

## GLOBAL ALLIANCE FOR VACCINES AND IMMUNIZATION (GAVI) FINANCING TASK FORCE (FTF) FLYER, EDITION #6, DECEMBER 2004

Headlines: *GAVI* Board meets in Abuja...Financial Sustainability Plan (FSP) findings from 22 countries... Hib financing and Bridge financing...An International Finance Facility for Immunization (IFFIm) is in the wings...Advanced Immunization Management (AIM) e-learning modules from PATH/CVP... Immunization Financing Database Website....Special mention...Recommended reading... Millions Saved: Proven Success in Global Health

**GAVI Board Meets in Abuja:** The Abuja Board meeting on December 4-5 came at a time of major transition for the Alliance. Significant turning points included the approval in early 2005 of the International Finance Facility for Immunization (IFFIm); the transition, over the next year or so, to Phase II of *GAVI*; the convergence of the *GAVI* Secretariat and the Vaccine Fund; and the succession, on January 1, 2005, of Dr. Julian Lob-Levyt, to replace Dr. Tore Godal, as Executive Secretary of the *GAVI* Secretariat. In addition, the Board was presented with a proposed process for developing a long-term procurement strategy to be discussed at the March 2005 Board meeting. Last but not least, findings from 22 financial sustainability plans demonstrated that two of the original *GAVI* assumptions - that vaccine prices would decrease, and that governments and partners would increase significantly their contributions - have not been realized.

**Financial Sustainability (FS) Plan (FSP) Findings:** The FS Plans show that:

- 1. Total spending is up.** For the 22 countries included in this analysis, overall spending on immunization has increased since *GAVI* began. The total volume of resources available for national immunization programs (NIP) increased by 47 percent, from US\$98 to US\$144 million, when we compare the year before and the year after Vaccine Fund resources were made available. If routine immunization services are singled out, the corresponding spending has risen by 61 percent, from US\$62 to US\$100 million.
- 2. Governments and partners are spending more on vaccines.** In the aggregate, government funding, which represented on average of 51% of all funding for routine immunization, has seen a 13% increase in the first few years of Vaccine Fund financing. This average masks, however, large variations within and between countries: for example, while the government of Madagascar increased its spending by 41%, government spending in The Gambia decreased by 33%. International support for immunization also has risen, by 17% since Vaccine Fund financing began. However, most of this increase is financing to support supplemental immunization activities: international donors fund more than 80% of the needs for campaigns. Partners' financing for routine immunization services has increased by US\$3 million across the

22 countries or an increase of 9%. Government and partner contributions vary substantially from one year to the next - a core feature of immunization financing.

**3. Overall budget impact of immunization remains modest although introduction of combination vaccines does increase costs substantially.** Even with the increased spending, immunization represents a small share of total spending on health in most countries by both national governments and donor agencies. Before the Vaccine Fund began operations, the NIP represented 4% of government health spending on average across the 22 countries. After the Vaccine Fund initiated support, the NIP accounted for 5.7% of government health spending. In the countries included in this analysis, this translates into about US\$0.39 per capita for routine plus supplemental program-specific costs, or US\$0.27 per capita for routine costs only.

The picture varies significantly depending on the vaccine presentation, with the older, monovalent products being considerably less costly than the newer combinations, not taking into account program efficiencies that may result from the use of combination vaccines. The data suggests that requirements for routine immunization increase by a factor of 1.4 if monovalent Hepatitis B is introduced, double if DTP-Hep B vaccine is introduced, and triple if Hep B- and Hib-containing vaccines are added to immunization schedules.

**4. Vaccine costs account for an increasingly large share of National Immunization Program costs.** In countries introducing new and underused vaccines, expenditures on vaccines and injection supplies have become an increasing share of total spending - from 18% in Armenia (with Hep B mono) to 74% in Ghana (DTP-Hep B and Hib) of total routine program-specific expenditures between the pre-Vaccine Fund and the Vaccine Fund periods. This increase is a logical consequence of using the current immunization system to deliver new products, and as a result, saving more lives by protecting children against a wider range of diseases.

**5. Accelerated Disease Control campaigns account for a large share of National Immunization Program costs.** On average across the 22 countries, about one-third of total program-specific expenditures are dedicated to campaigns, including for polio eradication and measles control. In some countries, campaigns account for more than half of NIP-specific spending, which in part reflects the coincidence between the timing of the FSP analyses and the polio and measles "catch-up" and meningitis campaigns. Funding for campaigns is largely from external sources.

**6. Future financing is vulnerable.** The gap between the resources required and the resources secured is growing, and the transition from the Vaccine Fund to other sources of financing for routine immunization is unclear. With the notable exception of Guyana and possibly Uzbekistan, the resource requirements of an expanded immunization program greatly outstrip anticipated future financing in the 22 countries. Looking at the future of financing for

immunization, while the trend is positive and both governments and donors are expected to increase their support for immunization, average resource requirements to sustain the gains of an enhanced programs have increased, along with the gaps. While these aggregate figures mask tremendous variation, the findings from these 22 countries show limited signs of significant phasing in of alternatives to Vaccine Fund support.

