

UNICEF Vaccine Procurement Workshop, Tbilisi,  
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UNICEF Regional Office for Europe and Central Asia



# Supply Budgeting: Vaccine Budgeting Tools and Best Practice

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# Why Supply Budgeting?

## Supply Financing Challenges

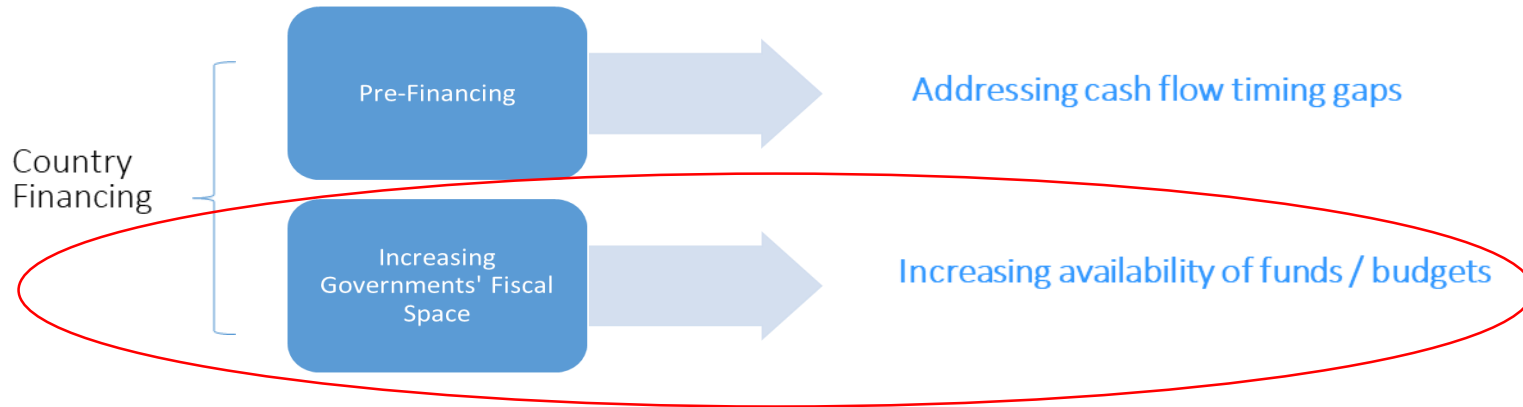
- Commodity stock-outs continue to be caused most frequently by financing / funding issues (ineffective budget execution)
- Insufficient budgeting allocations
- Increase in the domestic funding needs (co-financing, graduation from donor support) / sectors are competing for priority against finite resources

# UNICEF Financing & Domestic Resource Mobilization Strategy

Aims among other objectives at:

- Ensuring that delayed availability of funds does not lead to commodity stock-outs in countries
- Provision of technical assistance to assure that appropriate budgeting is occurring, leading to eventual financial self-sustainability of supply financing

Through the workstreams:



# Country financing - countries' self-financing sustainability

## Pre-financing

- Formal subscription to VII Capital Fund, allocation of country ceiling through signed MoU (“credit card like mechanism”) and development of Action Plan to address recurring bottlenecks.
- Ad-hoc pre-financing, one-off exceptional pre-financing needs (e.g. delay of domestic budget or donor funds), typically achieved through VII (or other pre-financing sources)

