

## DOCUMENT ADMINISTRATION

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2.0	Prepared by: Robert Newman, Policy and Performance	
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	Next review:	To be reviewed and updated in 2019 or as and when required

## 1. Objectives

- 1.1. The overall objective of the co-financing policy is to increase country financing of Gavi supported vaccines in order to facilitate the transition out of Gavi support.
- 1.2. For countries with a long time frame before they will transition out of Gavi support, the intermediate objective is to enhance country ownership of vaccine financing and to build capacity relating to procurement processes.

## 2. Scope

- 2.1. This policy covers country groupings for co-financing purposes, co-financing levels, the process for annual co-financing updates, and the mechanism for situations in which countries fail to meet their co-financing requirements.

## 3. Principles

- 3.1. In accordance with this policy, all countries shall contribute to the cost of new vaccines introduced in routine vaccination programmes with Gavi support.
- 3.2. Low-Income Countries contribute an absolute (flat) amount per dose independent of the price of the vaccines used. Phase 1 and Phase 2 Countries contribute an (increasing) proportion of the vaccine price towards full self-financing at the end of Phase 2.
- 3.3. Co-financing shall represent new and additional financing; countries shall not use funds allocated for financing other vaccines.
- 3.4. Countries shall not use other Gavi funds for co-financing.

## 4. Definitions

- 4.1. **“GNI per capita atlas method”**: Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is GNI divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method which smoothes exchange rate fluctuations by using a three year rolling (‘moving’) average, price-adjusted conversion factor.
- 4.2. **“Low-Income Country”**: A country whose GNI per capita is equal to or below the threshold for the World Bank’s definition of a “Low-Income Country”.
- 4.3. **“Phase 1 Country”**: A Gavi-eligible country whose GNI per capita is above the Low-Income Country threshold and whose average GNI per capita of the previous three years is equal to or below the Eligibility Threshold.
- 4.4. **“Phase 2 Country”**: A country whose 3-year average GNI per capita is above the Eligibility Threshold, and for whom Gavi support is decreasing in accordance with the Eligibility and Transition policy.
- 4.5. **“Financial sustainability”**: The ability of a country to mobilize and efficiently use domestic and supplementary external resources on a reliable basis to achieve current and future target levels of immunisation performance.
- 4.6. **“Starting Fraction”**: the Starting Fraction is calculated by dividing a country’s total co-financing contribution 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 Phase 1 or, for countries already in Phase 1 when this policy becomes effective, in the first year of this policy.

- 4.7. **“Price Fraction”**: the Price Fraction is calculated annually by increasing the previous year’s fraction by 15% (ie. 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.

## 5. Country co-financing requirements for routine vaccines

- 5.1. All Gavi-supported vaccines for use in routine vaccination programmes are co-financed by Gavi and the country, unless otherwise decided by the Gavi Board for specific vaccines.
- 5.2. Co-financing contributions are not paid to Gavi. The required co-financing amount is converted, using the full Gavi price, into a number of doses that the country is responsible for financing.

### **Low Income Countries**

- 5.3. The co-financing requirement for Low Income Countries is US \$ 0.20 per dose (no annual increase).

### **Phase 1 Countries**

- 5.4. The co-financing requirement for Phase 1 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 county.
- 5.5. When a country transitions from the Low Income Country group to Phase 1, the *total* co-financing amount for the portfolio of co-financed vaccines remains the same in the first year of Phase 1, as it was in the last year of the Low-Income country phase. However, its co-financing requirements for the *individual* vaccines in its portfolio will be calculated by applying the Starting Fraction.
- 5.6. Thereafter, the Price Fraction, which is applied equally across all vaccines, increases by 15% each year, for example from 10% to 11.5%.
- 5.7. For any new vaccine adoptions during Phase 1, co-financing starts at the same Price Fraction as for other vaccines in the portfolio in that year.
- 5.8. If countries’ preferred presentation is not available in the short-term, their co-financing contributions may be adjusted based on their preferred presentation.

