

**Subject**                      **Funding Policy Review**

**Agenda item**            **06**

**Category**                **For Decision**

### Executive Summary

The purpose of this paper is to request the Board approve the revised Eligibility and Transition Policy (Annex A), the Co-financing Policy (Annex B) and the Health Systems and Immunisation Strengthening (HSIS) Policy (Annex C). The revised policies reflect policy options approved by the Gavi Board in December 2024 as part of the Funding Policy Review (FPR).

Since December 2024, the FPR has developed aspects of Gavi's approach to programmatic sustainability and the guardrail for measles/measles-rubella follow-up campaigns, as included in the draft HSIS Policy and outlined in this paper. Consultations on the draft policy documents were held with countries, technical partners, civil society organisations (CSOs) and other stakeholders such as vaccine manufacturers. The draft policies were also hosted on Gavi's website for an open consultation.

The implementation of the funding policy shifts is a core component of Gavi 6.0 Operationalisation (Doc 09) and is aligned with the Gavi 6.0 Health System Strategy and the Gavi 6.0 Partnership model (Doc 11).

The paper also seeks approval from the Board on co-financing for Hepatitis B birth dose and DPT boosters, as well as other new vaccine introductions.

### Action Requested of the Board

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

- a) **Approve** the revised Eligibility and Transition Policy attached as Annex A to Doc 06;
- b) **Approve** the revised Co-financing Policy attached as Annex B to Doc 06, as amended by discussions at the PPC;
- c) **Approve** the revised Health Systems and Immunisation Strengthening (HSIS) Policy attached as Annex C to Doc 06;
- d) **Approve** a minimum co-financing threshold of US\$ 0.20 for the introduction of Hepatitis B birth dose and DTP booster in countries in preparatory and accelerated transition.

### Next steps/timeline

This governance cycle represents the final phase of the FPR with revised policies being submitted for Board approval. The final amounts of caps and floors for HSIS grants to countries can only be finalised following any potential recalibration of Gavi 6.0 priorities by the Board after the Global Summit. Additional components of the policies may also be subject to revision if impacted by the outcomes of the recalibration process; these components would be submitted to the Programme and Policy Committee (PPC) for consideration in October 2025 and to the Board in December 2025 for decision.

### Previous Board Committee or Board deliberations related to this topic

**In May 2025 Programme and Policy Committee folder:** Doc 09 – *Funding Policy Review*

**In December 2024 Board meeting book:** Doc 06bi – *Health Systems and Immunisation Strengthening Policy*

**In December 2024 Board meeting book:** Doc 06bii - *Eligibility, Transition and Co-financing, including Catalytic Phase*

**In June 2024 Board meeting book:** Doc 06b - *Health Systems Strategy*

**In April 2024 Board retreat folder:** Pre Read, Appendix, Meeting Summary

**In December 2023 Board retreat folder:** Pre Read – Part 1 and 2

**In June 2023 Board meeting book:** Doc 5 - *Approach for Gavi 6.0 Strategy Design and the Road to Replenishment*

**In March 2023 Board retreat folder:** Pre Read

**In December 2022 Board meeting book:** Doc 11a - *Funding Policy Review: Context and Health System Immunisation Strengthening (HSIS) Policy*

**In December 2019 Board meeting book:** Doc 09 - *Gavi 5.0 Funding Policy Review*

## 1. Objectives and context

- 1.1 The Funding Policy Review (FPR) aims to ensure Gavi's three funding policies are aligned with the goals and objectives of the Gavi 6.0 strategy and support its implementation: a) the **Eligibility and Transition Policy**, outlines criteria to determine which countries are eligible to apply for different forms of Gavi support; b) the **Co-financing Policy**, sets expectations for countries' contributions to vaccine purchases – collectively these two policies are referred to as ELTRACO; and c) the **Health Systems and Immunisation Strengthening (HSIS) Policy**, governs Gavi's support to countries for health systems, cold chain equipment, vaccine implementation and in-country technical assistance. The Middle-Income Country (MICs) Approach, now the **Catalytic Phase**, has been incorporated into the policies.
- 1.2 The FPR consists of three phases: Phase 1, completed in June 2024, defined problem statements and key shifts building on the development of Gavi 6.0. Phase 2, concluded in December 2024, focused on policy development, with the Board approving key policy shifts. Phase 3, the current and final phase, presents revised policy documents drafted in consultation with countries, technical partners, and civil society, as well as an open consultation via Gavi's website.<sup>1</sup> Once approved, policies will be translated and disseminated.
- 1.3 An overarching **Funding Framework** (see Annex D) provides an overview of the objectives, principles and approach for all Gavi support to countries covering the three policies. It is not a Board-approved document.
- 1.4 The Programme and Policy Committee (PPC) recommended Board approval of the three policies at its 14- 16 May 2025 meeting, highlighting that the documents were well-written and balanced, and acknowledging the potential impact of Gavi 6.0 recalibration on their implementation.

