

SUBJECT: 2016-2020 STRATEGY: IMPLEMENTATION AND PROGRESS

Agenda item: 03a

Category: For Information

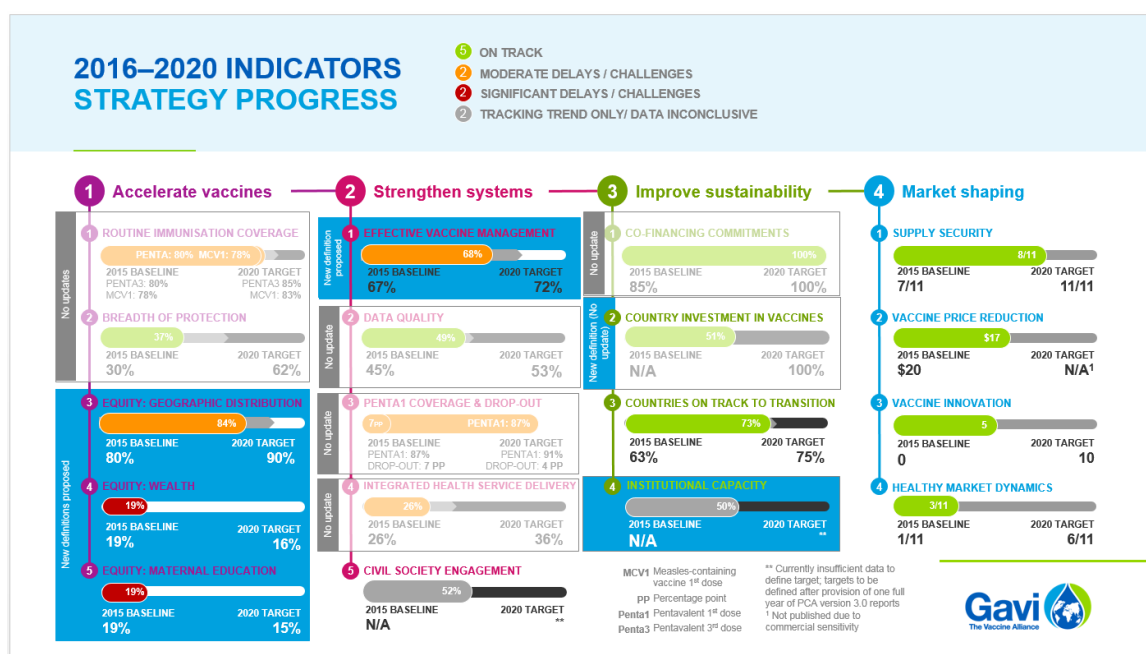
Section A: Introduction

- The Board agenda for this meeting has been streamlined to enable a more strategic Board discussion. As a result, this paper seeks to rationalise and consolidate many of the previously standalone updates¹ in order to present an integrated view of progress in implementing Gavi's 2016-2020 strategy, including programmatic and financial performance and related risks. The intention is to reduce duplication and provide a more holistic view of the Alliance's performance to allow discussions on cross-cutting issues and inform exchanges on strategic priorities at the Board.
- This is the fourth report to the Board on progress against Gavi's strategic indicators for the 2016-2020 strategy, and we now have over two years' experience in monitoring and reporting on these indicators. As a result, we have gained a more in-depth understanding of the strengths and weaknesses in our ability to analyse progress in a timely and meaningful manner. In light of this, the Secretariat, in consultation with Alliance stakeholders, completed a review of all strategic and Alliance indicators to assess their strength of measurement and their utility in accountability and performance management. Based on this review, the PPC are recommending changes to six strategic indicators to allow better monitoring of the Alliance's performance and inform more effective prioritisation of resources. The PPC also requested that the original indicators continue to be tracked. Doc 02h provides further details on the specific changes recommended to the strategic indicators and the rationale for these changes.
- This paper focuses on providing an overview of progress across Gavi's 2016-2020 strategic goals, and integrating a discussion on related top risks, strategic issues, and financial performance. Due to the cyclical nature of the WUENIC process, this update focuses more on strategic goals 3 and 4, where there is more new data available, while providing qualitative updates for the other strategic goals and Alliance indicators, where relevant. At the next Board meeting, with new WUENIC data available, a more detailed update will be provided on strategic goals 1 and 2.

¹ Including: Finance Update, Partners' Engagement Framework Update, Risk Management Update and the Alliance Update on Country Programmes.

- Having established a robust dialogue on risk with the Board and with top risks being discussed in Board and Committee meetings², it is considered appropriate that risk be formally integrated into this report. This reinforces an integrated discussion on risk, strategy and performance, allowing a coherent view of current and future potential performance. We will maintain a stand-alone in-depth risk discussion at each year-end Board meeting, based on the Risk & Assurance Report³. In addition, a pre-Board briefing on risk management has been organised to provide the opportunity to further discuss Gavi's risk management approach.
- The Alliance's financial performance is also discussed in this paper, with an update on the utilisation of the 2017 budget as well as an overview of the impact on the current forecast of the decisions to be considered at this Board. Gavi's financial forecast is updated annually and will continue to be presented to the year-end Board for detailed review and approval. The financial forecast for 2016-2020 which was presented to the Board in November 2017 remains the current version and is an appropriate basis for considering funding decisions.

