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Subject	Funding Policy Review
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Agenda item	06b
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Category	For Information
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### Executive Summary

This paper provides an introduction to the review of Gavi's core funding policies, namely the: a) Eligibility and Transition Policy; b) Co-Financing Policy (both policies together are known by the acronym ELTRACO), and the c) Health Systems and Immunisation Strengthening (HSIS) Policy. The **Funding Policy Review (FPR)** proposes changes to programmatic policies needed to deliver on the Gavi 6.0 strategy (incl. the proposed new Health Systems Strategy), providing important inputs into the new end-to-end grants management approach (EVOLVE) and other changes to the Secretariat operating model in 6.0. The policy options outlined in Docs 06bi and 06bii have been reviewed and recommended for approval by the Programme and Policy Committee (PPC); and were informed by guidance from an FPR Task Team with representatives from the PPC and Board, and consultations with countries, civil society organisations (CSOs) and vaccine manufacturers. Technical guidance from Alliance partners was provided through an Alliance Technical Team for the ELTRACO policies and a Technical Advisory Group for the HSIS Policy.

### Action Requested of the Board

This report is for information only.

### Next steps/timeline

At its December 2024 meeting, the Board will review policy options based on recommendations from the PPC. Approved options will be incorporated into revised policies submitted to the PPC and Board in May and June 2025, respectively.

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

See Docs 06bi and 06bii for complete lists.

## 1. Objectives and context

- 1.1 In June 2024, the Board approved the Alliance's new 2026-2030 strategy (Gavi 6.0). The Funding Policy Review (FPR) addresses the policy changes required to deliver on Gavi 6.0 (incl. the proposed new Health Systems Strategy), providing important inputs into the new end-to-end grants management approach (EVOLVE) and other changes to the Secretariat operating model in 6.0 (Doc 06).
- 1.2 The funding policies define country eligibility for funding and the scope of Gavi's financial support. They are:
  - a) **Eligibility and Transition Policy:** the criteria to determine which countries are eligible for different forms of Gavi support;
  - b) **Co-Financing Policy:** defining countries' contributions to vaccine costs; and
  - c) **Health System and Immunisation Strengthening (HSIS) Policy:** support for health systems, cold chain equipment, and vaccine implementation.
- 1.3 The former Middle-Income Country (MICs) Approach, renamed the **Catalytic Phase**, is now incorporated into the FPR to integrate this approach into Gavi's core funding model.
- 1.4 The FPR aims to simplify and streamline these policies to align them with the goals and objectives of the Gavi 6.0 strategy. It seeks to harmonise the different policies' levers, providing a holistic view across interdependencies, addressing distortions, reducing transaction costs, and aligning objectives. The FPR has three phases:
  - **Phase 1: Strategy development** that culminated in June 2024 and built on the Gavi 6.0 strategy development process in defining problem statements, objectives and key shifts;
  - **Phase 2: Policy option development** (*current phase until December 2024*), that presents proposals to address the problem statements (Figure 1) for Board approval; and
  - **Phase 3: Policy development**, reflecting Board decisions, updated and aligned policy documents drafted in consultation with partners and submitted to the PPC in May 2024 and to the Board in June 2025.

Figure 1: Summary of problem statements to be addressed in Funding Policies (presented to the Gavi Board in June 2024)

	Main diagnostic elements
Eligibility	<ul style="list-style-type: none"> <li>Gavi's current eligibility and transition criteria (GNI p.c.) may no longer consistently reflect a <b>country's ability to pay or commitment to invest in their health systems</b>. In the face of harsher macroeconomic conditions and budgetary prospects, countries may struggle to transition through each phase</li> <li><b>Support is not sufficiently tailored for the diversity of countries'</b> financial and programmatic needs, with most countries being currently eligible for all of Gavi's support levers or none</li> </ul>
Co-financing	<ul style="list-style-type: none"> <li>A subset of <b>countries, especially in preparatory transition and accelerated transition, are facing challenges with co-financing affordability</b> given rapidly increasing levels of co-financing in a context of stagnant or deteriorating macroeconomic climate</li> <li>The current co-financing model policy may lead to unfavorable demand dynamics and market shaping consequences <b>due to lack of or limited price sensitivity (most acute for initial self-financing countries)</b></li> </ul>
Transition	<ul style="list-style-type: none"> <li>Programmatic challenges including variable and inequitable levels of immunisation coverage <b>pose a risk to the successful transition</b> of countries in accelerated transition. This is particularly challenging for countries who are transitioning out of Gavi support with <b>larger and more complex vaccine portfolios</b></li> </ul>
MICs approach	<ul style="list-style-type: none"> <li>A subset of Former- and Never Gavi-eligible countries continue to face <b>significant immunisation-related challenges, including backsliding in routine coverage, large zero dose populations, and low breadth of protection</b>. The number of fragile Former and Never Gavi-eligible countries requiring tailored support may expand in 6.0</li> <li>A subset of Former and Never Gavi-eligible countries could <b>miss vaccine introductions of upcoming vaccines with significant health impact in these countries (i.e. TB)</b></li> </ul>
Resourcing	<ul style="list-style-type: none"> <li>Gavi's policies provide limited incentives to <b>prioritise limited resources toward the most cost-effective vaccine programmes and products</b>. The current global economic conditions, marked by potential reductions in donor spending, pose a significant risk for Gavi in <b>sustaining its current expenditure on an expanding portfolio of vaccines</b></li> </ul>
Health Systems Strengthening	<ul style="list-style-type: none"> <li><b>Consolidation of funding levers:</b> Gavi has over 30 funding levers of which at least 8 are for Health Systems Strengthening, leading to fragmented, complex, and challenging grant management for countries, Alliance partners, and the Gavi Secretariat.</li> <li><b>Allocation formula:</b> The allocation formula does not adequately reflect the goals of Gavi 6.0 Strategy and the draft Health Systems Strategy particularly for the needs of children beyond the infant platform, differentiated support for fragile countries, and greater focus on programmatic sustainability. It also does not account for the requirements of a consolidated grant, such as vaccine introductions and supplementary immunisation activities and guardrails to safeguard specific investments.</li> <li><b>Programmatic sustainability:</b> Current HSIS policy does not enable/require evidence of country commitment to sustainable transition. Transitioning countries often have varying capacity and financial resources committed for immunisation. Delays in securing domestic or donor funds for cold chain joint investment are causing significant delays in meeting critical cold chain equipment needs in countries and impacting market shaping efforts.</li> </ul>

