Subject	**Future of Gavi's Eligibility, Co-financing and Transition Model and Middle-Income Countries Approach**
Agenda item	**06a**
Category	**For Guidance**

Executive Summary

This report provides an overview of the key shifts considered for the enhanced eligibility, transition, and co-financing model (ELTRACO), and the Middle-Income Countries (MICs) approach in Gavi 6.0. Gavi's ELTRACO model is widely regarded as a success story, with nineteen countries having transitioned out of Gavi support to date. In response to the evolving context marked by a challenging macro-economic outlook, growing risks of unsuccessful transition of a subset of countries, and growing inequities in access to immunisation in lower middle-income countries, the Board as part of the design of Gavi 6.0[1] has explored opportunities to improve Gavi's approach to building programmatic and financial sustainability of immunisation programmes in the next strategic period. It provided guidance that successful transitions should remain a cornerstone of the Gavi model in the next strategic period and beyond, and therefore to significantly enhance the current ELTRACO model and MICs approach. The enhanced model introduces six main shifts to mitigate the risks of countries defaulting on their co-financing obligations; to slow down the acceleration of co-financing obligations[2] in Gavi-eligible countries; and to ensure successful transitions. The current MICs approach becomes the new post-transition Catalytic phase of the ELTRACO model to improve immunisation outcomes in a subset of Former- and Never-Gavi-eligible countries. Lastly, a learning agenda is developed to test some elements of a transition by vaccine model. At its May 2024 meeting, the Programme and Policy Committee (PPC) largely supported and further concretised the general 'direction of travel' from the Board discussions, pending further detailed design deliberations as part of the upcoming Funding Policy Review (FPR), in particular on updating Gavi's eligibility indicators and threshold in Gavi 6.0.

Action Requested of the Board

The Gavi Alliance Board is requested to:

a) **Provide guidance** on the additional recommendations provided by the Gavi Alliance Programme and Policy Committee in May 2024 as an input into the Funding Policy Review.

[1] The future ELTRACO model and MICs approach in Gavi 6.0 have been an integral part of the Board's deliberations on Gavi 6.0, including through, a 'virtual Board/PPC mini workshop' in October 2023, a Board/PPC Technical Briefing in November 2023, a Gavi 6.0 costing deep dive in April 2024 and the Board retreats in December 2023 and April 2024. In addition, an informal Gavi 6.0 Board Task Team was established to shepherd the development of the ELTRACO/MICs approach from January to March 2024.
[2] Co-financing in this document refers to co-financed and fully self-financed Gavi vaccines programmes by Gavi-eligible countries, providing an overview of overall country financing.

b) **Provide guidance** on the key questions to be explored during the Funding Policy Review.

Next steps/timeline

The key policy changes of the revised ELTRACO model including the new 'Catalytic phase' will be further detailed as part of the Funding Policy Review. These will be brought to the PPC and Board for decision in the second half of 2024, with the final policies following in the first half of 2025.

Previous Board Committee or Board deliberations related to this topic

In May 2024 PPC folder: Doc 10a *Future of Gavi's Eligibility, Co-financing and Transition Model and Middle-Income Countries Approach*

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* and Doc 11b *Funding Policy Review: Eligibility and Transition Policy and Co-Financing Policy*

In June 2022 Board meeting book: Doc 09 *Gavi's Approach to Engagement with Former and Never-Eligible Middle-Income Countries (MICS)*

Report

1. Gavi's 5.0/5.1 eligibility, transition, and co-financing model (ELTRACO) and Middle-Income Countries (MICs) approach and existing challenges

1.1 **As a cornerstone of Gavi's model, Gavi's support aims to ensure that countries can independently sustain high immunisation coverage and ensure equal access to life-saving vaccines.** To achieve this, Gavi has pioneered a successful approach to sustainability with its Eligibility, Transition, and Co-financing policies, which form the 'ELTRACO model.' This model has worked well to drive domestic public resource allocation towards immunisation, thus fostering sustainability. More than nineteen countries have successfully transitioned out of Gavi support to date. In Gavi 5.0 (2022), the Board also approved a new Middle-Income Countries (MICs) approach, i.e., catalytic timebound support to a subset of Former- and Never-Gavi-eligible countries facing immunisation-related challenges. The current ELTRACO model and MICs approach, which are at the core of Gavi's approach to sustainability, are described in Annex A.