Section B: 2016-2020 Strategy: Implementation, Progress and Performance⁴



² The Secretariat is ensuring that over time, all top risks are being discussed in relevant Committees or the full Board, by having a risk lens integrated in related agenda items. A Risk Management Update report was provided to the Audit & Finance Committee in April 2018 and is available on BoardEffect.

³ 2017 Risk & Assurance Report: <http://www.gavi.org/about/governance/gavi-board/minutes/2017/29-nov/minutes/06---risk-and-assurance-report---annex-a/>

⁴ The strategic and Alliance indicator dashboards have been prepared based on the new indicator definitions. The dashboards based on the original indicator definitions are available as an appendix on BoardEffect. Indicators with new definitions are highlighted in blue. Greyed indicators are indicators for which no updated data was available for this Board meeting.

1. Strategic Goal 1: Accelerate Vaccines

- 1.1 As discussed in the last update to the Board, the Alliance achieved 35 introductions in 2017, against 50 originally planned, primarily driven by issues with HPV supply.
- 1.2 To date in 2018, **20 introductions have taken place, which includes 12 routine introductions and 8 campaigns**. At the time of writing, 11 expected introductions had been delayed due to weak financial management systems (4), readiness issues including competing priorities and delivery delays (6), and unresolved audit issues (1). A revised forecasting and follow-up process implemented by the Country Programmes department has allowed daily monitoring of delays enabling more timely identification and resolution of bottlenecks. This is expected to reduce the difference between forecast and achieved introductions. The year-end target of 52 introductions remains achievable at this time.
- 1.3 Despite the supply challenges, **two countries have successfully launched their national HPV programmes** this year (Tanzania and Zimbabwe) and another two (Ethiopia and Senegal) are planned to launch in Q4 2018. We continue to maintain the momentum and make progress on the HPV programme with the goal of immunising 40 million girls by 2020, and with these additional introductions Gavi will have supported 10 countries⁵ to introduce HPV into their national programmes by the end of 2018. We are also still making progress with our inactivated polio vaccine (IPV) programme in spite of the on-going supply constraints, with **six of the vaccine introductions in 2018 being for IPV**⁶.
- 1.4 Introductions conducted so far this year show a **high proportion of campaigns (40%)**⁷. At the same time, the Alliance indicator which measures **the proportion of measles supplementary immunisation activities (SIAs) that achieved 95% coverage, stands at 0% for 2017**⁸. Given the increasing number of applications for campaigns (driven by an agenda to eliminate measles), and the fact that most still don't achieve target coverage levels, the related top risk that **frequent or unplanned campaigns** may undermine capacity of governments to manage routine immunisation services remains high.
- 1.5 The Alliance is **increasing efforts to improve the quality of campaigns** through more careful planning and systematic readiness assessments, requiring effective engagement from all stakeholders. Gavi's Independent Review Committee (IRC), in its recent meeting, commended the efforts of Alliance partners in supporting countries to analyse and use their

⁵ Bolivia, Honduras, Guyana, Rwanda, Uganda and Sri Lanka already introduced in 2017, and Tanzania, Zimbabwe, Ethiopia and Senegal in 2018

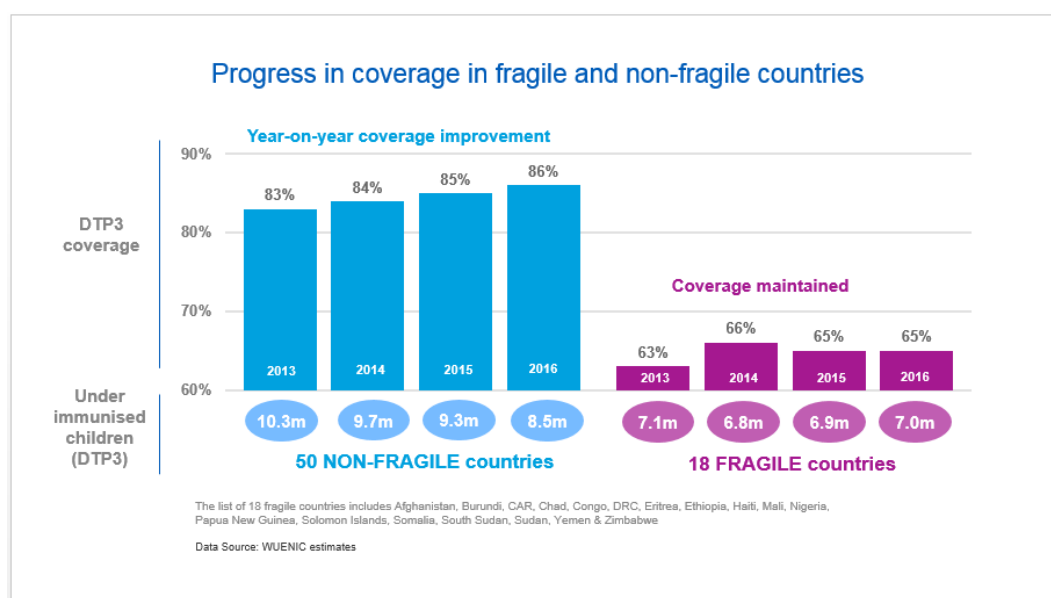
⁶ Kyrgyzstan, Moldova, Rwanda, Sierra Leone, Tanzania and Uzbekistan

