

SUBJECT:	STRENGTHENING COUNTRY TRANSITIONS OUT OF GAVI SUPPORT
Report of:	Aurélia Nguyen, Director of Policy & Market Shaping
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Agenda item:	02
Category:	For Decision
Strategic goal:	Affects all strategic goals

Section A: Overview

1. Purpose of the report

- 1.1 On 4 May 2015 the Secretariat presented to the Programme and Policy Committee (PPC) outcomes from the review of Gavi's Eligibility, Graduation and Co-financing policies, together with recommendations for potential changes to strengthen Gavi's approach to supporting successful country transitions out of Gavi support. These recommendations included limited changes to the above policies in line with a proposed vision for successful transition. The PPC endorsed the proposed vision, as well as limited changes to the Co-Financing Policy as per Doc 05 to the 4-6 May PPC meeting. The PPC did not reach agreement on policy changes relating to the mitigation of risks around graduation and requested the Secretariat to develop alternative options for this aspect of the new policy.
- 1.2 In a subsequent teleconference on 21 May the PPC discussed the proposed alternative options. It endorsed an option (further described in Section 4 below), in which:
 - (a) Countries will enter Phase 2 ('graduation') when their average GNI p.c. over the past three years is above Gavi's eligibility threshold, and;
 - (b) Countries will remain in Phase 1 for two additional years if the country has had an earlier than expected entry into Phase 2 due to: i) a sudden single-year GNI p.c. increase of more than 30% during the five years before entry into Phase 2, or ii) a sudden single-year GNI p.c. increase of more than 20% during the five years before entry into Phase 2 and a low-performing immunisation programme as measured by the most recent WHO/UNICEF penta3 coverage estimate being below 90%.
- 1.3 This paper presents the PPC-selected option for mitigating risks to successful transitions and seeks Board approval of the revised Eligibility & Transition Policy, which reflects this option as well as other changes endorsed by the

PPC and described in more detail in the 4-6 May PPC report attached as Annex B.

2. Recommendations

2.1 The PPC recommended to the Board that it:

- (a) **Approve** the Eligibility & Transition Policy attached as Annex A to Doc 05.
- (b) **Note** the importance of enhancing Gavi's approach to supporting country transitions and **request** the Secretariat and Alliance Partners to scale up their engagement with countries as they (prepare for the) transition to full self-financing as described in section 11.3 of Doc 04 of the 4-6 May PPC meeting.
- (c) **Approve** providing a time-limited opportunity to access exceptional catalytic support for the introduction of HPV, MR and/or JE vaccines for those Phase 2 countries that did not have the possibility to apply for these vaccines, due to the timing of the vaccines' availability.

Section B: Revision to proposed Eligibility & Transition Policy

3. Rationale

- 3.1 Critical enablers for a successful transition out of Gavi support include the availability of predictable financing for immunisation, strong programmatic and institutional capacity to introduce additional new vaccines and sustain immunisation services, and political will to support the immunisation programme. Governments need time to develop accurate medium-term budgetary and planning frameworks to finance new vaccine introductions and invest in increasing coverage, strengthen institutional capacities for vaccine procurement and immunisation delivery, and advocate to create political will to support immunisation. This is particularly true for countries that have introduced a large number of new vaccines, and therefore taken on a significant financial commitment.
- 3.2 Some countries experience faster GNI per capita (p.c.) growth than expected, which is positive, but therefore spend only a limited time in the intermediate phase (Phase 1)¹, which is a critical preparatory period for a successful transition. For countries that experience an unexpected increase in GNI p.c., for example as a result of rebasing of income estimates, the accelerated entry into graduation (Phase 2) can be much earlier than expected.

¹ The proposed Eligibility & Transition Policy includes new terminology for the different phases of Gavi support. For more background please see the 4-6 May PPC paper attached as Annex B

Several Gavi countries are losing eligible status more rapidly than projected during the design of the current policy in 2009 (examples)

	Year when countries enter Phase 2 as projected during 2009 policy review	Current projections of year when countries enter Phase 2
Cote d'Ivoire	After 2030	2018
Ghana	After 2030	2015
Lao	2029	2017
Nicaragua	2028	2014
PNG	After 2030	2014
Uzbekistan	2027	2024
Vietnam	2021	2015
Zambia	2022	2016

- 3.3 Fast progression through the stages of (diminishing) Gavi support may not allow adequate time to prepare for the transition. In addition to having had limited time for new vaccine introductions and for a gradual build-up in co-financing, such countries also may not benefit from sufficient Alliance engagement in preparation for the end of Gavi support.
- 3.4 This can be particularly challenging for countries with institutional and programmatic weaknesses. Weaker immunisation programmes require more time and greater investments to expand coverage and strengthen systems on top of steep increases in vaccine costs. Accelerated entry into Phase 2 ('graduation') thus poses a threat to programmatic sustainability. The Board has previously recognised the increased risks to graduation for countries with low DTP3 coverage rates (November 2013). Therefore, countries are at a higher risk of failing to transition successfully when faster than expected growth is coupled with weak immunization programs.

4. PPC-endorsed option

- 4.1 The PPC requested and subsequently endorsed an amended option in Doc 02 to the 21 May PPC teleconference, with some further modifications thereafter. The endorsed option provides that countries will enter Phase 2 ('graduation') when their *average GNI p.c. over the past three years* is above Gavi's eligibility threshold.² This element of the proposed policy is described in more detail in Doc 04 of the 4-5 May PPC meeting. Secondly, the endorsed option provides that countries will remain in Phase 1 for two additional years if: i) the country has had an earlier than expected entry into Phase 2 due to a sudden single-year GNI p.c. increase of more than 30% during the five years before entry into Phase 2,³ or ii) the country has had a sudden single-year GNI p.c. increase of more than 20% during the five years before entry into

² For example, once the World Bank issues 2014 GNI per capita estimates in July 2015, Gavi would calculate the average of this estimate and the estimates released in the two previous years, for 2013 and 2012. This average would become the indicator for eligibility for the following year beginning on January 1, 2016.

³ According to IMF projections, the projected average annual income growth per capita for Gavi countries is 4.7% over the period 2015-17, so an increase of 30% is a dramatic spike.

Phase 2 and a low-performing immunisation programme as measured by the most recent WHO/UNICEF penta3 coverage estimate being below 90%.

- 4.2 Five countries currently qualify for additional years in Phase 1 based on the criteria outlined above as shown in table 1 below. Four of them qualify because they experienced a larger than 30% single-year increase in GNI p.c. in the past five years: Ghana, Nicaragua, Nigeria and Solomon Islands. Papua New Guinea qualifies in light of its large increase in GNI p.c. (>20%) combined with penta3 coverage rates below 90%. In addition, Zambia may qualify following the release of new GNI p.c. estimates in July 2015.

Table 1: GNI p.c. increases and immunisation coverage for countries qualifying for additional years in Phase 1 under the proposed policy

GNI p.c. estimates ¹ from 2009 to 2013							
	2010	2011	2012	2013	2014		
New estimates released by WB	2011	2012	2013	2014	2015	Largest single year increase	2013 Penta3 coverage
New estimates applied for graduation	2011	2012	2013	2014	2015		
<i>Gavi's eligibility threshold for that year</i>	\$ 1,500	\$ 1,530	\$ 1,550	\$ 1,570	\$ 1,580		
Countries that crossed the threshold in 2014						<i>red = above 30% threshold</i>	<i>red = below 90% threshold</i>
Nicaragua	\$1,010	\$1,080	\$1,170	\$1,650	\$1,780	41%	98%
Papua New Guinea	\$1,180	\$1,300	\$1,480	\$1,790	\$2,010	21%	68%
Countries that crossed the threshold in 2015							
Ghana	\$700	\$1,240	\$1,410	\$1,550	\$1,760	77%	90%
Nigeria	\$1,140	\$1,180	\$1,200	\$1,430	\$2,760	93%	58%
Solomon Islands	\$910	\$1,030	\$1,110	\$1,130	\$1,610	42%	83%
¹ Numbers refer to estimates issued in July each year by the World Bank to cover GNI p.c. for the previous year.							

- 4.3 The cost implications are currently estimated to range from US\$ 173m to US\$189m for the period 2016-20. Gavi-attributable impact from all vaccination programmes in affected countries is estimated to range from 600 thousand to 700 thousand deaths averted during 2016-2020, which potentially could be at risk if vaccination was unable to be sustained.
- 4.4 Under the proposed policy, countries meeting the above criteria that are already in Phase 2 (Ghana, Nicaragua, Papua New Guinea, Nigeria and Solomon Islands) will be reclassified as 'Phase 1' countries. Nicaragua and Papua New Guinea will enter Phase 2 next in 2016, while Ghana, Nigeria and Solomon Islands will enter Phase 2 in 2017. These countries will continue to increase co-financing towards the full Gavi price of vaccines as under the current policy. Countries that have been in Phase 2 more than two years are not affected by the policy change.
- 4.5 In relation to recommendation 2.1(c), the Secretariat also presented to the PPC for its call on 21 May the requested analysis estimating the cost if countries were provided with a time-limited opportunity to apply for new support through end of Phase 2 (instead of only during the grace year as per the current policy). The total cost of this option was estimated at US\$ 20 million for introduction of new vaccines for routine vaccination only. If countries were also allowed to apply for campaign support (e.g. MR), the projected cost of these campaigns was estimated at US\$ 250 million (mainly

for MR campaigns in Nigeria and Indonesia). This latter option was not taken forward at this stage.

Section D: Annexes

Annex A: Eligibility & Transition Policy

Annex B: 4-6 May PPC report 'Strengthening country transitions out of Gavi support'

Annex C: 21 May PPC report 'Strengthening country transitions out of Gavi support'

Annex A – Eligibility & Transition Policy

VERSION NUMBER	APPROVAL PROCESS	DATE
2.0	Prepared by: Robert Newman, Policy and Performance	
	Reviewed by: Gavi Programme and Policy Committee	04 and 21 May 2015
	Approved by: Gavi Alliance Board	June 2015 Effective from: 1 July 2015
	Next review:	After four years (in 2019) or at request of the Board

DOCUMENT ADMINISTRATION

1. Purpose

- 1.1. The purpose of this policy is to set out the criteria – and related terms, processes and procedures - that determine which countries are eligible, and when, to apply for and receive different forms of Gavi support as they transition along a continuum of economic development to the point that all Gavi support ends.
- 1.2. This policy aims to contribute to the vision that, when countries transition out of Gavi support, they have successfully expanded their national immunisation programmes with vaccines of public health importance and sustain these vaccines post-transition with high and equitable coverage of target populations, while having robust systems and decision-making processes in place to support the introduction of future vaccines.

2. Scope

- 2.1. This policy covers the criteria for accessing Gavi support in the different phases of transition.
- 2.2. This policy does not cover criteria for prioritisation and resource allocation in case of funding shortfalls, which are covered by other Gavi policies and guidelines.
- 2.3. This policy does not cover details of the co-financing requirements in different phases of Gavi support. These are described in the Co-financing Policy.

3. Principles

- 3.1. Gavi's support focuses on lower-income countries.
- 3.2. Support is time-limited and directly linked to governments' ability to pay for vaccines, as measured by Gross National Income (GNI) per capita.

4. Definitions

- 4.1. **"GNI per capita atlas method"**: Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita (p.c.) is GNI divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method which smoothes exchange rate fluctuations by using a three-year rolling average, price-adjusted conversion factor.
- 4.2. **"Penta3 coverage"**: Percentage of infants that received three doses of pentavalent vaccine.
- 4.3. **"Eligibility Threshold"**: as defined in section 5 of this policy.
- 4.4. **"Gavi-Eligible Country"**: A country whose three-year average GNI p.c. is equal to or below the Eligibility Threshold. A Gavi-eligible country is either a Low-Income Country or a Phase 1 Country.
- 4.5. **"Low-Income Country"**: A country whose GNI p.c. is equal to or below the threshold for the World Bank's definition of a "Low-Income Country".
- 4.6. **"Phase 1 Country"**: A Gavi-eligible country whose GNI p.c. is above the Low-Income Country threshold and whose average GNI per capita of the previous three years is equal to or below the Eligibility Threshold.
- 4.7. **"Phase 2 Country"**: A country whose three-year average GNI p.c. is above the eligibility threshold, and for whom Gavi support is decreasing in accordance with section 7 of this policy.

- 4.8. **“Phase 3 Country”**: A country that is no longer receiving Gavi support and is fully self-financing Gavi vaccines[, and that has access to UNICEF tenders for vaccines issued on behalf of Gavi countries, for a time-limited period.
- 4.9. **“Gavi Country”**: A Low-Income Country or a country in Phase 1, 2, or 3.
- 4.10. **“Transition”**: The period that Gavi countries are in Phase 1, 2 and 3, during which they gradually assume full responsibility for the financing and procurement of Gavi vaccines.
- 4.11. **“Transition Assessment”**: Multi-partner assessment of potential bottlenecks (programmatic, financial) that jeopardize a successful transition out of Gavi support, as well as opportunities for vaccine introductions with Gavi support.
- 4.12. **“Transition Plan”**: Government-led plan to address key bottlenecks and leverage opportunities towards successful transition.
- 4.13. **“Programme Filters”**: as defined section 6 of this policy.
- 4.14. **“Multi-year commitments”**: Gavi funding commitment covering the length of a country’s comprehensive Multi-Year Plan (cMYP) or health sector plan.

5. Eligibility threshold

- 5.1. Gavi’s GNI per capita threshold for eligibility was set at an amount of US \$1,500 in 2011. The GNI p.c. threshold amount for Gavi is updated annually to account for inflation and published on the Gavi website following the annual release of updated GNI p.c. estimates by the World Bank in July.
- 5.2. Countries are Gavi-eligible if their average GNI p.c. over the past three years is equal to or below the threshold amount. Such countries are eligible to apply for vaccine and/or Health Systems Strengthening programme support.
- 5.3. Countries will remain in Phase 1 for two additional years if: i) their average GNI p.c. over the past three years is above the threshold, and they experienced a more than 30% single-year increase in GNI p.c. in the previous five years; or ii) their average GNI p.c. over the past three years is above the threshold, they experienced a more than 20% single-year increase in GNI p.c. in the previous five years, and have a WHO/UNICEF penta3 coverage estimate below 90%.
- 5.4. If subsequent to entry into Phase 2, a country’s three-year average GNI p.c. falls below the threshold amount, the country would regain its Gavi-eligible status.
- 5.5. Eligibility will not be considered for poorer states/provinces within higher income countries (i.e. Gavi will not offer sub-national support for countries that are not Gavi-Eligible).

6. Programme filter

- 6.1. Gavi-eligible countries with Penta3 coverage $\geq 70\%$, as determined by WHO/UNICEF estimates, are allowed to apply for new vaccine introduction support.
- 6.2. No Penta3 coverage filters are applied to accessing support for Japanese encephalitis (JE), Meningitis A, Yellow fever, and Inactivated Polio vaccines.
- 6.3. To be eligible to apply for measles second dose (MSD) support and for measles rubella (MR) support, a country must meet coverage criteria specified in Gavi’s application guidelines that are based on the latest relevant WHO/SAGE recommendation.
- 6.4. For Gavi-eligible countries, no programme filters apply to accessing support for Health Systems Strengthening.

7. Transition procedures

- 7.1. For current and future Phase 1 countries, Gavi will initiate transition assessments as early as feasible during Phase 1 (approximately 2-3 years before the projected date of entering Phase 2).
- 7.2. Based on transition plans that mitigate bottlenecks in the assessments, Gavi may provide support to Phase 1 and Phase 2 countries for the implementation of activities critical for a successful transition, covering only the period until the end of Phase 2.
- 7.3. When a country's average GNI p.c. over the past three years is above the eligibility threshold, Gavi will inform the country that it will enter Phase 2 effective January 1 of the next calendar year, unless the country meets the criteria specified in section 5.3 of this policy.
- 7.4. Subject to availability of funding and approval in accordance with Gavi's processes for renewals, Gavi will continue to provide support for already introduced vaccines.
- 7.5. Subject to availability of funding and approval in accordance with Gavi's processes for renewals, Gavi will honour all existing multi-year commitments for Health Systems Strengthening support to countries in Phase 2. Renewals for commitments ending in Phase 2 are restricted to those countries with Penta3 coverage below 90%.
- 7.6. Countries that surpass the Eligibility Threshold have one year to apply for new HSS (i.e. for a country that has not received any HSS support from Gavi yet) and vaccine support, from January 1 of the year after surpassing the Eligibility Threshold (a grace year). However, new HSS support is restricted to those countries with Penta3 coverage below 90%.
- 7.7. From the second year in Phase 2, countries cannot submit new applications or resubmit previously rejected applications for any of Gavi's funding windows.

8. Timeline for implementation

- 8.1. Implementation of this policy will begin on 1 July 2015.
- 8.2. The GNI p.c. eligibility threshold will be adjusted annually for inflation. The lists of eligible, Phase 2 and Phase 3 countries will also be adjusted annually based on the latest World Bank GNI p.c. data. The adjustments to both the threshold and lists of countries will go into effect the following January and remain valid for a full calendar year.

9. Primary data sources

- 9.1. GNI p.c. (Atlas method) from World Bank classifications released in July of every year to cover the previous year. Gavi will maintain a database of annual July estimates on its website and will use these to calculate countries' three-year average GNI p.c. as well as annual GNI p.c. increases (%) in the past five years for countries that surpass the eligibility threshold.
- 9.2. Penta3 coverage from WHO/UNICEF estimates.
- 9.3. Eligibility threshold adjustment for annual inflation using World Bank deflators.

10. Effective date and review of policy

- 10.1. This policy comes into effect as of 1 July 2015 and replaces the Gavi Eligibility Policy as approved by the Board on 18 November 2009 and the Gavi Graduation Policy as approved by the Board on 18 November 2009.

10.2. This policy will be reviewed and updated as and when required. Any amendments to this policy are subject to Gavi Board approval.

SUBJECT:	Strengthening country transitions out of Gavi support
Report of:	Robert Newman, Managing Director, Policy and Performance
Authored by:	Judith Kallenberg, Aurelia Nguyen, Santiago Cornejo
Agenda item:	04
Category:	For Decision
Strategic goal:	Affects all strategic goals

Section A: Overview

1. Purpose of the report and related reports

- 1.1 The purpose of this report is to present *recommendations for Gavi's approach to supporting successful transitions* for countries as Gavi support ends, building on existing policies and strategies and maintaining the integrity of Gavi's catalytic model, with a view to achieving the health impact and financial sustainability goals set by the Board in the 2016-2020 strategy.
- 1.2 These recommendations are the outcome from a year of extensive analyses and widespread consultations with experts and stakeholders on a broad range of options. In the course of the policy review, several alternative options were excluded from further consideration following analyses and/or guidance from the PPC and key Gavi stakeholders. Selected alternative, non-recommended options are described in Annex D.
- 1.3 This report:
- (a) Seeks PPC endorsement of a proposed **Eligibility & Transition Policy**. This policy would replace the current Eligibility and Graduation policies and includes several adjustments to strengthen the policy. The new policy:
 - i. Maintains the key elements and principles of the Eligibility and Graduation policies
 - ii. Sets out an aspirational vision for successful transition
 - iii. Incorporates the earlier Board-approved approach on engagement with graduating countries, and expands this to intensified engagement, earlier in the transition process.

- iv. Introduces a three-year rolling average of gross national income (GNI) per capita as the indicator to determine whether countries have crossed Gavi's eligibility threshold
- v. Introduces limited flexibilities for countries facing the highest risk of unsuccessful transition
- vi. Introduces a change in the current 'graduation' terminology and simplifies the language and definitions

(b) Seeks PPC endorsement for offering countries that missed the chance to apply for Human Papillomavirus (HPV), Measles-Rubella (MR) and/or Japanese Encephalitis (JE) vaccines, because of the timing of the vaccines' availability, an opportunity to **access exceptional catalytic support** to introduce these vaccines.

1.4 A revised *co-financing policy* for PPC endorsement is presented separately in Doc 05. The policy includes adjusted co-financing requirements for intermediate ('Phase 1') countries that aim to enhance preparation for graduation ('Phase 2') and contribute to successful transitions.

1.5 A proposed mechanism to allow time-limited access to appropriate vaccine prices for 'graduated' ('Phase 3 / fully self-financing') countries – is presented in a separate report on *Access to Appropriate Pricing* (Doc 07).

2. Recommendations

2.1 The PPC is requested to:

Recommend to the Board that it

- (a) **Approve** the Eligibility & Transition Policy attached as Annex A to Doc 04.
- (b) **Note** the importance of enhancing Gavi's approach to supporting country transitions and **request** the Secretariat and Alliance Partners to scale up their engagement with countries as they (prepare for the) transition to full self-financing as described in section 11.3 of Doc 04.
- (c) **Approve** providing a time-limited opportunity to access exceptional catalytic support for the introduction of HPV, MR and/or JE vaccines for those Phase 2 countries that did not have the possibility to apply for these vaccines, due to the timing of the vaccines' availability. This opportunity would not be offered to countries facing the highest transition risk, as referred to in Section 7.8 of the Eligibility & Transition Policy.

