

<b>SUBJECT:</b>	<b>GAVI'S APPROACH TO ENGAGEMENT WITH FORMER AND NEVER-ELIGIBLE MIDDLE-INCOME COUNTRIES (MICS)</b>
<b>Agenda item:</b>	07
<b>Category:</b>	For Decision

## **Section A: Executive Summary**

### **Context**

In June 2019, the Board agreed to institutionalise Gavi's support to former Gavi-eligible countries and requested the Secretariat to explore options for working with select never-Gavi eligible middle-income countries (MICs). The development of this MICs Approach was paused in June 2020 as a result of the pandemic but, given its pertinence to the delivery of Gavi 5.0, the Board requested the Secretariat bring it back for decision in December 2020. **This paper seeks Board approval on the proposed MICs Approach as recommended by the PPC.**

### **Questions this paper addresses**

- Why is a MICs Approach pertinent to the delivery of Gavi 5.0, and what are the objectives, scope of country eligibility, and funds required?
- In view of the impact of COVID-19, how should the Alliance engage in MICs?

### **Conclusions**

Backsliding in vaccine coverage and the absence of key vaccines in both former Gavi-eligible (hereafter 'former-Gavi') countries and select never-Gavi eligible (hereafter 'never-Gavi') MICs pose a direct threat to the successful delivery of Gavi 5.0. This paper thus proposes for approval a dedicated MICs Approach, endorsed by the PPC, to prevent backsliding in former-Gavi countries and to drive the sustainable introduction of key missing vaccines in former-Gavi countries and select never-Gavi MICs. But the impact of the pandemic on both countries and the Alliance means that trade-offs are required. Hence a gradual engagement that, through a distinct equity lens, gives priority to preventing and mitigating backsliding in former-Gavi countries and to strengthening relationships in never-Gavi MICs to prepare for future more substantive engagement is recommended. Exceptional support may also be offered to ensure successful introductions of key vaccines, or to lay the groundwork for their future introduction. The Secretariat will return to the Board in June 2022 with the full suite of MICs support. Approval is requested of the already earmarked 3% of Gavi 5.0 planned expenditure (US\$ 281 million), with a proposed spend of up to 25% in the first 18 months. In reviewing this proposal, which it endorsed, the PPC requested the Secretariat to further consider how fragile MICs might be supported, to develop a Theory of Change for the MICs

Approach, and to formalise a learning agenda to accompany its implementation. This paper provides additional information in response to these requests.

## **Section B: Content**

### **1. Background**

1.1 In June 2019, as part of the Gavi 5.0 agenda, the Board agreed that Gavi's post-transition support to former-Gavi countries be institutionalised. The Board also recognised that many never-Gavi lower middle-income countries and economies<sup>1</sup> (LMICs), with a Gross National Income (GNI) per capita (p.c.) of less than ~US\$ 4,000<sup>2</sup>, face similar challenges as former-Gavi countries, and requested the Secretariat to explore options for working with these countries along the same set of modalities. The Board also requested the Secretariat to explore options for working with never-Gavi upper middle-income countries (UMICs) with a GNI p.c. between US\$ 4,000-6,000 whilst indicating that the modalities of engagement may be different. In December 2019, the Secretariat started exploring whether to also include World Bank IDA-eligible small island states given their unique vulnerabilities. The Board earmarked, but did not formally approve, a funding envelope of up to 3% of Gavi 5.0 planned expenditure (US\$ 281 million). The proposed MICs Approach has been developed in close collaboration with countries, donors, (expanded) partners and other key stakeholders and learns from the implementation of post-transition engagement<sup>3</sup>.

