Vaccine Co-financing

Frequently Asked Questions
June 2012

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 and safe injection devices. Co-financing is actually co-procurement of GAVI-supported vaccines and safe injection devices 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 (funds from the Government) to fulfil the co-financing obligations. However, countries may also use funds from other partners for co-financing. 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 through either UNICEF or PAHO's Revolving Fund. National authorities that wish to use an alternative mechanism are advised to consult the GAVI New Vaccines Support Guidelines for details. Arrangements for payment must be made before 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 (World Bank, 2010 data; reviewed and updated annually in July): the **low-income group, intermediate group and graduating group** (see table 1). 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 levels to move more quickly towards financial sustainability for their national immunisation programmes.

4. 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$ 1,520 GNI per capita (World Bank, 2010), 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.

Graduating countries continue to be able to apply for pneumococcal vaccines through GAVI and UNICEF at the terms and conditions of the Advance Market Commitment (AMC; http://www.gavialliance.org/funding/pneumococcal-amc/). These countries will need to fully pay the pneumococcal vaccine co-payment of US$3.50 from the outset. A simplified application process will apply.

5. 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. For these countries, GAVI has secured the following commitments for currently tendered products:

- All 73 GAVI-eligible countries will continue to access pneumococcal vaccines through GAVI and UNICEF at the terms and conditions of the AMC until 2020.
- GAVI-eligible countries approved for support for the GSK rotavirus vaccine will continue to benefit from the current GAVI price after graduation.
- The GAVI price is accessible to countries receiving the pentavalent vaccine from Crucell until 2020.
- The 16 countries who will graduate in 2016 will benefit from GAVI pricing for all products supplied by Sanofi and Shantha.

For other manufacturers and vaccines, including HPV, discussions are on-going and further price commitments by manufacturers will be communicated to countries once agreed.

Table 1: Revised and Board-approved Co-financing Levels for the GAVI Alliance in 2012. Thresholds are updated annually based on World bank data released every July.

Group	GNI per capita (World Bank) threshold in 2012	Countries (South Sudan to be added when GNI data is published.)	Amount
Low income countries	At or below $1,005, the World Bank low income threshold.	Afghanistan, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, CAR, Chad, Comoros, Congo DR, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kenya, Korea D.R., Kyrgyz Republic, Madagascar, Malawi, Mali, Mozambique, Myanmar, Nepal, Niger, Liberia, Rwanda, Sierra Leone, Somalia, Tajikistan, Tanzania, Togo, Uganda and Zimbabwe.	**US$ 0.20 per dose. There is no annual increase.**
Intermediate countries	Above $1,005 but below the GAVI eligibility threshold of $1,520.	Cameroon, Cote d'Ivoire, Djibouti, Ghana, Mauritania, Nicaragua, Nigeria, Lao PDR, Lesotho, Pakistan, Papua New Guinea, Sao Tome and Principe, Senegal, Solomon Islands, Republic of Sudan, Timor Leste, Uzbekistan, Vietnam and Yemen and Zambia.	**Starts at US$ 0.20 per dose and increases by 15% annually**
Graduating countries	Above the GAVI eligibility threshold of $1,520.	Angola, Armenia, Azerbaijan, Bhutan, Bolivia, Congo Rep., Cuba, Georgia, Guyana, Honduras, Indonesia, Kiribati, Moldova, Mongolia, Sri Lanka and Ukraine **These countries are still receiving GAVI support, but are no longer eligible to apply for NVS in 2012, with the exception of countries that continue to be able to apply for pneumococcal vaccines through GAVI and UNICEF at the terms and conditions of the Advance Market Commitment.**	**Starts at 20% of the projected price of the vaccine in the year GAVI support ends, and increases linearly over four years to reach the projected price.**

6. 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 2012 > the World Bank publishes GNI per capita data for 2011.

October 2012 > 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.

2013 > the country will continue to pay US$ 0.20 per dose, the same amount paid in 2012.

2014 > the country will co-finance at the new level of US$ 0.20 per dose + 15% = US$ 0.23 per dose.

7. 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 special AMC agreement, countries need to procure the co-financing requirements for pneumococcal vaccine through UNICEF Supply Division in order to access the subsidy and agreed price.

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. 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.

8. 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 two years, the GAVI Board may suspend support for the vaccine(s) in question until the co-financing arrears are paid in full.

9. 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.

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

Vaccine	Doses/vial	2012	2013	2014	2015	2016
PCV10	2 liquid	3.500	3.500	3.500	3.500	3.500
PCV13	1 liquid	3.500	3.500	3.500	3.500	3.500
Rota 2-dose schedule	oral	2.500	2.500	2.500	2.500	2.500
Rota 3-dose schedule	oral	3.500	3.500	3.500	3.500	3.500
DTP-hepB-Hib	WAP	2.470	2.320	2.030	1.850	1.850
YF	WAP	0.900	0.900	0.900	0.900	0.900
Measles	10	0.345	0.345	0.345	0.345	0.345
HPV*	1 or 2 liquid	5.000	5.000	5.000	5.000	5.000
MR*	5, 10	0.494	0.494	0.494	0.494	0.494

NB. These prices are indicative only as GAVI has not procured HPV and MR vaccines for GAVI countries yet. Prices will be finalised through tender processes in Q3. GAVI will only fund HPV vaccines if an acceptable price reduction is secured from the current price indicated. The MR price is based on the current price to UNICEF.