

Gavi Financing for Immunization

KEY POINTS

- * Gavi is the world's largest channel of external financing for immunization.
- * Gavi supports a menu of 10 vaccines and contributes to global stockpiles of meningitis, oral cholera, and yellow fever vaccines. It also provides support for procurement of cold chain equipment, health systems strengthening grants, vaccine introduction grants, and operational support for campaigns.
- * Gavi works to help countries achieve financial sustainability in their immunization programs. Countries that receive Gavi vaccine support are required to make contributions that increase over time.

GAVI, THE VACCINE ALLIANCE, was founded in 2000 by a partnership of major donors, international agencies, and leaders of the vaccine industry to accelerate the adoption of new and underused vaccines in the world's poorest countries and to improve immunization coverage. Its creation was spurred by concerns over stagnating immunization coverage and the financial barriers to introducing new lifesaving vaccines in the poorest countries.

Gavi is a funding entity that has become the largest channel of external financing for immunization. By the end of 2015, it had disbursed US\$8.7 billion to support country immunization programs. It provides both commodities (vaccines, injection supplies, and equipment) and grants to support the introduction of vaccines, the operational costs of campaigns, and health system strengthening. It works with public and private partners, including the World Health Organization and UNICEF, to support countries in improving the performance of immunization programs.

Gavi also works to shape vaccine markets in order to make vaccines more affordable and their supply more secure. In concert with UNICEF Supply Division, which handles most procurement for Gavi-supported

countries, and the Bill & Melinda Gates Foundation, it works to establish healthy markets and better support countries' vaccine needs. Gavi pays relatively favorable prices for the vaccines in its portfolio.

GAVI ELIGIBILITY

When Gavi was created in 2000, 75 countries with gross national income (GNI) per capita below US\$1,000 were eligible to receive assistance. In late 2009, Gavi reset the eligibility threshold at US\$1,500. It also provided for the eligibility threshold to be adjusted for inflation and for country eligibility to be based on the World Bank's release each July of GNI per capita figures for the previous year. The Gavi Board made further revisions to the eligibility and transition policy in 2015, changing the eligibility indicator from the country's most recent GNI per capita to a three-year average to smooth out year-to-year variations and make it easier for countries to project when they will exceed the eligibility threshold. In 2017, the eligibility threshold stood at US\$1,580.

Once countries cross that threshold, they enter a five-year "accelerated transition" phase, during which Gavi support is phased out and the national contribution to vaccine financing grows rapidly

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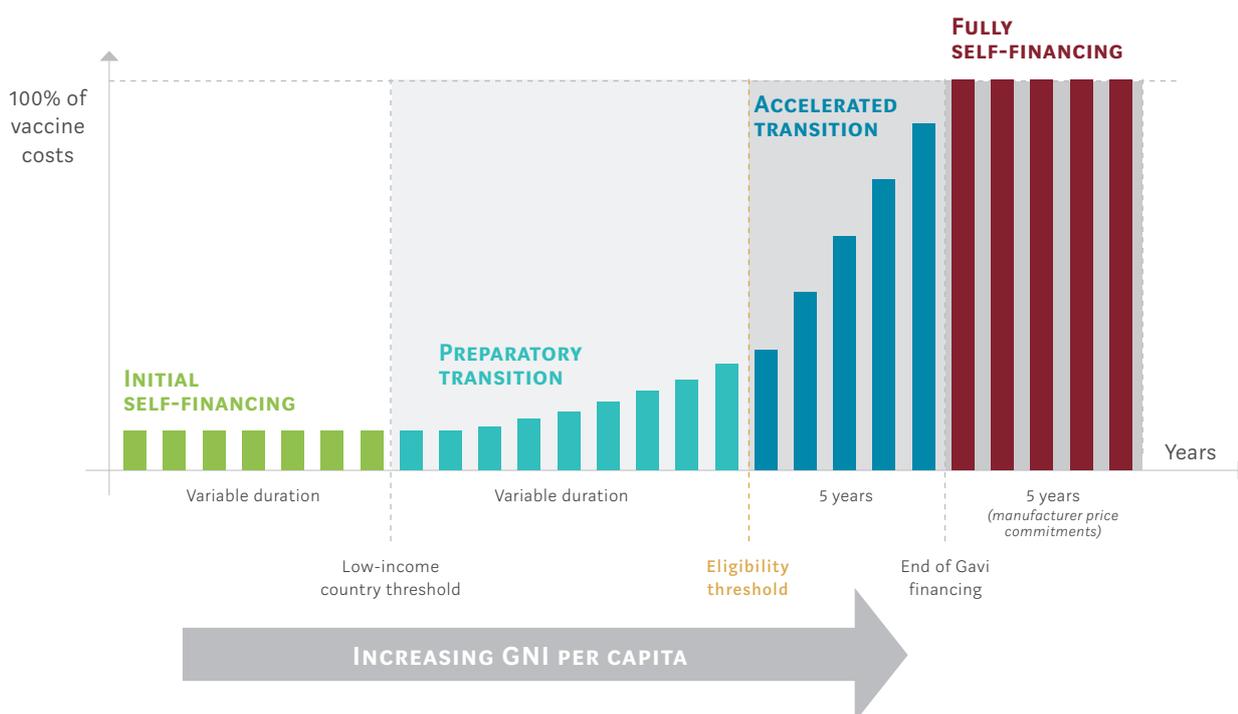
(as detailed later in this brief). After the first year of this transition, called the “grace year,” the country cannot apply for new vaccine support. As of 2017, 32 countries are in the initial self-financing phase, 15 are in the preparatory transition phase, and 17 are in the accelerated transition phase. The Gavi transition model is depicted in the figure below.