### **2. Problem statement and trade-offs**

2.1 **Even prior to the onset of the COVID-19 pandemic, Gavi had recognised the risk of backsliding in vaccine coverage in former-Gavi countries.** As well as putting the legacy of Alliance investments in jeopardy, backsliding hits the most vulnerable hardest, exacerbating intra-country inequities. COVID-19 and the ensuing economic downturn only serves to increase both the likelihood and potential extent of backsliding, and the Board recognised this by approving US\$ 20 million in June 2020 to start addressing this concern in former-Gavi countries (see para 4.2). Indeed, preliminary data from 8 former-Gavi countries and 13 never-Gavi MICs<sup>4</sup> on the number of children vaccinated in first 6 months of 2020 compared to the first 6 months of 2019, shows that all the 8 former-Gavi countries have seen a decrease, with an average of 16% fewer children being vaccinated, and 10 never-Gavi MICs have seen a decrease, with an average of 13% fewer children being vaccinated<sup>5</sup>.

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<sup>1</sup> In this paper, "countries" is used interchangeably with "economies," and the acronyms 'LMIC', 'UMIC' and 'MIC' include economies that are not UN member states.

<sup>2</sup> The World Bank defines LMICs as those with GNI p.c. below \$4,045.

<sup>3</sup> There is, e.g., greater emphasis on working to a well-defined theory of change, on leveraging the experience, expertise, and country relationships of Alliance partners and expanded partners, on facilitating peer-to-peer learning via e.g. regional platforms, and exploring how to work with new and non-traditional partners such as CSOs and the Global Fund.

<sup>4</sup> Includes never-Gavi MICs with GNI p.c. <\$6,000 and additional never-Gavi IDA eligible economies.

<sup>5</sup> WHO Administrative Data Estimates for DTP3, November 2020

- 2.2 **A number of transitioned countries have also not introduced key vaccines.** Of the 17 former-Gavi countries, six are missing pneumococcal conjugate vaccine (PCV), seven are missing rotavirus, and nine are missing human papillomavirus (HPV)<sup>6</sup>. There are eight such never-Gavi MICs<sup>7</sup> who haven't introduced any of these three key vaccines, and another 11 who are missing two of the three. In too many MICs these vaccines are in fact available through the private sector, but only for those who can afford them. Despite higher average immunisation investments, **never-Gavi MICs with comparable income levels to former-Gavi countries lag behind on introductions of critical vaccines and/or face coverage and equity challenges.** Unless these countries are supported to introduce such life-saving vaccines, inter- and intra-country inequities will persist. There are already over two million zero-dose children in these former-Gavi and never-Gavi MICs<sup>8</sup> and it is estimated that by 2030, 70% of the world's under-immunised will be living in MICs. In era of the sustainable development goals, the Board agreed that this poses an equity challenge that is difficult to disregard.
- 2.3 **The aforementioned concerns in MICs pose a direct threat to both the sustainability of immunisation programmes and to intra- and inter-country equity, which are central tenets of Gavi 5.0. A dedicated MICs Approach is thus directly relevant to the successful delivery of Gavi's strategic objectives over the next five years.** But the disruption and strain of the pandemic on both countries and the Alliance means that trade-offs are required. Furthermore, in most countries new non-COVID-19 vaccine introductions will not be a priority in the next 18 months. Thus, whilst the Secretariat had been developing a holistic approach to address the above-mentioned needs in MICs, **a gradual implementation of the MICs Approach is now proposed.** The Secretariat will come back to the Board in June 2022 with the full suite of MICs support, including a proposed Innovative Financing Facility<sup>9</sup> and other activities to support new vaccine introductions<sup>10</sup>. The Secretariat will also review at that time the prospective inclusion of never-Gavi MICs with GNI p.c. ~US\$ 4,000-6,000.

### 3. Proposed country scope of eligibility<sup>11</sup>

- 3.1 The Board has already approved the inclusion of former-Gavi countries in the MICs Approach. **It is now proposed to also include never-Gavi LMICs (with GNI p.c. under ~US\$4,000<sup>12</sup>) and all other never-Gavi World Bank IDA-eligible economies<sup>13</sup>.** This proposal reflects these countries' low level of income and additional vulnerabilities, recognised by

<sup>6</sup> Countries with only sub-national introductions are not considered to have introduced those vaccines, nor are countries who have planned but not yet executed introductions.

<sup>7</sup> Includes never-Gavi MICs with GNI p.c. <\$6,000 and additional never-Gavi IDA eligible economies.