3. Executive summary

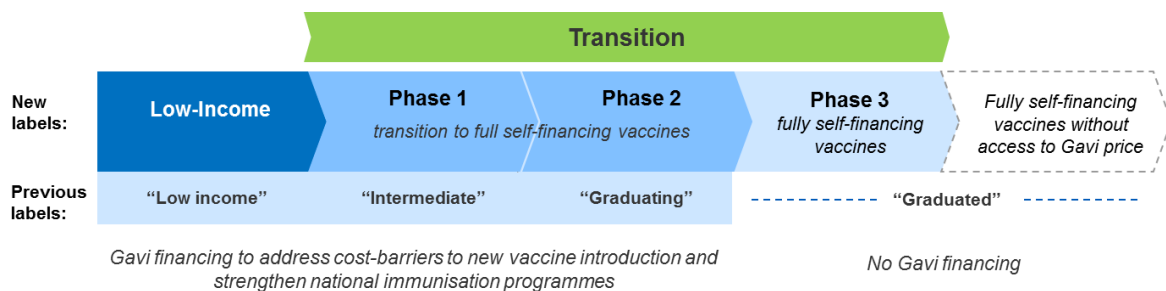
3.1 Ensuring that foreign aid contributes towards *sustainable* development is one of the most important goals of effective development cooperation. The

draft Sustainable Development Goals reflect a global recognition that sustainability is key to the success of development assistance. The Gavi Board embraced this principle when it approved the 2016-2020 Strategic Framework, in which the third strategic goal is to “improve the sustainability of national immunisation programmes.”

3.2 To date, there is limited evidence of the most appropriate and effective ‘exit strategies’ for donors in development assistance. Gavi is pioneering efforts to support countries in the transition to full self-financing of immunisation programmes following a period of external support. The catalytic financing model is unique among global development agencies. As a learning organisation, Gavi continues to shape its model drawing on lessons from implementation, forecasting, pro-active risk assessments, and consultations with countries and other stakeholders. A brief history of the evolution of Gavi’s financing model is provided in Annex C. The proposals in this paper are intended to enhance Gavi’s approach to supporting successful transitions for countries as Gavi support ends, building on existing policies and strategies with a view to achieving the health impact and financial sustainability goals set by the Board in the 2016-2020 strategy. The following are the key recommendations from the review.

3.3 **Maintain all key elements of Gavi’s catalytic support model and improve terminology.** The proposed Eligibility & Transition Policy merges the current eligibility and graduation policies, covering all phases of Gavi support and engagement throughout countries’ economic growth path. The key elements and principles of the eligibility and graduation policies are maintained in the Eligibility & Transition Policy. The policy includes new terminology that aims to better reflect the ongoing transition for countries and responds to stakeholder concerns about the term ‘graduation’. Following approval of the new policy, ‘qualifiers’ for the three phases may be added to facilitate communication.

Figure 1: proposed changes in terminology



3.4 **Articulate a vision for successful transition.** Gavi stakeholders have indicated that it would be useful to have a common view of what constitutes a successful outcome of a transition out of Gavi support in order to focus policy development and programme implementation. The following aspirational vision is included in the Eligibility & Transition Policy: *countries have successfully expanded their national immunisation programmes with vaccines of public health importance and sustain these*

vaccines post-transition with high and equitable coverage of target populations, while having robust systems and decision-making processes in place to support the introduction of future vaccines.

- 3.5 Strengthen preparations for transition.** Preparations for graduation have tended to start relatively late, i.e. when countries are already in Phase 2 (see Figure 1). Consultations indicate low awareness among eligible country governments of the projected graduation date for their country and the implications of this for Gavi support, particularly among senior government decision makers. This paper and Doc 05 include a number of proposals to strengthen Gavi's current policies and support to countries to be better prepared for transitions. This includes intensified Secretariat and Alliance partner engagement to prepare for graduation, earlier graduation assessments during Phase 1 (the 'intermediate' co-financing phase), increased advocacy targeting country decision-makers to strengthen political will for immunisation, and the development of (web) tools to support enhanced consideration of financial sustainability in decision-making processes. Furthermore, a revised co-financing approach proposes to make co-financing requirements proportional to vaccine prices for Phase 1 ('intermediate') countries in order to increase awareness of vaccine costs and improve ownership and decision-making.
- 3.6 Increase predictability of the start of Phase 2 ('graduation')**: one of the lessons from Gavi's experience with graduating countries is that *predictability and transparency* are critical to prepare for a successful transition. Gavi's eligibility indicator is transparent and simple but not perfect. Under the current policy, GNI per capita estimates released by the World Bank in July are used to determine eligibility starting 1 January of the following year. One of the challenges faced by countries is that changes in GNI per capita are sometimes hard to predict and can occur quite suddenly, particularly in commodity-driven economies. This impacts the ability of countries to appropriately plan for the important change in status from 'eligible' to 'graduating' once their reported GNI per capita crosses Gavi's threshold. In the proposed Eligibility & Transition Policy the average GNI per capita level of the past three years determines whether a country has crossed Gavi's eligibility threshold. Using a three-year rolling average will increase predictability and avoid sudden changes in Gavi support status following isolated jumps in GNI per capita (e.g. due to re-basing) so countries can more effectively prepare for the phasing out of Gavi support. This draws on similar approaches by other financing agencies that use GNI per capita thresholds, such as the World Bank's indicator for International Development Association (IDA) loans which considers a change in lending status only when countries have been three consecutive years above the threshold.
- 3.7 Mitigate remaining highest risks to successful transition:** countries entering the graduation period (Phase 2) represent diverse situations and face very different challenges. The majority of countries that entered graduation in 2011 (the first 'wave') following the introduction of the graduation policy, are on track to assume the full financing of Gavi-

supported vaccines¹. Some of the countries that subsequently entered graduation (since 2012) face different challenges and must realise, on average, significantly larger budget increases. The proposed Eligibility & Transition Policy maintains 'Phase 2' as a transition period during which Gavi's financing of vaccines declines to zero over five years for the majority of countries, while offering a longer timeframe for transitions for a small number of countries that face the greatest risks during the phase 2 transition. This would be based on objective criteria to avoid perverse incentives. These countries (which are projected to require budget increases that exceed twice the average of the reference group of countries that have already passed their grace year as of today) would be offered an extended transition period in Phase 2, effectively bringing their annual budget increase requirement below this threshold of twice the average. When applied today, four graduating countries meet this criterion (Angola, Congo Republic, Ghana, Nigeria), and would receive three extra years to complete their transition in Phase 2. Another three countries are projected to meet the criterion in the 2016-2020 strategic period (Sao Tome, Cote d'Ivoire, Zambia) and would receive two, three and five additional transition years, respectively.

- 3.8 Address the challenge that countries graduate without introducing all the desired/needed vaccines because they were denied an opportunity to apply for this support.** This report proposes to exceptionally allow currently graduating countries (i.e. countries in Phase 2) to apply for catalytic support for the introduction of HPV, MR and/or JE vaccines, only for those countries that did not have the possibility to apply for these vaccines because the vaccines were added to the Gavi portfolio when these countries were no longer eligible to apply for support. The terms of the support would be more limited than regular new vaccine support, reflecting the relatively advanced financing capacity of these countries (see section 15). The opportunity would not be offered to countries that already face a substantial transition challenge during Phase 2, based on the same criteria used to identify countries for additional years in Phase 2. If additional vaccines are added to Gavi's portfolio in the future, the possibility of exceptional access to support for such vaccines for Phase 2 countries past their grace year would be assessed on a case-by-case basis.
- 3.9 Ensure that countries can continue to access vaccine prices close to the Gavi vaccine price, a critical requirement for successful transition.** Doc 07 recommends a mechanism that creates an opportunity for continued access to Gavi prices for fully self-financing / 'Phase 3' countries through inclusion in UNICEF/Gavi tenders for five years following Phase 2, and by supporting Gavi countries' access to UNICEF's expanded Vaccine Independence Initiative (VII), a revolving fund that supports timely availability of financing.

¹ Assuming access to Gavi vaccine prices after Phase 2

3.10 **Key benefits** of these proposals include:

- (a) *Continuing Gavi focus on lower-income countries* by maintaining a firm pace of transition for countries that reach lower-middle-income status and later pass the eligibility threshold.
- (b) *Preventing loss of health impact* from disrupted vaccination of children and adolescent girls by introducing flexibilities for national immunisation programmes that face the largest transition challenge during Phase 2.
- (c) *Mitigating risk to the transition model*: protect Gavi's investments in new vaccine introduction, as well as those of countries themselves; maintain confidence in Gavi's mission and ability to deliver sustainable outcomes and in the model of transition that Gavi is pioneering.
- (d) *Increasing health impact* by remediating missed opportunities for vaccine introduction.

4. **Risk implication and mitigation**

- 4.1 **Uncertainty.** There is limited experience with transition to self-financing and few internal and external benchmarks. The recommendations are based on Gavi's experience of the first graduating cohort (2011) and projections for the next cohorts (those countries that crossed and will cross the threshold from 2012 to 2020). These limitations may result in the proposed policy adjustments not being optimally targeted or adequate. In view of these limitations and other uncertainties (for example with regard to the effect of decreasing oil prices), the situation of Gavi countries in transition will require close monitoring and another in-depth review is recommended after four years of implementation.
- 4.2 **Perverse incentives.** An adjusted graduation (Phase 2) approach risks weakening the incentive for governments to assume responsibility for vaccine financing. This risk is mitigated by restricting flexibilities in Phase 2 to *only* those governments that face the highest fiscal exposure to increasing vaccine costs during Phase 2. Analysis of Gavi Phase 2 (graduating) countries points to the highest transition risk in countries that have introduced the greatest number of new vaccines and that have large birth cohorts relative to the population (high fertility rates). In these countries the pace of withdrawal of Gavi financing risks being too fast to enable those countries to keep up concurrent increases in their own financing during Phase 2 of the transition. If governments default on their obligations under the extended time-frame, they would lose the additional transition years and Gavi's contributions would drop in the following year in accord with the original five-year timeline. This creates a strong incentive to comply with the adjusted co-financing obligations. For countries that do not qualify for additional transition years, the consequences of default remain the same as they are today². Because extensions are only granted

² Loss of eligibility for new support and ultimately a suspension of existing support

if objective criteria are met, i.e. if the vaccine financing increase per capita during Phase 2 is above a set threshold, there is no possibility of ‘gaming’ the system. The only incentive that this prospect may provide is to motivate additional Gavi-supported vaccine introductions prior to graduation in countries whose governments had previously decided against this opportunity over concerns of sustainability. This could be seen as a positive, rather than a perverse incentive, since accelerating the availability of life-saving vaccines in eligible countries is at the core of Gavi’s mission. Importantly, since the indicator used to identify countries facing the greatest challenge during the transition - required per capita increase in vaccine expenditure - is independent of health budgets, this policy would *not* reward countries that underspend on health.

- 4.3 **Inadequate mitigation of risk during graduation (‘Phase 2’).** The recommended proposal extends Phase 2 only for countries facing the highest risk. A number of other countries will still face a very steep increase in Phase 2 without being offered flexibilities. There is thus a residual risk that some countries will fail to make a successful transition even with the proposed mitigation. If governments default on their co-financing obligations during Phase 2, when the Gavi-financed share of the required doses drops rapidly, the programmatic consequences are immediate (stock-outs, unimmunised children)³, ultimately leading to an increase in vaccine-preventable deaths. Early and close engagement with countries in transition, including ongoing dialogue with Ministries of Finance and Health and other partners will be critical. Alternative approaches, including more flexible options for tailoring graduation reflecting a lower risk tolerance, were also considered and are summarised in Annex D.
- 4.4 **Increased fiscal burden from catalytic vaccine introduction support to graduating countries.** Offering catalytic support for the introduction of vaccines in currently graduating countries that missed the opportunity to apply for the latest Gavi vaccines could create a sustainability risk for some countries. To mitigate this risk the opportunity would not be offered to countries that already face a substantial transition challenge during Phase 2, based on the same criteria used to identify countries for additional years in Phase 2.
- 4.5 **Weakening of the Gavi model.** There is a risk that allowing for flexibilities in Gavi’s current approach to graduation (Phase 2) is perceived as undermining Gavi’s catalytic model. First, the proposed adjustments maintain all the defining elements of Gavi’s catalytic model and its inherent incentives, including the eligibility threshold, mandatory co-financing with penalties for default, a rapid decrease in Gavi support upon crossing the threshold, and a clear end point for financial support. Second, the introduction of the graduation policy five years ago was an experiment. As a learning organisation Gavi set out to evaluate the policy, reflect on

³ ‘Co-financing’ in practice means ‘co-procurement’. National governments contribute to vaccine costs through the procurement of an increasing share of the required doses.

country experience to date and listen to country feedback, conduct economic analyses and review updated projections for the future. The resulting proposals for adjustments to mitigate the *highest* risks to successful transitions in Phase 2 aim to strengthen the model and its ability to help achieve sustainable health outcomes. The risk that countries fail to transition successfully out of Gavi support may never be fully eliminated. Alternative options to further mitigate this risk were evaluated but not further explored following guidance from the PPC and key stakeholders. A degree of risk is necessary to maintain strong incentives for countries to step up domestic investments in vaccines. The proposals reflect a careful balancing of these incentives on the one hand with risks to Gavi's mission to achieve sustainable health impact on the other.

- 4.6 **Inadequate mitigation of risk following Phase 3.** Fully self-financing (Phase 3) countries may face new risks when they leave the recommended access-to-price mechanism after five years (Doc 07). It is critical that countries continue to strengthen their internal processes and capabilities during this transition period. As part of participation in UNICEF's Vaccine Independence Initiative (VII), countries will be required to develop plans to strengthen their internal payment processes to eventually transition out of VII, which will be monitored by UNICEF Supply Division, in consultation with Gavi. In addition, the Alliance recognises the need to simultaneously continue to strengthen procurement mechanisms available to all Middle Income Countries (MICs) including Gavi countries after this five year transition period. These efforts will be led by Alliance partner organisations and coordinated through the MICs Strategy currently being developed by the WHO MICs Task Force. It will be critical that partners be adequately resourced by donors to provide the needed support to Phase 3 countries.

5. Financial implications: Business plan and budgets

- 5.1 The proposals to enhance Gavi's approach to country transitions are estimated to increase Gavi's vaccine expenditures during 2016-2020 by approximately 4%, from a projected US\$ 6,294 million to US\$ 6,570 million (see Table 1)⁴. It is expected that these incremental expenditures can be covered with existing and projected resources. Specifically:
- (a) Incremental programme costs resulting from the change to a three-year rolling average GNI per capita indicator to determine whether countries have crossed Gavi's eligibility threshold are estimated at **US\$ 21 million** over 2016-2020.

⁴ Cost estimates are based on current demand forecasts, price projections, and projections of GNI per capita growth. Uncertainty intervals around these estimates based on high and low scenarios are presented in Annex B. Cost implications of alternative options that were assessed are presented in Annex D.

- (b) Incremental programme costs of an adjusted graduation approach to mitigate risk for countries facing the largest transition challenge⁵ during Phase 2 - formerly the 'graduation period' - is estimated at **US\$ 235 million** over 2016-2020.
- (c) Incremental programme costs resulting from the provision of exceptional catalytic vaccine support to countries that became ineligible for new vaccine support before the opening of the support windows for HPV, MR, and/or JE are estimated at **US\$ 4-5 million**. This is based on projected demand from ten countries⁶ that would qualify for this support and assumes Gavi support in the form of a Vaccine Introduction Grant (VIG) and 50% of vaccine doses in the introduction year.

These costs will be included in Gavi's long-term financial projection updates to the Board. The approval⁷ of country-specific programmes will be sought through programme funding requests presented to the Board/Executive Committee for approval, in line with the Programme Funding Policy.

- (d) Additional **Gavi Alliance Engagement Framework** (formerly the 'Gavi Business Plan') costs to enhance Gavi's approach to country transitions through 2020 are estimated to amount to up to **US\$ 15 million**. This would cover Secretariat and Alliance Partner activities relating to intensified engagement with countries to prepare for Phase 2 and Phase 3, including but not limited to: earlier transition ('graduation') assessments, intensified advocacy for immunisation targeting country decision-makers, development of tools to support enhanced consideration of financial sustainability in vaccine introduction decisions, implementation of a revised co-financing policy (linked to vaccine prices) for Phase 1 countries, and support to UNICEF during Phase 2 to facilitate Gavi countries' participation in UNICEF's expanded Vaccine Independence Initiative (details in Doc 07 on Access to Appropriate Pricing).

Table 1: estimated programme cost and Gavi Alliance Engagement Framework cost implications of proposals

Vaccine programme costs ⁸ (in US\$ millions)							
Year	2016	2017	2018	2019	2020	2016-20	2021-25
Gavi vaccine expenditures ⁹	1172	1313	1493	1167	1149	6294	5054
Incremental cost implications of proposals:							

⁵ I.e. the increase in required vaccine financing between crossing the eligibility threshold and the first year without Gavi support for these countries is more than twice the average of the reference group (see paragraph 13.5)

⁶ Forecasted demand in Annex E

⁷ i.e. the endorsement of multi-year programme budgets and the approval of near-term programme liabilities

⁸ Amounts may not sum to totals due to rounding

⁹ As of December 2014

Rolling GNI indicator	0	0	4	7	9	21	140
Phase 2 extension for countries facing highest transition risk ¹⁰	6	22	42	59	106	235	144
Catalytic support for 'late arrival' vaccines	5	0	0	0	0	5	0
Gavi Alliance Engagement Framework costs	3	3	3	3	3	15	-
<i>SUB-TOTAL OF PROPOSALS</i>	14	25	49	72	118	275	284
TOTAL	1188	1338	1542	1236	1267	6570	5338

5.2 It is important to note that the above projections of incremental cost implications are subject to the same uncertainty as Gavi’s standard vaccine expenditure projections. The incremental cost of the proposals may (or may not) be partially offset by reductions in Gavi’s expenditure estimates as forecasts are updated. Gavi’s commitments to Low-Income Countries and Phase 1 countries will not be affected.

Section B: Content

6. Background and policy process

6.1 Gavi seeks to support countries in the transition to full self-financing of immunisation programmes following a period of external support. Mandatory co-financing and ‘graduation’ were relatively novel concepts when they were first introduced as Gavi policies. Annex C provides a brief overview of the evolution of these policies and the assumptions and principles that underpinned their design. In light of the experimental nature of Gavi’s financing model, the approach to graduation was only approved for implementation until 2015. The Board therefore requested that the co-financing policy, in conjunction with the eligibility and graduation policies, be reviewed in 2014 to assess the experience with implementation and impact, particularly for countries that entered graduation after the initial first wave in 2011. The policy review would also offer an opportunity to align with new directions set out in the 2016-2020 Strategy.

6.2 **Board guidance:** In the context of discussions on the 2016-2020 Strategy, the Gavi Board underscored the Alliance’s commitment to financial and programmatic sustainability of Gavi-funded programmes. The Board indicated that ‘government ability to pay’ should continue to be the criterion for eligibility. While GNI per capita is not ideal, it currently remains the most suitable indicator of ability to pay for Gavi’s purposes. It is transparent, comparable, and regularly updated. The Board expressed concern about certain settings where improvements in immunisation programmes are lagging behind growth in GNI per capita and where countries may not be able to sustain the gains of the Alliance’s investments after graduation. It identified the possible failing of graduation as a key risk to Gavi’s mission and projected impact. The Board noted that the graduation “glide path” could be tailored to address country

¹⁰ Option #1 (recommended)

bottlenecks and suggested that Gavi explore more flexible graduation approaches in order to protect the sustainability of its investments¹¹.

6.3 Policy review process: In April 2014, the Gavi Secretariat started the comprehensive, Board-requested review of the eligibility, graduation and co-financing policies. Fiscal space analyses¹² and scenario modelling were undertaken with support from Results for Development Institute, a non-profit policy advisory organisation. The review was informed by extensive consultations with stakeholders and experts at different stages of the process, an independent evaluation of the co-financing policy¹³, co-financing implementation tracking, vaccine adoption monitoring, graduation assessments in 14 currently graduating countries, and advice from an expert Technical Consultation Group (TCG)¹⁴. Initial findings from analyses and consultations were discussed with the PPC in October 2014. The PPC made clear that while it had no appetite for major changes, some tweaking to the policies may be important to prevent countries from “falling off a cliff”. The PPC suggested that a more country-tailored approach to graduation might be an option to explore further. Fiscal space analyses were presented to the Board at its retreat on 24-25 March 2015.

6.4 The following **guiding principles** were formulated to help define policy options and determine the balance of trade-offs for the options developed.

- Gavi achieves **health impact** by helping countries adopt and sustain new vaccine programmes
- Support is linked to governments’ **ability to pay** with a focus on **lower income countries**
- Support is **time-limited**; co-financing, graduation and market-shaping are the core tools underpinning Gavi’s catalytic funding model
- The country support model is **tailored** to country needs and is mindful of **incentives**
- The country support model promotes **successful transition** and is mindful of risks to the **sustainability** of advances made
- Gavi is a **learning organisation**: policies draw on lessons from implementation of existing policies and seek to address emerging risks

¹¹ Gavi Board workshop February 2014

¹² Fiscal space analyses draw on World Bank GNI per capita data, IMF economic growth and government expenditure projections, the WHO’s global health expenditure database, UN population estimates and projections, Decade of Vaccine estimates on traditional vaccine expenditures, and Gavi vaccine demand forecasts and price projections.

