

Subject	<b>Alignment of Country Grant Cycles with the Gavi Strategy Cycle</b>
Agenda item	<b>09</b>
Category	<b>For Guidance</b>

### Executive Summary

**This paper seeks Board guidance on the proposed approach to move to fixed country grant cycles aligned with the Gavi five-year strategy cycle ('grant cycle alignment') through a two-year window at the start of Gavi 6.0.** This is a central element of Gavi's grant management reform, which aims to make it easier for countries to work with Gavi and to ensure the Secretariat works as efficiently as possible as envisioned by the Gavi Leap and the Gavi 6.0 strategy. Building on the December 2024 Board decision to consolidate multiple cash grants into a single cash grant, grant cycle alignment is part of the first strategic shift of the grant management reform ('creating a consolidated and aligned funding architecture').<sup>1</sup>

Grant cycle alignment will enable countries to plan for their full five years of Gavi support early in the Gavi 6.0 strategy period, strengthening predictability of their planning processes, ensuring alignment of their plans with Gavi's strategy and own priorities, decreasing financial transaction cost across the Alliance and enabling a stronger focus on implementation and course correction. It also presents an opportunity to better synchronise the Gavi's and The Global Fund's funding models as of their funding periods starting in 2026/2027, reducing administrative burden on countries, and fostering an integrated approach to programme planning and implementation at country level.

Countries will transition into fixed grant cycles through one of two pathways in 2026- 2027: either by submitting a single holistic application (~60% of countries) or by consolidating existing grants into a single aligned cash grant (~40% of countries).

The proposed approach has been informed by consultations with countries, Alliance partners and Gavi Secretariat teams.

### Action Requested of the Board

The Gavi Alliance Board is requested to **provide guidance** on the proposed approach to move to fixed country grant cycles aligned with the Gavi five-year strategy cycle ('grant cycle alignment').

<sup>1</sup> The other elements to deliver on this shift consist of a. single cash grant and single holistic application for Gavi support, inclusive of all vaccine support (as approved by the Board in December 2024); b. application of a "use-it-or-lose-it" policy for the consolidated cash grant; c. leverage opportunities for alignment with The Global Fund in line with the Lusaka Agenda and the Gavi Leap

### Next steps/timeline

Next steps to roll out grant cycle alignment include finalising the updated country application tools and programme funding guidelines for launch in early 2026 to support countries' planning processes under the fixed grant cycles, and continuing system and process adjustments to operationalise them. Further support for countries for preparing their transition through one of the two pathways during 2026 and 2027 will also be provided.

## **Report**

### **1. Context**

- 1.1 **The recently presented Gavi Leap redefines Gavi's ways of working at the cusp of rolling out the Gavi 6.0 strategy (2026–2030),** setting a new course of action within a more demanding international development environment. It has been designed to accelerate Gavi's impact to deliver on the Gavi 6.0 strategy goals and beyond. The Gavi Leap recognises that Gavi's grant management requires a comprehensive reform to make it easier for countries to work with Gavi and to ensure the Secretariat works as efficiently as possible.
- 1.2 **The Gavi grant management reform takes a holistic end-to-end approach, entailing six strategic shifts:** 1) a consolidated and aligned funding architecture; 2) end-to-end differentiation of grant management processes; 3) AI-enabled, automated and smarter workflows; 4) realigned Gavi Secretariat roles and responsibilities; 5) strategic application reviews and approvals; and 6) strengthened focus on grant implementation and monitoring.
- 1.3 **This paper deep-dives into the first shift on a consolidated and aligned funding architecture,** with a specific focus on grant cycle alignment, informed by consultations with countries, Alliance partners, Secretariat teams and analyses, and incorporating guidance from the Programme and Policy Committee (PPC) which was supportive of the approach. It seeks the Board's guidance on this key element of the grant management reform.

