

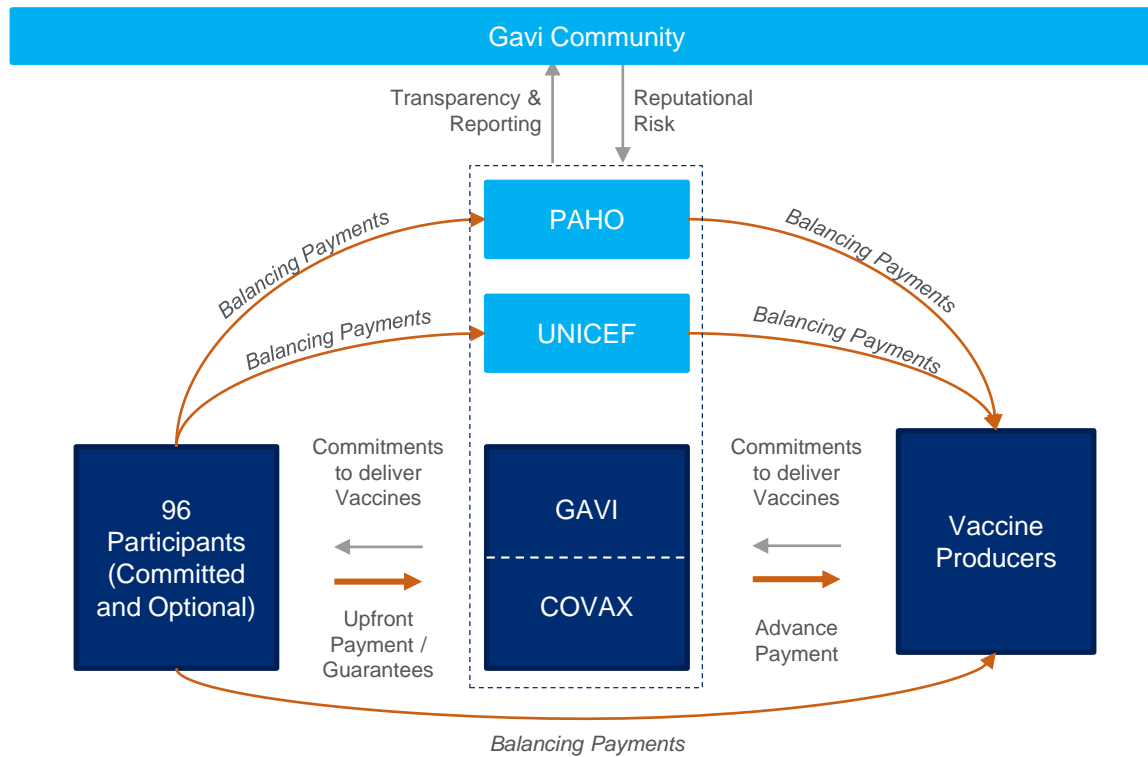
# COVAX: Equitable, Essential Vaccine Distribution

Gavi, the Vaccine Alliance is co-leading COVAX, a global risk-sharing mechanism for pooled procurement and equitable distribution of COVID-19 vaccines, in conjunction with World Health Organization and other partners. As Financial Advisor to COVAX, Citi adopted a framework to assess and mitigate all COVAX risks across the six categories below – Citi partnered with Linklaters and McKinsey for legal and strategic matters and brought in Zanders and Accenture to support on treasury operations, accounting strategies and execution

- Contract Risk:** Contracts with suppliers and participants form the foundational layer of risk. It is the first and primary decision layer for Gavi, to either absorb risk or push risk to participants and/or suppliers

- Long Vaccine Risk:** Understanding Gavi's risk from the perspective of supply and demand, efficacy and price issues is fundamental. This risk is unlikely to be absorbed by banks or MDBs

- Sovereign Credit Risk:** Gavi must understand, quantify and consider mitigation strategies for sovereign credit risk, particularly for sovereigns below Single A credit rating



- Overarching Risk Management Framework:** Gavi should have cash flow and balance sheet models which inform management in its contractual negotiations, risk mitigation strategies, and the availability of a residual risk absorption layer

- Operational Risk:** Gavi should have best practice operational risk mitigation strategies for three functional areas including Treasury Operations, Accounting Services and Banking Services

- Liquidity Risk:** A potential timing mismatch between upfront payments and payments to manufacturers may create liquidity risk for Gavi