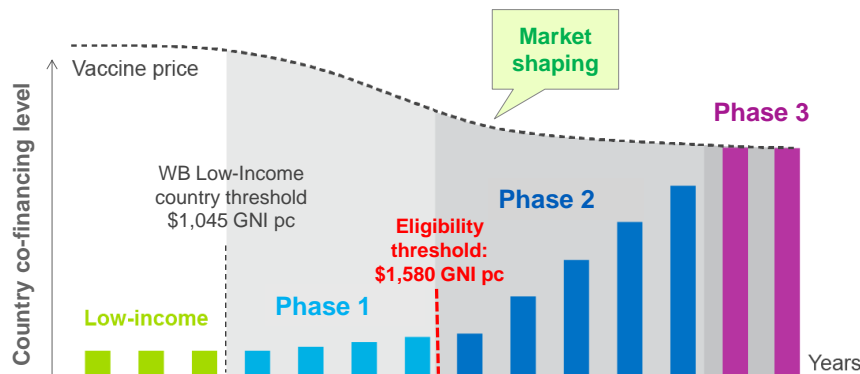
¹³ By the Norwegian Institute of Public Health, available on myGavi

¹⁴ A list of members of the TCG is available on myGavi

Gavi's catalytic support model

Gavi focuses its resources on countries with less ability to pay for vaccines, as measured by GNI per capita. The scale and nature of Gavi's support changes along the continuum of increasing GNI, as countries progress through a series of transitions. After countries cross the eligibility threshold, set at US\$ 1,500 in 2011 and adjusted annually for inflation, Gavi support is phased out over five years.

The co-financing policy requires that country governments contribute to vaccine costs by procuring a share of the required vaccine doses to cover the national target population (e.g. the birth cohort). Low-income countries co-finance a small share of doses: this contribution is intended primarily to reinforce country ownership, without discouraging vaccine adoption or placing an undue burden on these countries. Once a country enters Phase 1 ('intermediate'), its co-financing obligation increases by 15% every year in preparation for Phase 2 ('graduation'). As its GNI p.c. crosses the eligibility threshold, it becomes a Phase 2 ("graduating") country for a set period of five years. During this period, co-financing increases rapidly to 100% of the projected Gavi supported vaccine costs. The period that countries spend in Phase 1 depends on the rate at which their economies grow. Some countries remain in this phase for a significant amount of time, gradually building up their share of co-financing. Others progress more rapidly, and therefore have a larger financing gap to bridge in the final five-year of Phase 2. Following the end of Phase 2, governments are required to fully finance vaccines introduced with Gavi support. The figure below illustrates how these elements, together with market shaping efforts, form the foundation of Gavi's catalytic support model.



The current eligibility, graduation and co-financing policies came into effect in 2011. At that time, sixteen Gavi countries had GNI p.c. levels above US\$ 1,500, ranging from US\$ 1,600 to US\$ 4,800. In line with the new policies, Gavi started gradually phasing out its support to these countries from 2011 towards a full stop of support at the end of 2015*. Since 2011 an additional eight countries have crossed the eligibility threshold. In the next strategic period, a further eight countries are projected to pass the eligibility threshold.

Over the next strategy period, 2016-2020, Gavi-supported vaccine programmes are projected to avert 5-6 million future deaths. 41% of this projected impact will come from the 32 countries that will enter or are already in Phase 2 ('graduating') before 2020.

* The first 4 countries from this initial cohort of Phase 1 countries will transition out of Gavi support by the end of 2015. Support for the other countries from the initial cohort of 16 (except Cuba and Ukraine that do not currently receive Gavi vaccine support) will continue into 2016 and 2017 due to delays in vaccine introductions as a result of applications approved in the grace year.

7. Key findings

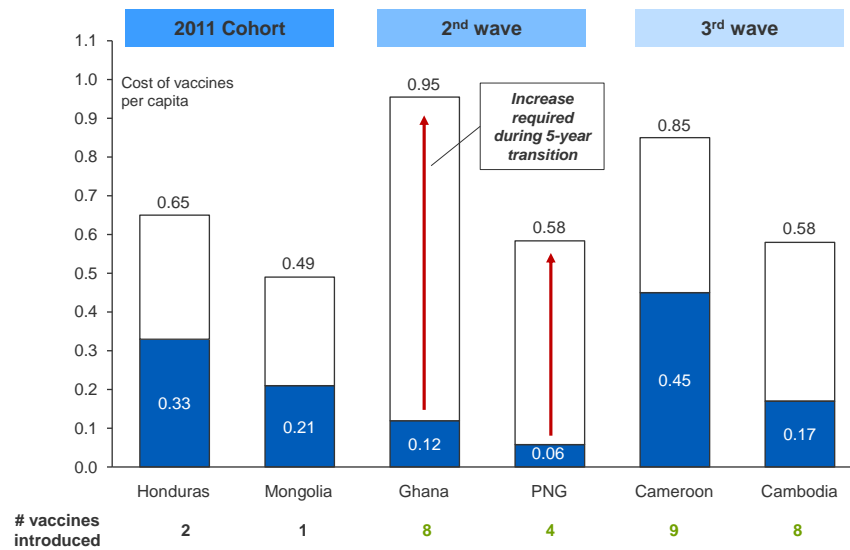
- 7.1 Overall the review has confirmed **strong support for Gavi's catalytic support model** and its stepwise approach to assisting countries transition out of Gavi support. 24 countries have already crossed Gavi's eligibility threshold and have started a rapid transition out of Gavi support. An additional 8 countries are projected to cross the threshold by 2020. Of these 32 countries, the majority is expected to successfully assume the full financing of all vaccines introduced with Gavi support.
- 7.2 Gavi stakeholders have indicated that it would be **useful to have a common view of what constitutes a successful outcome of a transition out of Gavi support**. A proposed vision is included in section 10.
- 7.3 **Preparations for graduation (Phase 2) have tended to start relatively late**, i.e. when countries are already in the Phase 2. This is not surprising, given that the introduction of the graduation policy in 2011 suddenly created a cohort of 16 graduating countries. In addition, it was not until 2014 that intensified support for graduating countries was approved by the Gavi Board. Limited Secretariat and Partner resources have focused on ensuring that these countries are on track to move out of Phase 2 successfully. Meanwhile several new countries have entered Phase 2 and capacity has been insufficient to adequately engage with these countries, let alone with Phase 1 countries that are nearing the eligibility threshold. Consultations indicate relatively low awareness among eligible country governments of the projected graduation date for their country and the implications of this for Gavi support, particularly among senior government decision makers. In certain countries, there are significant gaps to be bridged in terms of building institutional and programmatic capacity as well as political will to mobilise increasing resources for immunisation.
- 7.4 One of the lessons from Gavi's experience with graduating countries is that **predictability and transparency are critical to prepare for a successful transition**. Gavi's eligibility indicator is transparent and simple but not perfect. One of the challenges faced by countries is that changes in GNI per capita are often hard to predict. This impacts the ability of countries to appropriately plan for the important change in status from 'eligible' to 'graduating' once their GNI per capita is reported as higher than Gavi's threshold.
- 7.5 **Countries entering Phase 2 (graduation) represent diverse situations and face different challenges**. Of the 16 countries that entered graduation in 2011, 14 are on track to assume the full financing of Gavi-supported vaccines.¹⁵ These countries entered graduation with, on average, relatively high levels of GNI per capita, strong programmes (higher immunisation coverage), lower fertility rates (smaller birth cohorts relative to the total population), and they have introduced fewer vaccines.

¹⁵ Angola and Congo Republic are facing a high transition risk. Note Cuba and Ukraine have no active Gavi vaccine support.

The required annual increases in vaccine financing over a five-year graduation period has so far been manageable for most of these countries. However, even in this context of relatively higher income and performance, institutional weaknesses have been identified that require strengthening to ensure a successful transition (e.g. supply chain management, National Regulatory Authority capacity, procurement capabilities, National Immunisation Technical Advisory Groups (NITAGs), etc.). This is the focus of Gavi's current work with graduating countries. **An important challenge in this cohort of graduating countries is lost health impact** from HPV, MR and JE, because these countries did not have access to Gavi support for these vaccines that only became available relatively recently.

- 7.6 **Some of the countries that subsequently entered the graduation period/Phase 2 (since 2012) face different and more serious challenges.** These countries, on average, enter Phase 2 with GNI per capita levels just above the threshold, with lower-performing programmes (as measured by immunisation coverage), higher fertility rates (larger birth cohorts relative to total population), and with more vaccines introduced with Gavi support. Some of these countries experienced very rapid GNI growth but have not yet strengthened their institutions and systems to the same degree that might be expected for a country with slower and steadier growth. Analyses indicate that several of these countries are at significantly higher risk of failing to transition successfully out of Gavi support during the 5-year graduation period (Phase 2). The main factors contributing to this challenge are the greater number of vaccines introduced before entering Phase 2, in some cases just before Phase 2, combined with higher fertility rates. As a result these countries must rapidly increase their budgets for vaccine procurement as Gavi's contributions drop. This transition challenge is in contrast to that of countries that are projected to enter Phase 2 after 2020. These countries will have introduced vaccines well before entering Phase 2, and will have spent a longer time in Phase 1, allowing for a gradual build-up in co-financing, before the more rapid increase required during Phase 2 (see Figure 2).

Figure 2: Phase 2 transition requirement (total vaccine financing increase per capita)¹⁶, country examples



7.7 **A critical prerequisite for successful transition is that governments do not face another large cost increase after graduation.** This is a concern consistently raised in country consultations. If governments would need to pay a significantly higher price than the price of Gavi-supported vaccines from the moment Gavi support drops to zero, the vaccine financing increase during Phase 2 would be followed by a further and potentially unaffordable increase. For example, if Ghana were to pay vaccine prices similar to the PAHO Revolving Fund, its required budget increase could increase from US\$ 27 million in 2020 (in its first year without Gavi support), to about US\$ 80 million.

Enhancing the approach to country transitions out of Gavi support

8. Maintain foundational elements of Gavi's catalytic support model

8.1 Gavi's catalytic financing model is unique among global development agencies. As a learning organisation, Gavi continues to shape its model drawing on lessons from implementation and on pro-active forecasting and risk assessments. The proposals in this paper are intended to further strengthen the catalytic development financing model with a view to achieving the health impact and financial sustainability goals agreed in the 2016-2020 strategy.

8.2 All foundational elements of the eligibility and graduation policies are maintained in the Eligibility & Transition policy:

- (a) **Eligibility criterion:** the Gavi Board has previously offered guidance to retain eligibility based on governments' ability to pay.

¹⁶ Includes co-financing and country financing of other Gavi-supported vaccines (e.g. MR, JE).

- (b) **Eligibility indicator:** GNI per capita Atlas method currently remains the best indicator for Gavi's purposes in the absence of better alternatives.¹⁷
- (c) **Eligibility threshold:** 75 countries were eligible for new Gavi support in 2000, 56 in 2011, after the threshold was revised in the previous policy review, and 49 today (see Annex C). The PPC indicated that it has no appetite for increasing the eligibility threshold - beyond the current method of annual upward adjustments for inflation - to delay graduation.
- (d) **Programme filter:** to be eligible for new vaccine support, countries must have immunisation coverage¹⁸ of at least 70%. Consultations indicate that this requirement - the 'programme filter' - provides an important signal of the importance Gavi places on coverage. Alternative filters (e.g. related to domestic financing for traditional vaccines) were considered but rejected, in part due to a lack of robust data.
- (e) **Vaccine and health systems strengthening (HSS) support criteria for graduating countries:** existing Gavi vaccine support continues for five years, including a grace year plus four years, during which co-financing increases to full financing of the Gavi price; countries currently have one year (the grace year) to apply for new vaccine support; HSS support continues for its planned duration based on approved grants through the end of the 5-year graduation period (Phase 2).
- (f) **Engagement with graduating (Phase 2) countries:** a more intensified approach was approved by the Gavi Board in November 2013 and is integrated in the new Eligibility & Transition Policy.
- (g) **Time-bound graduation period (Phase 2):** the Eligibility & Transition Policy maintains a five-year graduation period unless there are strong indications of high transition risk as described in section 13. Gavi's support in this period decreases rapidly for all countries.

9. Improve transition model terminology

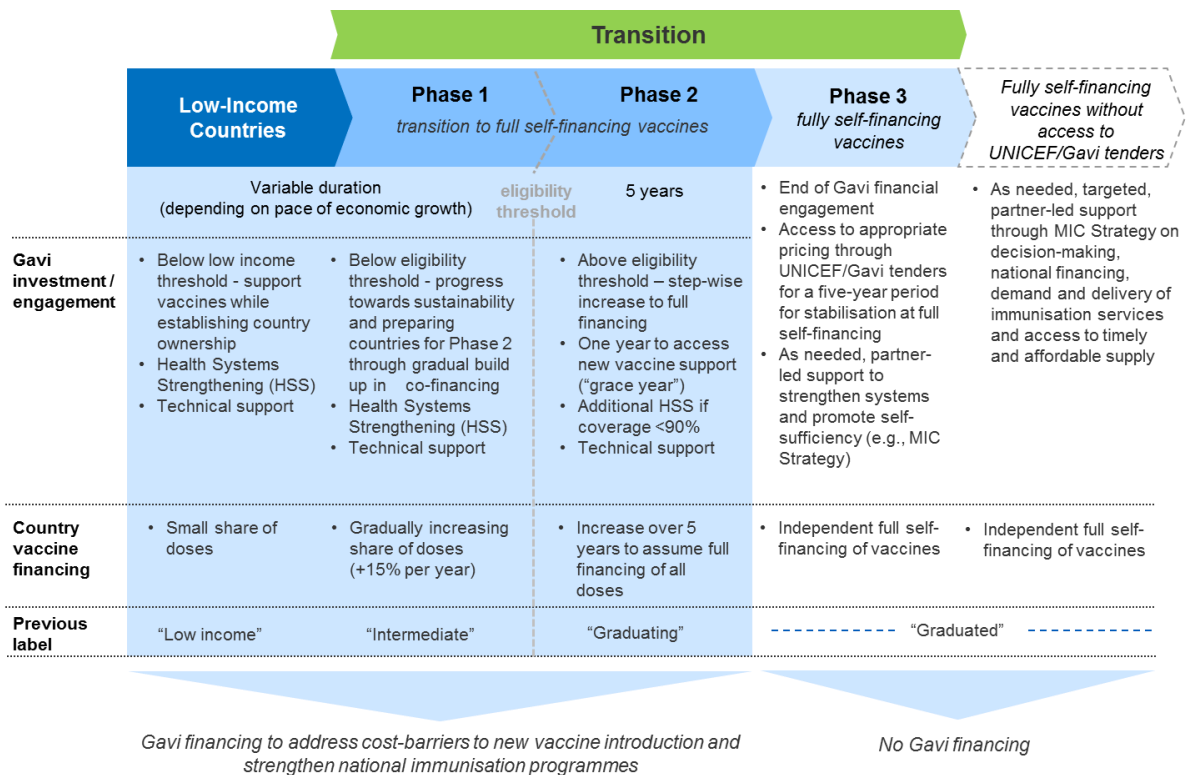
- 9.1 Gavi stakeholders, including some country officials, have expressed concerns about the term 'graduation' not adequately reflecting countries' ongoing transition and having a patronising connotation. In line with this guidance, the Eligibility & Transition Policy includes new terminology (see figure 3). It maintains the 'low-income country' label for the phase during which countries can access all forms of support while being required to contribute US\$ 0.20 per dose of vaccine received with Gavi support. As long as GNI remains under the World Bank definition of 'low-income country' co-financing (per dose) does not increase. This changes once

¹⁷ An assessment of alternative eligibility indicators is available on myGavi.

¹⁸ As measured by coverage of the third dose of pentavalent vaccine

countries cross the low-income country GNI threshold (currently at US\$ 1,045 per capita)¹⁹. ‘Phase 1’ signals the start of the transition towards financial sustainability. During this phase, formerly known as the ‘intermediate co-financing group’, Gavi’s support gradually decreases with countries increasing their contribution to the cost of vaccine by 15% annually. Phase 1 ends when GNI surpasses the eligibility threshold (currently at US\$ 1,580), signifying the start of ‘Phase 2’, formerly known as the ‘graduation period’. During this phase the financing transition accelerates towards the end of Gavi’s financial support. Countries in ‘Phase 3’, formerly known as ‘graduated countries’, pay the full cost of vaccines introduced with Gavi support. During this Phase, countries would have access to appropriate prices through UNICEF/Gavi tenders for a duration of five years in line with the recommendations in Doc 07.

Figure 3



10. Articulate a vision for successful transition

10.1 Stakeholder consultations highlighted the need for a clearly articulated Alliance vision for successful graduation/transition in order to focus policy development and implementation efforts. The following vision is aspirational in nature²⁰. It pertains to the time period after Phase 3 (see figure 2) and reflects the ambition to achieve long-term successful outcomes as well as a low tolerance to sustainability risk among Gavi stakeholders.

¹⁹ World Bank 2015

²⁰As part of the 2016-2020 Gavi Strategy, a few key indicators related to this vision will be tracked and monitored in post-graduation countries (to be considered by the Gavi Board in June 2015)

10.2 **Aspirational vision for successful transition:** countries have successfully expanded their national immunisation programmes with vaccines of public health importance and sustain these vaccines post-transition with high and equitable coverage of target populations, while having robust systems and decision-making processes in place to support introduction of future vaccines.

10.3 Critical factors to realise this vision include:

- (a) sufficient financial resources for vaccines in national health financing
- (b) sufficiently strong health systems to realise equitable vaccine coverage and support future vaccine introductions
- (c) institutional procurement and regulatory capacity for new vaccine introduction
- (d) robust processes to support evidence-informed national immunisation decisions and policies, including consideration of the full range of WHO-recommended vaccines

11. Strengthen preparation for transitions

11.1 Consultations have highlighted broad consensus that preparations for countries' transition to full financing of vaccines should begin earlier, before countries cross the eligibility threshold and enter Phase 2 (graduation). There are a number of ways in which Gavi can strengthen its policies and support to countries to be better prepared for transitions.

Linking co-financing to the vaccine market price

11.2 Vaccine introduction decisions and product selection, including consideration of financial implications and trade-offs, are important responsibilities and key determinants of the long-term sustainability of immunisation programmes. The current co-financing policy does not provide strong incentives for countries under the eligibility threshold to take price differences between vaccines and between vaccine presentations into account in introduction decisions. As a consequence, eligible countries are afforded only limited opportunity to prepare for the realities of vaccine markets. **Linking co-financing obligations to vaccine prices helps countries prepare for the transition to full financing by increasing awareness of the financial implications of vaccine adoption and presentation choices.** When the current co-financing policy was approved in 2010, the Board asked for a review of this policy in 2014, to assess lessons from implementation and to (re-) assess the feasibility of linking co-financing to price for non-graduating countries. Co-financing obligations are already linked to the vaccines' prices for Phase 2 (graduating) countries, when co-financing is scaled up rapidly over five years as an increasing proportion of the (projected) total cost of vaccines. The proposed co-financing policy introduces this concept earlier, at the

start of Phase 1²¹. In consultations with UNICEF Supply Division and vaccine manufacturers, there was general agreement that starting price-linked co-financing in Phase 1 is feasible, but would need to be communicated to countries in a manner that is easy to understand. Details of the proposed policy change, underlying analyses and alternative options evaluated are included in Doc 05 on the Co-Financing Policy.

Intensified support for transition preparations through the Gavi Alliance Engagement Framework

11.3 Consultations with Gavi stakeholders and guidance from the PPC and Board have highlighted the need for the Gavi Secretariat and partners to engage earlier with countries on transition planning. Building on the PPC discussions in May 2014 (on strengthening Gavi's approach to support implementation of graduation assessments and plans), and on subsequent guidance from the PPC and Board, the Secretariat proposes to intensify transition support in several ways. These proposals will require increased resources for the Secretariat and partners to support the transition process in Phases 1 and 2.

- (a) Intensified Secretariat and partner engagement with Phase 1 countries to prepare for graduation ('Phase 2') and earlier graduation ('transition') assessments, i.e. 2-3 years before entering graduation. The **transition assessments** will use the same methodology and process as currently being used in Phase 2 countries and will form the basis for targeted transition support. e.g. to strengthen immunisation planning and budgeting processes, to improve procurement efficiency and address regulatory barriers; to improve national evidence-based decision-making processes; to support communication campaigns; etc. The assessment will also evaluate different opportunities for new vaccine introduction with Gavi support in the context of transition planning. Transition plans will be monitored and adjusted as countries move through the transition phases.
- (b) Country consultations indicate a need for increased **advocacy for immunisation** as a sound health and development investment targeting senior country decision-makers in order to promote increased domestic investment in vaccines (both Gavi-supported *and* other vaccines²²), and to mitigate risks of waning political interest in immunisation, which could seriously undermine the sustainability of programmes. This is underscored in the Board-approved 2016-2020 Strategy which identified advocacy to strengthen political commitment as a cross-cutting strategic enabler. In its recent retreat, Gavi Board members also pointed to advocacy as a critical area for the Alliance to

²¹ Compared to low-income countries, countries in Phase 1 generally have a greater capacity to manage change and respond to incentives, as well as a greater need to prepare for self-financing. The proposed policy therefore maintains the simple, fixed co-financing requirement for low-income countries as under the current policy. As low-income countries transition into Phase 1 and become exposed to price differences they could choose to switch products at any time.

²² This would start with better monitoring of country financing of non-Gavi ('traditional') vaccines

engage in, including through multi- and bilateral in-country partners and donors. An advocacy strategy focusing on strengthening 'political will' in Gavi countries for investing in immunisation and recognizing the value of improving equitable coverage is being developed for implementation starting in 2016.

- (c) Country and stakeholder consultations, as well as the co-financing policy evaluation, have highlighted the need for **improved communication and information sharing** to inform the decision-making process and to promote enhanced consideration of financial sustainability. Stakeholders have suggested the development of tools such as a 'cost calculator' to facilitate an assessment of different vaccine introduction scenarios (i.e. different introduction years, different vaccines, different vaccine presentations) and their long-term cost implications in the context of Gavi's co-financing and transition policies.