⁷ Campaigns in 2018: 5 MR, 1 measles, 1 JE and 1 HPV campaign

⁸ Six of 12 SIAs conducted have available surveys completed at this time: (Cambodia (75%), Chad (82%), DRC (89%), Lesotho (92%), Malawi (92%)) and all remained below 95% coverage. Preliminary data from Rwanda indicates that a MR SIA reached 97% coverage. However, this has not been officially confirmed, so has not yet been included.

epidemiological data to better inform and target strategic interventions. However, the IRC continued to warn that failure to devise tailored strategies to reach the chronically unreached in already well-performing contexts will make further improvements highly unlikely. The Secretariat continues to work closely with the Measles Rubella Initiative (MRI) to emphasise the need to engage in immunisation efforts designed to control, rather than eliminate, disease in countries with low coverage and weak health systems. In low coverage countries, it is important that as an Alliance we start thinking about campaigns differently including having campaigns reach, record and vaccinate missed children and bring them back into the routine immunisation system. In response to IRC feedback, Gavi is piloting specific targeted and differentiated approaches to campaigns in Bangladesh, such as line-listing of children in hotspots, recording of campaign doses in vaccination cards, and recording of zero dose children.

- 1.6 The Alliance's **progress in implementing its coverage and equity agenda** was discussed at the recent Board retreat. As an Alliance, we continue to make progress in improving coverage in Gavi-supported countries: the birth cohort in Gavi countries increased by 13% between 2000 and 2016, whilst the number of immunised children increased by 56%. However, it was noted that the **picture differs significantly between fragile and non-fragile countries**⁹ (as shown in the graphic below). Following the retreat discussions, work is continuing to further differentiate and tailor Gavi support to the country context and explore sub-national approaches¹⁰. As noted above, a more detailed update on coverage targets will be provided at the next Board meeting when updated WUENIC data will be available.



⁹ Countries are classified as fragile as per Gavi's Fragility, Emergencies, Refugees Policy

¹⁰ The **ability to reach the under-immunised** was identified as a top risk in the Risk & Assurance Report. The Board at its retreat also discussed whether a different risk appetite would be required in fragile countries.

2. Strategic Goal 2 - Health Systems Strengthening

- 2.1 We are increasingly aligning and integrating the two key levers of Gavi's support for health system strengthening: health system strengthening (HSS) grants and targeted country assistance (TCA) under the Partners' Engagement Framework (PEF). We are seeing countries progressively **align and focus HSS and TCA funding on Strategic Focus Areas (SFAs) and specific coverage and equity challenges**. By focusing funding on key areas and bottlenecks, Gavi is able to support countries to increase the effectiveness and efficiency of their immunisation delivery, as well as build and strengthen systems for primary health care.
- 2.2 This is an emerging focus of PEF and the value of countries and partners strategically aligning different modalities of support is becoming increasingly evident. For example, Central Africa Republic made integrated use of TCA and HSS funding to first conduct an equity assessment. This assessment highlighted the need for an urban immunisation strategy due to growing clustering of under-immunised children in its cities. As a result, the country developed, and is implementing, a HSS-funded plan to reach these children with partners' providing technical assistance funded under TCA.
- 2.3 **Greater synergies among Alliance partners are also being realised with expanded and private sector partners bringing new areas of comparative advantage**. We are seeing examples of countries aligning a mix of partners to achieve results based on the partners' respective areas of expertise. For example, in DRC, a mix of core and expanded partners (including civil society organisations) are engaged to drive progress against SFAs, including data, supply chain and demand generation. Core partners (WHO, UNICEF, World Bank and CDC) remain the prime recipients of PEF funding, with WHO and UNICEF receiving 79% of core funding. However, in 2017, **43 expanded partners were engaged under TCA and local institutions were brought on board in Mauritania, Pakistan, Kenya and Senegal**. Gavi is continuing to empower countries to assess their technical assistance needs and the quality of technical assistance provided, as well as expanding the pool of providers including local institutions, where appropriate.
- 2.4 Gavi also partners with **private sector partners to leverage additional financing and latest innovation** and expertise to support countries. These partnerships focus on areas where the private sector can help enhance impact in countries and therefore contribute to progress across Gavi's strategic goals. Partnerships are primarily funded through direct private sector investments, the Gavi Matching Fund¹¹, and INFUSE¹². Private sector partnerships take different forms depending on country needs,

¹¹ The Gavi Matching Fund is supported by the Bill and Melinda Gates Foundation (BMGF) and the government of the Netherlands (US\$ 87 million, to be doubled by private sector contributions)

¹² Innovation For Uptake, Scale and Equity in Immunisation (INFUSE) was launched at the World Economic Forum's annual meeting in Davos in 2016. The initiative is supported by the governments of Canada and UAE (with funding totalling US\$ 21 million).

ranging from direct financial contributions (e.g. La Caixa) to additional expertise and innovation (e.g. Orange).

