

SUBJECT: **CONSENT AGENDA: MODIFICATIONS TO GAVI'S HSIS SUPPORT FRAMEWORK AND GAVI'S FRAGILITY, EMERGENCY, REFUGEES POLICY**

Agenda item: 02j

Category: For Decision

Section A: Introduction

- The Gavi Alliance Programme and Policy Committee (PPC) recommends that the Gavi Alliance Board approve certain flexibilities to allow countries to fully benefit from the Board-approved Health Systems Strengthening (HSS) envelope of US\$ 1.3 billion in the 2016-2020 time period. Requested flexibilities include:
 - To allow all countries facing fragility challenges to request additional HSS support of up to 50% beyond the current country ceiling¹.
 - To allow the Gavi Secretariat the flexibility to increase individual non-fragile country ceilings for HSS through 2020 by up to 25%, including countries that currently have a maximum ceiling of US\$ 100 million.
- These flexibilities are intended to meet country demand and operate within the already Board approved envelope for HSS disbursements of US\$ 1.3 billion. The Secretariat will track disbursements routinely and will discuss with the Audit and Finance Committee and the Board if there is a risk that disbursements might exceed this level for 2016-2020.

Section B: Background

- 1.1 Gavi's Health System and Immunisation Strengthening (HSIS) Support Framework (the "Framework") was approved by the Board in June 2016. The Board agreed that an amount of at least² US\$ 1.3 billion would be available for health system strengthening (HSS) disbursements in the 2016-2020 strategic period. The Framework included a formula to allocate HSS funds across countries.
- 1.2 Experience shows that actual disbursement rates for HSS are typically 80-85% of the approved grant due to a variety of reasons including country readiness and implementation challenges, fiduciary risks, audit issues, etc. Since countries have been allocated funding based on the approved

¹ Currently this support is only available to countries responding to an emergency, as per the current Fragility, Emergencies, Refugees Policy.

² The Board could approve additional funds in case of country demand exceeding the level of US\$ 1.3 billion.

US\$ 1.3 billion envelope, the continuation of the historical 80-85% disbursement rate would translate to an approximate disbursement level of only US\$ 1.1 billion for the period 2016-2020.

- 1.3 To fully disburse US\$ 1.3 billion in HSS funds within the 2016-2020 time period and achieve the associated impact in terms of sustainable coverage and equity improvements, it will be necessary to approve grants worth more than US\$ 1.3 billion.
- 1.4 The PPC recommendation to the Board is to approve and allocate HSS funding of up to US\$ 1.5 billion, with an understanding that the actual disbursements will not exceed US\$ 1.3 billion. In line with the discussion on coverage and equity at the March 2018 Board retreat, the PPC recommends the following flexibilities to the Board:
 - a) All countries identified as fragile be allowed to request additional HSS support of up to 50% beyond the current country ceiling, if the country is able to utilise them. Under the current Fragility, Emergencies, Refugees Policy, this support is only available to countries responding to an emergency. Currently only nine of the 17 fragile countries are identified as responding to an emergency.³
 - b) The Framework be updated to allow the Gavi Secretariat the flexibility to increase individual country allocations for HSS through 2020 by up to 25%, including for countries that currently have a maximum ceiling of US\$ 100 million.⁴ This flexibility would be implemented on a country-by-country basis, on a careful assessment of needs, ability to meaningfully invest in coverage and equity, and absorptive capacity. Board-approved review and approval processes would be followed in the case of such increase.
- 1.5 All HSS disbursements will be closely monitored and the Secretariat will report back to the Audit and Finance Committee and the Board if there is a risk that disbursements might exceed US\$ 1.3 billion during the 2016-2020 strategic period.

³ Fragile countries (17) in 2018 as per Gavi's Fragility, Emergencies, Refugees Policy:

- 9 Fragile countries currently classified as responding to an emergency situation, and therefore eligible for ceiling increase: Central African Republic, Democratic Republic of Congo, Ethiopia, Haiti, Somalia, South Sudan, Sudan, Yemen; Nigeria will have an individually established HSS ceiling established by the Board.
- 8 Fragile countries not currently classified as responding to an emergency situation: Afghanistan, Burundi, Chad, Eritrea, Mali, Papua New Guinea, Solomon Islands, Zimbabwe; Although Congo is identified as fragile, it will no longer be eligible for Gavi support after 2018 as it will be fully self-financing

⁴ Countries that currently have a maximum ceiling are: Nigeria, India, Bangladesh, Myanmar, Pakistan and DRC. However, countries with Board defined HSS ceilings (Guinea, Liberia, India, Nigeria, Sierra Leone and PNG) would not be entitled to any further increase (for example, should the Board approve a ceiling for Nigeria, Nigeria would not be able to access additional funds beyond the Board approved ceiling).

Section C: Actions requested of the Board

The Gavi Alliance Programme and Policy Committee recommends to the Gavi Alliance Board that it:

- a) **Reaffirm** its decision from June 2016, “that an amount of at least US\$ 1.3 billion is available for HSS disbursements (including performance payments) for grant programme years in the 2016-2020 strategic period, with additional funding being subject to future Board decisions”;
- b) **Approve** the following wording to be included as an annex to Gavi’s HSIS Support Framework (the “**Annex**”), noting that any increases to allocation ceilings for HSS support under the Annex will be subject to existing Board-approved review and approval processes:

“Annex – for Strategic Period 2016-2020

Notwithstanding Section VII (Funding levels and use of grants) of this Framework, the flexibility set out in this annex will apply as follows.

In order to advance Gavi’s strategic goal of increasing immunisation coverage and equity, for the remainder of the strategic period through 2020, Gavi has the flexibility to increase an individual country’s allocation ceiling for HSS support by up to 25% beyond the total amount of the ceiling calculated based on the HSS Resource Allocation Formula (in section VII Funding levels and use of grants). This flexibility applies to all countries except:

1. Countries that have a separate Board-defined HSS ceiling,
2. Countries that are eligible for increased HSS support of up to 50% as per the amended Fragility, Emergencies, Refugees Policy.

This flexibility would be implemented country-by-country based on a careful assessment of both needs and absorptive capacity.”

- c) **Note** that increases to allocation ceilings for HSS support under the Annex will not in aggregate exceed US\$ 1.5 billion for the 2016-2020 strategic period and that HSS disbursements will not exceed US\$ 1.3 billion in accordance with the June 2016 Board decision; and
- d) **Approve** the following addition to Section 5.7 of Gavi’s Fragility, Emergencies, Refugees Policy as a potential flexibility for countries facing fragility challenges:

“e) Additional HSS support of up to 50% beyond the country allocation”