

Vaccine co-financing

Frequently Asked Questions

1. What is co-financing?

Gavi defines “co-financing” as contributions made by national governments to cover part of the cost of Gavi-funded vaccines. Countries effectively co-procure a portion of their new vaccines and safe injection devices requirements. Co-financing of vaccines is one of the ways in which Gavi countries support immunisation, complementing national investments in health and immunisation systems and programmes. The objective of the co-financing policy is putting countries on a trajectory towards financial sustainability in order to prepare them for phasing out of Gavi support for new vaccines.

The timeframe for attaining financial sustainability will vary across countries. For the poorest countries, many years may be required to achieve financial sustainability, and therefore an intermediate objective is to gradually enhance country contribution and ownership of vaccine financing.

The vaccines exempt from co-financing are measles second dose, inactivated polio vaccine (IPV), Japanese Encephalitis, HPV demonstration programmes, and campaigns with measles-rubella, meningococcal A and yellow fever vaccines.

2. Is the requested level of co-financing the same for all countries?

Countries have been divided into three groups based on their ability to pay, determined by their Gross National Income (GNI) per capita atlas method (see table 1 for the latest country grouping and co-financing levels). The categories are reviewed and updated in July of each year when the World Bank publishes GNI data. The co-financing level represents the minimum required amount of co-financing. Countries are encouraged to co-finance more than the minimum expected level to pave the way for their national immunisation programmes to move faster towards financial sustainability.

Table 1: Countries eligible to apply for new vaccines support (NVS) in 2015 (World Bank GNI per capita equal to or less than \$1,580), grouped according to their co-financing requirement.

Group	GNI per capita (World Bank) threshold in 2015	Countries	Amount
Low income countries	At or below \$1,045, the World Bank low income threshold.	Afghanistan, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, CAR, Chad, Comoros, Congo DR, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kenya, Korea D.R., Liberia,	\$0.20 per dose.¹ There is no annual increase.

		Madagascar, Malawi, Mali, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sierra Leone, Somalia, Tajikistan, Tanzania, Togo, Uganda and Zimbabwe.	
Intermediate countries	Above \$1,045 but at or below the Gavi eligibility threshold of \$1,580.	Cameroon, Cote d'Ivoire, Djibouti, Kyrgyz Republic, Lao PDR, Lesotho, Mauritania, Pakistan, Sao Tome and Principe, Senegal, South Sudan, Republic of Sudan, Yemen and Zambia.	Starts at \$0.20 per dose¹ and increases by 15% annually.
Graduating countries	Above the Gavi eligibility threshold of \$1,580.	Angola, Armenia, Azerbaijan, Bhutan, Bolivia, Congo Rep., Cuba, Georgia, Ghana, Guyana, Honduras, Indonesia, Kiribati, Moldova, Mongolia, Nicaragua, Nigeria, Papua New Guinea, Solomon Islands, Sri Lanka, Timor Leste, Vietnam, Ukraine, Uzbekistan. These countries are eligible to apply for NVS support during the grace year. ² If they have DTP3 coverage below 90%, they are also eligible to apply for health system strengthening (HSS) support for the duration of the graduation process.	Starts at an additional 20% of the difference between the projected price of the vaccine in the year Gavi support ends and the co-financing amount per dose paid in the preceding year, and increases linearly over four years to reach the projected price.

Note: the co-financing policy does not apply to India.

¹ **Co-financing requirements for rotavirus vaccines:** With the exception of graduating countries, the co-financing amount for the 3-dose schedule vaccine is adjusted to match that for the 2-dose schedule vaccine. Therefore, countries will co-finance the same amount regardless of whether they choose the 2-dose schedule or the 3-dose schedule vaccine.

² **2015 is a grace year for the following graduating countries:** Ghana, Nigeria, Solomon Islands and Vietnam.

3. What happens when the World Bank releases new GNI per capita data and a country moves to a different co-financing group?

Countries are informed of any changes to their co-financing group when the latest GNI per capita data is published in July each year. These changes become effective as of 1 January of the following year. The first year after a country changes co-financing group is a “grace year”.

