

FOR DECISION

At the Board Retreat in March 2009, the Board acknowledged the likely need for prioritisation in order to make best use of available resources. The Board identified three key principles to steer future prioritisation decisions: (1) Contributing to the MDGs; (2) Focusing on underused and new vaccines as opposed to R&D, and (3) Rendering vaccines more affordable for the poorest countries through market impact. Furthermore, the Board signalled that prioritisation should, among other things: ensure a significant return on investment (ROI); focus on current programmes to honour existing commitments; and keep sight of future opportunities while protecting GAVI's catalytic role such that pipeline vaccines do not fall 'off the radar' and GAVI sustains momentum for new vaccine introduction. Given the current financial situation, and the recent Secretariat recommendation endorsed by the Audit and Finance committee to pause commitments, such an exercise may need to be applied in 2010.

Based on the Board Retreat guidance summarised above, analysis conducted to date, and building on input from the Programme and Policy Committee, the Secretariat proposes the Board's endorsement of the following principles:

- ❖ Across all types of GAVI support, **GAVI will fund existing commitments and extension of existing commitments to 2015** to ensure GAVI maintains long-term predictability of its support to countries.
- ❖ **The focus of prioritisation will be new applications.**

On the basis that the Board is content with the principles above, and depending on the donor response to current and future resource mobilisation efforts, the Secretariat also recommends the following two measures.

- ❖ **Prioritise between vaccines.** This would be done using the framework developed for GAVI's new vaccine investment strategy (which for example assessed public health impact, return on investment, and gender impact) and possibly market shaping considerations. In addition to limiting the menu of vaccines offered, this could also involve sequential and/or targeted introduction of some vaccines, where appropriate
- ❖ **Develop criteria to prioritise among new IRC recommend proposals.** These criteria would be developed in collaboration with technical and other partners to prioritise between IRC recommended country applications. Per the recent discussions at the Audit and Finance committee, applications recommended for support at the October 2009 IRC meeting would also be subject to prioritisation.

This prioritisation of new applications will formally decouple eligibility from resource allocation decisions.

Principles for Prioritisation

Introduction

Since 2000, the GAVI Alliance has identified ten priority vaccines (the "current portfolio"). These are against hepatitis B (HepB), *Haemophilus influenzae* type B (Hib), yellow fever, measles second dose, pneumococcal disease, rotavirus, meningococcal A, Human Papillomavirus vaccines (HPV), Japanese Encephalitis (JE), typhoid and rubella. Together these diseases kill millions of people each year, hold back economic development and contribute to poverty. Some of these vaccines

FOR DECISION

are already funded¹ while for others, the Board has indicated that GAVI support would be forthcoming subject to the availability of financing. Depending Current projections suggest that GAVI support for these vaccines could save between 4.8 - 5.1 million lives and 22 - 28 million cases of infection between 2011 and 2015 alone, depending on the list of countries that remain eligible.

Against the funding backdrop, GAVI is in the fortunate position of having a number of highly effective vaccines ready for introduction in low income countries. These have the potential to save lives, improve the health of millions of people across the world, and to make a significant contribution towards the achievement of the Millennium Development Goals (MDGs). However, in order to achieve these ambitions, GAVI's resource mobilisation efforts will need to generate significant additional and predictable funds. Whatever the magnitude of resources that the Alliance mobilises in the coming years, it would be prudent for GAVI to consider now how to prioritise its allocation decisions, in order to sustainably fund its existing and newly launched programmes, maximise improvements in health, while considering how best to shape markets to make vaccines and related technologies more affordable in the longer term.

At the Board Retreat in March 2009, the Board acknowledged the likely need for prioritisation in order to make best use of available resources, and asked the Secretariat to report back in November. The Board discussed the relevance, and importance of GAVI's strategic goals and programme funding principles, to prioritisation decisions (for the full list of goals and principles, see Annex 1). The Board agreed three key programme funding principles that should be applied to any prioritisation decisions:

- Contribution to achieving the Millennium Development Goals (MDGs), focusing on performance outcomes and results
- Focus on underused and new vaccines as opposed to upstream research and development activities
- Through market impact and innovative business models render vaccines and related technologies more affordable for the poorest countries

Furthermore, the Board signalled that prioritisation decisions should:

- Focus on areas where GAVI can demonstrate added value and not duplicate efforts of others
- Ensure that interventions provide a significant return on GAVI's investment
- Focus on current programmes, enabling GAVI to honour current commitments;
- Keep sight on future opportunities, ensuring GAVI's role as a catalyst and innovator is protected such that new vaccines should not fall 'off the radar'

Following the recent recommendation of the Audit and Finance Committee to pause new programme approvals until June, prioritisation may need to be applied in the near future.

Process

¹ HepB/Hib-containing vaccines, yellow fever, measles 2nd dose, pneumococcal, and rotavirus vaccines are currently funded.

