

Subject	Health Systems and Immunisation Strengthening Policy - UPDATED
Agenda item	06bi
Category	For Decision

Executive Summary

The purpose of this paper is to request that the Board approve a series of policy options to update Gavi's Health Systems and Immunisation Strengthening (HSIS) Policy for Gavi 6.0. The HSIS policy governs Gavi's support for health systems, cold chain equipment, and vaccine introduction, campaign, and switch support. It is being updated to incorporate learnings from Gavi 5.0 and to align with Gavi's 6.0 strategy (including the proposed new Health Systems Strategy). The policy options recommended for approval are: i) the consolidation of funding levers to better align programming and simplify processes for countries; ii) a new allocation formula for a consolidated grant; iii) necessary guardrails to protect key investments; and iv) options to promote co-investment from countries in health systems and cold chain equipment. These have been refined in consultation with the Health Systems Strategy Technical Advisory group (TAG), countries, civil society organisations (CSOs) and the Funding Policy Review Board Task Team. **All of the options were reviewed by the Programme and Policy Committee (PPC) in October and November 2024 and recommended to the Board for approval.**

~~At its meeting on 20 November 2024, the PPC will review two additional recommendations related to the consolidated cash grant for countries: a) potential inclusion of the Partners' Engagement Framework (PEF) Targeted Country Assistance (TCA), and b) maintaining the 10% minimum allocation for Civil Society Organisations (CSOs).~~

~~If the PPC recommends these options, an updated paper will be shared with the Board on 27 November 2024.~~

Action Requested of the Board

The Gavi Alliance Programme and Policy Committee **recommends** to the Gavi Alliance Board:

1. With respect to the consolidation of funding levers, that it ~~approve~~:
 - a) **approve** the consolidation of seven funding levers into one consolidated cash grant, namely: 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; and vii) Cold Chain Equipment Optimisation Platform (CCEOP);

- b) **approve** limited guardrails to safeguard investments in Cold Chain Equipment (CCE) by introducing a minimum spending requirement for CCE based on an Alliance-validated CCE needs forecast;
 - ~~b)c)~~ **approve** guardrails to safeguard investments in Civil Society Organisations (CSOs) by maintaining a 10% minimum allocation for CSOs within the consolidated grant ceilings provided to countries at the start of the strategic period;
 - d) **approve** the development of a third guardrail for Measles/Measles-Rubella Follow-Up Campaigns with details to be defined in consultation with Alliance partners and outlined in the final policy document; ~~and~~
 - e) **allocate** a portion of funds from the Partners' Engagement Framework (PEF) Targeted Country Assistance (TCA) and potentially from Strategic Focus Area (SFA) funding pots to the Foundational Support pot of core partners in advance of the definition of country ceilings, for predictable funding of key long-term country functions. The allocation proportion and methodology will be developed by the Secretariat in consultation with Countries and Alliance partners. An accountability framework to ensure partners meet the Alliance's objectives in countries effectively and transparently with these funds will be developed to be approved by the Board;
 - f) **approve** inclusion of PEF TCA funds apportioned to countries into the consolidated cash grant per the cash allocation formula in the policy; and
 - ~~e)g)~~ **note** that this option will be time-limited to 6.0, with a review by the PPC to consider its extension into 7.0.
2. With respect to the revised allocation formula to determine Gavi's cash support in a consolidated cash grant, that it **approve**:
- a) a new allocation formula, that takes into account ability to pay, equity, health system performance and population size using the following indicators: GNI per capita and three-year averages of the number of children missing the first dose of diphtheria, tetanus, and pertussis vaccine (DTP1), the number of children missing the third dose (DTP3) and the number of children missing MCV2;
 - b) adjustments to the weightings of the indicators in the allocation formula to 50% for Gross National Income (GNI) per capita and 50% for performance indicators (DTP1, DTP3, MCV2), while reinstating a cap on the total amount a country can receive of health systems support and maintaining a minimum floor. Details of the caps and minimum floors will be determined following replenishment and brought back to the Board, through the PPC, for approval;
 - c) a 10% multiplier to prioritise funding for countries facing chronic fragility as defined by Gavi's Fragility, Emergencies and Displaced Population (FED) policy; and

- d) the proposed approach to allocate funds for Measles/Measles-Rubella Follow-Up Campaigns, vaccine introductions and planned switch grants at the start of Gavi's strategic period, based on forecasts, while holding back funds for other preventive campaigns (and their associated introduction grants if relevant) until countries' applications are approved.
- 3. In relation to programmatic sustainability, that it **approve** an approach to programmatic sustainability:
 - a) maintaining the country joint investment requirement for cold chain equipment (CCE) and aligning with other co-financing requirements, and introducing in-kind alternatives to joint investment; and
 - b) a wide-ranging learning agenda in Gavi 6.0 to explore country specific and country-owned modalities to increase domestic investment in immunisation.

