Annex B: Co-financing Policy

Gavi Alliance Co-financing Policy

Version 3.0

DOCUMENT ADMINISTRATION

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1. Purpose & Objective

1.1 The **purpose** of this policy is to set out the requirements and procedures for country co-financing of vaccines introduced with Gavi support for use in routine programmes. Further information on the vaccines for which co-financing applies can be found in the application guidelines.

1.2 This policy covers vaccine co-financing levels at different phases of the transition pathway, compliance requirements and exceptions.

1.3 This policy only covers co-financing for vaccine procurement. The **Framework for Gavi Funding to Countries** outlines the overall structure of Gavi's support to countries and other Gavi funding support is covered in the Health Systems and Immunisation Strengthening (HSIS) policy.

1.4 The **objective** of this policy is to facilitate the mobilisation and sustaining of domestic financing for vaccines introduced with Gavi support.

2. Definitions

2.1 **Co-financing share:** The co-financing share represents the share of total costs of co-financed vaccines borne by countries. It may differ from the price fraction as the price fraction is applied to vaccines costs only, excluding devices and freight.

2.2 **Grace year:** first year of preparatory or accelerated transition phase, during which co-financing rules of the previous transition phase apply.

2.3 **Starting fraction:** the starting fraction is calculated by dividing a country's total co-financing for all co-financed vaccines by the total cost of all co-financed vaccines based on the weighted average prices of the presentations used by the country. The starting fraction shall be calculated in year 1 of preparatory transition to apply from year 2. The starting fraction will not include the costs of the malaria vaccine or other specific vaccines for which co-financing follows an exceptional approach.

2.4 **Price fraction:** the price fraction applies to countries in preparatory transition and first year of accelerated transition. It is calculated annually by increasing the previous year's fraction by 15% (i.e., a factor of 1.15). The price fraction is applied to the price of a co-financed vaccine to determine the amount that a country co- finances for that vaccine. Price fraction is also used for setting the co-financing level of vaccines introduced by countries in accelerated transition, in line with rules set out in section 4.

3. Principles

3.1 The following principles guide the application of the co-financing policy:

- **Country-driven, predictable and sustainable beyond Gavi support:** Gavi support is country-driven, meaning that it bolsters country leadership to sustainably deliver and finance immunisation. It is directly linked to a country's ability to pay and is intended to be catalytic and time-limited and to incentivise domestic investments in health.

- **Equity:** Gavi support is designed to promote equity in access to immunisation by supporting the introduction of new vaccines and by helping countries sustainably extend the reach of their programmes to zero dose children[1] and missed communities.

- **Tailored to context:** The use of Gavi support is differentiated to meet the needs of countries as they change over time.

4. Procedures and Funding Levels for Routine Vaccines

4.1 A country's co-financing share is determined by its transition phase as defined in the Eligibility and Transition policy.

4.2 **Initial self-financing** countries contribute US $0.20 per dose (no annual increase).

4.3 **Preparatory transition**

4.3.1 The co-financing requirement for preparatory transition countries for each dose of each co-financed vaccine is the **price fraction** of the relevant year multiplied by the weighted average Gavi price of the presentation used by the country.

4.3.2 When a country progresses from initial self-financing to **preparatory transition** phase, its co-financing follows the rules of the initial self-financing phase in the first year of preparatory transition, known as the grace year.

4.3.3 Thereafter, the **price fraction**, which is applied equally across all vaccines, increases by 15% each year, for example from 10% to 11.5%.

4.3.4 For any new vaccine adoptions during preparatory transition, co-financing starts at the same price fraction as for other vaccines in the portfolio in that year.

4.3.5 If a country in preparatory transition phase moves back to initial self-financing phase, it is expected to continue contributing to the co-financing of vaccines at the same price fraction as in its last year in preparatory transition.

[1] Zero-dose children are those who have not received any routine vaccine. For operational purposes, Gavi measures zero-dose children as those who have not received their first dose of diphtheria-tetanus-pertussis containing vaccine (DTP1).

4.4 Accelerated transition

4.4.1 In the first year, known as the grace year, of the **accelerated transition** phase, a country's price fraction increases by 15%, as in preparatory transition. Beginning the second year of accelerated transition, co-financing requirements increase linearly in order to reach 100% of the projected weighted average Gavi price of the vaccine presentations used by the country in the first year without Gavi support.

4.4.2 The introductory price fraction for **New Vaccine Support (NVS)** is as described in table 1.

Table 1: Introductory price fraction for new vaccines depending on application year in accelerated transition phase

Application year	Introductory price fraction
1	As applied to other vaccines
2	40%
3	50%
4	60%
5	70%
6	80%
7 and 8	90%
Fully self-financing	100%

4.5 If a countries' preferred vaccine presentation is not available in the short-term, their co-financing requirement may be adjusted based on their preferred vaccine presentation.