FOR DECISION

In order to respond to the Board's request to report back in November 2009, the Secretariat has been working with the not-for-profit think-tank, the Results for Development Institute, to review prioritisation and resource allocation approaches of other relevant health/development funding organisation (see Annex 2), review the nature of GAVI's financial obligations to determine the potential scope for prioritisation decisions, and explore possible criteria to inform interim resource allocation. The Secretariat has discussed its preliminary findings with the Policy & Programme Committee (PPC) and this paper reflects their guidance, including a recommendation to decouple eligibility from resource allocation.

Scope

GAVI's applications from countries can be divided into three categories – approved, expected renewals, and new. These are described below as well as how they would be treated in a prioritisation exercise.

(i) Approved Applications

Approved applications are those which have been submitted by countries, reviewed and recommended by GAVI's Independent Review Committee (IRC), and approved for funding by the GAVI Alliance Board. In view of GAVI's core operating principles to provide *predictable support*, and the Board's suggestion to 'focus on current programmes enabling GAVI to honour current commitments'², GAVI would honour existing approved applications as a top priority.

(ii) Renewal of existing commitments³

In line with the principles established by the Board that GAVI should provide *long-term (and predictable) support*, GAVI should honour renewals/extensions of existing commitments. The length of existing commitments to countries is determined by the length of a country's comprehensive multi-year plan (cMYP) or health sector plan. However, GAVI has, in its operating policies and communications to countries committed to providing support to the 72 currently eligible countries out to 2015 so long as the country has a current and valid cMYP/health sector plan in place and an approved application. Figure 1 illustrates that there are a reasonably large number of commitments that would need to be renewed/extended for pentavalent vaccines in particular, and to a lesser extent pneumococcal vaccines.⁴ GAVI would also need to prioritise renewal of existing commitments in addition to approved applications given the promises already made and the reputational risk of renegeing on these.

(iii) Expected new applications

Expected new applications represent future demand. In choosing among approved applications, renewal of existing commitments and expected new applications, this latter category offers the most scope for prioritising with the least disruption to immunisation programmes because a country has not yet begun to introduce the vaccine – and thus does not have to stop a programme which is being implemented.

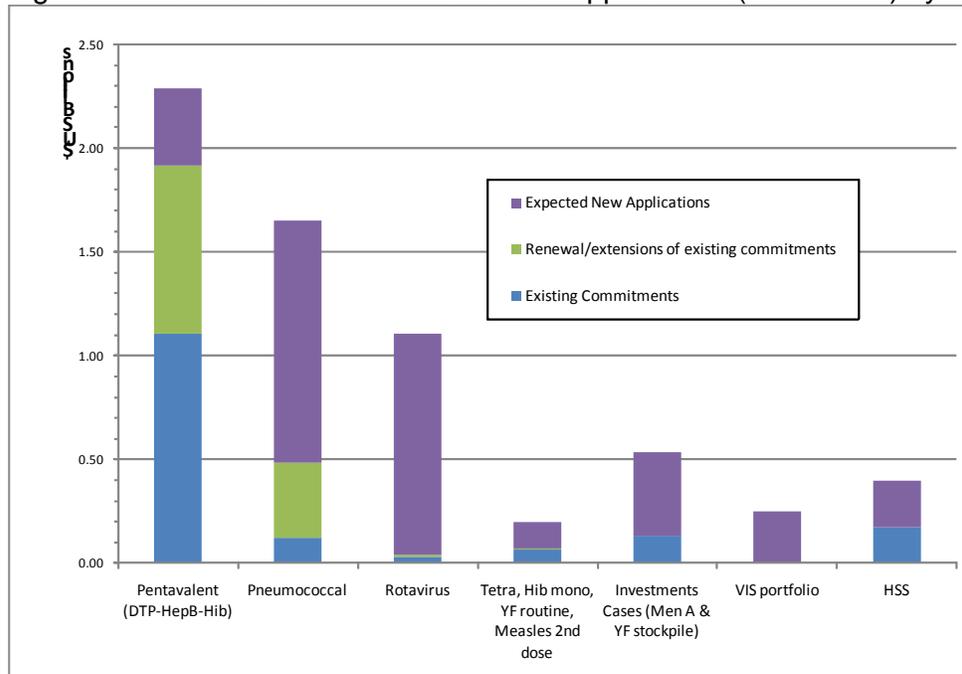
² Board Retreat March 2009.

³ These were termed "moral obligations" in the recent October 2009 PPC paper on Prioritisation & Resource Allocation.

⁴ GAVI does not have a formal reapplication process. When cMYPs end, the country must submit new multi year plan and corresponding targets. If adequately robust, the IRC recommends additional support, subject to funding availability.