12. Increase predictability of start of graduation / Phase 2

- 12.1 One of the lessons from Gavi's experience with graduating countries is that predictability and transparency are critical for a successful transition. Gavi's eligibility indicator is transparent and simple but not perfect. Under the current policy, GNI per capita estimates released by the World Bank in July (which cover the previous calendar year) are used to determine eligibility starting 1 January of the following year. One of the challenges faced by countries is that changes in GNI per capita are sometimes hard to predict and can occur quite suddenly, particularly in commodity-driven economies. This impacts the ability of countries to appropriately plan for the important change in status from 'eligible' to 'graduating' once their reported GNI per capita crosses Gavi's threshold.²³
- 12.2 This uncertainty also affects Gavi's projections. For example, in November 2009, when the Gavi Board approved the revised eligibility policy, which set the threshold at US\$ 1,500, Ghana was projected to be eligible until after 2030. Instead, consequent on a number of factors including a dramatic re-basing of GNI in 2010 and the beginning of commercial oil production in 2010, Ghana is losing eligibility this year. Despite this growth, Ghana is experiencing shocks from the fall in oil, gold, and cocoa prices. It recently concluded a US\$ 1 billion emergency agreement with the IMF to help it bring down its fiscal deficit, address inflation, and other problems. Several Gavi countries are crossing the eligibility threshold faster than was anticipated when the current threshold was set in 2010 (see Figure 1, Annex E).
- 12.3 In the proposed Transition Policy the average GNI per capita over the previous three years would determine eligibility. Using a three-year rolling average will increase predictability and avoid sudden changes in Gavi

²³ In comparison, the World Bank also uses a GNI per capita threshold (along with other criteria, such as creditworthiness) for access to IDA credits. Countries must exceed the threshold for three consecutive years before any change in status is considered.

status following jumps in GNI per capita (e.g. due to re-basing), so countries can more effectively prepare for transitioning out of Gavi support. In addition, this approach also reduces the risk that countries whose GNI per capita suddenly drops would re-enter eligibility after they already started graduation (Phase 2).

12.4 Using a three-year rolling average of GNI per capita to determine a country's transition from Phase 1 to Phase 2 would give Gavi countries on average one additional year of eligibility based on current projections. Using this indicator draws on similar approaches by other financing agencies such as the World Bank's indicator for eligibility for IDA credits loans, which considers a change in lending status only when countries have been three consecutive years above their GNI per capita threshold²⁴. Based on 2014 IMF projections, 8 countries projected to cross the threshold from 2016 to 2020 would enter one year later. It should be noted that these estimates are uncertain since standard income projections cannot predict actual fluctuations. Cost implications are estimated at US\$ 21 million over 2016-2020. Potential benefits of this approach include:

- (a) Greater predictability
- (b) More time to prepare for Phase 2 (graduation)
- (c) More time to apply for and introduce additional vaccines
- (d) Eases the transition in Phase 2

12.5 Countries that experience very large jumps in GNI per capita would not be affected. For example, Nigeria whose estimated GNI per capita jumped from US\$ 1,430 to US\$ 2,760 between 2012 to 2013, would still have entered graduation in 2015 even if a three-year average was used. Additional country examples are provided in Table 1, Annex E.

13. Mitigate remaining high risks to successful transition in Phase 2

Risk 1: countries facing high Phase 2 transition risk

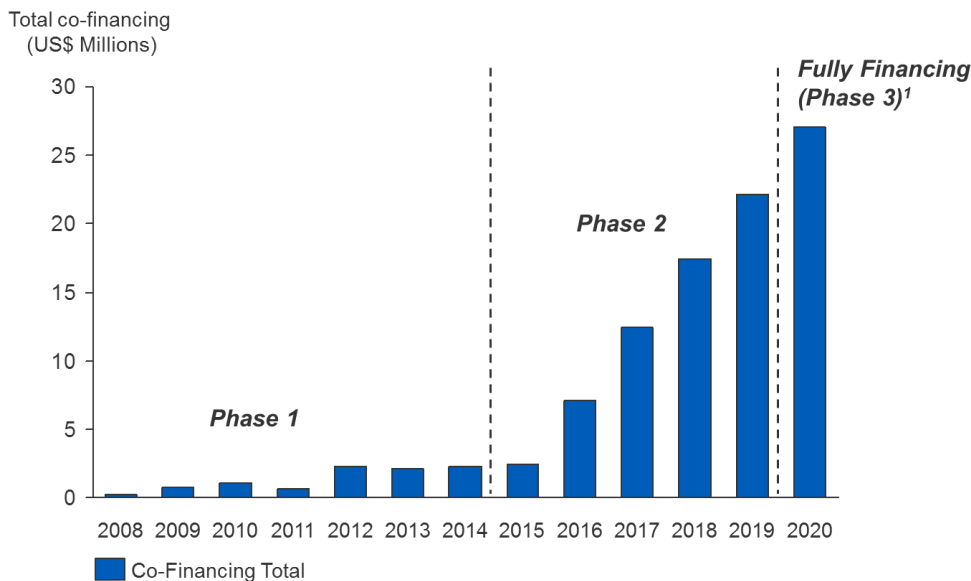
13.1 As described in paragraph 8.5, the majority of countries that entered graduation in 2011 (the first wave) are on track to assume the full financing of Gavi-supported vaccines. Countries entering Phase 2 *after* 2020 (the third wave) will have larger, more costly vaccine portfolios than the first wave but they will generally also have built up higher levels of co-financing during Phase 1 and therefore will have a less steep transition to make in Phase 2. Countries in the second wave (those entering Phase 2 between 2012 and 2020) on average face a larger transition challenge.

13.2 Countries that entered Phase 2 since 2012, enter on average with GNI p.c. levels just above the eligibility threshold, lower-performing programmes, higher fertility rates (larger birth cohorts relative to total population), and more vaccines introduced. Some of these countries

²⁴ Combined with other indicators such as creditworthiness and small island status

experienced very rapid GNI growth but have not yet strengthened their institutions and systems in the same way that might be expected for a country with slower and steadier growth. Analyses indicate that a small number of countries in this cohort are at significantly higher risk of failure to transition successfully. These countries will need to increase vaccine expenditures steeply during Phase 2. As described in paragraph 8.6, the main factor contributing to this challenge is the greater number of vaccines that these countries introduced (just) before entering Phase 2, combined with high fertility rates. These vaccine introductions have been strongly supported by Gavi in line with its strategy to dramatically accelerate the availability of life-saving vaccines. As a result of these introductions, however, these countries immediately face a large increase in financing requirements. For example, from next year, Ghana will need to start increasing its budget for Gavi co-financed vaccines very rapidly, from US\$ 3 million to US\$ 27 million over five years (see figure 4 below), provided that Ghana will have access to the Gavi price upon entering Phase 3; its financing challenge will be even larger if it has to pay higher prices in Phase 3.

Figure 4: Ghana transition requirement



¹ Provided Ghana has access to Gavi price of vaccines in Phase 3

- 13.3 The fraction of countries facing such a large increase in vaccine financing during Phase 2 is expected to decrease again as countries entering Phase 2 after 2020 will generally have built up higher levels of co-financing during Phase 1. These countries will in general have introduced most vaccines well before crossing the eligibility threshold, allowing more time for a gradual build-up in co-financing before the more significant increase required to reach full financing during Phase 2.

- 13.4 Assessing the transition challenge is complex. The Secretariat explored several different indicators and consulted countries to understand what factors pose the greatest potential risk.²⁵ The required increase in vaccine costs per capita during Phase 2²⁶ was found to be the best **indicator for transition risk** because it reflects the absolute budget increases²⁷ that countries need to make during Phase 2 to fully finance their vaccines upon entering Phase 3. By analysing the financing increase on a ‘per capita’ basis it is adjusted for population size, so can be easily compared across countries of different sizes. Unlike other metrics, the annual increase in vaccine costs per capita can be influenced by Gavi by extending the transition period so that the year-on-year increases are more manageable. Another advantage is that this indicator, unlike others considered, does not require projecting future, and uncertain, government expenditure or government health spending. Finally, by using an indicator that is independent of the size of the health budget, one avoids perverse incentives such as rewarding governments for spending too little on health or by using measures that the government can influence to seek an exception. Table 2, Annex E presents country scores against this indicator (and several others).
- 13.5 The proposed Eligibility & Transition Policy maintains ‘Phase 2’ as a transition period during which Gavi’s financing of vaccines declines to zero over five years for the majority of countries, while introducing flexibilities where the vaccine programme faces a high transition risk during phase 2, using the indicator described above. High transition risk countries are identified as those requiring budget increases that exceed *twice the average of currently graduating countries past their grace year*, i.e. more than US \$0.60 per capita. When applied today, four countries that are currently in Phase 2 meet this criterion. In addition, three countries that are projected to cross the eligibility threshold before 2020 would meet this criterion based on current demand forecasts. These countries would be offered additional years in Phase 2 – ranging from two to five - sufficient to bring their annual budget increase per capita below the threshold²⁸ (Table 2). Extending Phase 2 for these countries also creates more time to strengthen programmes, address procurement bottlenecks, conduct high level advocacy for immunisation, etc.

²⁵ An assessment of the strengths and weaknesses of these indicators is available on myGavi

²⁶ Assuming the *Gavi* vaccine price as the end point of the increase

²⁷ Adjusted for population size

²⁸ Such countries would be offered additional years in Phase 2 sufficient to bring their *annual* increase in vaccine co-financing per capita below \$0.12

Table 2: countries identified as facing the *highest* transition risk during Phase 2

Country	# of vaccines introduced ²⁹	Additional years in Phase 2
Angola	3	3
Congo Republic	4	3
Ghana	8	3
Nigeria	5	3
<i>Projected:</i>		
Sao Tome	7	2
Cote d'Ivoire	7	3
Zambia	6	5

- 13.6 In countries that are offered (and accept) extra transition years understanding and assurances would be sought, annually, from Ministries of Finance and Health on meeting the required budget increases and other performance indicators. Gavi and the government would formalise the commitments related to the new graduation timeframe. Should governments fail to meet these obligations, Gavi would exercise the option of reducing or eliminating the extra years.
- 13.7 Incremental programme costs resulting from an adjusted graduation approach to mitigate risk for countries facing a large vaccine financing increase during Phase 2 of their transition out of Gavi support are estimated at US\$ 235 million, within a range of US\$ 150-280 million in 2016-2020. This range is based on different assumptions around future uptake of vaccines by these countries. For example, if Cote d'Ivoire introduces three fewer vaccines than forecasted it would not qualify for additional years as the vaccine financing increase during Phase 2 without those vaccines is deemed to be feasible under the proposed criteria. Under the proposed policy and based on today's projections, 22 Gavi countries would complete Phase 2 ('graduate') by 2020.
- 13.8 The tables in Annex E provide an overview of alternative options analysed to mitigate transition risk.

Risk 2: countries graduating with low coverage

- 13.9 Although coverage trends are difficult to predict, a few current and soon-to-be graduating (Phase 2) countries are likely to enter Phase 3 with low coverage and low-performing immunisation programmes, e.g. Congo Republic, Nigeria, Pakistan, and PNG (see Figure 4, Annex E). Addressing the root causes of low coverage generally takes longer than the time left that Gavi has to engage with these countries. Realistically, Gavi's potential to address low coverage in countries that are close to entering Phase 3 is therefore limited. The increased focus on improving coverage and equity through HSS and technical assistance as part of

²⁹ Excluding IPV which is fully financed by Gavi

Gavi's new strategy 2016-2020 may reduce the risk that future Phase 2 countries transition out of Gavi support with low and inequitable coverage.

Risk 3: countries failing to adopt all vaccines of public health need

13.10 Some countries may enter Phase 3 with critical WHO-recommended vaccines missing in their national immunisation programmes. To mitigate the risk of extended delays in the introduction of these vaccines, the Access to Appropriate Prices initiative provides an enabling environment to introduce additional vaccines during the five-year period of access to UNICEF/Gavi tenders. Targeted advocacy by Alliance partners to ensure that informed decisions (for or against vaccine introduction) are taken may be needed in some countries.

14. Invest in introduction of 'late-arrival' vaccines for current Phase 2 countries

14.1 The 16 countries that entered graduation/Phase 2 in 2011 missed the opportunity to apply for vaccines that were added to the Gavi portfolio in that same year or subsequently: Human Papillomavirus (HPV), Japanese Encephalitis (JE) and Measles Rubella (MR). Many of these countries have expressed strong interest in these vaccines and concern over affordability in the absence of Gavi support and without access to the Gavi price. Countries have also indicated that Gavi's application requirements and Alliance partner support play an important role in facilitating robust introduction planning and execution of new vaccine introductions, and that it is challenging to mobilise sufficient political interest and momentum at the country level in the absence of this support.

14.2 Stakeholders have suggested that Gavi should give these countries one-time access to support for the introduction of vaccines for which they never had the opportunity to apply. To catalyse introductions, Gavi would provide a Vaccine Introduction Grant (VIG) and up to 50% of doses in the introduction year, to be determined by the Secretariat in consultation with the country. The estimated total cost to Gavi of facilitating these introductions in an estimated 10 countries is around US\$ 5 million. The TCG noted that this proposal addresses 'unintended consequences' resulting from the adoption of Gavi's graduation policy in 2011 and that the primary rationale is additional public health impact in support of Gavi's mission. An additional 30,000 deaths could be averted over the next five years from these countries introducing MR, HPV, and JE vaccines³⁰.

14.3 To mitigate financial sustainability risk this opportunity would not be offered to countries that already face a substantial transition challenge during Phase 2, based on the same criteria used to identify countries for additional years in Phase 2. Therefore, two graduating countries - Angola and Congo Republic - would be excluded from catalytic support for HPV or MR.

³⁰ Gavi impact projections

15. Mitigate remaining high risks to successful transition in Phase 3

- 15.1 Analyses and consultations undertaken by the Access to Appropriate Prices initiative identified several risks to countries' successful transition out of Gavi support in Phase 3 ('post-graduation'). These include: 1) lack of *access to vaccine prices* that are affordable in that Phase of countries' economic development and following a rapid increase during their Phase 2 graduation period, 2) domestic *payment challenges* (difficulty accessing hard currency, administrative issues preventing fund release, laws against pre-payment, etc.), and 3) a lack of *capacity* to efficiently manage *procurement of vaccines*.
- 15.2 To address these gaps, Gavi is seeking PPC endorsement of an Alliance solution for Access to Appropriate Pricing (ATAP) for Gavi graduated countries as outlined in Doc 07. This would allow Gavi countries that become fully self-financing, to continue to *access Gavi prices* during a given period by including them in UNICEF tenders issued on behalf of Gavi eligible and graduating countries for five years following graduation³¹. In addition, Gavi would facilitate countries' access to UNICEF's expanded Vaccine Independence Initiative (VII), a revolving fund, which supports timely availability of financing, as needed and subject to UNICEF SD approval. Finally, UNICEF Supply Division would support the validation of country demand forecasting to inform tenders, and WHO, UNICEF SD and potentially other partners would help strengthen country capacity to efficiently manage procurement of vaccines.
- 15.3 Beyond vaccine procurement, some countries will enter Phase 3 with other, institutional, challenges to successful transition, such as weak decision-making processes (e.g. absence of well-functioning NITAGs) or waning political will to invest in immunisation. The Middle Income Countries (MICs) Strategy, currently being developed by WHO, will play a critical role in addressing these remaining gaps through the support of technical partners. It is important to note that the year Gavi support ends, countries will lose not just vaccine support and HSS, but also all Gavi-funded technical support from partners. This presents an additional risk to sustainability. It is therefore critical that there is advanced planning and that partners have the required resources to provide such support where needed
- 15.4 In the longer term, and pending Board approval of the proposals for strengthening Gavi's approach to country transitions, it is expected that countries will enter Phase 3 with fewer institutional capacity gaps to be addressed. Therefore, current Low-Income and Phase 1 countries should be better prepared for the final Phase of their transition to the open vaccine market in the future.

³¹ Provided a country commits to key terms and contingent on agreement with the Pan American Health Organization (PAHO) that procurement through these tenders by fully self-financing Gavi countries will be covered under existing exemptions to the lowest price clause (LPC).

15.5 The new strategy 2016-2020 reinforces collective Alliance accountability for sustainable outcomes of Gavi's investments. As per the proposed strategy indicators (Doc 13) Gavi will continue to monitor progress towards successful transition outcomes in Phase 3 countries and report these back to Board.

16. M&E Framework

16.1 The M&E Framework for the proposed Eligibility & Transition Policy is available on myGavi.

17. Implementation plan

17.1 The Eligibility & Transition Policy would come into effect in July 2015 following Board approval in June 2015. The co-financing policy, which includes the new approach of price-linked co-financing obligations for Phase 1 countries, will come into effect on 1 January 2016. More details of the implementation plan are available on myGavi.

17.2 Secretariat and partner activities relating to the proposals in this report will be included in the 2016 Gavi Alliance Engagement Framework.

Section C: Implications

18. Impact on countries

18.1 As described throughout this report, the Eligibility & Transition Policy, the Access To Appropriate Prices solution and related proposals for Secretariat and Alliance support provided through the Gavi Alliance Engagement Framework are intended to strengthen Gavi's model in its ability to help achieve sustainable outcomes. The proposals maintain a model that imposes a firm pace of transition and continues to require significant increases in domestic financing during Phase 2 for all countries. At the same time it introduces flexibilities for countries facing the highest transition risk in Phase 2. The proposal to offer access to catalytic support for HPV, MR and/or JE vaccines has the potential to generate additional impact in countries that decide to use this opportunity.

19. Impact on Gavi stakeholders

19.1 Implications for Gavi Partners of an enhanced approach to country transitions are described in paragraphs 11.9, 15.2 and 15.3. Funding for these activities would be channelled through the Gavi Alliance Engagement Framework (paragraph 5.3).

20. Impact on Secretariat

20.1 The Secretariat will need increased capacity to enable intensified and earlier engagement with countries in transition. This capacity increase is reflected in the indicative estimate of Gavi Alliance Engagement Framework costs outlined in paragraph 5.3.

21. Legal and governance implications

- 21.1 Subject to the PPC recommending and the Board approving the Eligibility & Transition Policy, the Partnership Framework Agreement between Gavi and implementing countries and any affected legal arrangements with partners will be adjusted as appropriate.

22. Consultation

- 22.1 Consultations with stakeholders including country representatives, technical experts, Gavi Alliance technical partners and other Gavi constituencies were a key component of the eligibility, graduation and co-financing policy review. In addition, the review considered findings from consultations conducted as part of an independent evaluation of the Co-financing Policy³². Findings from consultations informed the development of recommendations and also assisted in validating the findings from the analyses, determining the feasibility of implementing of policy changes, and the weighing of trade-offs between various policy options. The main components of the consultation process included convening the Technical Consultation Group (TCG), and conducting surveys and face-to-face discussions with relevant constituencies on key aspects of the policies. The report of the TCG review of emerging options is attached as Annex E. Additional meeting reports are available on myGavi.
- 22.2 The role of the TCG was to advise and guide the policy review process and analytical work undertaken by the Gavi Secretariat. The TCG reviewed the methodologies, underlying assumptions and data sources for analyses, and offered guidance on the assessment of policy options and weighing of trade-offs. The TCG is composed of 15 members with knowledge of Gavi's mandate and operations, and with a broad range of technical expertise. Technical experts were drawn from sectors that mirror the Gavi Alliance constituencies including WHO, UNICEF, the Bill and Melinda Gates Foundation, eligible countries, donors, civil society organizations, and technical and research institutes, as well as independent members. A list of TCG members and their affiliations is available on myGavi. The TCG had two face-to-face meetings (in August 2014 and February 2015) and two teleconferences (July 2014 and December 2014) to review the analysis prepared by the Gavi Secretariat and provide advice on the interpretation of analyses and consultation findings for policy recommendations to the PPC and Board. In their deliberations the TCG members noted that the range of policy options to consider were limited by the 'limited appetite for change' in certain areas expressed by the PPC and by the specific demands of some Gavi donor constituencies.
- 22.3 Surveys and face-to-face discussions and teleconferences were conducted with EPI managers from Gavi eligible and graduating (Phase 2) countries from all geographical regions; WHO and UNICEF staff from

³² By the Norwegian Institute of Public Health, available on MyGavi

country, regional and global levels; the Immunisation and Financing Sustainability Task Team; Gavi's Civil Society Organisation Steering Committee; and representatives of vaccine manufacturers from developing countries and industrialised countries. In addition, the donor constituency was consulted and updated on progress in the policy review in three teleconferences in the course of the process. In-depth discussions on the policies have also taken place with country representatives as part of graduation assessments and country missions. In addition, an online public consultation survey through the Gavi website was conducted in April 2015. A summary of the consultation findings are in Annex F.

23. Gender implications

23.1 The support to accelerate HPV and MR vaccine introductions in graduating countries that missed the opportunity to apply for these vaccines (section 14) will bring additional health benefits for women.

