & Melinda Gates Foundation	150,000	-
Bill & Melinda Gates Foundation ⁶	6,250	-
King Salman Humanitarian Aid and Relief Centre	1,340	-
Total Multi-Year Pledges from Gavi COVAX AMC donors	671,583	-
Multi-Year Pledges from PCV AMC donors⁶	-	262,500
Total Multi-Year Pledges from donors	5,076,564	3,440,627

¹ Acting through the Australian Agency for International Development.

² Acting through the Department of Foreign Affairs and Trade.

³ Acting through Agence Française de Développement.

⁴ Acting through the Ministry of Economy, Industry and Employment.

⁵ The funding from these pledges will support the Gavi COVAX AMC.

⁶ US\$ 177.5 million in unused funding from PCV AMC Donors the Republic of Italy, the United Kingdom, Canada, the

Kingdom of Norway, and the Bill & Melinda Gates Foundation is available for the newly launched Gavi COVAX AMC. Russia's pro-rata share of the unused PCV AMC funds of US\$ 10 million is available for use in the 2021-2025 strategic period as part of Gavi's core funding.

SCHEDULE 1.2: RECONCILIATION OF MULTI-YEAR PLEDGES TO CONTRIBUTIONS RECEIVABLE

The following table reconciles Multi-Year Pledges from donors, per Schedule 1.1 above, to the contributions receivable balances reported in the Consolidated Statements of Financial Position on page 30:

In Thousands of US\$	2020	2019
Total Multi-Year Pledges from donors	5,076,564	3,440,627
Grant Payment reduction on Multi-Year Pledges to IFFIm	(287,041)	(198,391)
Unamortised discount on Multi-Year Pledges to Gavi	(3,782)	(9,294)
Unamortised discount on Multi-Year Pledges to IFFIm	(24,136)	(34,772)
Allowance for doubtful accounts	-	(6,065)
Total recorded contributions receivable	4,761,605	3,192,105

SCHEDULE 1.3: MULTI-YEAR PLEDGES TO GAVI, IN CURRENCIES OF PLEDGES

The following table presents the activity of Multi-Year Pledges to Gavi, for the year ended 31 December 2020, in the currencies of the pledges:

In Thousands, in Currencies of Pledges	Currency of Pledge	Balance as of 31 December 2019	New Pledges	Payments Received	Transfer ¹	Balance as of 31 December 2020
<u>Multi-Year Pledges to Gavi from sovereign governments:</u>						
Australia, Commonwealth of	A\$ (AUD)	51,250	-	(51,250)	-	-
Canada	C\$ (CAD)	84,000	-	(84,000)	-	-
China, People's Republic of	US\$ (USD)	1,000	-	(1,000)	-	-
Denmark, Kingdom of	kr (DKK)	75,000	-	(50,000)	-	25,000
European Union	€ (EUR)	-	25,000	-	-	25,000
Germany, Federal Republic of	€ (EUR)	-	660,000	(60,000)	-	600,000
India, Republic of	US\$ (USD)	2,000	-	-	-	2,000
Italy, Republic of	€ (EUR)	28,000	-	(28,000)	-	-
Kuwait, State of	US\$ (USD)	500	-	(500)	-	-
Luxembourg, Grand Duchy of	€ (EUR)	820	-	(820)	-	-
Monaco, Principality of	€ (EUR)	150	1,200	(750)	-	600
Netherlands, State of the	€ (EUR)	22,300	-	(22,300)	-	-
Norway, Kingdom of	kr (NOK)	1,317,216	-	(1,317,216)	-	-
Qatar, State of	US\$ (USD)	6,000	-	(6,000)	-	-
Russian Federation ¹	US\$ (USD)	-	-	-	10,000	10,000
Saudi Arabia, Kingdom of	US\$ (USD)	7,500	-	(5,000)	-	2,500
Swiss Confederation	SFr (CHF)	400	-	-	-	400
United Kingdom	£ (GBP)	200,000	-	(200,000)	-	-
United States of America	US\$ (USD)	20,000	-	-	-	20,000
<u>Multi-Year Pledges to Gavi from corporations, foundations and private individuals:</u>						
Al Ansari	US\$ (USD)	300	-	(300)	-	-
Alwaleed Bin Talal Foundation	US\$ (USD)	5,202	-	(2,202)	-	3,000
Bill & Melinda Gates Foundation	US\$ (USD)	240,000	-	(240,000)	-	-
IFPW Foundation ²	US\$ (USD)	280	-	(65)	-	215
Rockefeller Foundation	US\$ (USD)	1,578	-	-	-	1,578
Sultanate of Oman	US\$ (USD)	600	-	(600)	-	-
UPS Foundation	US\$ (USD)	600	750	(1,350)	-	-
Other contributions	US\$ (USD)	500	-	(500)	-	-