FOR DECISION

Figure 1: Financial commitments and new applications (2010-2015) by item



NB: For pneumococcal vaccines, the financial commitments presented above exclude AMC donors' contributions. Current total projected expenditure (2010-15) for this vaccine amounts to \$2.89bn

The logic of focusing prioritisation on new applications was strongly supported by the PPC. If this approach is accepted by the Board, there are a number of ways of prioritising future applications.

Overview of possible approaches to prioritisation

There are a number of options for how GAVI could prioritise, as listed below:

- **By types of support;** i.e. prioritising among new applications from one or a subset of the windows of support GAVI offers – support for new vaccines, health system strengthening, immunisation services support, civil society organisations support
- **By vaccines;** i.e. selecting certain vaccines versus leaving the menu of options for countries to choose – and then prioritising among approved applications
- **Among IRC recommended applications;** i.e. GAVI would decouple technical approval of proposals and the funding decisions for the proposals.

Each of these is discussed below. Of note, these options are not mutually exclusive.

Types of support

Looking at GAVI's expenditure projections between 2011 and 2015 it is clear that they are dominated by vaccine expenditures (i.e. New Vaccine Support (NVS) and Investment Cases). Moving forward, these are likely to represent approximately 85% of GAVI's annual projections. Although cost efficiencies are being sought in all areas of GAVI's work, if GAVI is to prioritise, impacting expenditure will necessarily include decisions made around support for vaccines.

FOR DECISION

As the health systems strengthening support (HSS) transitions to the joint platform, the feasibility and possible approaches to prioritisation of cash based programmes, will be addressed in the context of, and depending on the outcome of discussions with the World Bank and Global Fund. In all likelihood, the advent of future streams of income from planned HSS-related IFFIm bond issuances will fund future GAVI HSS spending.

Vaccines

The decision to focus on one or a small number of vaccines versus offering a menu of options highlights a tension between some of the core principles and issues that the Board identified as being important to steer any prioritisation exercise.

➤ Menu Approach

Offering a menu of options ensure GAVI adheres to the principle of remaining country-driven, however it does not necessarily enable GAVI maximise reductions in childhood mortality (contribution to MDGs) or to maximise its return on investments (ROI). This is the current approach to GAVI's offering of vaccines and essentially leaves the prioritisation decisions to countries. This approach is really only feasible when resources are sufficient to meet country demand.

Several arguments could be made for offering a menu and letting countries choose:

- Epidemiological conditions vary among countries and countries may have better information on local epidemiological conditions and health system capacity.
- Countries may differ in what they value and thus the criteria for picking vaccines (one may prioritise deaths averted, another morbidity).
- If countries take the lead and have ownership, they are more likely to implement programmes effectively.
- Country choice is in itself, consistent with national autonomy and broader OECD/DAC principles.

However, GAVI was never designed to fund all vaccines and has been making systematic choices since its inception. Even within its current portfolio, offering the full 'menu' of vaccines is likely to result in slower global uptake across each vaccine. It will take longer to reach peak demand – the point at which most GAVI eligible countries have adopted a vaccine – since not all countries will select to introduce the same vaccines in the same order. This is likely to come at a cost to GAVI: in a general sense, lower uptake might keep average weighted prices higher across all vaccines than if GAVI focused on rolling out a smaller number of vaccines across all countries as has been done with the pentavalent (DTP-HepB-Hib) vaccine. As an organisation whose primary role is the disbursement of funding, the ramifications of potentially more costly options for GAVI (menu based approach) need careful consideration. Indeed, the Board highlighted GAVI's operating principle to render vaccines more affordable through market impact as key for prioritisation. However, the decision to prioritise solely on the basis of market impact is problematic since the relationship between vaccine prices and the volume of demand and hence the extent

FOR DECISION

to which GAVI can influence vaccine markets is a complex one and is influenced by many other factors; e.g. the number of WHO prequalified suppliers.⁵

