Annex B: Paragraphs referenced in decision points for Eligibility & Transition and Co-financing Policies

<u>Paragraphs 1.8 to 1.13 of Doc 04 to the PPC– Part A – as amended by discussions at the PPC</u>

1.8 **Support:** As indicated by the Board at the Ottawa retreat, **the main policy flexibility envisaged is the tailoring of the accelerated transition phase through a time-limited extension**. This process would be guided by three key principles: successful transition depends, first and foremost, on strong national ownership and political will, with Gavi playing only a supporting role; any extension should not create perverse incentives that could lead to repeated underperformance, and any additional support should be strictly limited to the identified needs (e.g. if main bottlenecks are found to be programmatic, and not financial, only HSS and/or Targeted Country Assistance (TCA) support would be extended, and not vaccine financing support) – this question will be addressed in Phase II.

1.9 **Definition:** The identification of countries at risk of failing to transition successfully would use a combination of **outcome-level measures** (e.g. coverage and equity), **complemented by health system component-level analytics** (e.g. data, supply chain, demand, human resources). This evaluation would take into account both the absolute levels as well as the directionality of recent change (i.e. not only if a country's coverage is high or low, but also whether it has been increasing or decreasing). From the experience of other partners and per Steering Committee (SC) guidance, it is unlikely that precise metrics and thresholds could be predetermined that would be automatically valid across all countries. Thus, the evaluation would need to be informed by dialogue with national stakeholders and partners with relevant technical expertise, to ensure it appropriately reflects country-specific contextual considerations.

1.10 Any metrics and analytics used would be aligned with Gavi 5.0 strategic indicators and targets and would therefore rely on currently available information and data sources. Importantly, these are also expected **to help guide Gavi's engagement with countries early on**, ensuring that investments are adequately tailored and targeted to strengthen programmatic sustainability well before countries reach the accelerated transition phase. A major benefit of this approach is that it allows for early dialogue within and early visibility by the Alliance and the PPC/Board to emerging programmatic sustainability trends and risks.

1.11 **Another key benefit of this approach is that it aligns decision-making and accountability with the end-goals that Gavi support seeks to achieve**, including a renewed emphasis on equity in the context of Gavi 5.0. Moreover, it also explicitly recognises that a detailed analysis of different health system components is key not only to provide a more nuanced understanding of the main drivers of programmatic underperformance, but also to inform the design of investments. Additional details can be found in **Appendix 3**.

1.12 Importantly, flexibilities would not be automatic, and would be contingent on the demonstration of strong national commitment and leadership to change the trajectory of the performance of the immunisation programme. Therefore, any flexibilities would only be triggered upon observable improvements in immunisation programme performance. Operationally, in a country identified at high risk of failing to transition, Gavi would agree with that country, prior to entering accelerated transition, a plan to tackle identified bottlenecks, with a clear Accountability Framework. Meeting agreed targets could be a pre-condition for extending transition beyond the standard five years. **Figure 2** provides a summary of the proposed approach.

