

LNCT Country COVID-19 Vaccination Financing, July-August 2021

Results from Member Survey and Key Informant Interviews

Key Takeaways:

- **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 like IMF and World Bank, as well as donors, to understand what their options may be.
- Despite large quantities of donor support and efforts to cut budgets in other areas, **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.**
- Many **countries view COVID-19 as short-term spending**, which given the trajectory of the pandemic, lack of information on duration of protection, potential need for booster doses, and probability of the continued evolution of the virus, is unlikely to be the case. 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. In preparation for future emergencies, countries should look to lessons learned from COVID-19 to shore up these institutions and processes.

Between July 6 and August 18, 2021, LNCT administered a survey to its members based in 17 countries and supplemented this information with key informant interviews with four officials in Georgia, Nigeria and Sri Lanka. The objectives of the survey were to understand the challenges faced by countries in financing COVID-19 vaccine introduction and routine immunization during the pandemic and identify strategies countries were successfully using to meet their immunization funding needs. This brief summarizes the results.

Respondents

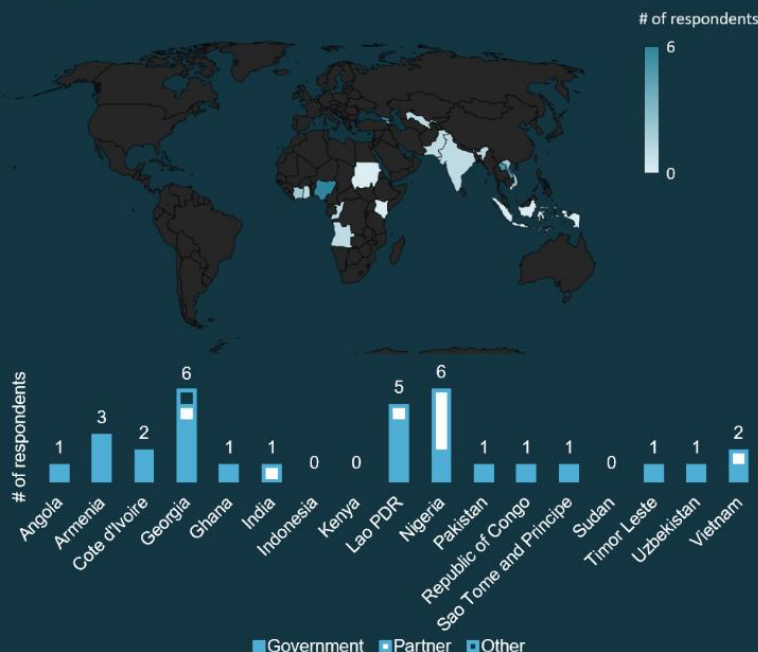
As part of its 2021 network-wide survey, LNCT distributed an optional survey module on immunization financing during COVID-19 to 147 government officials and 100 non-government individuals (partners, NITAG members, or others) based in its 17 member countries. Twenty-three government officials (72%) and seven individuals identifying themselves as members of

partner organizations or “other” (28%) responded to the module, for an **overall response rate of 13% (N=247)**.¹ The survey received a response from **13 member countries** (Angola, Armenia, Cote d’Ivoire, Georgia, Ghana, India, Lao PDR, Nigeria, Pakistan, Republic of Congo, Sao Tome and Principe, Timor-Leste, Uzbekistan, and Vietnam). **Government officials represented 72%** of responses. Partner respondents included representatives of the Bill & Melinda Gates Foundation, Clinton Health Access Initiative, John Snow, Inc, UNICEF, and WHO.

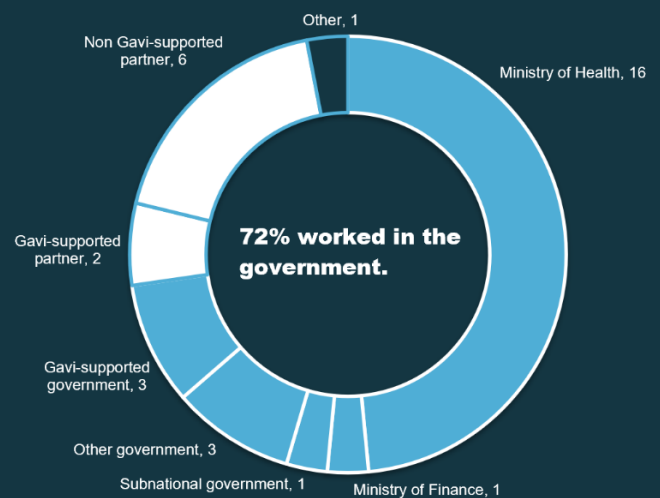
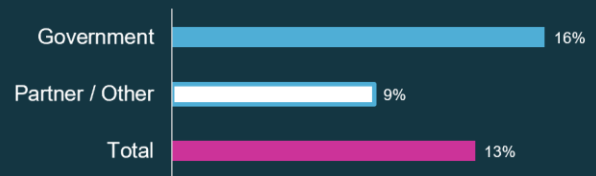
Key informant interviews were carried out by staff members of the LNCT Network Coordinator and its regional partners for the Europe and Asia-Pacific regions, Curatio International Foundation and The Institute for Health Policy, respectively. Interviewees included four officials from Nigeria’s Ministry of Budget and National Planning, Nigeria’s National Primary Healthcare Development Agency, Georgia’s Ministry of Finance, and Sri Lanka’s Ministry of Health.