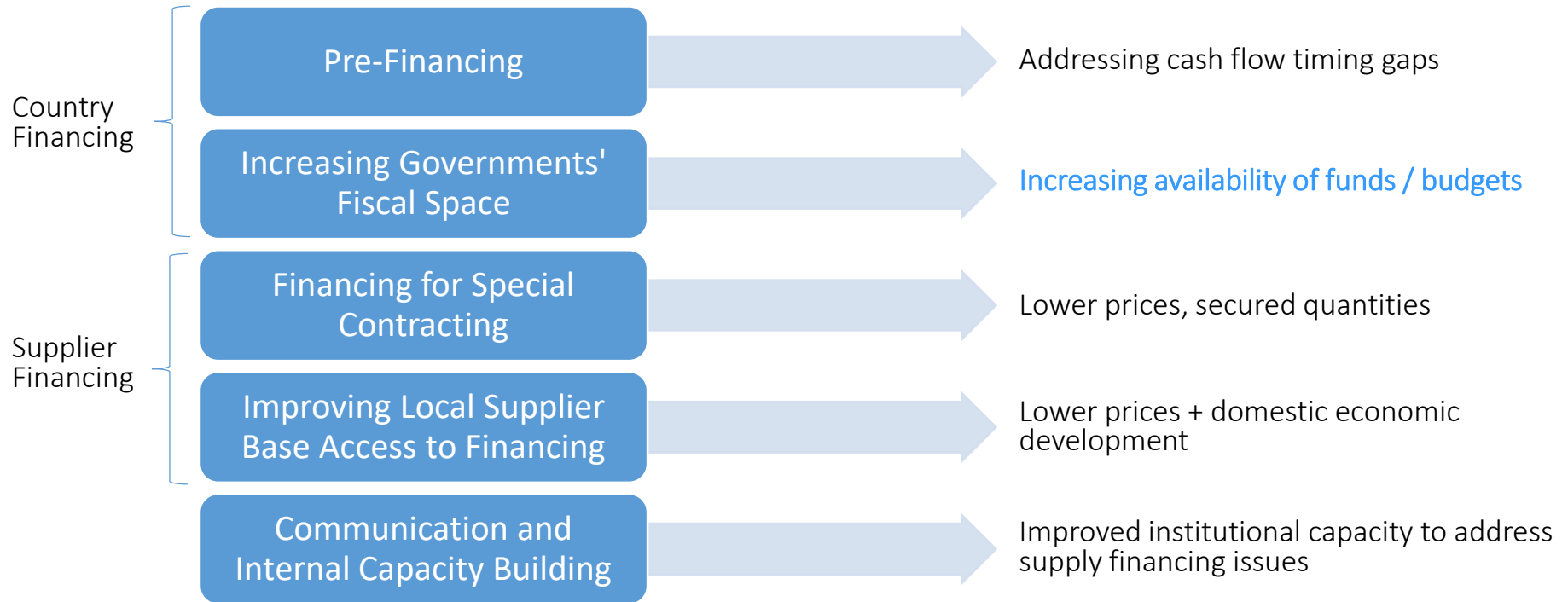
Addressing cash-flow timing gaps

## Increasing Governments' Fiscal Space

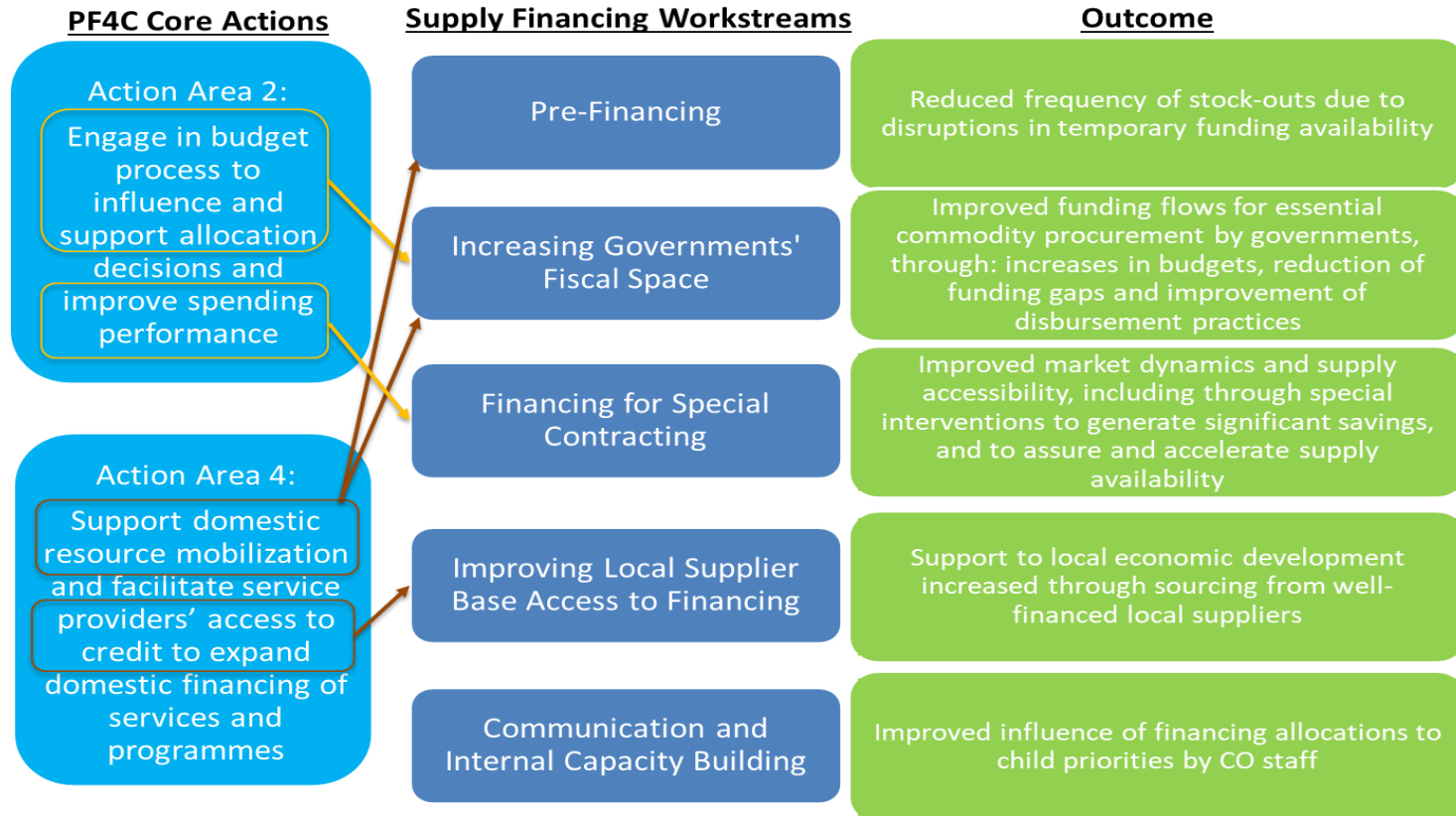
- Support to country-owned budgeting, domestic resource mobilization and financing initiatives through the identification and implementation of structured and sustainable supply financing solutions.