Section D: Annexes

Annex A: Eligibility & Transition Policy

Annex B: Cost implications

Annex C: Brief history of the eligibility, graduation and co-financing policies

Annex D: Methodologies and analyses

Annex E: TCG final meeting report 17-18 February 2015

Annex F: Consultation summary

Available on myGavi:

- M&E framework for Eligibility & Transition Policy
- Implementation plan for proposals
- Members of the Technical Consultation Group
- Assessment of alternative indicators of 'ability to pay'

Annex A – Eligibility & Transition Policy

DOCUMENT ADMINISTRATION

VERSION NUMBER	APPROVAL PROCESS	DATE
2.0	Prepared by: Robert Newman, Policy and Performance	
	Reviewed by: Gavi Programme and Policy Committee	04 May 2015
	Approved by: Gavi Alliance Board	June 2015 Effective from: 1 July 2015
	Next review:	After four years (in 2019) or at request of the Board

1. Purpose

- 1.1. The purpose of this policy is to set out the criteria – and related terms, processes and procedures - that determine which countries are eligible, and when, to apply for and receive different forms of Gavi support as they transition along a continuum of economic development to the point that all Gavi support ends.
- 1.2. This policy aims to contribute to the vision that, when countries transition out of Gavi support, they have successfully expanded their national immunisation programmes with vaccines of public health importance and sustain these vaccines post-transition with high and equitable coverage of target populations, while having robust systems and decision-making processes in place to support the introduction of future vaccines.

2. Scope

- 2.1. This policy covers the criteria for accessing Gavi support in the different phases of transition.
- 2.2. This policy does not cover criteria for prioritisation and resource allocation in case of funding shortfalls, which are covered by other Gavi policies and guidelines.
- 2.3. This policy does not cover details of the co-financing requirements in different phases of Gavi support. These are described in the Co-financing Policy.

3. Principles

- 3.1. Gavi's support focuses on lower-income countries.
- 3.2. Support is time-limited and directly linked to governments' ability to pay for vaccines, as measured by Gross National Income (GNI) per capita.

4. Definitions

- 4.1. **"GNI per capita atlas method"**: Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is GNI divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method which smoothes exchange rate fluctuations by using a three-year rolling average, price-adjusted conversion factor.
- 4.2. **"Penta3 coverage"**: Percentage of infants that received three doses of pentavalent vaccine.
- 4.3. **"Eligibility Threshold"**: as defined in section 5 of this policy.
- 4.4. **"Gavi-Eligible Country"**: A country whose three-year average GNI per capita is equal to or below the Eligibility Threshold. A Gavi-eligible country is either a Low-Income Country or a Phase 1 Country.
- 4.5. **"Low-Income Country"**: A country whose GNI per capita is equal to or below the threshold for the World Bank's definition of a "Low-Income Country".
- 4.6. **"Phase 1 Country"**: A Gavi-eligible country whose GNI per capita is above the Low-Income Country threshold and whose average GNI per capita of the previous three years is equal to or below the Eligibility Threshold.
- 4.7. **"Phase 2 Country"**: A country whose three-year average GNI per capita is above the eligibility threshold, and for whom Gavi support is decreasing in accordance with section 7 of this policy.

- 4.8. **“Phase 3 Country”**: A country that is no longer receiving Gavi support and is fully self-financing Gavi vaccines[, and that has access to UNICEF tenders for vaccines issued on behalf of Gavi countries, for a time-limited period].
- 4.9. **“Gavi Country”**: A Low-Income Country or a country in Phase 1, 2, or 3.
- 4.10. **“Transition”**: The period that Gavi countries are in Phase 1, 2 and 3, during which they gradually assume full responsibility for the financing and procurement of Gavi vaccines.
- 4.11. **“Transition Assessment”**: Multi-partner assessment of potential bottlenecks (programmatic, financial) that jeopardize a successful transition out of Gavi support, as well as opportunities for vaccine introductions with Gavi support.
- 4.12. **“Transition Plan”**: Government-led plan to address key bottlenecks and leverage opportunities towards successful transition
- 4.13. **“Programme Filters”**: as defined section 6 of this policy.
- 4.14. **“Multi-year commitments”**: Gavi funding commitment covering the length of a country’s comprehensive Multi-Year Plan (cMYP) or health sector plan

5. Eligibility threshold

- 5.1. Gavi’s GNI per capita threshold for eligibility was set at an amount of US \$1,500 in 2011. The GNI threshold amount for Gavi is updated annually to account for inflation and published on the Gavi website following the annual release of updated GNI p.c. estimates by the World Bank.
- 5.2. Countries are Gavi-eligible if their average GNI p.c. over the past three years is equal to or below the threshold amount. Such countries are eligible to apply for vaccine and/or Health Systems Strengthening programme support.
- 5.3. If subsequent to entry into Phase 2, a country’s three-year average GNI per capita falls below the threshold amount, the country would regain its Gavi-eligible status.
- 5.4. Eligibility will not be considered for poorer states/provinces within higher income countries (i.e. Gavi will not offer sub-national support for countries with GNI per capita above threshold).

6. Programme filter

- 6.1. Gavi-eligible countries with Penta3 coverage $\geq 70\%$, as determined by WHO/UNICEF estimates, are allowed to apply for new vaccine introduction support.
- 6.2. No Penta3 coverage filters are applied to accessing support for Japanese encephalitis (JE), Meningitis A, Yellow fever, and Inactivated Polio vaccines.
- 6.3. To be eligible to apply for measles second dose support and for measles rubella (MR) support, a country must meet coverage criteria specified in Gavi’s application guidelines that are based on the latest relevant WHO/SAGE recommendation
- 6.4. No programme filters apply to accessing support for Health Systems Strengthening.

7. Transition procedures

- 7.1. For current and future Phase 1 countries, Gavi will initiate transition assessments as early as feasible during Phase 1 (approximately 2-3 years before the projected date of entering Phase 2).

- 7.2. Based on transition assessments, Gavi may provide support to Phase 1 and Phase 2 countries for the implementation of activities critical for a successful transition, covering only the period until the end of Phase 2.
- 7.3. When a country's reported average GNI p.c. over the past three years is above the eligibility threshold, Gavi will inform the country that it will enter Phase 2 effective January 1 of the next calendar year.
- 7.4. Subject to availability of funding and approval in accordance with Gavi's processes for renewals, Gavi will continue to provide support for already introduced vaccines.
- 7.5. Subject to availability of funding and approval in accordance with Gavi's processes for renewals, Gavi will honour all existing multi-year commitments for Health Systems Strengthening support to countries in Phase 2.
- 7.6. Countries that surpass the Eligibility Threshold have one year to apply for new HSS and vaccine support, from January 1 of the year after surpassing the Eligibility Threshold (a grace year). However, new HSS support is restricted to those countries with Penta3 coverage below 90%.
- 7.7. From the second year in Phase 2, countries cannot submit new applications or resubmit previously rejected applications for any of Gavi's funding windows.
- 7.8. Countries whose projected required Phase 2 increase in vaccine co-financing per capita is more than US \$0.60 over five years qualify for additional years in Phase 2.
- 7.9. Such countries will be offered additional years in Phase 2 sufficient to bring their *annual* increase in vaccine co-financing per capita to no more than US \$0.12.
- 7.10. If countries default on their co-financing obligations under the extended time-frame, Gavi's contributions would drop more substantially in the following year in line with the original five-year timeline.

8. Timeline for implementation

- 8.1. Implementation of this policy will begin on 1 July 2015.
- 8.2. The GNI per capita eligibility threshold will be adjusted annually for inflation. The lists of eligible, Phase 2 and Phase 3 countries will also be adjusted annually based on the latest World Bank GNI per capita data. The adjustments to both the threshold and lists of countries will go into effect the following January and remain valid for a full calendar year.

9. Primary data sources

- 9.1. GNI per capita (Atlas method) from World Bank classifications released in July of every year to cover the previous year.
- 9.2. Penta3 coverage from WHO/UNICEF estimates.
- 9.3. Eligibility threshold adjustment for annual inflation using World Bank deflators.

10. Effective date and review of policy

- 10.1. This policy comes into effect as of 1 July 2015 and replaces the Gavi Eligibility Policy as approved by the Board on 18 November 2009 and the Gavi Graduation Policy as approved by the Board on 18 November 2009.
- 10.2. This policy will be reviewed and updated as and when required. Any amendments to this policy are subject to Gavi Board approval.

Annex B: estimated incremental cost implications (US \$ millions)³³

Scenario	Range	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTALS	
												2016-20	2021-25
Rolling GNI	Base	0	0	4	7	9	27	28	26	23	36	21	140
Rolling GNI	Low	0	0	4	7	9	9	9	6	2	14	20	39
Rolling GNI	High	0	0	4	7	9	27	44	44	42	56	21	213
Catalytic support 'late arrival' vaccines	Base	5	0	0	0	0	0	0	0	0	0	5	0
Catalytic support 'late arrival' vaccines	Low	4	0	0	0	0	0	0	0	0	0	4	0
Catalytic support 'late arrival' vaccines	High	5	0	0	0	0	0	0	0	0	0	5	0
Phase 2 extension for high fiscal risk countries - option 1	Base	6	22	42	59	106	62	46	17	12	7	235	144
Phase 2 extension for high fiscal risk countries - option 1	Low	5	18	27	29	70	28	14	9	7	5	149	62
Phase 2 extension for high fiscal risk countries - option 1	High	17	33	53	67	112	66	48	17	12	7	283	150
Phase 2 extension for high fiscal risk countries - option 2	Base	11	34	62	88	138	109	109	96	77	55	333	446
Phase 2 extension for high fiscal risk countries - option 3	Base	6	18	34	45	83	34	11	9	3	0	186	57
Total³⁴	Base	11	22	46	66	115	89	74	43	35	43	260	284

Assumptions for Rolling GNI - Base: three year average rolling GNI p.c. is used to determine eligibility, rather than the most recent available point estimate. **High:** same, but rolling GNI causes Pakistan to get two extra years of eligibility rather than one. **Low:** same, but rolling GNI does not cause Pakistan to get any extra years of eligibility

Assumptions for demand for catalytic support 'late arrival' vaccines - Base: 9 countries introduce HPV (Armenia, Azerbaijan, Bolivia, Georgia, Honduras, Moldova, Mongolia, Sri Lanka, Timor-Leste), 2 introduce JE (Bhutan, Timor-Leste), 1 introduces MR (Timor-Leste). These countries receive vaccine introduction grants, limited HPV demo support, 20% of routine HPV doses, and 100% of campaign doses. **High:** Same as base, but countries receive 50% of doses for all vaccines (HPV routine and campaign). **Low:** same as base, but without the following introductions: Armenia HPV, Mongolia HPV, Timor-Leste HPV, Timor-Leste JE

Assumptions for Phase 2 extensions (option 1) - Base: All countries with ramp-up costs per capita greater than 200% of the reference group average receive enough additional years to bring them to under 200%. This results in the following countries (and additional years) receiving more support: Angola (3); Congo, Rep. (3), Cote d'Ivoire (3), Ghana (3),

³³Estimates of the cost of proposed policy changes and investments are based on modelling that draws on the latest data on economic growth projections from the IMF, GNI per capita from the World Bank, population projections from the UN Department of Economic and Social Affairs, vaccine adoptions from Gavi's adjusted demand forecasts, and Gavi price projections. Economic growth and population projections are used to project when countries cross the eligibility threshold. The accuracy of all these projections declines over time, so the projections for 2016-20 are likely to be more robust than for 2021-25. The demand forecasts do not currently include vaccines such as Ebola or malaria.

³⁴ Amounts may not sum to totals due to rounding

Nigeria (3), Sao Tome and Principe (2), Zambia (5). **High:** Same as base, but Nigeria has an additional introduction (HPV). **Low:** Same as base, but Nigeria has one fewer introduction (Rota) and one less year extension, and Cote d'Ivoire does not receive any extra years of support as a result of fewer introductions

Assumptions for Phase 2 extensions Option 2: All countries with ramp-up costs per capita greater than 200% of the reference group average receive 5 additional years, between 175% and 200% receive 3 additional years, between 150% and 175% receive 2 additional years. This results in the following countries (and additional years) receiving more support: Angola (5), Zambia (5), Ghana (5), Congo, Rep (5), Cote d'Ivoire (5), Nigeria (5), Sao Tome and Principe (5), Djibouti (3), Lesotho (3), Solomon Islands (3), Papua New Guinea (3), Pakistan (3), Uzbekistan (2)

Assumptions for Phase 2 extensions Option 3: The following countries receive two additional years of support: Angola, Congo Rep., Cote d'Ivoire, Ghana, Nigeria, and Zambia

Annex C – brief history of the eligibility, graduation and co-financing policies

Birth of Gavi and the ‘GAVI73’

When Gavi was created in 2000 it offered five years of support for pentavalent and yellow fever vaccines to eligible countries. Countries with a Gross National Income (GNI) per capita below US\$ 1,000 -- there were 75 at the time -- were eligible to apply for support. Of the original cohort of eligible countries, Gavi ended support to 4 countries whose GNI levels increased above the US\$ 1,000 threshold in the first few years³⁵. By 2005, the price of pentavalent vaccine had not come down as expected and the Board also acknowledged that countries needed more time to take over the financing of vaccines. Given the importance of predictability of vaccine funding for sustainable country-owned programmes and for market shaping purposes, the Gavi Board made a commitment to continue vaccine support for the remaining countries (later known as the ‘GAVI73’)³⁶ until at least 2015.

The beginning of an exit strategy

In 2009, following a review of the *eligibility* policy, the Board re-set the eligibility threshold at US\$ 1,500 GNI per capita, roughly equal to the original threshold of US\$ 1,000 in adjusted dollar terms. It decided that countries above the eligibility threshold would be called ‘graduating countries’ and that support for these countries would be phased out under ‘graduation procedures’. In light of the Board’s earlier commitment in 2005 to support the ‘GAVI73’ countries through at least 2015, the ‘graduation procedures’ stated that graduating countries above the threshold would receive existing vaccine support until *at least 2015* although they could no longer apply for new vaccines³⁷. The ‘graduation procedures’ (reflected in the *graduation* policy) did not spell out further details of Gavi’s support for graduating countries.

In 2010, fiscal space analyses were conducted to assess the affordability of a five-year Phase out of support for graduating countries. These analyses confirmed that for the first cohort of graduating countries an annual stepped increase in co-financing over five years to reach the full price of vaccines would be feasible. Based on these analyses, the current *co-financing* policy was developed, which articulates that support for graduating countries would gradually decrease - as co-financing obligations increased - to 100% of the projected vaccine price.

³⁵ Albania, Bosnia & Herzegovina, China, and Turkmenistan

³⁶ East Timor and South Sudan were added when these countries gained independence

³⁷ Countries were given one grace year to submit any last vaccine support applications.

The new eligibility, graduation and co-financing policies became effective in 2011. At this point in time, sixteen Gavi countries had GNI levels above US\$ 1,500, ranging from US\$ 1,600 to US\$ 4,800. In line with the new policies, Gavi started gradually phasing out its support to these countries from 2011 towards a full stop of support in 2015³⁸.

The co-financing policy, specifying the five-year gradual Phase out of Gavi support for graduating countries, was only approved until 2015. The Board requested that the policy be reviewed in 2014 to assess the experience with implementation, particularly for graduating countries.

Taking stock

Today, Gavi supports 233 vaccine programmes³⁹ across 71 countries⁴⁰, reaching an estimated 55 million children per year⁴¹. These programmes—and others that will be launched in the coming years—are projected to avert 5-6 million future deaths over the next strategy period, 2016-2020. 41% of this projected impact will come from graduating or soon to be graduating countries.0020

³⁸ The first 4 countries from this initial cohort of graduating countries will graduate by the end of 2015. Cuba and Ukraine do not receive Gavi vaccine support. Support for the other countries from the initial cohort of 16 will be terminated in 2016 and 2017 due to delays in vaccine introductions based on applications approved in the grace year.

³⁹ Excluding HPV demonstration projects and one-off campaigns.

⁴⁰ Two Gavi countries, Cuba and Ukraine, do not receive new vaccine support.

⁴¹ Reference year 2015; source: Adjusted Demand Forecast, Gavi Secretariat

Annex D – Alternative options explored in the policy review

A. Excerpts from October 2014 PPC paper:

Possible policy adjustments

There are several possible ways to mitigate the risks to successful graduation while staying true to Gavi's core eligibility and graduation model.

Increasing the eligibility threshold. This would delay the entry of currently eligible countries into the graduation period and the subsequent end of Gavi support, thus giving countries more time to increase health and immunisation budgets, strengthen systems for immunisation delivery, and prepare in other ways for successful graduation such as strengthening procurement processes. Up to a threshold of approximately \$2,700, no new countries would become eligible for Gavi support but some currently graduating countries would re-enter eligibility.

Extending the graduation period beyond the current five years for a subset of countries. Some countries could be given an extended graduation trajectory based on objective criteria, for example immunisation coverage and/or measures of the fiscal challenge at the time of entering graduation. Graduation would thus be "tailored" to country circumstances. It would be important not to create perverse incentives. For example, being in default on co-financing obligations should not be a trigger for extended graduation. A tailored approach to graduation is common in other international organisations, such as the World Bank's IDA support and USAID's family planning support.

Increased eligibility threshold combined with a more limited extension of graduation. With a higher threshold, which would give all currently eligible countries more time to grow their budgets, fewer countries would require a longer time in the graduation phase as their fiscal challenge would be smaller by the time of crossing the threshold.

Modelled preliminary scenarios. For illustrative purposes, two alternative thresholds were modelled: \$2,000 and \$2,500, starting in 2016. Raising the threshold to \$2,000 would delay entry into graduation for the average country by 4 to 5 years, while raising the threshold to \$2,500 would delay graduation by about 10 years. Of currently graduating countries, Ghana, Nicaragua, Solomon Islands, Uzbekistan, and Vietnam could regain eligibility under the \$2,000 level, depending on their next GNI per capita estimate. At \$2,500, of the currently graduating countries, Honduras, Moldova, and Papua New Guinea, in addition, could become eligible again. Other currently graduating countries are unlikely to be affected by an increased threshold.

Preliminary assessment of possible policy adjustments

Mitigate risk to sustainability. The means by which the two main policy options improve the sustainability of programmes are somewhat different. Raising the threshold does so primarily by allowing income growth to expand health and immunisation budgets and thus is most effective if absolute affordability (relative to health budgets) is the primary risk. Countries would stay in the intermediate co-financing category longer and would have more time to build up vaccine budgets before crossing the threshold and assuming the full cost of vaccines. While the fiscal burden upon graduation would still be significantly higher than that faced by currently graduating countries, higher national income levels would increase the relative affordability of this vaccine package and alleviate the burden to some extent. Extending graduation (regardless of income growth)

may be more effective if the main challenge is the rate at which immunisation budgets must be increased during graduation. Based on the available evidence, either policy change would likely lower the fiscal burden facing the most challenged graduating countries, allowing time for scaling up of immunisation budgets and strengthening vaccine delivery systems, thereby reducing the risk that some programmes would not be sustained.

Health impact. Changes in the eligibility and graduation model may increase health impact relative to the status quo through three channels: facilitating additional vaccine introductions; giving low-performing graduating countries more time to increase (equitable) coverage; and reducing the risk that programmes are suspended or discontinued, thereby averting future deaths.

Simplicity. Of the three options, raising the eligibility threshold is the simplest and would come with the least additional operational cost to the Gavi Secretariat and partners. Currently graduating countries that become eligible again would require dedicated communications but overall the change would be relatively easy to communicate to countries. Selective extension of graduation requires defining the criteria and indicators that would be used to assign countries to particular extended graduation trajectories, as done in this paper, measuring these when countries cross the threshold and communicating the resulting graduation trajectory to countries. To avoid perverse incentives, progress could be measured at a set time after the initial graduation years in order to determine whether the country qualifies for the remainder of the extended graduation trajectory.

The **cost** to Gavi depends not only on the chosen conceptual adjustment but also on the *degree* of change (e.g. a smaller or larger increase in threshold; shorter or longer extension of graduation). Raising the threshold to \$2,000 or \$2,500 increases resource needs in the next strategic period by about 4% and 5% respectively.