1.2 **As part of the design of Gavi 6.0, the Board reviewed an in-depth diagnostic** that revealed challenges (e.g. rapidly increasing co-financing levels for countries) across key aspects of the ELTRACO and MICs model, which could undermine Gavi's core objectives of health impact, equity, sustainability, and market shaping. These challenges are examined in Annex A.

2. Three options considered for the new ELTRACO/MICs model in Gavi 6.0 to ensure it remains fit for purpose

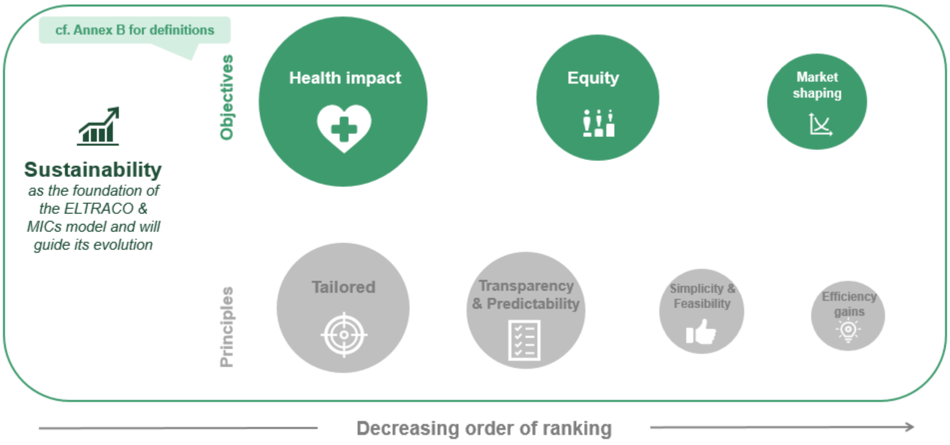
2.1 **During the April 2024 Retreat, Board members discussed a prioritised set of objectives and principles for the ELTRACO/MICs model for Gavi 6.0** as detailed in Figure 1 and Annex B, emphasising that successful transitions should remain a cornerstone of the Gavi model in the next strategic period and beyond.[3] Based on an assessment against the objectives and principles, Board members confirmed the preferred option (the **'enhanced model'**) put forward by an informal Board Task Team for implementation in Gavi 6.0 among the three options considered. Other options discarded proposed a new model based on a 'transition by vaccine,' where Gavi's level of support would vary depending on the vaccine programme considered. The transition by vaccine model would include differentiated transition paths for vaccine tiers defined either based on outcome-related parameters (e.g. health impact) [option 1] or countries' self-allocation [option 2]. These options aimed to address the challenges posed by Gavi's growing vaccine portfolio and constrained

Note: Sources of evidence used for this report include Gavi's internal data and analyses as well as consultations with countries and other relevant stakeholders

[3] The Board deliberations have been informed by an extensive consultation process with Gavi-eligible countries, Former- and Never-Gavi eligible countries, Alliance partners (e.g. through the Alliance Technical Team (ATT)), and the Global Health community at large. Moreover, an informal Gavi 6.0 Board Task Team was established in January 2024 to shepherd the development and provide recommendations on the new ELTRACO model and MICs approach for the April 2024 Board Retreat.

resources in Gavi 6.0. The preferred option proposed an enhanced ELTRACO/MICs model, retaining the core elements of the current policy, while revising existing and adding new features to better meet country needs. All three options proposed to mainstream the MICs approach into the Gavi's core model, while preserving a differentiated approach. The options based on transition by vaccine were assessed as adding significant complexity to the model, with concerns about sustainability, equity and market shaping objectives for limited gains. Conversely, the enhanced model was assessed as being more in line with the objectives and principles set out by the Board.