The PPC members representing the donor constituency cluster anchored by the United States and the Bill & Melinda Gates Foundation asked that it be noted that their constituency cluster and organisation respectively were not in agreement with the decision to go forward with the recommendation relating to PEF TCA. The PPC was therefore unable to reach consensus on recommendation 1 e), f) and g) above and the minority position expressed by Pavani Ram on behalf of her constituency cluster and Adrien de Chaisemartin on behalf of the Bill & Melinda Gates Foundation is being reported to the Board in line with the PPC Charter.

Next steps/timeline

The approved policy options will be incorporated into revised policies submitted to the PPC and Board in May and June 2025 respectively. The indicative strategic cost estimate for Gavi 6.0 will be refined in the coming months, and based on that, ceilings will be calculated for every country using the new allocation formula. In the first quarter of 2025, the Secretariat will finalise the policy language in consultation with partners and countries. Simultaneously, other workstreams to prepare for delivering on the 6.0 strategy will further detail and operationalise the changes from the Funding Policy Review (Doc 06b).

Previous Board Committee or Board deliberations related to this topic

In November 2024 Programme and Policy Committee folder: Docs 03a & 03b - Health Systems and Immunisation Strengthening Policy

In October 2024 Programme and Policy Committee folder: Doc 06bi - Health Systems and Immunisation Strengthening Policy and annexes

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

In May 2024 Programme and Policy Committee folder: Doc 10b and annexes on the 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 05 - 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

In June 2016 Board meeting book: Doc 12 - Health System and Immunisation Strengthening Support

1. Introduction

- 1.1 This paper presents proposals and options to update Gavi's Health Systems and Immunisation Strengthening (HSIS) policy to align with the Gavi 6.0 strategy and its proposed new Health Systems Strategy (Doc 06a).

2. Consolidation of Funding Levers

- 2.1 Funding levers are Board-approved financial allocations for Gavi's strategic priorities. Over time, multiple cash levers have resulted in fragmented and complex grant processes, particularly for countries. External evaluations, consultations and PPC (May 2024) and Board (June 2024) guidance have called for simplified funding structures. Therefore, the **Board is asked to approve** the consolidation of seven levers into one consolidated cash grant: a) Health Systems Strengthening (HSS), b) Equity Accelerator Funding (EAF), c) operational support for predictable campaigns (Ops), d) Vaccine Introduction Grants (VIGs), e) switch grants, f) Innovation Top-Up, and g) Cold Chain Equipment Optimisation Platform (CCEOP)¹. It should be noted that consolidation may reduce Gavi's ability to steer countries in line with Gavi 6.0 priorities as fungibility of funds may lead to allocation based on national priorities which may differ from those of Gavi 6.0 (Annex A).

- 2.2 The PPC was supportive of the consolidation of funding levers given the simplification it would bring to countries. Members highlighted the importance of planning and preparing for its implementation as the Secretariat prepares for Gavi 6.0. ~~The possible consolidation of Partners' Engagement Framework (PEF) Targeted Country Assistance (TCA) will be discussed by the PPC at its meeting on 20 November 2024.~~

- 2.22.3 Options related to the inclusion of the Partners' Engagement Framework (PEF) Targeted Country Assistance (TCA) within the consolidated cash grant for countries were discussed by the PPC at its meeting on 20 November 2024. Options presented ranged from full-scale consolidation within the cash envelope starting in 6.0 to retaining PEF TCA in its current form. Intermediate options included elements of consolidation, with a guardrail for TCA or direct allocation for core partners, and a gradual pilot-based approach to consolidation (Annex B). The PPC recommended the option that: a) provides an allocation to core partners before the definition of country ceilings to ensure the predictability of funding for critical long-term functions at country level, modifying the remit of the Foundational Support lever to include national as well as regional and global functions; and b) integrates TCA funds into the consolidated cash grant providing countries with flexibility to allocate funds where needed to meet their needs. This option was considered to place country ownership and

¹ Project support costs (PSC), a percentage added on top of a grant for funding to be channelled through Alliance partners, is also expected to move to the cash envelope.

simplicity at the forefront, while supporting Alliance health through predictability of funding and accountability, by linking resources, activities and outcomes. The definition of the allocation proportion, using a methodology developed in consultation with countries and Alliance partners will be developed over the coming months, as well as an accountability framework to ensure these funds are used to meet the Alliance's objectives in countries effectively and transparently.