B. Alternative options analysed for mitigating transition risk

Options	Description	Projection of countries eligible for additional years NB. Countries that have already entered graduation <u>underlined</u> .	Projected incremental cost, \$ million	
			2016-2020	2021-2025
1. Tailoring to address highest transition risk (recommended option)	<ul style="list-style-type: none"> Extended Phase 2 only for countries facing the highest increase in vaccine costs p.c. during Phase 2, ie. more than twice the reference group average of \$0.30 p.c. (>\$0.60 p.c. over 5 years, or >\$0.12 per annum) Additional years of support in Phase 2 to bring increase below threshold of \$0.12 p.c. per annum 	7 countries, of which 4 already entered Phase 2 and 3 are projected to do so by 2020: <ul style="list-style-type: none"> 2 years: Sao Tome and Principe 3 years: <u>Angola</u>; <u>Congo, Rep.</u>; Cote d'Ivoire, <u>Ghana</u>, <u>Nigeria</u> 5 years: Zambia 	235	144
2. More flexible option	<ul style="list-style-type: none"> Extended Phase 2 for three groups of countries facing high increase in vaccine costs p.c. during Phase 2 Additional years of support in Phase 2 granted in line with the degree to which countries exceed reference group average increase in vaccine cost p.c. during Phase 2: <ul style="list-style-type: none"> 150-174%: 2 years 175-199%: 3 years Above 200%: 5 years 	13 countries, of which 7 already entered Phase 2 and 6 are projected to do so by 2020: <ul style="list-style-type: none"> 2 years (150-174%): <u>Uzbekistan</u> 3 years (175-199%): <u>Angola</u>; <u>Congo, Rep.</u>; Djibouti, Lesotho, Pakistan, <u>Papua New Guinea</u>, <u>Solomon Islands</u> 5 years (above 200%): Cote d'Ivoire, <u>Ghana</u>, <u>Nigeria</u>, Sao Tome and Principe, Zambia 	333	446
3. Option proposed by UK DFID TCG member	<ul style="list-style-type: none"> Extended Phase 2 for a specified number of countries that are projected to have the highest increase in vaccine costs p.c. during Phase 2 Graduation period extended for 2 years for all these countries 	6 countries, of which 4 already entered Phase 2 and 2 are projected to do so by 2020: <ul style="list-style-type: none"> 2 years: <u>Angola</u>, <u>Congo</u>, Cote d'Ivoire, <u>Ghana</u>, <u>Nigeria</u>, Zambia 	186	57

Assessment of alternative options:

Option	Assessment	
	Pro	Con
0. Status quo	<ul style="list-style-type: none"> Preserves simplicity of current rules with same duration of Phase 2 for all countries 	<ul style="list-style-type: none"> Continuity of immunization programmes and success of transition may be at risk in countries that face particularly high increases in vaccine costs during Phase 2
1. Tailoring to address highest transition risk (recommended option)	<ul style="list-style-type: none"> Protects health impact by supporting continuity of immunization programmes in highest-risk countries Consistent with Gavi's catalytic model by setting end-date for financial support at start of Phase 2 for all countries Transparent rule ensures that allocation of additional years of support is proportional to level of increase in vaccine costs 	<ul style="list-style-type: none"> Reduces simplicity through variable duration of Phase 2 Residual risk that extended support is not sufficient to ensure successful transition
2. More tailored option	<ul style="list-style-type: none"> Protects health impact by extending support in countries facing high increases in vaccine costs during Phase 2 transition Consistent with Gavi's catalytic model by setting end-date for financial support at start of Phase 2 for all countries Transparent rule ensures that allocation of additional years of support is proportional to level of increase in vaccine costs 	<ul style="list-style-type: none"> Lower thresholds may result in extending Phase 2 for countries that do not need it Highest incremental cost to Gavi
3. Option proposed by UK DFID TCG member	<ul style="list-style-type: none"> Preserves Gavi's catalytic model by setting end-date for financial support at start of Phase 2 for all countries Protects health impact by supporting continuity of immunization programmes in highest-risk countries 	<ul style="list-style-type: none"> Allocation of additional years of support is not proportional to countries' need Risk that extended support is not sufficient to ensure successful transition Does not rely on transparent rules for selecting countries for extended support Lack of transparency may create inappropriate incentives for countries hoping that Gavi will grant further extensions

Annex E – Methodologies and analyses

With support from the Results for Development Institute (R4D), extensive quantitative modelling was undertaken. The model developed for the Policy review projects country transitions between different phases of Gavi support and calculates total New Vaccine Support (NVS) costs, country co-financing obligations, and total costs to countries under different scenarios. Key inputs into the model include World Bank GNI p.c. data and IMF projections of GDP growth, government expenditures, UN population projections, WHO national health accounts estimates, UNICEF/WHO immunization coverage estimates, estimates of traditional vaccine costs from the Decade of Vaccines analysis, Gavi vaccine demand forecasts, and Gavi price projections. The potential impact of proposed policy changes, in terms of deaths averted, was calculated using Gavi's impact model, based on scenarios for the potential effect of policy changes on vaccine introduction and coverage.

This annex presents key summary tables, figures and findings from the background analysis for the policy review:

- Table 1: effect of three-year rolling average – retrospective analysis
- Table 2: key indicators projected to first year without Gavi support
- Table 3: forecasted demand from countries from the 2011 graduating cohort eligible for catalytic support for 'late arrival' vaccines

- Figure 1: projected change in eligibility status 2009 versus 2014
- Figure 2: Key fiscal and transition risk indicators projected to first year without Gavi support
- Figure 3: vaccine financing increase per capita during graduation / Phase 2
- Figure 4: 2013 WHO/UNICEF estimated DTP3 coverage, for current and future graduating countries

Table 1. Effect of three-year rolling average – retrospective analysis

Five countries with large jumps in GNI p.c. (shown in red): comparison of impact of alternative eligibility approaches, single year versus three year rolling average (amounts in US \$)

Country	Gavi calendar year	2012	2013	2014	2015	Year crossing eligibility threshold
	Gavi eligibility threshold in that year	1,520	1,550	1,570	1,580	
	Reference year GNI p.c.	2010	2011	2012	2013	
Nicaragua	Single year GNI p.c.	1,080	1,170	1,650	1,780	2014 2016 or later
	Rolling 3 year average			1,300	1,533	
Nigeria	Single year GNI p.c.	1,180	1,200	1,430	2,760	2015 2015
	Rolling 3 year average			1,270	1,797	
Papua New Guinea	Single year GNI p.c.	1,300	1,480	1,790	2,010	2014 2015
	Rolling 3 year average			1,523	1,790	
Solomon Islands	Single year GNI p.c.	1,030	1,110	1,130	1,610	2015 2016 or later
	Rolling 3 year average			1,090	1,283	
Vietnam	Single year GNI p.c.	1,100	1,220	1,400	1,730	2015 2016 or later
	Rolling 3 year average			1,240	1,450	

Table 2. Key indicators projected to first year without Gavi support

Red: countries with highest vaccine cost per capita increase (above US \$0.60 threshold)

Projections, first year without Gavi support							
Country	Total Fertility Rate	Vaccines adopted with Gavi support ⁴²	Phase 2 increase in vaccine costs per capita	Vaccine costs per capita	Vaccine costs as % GGE	Vaccine costs as % GGHE	GGHE as % GGE (2012)
Countries that became 'graduating' in 2011							
Congo	4.6	4	\$0.80	\$0.89	0.07%	1.1%	6.5%
Angola	5.3	3	\$0.85	\$1.09	0.04%	0.8%	5.6%
Armenia	1.7	3	\$0.21	\$0.34	0.03%	0.4%	7.9%
Moldova	1.5	3	\$0.22	\$0.29	0.03%	0.2%	13.3%
Georgia	1.5	3	\$0.13	\$0.26	0.02%	0.4%	5.2%
Kiribati	2.8	2	\$0.33	\$0.43	0.03%	0.3%	10.3%
Honduras	2.9	2	\$0.32	\$0.65	0.09%	0.8%	11.8%
Bolivia	3.0	2	\$0.07	\$0.52	0.04%	0.4%	9.5%
Azerbaijan	1.8	2	\$0.10	\$0.26	0.01%	0.2%	3.9%
Mongolia	2.4	1	\$0.28	\$0.49	0.03%	0.3%	9.0%
Bhutan	2.1	1	\$0.06	\$0.26	0.03%	0.5%	7.0%
Sri Lanka	2.3	1	\$0.02	\$0.11	0.02%	0.3%	6.5%
Indonesia	2.2	1	\$0.13	\$0.17	0.02%	0.3%	6.9%
Timor-Leste	5.2	1	\$0.22	\$0.23	0.01%	0.5%	2.6%
Countries that have entered or are projected to enter graduation from 2012-20							
Ghana	3.4	8	\$0.84	\$0.95	0.17%	1.8%	9.7%
Pakistan	2.5	7	\$0.52	\$0.70	0.19%	4.0%	4.7%
Côte d'Ivoire	4.2	7	\$0.80	\$1.02	0.17%	2.2%	8.0%
Sao Tome	2.8	7	\$0.68	\$0.83	0.10%	1.8%	5.6%
Zambia	5.2	6	\$1.06	\$1.25	0.20%	1.2%	16.4%
Solomon Isl.	3.5	6	\$0.53	\$0.83	0.09%	0.4%	19.9%
Viet Nam	1.6	5	\$0.35	\$0.41	0.06%	0.7%	9.5%
Djibouti	2.8	5	\$0.56	\$0.70	0.08%	0.6%	14.1%
Lao	2.5	5	\$0.40	\$0.50	0.07%	1.2%	6.1%
Nigeria	5.5	5	\$0.86	\$0.97	0.20%	3.0%	6.7%
Lesotho	2.7	4	\$0.54	\$0.76	0.09%	0.6%	14.5%
Uzbekistan	2.1	4	\$0.51	\$0.55	0.06%	0.6%	9.7%
PNG	3.5	4	\$0.53	\$0.58	0.08%	0.6%	14.0%
Guyana	2.4	2	\$0.23	\$0.55	0.04%	0.3%	13.1%
Nicaragua	2.3	2	\$0.30	\$0.50	0.09%	0.5%	19.7%
Reference group average							
	2.8	2.3	\$0.30	\$0.45	0.04%	0.5%	9.0%

The reference group refers to all graduating countries that have passed their grace year (so that all Gavi-supported vaccine adoptions are known). Vaccine costs exclude traditional vaccines.

GGE = General Government Expenditures

GGHE = General Government Health Expenditures

⁴² Excluding IPV, which is fully financed by Gavi

Table 3: forecasted demand from countries from the 2011 graduating cohort eligible for catalytic support for 'late arrival' vaccine

Country	Vaccines	Count
Armenia	HPV	1
Azerbaijan	HPV	1
Bhutan	JE Campaign	1
Bolivia	HPV	1
Georgia	HPV	1
Honduras	HPV	1
Moldova	HPV	1
Mongolia	HPV	1
Sri Lanka	HPV	1
Timor-Leste	HPV	3
	MR Campaign	
	JE Campaign	
Total		12

Figure 1: Projected change in eligibility status from projections done in 2008/9 compared to current policy review

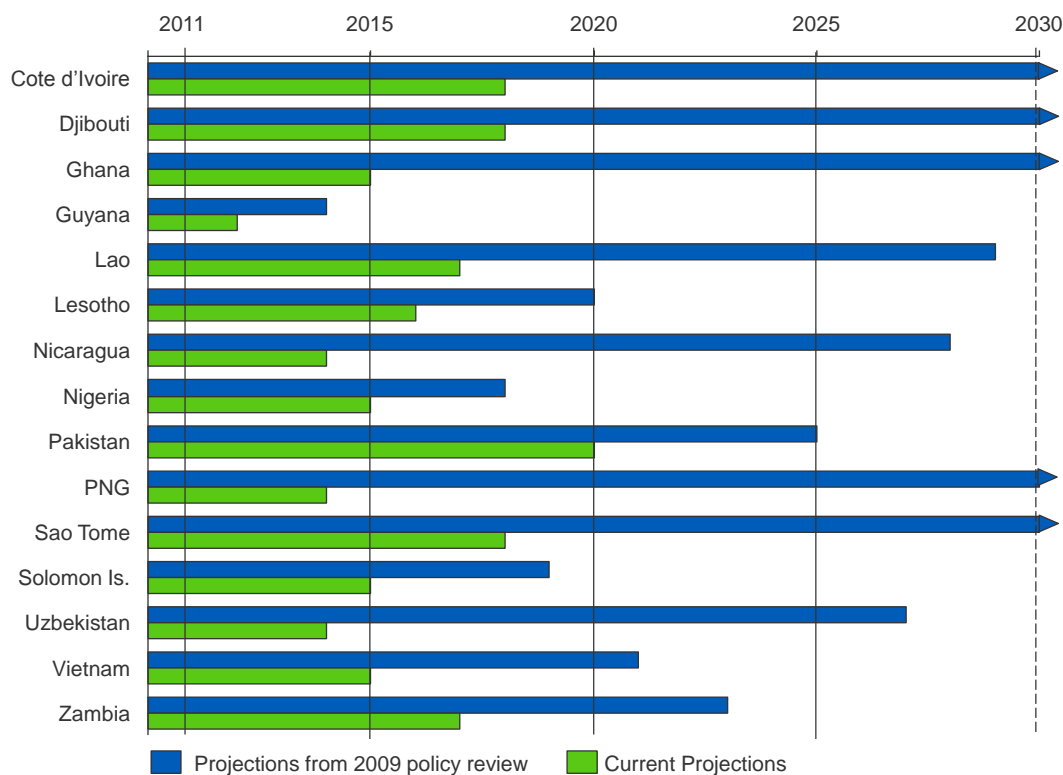


Figure 2: Projected number of vaccines adopted with Gavi support before losing eligibility, for current and future graduating countries (including IPV)

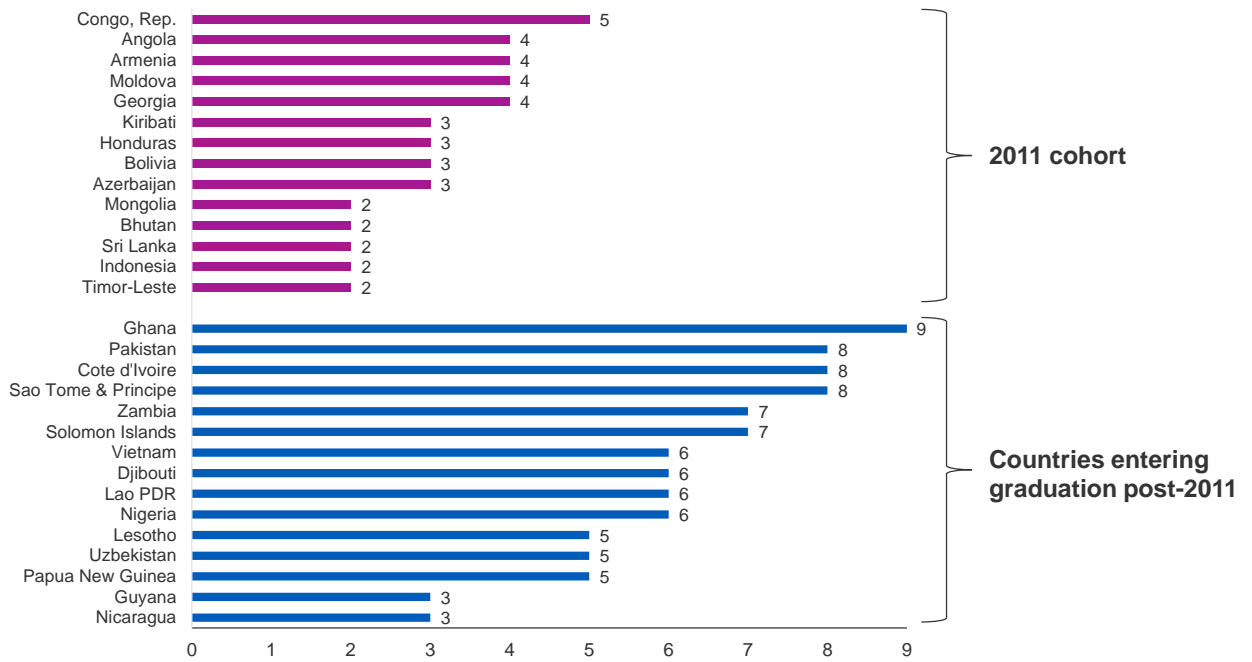


Figure 3: vaccine financing increase per capita during graduation / Phase 2

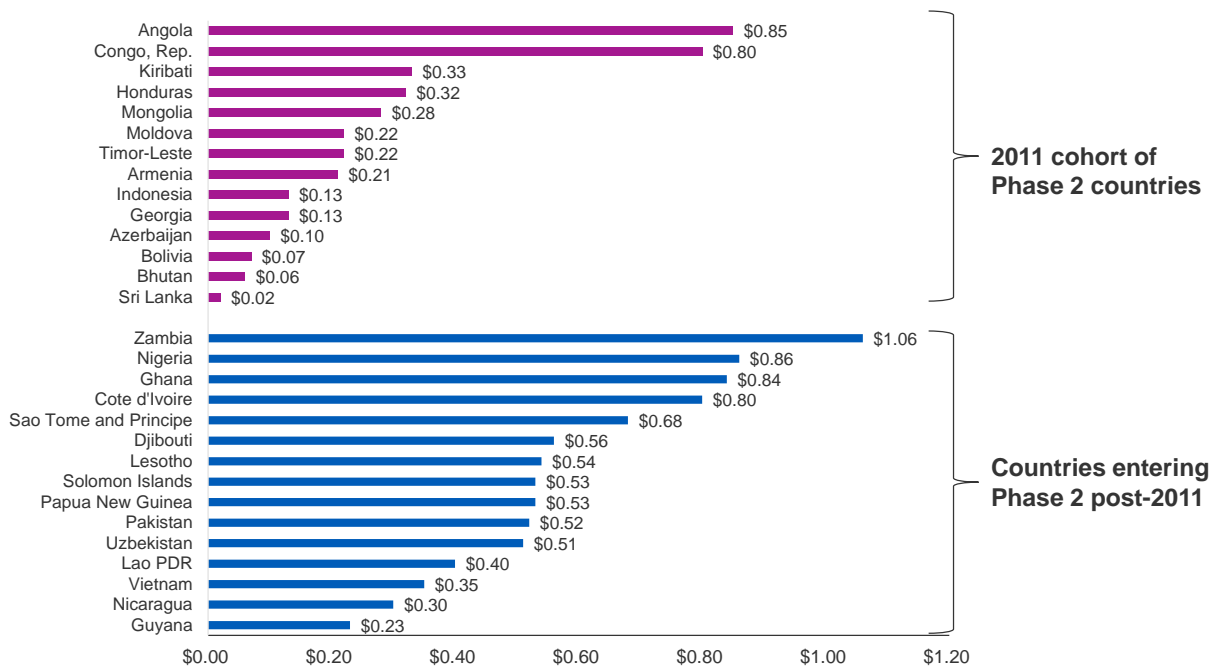
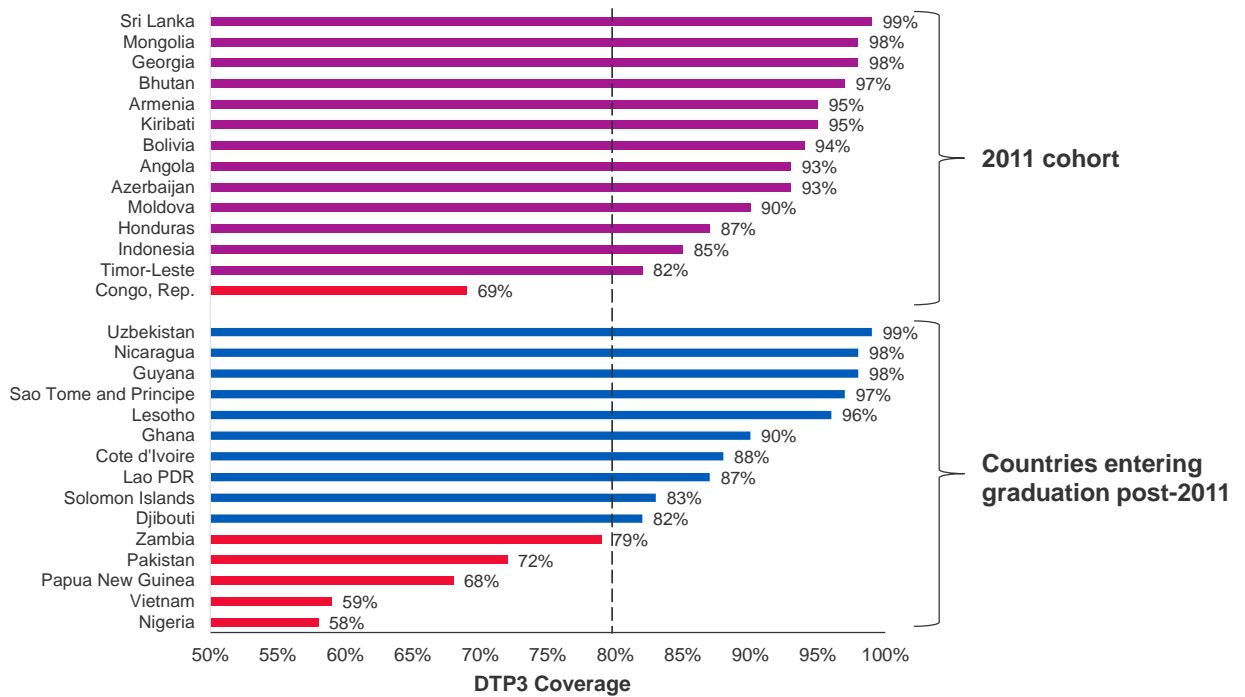
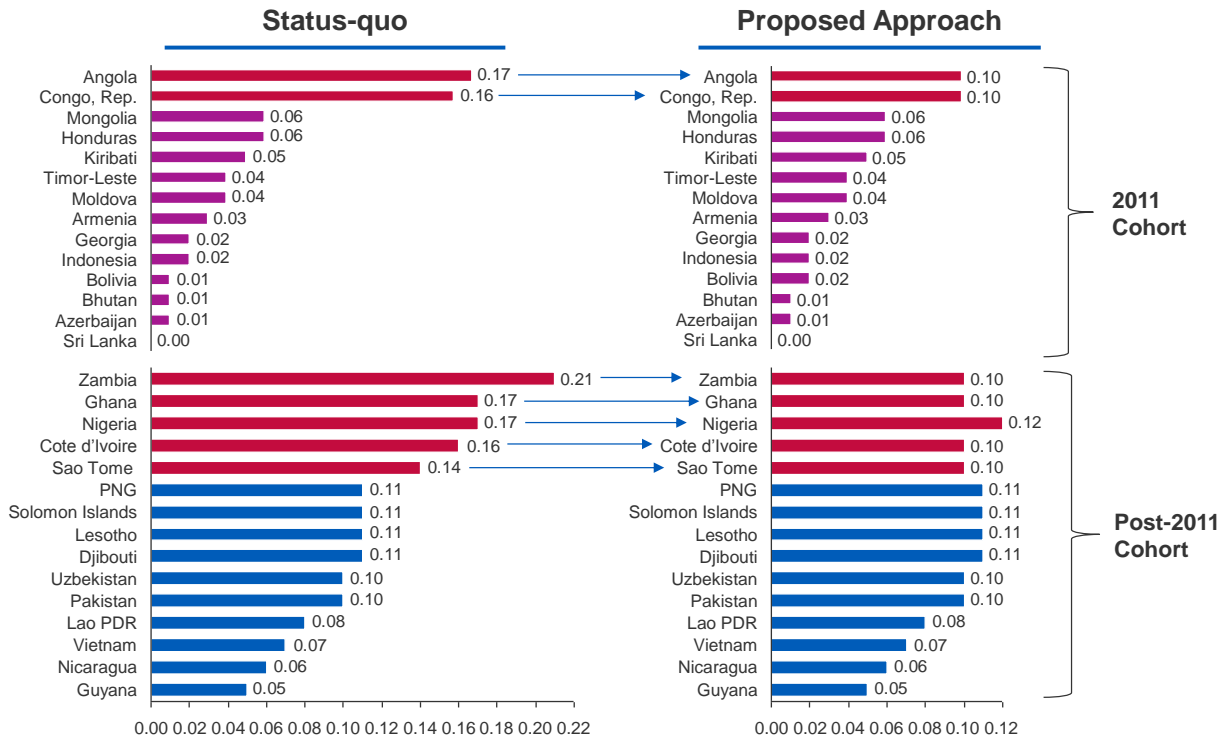


Figure 4. 2013 WHO/UNICEF estimated DTP3 coverage, for current and future graduating countries



Countries with coverage below 80% are shown in red. Note: estimated 2013 coverage for Vietnam was very low compared to previous point estimates (generally above 95%) and likely due to reporting of adverse events

Figure 5: Phase 2 extensions for countries facing highest transition risk (in red) to reduce annual increase in vaccine costs per capita



Annex E – TCG Final Meeting Report

Gavi Eligibility, Graduation and Co-financing Policy Review Second Technical Consultation Group Meeting February 17, 18, 2015, Geneva

I Introduction

The eligibility, graduation, and co-financing policies are at the heart of Gavi's catalytic funding model. When the current co-financing policy was approved in 2010, the Board asked for a review of this policy in 2014, to assess lessons from implementation to date and to (re-)assess the possibility of linking co-financing requirements to vaccine prices. In late 2013, in the context of discussions to inform Gavi's new strategy for 2016-2020, the Gavi Board requested that the eligibility and graduation policies be reviewed as well in light of socio-economic development trends in Gavi countries, lessons learned with the implementation of Gavi's programmes, and new directions set out in the 2016-2020 Strategy.