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In Thousands, in Currencies of Pledges	Currency of Pledge	Balance as of 31 December 2019	New Pledges	Payments Received	Transfer ¹	Balance as of 31 December 2020
<u>Multi-Year Pledges from Gavi COVAX AMC donors:</u>						
<u>Sovereign governments</u>						
Australia, Commonwealth of	A\$ (AUD)	-	40,000	(37,500)	-	2,500
Canada	C\$ (CAD)	-	220,000	-	-	220,000
Canada ¹	US\$ (USD)	-	-	-	25,000	25,000
Hellenic Republic (Greece)	€ (EUR)	-	1,500	-	-	1,500
Italy, Republic of ¹	US\$ (USD)	-	-	-	79,375	79,375
Korea, Republic of	US\$ (USD)	-	10,000	-	-	10,000
Luxembourg, Grand Duchy of	€ (EUR)	-	1,000	-	-	1,000
Norway, Kingdom of ¹	US\$ (USD)	-	-	-	6,250	6,250
Saudi Arabia, Kingdom of	US\$ (USD)	-	150,000	-	-	150,000
Singapore, Republic of	US\$ (USD)	-	5,000	-	-	5,000
United Kingdom ¹	US\$ (USD)	-	-	-	60,625	60,625
<u>Corporations, foundations and private individuals</u>						
Bill & Melinda Gates Foundation	US\$ (USD)	-	150,000	-	-	150,000
Bill & Melinda Gates Foundation ¹	US\$ (USD)	-	-	-	6,250	6,250
King Salman Humanitarian Aid and Relief Centre	US\$ (USD)	-	1,340	-	-	1,340
Multi-Year Pledges from PCV AMC donors ¹	US\$ (USD)	262,500	-	(75,000)	(187,500)	-

¹ US\$ 177.5 million in unused funding from PCV AMC Donors the Republic of Italy, the United Kingdom, Canada, the Kingdom of Norway, and the Bill & Melinda Gates Foundation is available for the newly launched Gavi COVAX AMC. Russia's pro-rata share of the unused PCV AMC funds of US\$ 10 million is available for use in the 2021-2025 strategic period as part of Gavi's core funding.

² The US\$ 65 thousand contributions receivable for which a provision was provided in 2019 was written off in 2020.

SCHEDULE 1.4: MULTI-YEAR PLEDGES TO IFFIm, IN CURRENCIES OF PLEDGES

The following table presents the activity of Multi-Year Pledges to IFFIm, for the year ended 31 December 2020, in the currencies of the pledges:

In Thousands, In Currencies of Pledges	Currency of Pledge	Balance as of 31 December 2019	GPC Adjustments	New Pledges	Payments Received	Balance as of 31 December 2020
<u>Multi-Year Pledges to IFFIm:</u>						
Australia, Commonwealth of	A\$ (AUD)	167,000	(255)	-	(21,745)	145,000
Brazil, Federative Republic of	US\$ (USD)	18,985	(5)	-	(1,980)	17,000
France, Republic of	€ (EUR)	59,700	(441)	-	(28,959)	30,300
France, Republic of	€ (EUR)	477,730	(793)	-	(52,047)	424,890
France, Republic of	€ (EUR)	150,000	-	-	-	150,000
Italy, Republic of	€ (EUR)	165,000	(412)	150,000	(27,088)	287,500
Netherlands, State of the	US\$ (USD)	16,667	(84)	250,000	(16,583)	250,000
Norway, Kingdom of	kr (NOK)	750,000	(2,250)	3,000,000	(147,750)	3,600,000
South Africa, Republic of	US\$ (USD)	7,000	(15)	-	(985)	6,000
Spain, Kingdom of	€ (EUR)	56,850	(142)	-	(9,333)	47,375
Sweden, Kingdom of	kr (SEK)	36,820	(276)	-	(18,134)	18,410
United Kingdom	£ (GBP)	784,982	(1,303)	500,000	(128,959)	1,154,720

SCHEDULE 1.5: ANNUAL CONTRIBUTIONS FROM DONORS

The following schedule details Annual Contributions received from donors during the years ended 31 December 2020 and 2019, in both the currencies of the contributions and United States dollars:

In Thousands	Currency of Contribution	2020	2019	2020, in US\$	2019, in US\$
<u>Annual Contributions from sovereign governments:</u>					
China, People's Republic of	US\$ (USD)	-	500	-	500
European Union	€ (EUR)	25,000	-	29,685	-
Finland, Republic of	€ (EUR)	2,500	-	3,050	-
France, Republic of	€ (EUR)	15,000	-	18,124	-
Germany, Federal Republic of	€ (EUR)	-	130,000	-	146,501
Ireland, Republic of	€ (EUR)	3,000	3,000	3,263	3,413
Japan	US\$ (USD)	88,688	19,011	88,688	19,011
Japan	SFr (CHF)	228	-	233	-
Korea, Republic of	US\$ (USD)	-	4,737	-	4,737
Korea, Republic of	₩ (KRW)	5,950,000	-	5,379	-
Netherlands, State of the	€ (EUR)	2,408	3,667	2,855	4,055
Sweden, Kingdom of	kr (SEK)	350,000	300,000	36,330	31,866
Swiss Confederation	SFr (CHF)	10,546	-	11,851	-
United States of America	US\$ (USD)	290,000	290,000	290,000	290,000
Total Annual Contributions from sovereign governments				489,458	500,083
<u>Annual Contributions from corporations, foundations and private individuals:</u>					
Bill & Melinda Gates Foundation	US\$ (USD)	71,938	16,598	71,938	16,598
Red Nose Day Foundation	US\$ (USD)	-	100	-	100
The Church of Jesus Christ of Latter-day Saints	US\$ (USD)	-	2,000	-	2,000
The "la Caixa" Foundation	€ (EUR)	5,738	4,417	6,225	4,510
Tiktok Pte. Ltd.	US\$ (USD)	5,000	-	5,000	-
Other contributions	US\$ (USD)	4,297	4,467	4,297	4,467
Total Annual Contributions from corporations, foundations and private individuals				87,460	27,675
<u>Annual Contributions from Gavi COVAX AMC donors:</u>					
<u>Sovereign governments</u>					
Colombia, Republic of	US\$ (USD)	500	-	500	-
Estonia, Republic of	€ (EUR)	70	-	85	-
Germany, Federal Republic of	€ (EUR)	100,000	-	118,410	-
Japan	US\$ (USD)	30,000	-	30,000	-
Kuwait, State of	US\$ (USD)	10,000	-	10,000	-
Monaco, Principality of	€ (EUR)	50	-	60	-
Netherlands, State of the	€ (EUR)	5,000	-	6,055	-
New Zealand	NZ\$ (NZD)	7,000	-	4,773	-
Norway, Kingdom of	US\$ (USD)	2,234	-	2,234	-
Norway, Kingdom of	Nkr (NOK)	164,100	-	19,172	-
Sweden, Kingdom of	kr (SEK)	100,000	-	11,325	-
Swiss Confederation	SFr (CHF)	20,000	-	22,579	-
<u>Corporations, foundations and private individuals</u>					
Nikkei Inc.	US\$ (USD)	43	-	43	-
Shell International B.V.	US\$ (USD)	10,000	-	10,000	-
Silicon Valley Community Foundation	US\$ (USD)	30,000	-	30,000	-
Tiktok Pte. Ltd.	US\$ (USD)	5,000	-	5,000	-
Other contributions	US\$ (USD)	22,000	-	22,000	-
Total Annual Contributions from Gavi COVAX AMC donors				292,236	-
Total Annual Contributions				869,154	527,758

SCHEDULE 1.6: RECONCILIATION OF ANNUAL CONTRIBUTIONS TO CONTRIBUTION REVENUE

The following table reconciles Annual Contributions per Schedule 1.5 above to contribution revenue reported in the Consolidated Statements of Activities on page 31 of the consolidated financial statements:

In Thousands of US\$	2020	2019
Total Annual Contributions	869,154	527,758
Reversal of provision for doubtful accounts ¹	6,000	-
Initial fair value of new Multi-Year Pledges received during the year ²	2,693,235	92,228
Total recorded contribution revenue ³	3,568,389	619,986

¹ The US\$ 6 million contributions receivable for which a provision was provided in 2018 was collected in 2020.

² In accordance with its accounting policy, the Gavi Group recorded the fair value of each new Multi-Year Pledge as contribution revenue on the date the recognition criteria are met. Therefore, this amount is included in the contribution revenue amount in the Gavi Group's Consolidated Statement of Activities.

³ This amount represents the aggregate of unrestricted and donor-restricted contribution revenue, including contributed goods and services, as presented in the Gavi Group's Consolidated Statement of Activities. Annual Contributions in foreign currency are translated to United States dollars in accordance with the Gavi Group's methodology described in the *Foreign Currency Transactions* section of Note 2 to the consolidated financial statements.