3. Allocation formula for consolidated cash envelope

3.1 Gavi's current allocation formula for cash grants will be updated to align with Gavi 6.0 priorities and account for a consolidated grant, comprising the indicative US\$ 1.67 billion for HSS, EAF and CCEOP funding and an indicative US\$ 995 million for other HSIS grants² agreed by the Board in June 2024³.

3.2 **Allocation for HSS, EAF, CCEOP:** is currently based on equal weighting of four criteria representing countries' ability to pay, population size, strength of routine immunisation programme and equity of immunisation. While the formula generally aligns with Gavi 6.0 priorities - such as maintaining coverage and reaching zero-dose children - adjustments would ensure it remains fit for purpose. The **Board is requested to approve** a new allocation formula that:

- includes: a) Gross National Income (GNI) per capita, to account for a country's ability to pay, and three performance indicators to account for equity, health system performance and population size: b) number of children missing the first dose of diphtheria, tetanus and pertussis containing vaccines (DTP1), c) third dose (DTP3), and c) the number of children missing the second dose of measles containing vaccine (MCV2). MCV2 is added to align with Gavi 6.0's goal of fully immunising children through the second year of life, noting that coverage in the second year of life does not always correlate with coverage in the first year of life. The formula uses three-year rolling averages for these four indicators and assigns weighting as 50% for GNI per capita and 50% for performance indicators (number of children missing DTP1, DTP3, and MCV2) to better balance support for countries based on both their financial capacity and immunisation performance;
- adds a standard 10% multiplier for each country classified as fragile⁴ to balance providing additional support to fragile countries while maintaining equity for other countries. This multiplier is in addition to

² Vaccine Introduction Grants (VIGS), Operational cost support for Campaigns (Ops), Switch grants, stockpiles and other, noting that the latter will not be part of the allocation but of emergency funding.

³ Size of this envelope is subject to review and final approval by the Board post-replenishment.

⁴ A multiplier is an additional % added to a country's funding allocation to account for higher costs in fragile settings. For example, a 10% multiplier increases the total allocation by 10%.

support provided through Gavi's Fragility, Emergencies, and Displaced Populations (FED) Policy;⁵

- balances funding distribution across Gavi's portfolio, reinstating a "cap"⁶ on the total amount any country can receive. Minimum floors will be maintained⁷ with exact amounts for the cap and floor to be determined in the coming months.

3.3 The new allocation formula for Gavi 6.0 focuses on supporting the lowest-income countries and those with the weakest performance as per Board guidance (April 2024 retreat). In 6.0, a reduction in absolute funding per child and per zero-dose child compared to Gavi 5.0 is anticipated, as a smaller envelope is distributed to a greater number of countries with more zero-dose children. The Gavi 6.0 formula aims to safeguard as much funding as possible per child in fragile settings by shifting funds to where the need is greatest and by equitably distributing them across country segments. Allocation for each country segment is expected as follows: a) 35% of the indicative 6.0 envelope to Conflict and Fragile countries (28% in 5.0), b) 30% to Core countries (33% in 5.0), and c) 35% to High Impact countries (40% in 5.0).

3.4 **Allocation for other HSIS grants (campaigns, vaccine introductions, and switches):** These will account for 33% of total cash funding to countries in Gavi 6.0⁸ and are currently provided to countries on a per-capita basis when the activity occurs. **The Board is requested to approve setting the envelope of funds to countries at the start of Gavi's strategic period for: a) measles/measles-rubella (M/MR) follow-up campaigns** based on forecasts informed by historical data and WHO recommendations on the frequency of campaigns. These campaigns have averted over 1.6 million deaths since support began in 2013 and are crucial for preventing measles outbreaks; and **b) vaccine introductions and switches and other campaigns** (excluding M/MR follow up campaigns) as they have a higher level of uncertainty in regard to timing and represent 2% of total cash funding and thus the financial risk of misallocation is low. Providing early visibility of countries' total funding for these other HSIS grants will enable better planning with broader health systems investments, potential integration with other campaigns and timely implementation.

