

The cover features a white background with large, abstract, curved shapes in blue and green. The blue shape is in the bottom-left corner, and the green shape is in the top-right corner, meeting at a diagonal line that curves across the page.

GAVI Alliance Statutory Financial Statements 2020

Global Health Campus
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Geneva, Switzerland

www.gavi.org

Report of the Statutory Auditor

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

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of GAVI Alliance (“Foundation”), which comprise the statement of financial position, statement of activities, statement of changes in capital and notes for the year ended 31 December 2020.

GAVI Alliance Board and Secretariat’s Responsibility

The GAVI Alliance Board and Secretariat are responsible for the preparation of these financial statements in accordance with 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 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.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 of the 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 the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the 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 financial statements for the year ended 31 December 2020 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 financial statements according to the instructions of the GAVI Alliance Board.

We recommend that the 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

STATEMENTS OF FINANCIAL POSITION

In Thousands	Note	As of 31 December 2020		As of 31 December 2019	
		US\$	SFr	US\$	SFr
Cash		195,458	173,041	246,704	254,858
Restricted cash	4	819,505	725,514	626,482	647,187
Financial assets	5	2,271,725	2,011,176	625,775	646,457
Contributions receivable	6	907,477	803,397	1,299,045	1,341,978
Receivable on COVAX Facility arrangements	7	220,375	195,100	-	-
Foreign currency forward contracts receivable	8	1,244	1,102	44,972	46,458
Receivables, prepaid expenses and other assets	9	399,123	353,347	59,490	61,456
Total current assets		4,814,907	4,262,677	2,902,468	2,998,394
Financial assets	5	1,138,073	1,007,546	1,028,721	1,062,721
Contributions receivable	6	733,111	649,029	185,582	191,715
Foreign currency forward contracts receivable	8	2,642	2,339	-	-
Fixed assets	10	23,302	20,630	26,332	27,203
Total non-current assets		1,897,128	1,679,544	1,240,635	1,281,639
Total assets		6,712,035	5,942,221	4,143,103	4,280,033
Accounts payable and other liabilities	11	445,072	394,027	171,100	176,755
Programme grants payable	12	117,860	104,342	246,711	254,865
Procurement accounts payable	4	815,498	721,967	626,482	647,187
Payable on COVAX Facility arrangements	7	1,851,030	1,638,732	-	-
Foreign currency forward contracts payable	8	63,775	56,461	1,101	1,137
Operating lease obligation	15	2,910	2,576	2,676	2,764
Total current liabilities		3,296,145	2,918,105	1,048,070	1,082,708
Programme grants payable	12	-	-	112	116
Foreign currency forward contracts payable	8	71,751	63,522	-	-
Operating lease obligation	15	21,911	19,398	23,498	24,275
Total non-current liabilities		93,662	82,920	23,610	24,391
Total liabilities		3,389,807	3,001,025	1,071,680	1,107,099
Special purpose fund		1,874,595	1,797,053	1,127,552	1,081,286
Total long-term special purpose fund		1,874,595	1,797,053	1,127,552	1,081,286
Foundation capital		31	50	31	50
Unrestricted funds		1,447,602	1,455,001	1,943,840	1,930,463
Currency translation adjustment		-	(310,908)	-	161,135
Total organisational capital		1,447,633	1,144,143	1,943,871	2,091,648
Total liabilities, special purpose fund and organisational capital		6,712,035	5,942,221	4,143,103	4,280,033