Total recorded contribution revenue is comprised of:

In Thousands of US\$	2020	2019
Contributions from governments and private donors without donor restrictions	398,940	350,702
Contributions from governments and private donors with donor restrictions	3,169,449	269,284
Total recorded contribution revenue	3,568,389	619,986

SCHEDULE 1.7: CASH RECEIPTS FROM DONORS, IN UNITED STATES DOLLAR

The following schedule details Gavi's cash received from donors during the year ended 31 December 2020, in United States dollar:

In Thousands of US\$	Contribution Payments Received in 2020		
	For 2020 Pledges ¹	For Multi-Year Pledges ²	Total Received
Sovereign governments:			
Australia, Commonwealth of	-	36,347	36,347
Canada	-	59,657	59,657
China, People's Republic of	-	1,000	1,000
Denmark, Kingdom of	-	7,888	7,888
European Union	29,685	-	29,685
Finland, Republic of	3,050	-	3,050
France, Republic of	18,124	-	18,124
Germany, Federal Republic of	-	69,308	69,308
Ireland, Republic of	3,263	-	3,263
Italy, Republic of	-	32,570	32,570
Japan	88,921	-	88,921
Korea, Republic of	5,379	-	5,379
Kuwait, State of	-	500	500
Luxembourg, Grand Duchy of	-	944	944
Monaco, Principality of	-	897	897
Netherlands, State of the	2,855	26,917	29,772
Norway, Kingdom of	-	124,227	124,227
Qatar, State of	-	6,000	6,000
Saudi Arabia, Kingdom of	-	5,000	5,000

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In Thousands of US\$	Contribution Payments Received in 2020		
	For 2020 Pledges ¹	For Multi-Year Pledges ²	Total Received
Sweden, Kingdom of	36,330	-	36,330
Swiss Confederation	11,851	-	11,851
United Kingdom	-	249,140	249,140
United States of America	290,000	-	290,000
Total cash receipts from sovereign governments	489,458	620,395	1,109,853
<u>Corporations, foundations and private individuals:</u>			
Al Ansari	-	300	300
Alwaleed Bin Talal Foundation	-	2,202	2,202
Bill & Melinda Gates Foundation	71,938	240,000	311,938
Sultanate of Oman	-	600	600
The "la Caixa" Foundation	6,225	-	6,225
Tiktok Pte. Ltd.	5,000	-	5,000
UPS Foundation	-	1,350	1,350
Other contributions	4,297	500	4,797
Total cash receipts from corporations, foundations and private individuals	87,460	244,952	332,412
<u>Gavi COVAX AMC donors:</u>			
<u>Sovereign governments</u>			
Australia, Commonwealth of	-	28,523	28,523
Colombia, Republic of	500	-	500
Estonia, Republic of	85	-	85
Germany, Federal Republic of	118,410	-	118,410
Japan	30,000	-	30,000
Kuwait, State of	10,000	-	10,000
Monaco, Principality of	60	-	60
Netherlands, State of the	6,055	-	6,055
New Zealand	4,773	-	4,773
Norway, Kingdom of	21,406	-	21,406
Sweden, Kingdom of	11,325	-	11,325
Swiss Confederation	22,579	-	22,579
Nikkei Inc.	43	-	43
Shell International B.V.	10,000	-	10,000
Silicon Valley Community Foundation	30,000	-	30,000
Tiktok Pte. Ltd.	5,000	-	5,000
Other contributions	22,000	-	22,000
Total cash receipts from Gavi COVAX AMC donors	292,236	28,523	320,759
PCV AMC donors	-	75,000	75,000
Total cash receipts	869,154	968,870	1,838,024

¹ Amounts received in 2020 to fulfil pledges for 2020.

² Amounts received in 2020 to fulfil pledges for multi-years.

SCHEDULE 1.8: CASH RECEIPTS FROM DONORS, IN CURRENCIES OF RECEIPTS

The following schedule details Gavi's cash received from donors during the year ended 31 December 2020, in currencies of receipts:

In Thousands, in Currencies of Receipts	Currency of Receipt	Contribution Payments Received in 2020		
		For 2020 Pledges ¹	For Multi-Year Pledges ²	Total Received
<u>Sovereign governments:</u>				
Australia, Commonwealth of	A\$ (AUD)	-	51,250	51,250
Canada	C\$ (CAD)	-	84,000	84,000
China, People's Republic of	US\$ (USD)	-	1,000	1,000
Denmark, Kingdom of	kr (DKK)	-	50,000	50,000
European Union	€ (EUR)	25,000	-	25,000
Finland, Republic of	€ (EUR)	2,500	-	2,500
France, Republic of	€ (EUR)	15,000	-	15,000
Germany, Federal Republic of	€ (EUR)	-	60,000	60,000
Ireland, Republic of	€ (EUR)	3,000	-	3,000
Italy, Republic of	€ (EUR)	-	28,000	28,000
Japan	US\$ (USD)	88,688	-	88,688
Japan	SFr (CHF)	228	-	228
Korea, Republic of	₩ (KRW)	5,950,000	-	5,950,000
Kuwait, State of	US\$ (USD)	-	500	500
Luxembourg, Grand Duchy of	€ (EUR)	-	820	820
Monaco, Principality of	€ (EUR)	-	750	750
Netherlands, State of the	€ (EUR)	2,408	22,300	24,708
Norway, Kingdom of	Kr (NOK)	-	1,317,216	1,317,216
Qatar, State of	US\$ (USD)	-	6,000	6,000
Saudi Arabia, Kingdom of	US\$ (USD)	-	5,000	5,000
Sweden, Kingdom of	Kr (SEK)	350,000	-	350,000
Swiss Confederation	SFr (CHF)	10,546	-	10,546
United Kingdom	£ (GBP)	-	200,000	200,000
United States of America	US\$ (USD)	290,000	-	290,000
<u>Corporations, foundations and private individuals:</u>				
Al Ansari	US\$ (USD)	-	300	300
Alwaleed Bin Talal Foundation	US\$ (USD)	-	2,202	2,202
Bill & Melinda Gates Foundation	US\$ (USD)	71,938	240,000	311,938
Sultanate of Oman	US\$ (USD)	-	600	600
The "la Caixa" Foundation	€ (EUR)	5,738	-	5,738
Tiktok Pte. Ltd.	US\$ (USD)	5,000	-	5,000
UPS Foundation	US\$ (USD)	-	1,350	1,350
Other contributions	US\$ (USD)	4,297	500	4,797
<u>Gavi COVAX AMC donors:</u>				
<u>Sovereign governments</u>				
Australia, Commonwealth of	A\$ (AUD)	-	37,500	37,500
Colombia, Republic of	US\$ (USD)	500	-	500
Estonia, Republic of	€ (EUR)	70	-	70
Germany, Federal Republic of	€ (EUR)	100,000	-	100,000
Japan	US\$ (USD)	30,000	-	30,000
Kuwait, State of	US\$ (USD)	10,000	-	10,000
Monaco, Principality of	€ (EUR)	50	-	50
Netherlands, State of the	€ (EUR)	5,000	-	5,000
New Zealand	NZ\$ (NZD)	7,000	-	7,000
Norway, Kingdom of	US\$ (USD)	2,234	-	2,234
Norway, Kingdom of	Nkr (NOK)	164,100	-	164,100

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In Thousands, in Currencies of Receipts	Currency of Receipt	Contribution Payments Received in 2020		
		For 2020 Pledges ¹	For Multi-Year Pledges ²	Total Received
Sweden, Kingdom of	US\$ (USD)	100,000	-	100,000
Swiss Confederation	SFr (CHF)	20,000	-	20,000
Nikkei Inc.	US\$ (USD)	43	-	43
Shell International B.V.	US\$ (USD)	10,000	-	10,000
Silicon Valley Community Foundation	US\$ (USD)	30,000	-	30,000
Tiktok Pte. Ltd.	US\$ (USD)	5,000	-	5,000
Other contributions	US\$ (USD)	22,000	-	22,000
PCV AMC donors	US\$ (USD)	-	75,000	75,000

¹ Amounts received in 2020 to fulfil pledges for 2020.

² Amounts received in 2020 to fulfil pledges for multi-years.

EXPENSES SCHEDULES

Schedules 2.1 to 2.4 provide details of the following categories of Gavi Group's expenses:

- **Country Programme Expenses:** Gavi directly incurs expenses to procure and distribute vaccines to countries (e.g., the cost of vaccines, freight and insurance) and related to Gavi's core vaccine and cash programmes and investment cases.
- **Partner Programme Expenses:** Gavi incurs expenses to provide funding to partners through the Partners' Engagement Framework (PEF). In June 2015, the Board approved the structure for the PEF, which came into force in 2016. Through PEF, Gavi provides funding to partners and allows the partners to support countries' immunisation programmes. Support under PEF is divided into three areas: targeted country assistance, strategic focus areas, and foundational support. Most PEF funding is allocated to targeted country assistance. PEF gives priority to the 22 countries that face the most severe immunisation challenges and aims to meet the specific needs of each country. In 2020, the priority countries were the Islamic Republic of Afghanistan, Republic of Chad, Federal Republic of Nigeria, Republic of Uganda, Islamic Republic of Pakistan, Republic of Indonesia, Democratic Republic of the Congo, Republic of India, Republic of Kenya, Federal Democratic Republic of Ethiopia, Republic of the Niger, Central African Republic, Republic of the Union of Myanmar, Republic of Haiti, Federal Republic of Somalia, Republic of Yemen, Republic of Mozambique, Independent State of Papua New Guinea, Republic of Madagascar, Republic of South Sudan, Republic of the Sudan, and the Republic of Mali.
- **Professional Fees:** The Gavi Group incurs expenses to engage external technical and expert advisors and consultants as needed.