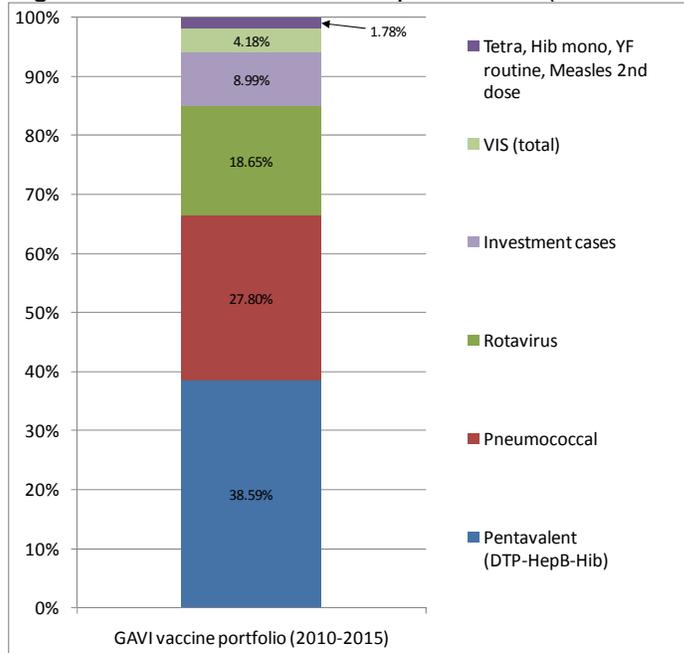
➤ Selecting certain vaccines

GAVI has already defined a framework to inform selecting among vaccines during the new vaccine investment strategy (VIS) process that was undertaken during 2007 and 2008. This framework and the associated analytical tool/model have been extended to encompass all ten vaccines within the current portfolio, and preliminary results were presented to the Board in June 2009.⁶ This tool projects the potential public health impact (e.g. under-5 deaths averted, all deaths averted, cases avert), GAVI's return on its vaccine investments (e.g. cost per life saved, cost per death averted, public health impact per dollar of GAVI support), as well as other describing other dimensions such as gender impact, the proportion of country co-financing, potential healthcare cost offsets through averting morbidity. This provides a logical framework for prioritising among GAVI's vaccines.

Prioritising among vaccines has the potential to have a significant impact on GAVI's financial exposure depending on the vaccine(s) that are selected – See Figure 2. However, in selecting among vaccines GAVI will need to consider the aforementioned public health and ROI metrics as well as the ability to influence the market to make the vaccines more affordable. Further, for the vaccines that were not prioritised, this approach would also serve to maintain/increase the time lag between the introductions of new vaccines in the developed world versus low income countries.

⁵ On the one hand, explicitly focusing on sequential roll out of newer more expensive vaccines will provide a clear signal to manufacturers and this might stimulate additional competition in the prioritised vaccine markets. On the other hand, manufacturers who have developed products and created manufacturing capacity (or are in the process of doing so) for vaccines that they expected GAVI to support but which after some vaccine prioritisation might not be first in line in a sequential roll out may have to wait longer to utilise this capacity. In the short term, this excess capacity may inadvertently push up prices for these vaccines elsewhere in the world, as manufacturers are forced to absorb this underutilised capacity.

⁶ The major assumptions and inputs used within the model are currently undergoing rigorous review by CDC.

FOR DECISION**Figure 2: Share of vaccine expenditures (2010-2015) by vaccine**

NB: For pneumococcal vaccines, the financial commitments presented above exclude AMC donors' contributions. Current total projected expenditure (2010-15) for this vaccine amounts to \$2.89bn

In prioritising vaccines, GAVI could also plan for sequential introduction of new vaccines. For example, if GAVI prioritised a particular vaccine, say pneumococcal over rotavirus and other new vaccines, this would mean that GAVI would not begin roll out of these new vaccines until some criteria with respect to pneumococcal vaccines were met (e.g. a certain proportion of eligible countries or of the GAVI birth cohort had adopted pneumococcal vaccines). GAVI could also set a resource mobilisation goal as the “go/no go” criteria for moving forward with additional vaccines.

Similarly, there may be situations when a measured approach to vaccine introduction may bring benefits. For example, for HPV vaccines, there are still a number of programmatic uncertainties that could be explored further through pilot introductions within or across select countries. Such an approach can inform later more comprehensive roll out activities. Furthermore, such an approach would maintain GAVI's reputation for innovation and potentially facilitate valuable fundraising opportunities.

Prioritising Among IRC-Recommended Applications

Even if GAVI chooses only to prioritise among the types of support it offers and/or it chooses to offer a limited number of the vaccines in its portfolio, with limited resources, there may still be a need to prioritise among IRC recommend applications. In doing so, GAVI could split technical approval of country applications by the IRC from the funding decisions for those proposals. This would require identification of appropriate criteria (i.e. rigorous, transparent, objective, be available for all potentially eligible countries, and be reasonable simple) to inform the mechanisms. Annex 3 lists some illustrative criteria that were identified as part of the eligibility review that

FOR DECISION

could be considered as part of this exercise, however additional analytical work is likely to be necessary to explore these options.

Prioritisation – risks and opportunities

The conceptual and practical benefits of an allocation system for GAVI include:

- (1) Achieving the organization's strategic goals and principles
- (2) Enhancing GAVI's ability to raise new resources and creating a transparent system for allocating resources
- (3) Decoupling eligibility decisions from short-term funding availability
- (4) Improving GAVI's effectiveness
- (5) Allowing GAVI to match expenditures to resources in a given year in a systematic, fair, and transparent way

By prioritising by window of support, GAVI can refine its focus on its core business. Similarly, as discussed above, prioritising by vaccine can enable GAVI to maximise public health impact and ROI. Furthermore, depending on the vaccine, GAVI might be more able to render the vaccine more affordable through prioritisation and/or sequential introduction. All of these benefits essentially imply that the approaches to prioritisation can help GAVI to fulfil its strategic goals and principles.