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

STATEMENTS OF ACTIVITIES

In Thousands	Note	Year Ended 31 December 2020		Year Ended 31 December 2019	
		US\$	SFr	US\$	SFr
<u>Changes in unrestricted funds</u>					
<u>Revenue</u>					
Contributions from government and private donors		398,940	382,238	500,702	502,905
Net investment income	13	43,764	41,932	85,686	86,063
Net fair value gains on derivatives		-	-	20,732	20,823
Foreign currency transaction adjustment on contributions receivable		8,226	7,882	-	-
Other revenue		1,040	996	924	930
Internal transfers		1,253,852	1,201,357	1,388,272	1,394,380
Total revenue		1,705,822	1,634,405	1,996,316	2,005,101
<u>Expenses</u>					
Programme	14	2,059,964	1,973,720	1,008,894	1,013,335
Management and general	14	25,083	24,032	24,581	24,689
Fundraising	14	19,051	18,254	20,346	20,435
Net fair value losses on derivatives		97,962	93,861	-	-
Foreign currency transaction adjustment on contributions receivable		-	-	12,074	12,126
Total expenses		2,202,060	2,109,867	1,065,895	1,070,585
Change in unrestricted funds		(496,238)	(475,462)	930,421	934,516
<u>Changes in special purpose fund</u>					
Contributions from government and private donors		2,036,767	1,951,495	275,834	277,048
Foreign currency transaction adjustment on contributions receivable		(35,872)	(34,371)	15,568	15,636
Provision for bad debts		-	-	(64)	(65)
Internal transfers		(1,253,852)	(1,201,357)	(1,388,272)	(1,394,380)
Change in special purpose fund		747,043	715,767	(1,096,934)	(1,101,761)
Result for the year		250,805	240,305	(166,513)	(167,245)
<u>Beginning of the year</u>					
Unrestricted funds		1,943,840	1,930,463	1,013,419	995,947
Special purpose fund		1,127,552	1,081,286	2,224,486	2,183,047
Beginning of the year		3,071,392	3,011,749	3,237,905	3,178,994
<u>End of the year</u>					
Unrestricted funds		1,447,602	1,455,001	1,943,840	1,930,463
Special purpose fund		1,874,595	1,797,053	1,127,552	1,081,286
End of the year		3,322,197	3,252,054	3,071,392	3,011,749

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

STATEMENTS OF CHANGES IN CAPITAL

Year Ended 31 December 2020, in Thousands	Opening Balance		Result for the year		Currency Translation Adjustment		Closing Balance	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Special purpose fund:								
Vaccine and immunisation	1,127,552	1,081,286	737,043	706,186	-	-	1,864,595	1,787,472
Research and development	-	-	10,000	9,581	-	-	10,000	9,581
Total special purpose fund	1,127,552	1,081,286	747,043	715,767	-	-	1,874,595	1,797,053
Foundation capital	31	50			-	-	31	50
Unrestricted funds	1,943,840	1,930,463	(496,238)	(475,462)	-	-	1,447,602	1,455,001
Currency translation adjustment	-	161,135	-	-	-	(472,043)	-	(310,908)
Total special purpose fund and organisational capital	3,071,423	3,172,934	250,805	240,305	-	(472,043)	3,322,228	2,941,196

Year Ended 31 December 2019, in Thousands	Opening Balance		Result for the year		Currency Translation Adjustment		Closing Balance	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Special purpose fund:								
Vaccine and immunisation	2,224,486	2,183,047	(1,096,934)	(1,101,761)	-	-	1,127,552	1,081,286
Foundation capital	31	50			-	-	31	50
Unrestricted funds	1,013,419	995,947	930,421	934,516	-	-	1,943,840	1,930,463
Currency translation adjustment	-	4,987	-	-	-	156,148	-	161,135
Total special purpose fund and organisational capital	3,237,936	3,184,031	(166,513)	(167,245)	-	156,148	3,071,423	3,172,934

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

NOTES TO THE FINANCIAL STATEMENTS

1 NATURE OF OPERATIONS

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 and 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.

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 Advance Market Commitment for COVID-19 (“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.

On 4 June 2020, the Government of the United Kingdom hosted the Global Vaccine Summit, Gavi’s third donor pledging conference, to raise funds to support Gavi’s programmes for the 2021 to 2025 strategic period. Attended by a number of world leaders and representatives from Gavi donor countries, Gavi-supported countries, the private sector, civil society, and Gavi partners, the summit raised a total of US\$ 8.8 billion (valued at foreign currency spot rates as of 4 June 2020) in new donor commitments, which will enable Gavi to reach a further 300 million children by 2025, saving an additional 7 to 8 million more lives.

