

Annex F: Design of COVID-10 Delivery and System Strengthening (CDSS) envelope and cross-cutting delivery elements

Annex F to Doc 08 to May 2021 PPC

- 5.1 As discussed by the Board in December 2020, **Gavi's support to COVID-19 vaccine delivery has so far been focused on providing a US\$ 150 million envelope for Technical Assistance (TA) and Cold Chain Equipment (CCE) support to countries.**¹ An additional US\$ 150 million 'exceptional funding' envelope was also approved by the Board in December 2020 (subject to fundraising) to cover critical funding gaps that cannot be funded from other sources. In recognition of the significant resources available from World Bank and other multilateral development banks and donors for vaccine delivery, Gavi/COVAX had not previously planned to provide additional support for delivery. However, since then, there has been growing concern from countries, donors, and partners on the lack of delivery support in the near and medium term, and Gavi has **mobilised US\$ 775 million** to support delivery from United States Agency for International Development (USAID) (US\$ 500 million), Canada (CA\$ 70 million), and Germany (EUR 180 million²). As a result, **Gavi is able to take a more proactive role in COVID-19 vaccine delivery funding** while ensuring strong collaboration with multilateral banks and other funders to ensure a complementary funding landscape.
- 5.2 **In this context, the Alliance, in collaboration with other key funders, has designed** an approach to supporting COVID-19 vaccine delivery with two key components:
- a) **An integrated COVID-19 Delivery & System Strengthening (CDSS) funding envelope** (~US\$ 650 million)
 - b) **An envelope for cross-cutting delivery elements** (~US\$ 125 million)
- 5.3 **COVID-19 Delivery & System strengthening (CDSS) funding envelope:** The proposed main objectives would be to ensure successful rapid roll-out and scale up of COVAX-funded doses over the next two years, while also strengthening health systems and immunisation programmes for both longer term delivery of COVID-19 vaccines and RI. As such, in addition to supporting the end of the pandemic, the CDSS would contribute to delivering on Gavi 5.0 goals and objectives including supporting countries to build back better on routine immunisation from the pandemic, to deliver on the equity agenda, and to establish a stronger platform for PHC. It would also contribute to Gavi's 5.0 innovation approach (see section 4 above and Doc 10). Based on the December 2020 Board decision, the Alliance has already started to make exceptional 'bridge' funding available for near term delivery funding gaps for COVAX doses already delivered in countries³. Constituting ~3-5% of the overall CDSS, the bridge funding will be deducted from the CDSS allocation of each country once the CDSS is approved by the Board.

¹ Approved by Board in September 2020 (redirection of Gavi core funds to COVAX)

² Earmarked as funding for UNICEF for "vaccines logistics"

³ Based on the Board Decision from December 2020 on exceptional support

- 5.4 **Several key principles guide the CDSS** including equality in access across AMC economies, a needs-based approach and focus on rapidly mitigating delivery risks and idle doses; CDSS funding should be complementary to other donor support and contribute to Gavi 5.0 goals; it should incentivise innovative strategies and expanded partnerships; and it should be aligned to other Gavi support processes to minimise transaction costs for countries.
- 5.5 **The US\$ ~650 million CDSS envelope will seek to balance supporting countries’ immediate needs for COVID-19 vaccine delivery with sustained efforts to strengthen their health systems and routine immunisation.** The integrated CDSS envelope will focus on fully addressing countries’ TA and CCE needs for future COVAX scale-up and provide support for broader delivery costs and system strengthening with a ringfenced amount for scaling innovations (see Figure 1 below). Eligible countries will have until the end of 2021 to apply for CDSS funding and will be able to programme funds through to 2023 (though most will be expected to frontload funding). US\$ 50 million of reserves will be retained to cater for unforeseen delivery needs arising at later stages.

Figure 1

PRELIMINARY

New COVAX delivery funding will be divided across: a) CDSS funding envelope b) cross-country delivery elements

Delivery funding	Indicative funding amount	Notes
A. COVID -19 Delivery & System strengthening (CDSS) funding envelope	~\$650M	Includes bridge funding of \$20-30M to support near term needs until full envelope launch in June Upon Board approval, integrated CDSS envelope will focus support a combination of TA, CCE, broader delivery and systems strengthening support , as well as funding for innovation scale up . US\$50 mln reserves retained to cater for unforeseen delivery needs arising after approval of CDSS applications
B. Envelope for cross - country delivery elements	~\$125M	Includes USD \$125M funding for global investments including: support for humanitarian buffer doses, risk mitigation (\$40-50M) ¹ for both COVAX doses and delivery support, regional/Global TA and global innovation investments
Total	~\$775M	

1. Amount specifically set aside for Fiduciary risk management. 2. Gavi’s approach to strengthening Fiduciary Risk Assurance and Financial Management covered in agenda previously

