

Co-financing vaccines: building country ownership and sustainability

Co-financing is a cornerstone of the GAVI Alliance's commitment to building country ownership and ensuring the sustainability of vaccine funding. It is a driving principle in the funding of vaccines and is a core element of GAVI's financing goal in the 2011-2015 strategy.

Co-financing requires a country receiving funding to contribute a portion of the cost of procuring new vaccines.¹ This reflects and promotes the country's ownership of its immunisation programme, and ensures that funding will continue after GAVI support has ended.

Country ownership prioritised

Financial Sustainability Plans (FSPs) have always been a requirement of country applications for support.

In 2008, countries began paying a portion of the cost of vaccines. By 2011, countries were co-financing on average US\$ 0.08 for every dollar they received.

Cost sharing reflects ability to pay

A review of this successful co-financing approach was conducted in 2010 in close consultation with Ministries of Health and Finance, and led to a revision of the policy to better align with countries' ability to pay.

Countries eligible for GAVI funding span a large income range, reflecting variations in public spending on health and ability to assume new vaccine financing. Therefore, the amount of the co-financing contribution is based on each country's ability to pay, with countries divided into low-income, intermediate and "graduating" groups.

The new policy requires economically stronger countries to co-finance a greater share of vaccine costs, easing them into "graduation" from GAVI support and taking on the full cost of vaccines.

Sixteen countries are in the process of graduation. It also recognises that financial sustainability of vaccines is within reach for countries with growing economies, but for the least developed countries, self-sufficiency needs to be a longer-term goal.

Tiered co-financing

There are three categories of countries under the co-financing policy:

- **Graduating countries:** the goal is to prepare these countries for financial sustainability after GAVI support ends. They are at or above the eligibility threshold for GAVI support of US\$ 1,520 of Gross National Income (GNI) per capita.² As support ends, they will be required to gradually increase co-financing, starting with approximately 20% of the projected vaccine price and increasing over four years to full funding.
- **Intermediate countries:** the goal is to prepare them for eventual graduation. Their GNI ranges between US\$ 1,005 and US\$ 1,520. They are expected to co-finance at least US\$ 0.20 per dose the first year and increase by 15% each year.
- **Low-income countries:** for these countries, co-financing aims to reinforce national ownership of immunisation through financing, as self-sufficiency is a much longer-term goal. Low-income countries fall below the GNI threshold of US\$ 1,005 per capita. These countries are requested to co-finance US\$ 0.20 per dose.

¹ Vaccines exempt from co-financing are measles second dose and preventive campaigns with measles-rubella, meningococcal A and yellow fever vaccines.

² World Bank, 2010 data

More countries contributing to vaccine costs

Despite major challenges in the global economy, more countries than ever are demonstrating their commitment to the value of vaccines. In 2011, more than 60 countries were co-financing new and underused vaccines funded by GAVI. Four highly committed countries chose to co-finance their vaccines ahead of the mandatory starting date, while six countries exceeded their commitments and paid more than required.

The total amount of co-payments from countries was approximately US\$ 37 million in 2011, or 8% of total vaccine support to these countries.

Small island states show their commitment to the value of vaccines



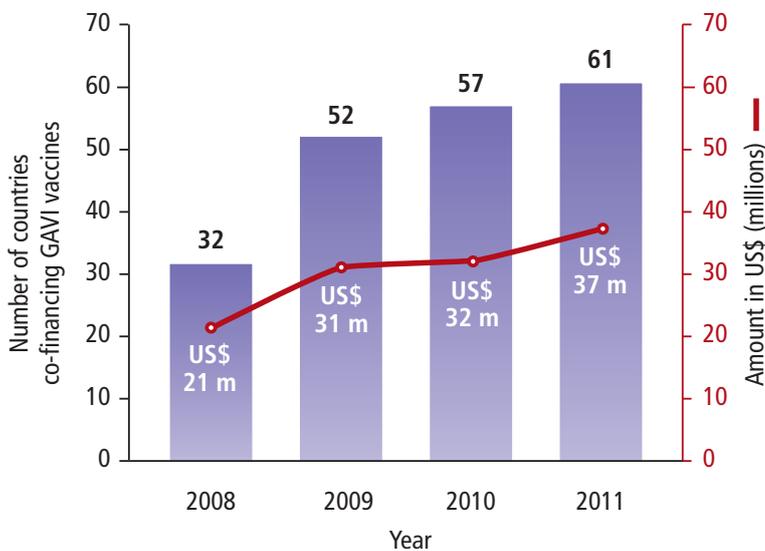
Despite political and economic challenges, three small Western Pacific island countries are leading the way on vaccine co-financing: Papua New Guinea is co-financing its pentavalent vaccine voluntarily, and Kiribati and the Solomon Islands are contributing more than is required.

"This is an investment in our future," says Steven Toikilik, national manager for the Expanded Programme for Immunization in Papua New Guinea. "By spending money on immunisation, we're saving on the costs of health care and medicines, and the tragedy of preventable death and disability."



Information current as of November 2012

Co-financing of GAVI vaccines



Note: data reported as of September 2012

Supporting countries in transition

To ensure a smooth transition to independent funding, GAVI Alliance partners are working to provide assistance to countries that will graduate in the coming years. For example, graduating countries will continue to be eligible for certain negotiated vaccine prices. Alliance partners are also looking at ways to support countries facing difficulties in meeting their co-financing requirements.

In concert with GAVI's market-shaping efforts to decrease prices and stabilise markets for vaccines, the co-financing policy is critical to making sure immunisation programmes established in the poorest countries continue long after GAVI support ends.

Link:

GAVI's co-financing policy: <http://www.gavialliance.org/about/governance/programme-policies/co-financing/>



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