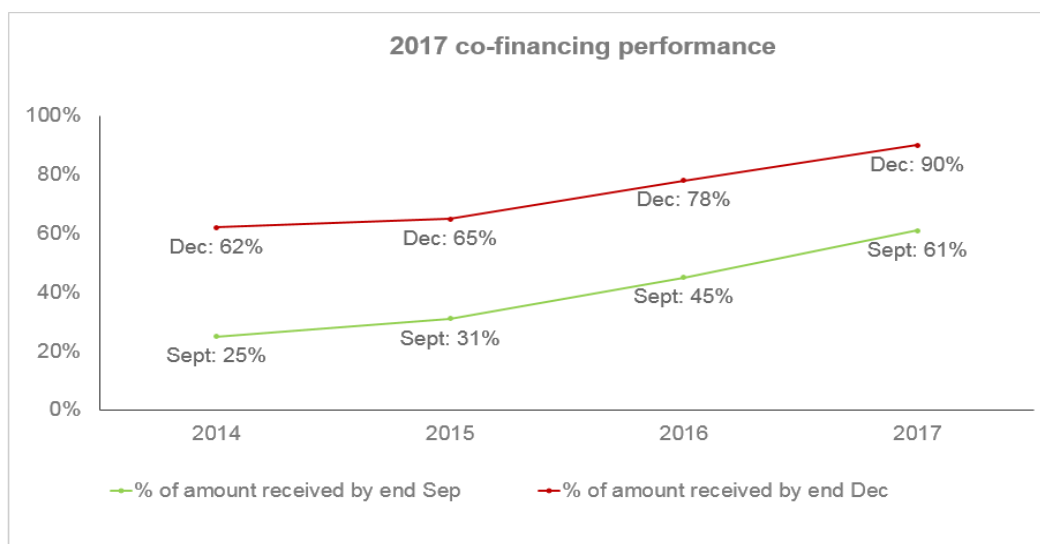
- 2.5 **INFUSE, in particular, aims to identify proven solutions which, if scaled up, have the potential to modernise global health systems** and to ensure Gavi countries have access to transformative innovations. For example, some of the pacesetters selected by INFUSE were first successful grant pilots of the Gates Grand Challenge, which speaks to how the upstream research and development focus of the Grand Challenge and the down-stream delivery focus of Gavi's INFUSE can come together to support innovations.
- 2.6 Gavi's increased engagement with private sector partners, outside of the pharmaceutical industry, introduces opportunities as well as challenges and related risks. In considering which private sector entities to engage, **Gavi proactively employs an evaluation process to identify and mitigate reputational, programmatic, and financial risks**. A robust due diligence process is followed for all private sector partners supported by an independent third party provider and agreed principles of engagement. Gavi's global private sector engagement approach is reviewed on an annual basis to incorporate and adapt to lessons learnt from each partnership, and all private sector engagements are reviewed and approved by a Secretariat committee of Managing Directors. Updates on Gavi's engagement with the private sector have been provided to the PEF Management Team (February 2018) and the PPC (May 2018). A detailed update on Gavi's private sector engagement is available on BoardEffect as an appendix to the PEF PPC paper.
- 2.7 The **new definition of the indicator on effective vaccine management shows that, on average countries are achieving a composite EVM score of 68%**, unchanged between 2016 and 2017. With a revised timeline to share data within the Alliance each year and a new data collection tool, availability of data should start increasing, and the Alliance should be able to give a more detailed picture of progress in the coming years.
- 2.8 The **Cold Chain Equipment Optimisation Platform (CCEOP) was launched in 2016 and two years on we are starting to see significant scale-up**. Deployment of cold chain equipment is planned in over half of eligible countries by the end of 2018. Gavi is monitoring deployment closely to ensure that the planned 13,100 pieces of equipment are installed in the first 11 countries¹³ in 2018.
- 2.9 **Country management capacity remains a very high risk** for the Alliance and outside Gavi's risk appetite. This requires a better understanding of capacity gaps and stepping up of management capacity building efforts. Therefore, Programme Capacity Assessments continue to be rolled out, helping to identify capacity gaps that can be addressed with Gavi support. Gavi also continues to intensify its focus on **strengthening in-country**

¹³ Countries where deployment is planned to be completed in 2018: Haiti (complete), DRC (ongoing), Pakistan, Kenya, Djibouti, South Sudan, Niger, Sierra Leone, Liberia, Uganda and Malawi

Leadership, Management, and Coordination (LMC). Since 2017, managerial assistance from expanded partners has been contracted in 26 countries, and 14 countries are likely to contract LMC support in the coming months. For example, support for strategic use of data to enhance EPI performance management practices has been rolled out in DRC, based on the success of the Pakistan/Punjab model. Embedded Management Partners (i.e. peer-coaches) working hand in hand with the EPI team are in place in Malawi, Zambia and Kyrgyzstan and additional roll out is expected in 10 countries in the coming months. In May, Gavi also launched an innovative Management Training Programme for immunisation managers and teams in Ministries of Health together with Yale University, the University of Global Health Equity (UGHE) Rwanda and PATH. The pool of prequalified partners for LMC has been expanded, and will continue to be on an on-going basis, with special attention paid to mobilising local partners.