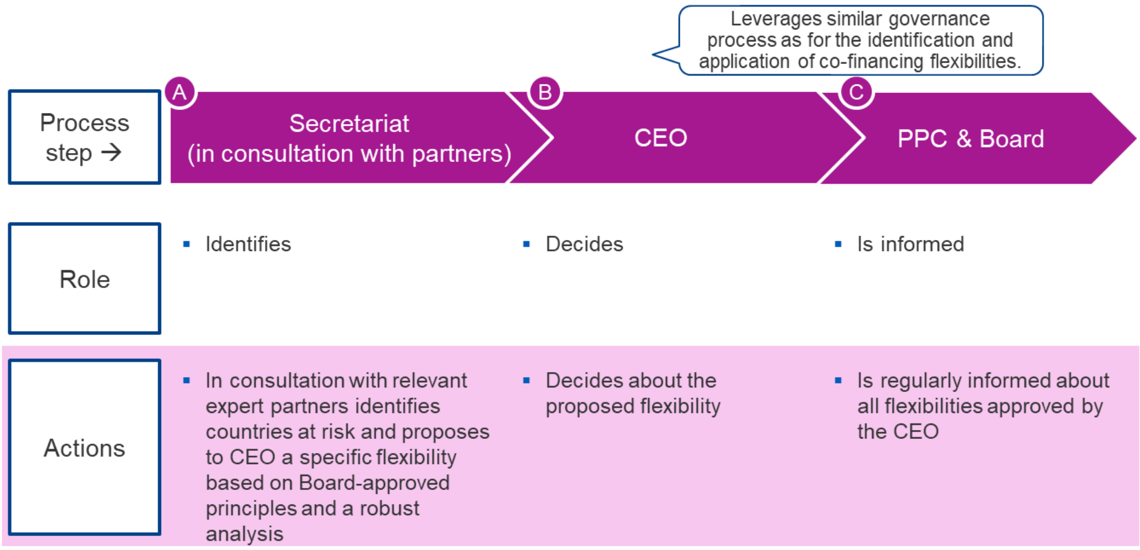
***Figure 2**. Proposed approach for identifying countries at risk of unsuccessful transition*

Process step →	A Early engagement on programmatic sustainability	B Short-listing of countries at risk	C Detailed analysis to identify support needed	D Target-setting	Approval governance
Action & Analysis done	▪ **Continuous dialogue** with countries and partners on **programmatic sustainability** ▪ **Board and PPC** kept **informed**	▪ **Countries at risk** identified based on **coverage** and **equity**	▪ **Short-listed countries** analysed at **system-component level** to confirm if support is needed and what type	▪ **Intermediate targets** set in an **Accountability Framework**	
Guiding document	▪ Joint Appraisals, Targeted Country Assist., programmatic guidance, Full Portfolio Planning documents, strategy updates	▪ **Eligibility & Transition Policy** for key **criteria** of coverage and equity	▪ **Operationalisation guidelines** of policy for examples of metrics, thresholds, and types of support	▪ **Operationalisation guidelines** of policy	

1.13 **Governance**: The process for mitigating risks of unsuccessful transition would be governed by a robust, transparent process to ensure appropriate accountability. Importantly, the identification of countries at risk of unsuccessful transition would be part of a more systematic and proactive dialogue with countries and partners to review country progress on programmatic sustainability and identify opportunities for course correction. Leveraging opportunities such as the annual Joint Appraisal process as well as Full Portfolio Planning exercises, this approach would promote early engagement with countries and partners to identify bottlenecks to sustainable coverage and equity and identify the strategic changes and investments needed to address them. Gavi's HSS and Targeted Country Assistance (TCA) investments would also help monitor programmatic progress in countries and surface potential issues. This early dialogue with countries will be used to keep the PPC/Board regularly abreast of country progress and of remaining risks and to receive guidance as appropriate.

1.8 Based on recommendations from the Funding Policy Review Steering Committee, the Secretariat, in consultation with different Alliance stakeholders and other partners with relevant technical expertise, would be entrusted with the responsibility of identifying – based on the approach described in **Figure 2** – countries at risk of failing to transition successfully. Based on the proposed flexibilities and criteria to be described in the policy, and supported by relevant analyses of the key financing and programmatic risks and considering preceding PPC and Board discussions, Gavi's CEO would then approve or not a flexibility. The PPC and Board would also be kept regularly informed of all flexibilities granted, providing strategic oversight over the process (see **Figure 3**).