Figure 1: Overview of core objectives and principles for the ELTRACO and MICs model



2.2 **The enhanced model preferred by the Board consists of three components:** i) six targeted shifts to slow the acceleration of countries' co-financing obligations in Gavi 6.0, further differentiate co-financing rules for fragile countries facing humanitarian crisis, and reduce the risk of unsuccessful transitions; ii) a new Catalytic post-transition phase to improve immunisation outcomes in a subset of Former and Never-Gavi-eligible countries (ex-'MICs approach'); and iii) a learning agenda to test some elements of the transition by vaccine model in Gavi 6.0. The enhanced model aims to ensure that Gavi's ELTRACO/MICs model remains fit-for-purpose, continuing to deliver on financial and programmatic sustainability and the other objectives by addressing affordability challenges in a fiscally constrained environment and challenges of programmatic readiness to transition. Financial implications would range from US$ 500 to US$ 700 million for Gavi, comprising of US$ 250- 450 million for the ELTRACO model[4] vs. an unchanged model in Gavi 6.0 and US$ 250 million for the Catalytic phase.

2.3 **At its May 2024 meeting, the PPC largely supported and further concretised the general 'direction of travel' from the Board discussions**, pending further detailed design deliberations as part of the upcoming Funding Policy Review (FPR). The PPC recommended that the FPR should pressure test the model's ability to address the affordability challenges of countries in

[4] This includes about US$ 195 -395 million to slow the acceleration of countries' co-financing obligations in Gavi 6.0, with the remainder enhancing programmatic sustainability.

Gavi 6.0 and put a particular focus on the future eligibility indicators and threshold while also being cognisant of Gavi's ability to finance the model. It emphasised that successful transitions should remain a cornerstone of the Gavi model.

3. The proposed shifts of the 'significantly enhanced ELTRACO/MICs model' and potential design choices (as per Board guidance, concretised by the PPC)

3.1 **Overview of the six proposed shifts for Gavi-eligible countries under the enhanced ELTRACO model**

3.1.1 **Introducing price sensitivity for Initial-Self Financing (ISF) countries**: The co-financing obligation for ISF countries is currently set at a constant price of twenty cents per dose for all vaccine products, which has resulted in limited vaccine price sensitivity for countries. Under this shift, ISF countries would move from co-financing based on a fixed price per dose to co-financing based on vaccine procurement cost (i.e. a price fraction). Concretely, a country's co-financing obligation would shift from US$ 0.20 to e.g. 10% a dose. This change links countries' co-financing obligations to vaccine prices. It is expected to encourage more price-aware procurement practices from countries, allowing them to optimise their vaccine portfolio, and contributing to improving market health in the long-term. This proposal addresses one of the identified co-financing challenges and advances the market shaping objective. The FPR will explore design choices to determine how ISF countries should move to co-financing based on vaccine procurement cost (price fraction), whether this should apply to all vaccines programmes and how the price fraction should evolve with new vaccine introductions to ensure that incentives to introduce new vaccines are maintained.

3.1.2 **Updating Gavi's eligibility threshold (impact on preparatory and accelerated transition countries, as well as some former-Gavi countries).** Gavi's eligibility threshold, set at US$ 1,810 Gross National Income (GNI) per capita in 2024, is considered to no longer accurately reflect a country's ability to pay for their vaccines. Countries in accelerated transition are now facing greater economic challenges than previous cohorts, including slower economic growth and lower average level of GNI per capita, which undermines their ability to fulfil their co-financing obligations. Additionally, Gavi's eligibility threshold having remained constant in real terms fails to account for the rising costs associated with expanding vaccine portfolios. With this shift, Gavi's eligibility threshold would be updated to better reflect a country's ability to pay for its vaccine procurement costs. Such a shift impacts countries' transition pathways and eligibility. It defers the transition out of Gavi support for a subset of countries in preparatory and accelerated transition, while enabling a subset of Former-Gavi eligible countries to regain eligibility (see Annex C). It addresses most of the eligibility, transition, and co-financing challenges identified, as well as some of the challenges faced by Former-Gavi-eligible countries. Ultimately, it advances the sustainability and health impact objectives, the extent to which depends on the design choices made.

At the April 2024 Board retreat and the May 2024 PPC meeting, Board and PPC members were aligned that a country's level of co-financing should remain based on its ability to pay for vaccine costs. Most Board and PPC members indicated a preference for retaining GNI per capita as the main eligibility indicator for Gavi vaccine support as recommended by the Board task team. Some members asked that additional eligibility indicators be further considered to supplement GNI per capita, including to better reflect programmatic readiness to transition beyond ability to pay. The Secretariat clarified that programmatic transition (i.e. transition of cash support) would be 'decoupled' from transition of vaccine support, and that new indicators would be considered to address readiness for transition from a programmatic lens (see section 2.2.5). Moreover, a differentiated, longer-term approach to strengthening programmatic sustainability will be designed in the Health Systems strategy (see Doc 06b).