- 5.6 **All AMC-92 economies would be eligible for CDSS.** To balance the principles of a needs-based approach, equality in access and agility of making funds available, country ceilings would be determined based on a top-down, formula-based approach validated and adjusted through a bottom-up assessment of country needs and gaps. Basis for the top-down element would be an adjusted Gavi HSS allocation formula⁴, with four indicators serving as

⁴ Adjusted HSS allocation formula provides equal weightage to four criteria: COVAX target population, GNI per capita, DTP3 and DTP1 coverage. Additionally, Gavi-57 countries received higher proportion of funds, due to a 50% “weightage” factor as compared to AMC-35. To ensure countries receive a

proxies to reflect countries' ability to financially support COVID-19 vaccine delivery (GNI per capita), size of their target population (COVAX target population) and the strength of their immunisation programme (one and three-doses of diphtheria, tetanus, pertussis containing vaccine (DTP1 and DTP3) coverage). The calculated ceilings for non-Gavi-eligible AMC-35 countries would be discounted by ~50% to prioritise support to the Gavi-57 countries. The resulting country ceilings would be validated and adjusted bottom-up through an assessment of country needs and gaps based on input from the Alliance Regional Working Groups and other data sources such as the WHO Partner Platform, to ensure ceilings across countries best reflect country needs and other sources of available funding. The Secretariat recommends introducing an indicative cap of US\$ 50 million per country, including for India, to avoid disproportionate allocations to the largest countries and building in indicative funding "floors" of US\$ 2 million and US\$ 0.5 million for Gavi-57 and AMC-35 respectively, to factor in higher fixed and delivery costs in smaller nations.

- 5.7 Building on Gavi's new approach to portfolio management (see Doc 3), the Secretariat will introduce **a short, single, and integrated application across all types of CDSS support** based on a short Theory of Change and using multiple waves for applications in short succession to allow for timely Gavi Alliance Independent Review Committee (IRC) review⁵. Countries will be able to sequence their applications if needed to ensure rapid access to funds, with the possibility of an initial application to cover urgent needs and a subsequent application for longer term system strengthening support. Given the urgency of needs, emphasis will be placed on ensuring lean and agile application and review modalities. A higher programmatic risk appetite resulting from programming based on an accelerated, lighter process will be needed.
- 5.8 **Gavi will ensure close alignment and complementarity of CDSS support with other donors, multilateral development banks and agencies** as much as possible during the planning and application process and throughout the grant cycle. For example, at global level Gavi is part of The Global Fund to Fight AIDS, Tuberculosis and Malaria's CTAG advisory group⁶ that provides input into funding requests for their COVID-19 response mechanism. At country level, Gavi Senior Country Managers closely coordinate with the World Bank, The Global Fund to Fight AIDS, Tuberculosis and Malaria, and others to ensure alignment.
- 5.9 **In addition to the proposed new CDSS envelope to be made available to countries, Gavi would allocate parts of the new resources mobilised for cross-cutting delivery elements.** This includes funding for the delivery of doses through the Humanitarian Buffer, currently set at US\$ 7.5 million for 2021 as per the Board decision from March 2021. It would also include funding for other cross-cutting investments to support COVID-19 vaccine delivery

minimally viable envelope for programming, the formula also includes funding floors, set at US\$ 2 million for Gavi-57 and US\$ 500,000 for AMC-35. AMC-35 floors were set lower given many of these countries are small island populations, and a US\$ 2 million floor would result in significantly higher per capita support versus more populous countries.

⁵ Process will look like that employed for COVAX-CCE reviews with reviews happening every ~3 weeks.

⁶ Technical advisory group composed of relevant ACT-Accelerator (Act-A) partners with technical COVID-19 expertise

including: investments in interventions to mitigate programmatic and fiduciary risks for both COVAX doses and delivery support (e.g. monitoring agent programs, track and trace systems, counterfeit detection systems)⁷; global and regional capacity and technical assistance provided by Alliance partners; and an enabling innovation ecosystem in line with Gavi's 5.0 innovation approach (see Doc 10).

- 5.10 **The PPC is requested to recommend for Board approval the proposed design of the CDSS funding and implementation. Assuming positive PPC recommendation and Board approval, the integrated CDSS envelope will be launched immediately after the June Board meeting.** Following the PPC outcome, Gavi will begin to proactively communicate with countries, so they are well prepared to submit applications as soon as the CDSS envelope becomes active. In the meantime, the Alliance will continue to work closely with other funders and agencies in the operationalisation of this new envelope.

⁷ US\$ 40-50 million specifically set aside for fiduciary risk management consistent with Gavi's approach to strengthening Fiduciary Risk Assurance and Financial Management covered in Doc 5.