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%.

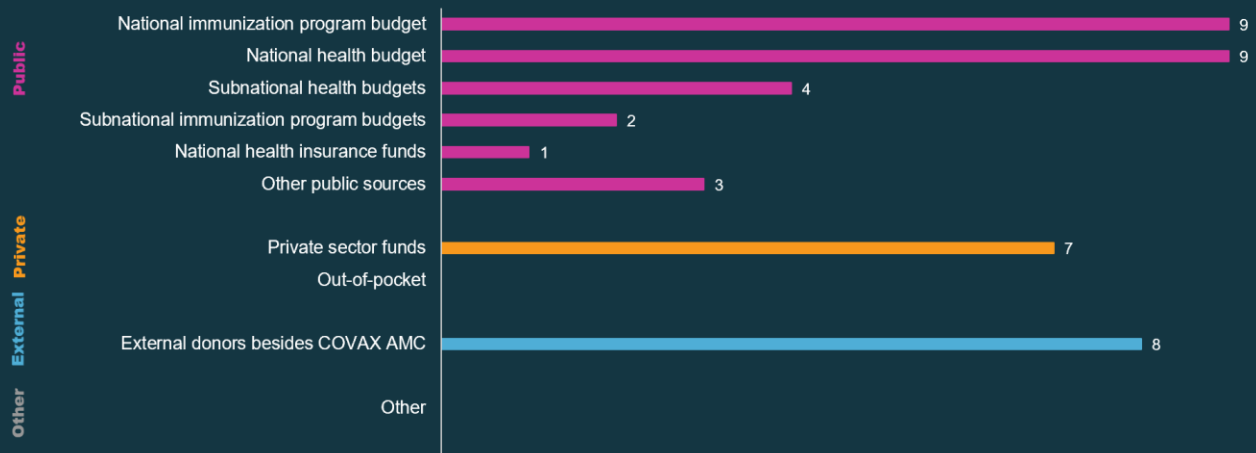


¹ The overall response rate to LNCT’s Network-Wide Survey was 28%.

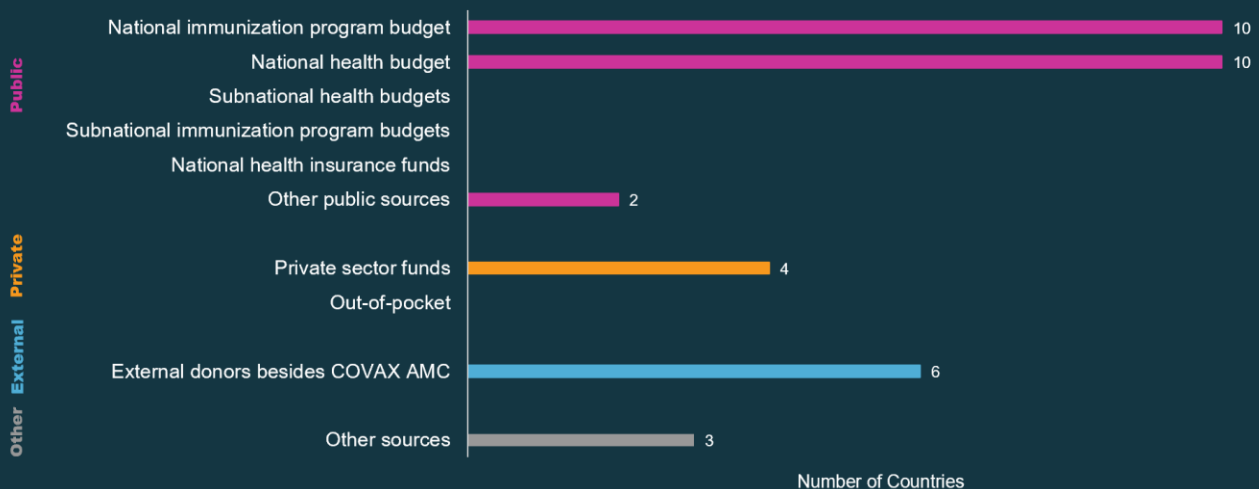
COVID-19 vaccine introduction funding sources

Countries reported that they planned to use a wide variety of public and private funds to supplement COVAX AMC funding for COVID-19 vaccine procurement. The most common sources of funding include the national health budget (non-immunization specific) (69%), the national immunization program budget (69%), external funds besides COVAX AMC (61%), and private sector funds (53%, n=13 countries). Respondents specified that some of the sources for financing and in-kind vaccine donations they planned to use included bilateral assistance (from United States and India), the Africa Vaccine Acquisition Task Team (AVATT), the MTN Group (a telecommunications company based in South Africa), and the World Bank's loan mechanisms. One country stated they did not plan to use COVAX AMC.

