Sustainable Financing for Traditional Vaccines

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Presentation Outline

1. Background
2. Status of the financing for traditional vaccines
3. Understanding the problem (country level)
4. What is the cost/cost of inaction?
5. Theory of change/Casual pathway
6. Need for political economy informed action
7. Implications/Next Steps
Background

- Sustainable financing for immunization programs remains a major challenge in low- and middle-income countries
  - Sustainability == country ownership (financial & programmatic)

- Traditional vaccines
  - Vaccines not paid for by the GAVI Alliance used in routine immunization. BCG, measles, OPV and tetanus
  - Foundational vaccines of the EPI program & comparably lower cost of procurement

- Governments are meant to take over their financing for procurement of traditional vaccines since 1994, however, this has not been fully achieved in all countries
  - Not paying at all (recent year or chronically) - No allocation
  - Partially paying - Insufficient allocation (government + top-up of by a donor)
  - Delayed payment

- Inability to fund traditional vaccines pose a bigger threat to sustainability (especially on transition)
  - Very important for the overall framework for financing vaccines including the New and Underutilized
## Status of financing of traditional vaccines - Fragile & conflict

<table>
<thead>
<tr>
<th>Country</th>
<th>Government financed</th>
<th>Donor financed (fully or partially)</th>
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<td>Haiti</td>
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</table>

- Traditional vaccines mainly procured using support from donors
- Government funds traditional vaccines - not matching need,
- Late release of funds leading to vaccine stock-outs/low stocks
- Unpredictable fund flow and high risk of disruption in traditional vaccine supply
- Economic and political turmoil has affected paying/prioritization of traditional vaccines in countries previously paying
- Countries prioritizing co-financing for New and Underutilized (i.e., Gavi supported) while but delayed/no pay for traditional vaccines

Source: UNICEF Country Offices, 2022
Traditional vaccines constitute lower proportion of total expenditure on vaccines (esp. due to lower unit costs)

Source: UNICEF 2023 (Country Reports)
**Crowding in (+)**

✓ -> more resources towards vaccine procurement for both new and underutilized vaccines (NUVI) and traditional vaccines

**Crowding out (-)**

✓ -> Increased resource needs for NUVI with no significant additional budget which results into de-prioritization of traditional vaccines

✓ -> Incentives for governments to pay / not default on their co-financing obligations with limited attention to traditional vaccines

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**Co-financing versus Traditional vaccines?**

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Observations: 30
Number of country: 6
Country RE: YES
Year RE: YES

Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1
Problem Tree: Low and Unsustainable Financing for Traditional Vaccines - Country
What is the cost of inaction?

Not procuring needed vaccines on time results into high societal costs

**Health system costs**
- Increased risk of outbreak (cost of outbreak response)
- Cost of treatment for patients
- Health worker time/cost of transport
- Cost of rebuilding trust/demand generation
- **Transition preparedness** (ability to afford more expensive new vaccines)

**Household/Patient costs**
- Lost productivity due to morbidity and mortality
- Lost productivity (care giving)
- Lifetime cost due to loss of productivity due to disability
Casual pathway/Theory of Change

**IF THERE IS**
- Government prioritization of health/PHC
- Capacity for planning and budgeting
- Strong public finance management systems

**THEN**
- Increased allocation of resources for vaccine procurement
- Capacity for procurement and supply planning
- Prioritization of allocation to traditional vaccines
- Improved quantification and forecasting
- More value for money in procurement of vaccines

**THUS**
- Predictable and timely disbursement
- Adequate resources allocated to procure vaccines needed
- More efficient use of available resources

**EVENTUALLY**
- Adequate traditional vaccines procured by government on time

“Supportive environment” = political economy context
Political economy of financing traditional vaccines

• Political nature of decision making
  ✓ Actors, power, incentives, interest groups, ideas, and institutions

• Politics affects economic choices – contestation over resources
  ✓ Need to go beyond the technical solutions & justifications

• What have we learnt?
  ✓ Government budgets are the foundation for achieving sustainability – who are the decision makers on the allocation? – power approach + sources of the power
  ✓ Relationship between Ministry of Health and Ministry of Finance (+ key decision makers around resource allocation)
  ✓ Composition and the role of stakeholders in immunization financing within countries –
  ✓ Donor perspective/incentives for financing of traditional vaccines? - Procuring commodities versus health systems investment
Planned Actions/Next Steps

**Global/Regional Level**
- Highlighting extent of the problem and identify the LMIC countries most affected and common pattern/characteristics
- Demonstrate the cost of inaction (health system + household/individual)
- Explore opportunities within existing policies to sustain traditional vaccines financing (e.g. Gavi Fragile & Conflict) + economic distress (working with IFIs?)
- Visibility of budget allocation and spending on procurement of vaccines (including traditional vaccines)

**Country Level (Government + Partners)**
- Identify and address country specific public finance management bottlenecks to allocating/protecting resources allocated to traditional vaccines
- Long-term strategic planning/prioritization within the National Immunization Strategies (especially optimization/prioritization of vaccine portfolio)
- Establish/Strengthen advocacy platforms with evidence for action (e.g parliamentary forums) -> advocacy plans linked to specific country political economy context
- In Fragile context where partners support could still be required in short term-harmonized action plans and accountability framework across partners
- Vaccine Independence Initiative (VII) and use it early to ensure timely procurement where there are disbursement delays → Pre-financing opportunity
Thank you.