3.5 **Preventive campaigns** including catch-up campaigns and mass campaigns account for 25% of total cash funding in the indicative Gavi 6.0 budget. These events have less predictability and higher costs, thus the

⁵ Emergency funding for urgent and unplanned events, threats and shocks is a separate theme that will be addressed in 2025, following replenishment.

⁶ A US\$ 100 million cap per country on HSS grants was applied in 5.0. This was later removed by the Gavi Board (December 2019) on the grounds of equity and minimal impact the removal would have on other countries.

⁷ Gavi's current policy sets a minimum floor of US\$ 3 million per country.

⁸ This does not include funding for stockpiles/outbreak response which will not be consolidated per allocation formula.

risk of allocating funding based on forecasts is higher and maintaining these funds at Secretariat level would allow flexibility for the Alliance to respond to emerging needs/changes (e.g. Strategic Advisory Group of Experts on Immunization (SAGE) recommendations, etc).

- 3.6 The shift to consolidation assumes countries will plan holistically for their needs over the 5-year period with flexibility to programme their single cash envelope, allowing them to prioritise objectives in line with national priorities and Gavi 6.0 programme funding guidelines. Other operational questions will be developed and implemented through workstreams to prepare for delivering on the Gavi 6.0 strategy, specifically the update of Gavi's programme funding and other operational guidelines and the EVOLVE end-to-end grant management processes (see Doc 06).
- 3.7 The PPC was supportive of the new allocation formula for HSS, EAF, CCEOP, as well as the proposed allocation of M/MR follow-up campaigns, vaccine introduction grants and switches at the beginning of the strategic period.

4. Guardrails to safeguard critical investments in a consolidated grant

- 4.1 To balance countries' flexibility and fungibility of funds in a consolidated grant, and protect key investments, **the Board is asked to approve threetwo policy guardrails:**

- **a minimum spending requirement for Cold Chain Equipment (CCE)**, tailored to each country's context, informed by Alliance-validated CCE forecasts that are based on a proportion of each country's current cold chain gaps. If the CCE floor takes too much of a country's cash envelope, a fixed percentage would be applied to the cash grant instead. The minimum floor is meant to prevent countries under-investing in cold chain infrastructure, compromising vaccine safety/potency and programmatic reach. It is also meant to support Gavi's ability to shape the CCE market⁹, and given it is now based on needs, resolve challenges of insufficient or excessive CCE funding¹⁰, while allowing flexibility for countries to reallocate unneeded resources to other priorities including if other funders are already covering CCE needs.
- **maintaining a 10% minimum allocation for civil society organisations (CSOs)**,¹¹ given their essential role in advancing Gavi's equity goals, particularly in reaching zero-dose children and missed communities, all of which remain relevant for Gavi 6.0. In 5.1, most

⁹ Since June 2015, Gavi's investment in CCEOP has aimed to modernise and expand cold chain infrastructure, safeguard vaccine investments, and shape the market for CCE.

¹⁰ CCEOP ceilings are currently calculated using the allocation formula which does not cater for CCE needs in country.

¹¹ In December 2021, the Board mandated that at least 10% of HSS, EAF, and TCA funding be allocated to CSOs, unless justified.

countries are complying with the minimum allocation (78%). Projected funding ceilings for Gavi 6.0, show that US\$ 240 million would represent 10% of the total consolidated funding envelope that will be allocated to countries at the start of the strategic period meaning an increase in absolute numbers (from US-\$ 217 million) of the 10% minimum CSO guardrail. Allocation trends in Gavi 5.1 (US-\$ 249 million, as of Q3 2024) show that countries frequently exceed the 10% minimum for CSO engagement, indicating strong support and commitment to this investment.

- **development of guardrail for M/MR Follow-up Campaigns to help** safeguard funding for campaigns amid competing priorities, ensure country's spending aligns with Gavi's broader disease control goals, and prevent overallocation to M/MR follow-up campaigns at the expense of broader health system needs. This ensures timely, adequate funds, preventing outbreaks and reducing mortality. Specifics of the guardrail will be developed in the next phase of the FPR leading up to the June 2025 Board meeting guided by historical trends and Gavi 6.0 forecasts.

4.2 The PPC was supportive of the proposed minimum floor for CCE based on country needs and maintaining the Board mandated 10% minimum allocation for CSOs, as well as of the development of guardrails for M/MR follow-up campaigns. However, members highlighted that as this latter guardrail is developed, it would be important for partners to understand the details of how it would work and be implemented.