## 2. Revised policy documents

- 2.1 All Board approved shifts related to the Eligibility and Transition and Co- financing policies are reflected in the proposed revised policy documents and summarised below.

### Eligibility and Transition Policy

- 2.2 The revised Eligibility and Transition Policy (Annex A) aims to better account for countries' ability to finance vaccine procurement by increasing Gavi's eligibility threshold to US\$ 2,300 Gross National Income (GNI) per capita in 2026, recognising rising vaccine costs and economic challenges of countries in accelerated transition (AT). The adjustment allows more time to secure sustainable financing, reducing the risk of unsuccessful transition.

<sup>1</sup> Stakeholder review included PPC and Board Special Advisers, the Immunisation Financing and Sustainability Alliance Technical Team (ATT) and Health Systems Technical Advisory Group (TAG).

- 2.3 The policy allows for the extension of health systems strengthening support by five years for countries nearing transition facing persistent health system and programmatic challenges. Additionally, the 90% immunisation coverage requirement for AT countries to access new HSS support has been removed, and to reflect the unique climatic, economic, and programmatic challenges faced by Small Island Developing States (SIDS), their AT phase is extended to 12 years.

#### Co-financing policy

- 2.4 The revised Co-financing Policy (Annex B) introduces price exposure for initial self-financing (ISF) countries by linking co-financing contributions to vaccine prices in specific markets where conditions allow. This change encourages more competitive pricing, supplier diversity and supply security.
- 2.5 To ease financial burden, the policy sets a new 80% co-financing cap per vaccine for preparatory transition (PT) countries.<sup>2</sup>
- 2.6 To support new vaccine introductions, the policy introduces a 35% introductory co-financing cap for countries in PT and AT.<sup>3</sup> For AT countries, the policy clarifies that Gavi will provide eight years of vaccine support for all new vaccines introduced during the transition phase, regardless of timing, provided they are procured at Gavi prices.
- 2.7 The policy now grants up to three years of co-financing waivers or partial co-financing obligations for countries facing widespread conflict or disaster. It also better clarifies that co-financing obligations do not apply in exceptional emergency or humanitarian situations where Gavi channels support through Alliance partners.
- 2.8 In 2018, the Gavi Alliance Board approved support for DTP booster and Hep B BD (birth dose) vaccines in line with standard co-financing policy rules, with the expectation that their prices would be at or below the minimum co-financing contribution of US\$ 0.20 per dose, meaning Gavi would not fund their procurement. However, by 2025, the prices have risen above this threshold, prompting a proposal by the Secretariat to apply a minimum co-financing floor of US\$ 0.20 per dose and exempt these vaccines from certain co-financing rule caps. The Gavi financial forecasts for the remainder of Gavi 5.1 and for Gavi 6.0 have been built using the assumption of a minimum co-financing floor of US\$ 0.20 per dose, to be confirmed by the Gavi Board.
- 2.9 The PPC agreed with this proposal and recommended that the co-financing policy be revised to apply a minimum co-financing floor of US\$ 0.20 per dose

<sup>2</sup> Additionally, the Board approved in December 2024 that countries re-entering PT or ISF that are fully financing their vaccines would receive in 2026 a one-time downward adjustment of co-financing to 80% for the fully self-financed vaccines programmes.

<sup>3</sup> This does not include Measles/Measles Rubella (MR) which has a Board approved Strategy.

for all new vaccine introductions<sup>4</sup>. As Gavi eligible countries in the initial self-financing phase (ISF) are required to pay US\$ 0.20 per dose<sup>5</sup>, this revision would ensure that countries in the preparatory transition phase (PT) and accelerated transition phase (AT) do not pay less than ISF countries for these vaccines. It also means that new vaccine introductions should be exempt from the new cofinancing rule that stipulates a 35% co-financing share cap for new vaccine introductions in PT and AT, as well as the 80% co-financing share cap for PT countries.