**Financial Sustainability Analysis and Bridge Financing:** This is one of the most important items on the Abuja Board agenda, with resolution of the complex issues being critical to the long-term impact of the GAVI enterprise. We quote from the Abuja Board Financial Sustainability Plan analysis and Bridge financing papers, in order:

- Findings from the 22 financial sustainability plans recently completed reinforce most of the preliminary conclusions from the 10 plans analyzed in 2003, i.e., that many countries that have introduced newer, combination presentations will find it difficult or impossible to sustain the use of these products under current conditions of price, partner commitments, and Vaccine Fund grant volume. The Financing Task Force (FTF) is hoping for a Board discussion and actions that the GAVI partnership can take to influence bilateral and multilateral agencies to increase their commitments to health and to immunization;
- The Board agreed, at its July 2004 meeting, to pursue the principle of bridge financing for countries that had already introduced immature vaccine products but were facing major financial sustainability challenges. The Board requested the Financing Task Force (FTF) to explore options for cost-sharing and co-financing of immature products for its consideration. The FTF has engaged in an extensive consultative process including with experts in public finance. It now proposes two options for further analysis: a pre-set schedule for gradual and step-wise increases in national and partner contributions; and a fixed co-payment system whereby countries and national partners would provide a standard co-payment for each dose of vaccine and the Vaccine Fund would assume responsibility for paying the difference between the fixed co-payment and the market price of the new product over a 5 or 10 year period.

The GAVI Board was requested to approve an overall resource envelope for the 24 early adopter countries; a consultation process with the early adopter countries to elicit their views as to which of the above two options they favor; and having the FTF explore implementation procedures and mechanisms. Final decisions will be taken at the March 2005 Board meeting.

Given that the majority of countries had little to no appreciation of the costs and financial implications of new vaccine introduction until submitting a Financial Sustainability Plan two years after approval of Vaccine Fund support, the FTF recommended that the Board request the GAVI Working Group to revise the country application process, to ensure that countries are fully apprised of the costs and financing options associated with new vaccine introduction

at the time of application. In addition, and based on experience to date, this would be an opportune time to revisit the current GAVI financing mechanism (five years of vaccine free).

**International Finance Facility for Immunization (IFFIm):** The proposed International Finance Facility (IFF) could double, yes double, development assistance. And The IFFIm may allow immunization to provide a proof of concept for the IFF by financing immunization programs in low-income countries to the tune of \$4-6 billion over the next ten years. Conceived of by UK Chancellor of the Exchequer Gordon Brown, and strongly supported by France, the IFFIm looks as though it may be launched in early 2005. First a word about the larger IFF idea follows.

The International Finance Facility is an innovative financing mechanism designed to speed up the flow of aid. By doing so, the Facility could make available an additional US\$50 billion a year in development assistance between now and 2015 - funds that could be invested in tackling the causes of poverty now rather than treating the consequences later. At the UN's International Conference on Financing in Monterey in 2002, donor governments promised to provide US\$16 billion per year in extra resources to help meet the Millennium Development Goals. But this still falls far short of what is needed. Estimates by the World Bank suggest that an annual increase of somewhere around US\$50 billion per year will be required to meet the targets - amounting to a doubling of current levels of official development assistance (ODA). Steps have been made in this direction. A number of governments have made a political commitment to increase their ODA contributions to 0.7 % of Gross National Income (GNI). But fiscal constraints mean that most can only do this gradually. The money has been committed but to meet the goals it needs to be spent now.

The IFF provides a mechanism by which these promises could be banked and aid frontloaded to help meet these targets in the poorest countries immediately. The Facility would raise money from private investors through the sale of bonds on the capital markets. Legally binding long-term commitments from donor governments to the IFF would provide the security for the bonds. The proceeds from the bonds could be disbursed immediately to fund aid programs. The IFF would then pay bondholders a modest rate of interest and, as money pledged by donor governments became available gradually over 30 years, would eventually repay the capital value of the bonds.

Progress on the proposed IFFIm is good. Chancellor Brown spoke in a major address on November 24 about the importance of the IFFIm. Bill Gates, Jr. recently spent an hour with President Chirac and France has now indicated major funding support. The UK is promoting the IFFIm vigorously, and prospects for Germany or Spain becoming the third donor, a key step for Eurostat approval, look promising. Token contributions are also likely from Nordic countries, Canada may be a guarantor, and China and Brazil are both enthusiastic.



**AIM e-learning:** PATH's Children's Vaccine Program (CVP) and SUMMIT/Learning Technologies at Stanford University School of Medicine, in collaboration with GAVI partners, have launched the first set of Advanced Immunization Management (AIM) e-learning modules. Three interactive CD-Rom, or internet-based training modules are available on: considerations for introducing new and underutilized vaccines (hepatitis B and Japanese encephalitis vaccines) and immunization financing.