3. Strategic Goal 3 - Improve Sustainability

- 3.1 All countries met their 2016 co-financing commitments in 2016 or cleared defaults in 2017 to avoid default sanctions. **For 2017 obligations, country co-financing performance continued to improve, and defaults remained near an all-time low.** As of December 2017, countries had paid US\$ 109 million out of an expected total of US\$ 121 million in co-financing, over 90% of the total expected and the highest on-time share ever achieved. The timeliness of co-financing payments has also improved, as measured by the share paid by the end of September of each year.¹⁴



- 3.2 **56 of 62 countries met their co-financing obligations in 2017.** Out of the six countries that did not meet their obligations, five – Central African Republic (CAR), Chad, Cameroon, DRC and Sierra Leone – defaulted on

¹⁴ As Gavi's estimated vaccine expenditures in the strategic period have decreased due to lower vaccine prices and other factors, so have expected co-financing obligations. Total co-financing obligations in this strategic period are now estimated at US\$ 790 million.

their 2017 co-financing requirements, a level similar to 2016.¹⁵ Of these countries, Chad and CAR have now cleared their arrears and are no longer considered in default, and DRC has an agreed payment plan in place.

- 3.3 As highlighted in the last update to the Board, 51% of countries increased their investments in routine immunisation between 2015 and 2016, and the weighted average investment per surviving infant increased from US\$ 8.81 to US\$ 10.90. The target for 2020 is that investments per child are increasing in all Gavi supported countries (Gavi68), over the 2015 baseline.
- 3.4 The indicator on countries on-track for successful transition will be fully reported at the year-end Board as one of its three sub-indicators (DTP3 coverage as per WUENIC estimates) is published in July. Data on the other two sub-indicators show improvements with none of the transitioning countries in 2017 in default on their co-financing payments, and only one country¹⁶ not meeting the 75% on-time implementation of its transition plan in 2017 (compared to two in 2016).
- 3.5 **Sustainable transition** remains a top risk for Gavi and is being actively managed. **16 countries have now transitioned from Gavi support, out of 20 countries projected to transition for this strategic period**¹⁷. Eight of these countries transitioned at the end of 2017. The majority are performing well and present a low risk to financial sustainability of vaccines introduced with Gavi support¹⁸. Risks in countries still to transition (an additional four countries by 2020, and eight projected for 2021-2025) continue to be monitored. The Secretariat is increasingly engaging with these countries early to help them better prepare for this process (for example, engagement with Sudan has commenced two years in advance of entering accelerated transition in 2020, with a focus on strengthening political will).
- 3.6 **Political will is one of the key mitigating factors to manage the risk of sustainable transition** from Gavi support. Gavi works to build political will through a menu of interventions tailored to each country context which, ultimately seeks to build sustainable coverage and equity through a) strengthening legislative and regulatory framework, b) achieving sustainable immunisation financing, c) strengthening EPI leadership, performance and accountability, and d) building vaccine confidence and

¹⁵ For South Sudan, which has defaulted on co-financing for multiple years, a more holistic approach for health and immunisation financing is presented separately to the Board for decision, taking into account the country's complex security, health and economic situation.

¹⁶ Congo Republic (at 55% as of Q4 2017)

¹⁷ The PPC recommended not to include Ukraine in post-transition support, as in terms of support and processes, Ukraine had the same experience as those countries that ended support in previous strategic periods (e.g., Albania, Bosnia-Herzegovina, China and Turkmenistan). To avoid confusion and to be consistent with the support received, the Secretariat will not include Ukraine when referring to the number of countries transitioning, resulting in 20 countries expected to transition by end of the strategic period.

¹⁸ The exception is Congo Republic, which needed an emergency loan from the World Bank to finance vaccines. Proposed mitigation actions for post-transition risks in high-risk countries (Angola, Congo Republic and Timor-Leste) have been developed and are presented separately to the Board for consideration.

promoting demand for immunisation as a right. To reach these objectives, a menu of potential interventions has been defined, targeting different types of stakeholders. These activities are then tailored based on the individual country context.

- 3.7 While all Gavi supported countries will benefit from a general level of support to strengthen their in-country political will, the **Secretariat has undertaken a consultative process to select priority countries for initial intensified engagement**: Angola, Chad, Congo Republic, Ghana, Haiti, Nigeria, Papua New Guinea and Sudan have been prioritised. For these countries, specific workplans are being defined, acknowledging that building political will is a long term engagement. For example, Ghana is a high performing country but macroeconomic events and the country's limited fiscal space has created a challenge for Ghana to procure its traditional vaccines and meet Gavi's co-financing obligations. Therefore, in view of Ghana's pending transition from Gavi support, the workplan focuses on ensuring sustainable health financing for immunisation. The PPC discussed Gavi's approach to political will and was broadly supportive.