- 2.10 In addition, the PPC highlighted the uniqueness of the Gavi model with its clear transition phases and co-financing requirements. The Committee proposed further edits to the Co-financing Policy document to clarify: i) the application of the grace year for countries entering accelerated transition; and ii) the approach if a country were to move from accelerated transition back to initial self-financing. These edits are reflected in the updated Co-financing Policy included as Annex B.

#### Health systems and immunisation strengthening (HSIS Policy)

- 2.11 The revised HSIS policy aims to streamline processes, increase flexibility and enable aligned programming and planning in line with the Lusaka agenda, by consolidating eight funding levers<sup>6</sup> into one consolidated HSIS cash grant. The policy encourages countries to develop single holistic applications that integrate health systems strengthening activities, reaching zero dose children, planning measles/measles rubella (M/MR) follow-up campaigns, vaccine introductions and switches, and in-country technical assistance, as well as planned preventive campaigns in the first two years of the strategic period.
- 2.12 The HSIS Policy also reflects Board-approved guardrails to protect key investments, including a 10% minimum allocation for Civil Society Organisations (CSOs), a needs-based allocation for Cold Chain Equipment (CCE), and a guardrail for measles/measles-rubella (M/MR) follow-up campaigns (see Section 3).
- 2.13 A new allocation methodology for countries in ISF, PT and AT is introduced. Funding is distributed through an updated allocation formula for core HSS support<sup>7</sup> and Gavi 6.0 forecasts for vaccine introductions, switches and M/MR follow up campaigns. The Board-approved allocation formula increases sensitivity to a country's ability to pay by raising the weight for the GNI per capita indicator from 25% to 50%. The remaining 50% is distributed between

<sup>4</sup> Applying the minimum co-financing floor of US\$ 0.20 per dose to all new vaccine introductions in PT and AT will lead to a very marginal increase in co-financing (\$32,000) for forecasted Japanese encephalitis vaccine introductions in 6.0.

<sup>5</sup> The Board approved in December 2024 an exception for the HPV and PCV programmes, with cofinancing in ISF countries set at respectively 4% and 7% of vaccines costs.

<sup>6</sup> i) Health Systems Strengthening (HSS); ii) Equity Accelerator Funding (EAF); iii) operational support for predictable campaigns; iv) Vaccine Introduction Grants (VIGs); v) predictable switch grants; vi) Innovation Top-Up; vii) Cold Chain Equipment Optimisation Platform (CCEOP) and (viii) the Partnership Engagement Framework (PEF) Targeted Country Assistance (TCA).

<sup>7</sup> Formerly HSS, EAF, CCEOP, and Innovation Top-up and TCA

performance indicators: number of children missing DTP1, DTP3 and MCV2. A 10% multiplier is applied to countries classified as facing chronic fragility to account for higher costs and delivery challenges. It should be noted that the Board decision on Gavi's Fragile and Humanitarian Approach (Doc 10) could mean that the overall allocation of funds to countries in Gavi 6.0 is weighted towards fragile and conflict countries.

- 2.14 The revised HSIS policy outlines Gavi's programmatic support in the Catalytic phase, which is needs-based, time-limited and not subject to a country ceiling. Eligibility criteria are detailed in the Eligibility and Transition Policy and in the Funding Framework. Support for Fragile MICs, per the third objective of the Catalytic Phase, will be harmonised with the broader Gavi Fragile and Humanitarian Approach (Doc 10).

### **3. Remaining HSIS policy proposals for Board approval**

- 3.1 In December 2024, the Board approved the development of a third guardrail for Measles/Measles-Rubella (M/MR) follow-up campaigns and endorsed a programmatic approach to sustainability, with additional policy options to be developed for routine operational costs and cold chain joint investment. An update summarising these developments is included below.

#### (i) Guardrails for measles/measles-rubella follow-up campaigns

- 3.2 Well-timed, quality M/MR follow-up campaigns, as recommended by WHO are critical to closing immunity gaps and preventing outbreaks, particularly in countries with low routine immunisation coverage. To ensure sustained and timely funding for these campaigns, a guardrail within the consolidated envelope, requires countries to allocate funds for implementation within a defined range – minimum and maximum dollar values – that will be communicated by Gavi to reduce the risk of under- or overspending within the consolidated envelope but facilitating campaign planning. The finalisation of country-specific guardrail limits is closely linked to the ongoing update of funding threshold levels for preventive campaigns, which will be completed following potential recalibration of Gavi 6.0 priorities post-replenishment.

