



## Vaccine Co-financing

Frequently Asked Questions  
April 2011

### 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, where applicable, 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 ownership of vaccine financing.

Hereafter, 'co-financing of vaccines and safe injection devices' will be referred to as 'co-financing of vaccines'. Countries will need to include syringes and safety boxes in planning and budgeting processes.

### 2. Do all countries need to co-finance their GAVI-supported vaccines?

All countries receiving vaccines from GAVI will need to co-finance these GAVI-supported commodities. Currently, the vaccines that are exempted from the co-financing obligations are measles second dose and preventive campaigns with Meningococcal A conjugate vaccine (Men A) and Yellow Fever.

### 3. How are co-financing requirements communicated to countries?

In the Decision Letter for new vaccines, the GAVI Secretariat will specify a country's co-financing requirements. This letter will specify both the number of doses to be procured by the country and the estimated cost of that procurement.

### 4. What sources of funding may be used to co-finance vaccines?

Although countries are encouraged to mobilise national resources (funds from the Government) to fulfil the co-financing obligations, countries may also use funds from other partners for co-financing. Countries should *not* use other GAVI funds (ISS and HSS) to meet their co-financing obligations.

### 5. 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, 2009 data): the low-income group, intermediate group and graduating group. These groups represent 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.

Table 1: Revised and Board-approved Co-financing Levels for the GAVI Alliance

Group	Classification threshold	Co-financing obligation in 2012 and thereafter	Gradual increase
<b>Low-income</b>	GNI per capita at or below the World Bank low-income threshold (currently <US\$ 995).	20 cents (US\$) per dose.	No annual increase.
<b>Intermediate</b>	GNI per capita above the World Bank low-income threshold and below the GAVI eligibility threshold of US\$ 1,500 (currently between US\$ 995 and US\$ 1,500)	Co-financing will be set at either 20 cents (US\$) per dose or the amount paid by the country for the specific vaccine in the previous year, whichever is higher.	15% annual increase.
<b>Graduating (for a vaccine introduced in 2012)</b>	Above the GAVI eligibility threshold of US\$ 1,500 GNI per capita.	Graduating group co-financing per dose in 2012 will start at 20% of the projected 2016 per dose vaccine price, with a linear increase over a four-year period from the amount paid in 2012 to the projected 2016 price.	A linear increase, starting at 20% in the first year, then 40% in the second year, 60% in the third year, 80% in the fourth year, 100% in the fifth year (2016).

## 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 group membership will be updated annually according to the latest GNI per capita data, released by the World Bank in July of each year. If updated GNI data shows that a country has moved into a different co-financing group, the next 12 months will be considered a grace period.

During the grace period (e.g. 2012), co-financing requirements will remain the same as under the country groupings for the previous year (e.g. 2011).

The grace period allows a country time to update budgets and plans with new co-financing levels.

### 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 2011** > the World Bank publishes GNI per capita data for 2010.

**August 2011** > 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.

**2012** > this year is considered the grace period. The country will continue to pay 20 cents (US\$) per dose as a Low-income Country, the same amount paid in 2011.

**2013** > the country will co-finance 20 cents (US\$) per dose plus 15%, equal to 23 cents per dose.

#### EXAMPLE

A country in the Intermediate group increases its GNI per capita to become a graduating country and is informed accordingly by the GAVI Secretariat. The co-financing levels will be adjusted as follows:

**2012** > this year is considered the grace period. The country will continue to pay 23 cents (US\$) per dose as an Intermediate country, the same amount paid in 2011.

**2013** > the country will co-finance 20% of the projected vaccine price. If the vaccine is pneumococcal, the country will co-finance 70 cents (US\$) per dose.

### 7. How does the co-financing policy apply to the 2011 round and to the prioritisation mechanism?

The co-financing levels for Low-income and Intermediate countries will start at 20 cents (US\$) per dose in 2012 or 2013, depending on the first date of introduction. After the first year of introduction, the co-financing levels for Low-income countries will remain at 20 cents (US\$) per dose, while for Intermediate countries they will increase by 15% each year (23 cents, 26 cents, 30 cents, 35 cents, etc.).

The co-financing level for graduating countries in 2012 is 20% of the projected 2016 vaccine price (per dose), thereafter following a linear increase over a four-year period. For a vaccine introduced in 2012, the graduating country is expected to assume the full cost of the vaccine in 2016.

#### EXAMPLE

Table 2 illustrates the outcome if a graduating country applies for two new vaccines in 2011; Vaccine A and Vaccine B.

If both proposals are recommended for funding by the Independent Review Committee, the country could express its preference to introduce Vaccine A in 2012 and Vaccine B in 2013. Table 2 indicates the corresponding increase in co-financing contributions per year (assuming the projected price in 2016 of the hypothetical Vaccine A is US\$ 3.50 per dose). Co-financing payments for Vaccine B will start in 2013 and similarly increase per year over a four year period.