4. Strategic Goal 4 - Market shaping

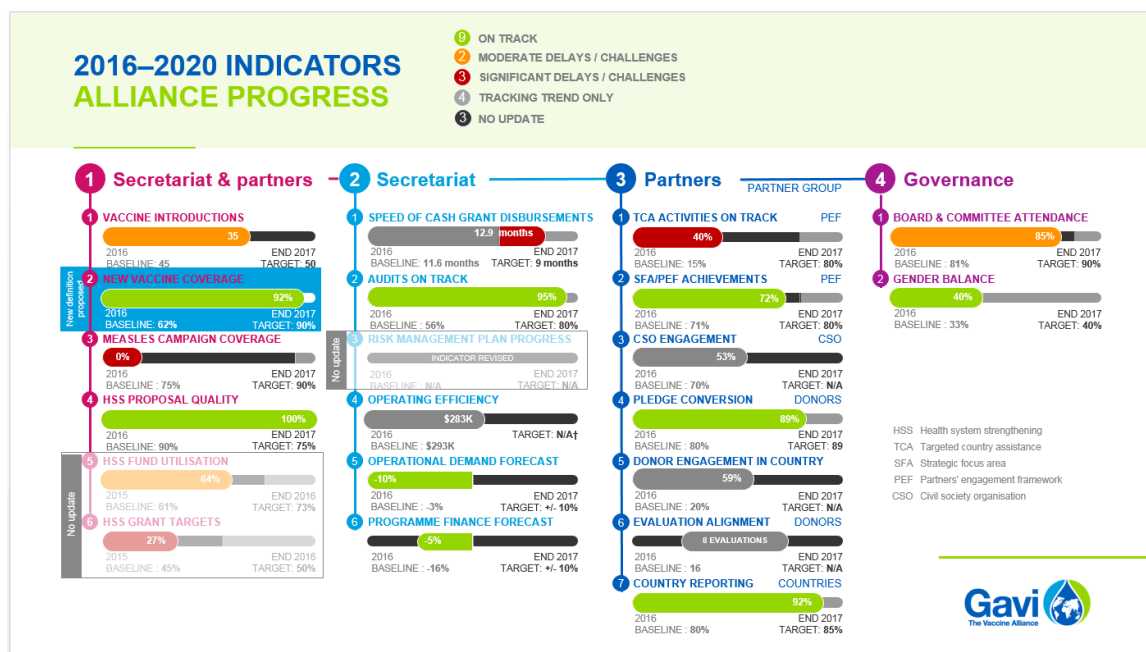
- 4.1 Good progress continues to be made on the market shaping strategic indicators, with all indicators currently on track to meet 2020 targets.
- 4.2 **Eight markets out of 11 had sufficient and uninterrupted supply in 2017**, with improvements for yellow fever and cholera, despite uncertain demand. Insufficient supply is still an issue in three markets and **global supply shortages** remains a top risk for Gavi, with **rotavirus and HPV markets facing new supply challenges in 2017**. The rapid increase in demand for HPV has led to significant supply shortages and the Alliance continues to call on the leading manufacturer to ensure adequate supply is available as soon as possible. As mentioned above, a number of national introductions are still planned for 2018 and a tender will be issued shortly to secure supply for 2019 and beyond. As in previous years, **suppliers of IPV failed to meet their supply commitments to UNICEF in 2017**. Even though supply availability started to improve at the end of 2017, the market will remain supply constrained in 2018. UNICEF issued a tender for 2019-2022 to give manufacturers sufficient time to produce doses, given the long production cycle of the vaccine. Further information on Gavi's IPV programme and future role in polio is included in Doc 08.
- 4.3 Significant progress has been made on the **weighted average price for pentavalent, pneumococcal (PCV) and rota vaccines in 2017, with a 17% reduction from 2015**. Pentavalent vaccine market price decreased significantly in 2017, with the overall weighted average price reduced by 43% from 2016. For PCV, there was a 7% reduction of price per dose from 2016, generating approximately US\$ 285 million in projected savings over the current Advance Market Commitment (AMC) supply agreements. One manufacturer announced a further reduction to US\$ 2.95 in early 2018, contributing to additional savings of US\$ 53 million.

4.4 **Two new products with improved characteristics were procured in 2017:** plastic tube presentation for oral cholera vaccine (OCV) and four-dose vial presentation for PCV. The new presentation for OCV requires 30% less cold chain volume, weighs 50% less and has led to a 25% price decrease to US\$ 1.30 per dose.

4.5 Three vaccine markets were assessed as having moderate health in 2017 (up from two in 2016): pentavalent, yellow fever and PCV. Yellow fever and PCV moved from low to moderate health, however the yellow fever market requires close monitoring due to potential surges of demand and the PCV market dynamics are not considered satisfactory given the lack of competitive pricing. **Eight markets continue to face significant challenges in balancing supply and demand**, and therefore active market shaping interventions and careful monitoring of risks needs to continue in these markets.

Vaccine markets	Gavi vaccine markets' level of healthy market dynamics	
	2016	2017
Pentavalent	Moderate	Moderate
PCV	Low	Moderate
Yellow Fever	Low	Moderate
Cholera	Low	Low
JE	Low	Low
Meningitis A	Low	Low
MR	Low	Low
Measles	Low	Low
Rotavirus	Low	Low
HPV	Moderate	None
IPV	None	None

5. Alliance Indicators



5.1 The speed of cash grant disbursement is the only Alliance indicator with new data that has not been discussed above and has not improved. **Time to disburse has increased to 12.9 months against a target of 9 months**, primarily due to 7 outliers where disbursement has taken more than 24 months (without these outliers, time to disburse stands at a still unacceptable 10.5 months). We are seeing that time to disburse correlates with the Secretariat's internal country risk rating: with disbursement in lower

risk countries taking an average of 8.5 months. For higher risk countries, disbursements took an average of 19.5 months, partly due to efforts to mitigate fiduciary risk.