During the grace year the co-financing rules remain as per the previous country grouping. This allows the countries to have time to update their budgets and plans with the new co-financing requirements.

EXAMPLE

New GNI data is published and a low-income country shows an increase in its GNI per capita which results in the country shifting into the intermediate group the following year.

The following timeline outlines the changes to co-financing levels for this country:

July 2015 > the World Bank publishes GNI per capita data for 2014.

October 2015 > the Gavi Secretariat sends a formal communication to inform the country of its move from the low-income to the intermediate group and of the updated co-financing obligations.

2016 > the country will continue to pay \$0.20 per dose, the same amount paid in 2015 as a low-income country.

2017 > the country will co-finance at the new level of \$0.20 per dose + 15% = \$0.23 per dose.

4. What costs are included in the co-financing amount?

The co-financing amount includes the cost of the vaccines, related injection safety devices and freight charges. However, for low-income countries, Gavi covers all costs for injection safety devices and therefore these are excluded from the co-financing requirement.

For all countries, the co-financing amount excludes the costs and fees of the relevant procurement agency, such as contingency buffer and handling fees. Information on the costs and fees of the relevant procurement agency should be provided by the relevant agency. Co-financing also excludes customs clearance and any taxes.

5. When must co-financing be paid? What happens if a country does not co-finance?

Countries must fulfil their co-financing requirement by 31 December each year. After this date, countries which have not paid their commitments enter into default.

During the first year in default, Gavi will continue to support the vaccines, but after these initial 12 months the Gavi Board may suspend support for the vaccine(s) in question until the co-financing arrears are paid in full.

Gavi actively supports countries to avoid late payments, sending several reminder letters and communications throughout the year to avert the default status. Once a country has entered into default, Gavi and its partners continue to work closely with countries to resolve the situation.

6. What sources of funding may be used for co-financing?

Countries are encouraged to mobilise national resources (government funds) to fulfil the co-financing obligations, but they may also use funds from other partners. Countries must *not* use other Gavi funds (ISS, HSS or vaccine introduction grants) to meet their co-financing obligations.

7. Can countries self-procure a portion of the vaccine cost under Gavi co-financing requirements?

Countries are encouraged to follow national procedures and regulations for the fulfilment of co-financing. As an alternative to procuring the required co-financing amount through UNICEF or PAHO's Revolving Fund, a country may self-procure the required portion of the co-financed vaccines. Pneumococcal vaccine is an exception and must be procured through UNICEF Supply Division due to the Advance Market Commitment (AMC) agreement to access the agreed price¹.

If a country decides to self-procure a portion of the vaccine cost under the co-financing requirements, it will need to send evidence of the procurement (shipping documents, receipts and invoices) to the Gavi Secretariat by 31 of December of each year. Fulfilment of the co-financing requirement will be based on procuring the number of doses communicated in the decision letter and not on a corresponding dollar value.

For more details on conditions for self-procurement:

<http://www.gavi.org/about/governance/programme-policies/self-procurement-policy/>

8. How does co-financing work for graduating countries?

In 2015, countries in the graduating group are countries that exceed the Gavi eligibility threshold of \$1,580 GNI per capita (World Bank, 2014).

Co-financing gradually increases over four years, from the co-financing amount per dose paid during the grace year to the projected price after Gavi support ends.

The projected price is based on the weighted average price for the chosen vaccine presentation. Therefore, the co-financing amount will differ depending on the vaccine choice.

9. If there are delays to the vaccine introduction date due to a supply situation, will this affect co-financing?

No, Gavi will honour the co-financing levels as originally approved, if delays are due to a supply situation or circumstances outside the control of the country.

10. What are the Gavi prices currently used for co-financing estimates in the Gavi application form?

For a response to this query, please contact Santiago Cornejo at the Gavi Secretariat: scorejo@gavi.org

¹ For more details on the AMC agreement go to <http://www.gavi.org/funding/pneumococcal-amc/>