



LNCT

Learning Network for
Countries in Transition

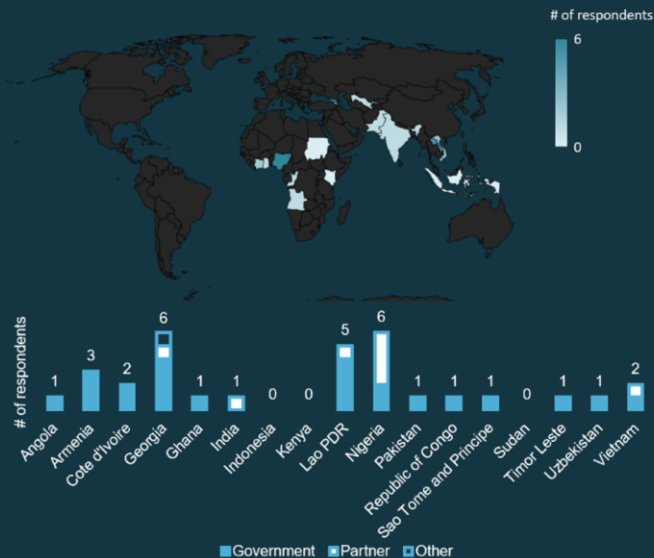
LNCT COVID-19 Financing Survey and Key Informant Interviews, July-August 2021

Results

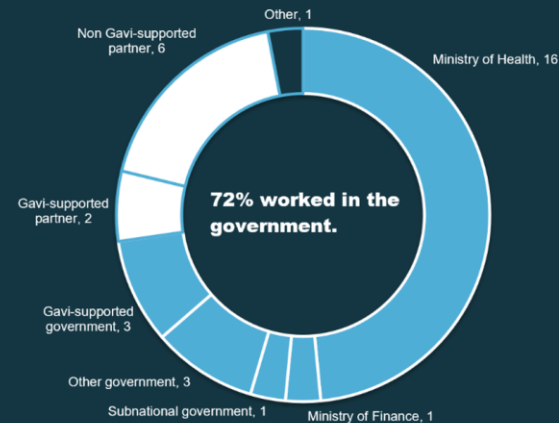
As an add-on to its 2021 Network-Wide Survey, LNCT distributed a module on COVID-19 financing to 147 government officials and 100 non-government officials (partners, NITAG members, and others) based in its 17 member countries.

32 country-based LNCT members responded to the COVID-19 financing module...

They represented 14 of 17 LNCT countries.



The overall response rate was 13%.

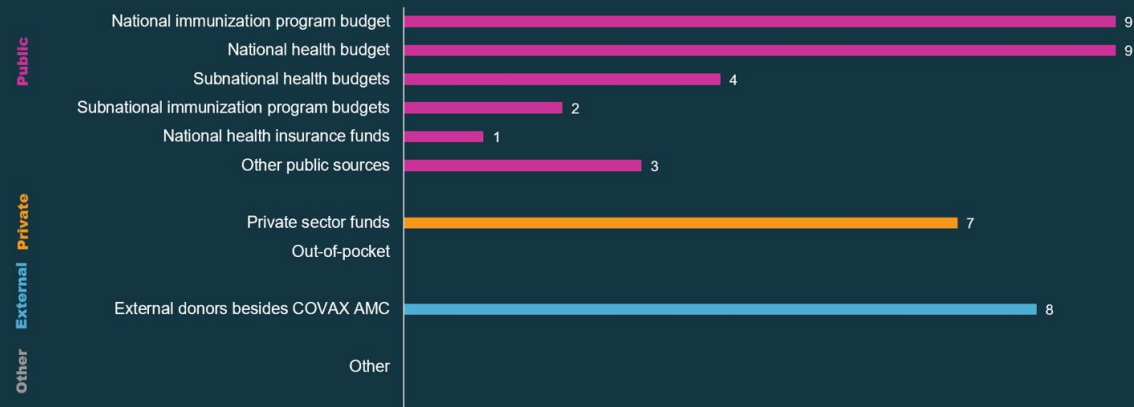


Additionally, LNCT interviewed key informants from the Ministries of Health and Finance in Georgia, Nigeria and Sri Lanka.