Increasing availability of funds / budgets

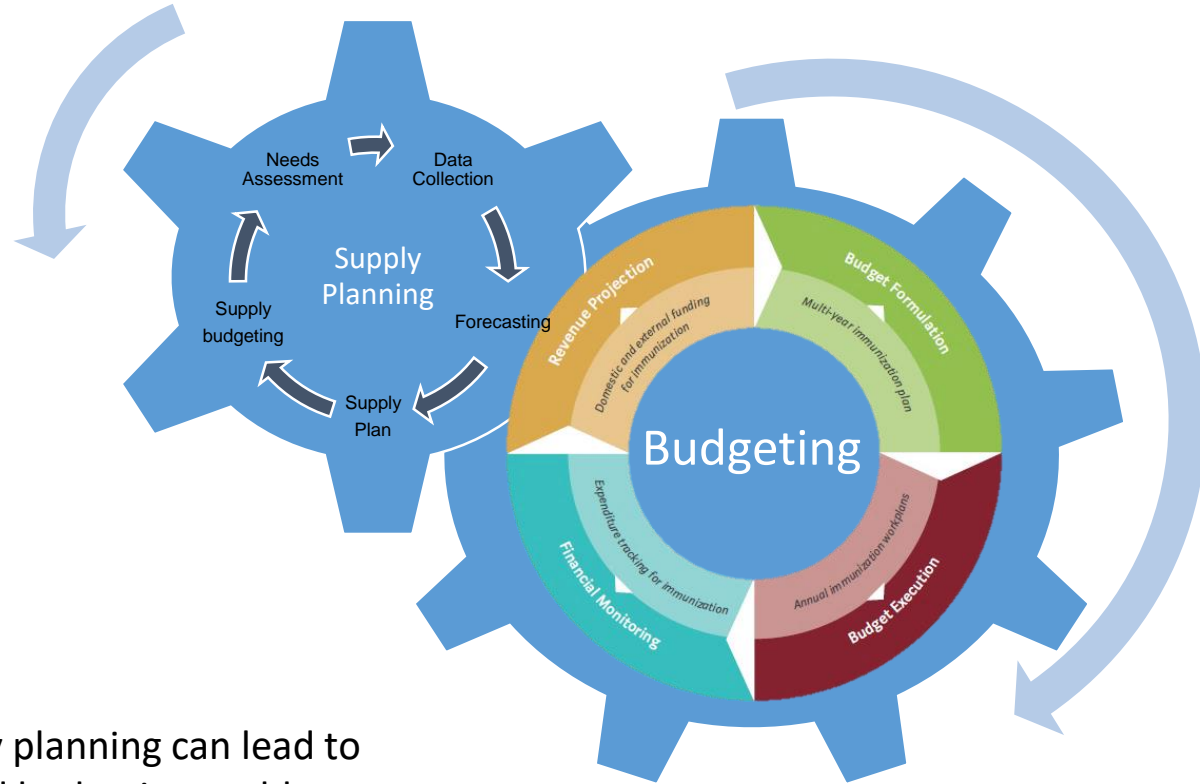
# UNICEF Financing and Domestic Resource Mobilization Strategy – all workstreams



