

CO-FINANCING POLICY REVISION

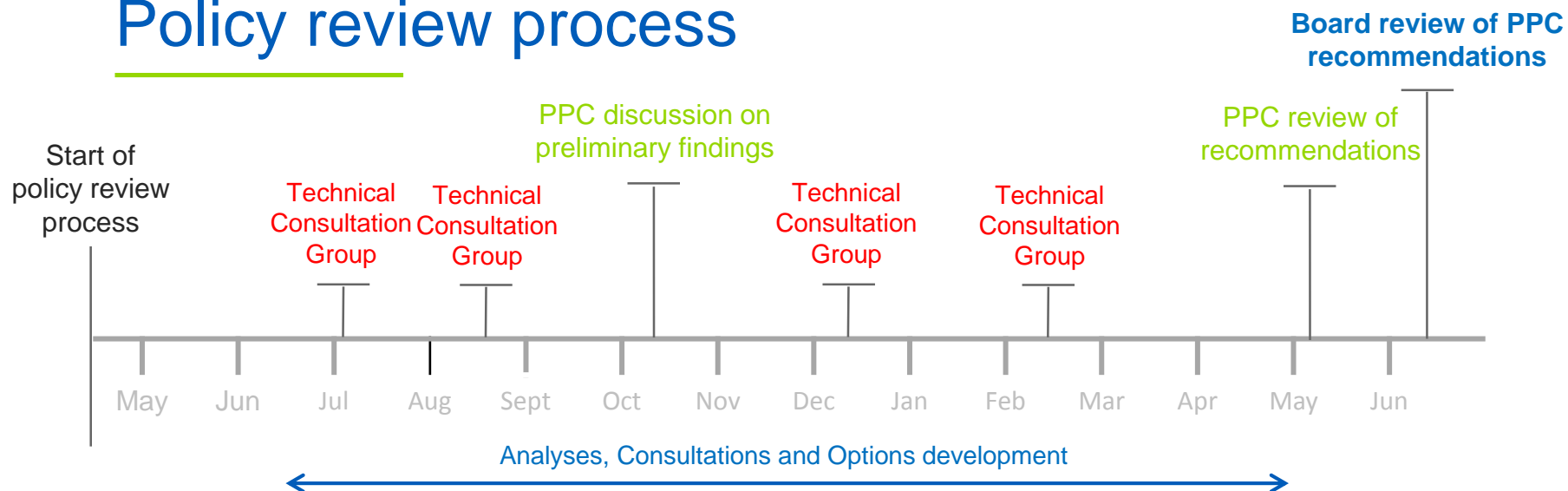
BOARD MEETING

Santiago Cornejo,
Judith Kallenberg & Aurelia Nguyen
10-11 June 2015, Geneva



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Policy review process



Analyses:

Policy implications 2016-2020 and beyond

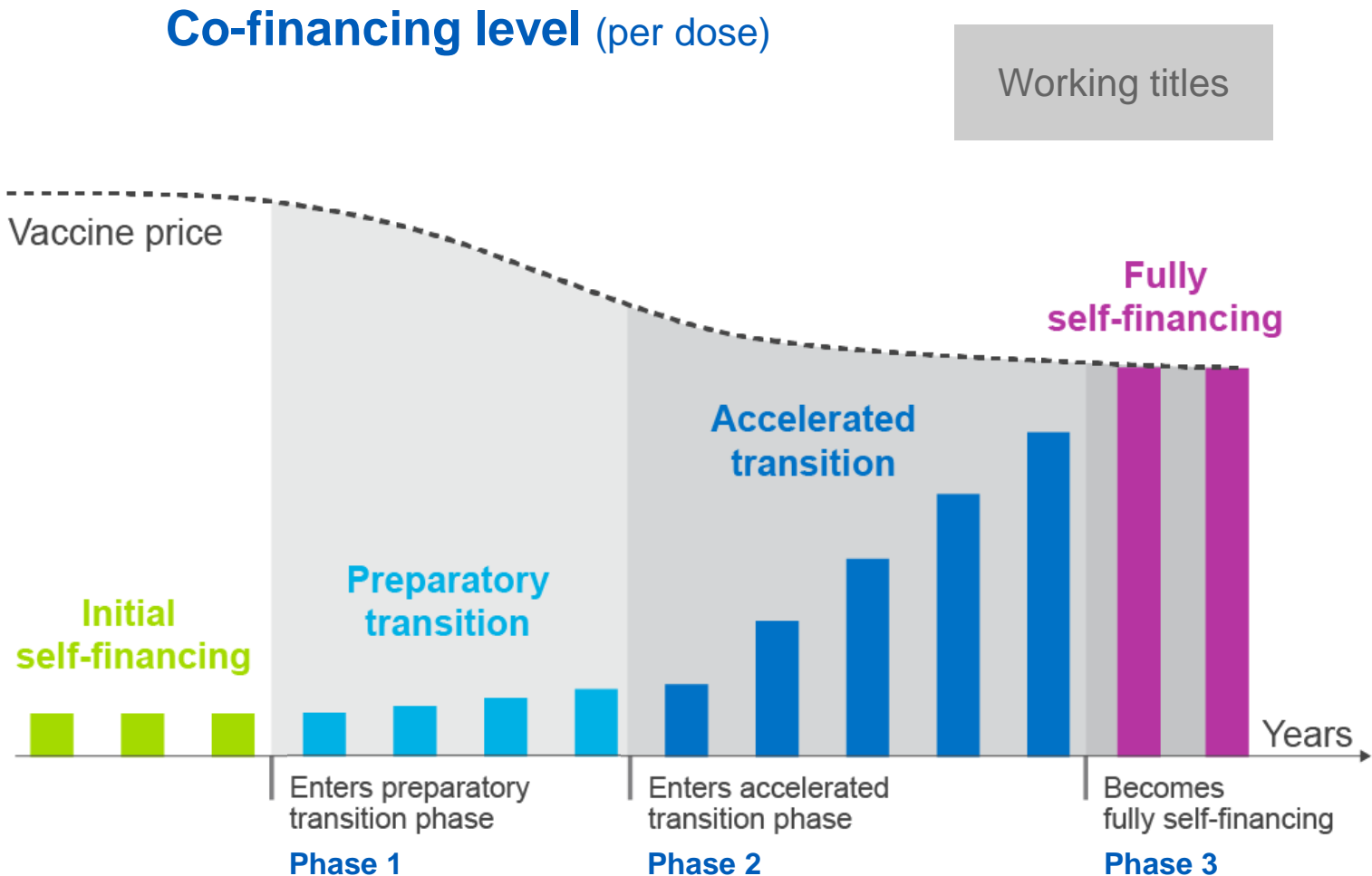
- (projected) economic growth, graduation dates, Gavi support
- cost to countries, cost to Gavi
- fiscal implications for countries
- health impact and risks
- independent evaluation

Consultations:

Experts and stakeholders

- technical Consultation Group
- constituencies
- countries
- public (web) consultation
- health / development economists and other relevant experts
- industry and Supply Division

Current co-financing policy



Summary of main findings of policy review

The independent evaluation found that the co-financing policy is an innovative mechanism in global health that contributes to country ownership of vaccine financing and sustainability of vaccines

- **The policy is understood by countries and working well**

Projected co-financing levels for Phase 1 countries should be affordable but some low income countries will face challenges

An increasing number of countries defaulting

- **Financing is not the main driver for defaults and a “vicious cycle of default”**

Inconsistent application of co-financing to different vaccines

Summary of main recommendations for the co-financing policy

The co-financing policy should maintain its key components

- Keeping the same three country groupings based on GNI and co-financing levels, apart from the recommendations to strengthen transitions

Adjust default mechanism to introduce payment plan:

- Aim to avoid “vicious cycle of default”
- Payment of current year and 1st tranche of arrears
- Agreement of schedule for remaining arrears

Link co-financing to vaccine prices for Phase 1 countries to:

- Support countries in making holistic decisions on presentation choices
- Increase transparency through higher country awareness of fiscal implications of presentation choices

Linking co-financing to prices for phase 1 countries

The proposed design was reviewed and is feasible to implement

- Easy move from Phase 1 to Phase 2 by using the same design to calculate co-financing
- Smooth policy change with no abrupt changes or increase in co-financing
- Country switches will be aligned to Gavi procedures and tender cycles
- In cases where country product preferences cannot be satisfied in the short term, the country's co-financing contribution will be based on its preferred presentation and Gavi will cover any difference in costs

The implementation will require intensive communication at country of the implications of vaccine choices

- Vaccine choices have implications beyond price

Recommendation

The PPC recommended that the Board:

- Approve the Gavi Co-financing Policy attached as Annex A to Doc 05

Further to PPC requested consultations with UNICEF it is recommended that the Policy include the principle that **countries' co-financing contributions will be based on their preferred presentation even if that is not available in the short-term.**

THANK YOU



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