SCHEDULE 2.1: COUNTRY PROGRAMME EXPENSES, BY RECIPIENT COUNTRY

The following schedule details country programme expenses, by recipient country, incurred by the Gavi Group during the years ended 31 December 2020 and 2019:

In Thousands of US\$	2020			2019		
	Vaccine Support ¹	Cash Grants	Total	Vaccine Support ¹	Cash Grants	Total
Afghanistan, Islamic Republic of	14,178	5,901	20,079	17,595	14	17,609
Angola, Republic of	-	1,702	1,702	6,834	-	6,834
Armenia, Republic of	-	-	-	6	-	6
Azerbaijan, Republic of	202	-	202	204	-	204
Bangladesh, People's Republic of	44,883	20,492	65,375	13,034	23,977	37,011
Benin, Republic of	15,049	1,370	16,419	2,576	-	2,576
Bhutan, Kingdom of	80	-	80	8	-	8
Bolivia, Plurinational State of	955	-	955	472	-	472
Burkina Faso	11,253	5,671	16,924	15,123	7,743	22,866
Burundi, Republic of	8,318	3,234	11,552	5,449	-	5,449
Cambodia, Kingdom of	5,369	2,915	8,284	475	9,322	9,797
Cameroun, Republic of	-	-	-	3,504	1,811	5,315
Central African Republic	4,101	-	4,101	4,283	1,452	5,735
Chad, Republic of	12,006	10,630	22,636	1,608	-	1,608
Comoros, Union of the	20,024	734	20,758	41	-	41
Congo, Republic of the	1,273	2,237	3,510	7	-	7
Congo, Democratic Republic of the	90,368	61,748	152,116	67,666	41,727	109,393
Côte d'Ivoire, Republic of	18,937	8,415	27,352	-	894	894
Cuba, Republic of	173	-	173	177	-	177
Djibouti, Republic of	252	542	794	72	294	366
Eritrea, State of	2,165	10,232	12,397	-	-	-
Ethiopia, Federal Democratic Republic of	56,323	26,176	82,499	-	9,179	9,179
Gambia, Republic of the	1,260	362	1,622	290	-	290
Ghana, Republic of	9,113	-	9,113	19,462	10,250	29,712
Guinea, Republic of	3,580	1,886	5,466	324	-	324
Guinea Bissau, Republic of	1,188	550	1,738	1,255	381	1,636
Guyana, Co-operative Republic of	48	-	48	38	-	38

