

SUBJECT: CONSENT AGENDA: POST-TRANSITION PLANS FOR ANGOLA AND TIMOR-LESTE AND CONGO REPUBLIC'S ELIGIBILITY FOR GAVI SUPPORT

Agenda item: 10h

Category: For Decision

Section A: Introduction

- The purpose of this paper is to respond to the request of the Gavi Alliance Board to address transition challenges in high risk countries by requesting the approval of post-transition support for Angola and Timor-Leste, based on detailed country plans, as well as exceptionally approving that Congo's eligibility be determined on the latest GNI data.
- The implementation of the proposed country plans for Angola and Timor-Leste would require an additional US\$ 10 million, in addition to the US\$ 20 million approved by the Board in June 2018. The main cost driver of the additional funding is the extension of some existing activities beyond 2020 in the next financing period (e.g. capacity building) and newly identified activities (e.g. polio transition in Angola or pneumococcal conjugate vaccine (PCV) and human papillomavirus vaccine (HPV) introductions in Timor-Leste). The PPC was supportive of this request.
- For Congo Republic, a costed country plan in line with the Board request has also been developed. However, since then, critical information has come to light regarding Congo Republic's gross national income (GNI) per capita. Data released in July 2018 shows that the country's economy continues to deteriorate and its 2017 GNI per capita decreased further to US\$ 1,360, the same as it was more than 10 years ago. While Congo's three-year GNI per capita average¹ remains just above Gavi's eligibility threshold, the latest GNI is significantly lower and represents the largest decrease among Gavi countries. Furthermore, while the IMF projects economic growth in Congo for 2018, this growth would not be enough to prevent the country from regaining Gavi eligibility in 2020. Therefore, rather than approving post-transition support for 2019 and then Congo Republic becoming Gavi-eligible in 2020, the PPC recommends the Gavi Board to exceptionally determine Congo Republic's eligibility for 2019 on the latest GNI data. As a result, the PPC recommended that Congo Republic become eligible for Gavi support as of 1 January 2019 and that its health system strengthening (HSS) grant ceiling be increased from US\$ 4.5 million to US\$ 10 million (which is the amount the country needed as part of its post-transition efforts).

¹ Gavi's Eligibility and Transition Policy states countries are Gavi-eligible if their average GNI p.c. over the past three years is equal to or below the threshold amount.

Section B: Post-transition plans for Angola and Timor-Leste and Congo Republic's eligibility for Gavi support

1. Introduction

- 1.1 Earlier in the year, the PPC and Board approved a set of proposed activities as an initial approach to mitigate the risks to successful transition in Angola, Congo Republic and Timor-Leste. The PPC also acknowledged that the proposed package of actions might not be ambitious enough and that some activities would need to be extended beyond 2020 to ensure financial and programmatic sustainability. Therefore, **the Board requested the Secretariat to develop robust individual country plans, with associated costs, for the PPC to review at its next meeting** (Table 1 in Annex A summarises all transition related governance decisions).
- 1.2 The Secretariat undertook a comprehensive and inclusive process to inform the development of the country plans, building on the individual country risk assessments and strategies presented at the PPC in May 2018 (available as appendices on BoardEffect). Alliance-wide missions were utilised to develop the individual country plans and to agree on the governments' commitments. These missions were followed-up by engagement with key stakeholders, mainly the government, to finalise the plans.
- 1.3 Angola's and Timor-Leste's plans are available as appendices on BoardEffect. Each plan includes a description of the context, expected goals for post-transition support, key challenges, proposed activities, government commitments and residual risks. These appendices are complemented by an excel sheet per country that provides additional information on the proposed activities, expected outcomes, costing and timetable. This paper provides, for Angola and Timor-Leste, a brief summary of new contextual developments since the previous PPC and outlines new proposed activities over and above the activities previously endorsed (either in duration or scope). For Congo Republic, the paper discusses the latest economic developments and their implications on Gavi eligibility.

2. Country Plans for Angola and Timor-Leste

Angola

- 2.1 *Update on country context.* Recently released WUENIC estimates have put Angola's DTP3 coverage at 52% in 2017, down from 55% in 2016, making Angola the country with the seventh highest number of under-immunised across Gavi countries. Based on this alarming situation, **the Government of Angola (GoA) has shown important signs of greater commitment to strengthening its immunisation programme.** The GoA has engaged further on the prioritisation of health and immunisation by organising an "Immunisation Forum" to be chaired by the President (following the Addis Declaration) and committed to increase the health budget from 4% in 2018 to 12.5% by 2019 and 15% by 2021. This renewed political engagement is evidenced by the government's continued self-financing of all vaccines and the ongoing recruitment of new health staff despite the economic difficulties.

