

Vaccine co-financing

Frequently Asked Questions June 2013

1. What is co-financing?

Co-financing is a term used by the GAVI Alliance to signify that countries share a portion of the cost of their new vaccines. Co-financing is actually co-procurement of GAVI-supported vaccines by countries. Countries are asked to start co-financing as soon as they introduce new GAVI-supported vaccines and, depending on their level of GNI per capita, to make gradually increasing contributions. The objective is to put countries on a trajectory towards financial sustainability in order to prepare them for phasing out of GAVI support for new vaccines.

The timeframe for attaining financial sustainability will vary across countries. For the poorest countries, many years may be required to achieve financial sustainability, and therefore an intermediate objective is to gradually enhance country contribution and ownership of vaccine financing.

The vaccines exempt from co-financing are measles second dose and preventive campaigns with measles-rubella, Meningococcal A and Yellow Fever vaccines.

2. What sources of funding may be used for co-financing? When must it be paid?

Countries are encouraged to mobilise national resources (Government funds) to fulfil the co-financing obligations, however countries may also use funds from other partners. Countries must *not* use other GAVI funds (ISS, HSS or vaccine introduction grants) to meet their co-financing obligations.

Co-financing is effectively a co-procurement process. Countries must procure the required amount by 31 December each year.

3. Is the requested level of co-financing the same for all countries?

Countries have been divided into three groups based on their ability to pay, determined by their GNI per capita (for 2013, the 2011 GNI per capita data released by the World Bank in July 2012; see table 1 on following page). The categories are reviewed and updated annually in July. The co-financing level represents the minimum amount of co-financing that is required. Countries are encouraged to co-finance more than the minimum expected level to move more quickly towards financial sustainability for their national immunisation programmes.

4. What costs are included in the co-financing amount?

The co-financing amount for intermediate and graduating countries includes the cost of the vaccines, related injection safety devices and any freight charges. For low income countries, the co-financing amount includes the cost of the vaccines and any freight charges, but does not include safe injection devices.

For all countries, the co-financing amount does not contain the costs and fees of the relevant Procurement Agency, such as contingency buffer and handling fees. Information on the costs and fees of the relevant Procurement Agency should be provided by the relevant Agency as part of the cost estimate to be requested by the Country.

Table 1: Countries eligible to apply for New Vaccines Support in 2013 (World Bank GNI per capita equal to or less than US\$ 1,550), grouped according to their co-financing requirement.

Group	GNI per capita (World Bank) threshold in 2013	Countries	Amount
Low income countries	At or below \$1,025, the World Bank low income threshold.	Afghanistan, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, CAR, Chad, Comoros, Congo DR, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kenya, Korea D.R., Kyrgyz Republic, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Liberia, Rwanda, Sierra Leone, Somalia, Tajikistan, Tanzania, Togo, Uganda and Zimbabwe	US\$ 0.20 per dose.* There is no annual increase.
Intermediate countries	Above \$1,025 but below the GAVI eligibility threshold of \$1,550.	Cameroon, Cote d'Ivoire, Djibouti, Ghana, Nicaragua, Nigeria, Lao PDR, Lesotho, Pakistan, Papua New Guinea, Sao Tome and Principe, Senegal, Solomon Islands, South Sudan, Republic of Sudan, Uzbekistan, Vietnam, Yemen and Zambia	Starts at US\$ 0.20 per dose* and increases by 15% annually
Graduating countries	Above the GAVI eligibility threshold of \$1,550.	Angola, Armenia, Azerbaijan, Bhutan, Bolivia, Congo Rep., Cuba, Georgia, Guyana, Honduras, Indonesia, Kiribati, Moldova, Mongolia, Sri Lanka, Timor Leste and Ukraine. These countries are still receiving GAVI support, but are no longer eligible to apply for NVS in 2013, with the exception of countries which continue to be able to procure pneumococcal vaccines through GAVI and UNICEF at the terms and conditions of the Advance Market Commitment.	Starts at an additional 20% of the difference between the projected price of the vaccine in the year GAVI support ends and the co-financing amount per dose paid in the preceding year, and increases linearly over four years to reach the projected price.

* **Co-financing requirements for rotavirus vaccines:** With the exception of graduating countries, the co-financing amount for the 3-dose schedule vaccine is adjusted to match that for the 2-dose schedule vaccine. Therefore, countries will co-finance the same amount regardless of whether they choose the 2-dose schedule or the 3-dose schedule vaccine.

For graduating countries, the co-financing amount will be based on the projected price for the vaccine presentation chosen (2-dose or 3-dose schedule vaccine), and the corresponding number of doses required to complete the vaccine course. Therefore, the co-financing amount will differ depending on the vaccine choice. A country that is expected to start graduating will be informed of the updated co-financing requirement, then have one year to update financial planning and budgets accordingly.