Name:	Gavi Alliance
Legal form:	Foundation
Registered in:	Geneva
Legal basis:	Gavi Alliance Statutes
Chairman:	José Manuel Barroso
Auditor:	Deloitte SA (CHE-411.931.790)
Supervision authority:	Swiss Supervisory Authority of Foundations

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: These statutory financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Gavi also prepares consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States and is therefore exempted from including the additional information in the notes to the annual accounts, the cash flow statement and the management

report in these statutory financial statements in accordance with Swiss Code of Obligations Article 961d paragraph 1.

Functional and Presentation Currency: The financial statements are presented in United States dollars, which is the functional and reporting currency of Gavi. The Swiss Code of Obligations requires the disclosure of the financial statements in Swiss francs ("SFr"). For this purpose, the assets and liabilities in United States dollars are translated at the foreign exchange rate prevailing at the end of the year and income and expenses are translated at the yearly average foreign exchange rate published by the Federal Tax Administration (ESTV). Special purpose fund and organisational capital are presented at the historical rates. All translation differences are reported as currency translation adjustment under organisational capital in the Statement of Financial Position and Statement of Changes in Capital.

Cash, Restricted Cash and Cash Equivalents: Gavi reports all demand deposits as cash. Restricted cash are deposits subject to restrictions and are therefore not available for general use as discussed in Note 4 to the financial statements. At times, the balances in bank accounts held in Switzerland, the United Kingdom and the United States may exceed the respective deposit insurance limits. Gavi 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. Gavi reports all cash equivalents, which includes time deposits, fiduciary deposits, and money market funds, as financial assets.

Net Contributions Receivable: Gavi's net contributions receivable comprises unconditional promises to give from donors. Gavi records each unconditional promise to give at nominal value less any appropriate value adjustments for amounts that cannot be recovered on the date the recognition criteria are met. A conditional promise to give is considered unconditional if the barriers or conditions are met.

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. Nominal value changes related to changes in currency exchange rates are reported in the 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. It is recognised at nominal value.

Financial Assets (Investments in money market funds and registered investment companies): These are recorded at fair value which is based on unadjusted quoted prices for an identical asset in an active market.

Financial Assets (Investments in limited liability companies and limited partnerships): These are recorded at cost less any impairment losses.

Foreign Currency Forward Contracts Receivable/Payable: 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.

Fixed Assets: Furniture, equipment, computer software, and leasehold improvements that were purchased by Gavi 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.

Accounts Payable and Other Liabilities: Accounts payable and other liabilities are recognised at nominal value. It includes accrued expenses which are expenses recognised as a monetary item before it is paid for.

Net Programme Grants Payable: Net programme grants payable are recognised at nominal value.

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 Statements of Financial Position.

Procurement Accounts Payable: Procurement accounts payable are amounts committed to UNICEF for the procurement of vaccines and are recognised at nominal value.

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

Leases: Gavi is a lessee in several noncancelable 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.

Special Purpose Funds: Net assets subject to donor-imposed stipulations that are expected to be met by actions of Gavi, the passage of time, or both. Gavi's constitute bodies cannot independently decide to use these funds for another purpose. These funds are reported at nominal value as debts.

Organisational Capital: The organisational capital is initially made available by the founder and also results from income generated. It must be used in line with the purpose of the organisation. The generated funds are designated as generated unrestricted funds (which can be used for all the organisation's purposes, i.e., net assets that are not subject to donor-imposed stipulations) and generated restricted capital (which can be used by the organisation itself for a clearly defined and limited purpose). Gavi does not have any restricted capital as of 31 December 2020 and 2019.

Gavi has nominated and maintains a foundation capital of SFr 50 thousand by virtue of its initial registration as a non-profit foundation under the laws of Switzerland.