The Immunization Financing module provides a unique tool that countries and partners can use to strengthen a frequently overlooked aspect of overall immunization program management. The modules are also designed to reinforce implementation of financial sustainability plans. Content in the module includes: Basics of immunization financing; understanding the international vaccine market; how to develop and use costing, budgeting, and financing data; and strategies to improve sustainability.

The modules are designed to give users maximum flexibility to learn at their own pace, learning styles, and according to time availability. They use interactive case studies, graphics, and quizzes to compliment the content. The effectiveness of AIM modules can be further magnified if used to provide additional depth to issues as a compliment to an in-service training or workshop. Facilitator guides available with the modules, include an introduction and also provide an outline on how to use the modules effectively. AIM e-Learning modules are currently available in English, but will soon be available in French, Russian and other languages.

AIM modules are available on-line ( <http://aim-e-learning.stanford.edu/> ) and on CD-ROM. To order a CD-Rom, please contact: Anne McArthur, PATH, 1455 NW Leary Way, Seattle, WA, 98107.

**Immunization Financing Website:** [http://www.who.int/immunization\\_financing](http://www.who.int/immunization_financing). . . In July 2004 a new resource from the GAVI Financing Task Force has been made publicly available. . .

The immunization financing website is intended to be an online resource for GAVI partners, international donors, policy-makers, health planners, immunization programme managers, and researchers who seek and wish to share information about immunization financing.

GAVI partners, international donors, researchers and other groups with an interest in the area can benefit from the country information and the immunization financing database

designed to provide reliable data on the quantity of financial resources used for immunization, their sources, the way they are used and how these compare across countries.

Policy-makers and health planners can learn more about immunization financing options and the benefits of financial sustainability planning as a tool in policy formulation.

National immunization programme managers can learn more about the value of financial planning, how to develop and implement a financial sustainability plan for a national immunization programme and use existing costing and financing tools available

The site contains 6 sections. The main ones are as follows:

### Data

The data section of the site is the gateway to the immunization financing database and essential information about its data. The immunization financing database is currently, and will continue to be populated with country level data generated through the GAVI Financial Sustainability Planning process. The data is made available through a dynamic data search interface. Each search type will generate a table that will display the information in different ways and according to the different dimensions of the data (countries, years, cost categories and funding sources). As much as possible the data is presented in the most comparable fashion and listing the known issues through detailed technical notes. Before consulting and using the data, we strongly encourage you to be informed about specific definitions, terminology and methodologies used, and their limitations.

### Countries

At a glance, country pages present a summary of the immunization financing situation for available countries, and provide key data and indicators of interest. These pages are intended for country-focused analysis and offer the possibility to download various related documents (e.g. the complete GAVI Financial Sustainability Plan for immunization and accompanying annex documents; other available immunization costing and financing studies...).

### Tools

The tools page makes available existing guidelines and tools related to immunization financing and costing. The main tool of interest is the Financial Sustainability Plan guidelines and annex materials (e.g. costing, financing and gap analysis tool).

### Options

The options page provides existing information on immunization financing options. These options are targeted at immunization service managers and policy makers in developing countries.

### **Database Acknowledgements**

The database website has been developed by WHO's Immunization, Vaccines and Biological department (IVB) under the auspices of GAVI, supported by the GAVI Financing Task Force and with the guidance of a technical expert team from many GAVI partner agencies (World Bank, USAID's Partnership for Health Reform (PHR+), the Center for Global Development, WHO, the Vaccine Fund, the Children's Vaccine Program, UNICEF and PAHO). Financial support for the development of this site has been provided by Aventis Pasteur, the Bill & Melinda Gates Foundation, GlaxoSmithKline, the World Bank and WHO.

Please share the news and register to the site if you wish to join an electronic mailing list and receive updates, or to provide feedback on the site. If you have information you would like to share broadly and post on the site, don't hesitate to get in touch with Patrick Lydon ([lydonp@who.int](mailto:lydonp@who.int)).

**Special Mention:** Dr. Tore Godal will step down from his position as Executive Secretary of the GAVI Secretariat as of January 2005. Dr. Godal has been instrumental in the success of GAVI, especially in dramatically increasing the speed of decision-making, and will be sorely missed. The *Flyer* would like to commend Dr. Godal for his outstanding contributions to GAVI on behalf of its readers. He never lost sight of the urgency of saving the lives of children, women, and men.

**Recommended Reading:** The Center for Global Development ([www.cgdev.org](http://www.cgdev.org)) recently published *Millions Saved: Proven Successes in Global Public Health*, by Ruth Levine and the What Works Working Group. *Millions Saved* chronicles the stories of 17 successful public health efforts and identifies a number of factors that were common to and contributed to the success of these initiatives. The entire book or its individual chapters can be downloaded free from the web at <http://www.cgdev.org/publications/MillionsSaved/> This is a must read book for everyone involved in global health!