5. What is a GAVI graduating country? What support can be accessed?

Countries in the graduating group are countries that exceed the GAVI eligibility threshold of US\$ 1,550 GNI per capita (World Bank, 2011), continue to access previously-approved support for a limited number of years after crossing the threshold, and are no longer eligible to apply for new GAVI support.

Access to pneumococcal vaccines for graduated and graduating countries

In June 2010, the GAVI Board approved that all phase II GAVI-eligible countries continue to have access to pneumococcal vaccines through GAVI under the terms and conditions of the Advance Market Commitment (AMC). Therefore, graduated and graduating countries that meet this criteria, but are no longer eligible to receive financial support from GAVI for new vaccines and are not already approved, will continue to be able to apply for pneumococcal vaccines through GAVI. Graduating countries that meet this criteria and have not yet applied for pneumococcal vaccines are: Bhutan, Cuba, Indonesia, Mongolia, Sri Lanka, Timor Leste and Ukraine.

6. After graduating from GAVI support, what prices can a country access?

Countries in the graduating group make co-financing contributions that increase at a linear rate over four years to reach the full vaccine price in the fifth year when GAVI support ends. After this time, the country will continue to finance the full cost of the specific vaccine. Through its market shaping efforts, GAVI strives to build healthy vaccine markets that will provide low prices for graduated countries. In addition to building healthy markets, GAVI has secured the following pricing commitments for specific products:

- All phase II GAVI-eligible countries (see question 4) can access the pneumococcal vaccines through GAVI under the terms and conditions of the Advance Market Commitment (AMC). The vaccine price that these countries will pay under the AMC is determined by the AMC “tail price” and is set at a maximum of US\$3.50 per dose. This price will be applicable until at least 2020.
- For GAVI73 countries approved for GAVI rotavirus vaccine support before 2012, GlaxoSmithKline has committed to maintain pricing for the duration of the current tender (i.e., through 2016).
- For all graduated countries, the GAVI price is accessible to countries receiving the pentavalent vaccine from Crucell until 2020.
- For all graduated countries, Sanofi and Shantha have committed to provide the GAVI price for all vaccines for a period of 3 years to countries once they have graduated.

7. What happens when the World Bank releases new GNI per capita data and a country moves to a different co-financing group?

The co-financing groups will be updated annually according to the latest GNI per capita data, released by the World Bank every July. Countries will then be informed of any changes to their co-financing group and will have just over one year after this communication to revise budgets and begin co-financing at the new level. This allows countries the time to update budgets and plans with new co-financing requirements.

EXAMPLE

New GNI data is published and a low-income country shows an increase in its GNI per capita, resulting in a shift for this country into the intermediate group. The following timeline outlines the changes to co-financing levels for this country:

July 2013 > the World Bank publishes GNI per capita data for 2012.

October 2013 > the GAVI Secretariat sends a formal communication to inform the country of its move from the low-income to the intermediate group and the updated co-financing obligations.

2014 > the country will continue to pay US\$ 0.20 per dose, the same amount paid in 2013.

2015 > the country will co-finance at the new level of US\$ 0.20 per dose + 15% = US\$ 0.23 per dose.

8. Can countries self-procure a portion of the vaccine cost under the GAVI co-financing requirements?

Countries are encouraged to follow national procedures and regulations for the fulfillment of co-financing. As an alternative to procuring the required co-financing amount through either UNICEF or PAHO's Revolving Fund, a country may therefore self-procure the required portion of the GAVI-supported vaccines, with the exception of pneumococcal vaccine. Due to the AMC agreement, countries must procure the co-financing requirements for pneumococcal vaccine through UNICEF Supply Division in order to access the agreed price. For more details on conditions for self-procurement: <http://www.gavialliance.org/about/governance/programme-policies/self-procurement-policy/>.

If a country self-procures a portion of vaccine cost under the co-financing requirements, it will need to send evidence of the procurement (shipping documents and invoices) to the GAVI Secretariat by 31 of December. Fulfillment of the co-financing requirement will be based on procuring the number of doses communicated in the decision letter and not on a corresponding dollar value.

9. What happens if a country misses a co-financing payment?

A country enters into default status when it has not fulfilled its co-financing commitment by 31 December of a particular year, e.g. 2013 co-financing must be paid in full by 31 December 2013. If a country is at risk of entering into default status, it will receive a reminder letter in the fourth quarter of a year. If a country remains in default for more than a year, the GAVI Board may suspend support for the vaccine(s) in question until the co-financing arrears are paid in full.

10. If there are delays to the vaccine introduction date that are due to a supply situation, will that limit the number of years of support?

No, a graduating country will always have four years of support from the first year of introduction, but only if delays are due to a supply situation or circumstances outside the control of the country. If the delays are due to circumstances that may have been averted by the country, then the country may not receive all four years of support.

11. What are the GAVI price points currently used for co-financing estimates in the GAVI application form?

To make this query, please contact Santiago Cornejo at the GAVI Secretariat: scornejo@gavialliance.org