Board and PPC members also provided guidance to increase the GNI per capita threshold to at least US$ 2,300 GNI per capita (vs. US$ 1,810 currently). No consensus was reached by the Board on the exact new threshold, with some members expressing comfort with a US$ 2,300 GNI per capita (pc.) threshold, in particular in view of the expected financial implications for Gavi and to ensure a continuing pipeline of countries transitioning out. Most members questioned whether this increase was sufficient to address the concerns around financial sustainability of countries identified, advocating for US$ 2,500 GNI pc. They stressed that this would also serve to avoid potential further country-specific exceptions and acknowledged that the model would need to be revisited for Gavi 7.0. A subset of Board members and most PPC members also expressed support for providing vaccine financing to formerly fully self-financed programmes for countries that regain eligibility or re-enter the preparatory transition phase[5]. Building on the guidance received from the Board at its June 2024 meeting, the specifics of these design choices will be concretised and finalised as part of the FPR.

3.1.3 **Pacing co-financing increase for countries in preparatory transition (PT)**: Co-financing for countries in PT currently increases by 15% year on year. As a result, some PT countries face an exponential co-financing increase. This is particularly acute for those countries with high co-financing rates which could potentially become fully self-financing before

[5] Under the current policy, once a vaccine programme is fully self-financed, it is no longer eligible for Gavi support even when a country's GNI per capita falls under Gavi's eligibility threshold.

reaching the accelerated transition phase. The proposed shift reduces or caps co-financing increases for these countries, alleviating their co-financing burden. As part of the FPR, two choices will be considered to limit the increase in cofinancing: (i) making the pace of co-financing ramp-up linear (potentially only once a certain co-financing percentage is reached), or (ii) introducing a co-financing cap for countries in PT with a one-time downward adjustment for countries exceeding the cap.

3.1.4 **Minimum number of years of vaccine support for countries in accelerated transition (AT)**: Countries in AT are eligible to apply for new vaccine support at any point in the eight-year period but only receive support for the number of years they have left in this phase. This contributes to co-financing affordability challenges and limits countries' incentives to introduce and scale up new high impact vaccines. Under this shift, countries would receive a minimum number of years of support for any vaccine introduction made during the AT phase. As a result, AT countries would have more time to scale-up payments for the vaccines recently introduced. This shift addresses some of the transition challenges, improving the overall sustainability of the model. As part of the FPR, the number of years countries in AT would have to scale up their vaccine payments, and the vaccine programmes which should benefit from this flexibility will be explored.

3.1.5 **Decoupling the transition from vaccine and cash support for countries in accelerated transition (AT)**: Following eight years in AT, countries currently transition out of vaccine and cash support at the same time. Despite increased domestic resources for vaccines, programmatic challenges such as variable and inequitable levels of immunisation coverage and a high reliance on Gavi's health system strengthening (HSS) support for recurrent programme costs pose a risk to the successful transition of a subset of countries from a programmatic perspective. As outlined in Doc 06b, the intent of the Health Systems Strategy for Gavi 6.0 is to develop a clearer vision for how to define programmatic sustainability and to better differentiate Gavi's health systems investments as countries move through the transition phases ensuring that countries start preparing for transition at an earlier stage in their trajectory. In the long term, this should help reduce the risk of countries reaching the point of transition with major programmatic gaps. However, considering that a subset of countries in AT are facing acute programmatic risks, it is proposed to decouple the programmatic transition (i.e. transition of cash support) from the transition of vaccine support on the basis of specific programmatic indicators. This would provide additional limited, targeted cash support to countries post vaccine transition, where there is a positive enabling environment to address the challenges. The FPR will determine the eligibility criteria, indicators, and other pre-conditions to access the additional, targeted cash support (Annex D), closely aligned with the Health Systems

Strategy. The PPC recommended to consider indicators based on disease burden and number of zero dose children.