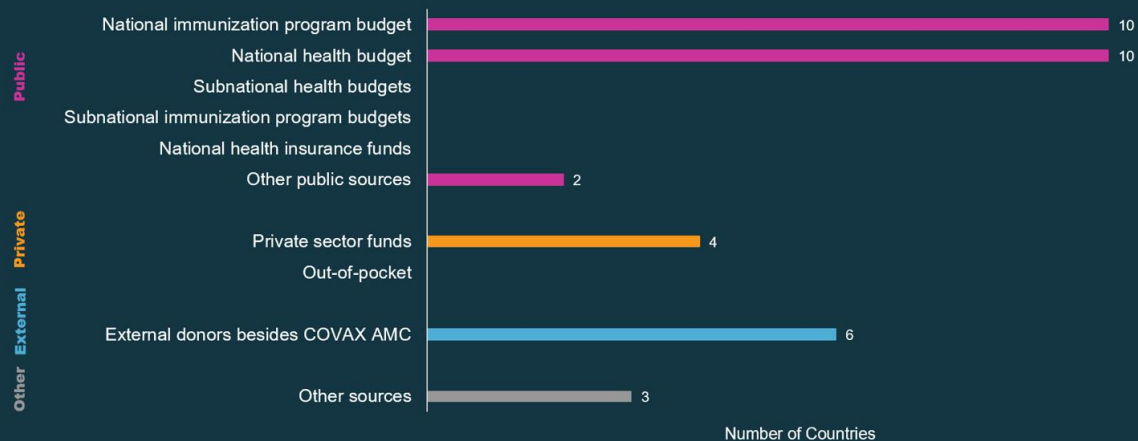
- Representative of **Ministry of Finance**, Georgia
- Representative of **Ministry of Budget and National Planning**, Nigeria
- Representative of **National Primary Healthcare Development Agency**, Nigeria
- Representative of **Ministry of Health**, Sri Lanka

Survey respondents reported accessing a wide variety of sources to fund COVID-19 vaccine introduction...

In addition to COVAX AMC, countries reported they planned to use a mix of public, private and other external funds for COVID-19 vaccine procurement (n=13 countries).



Countries reported a smaller variety of funding sources for COVID-19 vaccine delivery (n=13 countries).



...while key informants highlighted the important role of flexible donor financing in enabling their rapid early mobilization.

Key role of rapid and flexible donor support in countries' initial response

"We are paying for about 10% [of COVID-19 vaccine introduction].... Half of it is from Bill & Melinda Gates Foundation... for PHC financing for 2019 fiscal year. That's what we're using as cash. But the balance we are paying through World Bank reclassification of some loans."

-- Nigeria

"The macroeconomic stability and fiscal discipline of the past years, together with the successful program with the IMF, was the most important precondition that enabled us to reach an agreement with international institutions in the shortest possible time to allocate additional resources to Georgia."

– Georgia

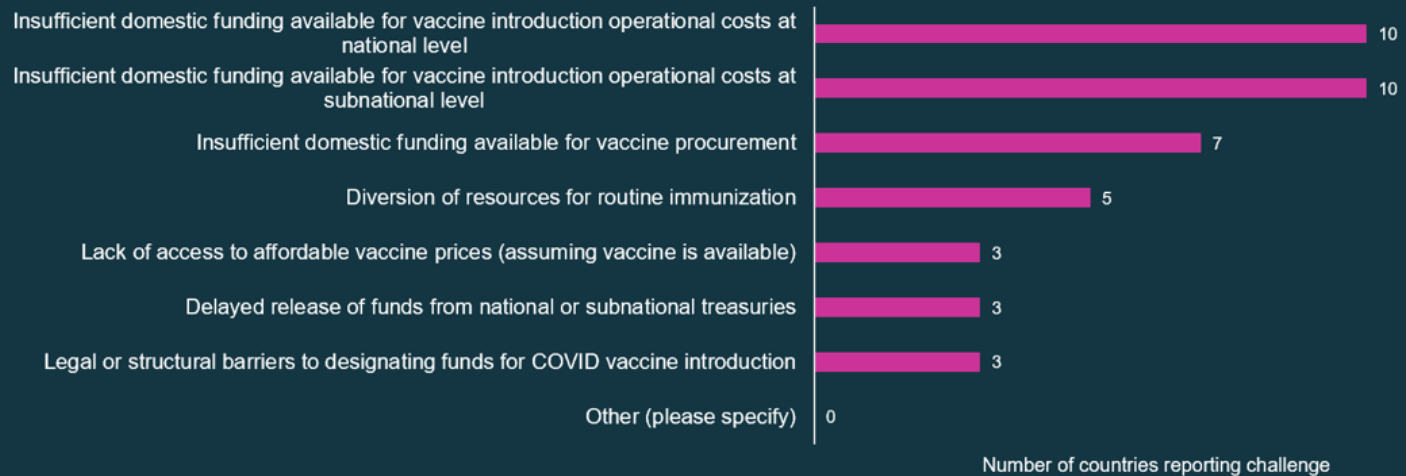
"We are a country who enrolled in COVAX facility at its inception, I would say, and having fulfilled all its requirements, like submission of documents, regulatory approval, developing proposal, signing indemnification. And as an AMC country, we have been promised 20% coverage."