#### (ii) Gavi's approach to programmatic sustainability: routine operational costs

- 3.3 Gavi's sustainability goal is to ensure that countries can independently sustain their immunisation programmes by the time they transition out of Gavi support. While most countries successfully scale-up financing for vaccine procurement, some remain reliant on Gavi or other donors to cover key programmatic operational costs.
- 3.4 During Gavi 6.0, a targeted approach to funding routine operational costs is proposed during the PT and AT phases through the identification of specific cost categories that pose the highest risk to sustainability and are significant cost drivers. The Secretariat proposes to limit funding for these specified cost categories starting in PT and into AT with a gradual decline in support over time. Limits in support would be introduced as thresholds for specific cost categories



or as exceptions for time-limited activities, without requirement for evidence of these costs being absorbed by domestic financing given the difficulties in tracking expenditure at country level. As part of the implementation of the policy, Gavi may offer short-term flexibility to ensure the uninterrupted delivery of immunisation services and to address critical programme capacity gaps for sustainability (e.g. additional technical assistance). Gavi will prioritise early communication of these policy changes for countries in PT and AT at the onset of Gavi 6.0.

(iii) Cold Chain Country Joint Investment:

- 3.5 The revised HSIS policy retains Country Joint Investment (CJI) for cold chain equipment and enhances the model to better align with vaccine co-financing through coordinated advocacy and planning. It also aligns joint investment waivers in accordance with the Fragility, Emergencies and Displaced Populations (FED) policy and the specific conditions outlined in the co-financing policy.
- 3.6 The policy lowers CJI requirements: ISF – 10% (down from 20%), PT 20% (down from 50%) and AT – 35% (down from 50% to align with the starting vaccine co-financing rate), and offers flexible payment schedules as alternatives to the current lump sum payments at the time of procurement.<sup>8</sup> Different models to operationalise split payments including risk mitigation strategies are currently being explored with partners. The Secretariat is exploring the best approach to apply consequences, including options to withhold cash disbursements or to deduct at least the amount of the missing CJI contribution from a country's HSIS grant. If feasible, these may be reflected in the policy alongside the updates post-replenishment.
- 3.7 In December 2024, the Board recommended exploring in-kind alternatives for CJI contributions, such as proof of CCE maintenance, decommissioning, and remote-temperature monitoring subscriptions. However, extensive consultations revealed significant challenges in verification, risk of unequal and inconsistent implementation, high potential for misuse, and additional capacity required by partners and the Secretariat to track and monitor these at the country level. **Given these challenges and the proposed enhancements to the model facilitating domestic funds towards CCE, the Secretariat proposes that the Board approve the Gavi 6.0 enhanced CJI model without in-kind alternatives.**
- 3.8 The PPC was supportive of the additional policy options included in the HSIS policy. It noted that in-kind contributions of cold chain equipment were not included and requested that this be highlighted to the Board. The Secretariat

<sup>8</sup> Countries can meet their CJI obligations through different modalities, including contributing the lump sum payment at the time of procurement of Gavi-funded CCE (status quo), committing to regular payments post-procurement of Gavi-funded CCE, or through separate, verified procurement of other non-Gavi funded CCE that is eligible for procurement through UNICEF. The CJI approach chosen by a country, and timelines for payment will be evaluated by IRC at the application approval stage.

would monitor market risks emerging from the CJI requirement without in-kind alternatives and revert to the Board if the policy needed adjustment.

#### **4. Next steps for FPR**

- 4.1 The approved policies will take effect in January 2026. The next steps are part of the broader plan to roll out Gavi 6.0 (incl. grant management reform) as described in Doc 09, including the development of Programme Funding Guidelines.
- 4.2 Any potential recalibration of Gavi 6.0 priorities by the Board after the Global Summit could lead to adjustments to the revised policies. Specific details of the HSIS policy will be submitted to the PPC in October 2025 and the Board in December 2025 for decision along with an updated policy document. These details include: a) nominal caps and floors for the HSIS grant, and b) on programmatic sustainability, eligibility thresholds for countries nearing transition and level of consequence for non-payment of CJI.

### **Annexes and Appendices**

**Annex A:** Eligibility and Transition Policy

**Annex B:** Co-financing Policy

**Annex C:** Health Systems and Immunisation Strengthening Policy

**Annex D:** Funding Framework

**Annex E:** Implications and Anticipated impact

**Annex F:** Integration of Board decisions (Dec 2024) into ELTRACO policies