***Figure 3**: Proposed governance approach for mitigating risk of unsuccessful transition*



<u>Paragraphs 2.8 to 2.10 of Doc 04 to the PPC – Part B as amended by discussions at the PPC</u>

2.8 **Definition:** The proposed approach is summarised in **Figure 4**. Given the unpredictable nature of such events, it would not be possible to define a priori indicators and thresholds that would be universally valid to identify countries which might need co-financing flexibilities. However, it would be governed by clear principles. At its core are the underlying principles that Co-financing Policy flexibilities should only be envisaged in very rare, exceptional circumstances, created by severe economic and fiscal distress (significantly above and beyond the usual fluctuations of economic cycles, e.g. annual GNI drop of 30%) or humanitarian crises (i.e. widespread, large-scale conflict or disasters of such magnitude that profoundly hamper the proper functioning of government). In the case of humanitarian crises, a country would only be considered for co-financing flexibilities if it were also contemplated under Gavi's Fragility, Emergencies and Refugee (FER) Policy[1] to align with a broader set of flexibilities they might access. To complement these principles, operational guidelines would be developed to promote process consistency. Detailed background analyses are summarised in **Appendix 5** and provide examples of indicators that could be leveraged at the operationalisation process to inform the identification of possible cases.

[1] Countries qualifying for co-financing flexibilities would be a subset of those granted flexibilities under the FER Policy

2.9 **Support:** Proposed flexibilities include:

a) *Countries facing severe fiscal distress*: in these situations, co-financing obligations could be adjusted as per the rules prevailing in the country's previous phase. To illustrate this using current co-financing rules, this means that co-financing obligations for countries in preparatory transition phase would not increase (as for countries in initial self-financing), and countries in accelerated transition phase would see their year-on-year co-financing obligations increase by 15% (as for countries in the preparatory transition phase). Specific ramp-up rates will be reviewed as part of Phase II of the policy review.

b) *In countries facing humanitarian crises*: as a reflection of the severity of the disruption in government functioning inflicted by a large humanitarian crisis, co-financing obligations would be temporarily waived on an annual basis.

2.10 **Governance**: It is envisaged that the decision-making process for the application of flexibilities would rely on a similar process as the one described for the mitigation of risk of unsuccessful transition (**Figure 3**). Although humanitarian crises or severe fiscal distress episodes are inherently difficult to predict, the PPC and the Board would be kept abreast of any emerging risks. Based on recommendations from the Funding Policy Review Steering Committee, the Secretariat would be entrusted with the responsibility of identifying, in close consultation with partners and relevant technical experts (e.g. IMF/WB for Severe Fiscal Distress, and UNICEF/CSOs for Humanitarian Crises) any episodes for consideration. These should be consistent with any proposed policy flexibilities and principles and be based on a robust analysis of the prevailing political, security and economic conditions, the severity and exceptionality of circumstances, and their impact on the immunisation programme and health sector more broadly. Gavi's CEO would be responsible for approving the exceptions. The Board and PPC would also be kept regularly informed of the evolution of specific country situations and of all flexibilities granted, providing strategic oversight over the process as part of their regular institutional mandate. This approach, which would enable the Alliance to expediently address country needs, is summarised in **Figure 5**.

***Figure 4**: Proposed approach to co-financing flexibilities*

	Humanitarian Crisis	Severe Fiscal Distress
Definition (criteria)	• Very **exceptional circumstances of subset of Gavi FER** countries • *Policy will cover principles; supported by detailed operationalisation guidelines*	• Very **exceptional circumstances** • *Policy will cover principles; supported by detailed operationalisation guidelines*
Flexibility	• **Temporarily** waive co-financing • Annually-reviewed	• Apply co-financing rules (growth rate) from **previous co-financing phase**
Governance	• A **robust process** to identify, vet and approve flexibilities based on a continuous assessment of country risks	

***Figure 5**: Proposed governance approach to co-financing flexibilities*

Process step →	A Secretariat (in consultation with partners)	B CEO	C PPC & Board
Role	▪ Identifies	▪ Decides	▪ Is informed
Actions	▪ In consultation with relevant expert partners identifies episodes and proposes to CEO a specific flexibility based on Board-approved principles and a robust analysis	▪ Decides about the proposed flexibility	▪ Is regularly informed about all flexibilities approved by the CEO