- 2.2 *Key new proposed activities (duration or scope).* The new proposed envelope of support amounts to approximately US\$ 20 million for Angola. This is approximately US\$ 5 million above the budget provided to the Board in June 2018 and reflects a slightly longer and more realistic implementation timeframe to 2022 as well as additional interventions.²
- 2.3 Two key updates were incorporated to the proposed support. One, recognising the typically longer-term nature of efforts to build sustainable capacity, the development of a partnership between Angola and Brazil has evolved towards a partnership between the University of Goais and the National School of Public Health of Angola. This partnership, which is expected to continue through 2022, will **build the capacity of the national institute in Angola to develop new curricula and to train and mentor teachers, critical capabilities to ensure the sustainability of training post-Gavi support.**
- 2.4 Second, the **GoA requested Gavi to support a newly identified need related to polio transition.** The finalised Polio Transition Plan stresses the need to continue to support integrated surveillance without which there is a significant risk that the surveillance system will collapse. The GoA requested Gavi to provide funding for this need in 6 provinces until 2020.
- 2.5 With respect to the challenge of the under-immunised, the post transition plan includes a co-investment of US\$ 11 million to the World Bank loan of US\$ 110 million (IBRD) to strengthen service delivery for maternal and child health targeting provincial and municipal levels. This was discussed at the last Board meeting, and although Gavi's proposed contribution remains the same, further details of the arrangement have been agreed. Gavi's **additional funding to support this World Bank project will focus on significantly reducing the number of under-immunised children in the 13 priority districts** with the highest number of under-immunised children. Gavi support will be utilised over the next three years but the World Bank project will cover the period until 2023.

Timor-Leste

- 2.6 *Update on country context.* Elections, held in May 2018, were won by a three-party coalition and a majority government took office in June. Though key positions across the government remain vacant (including in the Ministry of Health), **greater political stability is expected to eventually improve the effectiveness of government and ameliorate issues related to slow decision making.** In September 2018, the Parliament was able to approve the budget for the remaining months of 2018, with negotiations on the 2019 budget due to start shortly. Given the absence of a valid government budget for most of 2018, the government continued to operate on a contingency disbursement basis, thus affecting the overall service delivery performance. The government continues to demonstrate political commitment to immunisation, ensuring the timely procurement of all vaccines.

² The duration is aligned with National Development Plan (2018-2022).

- 2.7 *Key new proposed activities (duration or scope).* In Timor-Leste, the post-transition plan has been, where considered needed and well justified, **extended and selectively expanded to allow more time for capacity building and to ensure a more gradual phase-out of Gavi support.** The new proposed envelope of support amounts to approximately US\$ 8.3 million until 2023³, which represents an increase of US\$ 5 million to the budget provided to the Board in June 2018. The plan foresees an extension of support to partners (WHO and UNICEF) to ensure they are better resourced to focus on capacity building and not only on gap filling, particularly at the sub-national level. In the same vein, it envisages the continuation of support for the ongoing twinning arrangement with Sri Lanka (subject to an independent evaluation).
- 2.8 Recognising the continued existence of pockets of lower coverage, **a new area envisaged for post-transition support is targeted support to address key service delivery bottlenecks in seven districts with lower programmatic performance.** Building on HSS grant activities (particularly those related to supportive supervision and outreach), the extension of support in these areas has been designed to ensure that the gradual reduction in Gavi funding is matched by increased government allocations.
- 2.9 With respect to vaccine introductions, the proposed plan reflects the government's intention to introduce **HPV in 2020 and PCV in 2021** – subject to future NITAG recommendations. Gavi will provide support for the generation of evidence and catalytic vaccine support, should the country decide to introduce these vaccines. The catalytic vaccine support builds on the successful experience with exceptional support provided for HPV introduction in transitioned countries in 2016-2017.
- 2.10 Clarity on access to price commitments will be a key factor in countries' vaccine introduction choices and the timing of introductions, given the impact it will have on affordability and sustainability. Gavi will remain actively engaged with in-country stakeholders to provide advice on vaccine pricing during transition and post-transition, including the development of tailored information for countries. Appendix 4 presents the eligibility of the different price commitments to these countries.