In April 2014, the Gavi Secretariat started a comprehensive review of the eligibility, graduation and co-financing policies. Initial findings from analyses and consultations were shared with the Technical Consultation Group (TCG) in August 2014 and with the Programme and Policy Committee (PPC) in October 2014. Subsequently in December 2014 the TCG reviewed a proposed set of analyses to be conducted in the remainder of the policy review process. Final recommendations will be brought to the Gavi Programme and Policy Committee (PPC) and to the Gavi Board in May and June 2015 respectively.

The objectives of the 17-18 February meeting of the TCG were to:

1. Review the analyses undertaken for the policy review
 - a. Review vision for successful transition and policy review principles
 - b. Review methodologies, underlying assumptions and data sources for analyses
2. Review emerging recommendations for the PPC and Board
 - a. Offer guidance on assessment of policy options and weighing of trade-offs
 - b. Provide advice to ensure results of policy review are presented in a clear manner

TCG members participating in the meeting included Wolfgang Bichmann, Logan Brenzel (partially, by phone); Gian Gandhi (partially, by phone); Corry Jacobs; Mariam Jashi (partially, by phone); Alice Kang'ethe; Doris Kirigia, Nicole Klingen; Jason Lane (partially, by phone)⁴³; Clarisse Loe Loumou; Violaine Mitchell (partially, by phone); Palitha Mahipala; Todd Summers; and Michel Zaffran. Full designations and Gavi Secretariat and consultant participants are in Annex I.

The TCG members recognized that the group would focus on the technical merits of the policy options being proposed, and not consider the broader dimensions of the recommendations, which are the remit of the PPC and Board. The TCG also noted that the

⁴³ Jason Lane provided written comments on the slide deck prior to the meeting which were distributed to TCG members during the meeting.

range of policy options it could consider were somewhat limited due to indications by the limited 'appetite for change' in certain areas expressed by the PPC, such as the level of the eligibility threshold, and by specific demands of some Gavi (donor) constituencies.

The summary of discussions in the following sections describes the guidance that the TCG provided as a group through the deliberations in the meeting. Where there were important diverging views expressed by individual TCG members, these are also highlighted.

II Vision for successful graduation and guiding principles

At the December 2014 teleconference of the TCG, several members recommended that Gavi articulate a definition, or vision, for successful graduation to help focus the policy review. The TCG welcomed the proposed vision statement and noted that this is a mix of things to which Gavi can and cannot contribute. They were supportive of the elements included in the statement and suggested that going forward the objectives of graduation planning be linked to the proposed vision. The TCG reviewed and was supportive of the guiding principles for the policy review and suggested including the need to be flexible and tailor solutions to country needs (amended principles are in annex II).

The following sections group discussions on policy options around themes recommended by the TCG.

III Opportunities to strengthen current model

A. Improving predictability: three year rolling average of GNI p.c. for determining eligibility

The TCG noted that unexpected jumps or falls in Gross National Income per capita (GNI p.c.) can reduce the predictability of when a country will cross Gavi's eligibility threshold. This can hinder new adoptions and graduation planning. The TCG suggested it would be useful to understand for how many countries the measure of a three-year rolling average of GNI p.c. would affect the timing of transition into graduation.

The TCG generally supported presenting to the PPC the option of a three year rolling average of GNI p.c. in order to improve graduation predictability for countries (and industry). It also noted the importance of showing the effect of this policy change in the context of other proposals. A few TCG members noted that a shift to rolling GNI may be a lower priority than some of the other policy options discussed.

B. Improving consistency: MR/JE co-financing

The TCG generally supported the proposal to align Gavi's support for MR and JE with other vaccines in order to improve consistency of the approach across vaccines and geographical regions and to ensure affordability of life-saving vaccines for low-income countries. The TCG recommended that this proposal be linked to the measles strategy which will be presented to the Board in 2015.

The TCG requested clarification on how many countries have already introduced MR on a routine basis after Gavi-supported campaigns (JE has not been introduced yet on a routine basis) and would therefore need transition arrangements if this option were pursued. It

suggested that this option should be presented to the PPC with information on how much the change would benefit lower income countries versus other ('intermediate') Gavi-eligible countries.

C. Preparing for graduation: Price-linked co-financing for intermediate countries

Overall, the group supported presenting this option to the PPC, which mirrors the co-financing approach used during graduation. The TCG noted that this policy change would help intermediate countries to prepare for graduation by exposing them to a more "real-world" situation in which presentation and vaccine choices have cost implications. Some members expressed a concern that country choices could be too dominated by price under a price-linked system. The group noted the need to ensure robust decision-making around presentation choices, with a holistic approach that takes into account the value of the vaccine, cost, operational and epidemiologic implications among other characteristics. Another concern expressed by some members was that if the new policy would lead to decreases in co-financing (e.g. due to switches to lower-cost products) it could jeopardize the fiscal space that had been created domestically for vaccine financing, although it was noted that decreases in total co-financing were unlikely under the proposed policy. The group did not foresee major challenges to implementing the policy.

The TCG highlighted the need, if this policy option were adopted, to ensure adequate country access to vaccine profiles (including but not limited to price) and recommended the development of tools such as information hubs and online 'cost calculators'. One member noted that industry is willing to support Gavi on the development of tools that can help countries in assessing trade-offs in product choice.

D. Default mechanism

The TCG questioned the way data on default were presented, focusing on countries that are currently in default which could be misleading as historically most countries have quickly exited from default. It is not yet clear whether the problem is getting worse as co-financing increases for many countries, hence continued analysis of default would be useful.

The TCG suggested that Gavi tailor the timing of co-financing requirements and thus the definition of default to the country fiscal year, which is not necessarily Gavi's fiscal (calendar) year. Also, options such as a country payment plan for defaults could be explored. The authority to waive sanctions for default would ideally rest with a group of senior executives from the Gavi Alliance. The TCG suggested maintaining a general rule that vaccine support is suspended first before HSS support, but assess on country-by-country basis whether that approach is appropriate.

The TCG suggested using terminology that Gavi co-procures vaccines with countries for their immunization programmes, rather than countries co-financing Gavi programmes.

E. Possibility to waive annual increase for slow/zero growth Intermediate countries

The TCG noted that the 15% annual increase in co-financing will help ensure over time that Intermediate countries become better prepared for graduation. The group suggested that an assessment of slow growth would need to take into account the recent history of growth (e.g., of crises following rapid growth episodes), and that the problem of countries exceeding 50% co-financing will not be relevant in the horizon to 2020.

The TCG generally agreed that the granting of a waiver for the 15% increase by the Secretariat should be subject to an agreed decision framework adopted by PPC/Board and a transparent process for this be developed (group decision, periodic reporting), though there was concern on how to operationalize this policy.

IV Investment Opportunity: Exceptional catalytic support for countries that missed the opportunity to apply for 'late arrival' vaccines (HPV, MR)

This proposal addresses 'unintended consequences' resulting from the adoption of Gavi's graduation policy in 2011. The TCG noted that the rationale for providing graduating countries exceptions for 'missed opportunities' (late arrival vaccines) is additional public health impact in support of Gavi's mission. The group suggested clarifying which countries would qualify for exceptional support and emphasizing that this concerns *graduating* countries only, and that it concerns a limited set of vaccines (HPV, JE, MR) for a specific group of graduating countries; it thus addresses only a subset of "missed opportunities". The TCG suggested not making this a long long-term policy change that will automatically apply for future vaccines but rather to put to the Board for approval a one-time fix. It recommended that the "late arrival" issue should be dealt with separately for future vaccines.

The TCG did not define specifically what type of support Gavi might offer (based on several options presented by the Secretariat) to support late arrival vaccine introductions. It recommended some flexibility in the choice of support. The TCG suggested that an assessment of what is required to enable introduction could inform Gavi's decision on level of support. It also noted that Gavi would need to be mindful of sustainability issues, if a country is already projected to face challenges with regard to financing of currently supported vaccines during graduation. A few TCG members suggested that support for 'late arrival' vaccines be designed to restrict access to catalytic support for new vaccines in the final years before graduation for high risk countries.

V Proposals to reduce risk around graduation

A. Approach for countries facing severe fiscal exposure during graduation

The TCG agreed that there are graduating or soon to be graduating countries that are likely to face much higher risks in assuming the full financing of vaccines (and immunization programs) than others, related to different factors including high numbers of new vaccine adoptions and high fertility rates. The TCG supported presenting to the PPC options for tailoring graduation for high-risk countries based on an objective set of rules for fairness and transparency. The possibility of extra years to smooth the ramp up in domestic financing for vaccines would need to be linked to clear transition milestones and would

require agreements between the Secretariat and the country. The TCG noted that Nigeria is among the high risk countries and, given its size, its share of the additional costs should be highlighted. One member of the TCG suggested a more restrictive approach where graduation would be extended by two years for six specific high risk countries. Some TCG members noted that this approach, while close to the option described above, would not adequately meet the objective of tailoring graduation to the level of risk faced by graduating countries and lacked transparency on the criteria for countries qualifying for an extension.

B. Graduation planning for intermediate countries and engagement with graduated countries

The TCG acknowledged that some countries would need continued support post-graduation to sustain the gains of Gavi's investments. The majority of TCG members felt that some modest continued engagement by Gavi with graduated countries, such as support for procurement capabilities or advocacy for continued political commitment for immunisation, based on a clear assessment of the needs, would be appropriate. This should be linked to the vision of successful graduation. This continued engagement is not the role only of the Gavi Secretariat but of all Gavi Alliance members. One TCG member objected to the use of Gavi funding for continued engagement arguing that while there may be a need it is not Gavi's role to address this, and that doing so would constitute an important change to the Gavi model. A few TCG members noted that Gavi Alliance partners already have funding available to continue support for graduated countries while other members highlighted that funding available to Gavi Alliance partner organisations to support countries outside Gavi is very limited. An extended assessment of needs would help more clearly define the required level of engagement and sources of funding for graduated countries.

It was noted that continued engagement with graduated countries in the next strategic period may be relatively time-limited in scope since earlier graduation planning with currently eligible (intermediate) countries will likely reduce the need for continued engagement in the future. Further analysis is needed of the needs/demand, scope of support, duration (time-limited) and cost implications.

VI Operational and budget implications

The incremental resource needs to finance all of the above policy options are estimated to be approximately US\$400 million. TCG members suggested presenting the cost implications of policy options in terms of ranges—the current estimates give a false sense of precision. The TCG recommended analyzing the cost impact of various combinations of policies.

VII Conclusions

The Secretariat requested guidance from the TCG on how to present the recommendations to PPC and Board. The TCG recommended grouping them into themes as reflected in this report.

The next steps for the policy review include finalization of the data analysis based on TCG recommendations and further consultations on the policy, and a discussion on key themes from the policy review at the Gavi Board retreat. In early May, the PPC will review the policy proposals and will provide recommendations for Board decision in June.

Annex I - Participants

Technical Consultation Group members:

1. Wolfgang Bichmann, German Federal Ministry for Economic Cooperation and Development (BMZ) and KfW
2. Logan Brenzel, BMGF, by phone (attended day 2)
3. Gian Gandhi, by phone, UNICEF (attended day 1 and 2)
4. Corry Jacobs, GSK
5. Mariam Jashi, Solidarity Fund of George, by phone (attended day 1)
6. Alice Kang'ethe, Clinton Health Access Initiative
7. Doris Kirigia, KEMRI-Wellcome Trust, Kenya
8. Nicole Klingen, World Bank
9. Jason Lane, DFID, UK, by phone (attended day 2)
10. Clarisse Loe Loumou, Alternative Sante Cameroon
11. Violaine Mitchell, BMGF, by phone (attended day 1 and 2)
12. Palitha Mahipala, Ministry of Health, Sri Lanka
13. Todd Summers, Centre for Strategic and International Studies
14. Michel Zaffran, World Health Organization

Gavi Secretariat:

1. Santiago Cornejo
2. Najib Habib
3. Judith Kallenberg
4. Robert Newman
5. Aurelia Nguyen
6. Eduard Molnar
7. Wilson Mok

Consultants supporting the Secretariat on the policy review:

1. Helen Saxenian and Paul Wilson – Results for Development Institute
2. Christina Schrade and Soren Andreasen – Seek Development

Annex II: Guiding Principles for Policy Review

- Gavi support is linked to governments' ability to pay with a focus on lower income countries
- Gavi achieves health impact by helping countries adopt and sustain new vaccine programmes
- Gavi support is time-limited; co-financing, graduation/transition and market-shaping are the core tools underpinning Gavi's catalytic funding model
- Gavi's country support model should be tailored to country needs
- Gavi's country support model should be mindful of incentives; it should promote equity between different regions where Gavi provides support; and it should help shape markets
- Gavi's country support model should promote successful transition and be mindful of risks to the sustainability of advances made
- GAVI is a learning organization: policies draw on lessons from implementation of existing policies and seek to address emerging risks

Annex F - Summary of Eligibility, Graduation, Co-financing Policy Review Consultation findings

Over 100 stakeholders participated in the consultations for this policy review through questionnaire surveys, face to face interviews, group discussions, and teleconferences. The majority of respondents represented the Ministry of Health, followed by Civil Society Organizations (CSOs), Gavi Alliance technical partners, donors, and representatives from vaccine manufacturers. The main findings of the consultations are summarized below, with more detail provided in the succeeding sections, including some illustrative quotes.

- Overall, countries and partners agree with the proposed vision for successful graduation. Approximately half of the country representatives surveyed do not find the term 'graduation' appropriate in the context of a country exiting Gavi support.
- In many countries the progress of the immunization programme was not keeping pace with their rapid economic growth. There is a risk that gains in immunizations would not be sustained when a country exits Gavi support without adequate preparation.
- Some countries exiting Gavi support indicate there is a risk that without Gavi support they will not introduce new vaccines in the future due to budgetary constraints.
- Gavi graduating countries requested more flexibility in Gavi's approach to graduation and longer time to help prepare them for sustainable self-financing of immunisation programmes.
- The most important factors cited for a successful transition and exit from Gavi support are, in order of importance: (i) access to the Gavi price of vaccines after exit from Gavi support; (ii) high level advocacy targeting senior leaders, including those outside the health sector; (iii) support for cold chain and supply chains for vaccines; and (iv) strengthened planning, administrative, and management capacity for immunization programmes.
- There is strong interest for a level of continued engagement by Gavi with fully self-financing countries to help ensure sustainable immunisation programmes after Gavi support has ended.

Vision for successful transition:

There was consensus among the consulted stakeholders that it would be useful to have a common understanding on what constitutes a successful transition from Gavi support and broad agreement with the proposed vision. Some stakeholders suggested including adequate human resources for implementation of vaccine programmes and a focus on communities as additional factors to realize the vision. About half the countries consulted did not find the term 'graduation' as an appropriate term to describe a country exiting Gavi support, though this view varied depending on how the term 'graduation' was translated in the local language. Several countries mentioned that despite being classified as Lower Middle Income (LMIC) by development partners, the realities on ground do not reflect LMIC status, and that it would take time for the country to strengthen its capacity for ensuring successful transition out of Gavi support.

Mitigating risks to a successful transition

“Our co-financing for Gavi vaccines will increase 20% every year, but does our economy grow at 20% every year to match the co-financing payments? It does not.”

EPI manager, Gavi intermediate country, AFRO Region

“it would be good to lower the percentage increase per year. 14-15% would be easier, spread it over 7 years. 20% is too high.”

EPI manager, Gavi graduating country

“Current vaccines will not be discontinued unless prices soar up, but new vaccines may not be introduced after the end of Gavi support...unless we have access to Gavi prices.”

EPI manager, Gavi graduating country

“We may drop vaccines if the costs are too high. We would go back to using DTP rather than penta, and measles vaccine rather than Measles-Rubella”

EPI manager, Gavi eligible country, AFRO Region

“Our Ministry of Finance says you must increase the immunization budget within the unchanging health budget allocation, which means that other health programmes suffer when we increase the immunization budget”

EPI manager, Gavi intermediate country, AFRO Region

“We are unlikely to introduce any new vaccine following the end of Gavi support...”

EPI manager, Gavi graduating country

There was a consensus among country stakeholders that there are many challenges to successfully sustain and expand their immunization programmes after transitioning out of Gavi support. One of the main challenges mentioned by many countries is the limited budget for immunisation programmes. Some low-income Gavi eligible countries mentioned that the high costs of some vaccines supported by Gavi could lead to countries discontinuing some costly vaccine programmes due to other competing health priorities in the countries budget. Countries and stakeholders also mentioned that countries faced with challenges such as political, security, or public health crises (such as ebola) could derail a countries successful transition from Gavi support. In general, most countries suggested that more time be provided to help countries prepare for the successful transitioning out of Gavi support, and requested flexibilities for transition that are appropriate to the country context. After exit from Gavi support, many countries suggested that Gavi continue to engage with them to provide support for sustainable immunisation programmes. The most frequently mentioned types of continued engagement by Gavi included high-level advocacy on the importance of immunizations to senior country leaders, particularly to those outside the health sector; support for cold chain and supply chains for vaccines; and assistance in strengthening, planning, administrative and management capacity for immunization programmes. Some countries have mentioned that these critical areas are sometimes neglected by Governments leaders and partners.

Factors for successful transition

“We need prices post-graduation to be at the same level as traditional vaccines. For increasing co-financing, right now among our policy makers they are saying we’ll cross the bridge when we get there.”

EPI manager, Gavi eligible country, AFRO Region

“Doctors don’t speak as well as economists. We need the capacity to package our data, and present good arguments to our parliamentarians and the Ministry of Finance.”

EPI manager, Gavi eligible country, AFRO Region

“Gavi should not completely leave countries once they graduate, but should continue to provide support for introducing new vaccines and innovations... keep providing education, human resources training and capacity building support”

EPI manager, Gavi graduating country

“We don’t want Gavi to leave us alone... We have worked with WHO and UNICEF for a long time, but they have an enormous range of topics to cover. When it comes to Gavi it is immunisation. Gavi was created because there was a gap. Immunisation improved thanks to the focus of Gavi. The gap will be here again if Gavi leaves.”

Ministry of Health, Gavi graduating country

In the consultations, several factors stood out as the most important in determining a successful transition. Access to the Gavi price of vaccines was consistently mentioned as a major factor, as an unexpected increase in vaccine prices after transition would place the immunization programme under major financial strains. Several stakeholders mentioned the importance of CSOs as effective in-country partners for assisting countries to achieve sustainable immunization programmes at the community level. Many countries and stakeholders also highlighted the need for strengthening the broader health system as an enabling factor for a successful immunization programme and for a sustainable transition out of Gavi support. Overall, EPI managers, technical partners and CSO stakeholders in graduating countries were generally familiar with prices for vaccine, and were aware of the increasing ramp-up of Gavi’s co-financing requirements. Senior levels of the Ministry of Health and Ministry of Finance in graduating countries, however, were generally not familiar with costs of vaccines and the needs for increasing co-financing requirements. Many countries requested Gavi’s assistance in this high-level advocacy. Other key factors for successful exit and sustainability included providing better information to eligible countries on the long-term financial implications of vaccine introductions to inform decision making and offering graduation planning support to intermediate countries before crossing the eligibility threshold.