In a financial constrained environment, the board has made clear to the Secretariat that the creation of an explicit means for prioritisation illustrates prudence. Under the current menu-based approach, all eligible countries can in theory access GAVI's resources once they have an IRC recommended application.⁷ In times when funding is less abundant, one response might be to significantly reduce the number of eligible countries. However, the magnitude of available resources is likely to change over time as global economic conditions change. An allocation system of new applications therefore decouples GAVI's overall eligibility decisions from the short-term availability of funding, allowing consideration of broader eligibility options than would otherwise be possible given the current financial picture.

Given GAVI's new resource mobilisation strategy and a desire for longer-term funding commitments from donors, it is hoped that GAVI's medium-term funding envelope may become more predictable. If instituted, a formal allocation system could complement this resource mobilisation approach by enabling GAVI to more accurately articulate the impact of a shortfall in funding. With transparent and rigorous allocation criteria, GAVI can also rank these potential new applications. It can help to illustrate what impact could be achieved with a particular level of funding.

There are also a set of potential drawbacks associated with an allocation system to prioritise new applications for GAVI. These include:

- (1) Not sufficiently addressing GAVI's resource constraints
- (2) Limiting country choice;
- (3) Inhibiting achievement of GAVI's goals/principles
- (4) Inhibiting GAVI's resource mobilisation efforts
- (5) Creating a less predictable and seemingly more complex applications process for countries

⁷ Of course, we note that GAVI's decision letters always communicate that the decision to fund the approved application is subject to funding availability.

FOR DECISION

- (6) Changing GAVI's operational model. In the past, IRC recommendations have always been funded by the Board. A change in this practice, if not clearly communicated to countries, could be confusing
- (7) For those countries which have already submitted or are preparing applications, any changes to the process may be perceived as "moving the goal posts"
- (8) Making demand for vaccines less predictable, which could hamper vaccine manufacturers' capacity planning and procurement agents' ability to make long-term supply agreements to ensure vaccine security, affordability and meet country preferences.
- (9) Potential to change the predictability of demand for the AMC

Depending on the approaches to prioritisation selected and the effectiveness of resource mobilisation efforts, any single approach may not sufficiently address GAVI's resource constraints

Although GAVI has always limited the choice of vaccines it offers to countries (i.e. funding some but not all vaccines), an approach which prioritises within GAVI's portfolio of vaccines may be argued to limit country choices. Furthermore, it may leave a long lag between introduction of some vaccines in the developed world versus in the developing world (i.e. not accelerating introduction of certain vaccines). Also, the addition of a prioritisation step to determine funding for IRC recommended applications may make accessing new funding less predictable for eligible countries. However, in a situation where resources are constrained, prioritisation by formal and transparent criteria is more predictable than otherwise. Moreover the application process would not change from the current situation. However, because eligible countries are used to funding being automatic once their application has been recommended by the IRC means that instituting such a process would need to be accompanied by very careful consultation and communication to ensure that countries understood IRC-recommendation no longer meant automatic or immediate funding.

Given the above, the potential benefits of prioritisation outweigh the drawbacks.

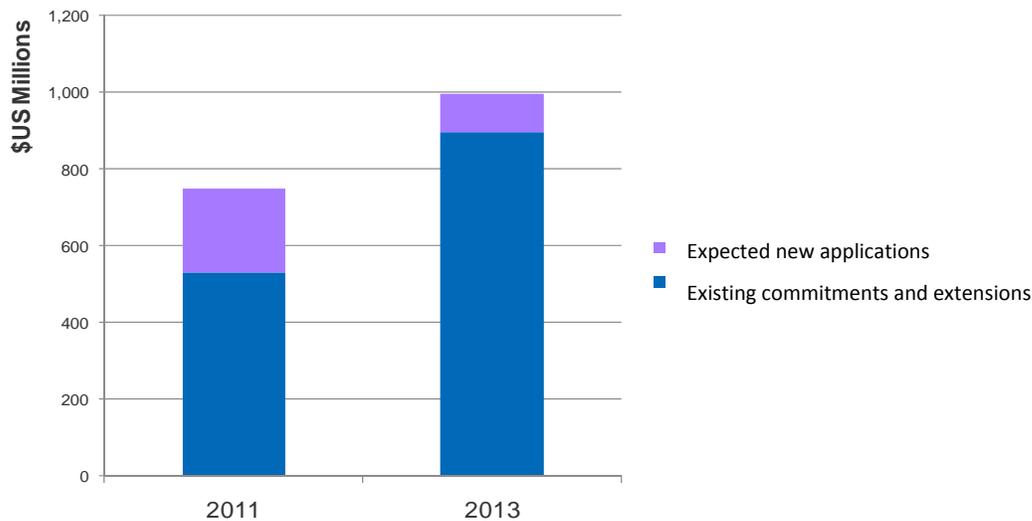
The diminishing scope for prioritising new applications and the need to act now

The potential scope as of 2009 is illustrated in Figure 1 above (denoted by the purple bars). For some of the newer planned investments such as the VIS portfolio and investment cases, there are fewer or even no existing commitments and hence more scope for prioritisation of new applications while minimising disruption to national immunisation programmes.