- 5.2 As discussed at the previous Board meeting, funds are increasingly being channelled through partners and other agents as a risk management measure, which militates against the Gavi model to enhance country ownership and sustainability by using, supporting and strengthening government systems. Over 2015-2017, **67% of funds were channelled away from government systems**, primarily due to fiduciary and/or procurement related risks¹⁹.
- 5.3 Gavi is working to **reverse this trend by investing in financial management and programmatic capacity building as well as in other assurance/risk mitigation options** including collaboration with the Global Fund and World Bank, engaging fiduciary agents and utilising pooled funding mechanisms. In parallel, work is on-going with WHO and UNICEF to ensure that the level of assurance provided for the funds channelled via them is consistent across countries and grants, and in line with expectations for enhanced financial and programmatic oversight.
- 5.4 Capacity building initiatives are expected to rebalance the proportion of funds channelled to country systems in the long to medium term, though this trend is not expected to reverse in the short term. The PPC discussed this as well as the impact on Gavi's top risks of **misuse by countries** and **sustainable transition**, and asked for an update to be provided at the October meeting. In response to the previous Board request, further discussion would be held on this subject at the November Board meeting, including the trade-offs that the Board would like to make between fiduciary risk appetite and the use and strengthening of country systems.
- 5.5 Partners' reporting on **PEF TCA continues to improve** with eight out of 20 priority countries achieving more than 80% of the agreed milestones (compared to three in 2016). An additional ten countries reported 60-79% of TCA milestones on track for 2017 (compared to eight in 2016), although Yemen witnessed a sharp drop and Niger continues to remain challenging.
- 5.6 The **programme finance forecast Alliance indicator** to achieve programmatic expenditures within 10% of the Board-approved forecast remains on track and has improved slightly. In 2017, **disbursements for vaccines and cash-based programmes were 95% of the amount** projected in December 2016. The under-disbursement was already reflected in the forecast reviewed by the Board in November 2017. Expenditure on Secretariat and Partner activities in 2017 were 8% less than the amount projected in December 2016, with under-disbursements of US\$ 14 million for Partners and US\$ 9 million for the Secretariat.

¹⁹ Over 2015-2017, 69% of funds channelled through partners were a result of fiduciary and/or procurement related risks. Of these, 36% were channelled to partners in countries that are classified as fragile countries (under Gavi's Fragility, Emergencies, Refugees Policy)

- 5.7 Cash inflows in 2017 were at 95% of the amount projected in December 2016. The decrease was due mainly to the deferral by Gavi of some IFFIm proceeds that were previously anticipated to be needed in 2017, as already indicated in the forecast presented to the Board in November 2017. The current outlook indicates that 100% of resource projections for 2018 will be realised, after taking account of updated assumptions for the timing of donor contributions and foreign exchange movements.
- 5.8 Focus has been maintained on efficiency and value for money, and the **operating expense ratio has reduced to 6.8% (from the 7.1% forecasted in December 2016), with the overhead ratio steady at 2.5%.**
- 5.9 The Audit and Finance Committee (AFC) has confirmed that based on the financial forecast, **the decisions being put to the Board can be approved in accordance with the Programme Funding Policy.** The forecast reviewed by the Board in November 2017 remains the current version and is an appropriate basis for considering funding decisions.

Overview of resources to meet expenditure in 2016-20; 2021-25

2016 - 2020					2021-2025
US\$ million	Post Berlin Meeting Jan 2015 (plus IPV)	Last Forecast Nov 2017 Board	Impact of decisions for consideration now	Including proposed decisions	Impact of these decisions in next period
A Qualifying Resources	10,261 \$10.3 bn	9,660 \$9.7 bn	g ⁽¹⁾	9,669 \$9.7 bn	
Includes the Allowance for further Direct Contributions, which relies on extension of pledges through 2020					345
B Forecast Expenditure	9,809 \$9.8 bn	9,205 \$9.2 bn	359	9,564 \$9.6 bn	422
A-B Available / (additional required)	452 \$0.5 bn	455 \$0.5 bn	(351)	105 \$0.1 bn	
Available / (additional required) if the Allowance for further Direct Contributions is excluded:					(240)

Decisions for consideration at June 2018 Board meeting add up to \$359m (2018-2020) and up to \$422m (2021-2025)

US\$ million	Decision amount	Already in Forecast	Addition to Forecast	PPC Document	
(a) Nigeria Transition Strategy: 2018-2028 <i>Investment return: Direct Health Impact</i> See note 2	449	388	61	05	396 + \$118m 2026-28
(b) Engagement with countries post-transition <i>Investment return: Direct Health Impact</i> Angola, Congo Rep. and Timor Leste	20		20	06	
(c) Continuing IPV-Polio support: 2019-2020 <i>Investment return: Direct Health Impact</i>	300	100	200	11	
(d) Cholera 2019 Investment <i>Investment return: Direct Health Impact</i>	52		52	09	
(e) PCV Catch-up <i>Investment return: Direct Health Impact</i>	19		19	09	26
(f) South Sudan Co-financing waiver <i>Investment return: Direct Health Impact</i>	0.65		0.65	09	
(g) Yellow Fever Surveillance <i>Investment return: Direct Health Impact</i>	12	5	7	12 **	
					359