### **2. A consolidated and aligned Gavi funding architecture**

- 2.1 Through various analyses and consultations, including analysis of Gavi's current grant management processes, Gavi 6.0 design process, and the work on the Gavi 6.0 Health Systems Strategy and Policy (see Doc 6) **several challenges around Gavi's current funding architecture and access to funding processes** have been identified. These include:
  - **Fragmentation of the funding architecture:** Currently countries apply for multiple cash and vaccine support type grants, each with their own objectives, application process and reporting requirements. In Gavi 5.0/5.1 there are eight cash funding envelopes<sup>2</sup> available to countries, translating into many grants at country level often without a unified investment strategy and/or set of performance indicators to measure results. As discussed at the Board meeting in December 2024, this leads to inefficiencies in resource allocation, high administrative burden for countries (e.g. for frequent planning processes), distraction from programme implementation, and less transparency on results;

<sup>2</sup> Health Systems Strengthening (HSS); Equity Accelerator Funding (EAF); Operational support for predictable campaigns; Vaccine Introduction Grants (VIGs); Switch grants; Innovation Top-Up; and Cold Chain Equipment Optimisation Platform (CCEOP), Partners' Engagement Framework (PEF) Targeted Country Assistance (TCA)

- **Country programming lagging behind the Gavi five-year strategy period:** Gavi-supported countries have the possibility to apply for Gavi support at any point in time during a Gavi strategy cycle, with grants starting and ending throughout the five-year period. The result is that some countries programme their cash funding towards the second half of the strategic period, decreasing the ability to reflect new Gavi five-year strategic priorities in their programming;
- **Lack of clear adherence to grant start and end dates:** This leads to challenges around Gavi financial planning, accounting and reporting, for example for the calculation of country allocations for cash funding for the five-year strategic period. It is also connected to under-absorption of funds during grant cycles resulting in frequent no-cost extensions and a high number of open legacy grants in country, increasing the administrative burden within the Alliance;<sup>3</sup> and
- **Misaligned grant cycles with other global health funders:** In alignment with the Gavi 6.0 strategy, the Lusaka Agenda and Gavi Leap call for stronger alignment among global health funding agencies to reduce burden on supported countries and to increase opportunities for more integrated programme planning and implementation, for example between The Global Fund to Fight AIDS, Tuberculosis and Malaria ('The Global Fund') and Gavi (see Doc 12). Currently, The Global Fund operates in three-year allocation and implementation cycles, with most countries expected to request new support in 2026 and 2027. As mentioned above, Gavi-supported countries have the possibility to apply for Gavi support at any point in a five-year period. Therefore, grant cycles between the two agencies are misaligned, reducing countries' ability for holistic planning.

## 2.2 The Gavi Secretariat will address these challenges through four levers, moving towards a consolidated and aligned funding architecture for Gavi 6.0 and beyond:

- ### 2.2.1 A single cash grant and single holistic application for Gavi support, inclusive of all vaccine support.
- As approved by the Board in December 2024, Gavi will consolidate eight cash funding levers, including a portion of the PEF TCA, into a single envelope, the Health Systems and Immunisation Strengthening (HSIS) grant or 'consolidated cash grant'. This will entail moving towards a single holistic application for Gavi support which is inclusive of all vaccine and cash support for a five-year period.
- ### 2.2.2 Fixed country grant cycles aligned with the Gavi five-year strategy cycle ('grant cycle alignment').
- Going forward, all countries will go through their planning for Gavi support at the beginning of a strategic period, with countries staggering the start dates of their single cash grant within the first two years of each strategic cycle. The consolidated cash

<sup>3</sup> The average duration of HSS grants is five years. Most grants that have reached their end dates have required no-cost extensions, with over 10 active no-cost extensions currently in place for HSS grants.

grant will end after a fixed period of five years under a ‘use it or lose it’ principle (see below). The change will give countries more predictability of their planning processes, strengthen the alignment of country plans with Gavi’s strategy and countries’ own priorities and decrease financial transaction cost across the Alliance. While the PPC was overall supportive of the approach, a member raised questions whether grant cycle alignment would limit the ability of countries to synchronise programming for Gavi support with their own planning cycles. Country consultations and the two country pilots for single holistic applications conducted as part of the grant management reform<sup>4</sup> demonstrate that this risk is mitigated by the ability and strong interest of countries to synchronise the start of their fixed grant cycle with the timing of their own annual planning cycles within the first two years of each Gavi strategy. Both pilots also demonstrate that the new grant cycle does not need to be fully aligned with the period of the NIS to achieve strong programming in line with national priorities and can adapt to different NIS timings (see Annex A). There is a risk that the new approach will stretch Gavi Secretariat’s and Alliance partner capacities in 2026 and 2027. This will be mitigated through the ongoing organisational review of the Gavi Secretariat, potentially complemented by targeted one-off surge capacity for 2026 and 2027, the programming of the Foundational Fund for Gavi 6.0 (see Doc 12), and other actions as necessary. Of note, applications outside the single holistic application will be limited to planned preventive campaigns (excluding measles/measles rubella), other unplanned support (e.g. outbreak response through stockpiles, Gavi Resilience Mechanism, First Response Fund), and other flexibilities under the Fragility, Emergencies and Displaced Populations (FED) policy.