-- Sri Lanka

A history of effective relationships with donor organizations and strong and efficient public financial management practices were key enablers of countries' ability to secure and disburse these external funds quickly.

Despite donor support, countries had difficulty mobilizing sufficient domestic resources for COVID-19 vaccine introduction...

Aside from global supply shortages, insufficient domestic financing for vaccine introduction operational costs at all levels was the most common financing challenges cited by countries for COVID vaccine introduction (n=12 countries).



...and key informants described a heavy reliance on deficit financing in their crisis response.

Accounting for a COVID-19 deficit

“According to the organic law of Georgia... based on the state of emergency, the Georgian government had an opportunity to operate beyond the limits of fiscal parameters defined by the legislation. The 2021 state budget law includes additional annex about ‘Fiscal Framework’ and the ‘Plan to Return to the Limits’ provided by the Fiscal Rules.”

– Georgia

“I just think it’s a fiscal challenge that’s created because there is no plan to cut health sector budgets in the future. Of course, COVID is not seen as something to be sustained over time.”

-- Nigeria

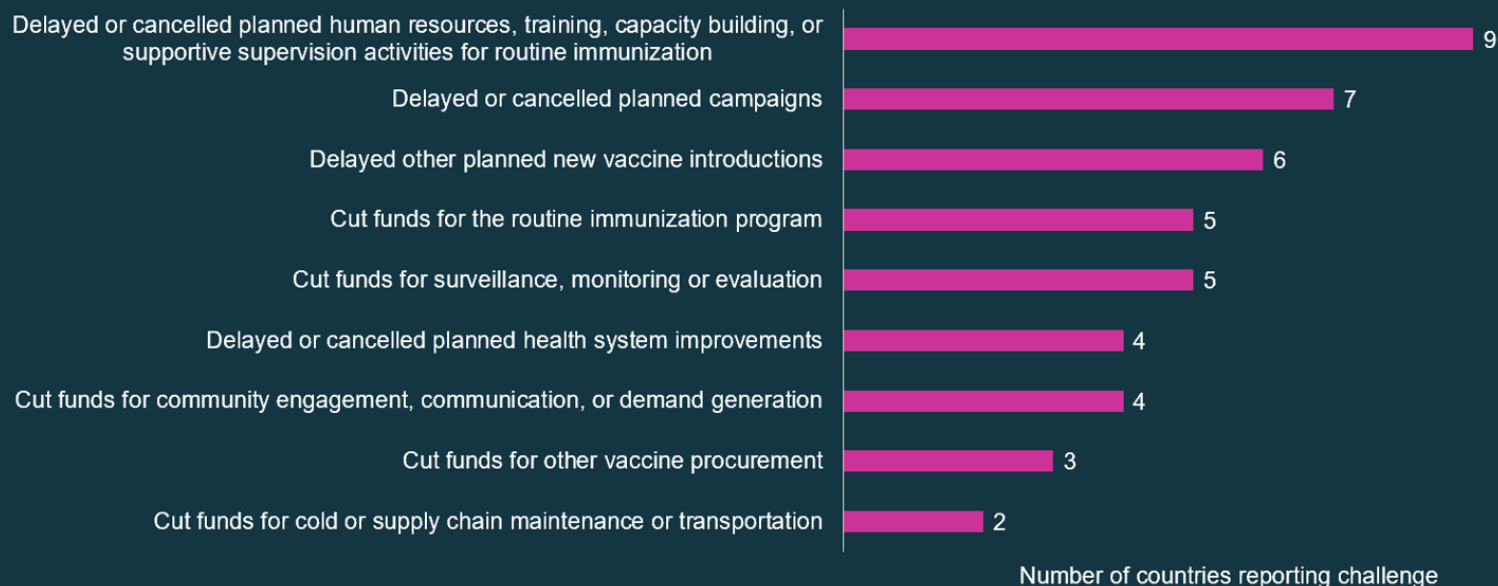
“I think the plan is to get all eligible people vaccinated over a two-year period, 2021-2022. You know the COVID situation is dynamic, even scientific knowledge about some of these things. So, take for example the issue around duration of protection. I don’t think that is settled yet.... So depending on whatever scientific evidence that now crops up, that will determine the next line of action.”