Of note, the scope for prioritisation of new applications reduces over time as more and more proposals are reviewed, approved and funded. Figure 3 illustrates this situation at a portfolio level (i.e. comparing all current commitments (existing + expected extensions) with expected new applications for vaccines over two specific years). This diminishing scope for prioritisation of new applications occurs because applications are generally for multi-year support.

FOR DECISION

Figure 3: Comparison of commitments versus expected new applications over time



Given current resource projections, the Audit and Finance Committee has endorsed the Secretariat's recommendation to temporarily postpone the funding decision on the IRC-recommended applications from the October 2009 IRC new proposals meeting. Given the reasoning presented above on scope for adjustment and how this diminishes over time, this postponement is important as it will enable GAVI to consider the funding decisions for these new approved applications through a new mechanism to inform overall prioritisation and resource allocation decisions.

Summary, conclusions and recommendations

In order to achieve the Board's ambitions to accelerate the introduction of all vaccines within GAVI's portfolio, resource mobilisation efforts will need to generate significant additional and more predictable funds than the current scenarios, constrained by the economic crisis, can deliver. In the case of a funding shortfall, GAVI will need to prioritise among types of support, vaccines, timing of support, and its future commitments – particularly new applications. GAVI could prioritise through focusing on a subset of the current windows of support and/or a subset of the current portfolio based on the criteria developed to guide the vaccine investment strategy (impact/ROI, gender, etc) and/or through the formalisation of a mechanism to prioritise new IRC-recommended country proposals.

Each of these approaches offer short or long term solutions, and offer to a greater or lesser extent, the opportunity to reduce GAVI's projected expenditures. What's ultimately required will depend on the outcome of resource mobilisation efforts.

Based on the Board Retreat guidance summarised above, analysis conducted to date, and building on input from the PPC, the Secretariat has drafted the following principles for the Board's endorsement, to steer prioritisation decisions that will need to be taken during the coming months:

- ❖ Across all types of GAVI support, **GAVI will fund existing commitments and extension of existing commitments to 2015** to ensure GAVI maintains long-term predictability.

FOR DECISION

- ❖ **The focus of prioritisation will be new applications** across all types of support.

On the basis that the Board is content with the principles above, and depending on the donor response to current and future resource mobilisation efforts, the Secretariat also recommends the following two measures.

- ❖ **Prioritise between vaccines.** This would be done using the framework developed for GAVI's new vaccine investment strategy (which for example assessed public health impact, return on investment, and gender impact) and possibly market shaping considerations. In addition to limiting the menu of vaccines offered, this could also involve sequential and/or targeted introduction of some antigens, where appropriate
- ❖ **Develop criteria to prioritise among new IRC recommend proposals.** These criteria would be developed in collaboration with technical and other partners to prioritise between IRC recommended country applications. Per the recent discussions at the Audit and Finance Committee, applications recommended for support at the October 2009 IRC meeting would also be subject to prioritisation.

In the best case resource mobilisation scenario, GAVI will not have to invoke many of these recommendations. All options to some extent compromise GAVI's ability to remain country-driven instead prioritising public health impact, ROI, market shaping, and long-term predictability above the country-driven principle. In situations where GAVI's budget envelope means that the Alliance cannot do everything it would like to, these kinds of trade-offs are necessary.

Additional considerations

Although not the focus of the exercise outlined in this paper, GAVI will need to continue to strive for efficiencies in other expenditure areas. Workplan, procurement fees and administrative expenses, for example, could potentially be reduced if efficiencies can be identified and this will affect decisions taken on prioritisation.

Financial implications

If GAVI prioritised among the vaccines in its portfolio, this could reduce GAVI's long term financial projections. However, this approach could increase or reduce the propensity of certain donors to fund GAVI if those donors had strong vaccine-specific interests.

Since the use of an allocation system to prioritise among new applications would only determine how available resources are allocated, it would not come at an additional financial cost to GAVI, and would serve to match expenditure to the available budget. The only exception to this is the case of pneumococcal conjugate vaccines: if these vaccines were not prioritised and pneumococcal applications were not supported, GAVI would not be able to access the \$1.5 billion which donors have earmarked to finance the initial stages of the AMC.

FOR DECISION

The development and implementation of the prioritisation approaches will require further analysis (described below) as well as consultation and communication with eligible countries. These costs are included as part of the 2010 workplan.

Next steps

If endorsed, the recommendation to institute a new system for prioritising allocation of GAVI's resources will require country consultations and careful communication to both make the system operational and ensure that countries understand what the changes to GAVI's decision-making process are likely to mean for them.