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 special purpose fund 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, special purpose fund is transferred to unrestricted funds and reported in the Statements of Activities as internal transfers.

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 Statements of Activities at their estimated nominal value at the date of their receipt.

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

Gavi's major classes of programmes are New and Underused Vaccine Support ("NVS") programmes, Health System Strengthening ("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. Gavi records these programme expenses in the periods to which the grants are approved and the 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 partners such as the UNICEF, WHO and CEPI.

Income Taxes: Gavi is exempt from income taxes in each of the jurisdictions in which it has operations.

Allocation of Functional Expenses: Gavi's expenses are summarised by their functional classification in the 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 Note 14 to the financial statements.

Contingencies: Gavi'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 financial statements are presented in United States dollars, which is the reporting currency of the Gavi. 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 Statements of Activities.

Use of Estimates and Judgements: The preparation of the financial statements requires management to make estimates 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 statutory 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. RELATED PARTY DISCLOSURE

Gavi's related party is the International Finance Facility for Immunisation Company ("IFFIm"). 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, 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 has ongoing economic interests in the net assets of IFFIm through contracts and affiliation agreements.

Balances due to or from related parties are non-interest bearing and do not have specific terms of repayment.

Gavi's related party balances were:

In Thousands	Note	2020		2019	
		US\$	SFr	US\$	SFr
Contributions receivable from IFFIm		160,987	142,523	357,064	368,865
Accounts payable to IFFIm	11	11	10	111	115

In May 2019, Gavi assigned to IFFIm all its rights, title, benefit and interest to receive grant payments committed by Norway totalling kr 600 million (US\$ 60 million; SFr 62 million). In July 2019, IFFIm issued its first bond in Norwegian krone, raising kr 600 million (US\$ 64 million; SFr 66 million), in immediate funding to Gavi to help finance research and development of new vaccines by CEPI.

In June 2020, Gavi assigned to IFFIm all its rights, title, benefit and interest to receive grant payments committed by Norway totalling NOK 2 billion (US\$ 187 million; SFr 180 million) to help finance research and development of new vaccines by the CEPI.

In November 2020, Gavi assigned to IFFIm all its rights, title, benefit and interest to receive grant payments committed by Italy totalling € 5 million (US\$ 6 million; SFr 5 million) to help finance research and development of new vaccines by the CEPI.

In December 2020, Gavi assigned to IFFIm all its rights, title, benefit and interest to receive grant payments committed by Norway totalling NOK 1 billion (US\$ 103 million; SFr 99 million) and by United Kingdom totalling £ 500 million (US\$ 610 million; SFr 585 million) to support Gavi COVAX AMC programme.

In December 2020, Gavi assigned to IFFIm all its rights, title, benefit and interest to receive grant payments committed by Italy totalling € 150 million (US\$ 160 million; SFr 154 million) and by Netherlands totalling € 250 million (US\$ 280 million; SFr 269 million) to support Gavi programmes.

Gavi recorded contributions from IFFIm of US\$ 210 million (SFr 202 million) and US\$ 216 million (SFr 217 million) during the year ended 31 December 2020 and 2019, respectively, which includes CEPI-related funding of US\$ 210 million (SFr 202 million) and US\$ 65 million (SFr 66 million), respectively. Gavi provided in-kind contributions to IFFIm of US\$ 911 thousand (SFr 873 thousand) and US\$ 888 thousand (SFr 892 thousand) during the years ended 31 December 2020 and 2019, respectively.

4. RESTRICTED CASH AND PROCUREMENT ACCOUNTS PAYABLE

Gavi established separate bank accounts into which it transfers cash as needed for the benefit of UNICEF to procure vaccines and other supplies on Gavi'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 Gavi. As collateral security for the prompt payment and performance when due of Gavi's obligations, Gavi has granted to UNICEF a security interest in all of Gavi'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 (SFr 726 million) and US\$ 626 million (SFr 647 million), respectively, were available to UNICEF in the Procurement Accounts.