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In Thousands of US\$	2020			2019		
	Vaccine Support ¹	Cash Grants	Total	Vaccine Support ¹	Cash Grants	Total
Haiti, Republic of	3,506	-	3,506	7,312	2,120	9,432
Honduras, Republic of	770	-	770	759	-	759
India, Republic of	70,072	-	70,072	9,991	22,451	32,442
Indonesia, Republic of	255	-	255	-	-	-
Kenya, Republic of	25,571	5,371	30,942	6,938	-	6,938
Kiribati, Republic of	16	-	16	5	-	5
Korea, Democratic People's Republic of	1,360	343	1,703	7,212	2,325	9,537
Kyrgyz Republic	1,942	1,113	3,055	1,534	378	1,912
Lao People's Democratic Republic	2,647	1,226	3,873	860	533	1,393
Lesotho, Kingdom of	504	-	504	482	41	523
Liberia	4,003	1,017	5,020	4,568	1,470	6,038
Madagascar, Republic of	16,515	-	16,515	3,956	-	3,956
Malawi, Republic of	16,813	1,313	18,126	-	-	-
Mali, Republic of	12,202	9,542	21,744	7,968	-	7,968
Mauritania, Islamic Republic of	3,644	1,800	5,444	1,751	-	1,751
Moldova, Republic of	127	-	127	15	-	15
Mongolia	1,313	103	1,416	70	-	70
Mozambique, Republic of	9,091	6,853	15,944	3,489	4,501	7,990
Myanmar, Republic of the Union of	26,857	24,264	51,121	15,562	3,327	18,889
Nepal, Federal Democratic Republic of	7,877	245	8,122	2,426	10,466	12,892
Nicaragua, Republic of	1,011	-	1,011	574	337	911
Niger, Republic of the	13,055	4,657	17,712	6,450	4,045	10,495
Nigeria, Federal Republic of	116,496	30,640	147,136	52,072	47,736	99,808
Pakistan, Islamic Republic of	225,364	26,102	251,466	-	31,133	31,133
Papua New Guinea, Independent State of	851	6,393	7,244	2,099	9,469	11,568
Rwanda, Republic of	6,111	2,758	8,869	4,893	984	5,877
São Tomé	175	-	175	68	500	568
Senegal, Republic of	13,737	5,010	18,747	-	-	-
Sierra Leone, Republic of	2,593	2,987	5,580	2,137	-	2,137
Solomon Island	90	-	90	268	636	904
Somalia, Federal Republic of	1,482	6	1,488	2,456	16,097	18,553
Sri Lanka, Democratic Socialist Republic of	307	-	307	-	-	-
South Sudan, Republic of	1,358	720	2,078	2,387	17,458	19,845
Sudan, Republic of the	19,912	-	19,912	8,861	1,239	10,100
Syria	1,442	-	1,442	-	-	-
Tajikistan, Republic of	5,711	6,044	11,755	908	391	1,299
Tanzania, United Republic of	30,595	3,265	33,860	11,508	3,559	15,067
Timor-Leste, Democratic Republic of	48	-	48	4	-	4
Togolese Republic	2,275	135	2,410	3,556	-	3,556
Uganda, Republic of	29,155	10,740	39,895	7,763	-	7,763
Uzbekistan, Republic of	6,163	4,957	11,120	-	3,992	3,992
Vietnam, Socialist Republic of	4,640	250	4,890	-	843	843
Yemen, Republic of	12,483	-	12,483	1,444	-	1,444
Zambia, Republic of	17,156	5,288	22,444	7,716	3,211	10,927
Zimbabwe, Republic of	13,759	12,740	26,499	19,192	5,912	25,104
Total country programme expenses	1,052,152	340,679	1,392,831	369,757	302,198	671,955

¹ Vaccine support includes support for new vaccine and cold chain equipment.

SCHEDULE 2.2: PARTNER PROGRAMME EXPENSES

The following schedule details partner programme expenses during the years ended 31 December 2020 and 2019:

In Thousands of US\$	2020	2019
World Health Organization	91,771	46,814
United Nations Children's Fund	92,774	63,963
The World Bank	7,361	19,516
CDC Foundation	5,350	7,323
JSI Research & Training Institute, Inc.	4,564	5,576
Acasus Ltd	3,712	2,810
Clinton Health Access Initiative	3,440	1,650
PATH	2,687	2,690
Centers for Disease Control and Prevention	2,587	5,336
GroupM Media India Private Ltd.	2,426	2,456
United Nations Development Programme	2,366	-
University of Oslo	2,256	1,407
Dalberg Global Development Advisors	1,945	1,025
The Trustees of Columbia University in the City of New York	1,869	29
VillageReach	1,574	1,729
Stiftelsen Flowminder	1,518	76
Imperial College London	1,300	1,733
Nexleaf Analytics	1,279	2,395
London School of Hygiene & Tropical Medicine	1,212	1,658
Jhpiego	1,200	1,046
Yale University	1,084	944
Mastercard International Inc	1,048	1,307
Agence de Médecine Préventive	897	347
Zenysis Technologies Inc	887	217
Results for Development Institute	877	698
Pan American Sanitary Bureau	871	2,321
Zipline International Inc	850	2,550
Girl Effect	849	98
GiftedMom	711	-
University of Oxford	705	922
Task Force For Global Health Inc	639	-
Agence Européenne pour le Développement et la Santé	590	603
Murdoch Children's Research Institute	559	450
Johns Hopkins University	534	344
Tha Aga Khan University	506	-
Logistimo India Pvt Ltd	476	575
Solina Health Limited	448	209
Simprints Technology	430	480
Infectious Diseases Research Collaboration	391	157
Emory University	359	141
International Federation of Red Cross and Red Crescent Societies	339	322
Centre for Infectious Disease Research in Zambia	334	398
Sydani International Initiative for Development	302	85
GFA Consulting Group GmbH	297	802
Cardno Emerging Markets USA Ltd.	279	404
University of Zambia	262	22
mHealth and eHealth Expert Learning Program NPC	255	184
Cambridge Economics Policy Associate	254	295
Speak Up Africa	251	-
Mott McDonald	251	-
Rocque Advisory Sarl	230	260
HISP	226	-

