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DOCUMENT ADMINISTRATION

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| 1.0 | MD: Nina Schwalbe, Policy and Performance | |
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Revised Co-Financing Policy

1. Objectives

- 1.1. The overall objective of the co-financing policy is to put countries on a trajectory towards financial sustainability in order to prepare them for phasing out of GAVI support for new vaccines, recognising that the time frame for attaining financial sustainability will vary across countries.
- 1.2. The intermediate objective for countries with an extended time frame for achieving financial sustainability is to enhance country ownership of vaccine financing.

2. Scope

- 2.1. This policy covers country groupings for co-financing purposes, co-financing levels, the process for annual co-financing updates, and the mechanism for situations in which countries are in default on their co-financing.

3. Principles

- 3.1. All countries shall contribute to new vaccine support.
- 3.2. Co-financing should represent new and additional financing; countries should not use funds allocated for financing other vaccines.
- 3.3. This policy aims to assist countries with their long term planning.

4. Definitions

- 4.1. **“GNI per capita atlas method”**: Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is GNI divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method which smoothes exchange rate fluctuations by using a three year moving average, price-adjusted conversion factor.
- 4.2. **“Co-financing”**: GAVI-eligible countries and GAVI contribute to the costs of vaccines.
- 4.3. **“Graduating country”**: A country whose GNI per capita crossed the applicable eligibility threshold and that can no longer apply for new vaccine or cash-based programme support, but continues to receive support for Programmes that have been endorsed for GAVI funding when the country was still eligible.
- 4.4. **“Graduated country”**: A country whose GNI per capita has crossed the eligibility threshold and that can no longer apply for new vaccine or cash-based programme support

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from GAVI, and whose GAVI multi-year commitments for vaccines and/or cash-based programmes have ended.

- 4.5. “**Graduation process**”: The period of time after a country is no longer eligible to apply for GAVI support (and becomes a graduating country) until all GAVI support ends (and the country becomes a graduated country).
- 4.6. “**Financial sustainability**”: The ability of a country to mobilize and efficiently use domestic and supplementary external resources on a reliable basis to achieve current and future target levels of immunisation performance.

5. Country co-financing groups

- 5.1. **Low Income group**: Countries with GNI per capita at or below the World Bank low-income threshold. Co-financing obligation in 2012 and thereafter: 20 cents per dose (no annual increase).
- 5.2. **Intermediate group**: Countries with GNI per capita above the World Bank low-income threshold but below the GAVI eligibility threshold. Co-financing level in 2012: 20 cents per dose, or the amount per dose paid in 2011, whichever is higher. Thereafter, the co-financing amount per dose increases by 15% each year. For any new vaccine adoptions, the co-financing amount would start at 20 cents per dose, and increase by 15% annually. When countries in the future transition from the low income to the intermediate group, they would start at 20 cents per dose for vaccines, followed by 15% annual increases.
- 5.3. **Graduating group**: Countries with GNI per capita above the GAVI eligibility threshold, who are still receiving GAVI support. Starting in 2012, co-financing obligations shall increase over four years from rates paid in 2011 in order to reach 100% of the vaccine price in 2016, the year after GAVI support ends. For countries adopting a new vaccine in 2012 (and therefore with no history of co-financing payments for that vaccine), co-financing per dose would equal 20% of the projected 2016 vaccine price (projected price for GAVI countries, unless a set of price projections for GAVI graduates could be developed by the GAVI Alliance). Support for countries that enter the graduating group after 2012 would be phased out in the same manner and over the same number of years as support for countries that were ineligible in 2011.

6. Timeline for implementation, grace period, and updates

- 6.1. Countries will be informed of the co-financing country grouping they are a part of for 2012 and the corresponding co-financing obligations for 2012 following the December 2010 GAVI Alliance Board meeting. These initial classifications will be done according to 2009 GNI per capita data, which were released by the World Bank in July 2010. The calendar year 2011 is a “**grace year**” whereby countries are informed of their new co-financing group and prepare their budgets for the new obligation requirements for 2012.
- 6.2. Co-financing group thresholds will be updated annually according to the latest GNI p.c. data, which is released by the World Bank in July of each year. Co-financing country

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grouping updates will be made by September of each year. Countries will then be informed of any changes to their co-financing grouping and when those changes will take effect. Countries will have the following calendar year as a grace period to prepare their budgets following their change in co-financing grouping. The new co-financing obligations will take effect in the calendar year following the grace year.

7. Default mechanism

- 7.1. Co-financing payments in accordance with this policy are a condition to receive GAVI vaccine support. Fulfillment of the co-financing commitment is determined by the country's purchase of the number of doses set out in the GAVI Secretariat's "decision letter" to the country, or the corresponding dollar amount for vaccines (excluding handling fees, freight, and buffer charges). For self-procuring countries, compliance is defined by the purchase of the number of doses in the Secretariat's "decision letter" to the country.
- 7.2. A country enters into default when it has not fulfilled its co-financing commitment for a particular year by 31 December of that year.
- 7.3. Countries can apply for, but will not be approved for new vaccine support, when they are in default of their co-financing commitment.
- 7.4. If a country remains in default for more than one year, the GAVI Board may suspend support for the relevant vaccine until the co-financing arrears are paid in full.
- 7.5. There are exceptional circumstances that can prevent a country from fulfilling its co-financing commitments due to severe natural, economic, social, or political difficulties. In these cases, the GAVI Board may grant a grace period or exemption on a base-by-case basis.

8. Primary data sources

- GNI per capita (Atlas method) from World Bank classifications
- Definition of Low Income Country upper threshold from World Bank classification
- Eligibility threshold adjustment for annual inflation using World Bank deflators
- Reports from vaccine procurers on status of co-financing payments

9. Effective date and review of policy

- 9.1. This policy comes into effect as of 1 December 2010.
- 9.2. This policy will be reviewed and updated in 2014 or as and when required. Any amendments to this policy are subject to GAVI Alliance Board approval.