SUBJECT:	**CONSENT AGENDA: MID-TERM APPROACH TO REPLACE REACTIVE APPROVALS OF CONTINUATION OF SUPPORT IN YEMEN AND SOUTH SUDAN**
Agenda item:	02m
Category:	For Decision

Section A: Introduction

- This update presents a recommendation from the Gavi Alliance Policy and Programme Committee (PPC) that the Gavi Alliance Board approve, given the exceptional context and the socio-political and economic prospects, that South Sudan be exempted from co-financing obligations from 2017 to 2020. The financial implication associated with such an approval is expected to be up to approximately US$ 650,000 (relating to the estimated amount of waived co-financing contributions in the relevant period).

- The PPC noted that it was important that the Board stayed abreast of developments in South Sudan. To this end, the Gavi Secretariat will continue to monitor the situation, and report to the Board, on a yearly basis on the evolution of the socio-political and economic situation in the country.

Section B: Background

1.1 At the November 2017 Board meeting, the Secretariat committed to presenting to the next PPC a medium-term approach to replace reactive approvals of continuation of support despite South Sudan's and Yemen's continuous default status. As Yemen remains in a protracted conflict situation, in 2017, the World Bank, in close coordination with the government and other donors, fulfilled Yemen's co-financing obligations and, given prevailing conditions, has agreed to meet them in 2018 and 2019. While Gavi will continue to monitor the situation in Yemen, a medium-term approach to replace reactive approvals of continuation of support to Yemen is thus no longer necessary.

1.2 In South Sudan, the situation remains volatile, with recurrent outbreaks of violence and severe political instability. This has led the Board to agree, for the last two years, that exceptional circumstances in South Sudan justified the continuation of Gavi support irrespective of its default status on both 2015 and 2016 co-financing obligations. Moreover, UNICEF has been financing traditional vaccines since the country's independence.

1.3 As per Gavi's current and previous policies regarding fragility, South Sudan has been consistently classified as facing fragility challenges.[1] As a new nation, many institutions are not yet fully operational, shortages of qualified human resources are acute and important processes related to revenue generation, budgeting, planning and spending remain deficient or simply do not exist. As mentioned above the country has been unable to emerge from a cycle of violence and armed conflict following the outbreak of the civil war in December 2013.[2] One third of the population is either internally displaced or a refugee in one of the adjacent countries, and 56% are in need of humanitarian assistance. South Sudan also faces severe economic challenges with its GDP decreasing by an annual average of 4.3% between 2011 and 2015. The economy is expected to continue to contract by about 6.6% in the fiscal year 2017-2018. Inflation reached 381% in 2017. Available evidence shows that the government is facing difficulties in meeting its payment obligations, including the payment of salaries of civil servant (of all ministries).

1.4 In consequence, public service delivery, including for health, has been critically disrupted. According to WUENIC estimates, DTP3 coverage in 2016 was 29%, having introduced penta only in 2014. 80% of health care services are currently managed by NGOs. In addition, ongoing conflict and insecurity prevent patients from accessing medical services in most affected areas. WHO has identified South Sudan as a Grade 3 emergency as disease outbreaks, including cholera and measles, have emerged and the number of cases of kala-azar and meningitis have increased. In addition South Sudan is at high risk of yellow fever outbreaks. Half of the population is expected to be severely food insecure in 2018 and a similar proportion currently doesn't have access to safe drinking water.

1.5 Given the prevailing socio-political and economic prospects for the medium term, and following intensive consultations with the main national health development partners and Ministry of Health representatives, South Sudan is at risk of not being able to fulfil Gavi's co-financing commitments in the coming years. The PPC would like the Board to consider exempting South Sudan from its Gavi co-financing commitments from 2017-2020 and to note that the financial implication associated with such an approval is expected to be up to approximately US$ 650,000 (this covers the estimated amount of co-financing involved that would not be paid by the country). Gavi will continue to support the country to improve immunisation coverage and to prevent outbreaks related to vaccine preventable diseases such as measles, meningitis and yellow fever.

1.6 The Gavi Secretariat will continue to monitor the situation, and report to the Board on a yearly basis on the evolution of the socio-political and economic

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[1] Gavi's Fragility, Emergencies, Refugees Policy, approved by the Board in June 2017

[2] South Sudan scores 10 on the Fragile State Index on Security Apparatus (which is the highest possible score), and 9.7 for both Group Grievance and Fragmented Elites. Based on this scoring, in 2017, South Sudan was ranked the world's most fragile country, amid deepening food insecurity, ongoing conflict between supporters of President Salva Kiir and Vice President Riek Machar, reports of ethnic cleansing, and suspended elections. Source: http://fundforpeace.org/fsi/data/

situation. It will also continue to coordinate with the main South Sudan Health development partners to avoid funding gaps on critical needs.

Section C: Actions requested of the Board

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

a) **Approve** that South Sudan is exempted from its obligations to co-finance from 2017 to 2020 given its exceptional context and socio-political and economic prospects; and

b) **Note** that the additional funding associated with the above approval is expected to be up to approximately US$ 650,000.