Furthermore, GAVI will need to underline that it taking these measures to ensure prudent planning during the challenging economic times, but that the Alliance's goals remain to accelerate introduction of vaccines, strengthen health systems, and increase predictability through its innovative model and added value.

Building on direction taken at the upcoming November GAVI Alliance Board meeting, the Secretariat will work closely with WHO, UNICEF, the World Bank and other partners to apply the vaccine investment strategy model based on most recent data and create criteria and indicators for prioritisation. This would commence after the November 2009 Board meeting and be finalised during the first few months of 2010. A resulting implementation plan will then be presented to the PPC for endorsement and the Executive Committee for approval.

ANNEXES**ANNEX 1****GAVI's Mission, Goals and Principles****GAVI's mission**

“Saving people's lives and protecting people's health by increasing access to immunization in poor countries.”

GAVI's goals for 2007-2010

1. Contribute to strengthening the capacity of the health system to deliver immunisation and other health services in a sustainable manner
2. Accelerate the uptake and use of underused and new vaccines and associated technologies and improve vaccine supply security
3. Increase the predictability and sustainability of long-term financing for national immunisation programmes
4. Increase and assess the added value of GAVI as a public private global health partnership through improved efficiency, increased advocacy and continued innovation

Operating Principles of the GAVI Alliance

The following principles which guide the GAVI Alliance activities were approved by the GAVI Board on 19 July 2005 (except for the last two which were added in 2006 in the context of the 2007-2010 strategy). The principles state that GAVI Alliance activities and/or financial support should:

1. Contribute to achieving the Millennium Development Goals (MDGs), focusing on **performance, outcomes and results**
2. Promote **equity** in access to immunisation services within and among countries
3. Support **nationally-defined priorities**, budget processes and decision-making
4. Be supportive of country participation through **absence of earmarking** of funds
5. Focus on **underused and new vaccines** – as opposed to upstream research and development activities
6. Contribute to the development of **innovative models** and approaches that can be introduced and applied more broadly
7. Be **coherent with GAVI Alliance partners'** individual institutional obligations and mandates
8. Be **catalytic and time-limited** (though not necessarily short-term) and **not replace existing** sources of funding
9. Support activities that over time become **financially sustainable**, or do not need to be sustained in order to have accomplished their catalytic purpose
10. through market impact and innovative business models render **vaccines and related technologies more affordable** for the poorest countries
11. be based on **accountability, transparency, efficiency and effectiveness**
12. be consistent with the principles of **harmonisation** as agreed by OECD/DAC Paris High Level Forum

ANNEXES

ANNEX 2

Allocation systems used by other funding organisations

GAVI conducted a review of the practices of other organizations and relevance to GAVI. Of these development funding organisations, the Global Fund to Fight AIDS, Tuberculosis and Malaria ('Global Fund') and the World Bank's International Development Association (IDA) have operating models and approaches that have similarities but several important differences to GAVI's.

Health technologies procured and used in Global Fund grants must be on the Global Fund's list of products and suppliers. The medicines on the list are for the three specific diseases: HIV/AIDS, tuberculosis or malaria but their inclusion on the list in the most part reflects quality assurance minimum standards (WHO prequalification, in line with national or institutional standard treatment guidelines; compliant with the relevant quality standards established by the National Drug Regulatory Authority (NDRA) in the country of use; etc)⁸ rather than other concerns. Countries determine which products from the list of acceptable products they require to be procured. Market dynamics is not a central driver of whether a product is on the list of approved products. Instead, these considerations are addressed primarily through procurement strategies.

Both IDA and the Global Fund split eligibility and resource allocation decisions: IDA have a defined process for prioritising country proposals/applications and allocating resources across eligible countries. IDA uses a formula based on country performance, population size, and GNI per capita. A number of organisations use country performance as part of their resource allocation process to ensure that countries have the capacity to use resources well.

In contrast, the Global Fund, like GAVI, funds country-driven applications and has a simpler policy for prioritisation in resource-constrained situations:

- unfunded portions of renewals from previous years are funded first;
- then renewals due in the current year receive next priority;
- while new applications received in the current application round are the third priority. These new applications are prioritised on the basis of disease burden and GNI per capita.

Finally, in terms of prioritising by time: the Global Fund has in the past, delayed new application rounds, in order to consolidate resource mobilisation efforts, and delay new expenditures.

In addition to country eligibility criteria, organisations that have a fixed funding envelope such as IDA have defined a process for allocating resources across eligible countries. IDA uses a formula based on country performance, population size, GNI per capita, with a number of exceptions, to make allocations. The Global Drug Facility and the United Nations Population Fund allocate resources across countries

⁸ The list of acceptable products is classified according to the Global Fund Quality Assurance Policy which delineates a set of standards.