-- Nigeria

Important questions remained on the future fiscal impact of this approach as well as what additional funds would need to be secured for COVID-19 response in 2022 and beyond.

Countries reported making broad cuts to their health and immunization budgets to either free funds for COVID-19 response or to account for pandemic safety measures.

All countries reported that COVID vaccine introduction had some impact on the budget for other aspects of their routine immunization program, with delayed or cancelled human resource strengthening activities being the most common consequence (n=11 countries).



Survey respondents reported that steps they had taken to address financial bottlenecks included mobilizing new sources of funding, opening lines of communication, and making legislative and policy changes to make funds more accessible...

What steps have you taken to resolve financial bottlenecks?...

Seeking new sources of external or private funding:

- “Donor support requested”
- “Capitalization of the COVAX facility and the AVATT initiative of the African Union”

Mobilizing domestic and emergency resources:

- “Use of health fund and contingency fund”
- “The Nigeria parliament has just approved a supplementary budget in which up to US\$200 million is earmarked for COVID-19 vaccine procurement and operational cost”
- “Human resource mobilization from diverse organization/association bodies”

Opening lines of communication:

- “Giving direct tickets to parastatal concerns on accessing the funds for vaccine procurement supports to personnel”
- “Immunization Forum held to ensure sustainable financing for immunization”

Legislative / policy changes to make funds more accessible

- “Establishment of a special rule for the management of state funds dedicated to the fight against the coronavirus pandemic”

...while key informants in Georgia and Sri Lanka highlighted the importance of emergency preparedness.

Emergency preparedness

“As a result of the implemented reforms, the existing PFM framework and budget system is flexible enough to mobilize the necessary funding in crisis situations.”

– **Georgia**

“Sri Lanka has a very good system of vaccination centers... Around 4,000 vaccination centers in Sri Lanka. This is not for COVID, it was so. And at any given time, we can really activate 2,000 vaccination centers.... So, with this introduction and proper planning, it will not be a problem.”

-- **Sri Lanka**

Other conditions that enabled their successful response included:

- Effective and efficient public financial management
- A close working relationship with donors
- A history of fiscal responsibility and saving to help offset the deficit
- Mechanisms to enable cross-sectoral coordination and decision-making
- A high prioritization of immunization and health
- Previous investment in infrastructure

Survey respondents wanted to learn more about....

- Sustainable domestic financing for COVID-19 vaccine introduction
 - Financial planning for vaccinating advanced age groups and booster doses
 - Financial accountability mechanisms
 - Facilitating efficient funding disbursement
- Mobilizing additional resources
 - External support options
 - Public-private partnerships
- COVID-19 vaccine procurement
 - Vaccine pricing and budgeting
 - COVAX
- Integration of COVID-19 and routine immunization
 - Financial planning for integration

Takeaways and recommendations

- **Donor organizations played a critical role in providing countries flexibility and liquidity** to begin COVID-19 vaccine introduction. As countries plan for the next phases of the pandemic, they should reach out to global financial institutions to understand what their options may be. A list of funding mechanisms for COVID-19 response can be found [here](#).
- **Countries are financing large portions of their COVID-19 response through deficit spending without fully planning for how these deficits will be accounted for in later years.** Additionally, many countries view COVID-19 as **short-term spending**. Countries should begin medium- and long-term planning for COVID-19 financing needs as soon as possible.
- **Key factors in countries that have enabled efficient and effective emergency response** include legislation allowing for the transfer of funds between budgets and extraordinary spending measures in case of emergency, effective public financial management practices, transparent and responsible fiscal policy leading up to the pandemic, the existence of long-standing and trusted relationships with donors and international financial institutions, the presence of mechanisms for cross-sectoral coordination and decision-making, a high prioritization of health by the government, and strong existing health infrastructure.