## 2. Updates to the Health Systems and Immunisation Strengthening Policy. The Secretariat identified the key problem statements via:

- **Learnings from Gavi 5.0:** Through external evaluations, including the midterm evaluation of Gavi 5.0/5.1<sup>1</sup>, the operationalisation of Gavi 5.0<sup>2</sup>, and inputs into the Secretariat's EVOLVE project.
- **Aligning with Gavi 6.0 objectives and proposed new Health Systems Strategy:** Gavi's 6.0 strategy includes a stronger focus on fully immunising children beyond their first year of life, enhancing financial and programmatic sustainability, and differentiating programming to specific country segments, particularly addressing the unique needs of countries facing fragility and humanitarian contexts.

### 2.1 Doc 06bi outlines the consolidation of funding levers, how funds will be allocated to countries, guardrails to protect key investments and options to promote health systems co-investment, including joint investment for cold chain equipment.

<sup>1</sup> [www.gavi.org/programmes-impact/our-impact/evaluation-studies/mid-term-evaluation-gavis-2021-2025-strategy](https://www.gavi.org/programmes-impact/our-impact/evaluation-studies/mid-term-evaluation-gavis-2021-2025-strategy)

<sup>2</sup> The evaluation found that the number of funding levers and their accompanying sets of policies, guidance, flexibilities, application and implementation modalities create confusion for countries, Alliance partners and Gavi Secretariat country-facing staff. It recommended a reduction in the number of funding levers based on a review of potential impact, trade-offs, flexibilities and ease of management <https://www.gavi.org/our-impact/evaluation-studies/evaluation-operationalisation-gavi-strategy-policies-programmatic-guidance-funding-levers>

### 3. **Updating the Eligibility and Transition and Co-financing (ELTRACO) Policies and the Catalytic phase (formerly the MICs approach)**

3.1 During Gavi 6.0 strategy development, concerns over the future success of the ELTRACO policies and the MICs Approach were highlighted, and problem statements were developed, including unresolved issues from the 2022 FPR<sup>3</sup>. An FPR Task Team ('Task Team') was established in February 2024, meeting three times to review how to address these challenges and agreeing on the key objectives and principles for the updated policies, with sustainability, health impact, and equity as priorities; as well as on the key strategic shifts required for the ELTRACO model. In June 2024, the Board endorsed this "enhanced model", retaining core elements while introducing six strategic shifts, a Learning Agenda, and integrating the Catalytic phase. The Board also requested a tailored support package for Small Island Developing States (SIDS). Doc 06bii details proposals for implementing these changes.

### 4. **Funding Policy Review consultation process.** Extensive consultation and analysis shaped the FPR. Key consultations, aligned with broader 6.0 consultations, included:

4.1.1 **The Task Team:** composed of 12 PPC and Board members<sup>4</sup> provided guidance and recommendations on the different policy options, meeting three times in July – September 2024.

4.1.2 **Technical partners:** The Immunisation Financing and Sustainability Alliance Technical Team (ATT) and Health Systems Technical Advisory Group (TAG) met multiple times, including face-to-face.

4.1.3 **The Global Fund to Fight AIDS, Tuberculosis and Malaria:** Best practices, current challenges and options were discussed, as they are also reviewing their core eligibility, transition and allocation policies.

4.1.4 **Country and Civil Society Organisation (CSO) representatives:** Consultations took place in the EPI (Expanded Programme on Immunisation) manager meetings for East and Southern Africa, Eastern Mediterranean and Southeast Asia regions, as well as with RITAG (Regional Technical Advisory Groups on Immunisation) and NITAG (National Advisory Committees on Immunisation) members as part of AFRO RITAG. Two informational webinars were conducted as well as 7 consultations in English, French and Spanish.

4.1.5 **Manufacturers:** Consultations took place with the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) and Developing Country Vaccine Manufacturers Network (DCVMN).

<sup>3</sup> The last in-depth policy review took place in 2019 to prepare for Gavi 5.0 but was paused due to the pandemic. In 2022, an interim review addressed urgent issues, with longer-term aspects deferred to Gavi 6.0 preparations.

<sup>4</sup> This included Alliance partners, donor governments, implementing country Board members, Civil Society Organisations (CSOs) and Unaffiliated Board members (convened by the Chair of the PPC)

## 5. Next steps

- 5.1 In Phase 3 of the FPR, the Secretariat will draft three updated policies incorporating the approved decisions from the Board in December 2024. In the first quarter of 2025, the Secretariat will consult with stakeholders (countries, partners, and the public) to finalise the policy language. Once approved by the Board, the policies will be translated and disseminated.
- 5.2 Concurrently, other workstreams will seek to operationalise the updated policies. In doing so, the Secretariat will also examine any cross-cutting issues that emerge. Finally, several questions emerging from the FPR have been identified for further testing through learning agendas and pilot initiatives. Work to detail these agendas will commence in 2025.