



What is financial sustainability?

Countries receiving grants from The Vaccine Fund are required to develop 'financial sustainability plans' to increase the chances that priority immunization activities will receive adequate levels of domestic and external financial support in the medium and long term. To achieve financial sustainability, a country is not expected to become *self-sufficient* – at least not the most resource-poor countries. Instead, GAVI defines sustainability as a *shared* responsibility between developing countries and their donor partners.

The planning process

GAVI partners have developed financial sustainability planning tools that help high-level decision makers understand current cost and financing patterns; project future costs and prospects for financing; and define and initiate implementation of a strategy for mobilizing resources, reducing unnecessary costs, and making the flow of funding more reliable.

The plan is prepared by the national government (including managers of the national immunization program, and officials of the Ministries of Health and Finance), in collaboration with other members of the Inter-Agency Coordinating Committee (ICC) and/or other relevant donor groups. Technical assistance for financial sustainability planning, and particularly for compilation and analysis of information about program costs, can be provided through GAVI partners, but only if such skills are unavailable within a government or within a country.

The experience

To date, 28 countries have submitted their Financial Sustainability Plans. Twelve countries submitted in 2002 and sixteen in 2003. Impressive in such a complex undertaking, of the 28 FSPs reviewed, 22 require little additional work. In 2005, 34 countries are due for submission. The next submission due date is 30 November 2004.

Immunization program staff and partners report that developing financial sustainability plans is a valuable exercise. An evaluation of the first countries that completed their plans conducted by specialists from the UK and Norway found that most in-country respondents appreciated knowing – often for the first time – the national immunization programs' cost structure.

Integrating immunization financing into the health system

Financial sustainability plans are designed to complement existing mechanisms for sector planning, including sector-wide approaches (SWAps); and for public sector budgeting, including the Medium-term expenditure frameworks (MTEFs). Already in several countries, GAVI financial sustainability plans have provided well-grounded projections that are being used as MTEF inputs, and country officials have asked for FSP-like analyses to be conducted for other key health programs, and in a few cases, the entire health sector.

GAVI is working to improve integration with the broader health sector, and with on-going donor and government priority-setting. For example, GAVI has modified the schedule for preparation of FSPs in some countries so that they can be synchronized with SWAp donor reviews. The World Bank and other GAVI partners are actively seeking opportunities to link

FSP and MTEF efforts, and are “volunteering” immunization as a model for full analysis of costs and financing.

The future

The existence of a Financial Sustainability Plan is only the very first step in movement toward long-term provision of adequate and reliable financial resources for immunization. Actual prospects for financial sustainability depend on specific and concerted efforts by both Vaccine Fund-recipient governments and their development partners. Several major implementation challenges are:

- Obtaining commitments from developmental partners to provide the technical and financial assistance to countries to support the effective implementation of actions plans described in the financial sustainability plans.
- Increasing the overall level of funding devoted to health in poor countries, which is inadequate – even with donor contributions – to meet basic health needs.
- Increasing the proportion of funding that is committed to immunization programs (and health in general) over a multi-year period. Currently, The Vaccine Fund commits for a 5- to 8-year period of support, which is similar to a development bank loan period. In contrast, most other grant programs have a 1- to 2-year time horizon. This leads to high levels of uncertainty, and perverse incentives to spend in ways that do not necessarily promote the long-term programmatic development.
- Obtaining commitments that are dedicated to the immunization program, as a fundamental public health program, in a way that is consistent with an increasing tendency to move to budget support.
- Ensuring that the structure and flow of donor resources reduce (rather than increase) the lag times in disbursement of funds and the inadequacies of financial management.