# Supply Financing within UNICEF's Engagements in Influencing Domestic PF4C: A Strategic Framework, 2018-22



# Supply planning and financing must be considered as a part of the broader budgeting process



Standalone supply planning can lead to fragmentation and budgeting problems

# Increasing Fiscal Space - Mitigation of financial risks through better understanding of budgeting cycles and integrated processes

Issues	Interventions	Results	Examples
<ul style="list-style-type: none"> <li>• Disconnect between needs planning and budgeting process</li> <li>• Inaccuracy of the budget projections</li> <li>• Increasing pressure on government budgets</li> <li>• Transition from donor support / competing resource demands</li> </ul>	<ul style="list-style-type: none"> <li>• Budgeting Process Mapping/ Streamlining</li> <li>• Support in commodities budgeting and forecasting</li> <li>• Capacity building</li> </ul>	<ul style="list-style-type: none"> <li>➤ Budget formulation informed by planning and forecasting</li> <li>➤ Multi-year supply planning</li> <li>➤ Early identification of sources of financing and resource gaps</li> <li>➤ Arguments in favor of health investments</li> <li>➤ Mitigation of financial risk for health interventions</li> </ul>	<ul style="list-style-type: none"> <li>• Uzbekistan → Unified procurement budgeting template and projections</li> <li>• Tajikistan → Methodology of vaccine procurement budgeting, advocacy materials</li> <li>• Sao Tome → 2018-2021 vaccine procurement budget projections revised and capacity building</li> </ul>



# Increasing Fiscal Space Region-specific Engagement

# Supply Financing Activities in ECAR: Fiscal space and capacity building (examples)

Area	Activity	Results
Workstream 2 – Increasing Governments' Fiscal Space	<ul style="list-style-type: none"><li>- Support under Gavi PEF TCA (e.g. Uzbekistan and Tajikistan in budgeting / VII subscription; procurement assessment support in Kyrgyzstan)</li><li>- Direct support / missions including JAs (e.g. Uzbekistan, Tajikistan and Kyrgyzstan)</li></ul>	<p><i>Uzbekistan:</i> Vaccine procurement budgeting tool developed, vaccine needs estimated, and informed the annual budget allocations (including, for the first time, allocation of funding for 25% buffer); sufficient budget was released on time, allowing timely placement of orders</p> <p><i>Tajikistan:</i> Vaccine Procurement Budgeting Methodology developed (first point in the streamlining of the budgeting process), together with the short advocacy materials for the MoF</p>

# Uzbekistan: the road to the unified vaccine budgeting tool (year 2016)

## I. UNICEF SD conducted assessment of vaccine supply financing options

- Pre-mission vaccine financing analyses: some issues with timely funds transfer for vaccine procurement
- Thus, assessment included (among other things) review of vaccine funding issues, mapping of forecasting, budgeting and payment release processes

### **Highlights:**

- Importance of proper budgeting of sufficient resources at the MOH level and timely communication of budget justifications to the MOF

# Uzbekistan: the road to the unified vaccine budgeting tool (year 2016)

- During the mission, various budgeting process bottlenecks were identified, including:
  - Calculation of the target population (different values used in various budget versions)
  - Various prices for the same vaccines used at different stages of yearly budgeting
  - Transportation and other costs not included as the separately calculated budget items
  - Buffer usually not included
  - Various wastage factors used at different stages of yearly budgeting
  - The exchange rate used from the month of preparation of the budget version instead the projected exchange rate for the following year
- The main reasons for budget differences:
  - No standard approach to budget preparation at various stages of the budgeting process (at RCSES, MOH and MOF levels)
  - Insufficient communication/consultations among stakeholders

# Uzbekistan: the road to the unified vaccine budgeting tool (year 2016)

- One of the mission recommendations:
  - Technical assistance focusing on addressing forecasting and budgeting process issues
  - Capacity building of staff involved in vaccine procurement and vaccine budget preparation
- Action plan:
  - Development of a standard template and procedure for vaccine procurement budgeting
  - On-hand support and training for vaccine procurement budgeting using a new tool

