

## **Annex C: Timor Leste No Cost Extension**

### **Section A: Summary**

Timor-Leste transitioned from Gavi support on 1 January 2018. In 2019, an exceptional, Board-approved strategy provided US\$ 8.3 million of post-transition support covering 2018 to 2023 in recognition of the weak capacity of the EPI programme and the limited support (particularly HSS) that the country had received over its brief period of Gavi eligibility.

2021-2022 saw significant disruptions, border closures and delays across EPI due to the COVID-19 pandemic. The shift of focus from routine immunisation to Covid-19 vaccination efforts impacted progress in implementation of this post-transition grant, limiting planned activity to address weak system capacity, including weak financial management. The no-cost extension will provide the opportunity to focus on critical activities to address systemic weaknesses, with renewed government commitment to the revised post transition plan (end 2025) developed in conjunction with partners.

On April 18, 2023, Timor-Leste submitted to the Gavi Board Chair a request for (i) a 2-year no-cost extension of the Gavi post-transition grant and (ii) reconsidering its eligibility for Gavi full support due to its challenging economic context.

**The Secretariat recommends that the PPC supports Timor Leste's request for a no-cost extension of Gavi's post-transition support for Timor-Leste until 31 of December 2025.** Based on Timor-Leste's latest GNI per capita, which is 9% above the projected 2024 eligibility threshold, the Secretariat **is not** seeking an exception from the Board for Timor-Leste's eligibility to Gavi support at this stage.

### **Section B: Review of Post Transition Grant to Timor-Leste**

#### **1. Economic context**

Emerging from decades of conflict, Timor-Leste became a new sovereign state in May 2002. Despite significant progress in poverty reduction, Timor-Leste continues to face challenges, with economic growth reliant on government spending and revenues from natural resources. Timor Leste's economic slowdown since 2016 has been recently exacerbated by the COVID-19 pandemic and Cyclone Seroja entailing significant rebuilding efforts, consuming nearly one-third of the government's expenditure in 2021. Government spending has yet to rebound to pre-pandemic levels. Ongoing concerns include the persistent low domestic revenue, with an anticipated cessation of petroleum revenue. In July 2023, the World Bank indicated that Timor-Leste's GNI per capita was US\$ 1,970, 9% above the projected Gavi eligibility threshold of US\$ 1,810 for year 2024.



## 2. Progress update

This post-transition grant is implemented by the Ministry of Health, WHO, UNICEF, and key focus areas include: (i) establishing a well-functioning and adequately resourced EPI department and improved cold-chain management through SAMES (national health procurement agency), (ii) Introducing new vaccines: Rotavirus vaccine, PCV and HPV and (iii) improving data quality and utilisation.

Table1: Post-Transition Grant Execution in Timor-Leste

	Nature of activities	Budget (USD)	Disbursed	Requested for 2024-2025 NCE
WHO	New vaccine introduction support (PCV, Rota); institutional strengthening and capacity building	3,463,590	1,751,590	1,712,000
UNICEF	Strengthening institutional capacities (functioning NITAG, cold chain maintenance and improved EPI management, coordination, and planning capabilities); new vaccine introduction support (PCV, Rota); Covid 19 response	2,844,456	2,216,502	627,954
UNI SD	PCV, Rota, HPV procurement	889,449	520,835	368,614
MoH	Outreach services; strengthening financial management system and EPI capacity; PCV and Rota vaccine introduction	1,160,070	140,400	1,019,670
<b>TOTAL</b>		<b>8,357,565</b>	<b>4,629,327</b>	<b>3,728,238</b>

The response to the COVID-19 pandemic in a context of limited EPI capacity has strongly impacted progress in implementation of planned activities under the post-transition grant. As of mid-2023, half of activities initially planned remain in progress or have not been implemented, with US\$ 3.7 million out of the US\$ 8.3 million budget remaining to be disbursed within this strategy.

## 3. Rationale for considering a no-cost extension until end 2025

There are several factors that justify the request for a 2-year no-cost extension for the implementation of the post-transition support to Timor-Leste:

1. Extending the timeline for executing the post-transition grant would enable Timor-Leste to prepare for quality introduction of the HPV vaccine, an integral part of the plan.
2. The extension would also allow continued support from partners to strengthen national and subnational technical, financial and management capacity.
3. Although Timor-Leste is eligible for MICs support without the no-cost extension, this would be limited to vaccine catalytic support for new introductions.



4. MoH leadership has formally committed to increasing resources allocated to EPI, including with a view to strengthen coordination and execution of post-transition activities.

Timor-Leste has also requested to reconsider its eligibility for Gavi support due to challenging economic context. The Secretariat does not recommend seeking an exception from the Board for Timor-Leste to re-enter eligibility in 2024 as Timor-Leste's latest GNI per capita value is 9 percent above the 2024 eligibility threshold and on an upward trend compared to 2021. Approving an exception for Timor-Leste would be equivalent to applying a close to 10% flexibility on the eligibility threshold. Over the last 5 years, 15 situations were identified where countries could have benefited from a change in eligibility grouping if a 10% flexibility on Gavi thresholds to enter preparatory or accelerated transition would have been applied.

Eligibility will be further reviewed in 2024 on the basis of 2023 GNI per capita data to be released by the World Bank in July 2024.