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In Thousands of US\$	2020	2019
Oasys sarl	196	-
The Aspen Institute	194	563
Swiss Tropical and Public Health Institute	186	399
Consortium of Christian Relief and Development Associations	178	425
GIE Vaccilog	176	-
The Self Employed Women's Association	172	-
Mireille Gomes	166	66
Itad Ltd	145	50
Orange Cote d'Ivoire	144	150
African Field Epidemiology	144	-
KPMG East Africa	141	55
EpiLinks	139	115
GaneshAID	138	52
Albert B Sabin Vaccine Institute	124	-
Private Sector Health Alliance of Nigeria	120	272
IOD PARC	120	215
Brown Consulting Group International llc	118	60
Maha	116	82
Freight in Time Ltd.	112	721
World Data Laboratory	110	-
Global Development Support	83	278
Civil Society Human and Institutional Development Programme	77	199
Premise Data Corporation	74	-
Common Thread Communications, Inc	68	92
Fraym Inc	68	-
Health Systems Consulting	61	200
Biostat Global Consulting llc	60	39
Kati Collective Inc	58	-
MS Enterprise	56	-
The Children's Hospital Westmead	53	77
Novel T	46	-
INSCAP Development Center	44	-
Catholic Relief Services	40	-
Matter Solutions Limited	39	100
AFRIVAC	34	20
Captiva Africa	33	503
IGS Strategic Communications Ltd	32	-
Andrew Kigozi	27	-
Expertise France AFETI	20	101
Lion's Head Global Partners LLP	18	-
John Snow Inc	16	181
Harvard - President and Fellows of Harvard College	10	167
Living Goods	8	43
Last Mile Health	3	28
Edes & Associates Consultants Ltd	2	8
Birger Forsberg	1	-
Robert Mayanja	1	-
PricewaterhouseCoopers	-	915
Parsyl Inc	-	750
IRD Global Limited	-	569
Deutsche Gesellschaft fur Internationale Zusammenarbeit(GIZ) GmbH	-	390
International Rescue Committee Inc	-	354
Ministry of Health Timor Leste	-	294
EY Ford Rhodes	-	267
Foundation for Innovative Diagnosis	-	200

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In Thousands of US\$	2020	2019
DevPartConsult	-	174
Promise Corporation Limited C Space	-	170
Bureau d'Audit et de Gestion des Entreprises	-	138
Health Research for Action	-	130
Soft Tech Consultants	-	116
Cabinet d'Appui au Developpment Sanitaire	-	113
Kantar IMRB	-	113
Sabine Vaccine Institute	-	93
Royal Tropical Institute	-	92
Vital Wave Inc	-	72
Consuting Group Curatio Sarl	-	63
Cesar Gomes Victora	-	60
ACLAIM Africa Limited	-	49
MMGH Consulting GmbH	-	46
Maria Clara Restrepo	-	21
Carnelian pvt Ltd	-	19
Abt Associates	-	15
MB Consulting Ltd	-	12
Abdellahi Lehib	-	5
one23 Partnership	-	5
Open Consultants GbR	-	4
Felix Masiye	-	2
Total partner programme expenses	254,153	194,879

SCHEDULE 2.3: RECONCILIATION OF COUNTRY AND PARTNER PROGRAMME EXPENSES TO PROGRAMME EXPENSES

The following table reconciles country programme expenses, per Schedule 2.1 above, and partner programme expenses, per Schedule 2.2 above, to programme expenses reported in the Consolidated Statements of Activities on page 31 of the consolidated financial statements:

In Thousands of US\$	2020	2019
Total country programme expenses	1,392,831	671,955
Total partner programme expenses	254,153	194,879
Provision for country programme expenses	367,131	129,021
Recovery of prior year grants	(9,226)	(42,024)
Allocated operating expenses	57,155	57,383
Total recorded programme expenses	2,062,044	1,011,214

SCHEDULE 2.4: PROFESSIONAL FEES

The following schedule details professional fees incurred by the Gavi Group during the years ended 31 December 2020 and 2019:

In Thousands of US\$	2020	2019
Consulting services	14,697	14,925
Information technology	6,172	3,966
IFFIm's treasury management fees	2,104	2,052
Audit and accounting	1,527	1,147
Temporary staffing	1,369	2,223
In-kind services	1,338	1,196
Legal services	1,135	386
Total professional fees	28,342	25,895

Independent Auditors' Report on Supplementary Information

To the GAVI Alliance Board of
GAVI Alliance, Grand-Saconnex - Geneva

We have audited the consolidated financial statements of GAVI Alliance as of and for the year ended 31 December 2020 and have issued our report thereon dated 25 June 2021 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Pledges and Contributions Schedules 1.1 to 1.8 and Expenses Schedules 2.1 to 2.4 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of the Secretariat and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Opinion

In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte SA

Fabien Bryois
Partner

Lisa Watson
Director

Geneva, Switzerland, 25 June 2021