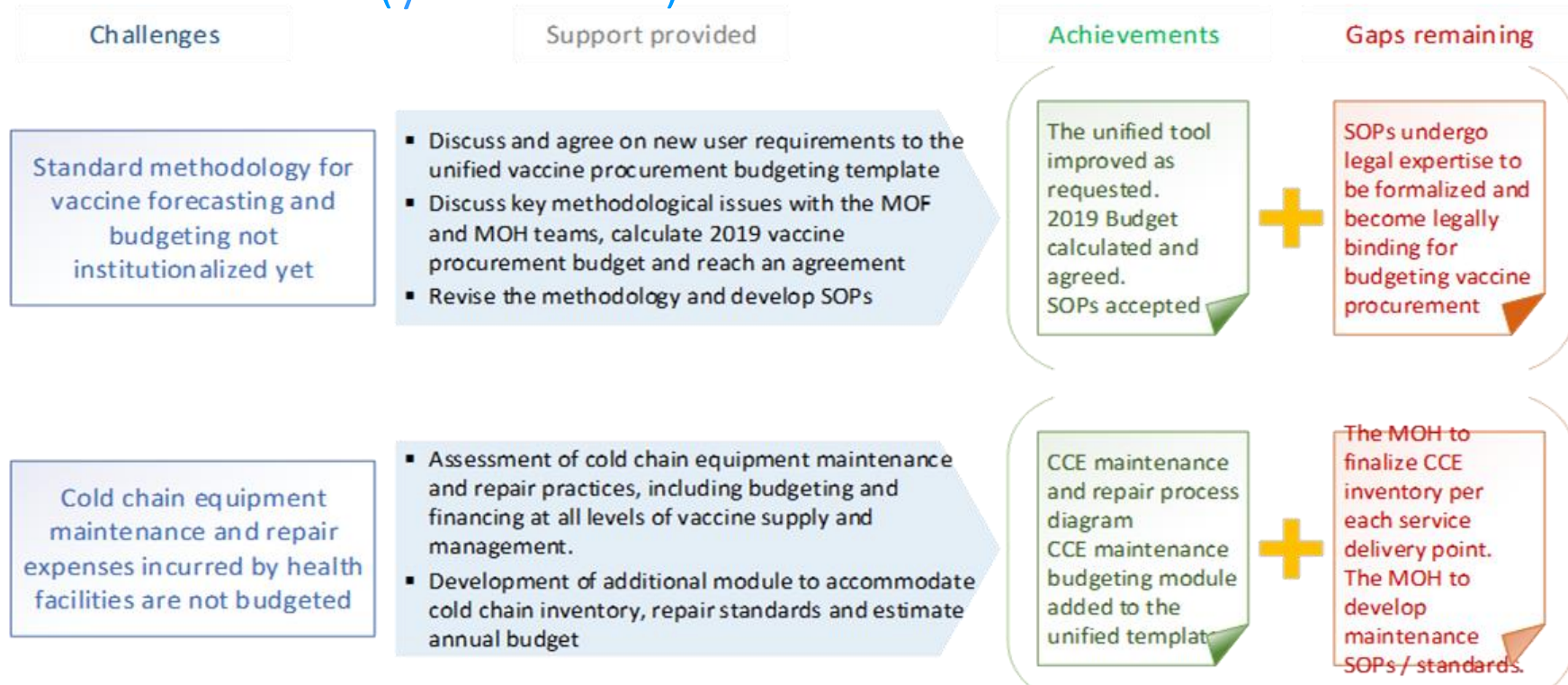
# Uzbekistan: from the unified vaccine budgeting tool to institutionalization and further inclusion of cold chain maintenance (years 2017-2019)

II. Years 2017-2018: The unified excel-based vaccine procurement budgeting template was developed (together with the manual) and relevant Government Partners trained

III. Years 2018-2019: UNICEF's support continued for:

- Institutionalization of the unified methodology of vaccine forecasting and budgeting:
  - Standard Operating Procedures (SoPs) to institutionalize the vaccine procurement budgeting process (including the use of the unified budgeting template) are developed;
  - the support to the Government in endorsing the SoPs is provided
- Expanding the budgeting tool to include the cold chain maintenance costing, updating the user manual

# Uzbekistan: from the unified vaccine budgeting tool to institutionalization and further inclusion of cold chain maintenance (year 2019)



Thank you!  
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