3.1.6 **Further differentiating co-financing rules for countries facing humanitarian crisis:** A subset of fragile countries is facing protracted humanitarian crises. Some of these countries need co-financing waivers year after year leading to high transaction costs, while others struggle to transition from a waiver back to the full payment of their co-financing obligations. Under this shift, countries could potentially benefit from multi-year co-financing waivers and/or a gradual co-financing ramp-up back to normalcy, depending on their context. This shift addresses one of the co-financing challenges faced by a subset of fragile countries with low ability to pay, advancing both equity and sustainability. As part of the FPR, the main design choices will be to set eligibility criteria and duration of the multi-year co-financing waivers, and options for gradual co-financing ramp up following a waiver[6].

3.2 **In the enhanced model, co-financing obligations of Gavi eligible countries would increase from US$ 1.3 billion in Gavi 5.0/5.1 to approximately US$ 1.7 – 1.9 billion in Gavi 6.0[7].** The amount reflects an increase of ~30 – 50% vs. the Gavi 5.0/5.1 strategy period, compared to ~66% with no change to the ELTRACO model. The latter increase would be driven by countries increasing their contributions in accordance with Gavi's eligibility and co-financing rules (~40-50%) and by new vaccine introductions, expanded vaccine coverage of existing programmes and vaccine programmes becoming fully self-financed (~ 50-60%).

3.3 **The financial implications for the enhanced model would range from approximately US$ 500 to US$ 700 million for Gavi in the 6.0 period,** including approximately US$ 250 - 450 million for the ELTRACO shifts[8] vs. no change to the model and approximately US$ 250 million for the Catalytic phase. The range for the ELTRACO shifts caters for an eligibility threshold of US$ 2,300 GNI p.c. (at the lower end of the range) and an eligibility threshold of US$ 2,500 GNI p.c. including a revision of the co-financing rule for fully self-financed programmes for countries regaining eligibility or re-entering the preparatory transition phase (at the upper end of the range). Final financial

[6] The FPR will also be the opportunity to review the operationalisation of the existing co-financing adjustments approved in 2022 for countries facing fiscal crisis.

[7] This relates only to country financing for Gavi programmes until countries transition out of Gavi support in Gavi 6.0. It does not account for the domestic funding countries will continue to allocate to Gavi programmes once they transition out of Gavi support. Lower range refers to a GNI p.c. eligibility threshold of US$ 2,500 including additional vaccine support if the co-financing rule for formerly fully self-financed programmes is revised for countries regaining eligibility or re-entering the preparatory transition phase, and upper range refers to a GNI p.c. eligibility threshold of US$ 2,300.

[8] A mid-range point of US$ 350 million is used for the indicative, strategic Gavi 6.0 cost estimate. This includes approximately US$ 195 million (at a GNI pc. eligibility threshold of US$ 2,300) to US$ 395 million (at a GNI pc. threshold of US$ 2,500 including a revision of the co-financing rule for fully self-financed programmes for countries regaining eligibility or re-entering the preparatory transition phase) with the remainder for enhancing programmatic sustainability.

implications will depend on the level of ambition for the aforementioned shifts to be concretised as part of the FPR.

3.4 **The proposed evolution of the MICs approach: the new 'Catalytic phase'**

3.4.1 **Considering the growing inequities in access to immunisation in lower middle-income countries, as well as upcoming vaccines with significant health impact in MICs,** the Board and PPC confirmed that targeted catalytic support to a subset of Former- and Never-Gavi eligible countries remains necessary in Gavi 6.0 to enhance immunisation outcomes, and to protect the gains made (see Annex E). **In the new model, the MICs approach would become the 'Catalytic phase,' with overall indicative financial implications of US$ 250 million for Gavi 6.0.**

3.4.2 **The Catalytic phase mainstreams the current MICs approach into the ELTRACO model**. This phase articulates support for Former- and Never-Gavi-eligible countries within the transition continuum, reinforcing the targeted and needs-based principles, and the three objectives of the MICs approach: (1) driving the sustainable introduction of key missing vaccines; (2) preventing and mitigating backsliding of routine immunisation; and (3) ensuring support for fragile countries. At its April 2024 retreat/its May 2024 meeting, Board and PPC members were supportive of these three objectives and associated levers of support described below, which integrate lessons learnt from the implementation of the MICs approach in Gavi 5.1 (Annex E). Eligibility rules would be set as follows: Former and Never-Gavi-eligible countries that are either classified by the World Bank as lower middle-income countries (i.e. GNI per capita is below US$ 4,465) or eligible to borrow from the International Development Association (IDA) are eligible for the Catalytic phase[9]. Support under the Catalytic phase remains needs-based with stringent, rules-based application criteria, and review, approval, and monitoring processes, to be further defined as part of the FPR.