~~4.3 The PPC discussed a third proposed guardrail, maintaining the Board mandated 10% minimum allocation for Civil Society Organisations (CSOs)¹² within a consolidated cash grant to countries. For this guardrail, some members questioned whether the level of funding would increase significantly in a consolidated grant, while others highlighted the importance of this support, particularly in fragile and conflict settings. It was agreed that the recommendation for this guardrail would be discussed by the PPC at its meeting on 20 November 2024.~~

5. Programmatic Sustainability

5.1 During Gavi 6.0 development, the Board requested an exploration of models to promote the use of domestic resources to support health systems, recognising that many transitioning countries still heavily rely on Gavi funding to support immunisation programme costs (e.g. per diems, fuel) without clear plans to take over these costs. While Gavi 6.0 focuses on fully immunising zero-dose children and strengthening systems to deliver immunisation beyond infancy, available cash support per country

¹²~~In December 2021, the Board mandated that at least 10% of HSS, EAF, and TCA funding be allocated to CSOs, unless justified.~~

is expected to decrease. It is thus crucial, that efforts to promote domestic co-investment do not undermine other health programmes or primary healthcare initiatives, noting that Gavi's in-country cash funding is relatively small compared to other donors

- 5.2 Gavi's proposed new Health Systems Strategy for Gavi 6.0 prioritises long-term programmatic sustainability through a maturity model that differentiates support based on a countries' transition status (Doc 06a). Catalysing domestic resource mobilisation will require significant adjustments for countries and the Alliance, building stronger government engagement beyond Ministries of Health and phased implementation to avoid negatively impacting immunisation outcomes. A gradual shift in operational routine immunisation costs (human resource costs, per diems and transportation costs) to countries as they progress through their transition phases would be an example of how this could be applied in the policy. While Gavi would not require proof of additional domestic funding, a cap, phase-out, and definition of operational costs would be developed to support it. In the first instance, to begin addressing these challenges, **the Board is asked to approve:**

- **maintaining country joint investment for CCE and improving processes** for example by aligning budget dialogues with countries around all their different co-financing requirements¹³; exploring mechanisms to improve procurement bottlenecks; and differentiating the requirement across transition phases¹⁴. Other examples, include in-kind alternatives to joint investment that demonstrate domestic or donor investments in cold chain investments.
- **a wide-ranging learning agenda** to explore approaches and modalities to increase domestic investment in immunisation during Gavi 6.0 for potential scale-up in Gavi 7.0. A landscape review and country consultations emphasised that a learning approach would enable Gavi to test various co-investment models and work with partners to tailor solutions to specific country contexts and ensure they are country owned. This is important as co-investment models all have limitations.

- 5.3 There was strong support from the PPC for the proposed programmatic sustainability approach. Members highlighted the importance of supporting countries to prepare for transition, while also recognising the significant challenges of effectively promoting domestic investment in health systems. The PPC recommended support for maintaining the country joint investment in CCE with process improvements but highlighted potential implications for market shaping that need to be

¹³ This includes aligning vaccine, cold chain and other health systems co-investments; aligning the process of CCE joint investment waivers with vaccine waivers for fragile countries (see Doc 06bii)

¹⁴ Countries in Initial Self-Financing phase are currently required to match Gavi's CCEOP funding by 20%, and those in Preparatory and Accelerated Transition phase by 50%.

managed. A Gavi 6.0 learning agenda to explore approaches to increase domestic investment in immunisation was also supported by the PPC, with members emphasising the importance of being ambitious and wide-ranging in the proposed modalities.

6. Next steps

- 6.1 Board decisions will be translated into policy documents for review by the PPC and Board at the next Governance cycle. Consultations on draft policy documents with countries, Alliance partners and other stakeholders are planned for the beginning of 2025 and will be aligned with the other workstreams to prepare for delivering on the Gavi 6.0 strategy. Simultaneously, the Secretariat will operationalise and detail the policy shifts to ensure readiness at the start of Gavi 6.0, particularly for countries with grants starting in 2026, through other 6.0 workstreams (e.g. Gavi's programme funding and other operational guidelines and EVOLVE).

Annexes

Annex A: Risk implication and mitigation

Annex B: Consolidation of Partners' Engagement Framework (PEF) Targeted Country Assistance (TCA)