

## Guidance for all COVAX Facility Participants on Financial Guarantees

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This notice is intended to guide participants in securing the requisite guarantees to support their participation in the COVAX Facility. Financial guarantees are due in addition to the upfront payments.

Each self-financing participant, regardless of whether it has selected Committed Purchase arrangement or the Optional Purchase arrangement for participation will be required to provide a financial guarantee in accordance with the terms of the Commitment Agreement.

- Participants that have selected the Committed Purchase arrangement will provide a guarantee in the amount equal to \$8.95 per dose.
- Participants that have selected the Optional Purchase arrangement will be required to provide a guarantee in the amount of \$0.40 per dose.

The amount of the guarantee each participant is required to provide is included in their Individualized Commitment Agreement, as is the amount of the upfront payment.

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Guidance:

For participants that meet either of the following two conditions, Gavi will accept a financial guarantee from their Ministry of Finance or Central bank:

1. a long-term foreign currency rating equal to or greater than B2/B/B from at least one of the indicated rating agencies (Moody's/Fitch/S&P). If the economy has 3 ratings then at least 2 out of the 3 ratings must be B2/B/B or higher. If the economy has 2 or fewer ratings then all ratings must be B2/B/B or higher.
2. economies for which the total amount of the guarantee is less than \$100,000.

In respect of participants that do not meet either of these conditions, Gavi will accept a financial guarantee from a multilateral development bank, or from a financial institution with a foreign currency credit rating of Baa2/BBB/BBB (Moody's/Fitch/S&P).

Participants may also choose not to provide a guarantee and instead to pay a cash amount equivalent to the aggregate of their obligations under the Commitment Agreement directly to Gavi.

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Participants are required to work directly with the lending institutions to secure the guarantee.

Gavi asks participants to use the relevant guarantee template that has been provided to them (either for Committed Purchase Arrangement or Optional Purchase Arrangement) and submit this by October 9, 2020 in addition to the upfront payment. Participants' signed Commitment Agreement are due to Gavi by September 18, 2020.