

Annex E: Participation model options

Annex E to Doc 08 to May 2021 PPC

- 3.5 Options for future engagement with SFPs: Three options for a country participation model going forward have been identified: **1) Status Quo of AMC-92 and 99¹ SFPs; 2) AMC-92 and those SFPs deemed to need the Facility the most; 3) AMC-92 only.** The table in Annex D provides a comparison of the three options.
- 3.6 **Option 1: maintain the status quo of AMC-92 and all SFPs.** Retaining the current model would retain the global, collective nature of the Facility and provide continuity to participants. All SFPs could continue to participate, which would mean the Facility may engage with countries that do not need it and have no intention of procuring vaccines through it, adding unnecessary transaction costs and complexity. Furthermore, this would also not address concerns about complexity and financial risk to Gavi.
- 3.7 **Option 2: retain AMC-92 and those SFPs in greatest need of COVAX.** In designing the new model, the focus would be on the twin objectives of simplifying operations and minimising the financial risk to Gavi while maintaining access for those most in need. The key question for this model is whether the eligibility criteria to focus participation on those countries in greatest need should be defined by criteria set by the Facility, or whether it would be for countries to decide on continued participation based on a revised singular model of participation that reduces risk to Gavi.
- 3.8 For Option 2, eligibility criteria options were analysed including Gross National Income (GNI) per capita, GNI plus small populations and lack of bilateral deals. However, conversations with multilateral banks confirm it is not possible to define criteria based on income that determine need as they do not consider purchasing power and technical capacity. Information on bilateral deals and the epidemiological situation is unreliable and constantly changing and there is a high reputational risk to Gavi if it is perceived to be disregarding countries' needs due to outdated or partial information.
- 3.9 When first designing the COVAX Facility model, the participation model was aimed to encourage all countries to join. For the COVAX Facility beyond 2021, the model would be redesigned with less flexible terms and conditions, aimed at simplification, and lowering financial risk to retain countries that need the Facility whilst disincentivising other countries from continued participation beyond the end of 2021. This model would be time-limited with a view to ultimately transitioning to a third phase of supporting AMC participants only once the market supports access to those with financial resources. Elements to be considered when designing the new terms and conditions include a single model mandatory procurement through UNICEF/PAHO, a commitment to purchase a minimum amount of doses and a revised payment structure with a smaller down payment and full payment at the point of ordering with the

¹ Including European Commission as a participant

manufacturer. The Facility will also need to find ways for participants to continue to support the Facility's efforts without having to purchase doses.

- 3.10 **Option 3 would limit participation to AMC-92 only.** It would align with Gavi's core focus on Gavi 5.0 and further simplify operations and reduce the financial risk to the Facility. However, it would present a real risk of leaving SFPs that do not have the purchasing power or capacity to negotiate bilateral deals without means of accessing vaccines. Leaving countries adrift could reinforce inequitable access to vaccines among countries, increase disparities within these countries, prolong the pandemic and result in reputational damage to Gavi.