### **Phase 2 Countries**

- 5.9. When countries transition from Phase 1 to Phase 2, co-financing in the first year of Phase 2 (the ‘grace year’) increases by 15% as it would have in Phase 1.
- 5.10. Beginning the second year of Phase 2, 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. The timeframe for this increase –usually five years –is determined in accordance with the Eligibility and Transition Policy.
- 5.11. For any new vaccine adoptions during Phase 2, co-financing starts at the same Price Fraction as for other vaccines in the portfolio in the year of application. For

such adoptions, countries will be eligible to receive up to four years of Gavi support starting from the date of introduction.

## **6. Country co-financing requirements for campaign vaccines**

- 6.1. 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, and yellow fever preventive mass campaigns). Such vaccines are fully financed by Gavi.
- 6.2. Countries are required to co-finance Gavi-supported vaccines for use in “Periodic Follow-up Campaigns” (i.e. those campaigns that, for epidemiological reasons, are conducted periodically such as measles or measles-rubella [MR] follow-up campaigns) as specified below.
- 6.3. Countries are expected to make co-financing contributions in time for the campaign to occur as planned.

### ***Low Income Countries***

- 6.4. The co-financing requirement for Low Income Countries is 2% of each dose of vaccine for the Gavi-supported measles or MR Periodic Follow-up Campaign.

### ***Phase 1 and Phase 2 Countries***

- 6.5. The co-financing requirement for Phase 1 and Phase 2 Countries is 5% of each dose of vaccine for the Gavi-supported measles or MR Periodic Follow-up Campaign.

## **7. Timeline for implementation**

- 7.1. This Co-Financing Policy will come into effect on 1 January 2016. However, co-financing amounts in the first year of implementation of this policy will be calculated under the previous co-financing policy. From 2016, all approvals and renewals for vaccine support will be governed by this policy.
- 7.2. Co-financing group thresholds are updated annually according to the latest GNI p.c. data, which is released by the World Bank in July of each year. Countries will be informed of any changes to their co-financing grouping and when those changes will take effect.
- 7.3. Notwithstanding Section 7.1, Section 6 of this Policy will come into effect for new proposals for campaigns to be implemented from 1 January 2018.

## **8. Default mechanism**

- 8.1. Compliance with the co-financing requirements in accordance with this policy is a condition to receive Gavi vaccine support. For self-procuring countries, compliance is defined by the purchase of the number of doses in the Secretariat’s “decision letter” to the country.
- 8.2. A country is considered ‘in default’ when it has not fulfilled its co-financing commitment for a particular year by 31 December of that year.

- 8.3. Countries in default can apply for, but will not be approved for new vaccine support.
- 8.4. Gavi and the defaulting country shall agree on a payment plan for co-financing arrears, which may be paid in tranches over a set period of time. To come out of default, a country is required to fulfil the co-financing requirement of the current year together with the first tranche of arrears payments relating to the previous year as agreed in the payment plan. Following this payment and until the country has paid all arrears it will be considered a 'late payer'.
- 8.5. If a country does not pay the first tranche of arrears with the co-financing requirement of the current year by 31 December of that year and thus remains 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 (at its last meeting during the first year of default) considers that exceptional circumstances justify the continuation of such support. At that meeting the Board shall also consider whether other types of support should be affected.

## **9. Primary data sources**

- 9.1. GNI per capita (Atlas method) from World Bank classifications
- 9.2. Definition of Low Income Country upper threshold from World Bank classification
- 9.3. Eligibility threshold adjustment for annual inflation using World Bank deflators
- 9.4. Projected weighted average prices of vaccine presentations from Gavi Secretariat
- 9.5. Reports from vaccine procurers on status of co-financing payments

## **10. Effective date and review of policy**

- 10.1. This policy comes into effect as of 1 January 2016.
- 10.2. This policy will be reviewed and updated in 2019 or as and when required. Any amendments to this policy are subject to Gavi Board approval.