4.6 If a country is fully self-financing a vaccine programme introduced with Gavi support, but regains Gavi eligibility, it is expected to continue to fully self-finance its current vaccine programmes and may be eligible to additional HSS funding.

5. Procedures and Funding Levels for Vaccine Campaigns

5.1 Countries are not required to co-finance Gavi-supported vaccines for use in "**One Time Immunisation Campaigns**" (i.e. those campaigns that, for epidemiological reasons, are conducted once, such as Japanese encephalitis catch-up campaigns, meningococcal A preventive mass campaigns, measles-rubella catch-up campaigns, PCV catch-up and yellow fever and cholera preventive campaigns). Such vaccines are fully financed by Gavi.

5.2 Countries are not required to co-finance Gavi-supported vaccines for use in "**Outbreak Response Campaigns**". Such vaccines are fully financed by Gavi.

5.3 Countries are required to co-finance Gavi-supported vaccines for use in "**Periodic Follow-up Campaigns**" (i.e. those campaigns that are conducted periodically, such as measles or measles-rubella [MR] follow-up campaigns to reach children that have missed routine vaccination and decrease the risk of outbreak occurrence) as specified below.

5.3.1 The co-financing requirement for initial self-financing countries is 2% of the total price of vaccine doses for the Gavi-supported Periodic Follow-up Campaign.

5.3.2 The co-financing requirement for preparatory and accelerated transition countries is 5% of the total price of vaccine doses for the Gavi-supported Periodic Follow-up Campaign.

5.3.3 Countries are expected to make co-financing contributions in time for the campaign to occur as planned.

6. Compliance

6.1 All countries shall contribute to the cost of new vaccines introduced in routine vaccination programmes with Gavi support, unless otherwise decided by the Gavi Board for specific vaccines.

6.2 Countries shall not use other Gavi funds for co-financing of Gavi-supported vaccines.

6.3 Timing of co-financing payments should be made in consideration of when vaccines are needed to minimise risks of vaccines stockout.

6.4 Compliance with the co-financing requirements in accordance with this policy is a condition to receive Gavi vaccine procurement support.

6.5 The required co-financing amount is converted, using the full Gavi price, into a number of doses that the country is responsible for financing. Co-financing requirements are fulfilled through the co-purchase of these doses via the relevant procurement agency. For countries co-procuring their requirements via the same procurement agent as for the Gavi-procured share, compliance is defined by the procurement of the number of doses or the dollar amount of the Decision Letter. For countries that self-procure their co-financed doses, compliance is defined by the procurement of the number of doses as described in the Decision Letter.

6.6 A country that has not met its co-financing requirement by 31 December (or by end of country fiscal year if agreed with country) will be considered in default.

6.6.1 A country in default can apply but will not be approved for new vaccine support, and Gavi may also suspend disbursements of funds for Health System and Immunisation Strengthening (HSIS).

6.6.2 A country in default can still apply to receive support for outbreak response, including relevant vaccine procurement and operational cost support to respond to outbreaks.

6.6.3 Gavi will engage with a country in default to identify an appropriate payment plan. To exit default, a country is required to (i) agree on a payment plan, and (ii) pay the co-financing requirements of the current year plus a first tranche of the arrears as per the plan.

6.6.4 If a country is in default for more than one year, support for the relevant vaccine will be suspended until all co-financing arrears for that vaccine are paid in full, unless the Board approves an exception. Gavi may also suspend new vaccine support for vaccine programmes already approved but not yet introduced.

7. Exceptions

7.1 A country may be exempted of the co-financing rules described above in only two rare and exceptional circumstances:

7.1.1 In the case where a country experiences widespread, large-scale conflict or disaster of such magnitude that profoundly hampers the proper functioning of government (**humanitarian crisis**), it may be considered for an annual co-financing waiver.

7.1.2 In the case where a country experiences a severe fiscal crisis significantly above and beyond the usual fluctuations of economic cycles (**fiscal distress**), it may be considered for an adjustment whereby the co-financing increases of the previous phase would be applied.

7.2 The severity and exceptionality of circumstances, and the impact on the ability to co-finance, will be assessed to determine whether the conditions outlined in sections 7.1.1 and 7.1.2 are met. The assessment will be conducted in consultation with relevant partners with the appropriate expertise. Based on the assessment, the Gavi CEO has the authority to approve these exceptions to co-financing, with timely reporting to the Board.

7.3 Countries are encouraged to integrate the immunisation needs of refugee populations in their national plans and vaccine allocations requests. When this integration is not possible, verified numbers of vaccine doses for refugee populations can be fully financed by Gavi.

7.4 As and when the Gavi Board decides to modify co-financing requirements for specific vaccine programmes or countries, that decision will supersede this policy.

8. Implementation and Monitoring

8.1 This policy comes into effect on 1 January 2023 and replaces the co-financing policy approved by the Board in June 2015 and amended in June 2016.

8.2 Monitoring of this policy is outlined in Annex A to the Framework for Gavi Funding to Countries document and describes the relevant indicators that are reported on annually.

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