ANNEXES

grouped by specific income bands (e.g. World Bank classification) according to pre-determined shares, with countries in the lowest band receiving the highest share. A number of organisations have used country performance assessment in a similar way as part of their resource allocation process, suggesting that in addition to a focus on need another key objective in funding decisions is to ensure that countries have the capacity to use the resources well.

- In contrast, the Global Fund applies a prioritisation funding policy *only in resource-constrained situations*. The Fund broadly prioritises funding needs according to -- first: unfunded portions of prior year(s) renewals; second: renewals due in current year; third: new application rounds. It also prioritises new grants for Rolling Continuation Channel (RCC) given to 'strong-performing countries' over new proposals for Round-based channels, which suggests that the prioritisation scheme incorporates a performance element. In general, the scheme favours sustainability and continued support over any new support. New proposals are evaluated for technical merit and those with approved without any changes are financed before those with minor changes. These proposals are further scored based on the World Bank classification of income and disease burden, which are indicators used in the Fund's eligibility criteria, and those with the highest score are given priority.
- *While both GAVI and the Global Fund* have minimum standards for products and operate with country-driven models, the diseases that the Global Fund focuses on are defined by the mandate of the organisation. GAVI on the other hand has ambitions to operate across a wider array of diseases, but also faces a choice about prioritising among these diseases/vaccines.
- Both GAVI and the Global Fund, have to date attempted to influence market dynamics through the set-up of subsidy/procurement mechanisms (e.g. the Advance Market Commitment (AMC) and the Affordable Medicines Facility for Malaria mechanism (AMFm)) and through separate procurement agencies (e.g. UNICEF). The Global Fund has never prioritised products solely on the basis of decisions pertaining to market dynamics. However, the dynamics of drug markets are quite different from those of vaccine markets (as is discussed in the In-Kind Donations Policy Revision paper).
- GAVI could consider delaying certain aspects of its application rounds as the Global Fund has done in the past. For example, GAVI could delay a funding decision on the recently approved country applications until a prioritisation and resource allocation mechanism is finalised. Secondly, GAVI could delay or reduce the opportunities for new applications; e.g. GAVI could have just one new application round each year instead of two. Equally, GAVI could delay application rounds and hence introduction of certain vaccines, particularly where introduction activities are not yet underway in GAVI eligible countries (e.g. rubella, typhoid.)
- The approaches used by IDA and the Global Fund could not be applied at GAVI due to the necessity for immunisation to be rolled out across an entire target population. At GAVI a process for allocating resources would rely primarily on prioritising vaccines, or prioritising individual applications which might then be funded in their entirety or not at all (at least for a time).

ANNEXES**ANNEX 3****Possible criteria for prioritisation of new applications and allocation of resources**

Prioritisation objective	Criteria	Indicator for ranking	Rationale	Other considerations
Prioritise need	Income	GNI per capita	Sharpens the focus on the poorest since new applications from poorer countries would be ranked higher.	GNI per capita would be used as a continuous variable if this were the only criteria used for allocation. Otherwise, income classes could be used.
	Disease burden	U5MR	Focuses on those countries with the worst child mortality rates.	If country-specific data were available, could use disease burden on a vaccine-by-vaccine basis. For most vaccines, suitable data are not readily available.
Create incentives to improve performance	Immunisation Performance	DTP3 or MCV coverage	Focuses on those able to implement vaccines most effectively.	Cash-based support would then ideally be available for poor performers to improve coverage with the basics in order to enable eventual access to NVS.
Increase equity	Historic receipt of GAVI investment	Cumulative per capita GAVI investment	Encourages countries to maximise the level of co-financing and drive towards self-sufficiency. Encourages countries to reflect on prioritisation decisions (each new vaccine adopted would increase their cumulative per capita GAVI investment and reduce prioritisation of their next application)	Data on the indicator are not currently widely available and would have to publish to increase the transparency. Because GAVI's approvals to countries are spread over several years, the levels of co-financing are projected prospectively. Countries could default or they could 'game the system' and commit to higher co-financing levels to appear to have a lower cumulative per capita GAVI investment than they might realistically achieve.
	Historic timing of vaccine adoption	Time since last vaccine adoption	Spreads resources more equitably among countries; may also improve performance by preventing rapid adoption of multiple new vaccines.	Could actually reduce value for money by arbitrarily penalising high-performing countries.
	Intra-country geographic equity	Proportion of districts with a DTP3 coverage \geq 70 or 80%	Focuses on improving equity within the country.	Data quality concerns as these data are not externally vetted.
Maximise value for money	Vaccine benefit or cost-effectiveness	<ul style="list-style-type: none"> o mortality impact o contribution to MDG4 o cost per death averted 	Focuses GAVI resources on the highest priority vaccines.	Using global estimates to prioritise vaccines would not sufficiently account for disease burden differences across countries. Could also be seen as impinging on country autonomy.