<sup>8</sup> The majority of zero-dose children live in Angola and Indonesia (former Gavi-eligible), and Egypt and the Philippines (never Gavi-eligible). Data from WUENIC, 2019.

<sup>9</sup> In collaboration with UNICEF Supply Division (SD).

<sup>10</sup> More detail about what had previously been envisaged for the full suite of support is in Appendix 1.

<sup>11</sup> The countries that meet the proposed criteria are listed in Appendix 2.

<sup>12</sup> \$4,045, per World Bank threshold.

<sup>13</sup> i.e. Upper middle-income IDA-eligible economies. This includes small island states previously considered.

their eligibility to receive official development assistance (ODA). IDA-eligible economies also have relatively high levels of exposure to shock that drives their inclusion in the World Bank's eligibility for IDA<sup>14</sup>. The proposed inclusion of these countries in the MICs Approach directly speaks to the need to address intra- and inter-country inequities<sup>15</sup>.

- 3.2 **The PPC requested the Secretariat to consider how fragile MICs might be supported. It is important to ensure that Gavi has a consistent approach to fragility across its policy framework.** The Gavi Fragility, Emergencies and Refugees (FER) policy that applies to Gavi-eligible countries is currently undergoing an evaluation which will, amongst other things, consider how Gavi might identify a 'fragile' country and what responses are appropriate. Based on the learning from this evaluation and consultations with key stakeholders, the review of the FER policy will consider if and how Gavi could engage with fragile MICs.

#### 4. Proposed engagement

- 4.1 The proposed objectives of the MICs Approach are to **prevent backsliding in former-Gavi countries** and to **drive the sustainable introduction of key missing vaccines in former and select never-Gavi countries**, with an explicit equity lens applied to both objectives<sup>16</sup>. In light of COVID-19, it is proposed that the MICs Approach be implemented gradually. Annex B presents a detailed description of the proposed engagement<sup>17</sup>.
- 4.2 **The primary focus for the next 18 months will be on preventing and mitigating backsliding in former-Gavi countries**, prioritising countries with large numbers of zero-dose children<sup>18</sup>. Engagement will strive to arrest and reverse deepening inequities by seeking to restore coverage amongst those on the periphery who have been historically under-served, such as missed communities and never-reached children<sup>19</sup>. Through building political will, technical assistance, and some targeted interventions, the Alliance will focus its energies on former-Gavi countries where there is a meaningful opportunity to drive impact, based on a clear theory of change (see section 5). Efforts will expand on the targeted engagement in former-Gavi countries to address backsliding due to COVID-19, approved by the Board in June 2020 with an allocation of US\$ 20 million. The Secretariat has shortlisted priority countries and is in the process of formulating targeted interventions<sup>20</sup>. More time is needed to implement these and the Secretariat

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<sup>14</sup> Additional information about World Bank IDA eligibility: <https://ida.worldbank.org/about/what-is-ida>.

<sup>15</sup> A separate, comprehensive new partnership strategy for India, pending its transition from Gavi support in 2022, will be brought to the Board in 2021.

<sup>16</sup> These proposed objectives, and the equity and sustainability challenges underlying them, are mirrored in the forthcoming Immunisation Agenda 2030 Annex on MICs, further confirming their relevance.

<sup>17</sup> A summary of country eligibility and relevant activities can be found in Annex C.

<sup>18</sup> Activities would draw on Gavi's 'Maintain, Restore and Strengthen' guidance (October 2020).

<sup>19</sup> Efforts to reach zero-dose children will draw on the "Identify-Reach-Monitor-Measure-Advocate" framework for HSS investments in current Gavi countries.

<sup>20</sup> Former-Gavi countries were shortlisted based on an evaluation of backsliding risks and an initial assessment of the programmatic and catalytic opportunity for Gavi's investment to have high and sustained impact. A similar process will be used to prioritise countries for initial engagement under the MICs Approach.

requests the Board to extend the time to use these funds until June 2022<sup>21</sup>. Note that these funds are additional to the envelope for the MICs Approach.