Amounts payable to UNICEF for the procurement of vaccines were US\$ 815 million (SFr 722 million) and US\$ 626 million (SFr 647 million) as of 31 December 2020 and 2019, respectively. These amounts are presented as procurement accounts payable in the Statements of Financial Position.

5. FINANCIAL ASSETS

Gavi's financial assets consisted of the following:

In Thousands	2020		2019	
	US\$	SFr	US\$	SFr
Money market funds	2,271,725	2,011,176	625,775	646,457
Registered investment companies	409,161	362,234	410,594	424,164
Limited liability companies and limited partnerships	728,912	645,312	618,127	638,557
Total financial assets	3,409,798	3,018,722	1,654,496	1,709,178

Money market funds are presented under current assets in the Statements of Financial Position. Registered investment companies and limited liability companies and limited partnerships are presented under non-current assets in the Statements of Financial Position.

As of 31 December 2020, US\$ 2 billion of the money market funds disclosed in the table above related to Gavi's role as administrator of the Facility.

Gavi had outstanding capital commitments of US\$ 41 million in limited liability companies and limited partnerships 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.

6. NET CONTRIBUTIONS RECEIVABLE

As of 31 December 2019, contributions receivable was net of a provision for doubtful accounts of US\$ 6.0 million (SFr 6.1 million) based on management's evaluation of collectability of contributions receivable. In 2020, the US\$ 6.0 million (SFr 6.1 million) contributions receivable for which a provision was provided was collected. As of 31 December 2020, there was no provision for doubtful accounts.

7. RECEIVABLE/PAYABLE ON COVAX FACILITY ARRANGEMENTS

As the administrator of the Facility, Gavi 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's receivable on COVAX Facility arrangements were:

In Thousands	2020	
	US\$	SFr
Committed purchase arrangements	18,199	16,112
Optional purchase arrangements	202,176	178,988
Total receivable on COVAX Facility arrangements	220,375	195,100

The Gavi's payable on COVAX Facility arrangements were:

In Thousands	2020	
	US\$	SFr
Committed purchase arrangements	331,406	293,396
Optional purchase arrangements	1,519,624	1,345,336
Total payable on COVAX Facility arrangements	1,851,030	1,638,732

8. DERIVATIVE FINANCIAL INSTRUMENTS

Gavi 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. Gavi is in particular exposed to foreign exchange risk.

The company 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 SFr to pay operating expenses for the Secretariat.

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

As of 31 December 2020, in Thousands	Notional Amount		Fair Value	
	US\$	SFr	US\$	SFr
Foreign currency forward contracts receivable	526,542	466,152	3,886	3,441
Foreign currency forward contracts payable	(2,027,564)	(1,795,019)	(135,526)	(119,983)

As of 31 December 2019, in Thousands	Notional Amount		Fair Value	
	US\$	SFr	US\$	SFr
Foreign currency forward contracts receivable	720,936	744,763	44,972	46,458
Foreign currency forward contracts payable	(28,263)	(29,197)	(1,101)	(1,137)

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 (SFr 62.5 million) as of 31 December 2020. US\$ 47.7 million (SFr 42.2 million) of which was held as collateral and included under other receivables in Note 9 to the financial statements.

9. RECEIVABLES, PREPAID EXPENSES AND OTHER ASSETS

Gavi's receivables, prepaid expenses and other assets consisted of the following:

In Thousands	Note	2020		2019	
		US\$	SFr	US\$	SFr
Advances to vaccine manufacturer	11	300,000	265,593	-	-
Prepaid expenses		51,029	45,176	54,226	56,018
Receivable from non-Gavi eligible countries		-	-	4,976	5,140
Other receivables	8	48,094	42,578	288	298
Total receivables, prepaid expenses and other assets		399,123	353,347	59,490	61,456

10. FIXED ASSETS

Gavi's fixed assets consisted of the following:

In Thousands	Note	2020		2019	
		US\$	SFr	US\$	SFr
Cost:					
Furniture and fixtures		1,736	1,537	1,694	1,750
Office equipment		1,220	1,080	1,675	1,730
Leasehold improvements		1,185	1,049	1,149	1,187
Computer software and licenses		5,848	5,177	5,680	5,868
Operating lease right-of-use asset	15	26,526	23,484	26,526	27,403
Fixed asset in progress		-	-	17	18
Total cost		36,515	32,327	36,741	37,956
Less accumulated depreciation and amortisation:					
Furniture and fixtures		(878)	(777)	(547)	(565)
Office equipment		(1,122)	(993)	(1,479)	(1,528)
Leasehold improvements		(349)	(309)	(228)	(236)
Computer software and licenses		(5,702)	(5,048)	(5,607)	(5,792)
Operating lease right-of-use asset		(5,162)	(4,570)	(2,548)	(2,632)
Total accumulated depreciation and amortisation		(13,213)	(11,697)	(10,409)	(10,753)
Total fixed assets		23,302	20,630	26,332	27,203

Depreciation and amortisation expense was US\$ 3.3 million (SFr 3.2 million) and US\$ 3.8 million (SFr 3.9 million) for the years ended 31 December 2020 and 2019, respectively, and reported as facility and office costs in Note 14 to the financial statements.

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Gavi's accounts payable and other liabilities consisted of the following:

In Thousands	Note	2020		2019	
		US\$	SFr	US\$	SFr
Refundable advance	9	300,000	265,593	-	-
Deferred revenue		127,113	112,533	145,216	150,015
Trade creditors		8,857	7,841	13,925	14,385
Accrued expenses		8,712	7,713	10,875	11,234
Accounts payable to IFFIm	3	11	10	111	115
Other liabilities		379	337	973	1,006
Total accounts payable and other liabilities		445,072	394,027	171,100	176,755

As of 31 December 2020, Gavi received funding from Bill and Melinda Gates Foundation (the "Gates Foundation") in the amount of US\$ 300 million (SFr 266 million) to fund the COVID-19 vaccine procurement prepayment to Serum Institute of India Private Limited ("SII") and reported as refundable advance in the table above.

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 (SFr 266 million) to SII as a prepayment for the manufacture of COVID-19 vaccines and reported as advances to vaccine manufacturer in Note 9 to the financial statements.

12. PROGRAMME GRANTS PAYABLE

Gavi's programme grants payable consisted of the following:

In Thousands	2020		2019	
	US\$	SFr	US\$	SFr
Country programme grants	117,724	104,222	228,314	235,860
Partner programme grants	136	120	18,509	19,121
Total programme grants payable	117,860	104,342	246,823	254,981

13. NET INVESTMENT INCOME

Net investment income was as follows:

In Thousands	2020		2019	
	US\$	SFr	US\$	SFr
Investment income on investments	48,721	46,682	91,292	91,693
Investment fees on investments held	(4,185)	(4,010)	(4,816)	(4,837)
Direct internal investment expenses	(772)	(740)	(790)	(793)
Net investment income	43,764	41,932	85,686	86,063

Investment income on investments held by Gavi included realised and unrealised net gains of US\$ 32 million (SFr 31 million) and US\$ 60 million (SFr 60 million) for the years ended 31 December 2020 and 2019, respectively. US\$ 26 million (SFr 25 million) and US\$ 36 million (SFr 36 million) of net gains were unrealised as of 31 December 2020 and 2019, respectively.