3. Congo's eligibility

- 3.1 The key development affecting Congo Republic has been the publication of the World Bank's latest GNI estimates in July, upon which Gavi eligibility is based. Congo Republic's 2017 GNI per capita has been estimated by the World Bank at **US\$ 1,360. This is significantly lower than Gavi's eligibility threshold of US\$ 1,580**, though the country's three-year GNI per capita average remains just above the eligibility threshold. With an economy highly dependent on oil, and falling oil revenues since 2014, the country has seen the largest decrease in GNI per capita among Gavi countries, with a 20% decrease between 2016 and 2017 alone, bringing the cumulative fall

³ The period is aligned with the Program of the Eight Constitutional Government, which is the government's programme of work expected for five years that underpins each annual budget.

to a whopping 46% since 2014. **The PPC recommends to the Board to grant Congo the status of Gavi-eligible as of 1 January 2019** due to:

- a) **The country is projected to gain Gavi eligibility in the next annual update:** Though the IMF projects economic growth in Congo in 2018, the country's three-year average GNI per capita in 2019 is projected to fall below the eligibility threshold and it would, therefore, regain **Gavi eligibility in 2020**. Congo's GNI would need to increase by more than 25% in 2018 in order for its three-year average to remain above the eligibility threshold, a possible but unlikely scenario even with the current increase in oil prices.
- b) **Policy gap and consistency:** At the time of the revision of Gavi's Eligibility and Transition Policy in 2015, many countries were experiencing large increases in GNI (due to significant growth or re-basing of their GNI). A three-year average was introduced to provide additional time for countries to prepare and plan their transition from Gavi support. The reverse scenario (a country re-entering eligibility) was not envisioned nor acknowledged in the policy revision. This scenario raises concerns given that the country's GNI is significantly lower than Gavi's eligibility threshold (~15%) and eight countries with a GNI higher than Congo's will continue to receive Gavi support.
- c) **Tailored approach and fragility:** The Board has already identified Congo Republic as a high-risk country for transition and requested the Alliance to develop a tailored support approach. The country's poor economic performance and the fact that it is classified as a fragile country under Gavi's Fragility, Emergencies, and Refugees Policy further highlights this risk.

3.2 Were Congo to become Gavi eligible again, the country would benefit from support for a longer period of time and would be able to leverage standard Gavi processes for programme review, dialogue and accountability (Programme Capacity Assessment (PCA), Joint Appraisals, etc.). The already identified post-transition needs would be supported through Gavi's regular windows of support for Gavi-eligible countries under its existing financial forecast, and therefore no additional funding would be required. In order to support these needs and maintain this momentum, it is recommended to increase the expected HSS envelope (as per the HSIS support framework) from US\$ 4.5 million to US\$ 10 million (over 5 years).

3.3 Congo Republic would also be entitled to apply for new vaccine support; however, Gavi would not support the vaccines that have already transitioned (Pentavalent, Rotavirus, PCV and YF), given that the country is already self-financing these vaccines. The PPC debated this principle and how to balance Gavi's ultimate goal of sustainability and ownership with potential challenges caused by the economic deterioration. While the PPC agreed that Gavi's eligibility should not displace government funding and therefore it should not support the self-financed vaccines, it requested the Secretariat to closely monitor this situation and report back to the PPC should challenges arise in order to take appropriate actions.

Section C: Actions requested of the Board

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

- a) **Approve**, exceptionally, that the determination of Congo Republic's eligibility for 2019 will be based on the latest GNI data instead of the average GNI per capita over the past three years and to increase the HSS envelope to up to US\$ 10 million for a five year period;
- b) **Request** the Secretariat to monitor the provision of domestic financing for vaccines in Congo Republic and report back to the Programme and Policy Committee and Board should challenges arise; and
- c) **Approve** within the overall Partners Engagement Framework an additional amount of up to US\$10 million for post-transition support for Angola and Timor-Leste for the period 2018-2023, bringing the total approved post-transition support to these countries up to US\$ 30 million.

Annexes

Annex A: Table with Board Decisions on Post-Transition Support

Additional information available on BoardEffect

Appendix 1 (in October 2018 PPC meeting book): Annex B to Doc 08 *Angola's post-transition plan*

Appendix 2 (in October 2018 PPC meeting book): Annex C to Doc 08 *Timor-Leste's post-transition plan*

Appendix 3 (in PPC Library – Additional materials for October 2018 meeting): Appendix 1 to Doc 08 *Detailed information on risks, proposed activities, expected outcomes, costing and timetable for the country plans (Excel): Angola and Timor-Leste*

Appendix 4 (in October 2018 PPC meeting book): Price commitments for Angola, Congo Republic and Timor-Leste

Appendix 5 (in PPC Library – Additional materials for October 2018 meeting): Appendix 2 to Doc 08 *May 2018 PPC paper with detailed key risks and strategies for Angola, Congo Republic and Timor-Leste*

Appendix 6 (in PPC Library – Additional materials for October 2018 meeting): Appendix 3 to Doc 08 *May 2018 PPC paper with detailed Analysis of Risks for Angola, Congo Republic and Timor-Leste*

Appendix 7 (in PPC Library – Additional materials for October 2018 meeting):
Appendix 4 to Doc 08 *Investment Framework*