- 4.3 Regarding never-Gavi MICs, whilst Alliance partners already work with many of these countries, engagement in immunisation specifically can be limited due to funding constraints. The Secretariat itself has had limited or no opportunities for interaction. Therefore, **the focus of work with never-Gavi LMICs and IDA-eligible economies over the next 18 months will be on strengthening Alliance relationships**, leveraging the clear opportunity presented by the Gavi COVAX AMC<sup>22</sup>.
- 4.4 Finally, though not a priority and only where opportunities present themselves, the Secretariat proposes to provide targeted support to former-Gavi and proposed never-Gavi MICs to enable the successful introduction of PCV, rotavirus and HPV vaccines, or to leverage Alliance engagements through the COVAX Facility to lay the groundwork for the future introduction of these vaccines. Some countries, for example, have already initiated introductions of these key vaccines, particularly given the sunset of the PCV AMC<sup>23</sup>. In these very few cases it is proposed to provide targeted support, e.g. via technical assistance or facilitating access to vaccines through UNICEF Supply Division, to ensure new vaccine introductions are equitable and sustainable<sup>24</sup>. Alliance engagement through the COVAX Facility may also offer an opportunity to work with countries to prepare for these future vaccine introductions. However, any activity would take place exceptionally, with light-touch, incremental investments that build on planned Alliance COVID-19 vaccine delivery support.

## 5. Theory of Change and the Learning Agenda

- 5.1 **Following the PPC's guidance, the Secretariat has started to both develop a theory of change (ToC) and to formalise a learning agenda for the MICs Approach.** Given the short interval between the PPC and Board, there has unfortunately not been time to develop a detailed proposal nor to consult sufficiently with key stakeholders. However the Secretariat, along with partners, has begun some early thinking and would welcome the Board's reflection and guidance on the emerging direction.
- 5.2 **A draft, high level ToC is shown in Annex D.** It presents how the types of activities envisioned in the MICs approach ultimately contribute to Gavi's third strategic goal, "Improved Sustainability of Immunisation Programs." Given the priorities of the next 18 months, and following the PPC's guidance to preserve some flexibility in longer-term MICs activities, the draft ToC focuses primarily on the backsliding objective. Indicators for the MICs Approach will be developed as part of the Gavi 5.0 Measurement Framework. The Secretariat will continue to work with partners to develop

<sup>21</sup> For simplicity, the proposed new deadline aligns with initial engagement period for the MICs Approach

<sup>22</sup> All never-Gavi MICs proposed in scope of the MICs Approach are Gavi COVAX AMC-eligible economies.

<sup>23</sup> Indonesia and Ukraine have recently been approved for access to the PCV AMC. Some never Gavi-eligible Pacific Islands are also exploring PCV, rotavirus and HPV vaccine introductions.

<sup>24</sup> Activities will be in line with the new Market Shaping Strategy 5.0, which will be presented in detail during the 2021 May PPC and June Board Meetings.

a final ToC, including detail on both objectives, to be brought back to the Board in June 2022 alongside the full MICs Approach.

- 5.3 **The early thinking for a Learning Agenda, see Annex E, introduces potential ‘use cases’ and ‘key priorities/questions’.** Answers to such questions will (a) help inform the design of the support provided through the MICs approach to ensure it is relevant, effective, and efficient; (b) facilitate ongoing adaptation and improvement; and (c) inform regular updates to the Board and other key stakeholders. The Secretariat, in collaboration with Alliance partners, will next refine these use cases and learning questions to develop a detailed learning agenda aligned with the broader Gavi 5.0 Learning System. Key questions of strategic importance to the Board will be answered through the most appropriate and robust methods<sup>25</sup>, designed in coordination with Gavi’s Measurement, Evaluation, and Learning Unit, and any potential guidance from the Evaluation Advisory Committee as relevant.