Based on this scenario, country will pay 100% of the cost of Vaccine A in 2016, and 100% of the cost of Vaccine B in 2017.

#### EXAMPLE: Application of prioritisation mechanism

The above example is also relevant to a graduating country that applies for two vaccines that are both recommended for approval by the IRC. In the case of a lack of funding in the 2011 application round, the prioritisation mechanism will need to be applied.

In this instance, only one vaccine proposal per country can be approved in 2011, and the proposal for Vaccine B will automatically go into “the pool” for new applications at the next round. This means that in a potential 2012 application round, Vaccine B will be reconsidered for approval.

Table 2: Illustrative co-financing amounts per year for two vaccine proposals submitted by a graduating country in the 2011 application round

Co-financing requirements per year for countries graduating in 2011						
	2012	2013	2014	2015	2016	2017
<b>'Vaccine A' proposal submitted in 2011 and approved in 2011</b>	Year of introduction: 20% of the projected vaccine price in 2016	40% of the 2016 vaccine price	60%	80%	100% End of GAVI support	100%
Co-financing amount per dose <i>Assumption:</i> Projected vaccine price in 2016 is \$3.5/dose	\$0.7	\$1.4	\$2.1	\$2.8	\$3.5	\$3.5
	2012	2013	2014	2015	2016	2017
<b>'Vaccine B' proposal submitted in 2011 and approved in 2012*</b>	-	<i>Year of introduction:</i> 20% of projected 2017 price	40%	60%	80%	100% End of GAVI support
Co-financing amount per dose <i>Assumption:</i> Projected vaccine price in 2017 is \$2.0/dose	-	\$0.4	\$0.8	\$1.2	\$1.6	\$2.0

\* Vaccine B remained in the pool after prioritisation in the 2011 round and was then approved for funding in 2012

## 8. For a graduating country, what is the difference between applying for pneumococcal vaccines either in the 2011 round or in a subsequent year?

The difference is reflected in the cost of the pneumococcal vaccines to the country.

If a graduating country applies for pneumococcal vaccines in 2011, the co-financing policy applies. In 2012, graduating countries will be expected to co-finance at 20% of the projected 2016 price of the vaccine. Thereafter, co-financing requirements will follow a linear increase over a four-year period. In 2016, the graduating country is expected to assume the full cost of the vaccine at US\$ 3.50 per dose (tail price). After graduation, the country will continue to access the GAVI price.

If a graduating country applies for pneumococcal vaccines in 2012 or later, it will need to completely self-finance the vaccine price from 2013 (at US\$ 3.50 per dose, the tail price).

The tail price is the maximum long term price for developing countries as determined by the Advanced Market Commitment (AMC) agreements. For more information on the AMC: [www.vaccineamc.org](http://www.vaccineamc.org)

## 9. When is the co-financing amount due to be paid?

In effect, co-financing is a co-procurement process. A country is expected to co-procure their required amount by 31 December of each year. To procure new vaccines and safe injection devices, countries must make initial agreements with the procurement agency or supplier. In addition, arrangements must be made for shipping and transfer of payments before year end.

## 10. 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. Accordingly, a country may self-procure the co-financing 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 (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.

## 11. 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 for a year, by 31 December of the same year, e.g. 2011 co-financing must be paid in full by 31 December 2011.

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 more than one year, the GAVI Board may suspend support for the vaccine in question until the co-financing arrears are paid in full.

GAVI Alliance partners work with countries to identify a means for the co-financing requirements to be fulfilled. To date, after two years of implementation, no country has remained in default past the first year. However, the GAVI Alliance recognises that unanticipated extenuating circumstances may prevent a country from fulfilling its requirements. In such cases, the Alliance will work with countries on a case-by-case basis to determine whether exceptions can be made.

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

Vaccine	Doses per vial	2011	2012	2013	2014	2015	2016	2017
PCV10	2 liquid	3.500	3.500	3.500	3.500	3.500	3.500	3.500
PCV13	1 liquid	3.500	3.500	3.500	3.500	3.500	3.500	3.500
Rota 2-dose schedule	oral	7.500	6.000	5.000	4.000	3.600	3.600	3.600
Rota 3-dose schedule	oral	5.500	4.000	3.333	2.667	2.400	2.400	2.400
DTP-hepB-Hib	WAP	2.580	2.470	2.320	2.030	1.850	1.850	1.850
YF	WAP	0.856	0.856	0.856	0.856	0.856	0.856	0.856
Measles	10	0.240	0.240	0.240	0.240	0.240	0.240	0.240

Prices are projections, per dose, based on information currently available. Countries will be informed of changes as they occur.