3.4.3 **The first and main objective of the Catalytic phase would be to drive the sustainable introduction of key missing vaccines,** focusing on vaccines with significant impact in eligible countries, prioritised by disease burden. Several levers would support this objective. First, country-level catalysers, including vaccine catalytic funding for 50% of the first birth cohort, one-off operational costs, and technical assistance would support the national or subnational introductions of high impact vaccines, such as human papillomavirus, pneumococcal conjugate, rotavirus, malaria, dengue, and tuberculosis vaccines. Gavi would seek new partnerships with other funders to further unlock new vaccine introductions and amplify support. Second, support would be provided to facilitate access to pooled procurement mechanisms including the

[9] This includes Small Island Developing States

MICs Financing Facility (MFF) managed by UNICEF and support sustainable access and pricing. The Board and PPC emphasised the importance of this lever. Finally, multi-country technical assistance would be provided to selected regions with new vaccine introductions in the pipeline, to support with evidence-based decision making, development of introduction strategies, demand generation and strengthening of institutional capacity (e.g., national immunisation technical advisory groups). This support would be more limited, targeted and results-based than for Gavi-eligible countries. As per the Board's and PPC's guidance, Former and Never Gavi-eligible countries would be eligible to support under this objective.

3.4.4 **The second objective would be to prevent and mitigate backsliding of routine immunisation.** As per the Board's guidance, select Former-Gavi countries would receive support in the form of targeted interventions, which comprise limited cash support for targeted immunisation-related improvements and/or technical assistance, allowing tailoring to country context. Depending on the final allocation of funds, Gavi would provide support to a prioritised number of Former-Gavi-eligible countries with the most critical needs. Selection criteria would be based on programmatic needs as determined by programmatic indicators such as DTP1 and DTP3 coverage and trends, among others. Monitoring and disbursement would be performance-based. Funding for targeted interventions will be leveraged through partnerships with Multilateral Development Banks, aiming to embed immunisation into integrated Primary Health Care programmes. The PPC provided further guidance that for Never-Gavi eligible countries support for objective two would be limited to access to global and regional public goods, for instance, access to pooled procurement mechanisms and multi-country technical assistance or peer learning. Never Gavi-eligible countries would not be eligible to targeted interventions at county level.

3.4.5 **Finally, fragility support is retained (objective three).** There was no consensus on the scope of countries supported, in particular whether Never-Gavi eligible countries should be in scope. The fragility support will be detailed and harmonised with the rules from the Gavi Fragility, Emergencies and Displaced Populations (FED) policy and the approach to fragile and conflict countries in Gavi 6.0 when further developed in the second half of 2024 and first half of 2025. This will include an exploration of the feasibility of support within the funding envelope for the Catalytic phase.

3.4.6 **The levers of support and scope of countries supported for each lever, which will be further concretised through the FPR.**

3.5 **The learning agenda in Gavi 6.0**. This agenda will test the elements of the transition by vaccine model that could address some of the challenges identified, including the possibility of differentiating initial co-financing levels for new vaccine introductions based on outcome-related parameters such as health impact or cost-effectiveness in a few pilot countries; and the possibility of early transition out of specific vaccine programmes such as the pentavalent vaccine. The learning agenda will be further detailed as part of the FPR.

Annexes

Annex A: Overview of the existing ELTRACO model and MICs approach, including main challenges

Annex B: Definition of Gavi's objectives and principles for the enhanced ELTRACO and MICs model

Annex C: Overview of the impact of different eligibility thresholds on countries' eligibility status and transition pathways

Annex D: Overview of potential indicators for decoupling cash from vaccine support

Annex E: Preliminary lessons learnt from the implementation of the MICs Approach