## 6. Funding required

- 6.1 **In June 2019 the Board earmarked up to 3% of planned Gavi 5.0 expenditure (US\$ 281 million) for the MICs Approach over five years<sup>26</sup>,** assigning dedicated funding to avoid diverting resources from Gavi’s support to Gavi-eligible countries. For the period of initial engagement, until June 2022, it is proposed to invest up to 25% (~US\$ 70 million), available to partners<sup>27</sup>, countries, and the Secretariat, to deliver on the activities described. **Funding will be highly targeted, differentiated and catalytic:** work will not take place in all countries; engagements will be country-tailored, only investing where there are the greatest impact opportunities; more support will be available to countries with greater needs; and the Approach will work to mobilise domestic resources for immunisation by building political will, even amidst growing budget pressure.
- 6.2 **In addition to providing surge capacity to partners, the US\$ 281 million over Gavi 5.0 also includes the cost of Secretariat staff needed to implement the full MICs Approach.** The additional capacity needed to support the implementation of the MICs Approach has not been included in the Gavi Organisational Review because delivering the MICs Approach is in addition to the already-approved activities under Gavi 5.0. The supplementary resources needed will be fully funded by the earmarked envelope of funds and are essential to the successful roll out of the MICs Approach. The full staffing needs will be brought to the Board alongside the full Approach in June 2022. Over the first 18 months, two full time equivalent Secretariat staff are required. These additional staff, funded from the initial US\$ 70 million, will be dedicated to supporting former-Gavi countries and are essential to delivering on this proposal. Engagement with never-Gavi

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<sup>25</sup> E.g., monitoring, evaluation, portfolio level analytics, implementation research.

<sup>26</sup> US\$ 281 million is equivalent to 3% of planned Gavi 5.0 expenditure at that time. Additional funds subsequently raised at replenishment are yet to be assigned. This is additional to the US\$ 20 million allocated in June 2020 to prevent backsliding in former Gavi countries, bringing the total to ~US\$ 300 million.

<sup>27</sup> Resources will provide surge capacity for new and traditional partners at regional and country level, in keeping with their comparative advantages.

MICs to strengthen relationships will leverage the work of the COVAX Facility.

### **Section C: Actions requested of the Board**

The Gavi Alliance Programme and Policy Committee **recommends** to the Gavi Alliance Board that it:

- a) **Approve** the objectives of the Middle-Income Countries (MICs) Approach, namely (i) to prevent backsliding in vaccine coverage in former Gavi-eligible countries, and (ii) to drive the sustainable introduction of key missing vaccines in both former and select never Gavi-eligible countries;
- b) **Noting** that the Board has already approved (in June 2019) the inclusion of former Gavi-eligible countries in the scope of eligibility for the MICs Approach, **approve** the inclusion of never Gavi-eligible LMICs (<US\$ 4,000 GNI p.c.) and all other never Gavi-eligible World Bank IDA-eligible economies in the scope of eligibility for the MICs Approach;
- c) **Approve** the funding envelope of US\$ 281 million for the MICs Approach during the period of Gavi 5.0, i.e. from January 2021 to December 2025;
- d) **Approve** the proposal for 'initial engagement', as described in Annex B to Doc 07, from January 2021 to June 2022, accounting for up to 25% of the total MICs funding envelope, noting that additional proposals to deliver on the full MICs Approach will be brought for Board approval in June 2022, along with a review of the inclusion of non-IDA eligible, never Gavi-eligible UMICs <US\$ 6,000 GNI p.c. into the MICs Approach.
- e) **Approve** extending the time period from until December 2020 to until June 2022 for use of the US\$ 20 million for targeted support previously approved by the Board (June 2020) for former Gavi-eligible countries to strengthen political will and address an identified risk of reduction in coverage rates of vaccines introduced with Gavi support in that country.

### **Annexes**

**Annex A:** Implications/Anticipated Impact

**Annex B:** Paragraphs referenced in decision points for the MICs

**Annex C:** Summary of the support proposed under the MICs Approach

**Annex D:** Draft Theory of Change for the MICs Approach

**Annex E:** Draft Learning Agenda

### **Additional information available on BoardEffect**

**Appendix 1 (in June 2020 Board meeting book):** Document 04 Annex E *Gavi 5.0 MICs Approach and COVID-19*

**Appendix 2:** List of proposed MICs eligible economies, as of October 2020

**Appendix 3:** Q&A on the MICs Approach