Potential future investment opportunities			
Needs that were explicitly not part of the Replenishment Ask:	US\$m	Investment Return	
VIS 2018 Strategic Investments (2020-2025)	800-1,350	Direct health impact and epidemic preparedness	
IPV Post 2020	650-900	Epidemic preparedness	
Malaria Post 2020	TBC	Direct health impact	
Ebola	TBC	Direct health impact and epidemic preparedness	

(1) \$9m is from updated estimate of the additional funds that can be made available from Gavi's Cash & Investments reserve

(2) The total estimated cost for Nigeria Transition strategy 2018-28 is \$1,033 million (\$449m for 2018-20, \$466m for 2021-25 and \$118m for 2026-28. Gavi had previously forecasted \$458m for Nigeria in this period (\$388m for 2018-20, \$70m for 2021-25 and none thereafter). Thus the incremental cost in approving this strategy is \$575m.

(3) Terminology used in this table is explained in Annex 1.

** The PPC did not recommend this programme at its May 2018 meeting

6. Changes to Gavi's overall risk profile since November

6.1 Gavi's last Risk & Assurance report²⁰ prioritised 15 top risks (4 very high and 11 high risks). It also identified a further potential top risk (polio transition) that remained to be ranked. Risks are dynamic in nature (due to

²⁰ 2017 Risk & Assurance Report: <http://www.gavi.org/about/governance/gavi-board/minutes/2017/29-nov/minutes/06---risk-and-assurance-report---annex-a/>

changing risk factors and progress in mitigation) and may emerge, increase, decrease, or disappear. The Secretariat closely monitors these risks for changes in exposure. No substantial new risks have emerged since November 2017, however the following risks saw slight changes in exposure driven by recent events and actions taken:

- 6.2 **▼ Secretariat disruption** – The risk of significant disruption to Secretariat operations was temporarily elevated due to the approaching move to the Global Health Campus and has now slightly decreased again. Although the actual move still has to take place (at the end of June), the building has been delivered successfully and the Global Fund has already moved in. Internal Audit's review of the Secretariat's readiness for the move (including its governance, project planning and risk management) showed no significant issues. The risk of disruption to IT systems and data is low since these are stored in the cloud and don't need to physically move. A comprehensive business continuity and crisis management plan will be developed and implemented after the move to fit the new location. All three sub-tenants have now agreed to sign rent agreements that commence at the same date as for Gavi. These include early-termination clauses with substantial notice periods to reduce future vacancy risk.
- 6.3 **NEW Polio transition** – The risk that immunisation-critical public health capacity could be lost due to winding-down of polio eradication operations was identified as a potential top risk but left unranked pending further information becoming available to accurately assess Gavi's exposure. Although there has been little progress by countries towards more detailed polio asset maps and final transition plans, the Secretariat and WHO have used existing best estimates to assess in which countries certain capacities and skill-sets that currently benefit routine immunisation (or have the potential to do so) would be particularly at risk. The Secretariat Risk Committee concluded that in most countries risks to Gavi are limited and more granular information continues to be needed to understand where specific gaps may arise. Of thirteen non-endemic polio-priority countries, the six fragile countries (Chad, Somalia, South Sudan, DRC, Ethiopia and Sudan) are considered high-risk, given the large number of polio assets and weak country capacity, and require a more proactive approach. Gavi will focus its efforts in these select fragile countries and utilise the annual joint appraisal process to determine which immunisation functions may be affected. The overall polio transition risk has now been assessed as high and will be mapped onto the Alliance risk heat map as a top risk. Gavi's engagement in polio eradication is discussed further under agenda item 8.
- 6.4 The Risk & Assurance Report presented to the Board in November 2017 highlighted **three top risks that are clearly outside risk appetite**. The Alliance is taking steps to further understand these areas and step up mitigation efforts. Country management capacity has been discussed above, and the ability to reach the under-immunised was discussed in detail at the Board Retreat and will be further discussed as part of the CEO Report. For data quality, the Data Strategic Focus Areas (SFA) continues to focus on mitigating the risk of poor data quality and has started to develop

differentiated approaches based on country typologies. The Data SFA is using PEF funding for special investments in enhanced data triangulation, subnational data and expanded partner engagement to strengthen data quality.

Additional information available on BoardEffect

Appendix 1 (in PPC Library – Additional materials for May 2018 meeting): Appendix 1 to Doc 02 *Strategic and Alliance indicator dashboards with original indicator definitions*

Appendix 2 (in April 2018 AFC meeting book): Doc 02 *Financial Update*

Appendix 3 (in April 2018 AFC meeting book): Doc 05 *Risk Management Update*

Appendix 4 (in May 2018 PPC meeting book): Doc 02 *2016-2020 Strategy: Implementation and Measurement*

Appendix 5 (in May 2018 PPC meeting book): Doc 03 *Market Shaping Update*

Appendix 6 (in May 2018 PPC meeting book): Doc 04 *Partners' Engagement Framework: Funding & Performance and Appendix 1: Gavi's Private Sector Engagement*

Appendix 7 (in May 2018 PPC meeting book): Doc 09 *Alliance Update on Country Programmes*