HOW GAVI SUPPORT WORKS

Gavi supports a portfolio of vaccines (and associated injection safety devices) that includes human papillomavirus (HPV), inactivated polio vaccine (IPV), Japanese encephalitis, measles, measles-rubella, meningitis A, pentavalent, pneumococcal, rotavirus, and yellow fever. Countries can apply for vaccine support for campaigns or, more commonly,

for introducing new vaccines into the routine immunization program. Gavi provides financial support for the procurement of vaccines and injection safety devices. (It provides funding to UNICEF to procure these commodities rather than providing funds for their purchase directly to countries.) Gavi also provides support through its Health Systems and Immunization Strengthening (HSIS) support framework, which includes health systems strengthening grants, grants to fund one-time startup costs for new vaccine introduction, and grants to help fund operational costs for immunization campaigns. HSIS grants are intended to strengthen immunization systems and, in particular, to improve coverage and equity, which is a major objective of Gavi’s 2016–2020 strategy. In 2016, Gavi began offering support for cold chain equipment upgrades.

THE GAVI MODEL: COUNTRY CONTRIBUTIONS TO VACCINE COSTS (2016)



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Gavi makes long-term commitments to continue supporting the routine use of the vaccines until a country transitions out of Gavi support. Gavi periodically adds new vaccines to its portfolio (primarily based on its Vaccine Investment Strategy, which is developed every five years). New additions to Gavi's vaccine portfolio and changes to Gavi policies are announced and explained on the Gavi website so countries can stay up to date on the available opportunities.

CO-FINANCING

The Gavi model helps prepare countries for full self-financing once Gavi support ends. Through its co-financing policy, Gavi requires countries to pay for and procure (usually through UNICEF) a share of the vaccines that they have introduced with Gavi support. Co-financing requirements as of 2016 are depicted in the figure on the previous page. Countries are responsible not only for co-financing vaccines but also for covering the ongoing incremental supply chain, logistics, and service delivery costs associated with new vaccines, although sometimes other donors help cover these costs.

Co-financing obligations increase as countries grow economically. When they are in the World Bank's low-income country category (referred to as the initial self-financing category), they procure a small share (equivalent to US\$0.20 per dose) of the vaccines that Gavi is supporting. This modest obligation is intended primarily to promote country ownership rather than financial sustainability of the immunization program. After a country crosses the threshold to lower-middle income status (referred to as the preparatory transition category), its co-financing obligation is tied to the prices of the vaccines it has adopted and increases by 15% per year. Once it exceeds the eligibility threshold, its co-financing obligation increases by 15% for one more year (the grace year) and then ramps up steeply over the next four years (when it is in the accelerated transition category).

Ideally, by the time Gavi support ends, the country is prepared to fully self-finance vaccine costs. Another challenge for countries as they transition from Gavi support is that they might have to pay higher prices. To ease this concern, several manufacturers have made commitments to continue providing countries with access to the same price that Gavi pays, or to maintain the prices countries are currently paying for certain vaccines for set periods of time after they have transitioned out of Gavi's financial support. Information about manufacturers' commitments is offered at www.gavi.org/library/gavi-documents/supply-procurement/.

PREPARING FOR TRANSITION

Although in principle co-financing helps prepare countries for eventual transition from Gavi support, some countries, particularly those that have introduced many vaccines with Gavi support, face a fiscal challenge as that support ends. Thus governments must consider the long-term cost implications of new vaccines when making introduction decisions. Other briefs in this resource guide can help governments weigh financial and other considerations in their introduction decisions, make the case for immunization with decision-makers, calculate budget requirements, minimize costs through strategic purchasing, identify appropriate sources of financing, and ensure sustainable and adequate immunization financing as they reform health-sector financing more broadly.

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FURTHER READING

See the UNICEF Supply Division website for information on prices for vaccines supplied by UNICEF for Gavi (http://www.unicef.org/supply/index_gavi.html).

See the Gavi website for information on Gavi support (<http://www.gavi.org/support/>) and on Gavi policies (<http://www.gavi.org/about/governance/programme-policies/>).