14. FUNCTIONAL EXPENSES

Gavi's programme, management and general, and fundraising expenses were:

Year Ended 31 December 2020, in Thousands	Programme Expenses		Management and General Expenses		Fundraising Expenses		Total Expenses	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Direct programme expenses	1,789,928	1,714,990	-	-	-	-	1,789,928	1,714,990
Programme implementation	217,013	207,927	-	-	-	-	217,013	207,927
Total programme expenses	2,006,941	1,922,917	-	-	-	-	2,006,941	1,922,917
Payroll and benefits	33,692	32,281	14,654	14,040	9,515	9,117	57,861	55,438
Training and recruitment	-	-	772	740	-	-	772	740
Professional fees	11,759	11,267	6,664	6,385	6,620	6,343	25,043	23,995
Media production and distribution	71	68	15	14	375	359	461	441
Events and meetings	321	308	259	248	581	557	1,161	1,113
Travel and representation	520	498	140	134	190	182	850	814
Facility and office costs	4,706	4,509	1,927	1,846	1,259	1,206	7,892	7,561
Supplies and minor equipment	1,954	1,872	652	625	511	490	3,117	2,987
Other operating expenses	53,023	50,803	25,083	24,032	19,051	18,254	97,157	93,089
Total functional expenses	2,059,964	1,973,720	25,083	24,032	19,051	18,254	2,104,098	2,016,006

Year Ended 31 December 2019, in Thousands	Programme Expenses		Management and General Expenses		Fundraising Expenses		Total Expenses	
	US\$	SFr	US\$	SFr	US\$	SFr	US\$	SFr
Direct programme expenses	794,538	798,034	-	-	-	-	794,538	798,034
Programme implementation	160,756	161,464	-	-	-	-	160,756	161,464
Total programme expenses	955,294	959,498	-	-	-	-	955,294	959,498
Payroll and benefits	31,780	31,920	12,104	12,157	9,493	9,535	53,377	53,612
Training and recruitment	-	-	1,298	1,304	-	-	1,298	1,304
Professional fees	9,718	9,761	6,130	6,157	6,776	6,806	22,624	22,724
Media production and distribution	213	214	20	20	296	297	529	531
Events and meetings	1,112	1,117	1,489	1,496	684	687	3,285	3,300
Travel and representation	3,772	3,789	646	649	1,005	1,009	5,423	5,447
Facility and office costs	5,070	5,092	2,116	2,125	1,540	1,546	8,726	8,763
Supplies and minor equipment	1,935	1,944	778	781	552	555	3,265	3,280
Other operating expenses	53,600	53,837	24,581	24,689	20,346	20,435	98,527	98,961
Total functional expenses	1,008,894	1,013,335	24,581	24,689	20,346	20,435	1,053,821	1,058,459

15. 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.

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

In Thousands of SFr	Principal	Interest	Total
Year Ending 31 December 2021	2,822	55	2,877
Year Ending 31 December 2022	2,692	77	2,769
Year Ending 31 December 2023	2,639	100	2,739
Year Ending 31 December 2024	2,636	123	2,759
Year Ending 31 December 2025	2,634	147	2,781
Thereafter	8,986	1,599	10,585
Total	22,409	2,101	24,510

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 (SFr 3.5 million) and US\$ 2.7 million (SFr 2.7 million) for the years ended 31 December 2020 and 2019, respectively, and reported as facility and office costs in Note 14 to the financial statements.

16. RETIREMENT PLANS

The Gavi 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 (SFr 7.5 million) and US\$ 7.2 million (SFr 7.3 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, Gavi's 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\$ 354 thousand (SFr 340 thousand) and US\$ 399 thousand (SFr 401 thousand) for the years ended 31 December 2020 and 2019, respectively.

17. 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.

18. OTHER DISCLOSURE

Full-time equivalent: The average number of full-time equivalent employees was 285 and 282 for the years ended 31 December 2020 and 2019, respectively.

Foreign exchange rates: The United States dollars to Swiss francs exchange rates used were as follows:

	2020	2019
Spot rate	0.88531	1.03305
Average rate	0.95813	1.00440

19. SUBSEQUENT EVENTS

In preparing these statutory financial statements, Gavi evaluated subsequent events through 25 June 2021, which represents the date that the statutory financial statements were issued. Gavi 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.