Linking co-financing to vaccine price

Consultations were conducted with representatives from UNICEF Supply Division and vaccine manufacturers from both industrialized and developing countries. There was general agreement that price-linked co-financing was feasible, but would need to be communicated to countries in a manner that is easy to understand. There was a consensus that linking co-financing to prices would make intermediate-group countries more aware of vaccine prices and may encourage these countries to incorporate considerations of cost and cost-effectiveness into vaccine decisions to a greater degree. Some manufacturers expressed a concern that this policy change could cause countries to focus too much on cost.

SUBJECT:	STRENGTHENING COUNTRY TRANSITIONS OUT OF GAVI SUPPORT
Report of:	Seth Berkley, MD, Chief Executive Officer
Authored by:	Judith Kallenberg, Aurelia, Nguyen, Santiago Cornejo
Agenda item:	02
Category:	For Decision
Strategic goal:	Affects all strategic goals

Section A: Overview

1. Purpose of the report

- 1.1 On 4 May 2015 the Secretariat presented outcomes from the review of Gavi's Eligibility, Graduation and Co-financing policies, together with recommendations for potential changes to strengthen Gavi's approach to supporting successful country transitions out of Gavi support. These recommendations included limited changes to the above policies in line with a proposed vision for successful transition. The PPC endorsed the proposed vision, as well as limited changes to the Co-Financing Policy as per Doc 05 to the 4-6 May PPC meeting. The PPC did not reach agreement on policy changes relating to the mitigation of risks around graduation. The PPC requested the Secretariat to revisit the risk or problem statement and develop alternative options. This paper presents alternative options with cost and impact estimates for PPC review and decision.

Section B: Content

2. Problem statement for graduation proposals

- 2.1 Critical enablers for a successful transition out of Gavi support include the availability of predictable financing for immunisation, strong programmatic and institutional capacity to introduce additional new vaccines and sustain immunisation services in the future, and political will to support the immunisation programme.
- 2.2 Governments need time to develop accurate long-term budgetary and planning frameworks to finance new vaccine introductions and invest in increasing coverage, strengthen institutional capacities for vaccine procurement and immunisation delivery, and advocate to create political

will to support immunisation. This is particularly true for countries that have introduced a large number of new vaccines, and therefore taken on a significant financial commitment.

- 2.3 Some countries that experienced faster GNI per capita (p.c.) growth than expected, or GNI p.c. re-basing, spent a limited time in Phase 1 ('intermediate phase'), which is a critical preparatory period for a successful transition. In addition to having had limited time for new vaccine introductions and for a gradual build-up in co-financing, they also have not benefited from sufficient Alliance engagement in preparation for the end of Gavi support. The risk of insufficient preparedness is greater for countries that introduced a large number of vaccines just before crossing the threshold, therefore facing a steeper increase in costs during Phase 2.

Several Gavi countries are losing eligible status more rapidly than projected during the design of the current policy in 2009 (examples):

	Year when countries enter Phase 2 as projected during 2009 policy review	Current projections of year when countries enter Phase 2
Cote d'Ivoire	After 2030	2018
Ghana	After 2030	2015
Lao	2029	2017
Nicaragua	2028	2014
PNG	After 2030	2014
Uzbekistan	2027	2024
Vietnam	2021	2015
Zambia	2022	2016

- 2.4 Thus countries that spend a short period of time in Phase 1 may not be adequately prepared for Phase 2 when they cross the eligibility threshold. Several current Phase 2 countries spent less than five years in Phase 1 to prepare for their transition out of Gavi (e.g. Ghana, Nigeria). Based on current projections, all *current* Phase 1 countries are expected to spend at least 5 years in Phase 1. However, if their GNI p.c. in the future increases more rapidly than expected (e.g. due to re-basing), some countries may pass through this phase more rapidly leaving insufficient time to prepare for Phase 2.
- 2.5 The options below aim to mitigate risks to country transitions out of Gavi support, in order to help achieve the health impact and financial sustainability goals set by the Board in the 2016-2020 strategy.

Options to improve readiness for Phase 2 and mitigate risks of unsuccessful transition

Table 1

Options	Details	Incremental Costs 2016-20 ¹ (US \$ million)	Countries affected ²	Impact 'at risk' that is protected by proposals ^{3,4}	Comments / Pros and cons
1. Current policy	N/A	-	N/A	Does not mitigate risk to impact in (future) Phase 2 countries	<ul style="list-style-type: none"> Preserves simplicity of current rules Continuity of immunization programmes and success of transition may be at risk in countries that progressed to Phase 2 very quickly, as described in the 4-6 May PPC paper
2. Three-year rolling average GNI p.c.	Rolling GNI p.c. (only)	\$20m	In the future, countries will spend on average 1 additional year in Phase 1 before entering Phase 2	Reduces risk for future Phase 2 countries by providing one additional year in Phase 1 to prepare for transition and for Gavi to engage with them	<ul style="list-style-type: none"> Creates somewhat greater predictability for countries that will enter Phase 2 in the coming years Will not benefit countries that are already in Phase 2 and did not have enough time to prepare (e.g. Nigeria, Ghana, etc.) Continuity of immunization programmes and success of transition may be at risk in countries that progress to Phase 2 very quickly

¹ These cost estimates assume no Gavi support for an MR campaign in Nigeria (~\$70M)

² All countries qualifying under options 3 and 4 have introduced 4 or more vaccines with Gavi support

³ Reflects Gavi-attributable impact from all vaccination programmes in affected countries, represents an upper bound

⁴ Risk mitigation impact from rolling GNI is also gained in options 3 and 4 but not repeated in the table

<p>3. Rolling GNI p.c. + Extended Phase 1 for countries with sudden GNI p.c. increases^{5,6}</p>	<p>>20% single year increase in GNI p.c. → 2 additional years in Phase 1⁷</p>	<p>\$230m</p>	<p>As option 2, and Current Phase 2 countries that experienced a sudden increase and would receive additional years: Ghana, Nicaragua, Nigeria, Solomon Islands, PNG, Vietnam</p> <p>Zambia, currently Phase 1, would be expected to meet this criterion due to its recent rebasing and is included in the estimates.</p> <p>If other current or future Phase 1 countries experience a large increase in GNI p.c. their Phase 1 would be extended as per the proposed criteria</p> <p>21 countries are currently forecast to reach the end of Phase 2 by 2020</p>	<ul style="list-style-type: none"> ▪ Safeguards continuation of immunisation programmes for an annual birth cohort of 11 million ▪ Future deaths averted from vaccinations in 2016-2020: 820K 	<ul style="list-style-type: none"> ▪ Creates somewhat greater predictability for countries that will enter Phase 2 in the coming years ▪ Current Phase 2 countries that experience(d) sudden large increases in GNI p.c. receive two additional years ▪ Some current and future Phase1 countries may also benefit (cannot be predicted) ▪ More complex to implement and communicate compared with current policy ▪ Extension of Phase 1 not proportional to the country's specific challenge (fixed 2 additional years for all countries qualifying)
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⁵ A single year increase in a country's GNI p.c. of X% or more over the past five years, using the World Bank GNI p.c. estimates issued in July of every year as the point of comparison

⁶ Qualifying countries (with sudden increases in GNI p.c.) remain *eligible to apply for new support* for 2 additional years in Phase 1: the 3rd year after crossing the threshold, the country enters the Phase 2, with conditions as under current policy (i.e. country loses eligibility to apply for new support). The *ramp-up to full financing* would start in the 2nd year after crossing the threshold (as it does for all other countries), and continues over the remaining years of Phase 2. Costs are a lower bound since we cannot predict which countries will have large and sudden increases in GNI p.c. in the future.

⁷ Variations on this option with alternative thresholds are presented in Annex A

<p>4. Rolling GNI p.c. + Extended Phase 1 to ensure sufficient time to prepare for Phase 2⁸</p>	<p>All countries spend a minimum of 5 years in Phase 1⁹</p>	<p>\$250m</p>	<p>As option 1, and Nicaragua, PNG, Uzbekistan: 3 additional years Ghana, Nigeria, Solomon Is., Vietnam: 2 additional years 18 countries are currently forecast to reach the end of Phase 2 by 2020</p>	<p>Safeguards continuation of immunisation programmes for an annual birth cohort of 11 million Future deaths averted from vaccinations in 2016-2020: 770K¹⁰</p>	<ul style="list-style-type: none"> ▪ Creates somewhat greater predictability for countries that will enter Phase 2 in the coming years ▪ Benefits current Phase 2 countries that had less than 5 years in Phase 1 ▪ More complex to implement and communicate compared with current policy ▪ As with Option 3, additional costs to Gavi from additional support to countries that experience unusually rapid growth in the future cannot be modelled and are not included in cost estimates
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The following alternative option was proposed by PPC members:

Options	Details	Incremental Costs 2016-20 (US\$ Millions)	Countries affected	Impact	Comments / Pros and cons
<p>5. Countries loose eligibility when GNI p.c. is 3 consecutive years above threshold</p>	<p>A) Ramp up starts in 2nd year above threshold</p>	<p>\$170m</p>	<p>All future Phase 2 countries (2 additional years) + Ghana, Nigeria, Solomon Islands, Vietnam: 2 years</p>	<p>Reduces risk for future Phase 2 countries by providing two additional years in Phase 1 to prepare for transition and for Gavi to engage with them</p>	<ul style="list-style-type: none"> ▪ Gives all countries extra years, regardless of time to prepare for transition ▪ Simplest change to implement and communicate ▪ Creates greater predictability for countries that will enter Phase 2 in the coming years ▪ Benefits current Phase 2 countries that experienced sudden large increases in GNI and may benefit future countries that experience such increases
	<p>B) No early start to ramp up</p>	<p>\$360m</p>	<p>Nicaragua, Uzbekistan and PNG: 1 year 21 countries are currently forecast to reach the end of Phase 2 by 2020</p>		

⁸ Countries qualifying for additional years due to a short time spent in Phase 1 remain *eligible to apply for new support* for additional years in Phase 1. However, the *ramp-up to full financing* would start in the 2nd year after crossing the threshold (as it does for all other countries), and continues over the remaining years of Phase 2. Based on current projections all future countries would spend at least 6 years in Phase 1, however projections do not take into account unexpected increases, shocks, etc.

⁹ Variations on this option with alternative thresholds are presented in Annex A

¹⁰ Impact estimate represent highest possible impact of failure; the *likelihood* of failure decreases with additional years spent in Phase 1 (see table 3, Annex A)

Options to catalyse additional vaccine introductions during Phase 2

Table 2

Options	Description / rationale	Incremental Costs ¹¹ 2016-20 (US\$ Millions)	Countries affected	Incremental impact from additional introductions
1. Current policy	N/A	N/A	N/A	N/A
2. Catalytic support for 'late arrival' vaccines	Limited support for introduction of HPV, MR and/or JE for current Phase 2 countries that did not have the possibility to apply for these vaccines, due to the timing of the vaccines' availability ('late arrivals' in the Gavi portfolio)	\$5m ¹²	Armenia, Azerbaijan, Bhutan, Bolivia, Georgia, Honduras, Moldova, Mongolia, Sri Lanka, Timor-Leste	10 countries, 12 projected introductions: HPV: 9 MR: 1 JE: 2 Deaths averted 2016-20 from new introductions: 30K
3. Eligibility to apply for new support through end of Phase 2	Countries retain eligibility to apply for new vaccines throughout phase 2 ('extended grace period'); Gavi support for new vaccine introductions during Phase 2 would be equal to the share provided for other vaccines (e.g. 60% or 40% or 20% of doses)	Higher cost estimate: \$270m ^{13, 14} <i>Higher cost estimate assumes countries would be incentivized to introduce during Phase 2 vaccines currently projected to be introduced up to 5 years into Phase 3¹⁵ (plus "late arrivals" from option 1)</i>	Angola, Armenia, Azerbaijan, Bhutan, Bolivia, Congo Rep., Georgia, Honduras, Indonesia, Lao, Moldova, Mongolia, Nicaragua, Nigeria, PNG, Sri Lanka, Timor-Leste, Yemen	18 countries, 32 projected introductions PCV: 0 Rota: 1 HPV: 11 MR: 3 JE: 2 Deaths averted 2016-20 from new introductions: 480K

¹¹ Cost would be incremental to options in section I

¹² 26% for campaign doses, 20% for operational costs of campaigns, 15% for routine doses, 39% for vaccine introduction grant for routine introductions

¹³ Excludes: Measles Second Dose (MSD), typhoid, one-off campaigns (YF, measles)

¹⁴ 93% for campaign support (52% for campaign doses, 41% operational cost of campaigns, of which the vast majority is for Nigeria and Indonesia MR campaigns), 4% for routine doses, 3% for vaccine introduction grants for routine introductions

¹⁵ Source: Gavi Adjusted Demand Forecast version 10

		<p>Lower cost estimate: \$130m¹⁶</p> <p><i>Lower cost estimate includes only additional introductions that are projected to occur during Phase 2¹⁷ (plus “late arrivals” from option 1)</i></p>	<p>Armenia, Azerbaijan, Bhutan, Bolivia, Congo Rep., Georgia, Honduras, Lao, Moldova, Mongolia, Nicaragua, Nigeria, Sri Lanka, Timor-Leste, Yemen</p>	<p><i>15 countries, 17 projected introductions</i></p> <p>PCV: 3 Rota: 7 HPV: 14 MR: 5 JE: 3</p> <p>Deaths averted 2016-20 from new introductions: 340K</p>
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- 2.6 Of note, under the proposed Access to Appropriate Price solution, Phase 2 countries would have access to Gavi prices for vaccine introductions financed without Gavi support.
- 2.7 Option 3 (table 2) would *not* include the possibility that countries with coverage *above* 90% could apply for new HSS support. Per the November 2013 Board decision, HSS can be renewed during graduation, analogous with renewals of previously approved new Gavi-supported vaccine programmes, but only for countries with Penta 3 coverage below 90%. This was not clearly reflected in the proposed Eligibility & Transition Policy attached to Doc 04 to the 4-6 May 2015 PPC meeting. The Secretariat therefore suggests to clarify this in the proposed policy for Board consideration as follows (paragraph 7.5): “Subject to availability of funding and approval in accordance with Gavi’s processes for renewals, Gavi will honour all existing multi-year commitments for Health Systems Strengthening support to countries in Phase 2. Renewals for commitments ending in Phase 2 are restricted to those countries with Penta3 coverage below 90%”.

¹⁶ 96% for campaign support (54% for campaign doses, 43% for operational cost of campaigns of which the vast majority is for Nigeria MR campaign), 1% for routine doses, 2% for vaccine introduction grants for routine introductions

¹⁷ Source: Gavi Adjusted Demand Forecast

Annex A – Variations on options 3 and 4 (including those reflected in table 1)

Table 3

Options	Details	Incremental Costs 2016-20 ¹⁸ (US \$ million)	Countries affected ¹⁹	Impact 'at risk' that is protected by proposals ^{20, 21}	Comments / Pros and cons
3. Rolling GNI p.c. + Extended Phase 1 for countries with sudden GNI p.c. increases^{22, 23}	A) >10% single year increase in GNI p.c. → 2 additional years in Phase 1	\$250m	As option 2, and Current Phase 2 countries that experienced a sudden increase and would receive additional years: Ghana, Nicaragua, Nigeria, Solomon Islands, PNG, Vietnam, Uzbekistan Zambia , currently Phase 1, would be expected to meet this criterion due to its recent rebasing and is included in the estimates. If other current or future Phase 1 countries experience a large increase in GNI p.c. their Phase 1 would be extended as per the proposed criteria 21 countries would reach the end of Phase 2 by 2020	<ul style="list-style-type: none"> ▪ Safeguards continuation of immunisation programmes for an annual birth cohort of 12 million ▪ Future deaths averted from vaccinations in 2016-2020: 860K 	<ul style="list-style-type: none"> ▪ Current Phase 2 countries that experience(d) sudden large increases in GNI p.c. receive two additional years. Some current and future Phase 1 countries may also benefit. ▪ Creates somewhat greater predictability for countries that will enter Phase 2 in the coming years ▪ More complex to implement and communicate compared with current policy

¹⁸ These cost estimates assume no Gavi support for an MR campaign in Nigeria (~\$70M)

¹⁹ All countries qualifying under options 3 and 4 have introduced 4 or more vaccines with Gavi support

²⁰ Reflects Gavi-attributable impact from all vaccination programmes in affected countries, represents an upper bound.

²¹ Risk mitigation impact from rolling GNI is gained in options 3 and 4 but not repeated in the table

²² A single year increase in a country's GNI p.c. p.c. of X% or more over the past five years, using the World Bank GNI p.c. p.c. estimates issued in July of every year as the point of comparison

²³ Qualifying countries (with sudden increases in GNI p.c.) remain *eligible to apply for new support* for 2 additional years in Phase 1: the 3rd year after crossing the threshold, the country enters the Phase 2, with conditions as under current policy (i.e. country loses eligibility to apply for new support). The *ramp-up to full financing* would start in the 2nd year after crossing the threshold (as it does for all other countries), and continues over the remaining years of Phase 2. Costs are a lower bound since we cannot predict which countries will have large and sudden increases in GNI p.c. P.C. in the future.

<p>B) >20% single year increase in GNI p.c. → 2 additional years in Phase 1</p> <p><i>This option is shown in table 1 above</i></p>	<p>\$230m</p>	<p>As option 2, and</p> <p>Current Phase 2 countries that experienced a sudden increase and would receive additional years: Ghana, Nicaragua, Nigeria, Solomon Islands, PNG, Vietnam</p> <p>Zambia, currently Phase 1, would be expected to meet this criterion due to its recent rebasing and is included in the estimates.</p> <p>If other current or future Phase 1 countries experience a large increase in GNI p.c. their Phase 1 would be extended as per the proposed criteria</p> <p>21 countries are currently forecast to reach the end of Phase 2 by 2020</p>	<ul style="list-style-type: none"> ▪ Safeguards continuation of immunisation programmes for an annual birth cohort of 11 million ▪ Future deaths averted from vaccinations in 2016-2020: 820K 	<ul style="list-style-type: none"> ▪ Extension of Phase 1 not proportional to the country's specific challenge (fixed 2 additional years for all countries qualifying) ▪ A threshold of 10% GNI p.c. increase could benefit a large number of countries in the future which would increase the cost to Gavi. Since GNI jumps cannot be predicted, additional costs from large increases that have not yet occurred cannot be modelled and are not included in the cost estimates presented here.
<p>C) >40% single year increase in GNI p.c. → 2 additional years in Phase 1</p>	<p>\$190m</p>	<p>As option 2, and</p> <p>Current Phase 2 countries that experienced a sudden increase and would receive additional years: Ghana, Nicaragua, Nigeria, Solomon Islands</p> <p>If current or future Phase 1 countries experience a large increase in GNI p.c. their Phase 1 would be extended as per the proposed criteria</p> <p>21 countries are currently forecast to reach the end of Phase 2 by 2020</p>	<ul style="list-style-type: none"> ▪ Safeguards continuation of immunisation programmes for an annual birth cohort of 9 million ▪ Future deaths averted from vaccinations in 2016-2020: 590K 	

<p>4. Rolling GNI p.c. + Extended Phase 1 to ensure sufficient time to prepare for Phase 2²⁴</p>	<p>A) All countries spend a minimum of 4 Years in Phase I</p>	<p>\$160m</p>	<p>As option 1, and Nicaragua, PNG, Uzbekistan: 2 additional years Ghana, Nigeria, Solomon Islands, Vietnam: 1 additional year 25 countries are currently forecast to reach the end of Phase 2 by 2020</p>	<p>Safeguards continuation of immunisation programmes for an annual birth cohort of 11 million Future deaths averted from vaccinations in 2016-2020: 770K²⁵</p>	<ul style="list-style-type: none"> ▪ Creates somewhat greater predictability for countries that will enter Phase 2 in the coming years ▪ Benefits current Phase 2 countries that had less than 4, 5, or 6 years in Phase 1 ▪ More complex to implement and communicate compared with current policy ▪ As with Option 3, additional costs to Gavi from additional support to countries that experience unusually rapid growth in the future cannot be modelled and are not included in cost estimates
	<p>B) All countries spend a minimum of 5 Years in Phase I <i>This option is shown in table 1 above</i></p>	<p>\$250m</p>	<p>As option 1, and Nicaragua, PNG, Uzbekistan: 3 additional years Ghana, Nigeria, Solomon Islands, Vietnam: 2 additional years 18 countries are currently forecast to reach the end of Phase 2 by 2020</p>	<p>Safeguards continuation of immunisation programmes for an annual birth cohort of 11 million Future deaths averted from vaccinations in 2016-2020: 770K²⁵</p>	
	<p>C) All countries spend a minimum of 6 Years in Phase I</p>	<p>\$320m</p>	<p>As option 1, and Nicaragua, PNG, Uzbekistan: 4 additional years; Ghana, Nigeria, Solomon Islands, Vietnam: 3 additional years; Lesotho: 1 additional year 18 countries are currently forecast to reach the end of Phase 2 by 2020</p>	<p>Safeguards continuation of immunisation programmes for an annual birth cohort of 11 million Future deaths averted from vaccinations in 2016-2020: 780K²⁵</p>	

²⁴ Countries qualifying for additional years due to a short time spent in Phase 1 remain *eligible to apply for new support* for additional years in Phase 1. The *ramp-up to full financing* would start in the 2nd year after crossing the threshold (as it does for all other countries), and continues over the remaining years of Phase 2. Based on current projections all future countries would spend at least 6 years in Phase 1, however projections do not take into account unexpected jumps, shocks, etc.

²⁵ Impact estimate represent highest possible impact of failure; the *likelihood* of failure decreases with additional years spent in Phase 1