**2.2.3 Application of a “use-it-or-lose-it” policy for the consolidated cash grant.** This amendment to the Programme Funding Policy, to be brought to the Board for decision in the second half of 2025, will emphasise that Gavi support to countries through the consolidated cash grant must be spent within a fixed five-year period (e.g. 1 January 2026 through 31 December 2030). Beyond the grant end date, any cash which has been allocated to the country which is not disbursed will be used to fund the country’s allocation in the next cycle. Similarly, any cash which has been disbursed to a country but is not used by the end of the grant cycle will be counted against the planned programming for the next cycle. This approach has the benefit of improving cash absorption and reducing financial transaction cost.

**2.2.4 Leverage opportunities for alignment with The Global Fund in line with the Lusaka Agenda and the Gavi Leap:** The transition to Grant Cycle Alignment presents an opportunity to better synchronise the two agencies’ funding models as of their funding periods starting in 2026/2027. By aligning the duration of grant cycles with applications in

<sup>4</sup> Mozambique and Guinea-Bissau

the first two years, the two agencies can reduce administrative burden on countries, and foster an integrated approach to programme planning and implementation at country level. For this approach to be sustainable, a shift in the duration of The Global Fund's strategic planning cycles from three years would be needed. While this approach would potentially stretch countries' planning capacities during these two years, consultations indicate that the benefits outweigh this. Discussions between the two agencies are ongoing (see Doc 12).

### 3. Transition to fixed country grant cycles in 2026-2027

3.1 **It is foreseen that countries will enter fixed country grant cycles aligned with the Gavi strategy cycle through two pathways.** In both pathways, the first disbursement for all countries under the consolidated cash grant would take place at the latest by 31 December 2027.

3.1.1 **Pathway 1: New single holistic application in 2026 or 2027.** This will be considered when current cash support has been ongoing for several years and new programming has the potential to enhance alignment of support with the Gavi 6.0 strategy and the evolving country context.

3.1.2 **Pathway 2: Consolidation of existing funding levers and reprogramming of support in 2026 or 2027.** This will be considered in circumstances where the ongoing cash support has been recently programmed and is considered broadly aligned with the Gavi 6.0 strategy and the country context. It may entail extension of existing cash support until the end of the Gavi 6.0 strategy period.

3.2 **Gavi Secretariat anticipates that 34 countries will enter the fixed grant cycles through the first pathway, while 23 will enter it through the second.** Ultimately, this will result in a more synchronised grant cycle where ~70% of Gavi 57 countries initiate planning in 2026, with the remainder starting in 2027<sup>5</sup>. For Gavi 7.0, pending learnings from the transition for Gavi 6.0, it is intended that country planning starts by Q2 2030 and the first disbursement for all countries would take place at the latest by Q2 2032.

3.3 **To manage the transition, some flexibilities will be needed to ensure continuity of funding and minimise disruptions:** Extensions of existing cash support and PEF TCA will be required into 2026 or 2027 for some countries in both pathways to cover funding gaps during the transition period. Given the relatively low materiality and risk this is proposed to be managed through a Secretariat-led review process building off the lessons learned from the pilots that were part of the IRC transformation (see Appendix 1). This would require an exception to the Terms of Reference of the Independent Review Committee (IRC) which will be discussed by the Governance Committee at its 21 July meeting.

<sup>5</sup> Two pilot countries, Mozambique and Guinea Bissau, have begun in 2025.

#### 4. Next steps

To implement the grant cycle alignment as part of the broader Grant Management Reform, the Secretariat will finalise the updated country application tools and programme funding guidelines for launch in early 2026 to support countries' planning processes under the fixed grant cycles, and continue system and process adjustments to operationalise them. Further support for countries for preparing their transition through one of the two pathways during 2026 and 2027 will also be provided.

#### **Annexes and Appendices**

**Annex A:** Transition Pathways to New Grant Cycles

**Additional information available on BoardEffect**

**Appendix 1:** Report of the Independent Review Committee (PPC Paper 03, June 2025)