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).



Countries planned to draw on a smaller variety of sources for COVID-19 vaccine service delivery.

The most commonly cited sources included the national health budget (non-immunization specific) (77%) and the national immunization program budget (77%, n=13 countries). No countries planned to draw on subnational or national health insurance funds for service delivery. Respondents specified that they planned to use “Gavi bridge funding”, support from WHO or UNICEF, and loans. A key informant from Georgia noted the important contribution of STOPCOV, a local charity fund.

Key informants highlighted the **critical role that donors played in the early stages of the pandemic in offering them flexibility** to redirect existing grants and loans to quickly mobilize funds for their initial response and provide liquidity. Nigeria borrowed against its budgetary line item for Gavi co-financing to pay for the delivery of the initial doses of COVID-19 vaccine that it received through COVAX while it worked towards approval of a supplementary budget to finance service delivery. The supplementary budget was then used to reimburse its Gavi co-financing budget line. Georgia worked with IMF to rapidly analyze their economic situation at the beginning of the pandemic and mobilize additional support in the form of IMF and World Bank loans. Key informants noted that a **history of effective relationships with donor organizations and strong and efficient public financial management practices were key enablers** of their ability to secure and disburse these external funds quickly.

Financing challenges due to COVID-19 vaccine introduction

Key informants in Georgia and Nigeria described a **heavy reliance on deficit financing** to cover COVID-19 response with important questions outstanding 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**. Georgia’s government debt exceeded 60% of its GDP by the beginning of 2021 (up from 43% prior to the pandemic). By law, Georgia had to declare a state of emergency to increase debt to this level and was required to submit a plan to reduce the deficit to below 60% by 2022. They are in the process of accounting for the deficit through medium-term planning and are hopeful that economic growth could aid their recovery, but they note that future financing needs for COVID-19, in the medium-term and beyond, are not fully

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

“We are paying for about 10% [of COVID 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.”

-- Nigerian government official

“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.”

– Georgian government official

“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 Lankan government official

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.”

–Georgian government official

“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.”

-- Nigerian government official

“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.”

-- Nigerian government official

Decision-making in a crisis

“But then also there were issues around what vaccine, how many doses do we need to fund, are people going to take it up? Those discussions took a lot of time. Arriving at what vaccines to be used, what are the pricing.”

-- Nigerian government official

known. In Nigeria, respondents stated that no plan was yet in place to generate additional revenue or cut from next year’s health budget to account for the increased deficit.

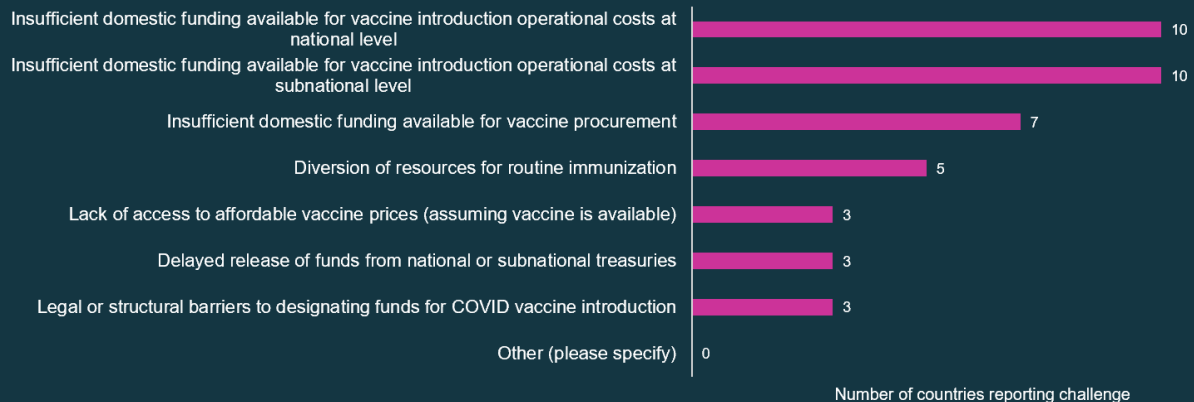
When asked to choose their country’s three most important financing-related challenges, respondents most commonly chose **insufficient domestic financing for the operational costs of vaccine introduction at the national level (83%) and at the subnational level (83%), and insufficient domestic funding available for vaccine procurement (58%**, n=12 countries). When asked to describe their COVID-19 vaccine introduction-related financing challenges, respondents mentioned issues related to **funding availability and funding flows, information gaps** about funding needs and vaccine markets, and **diversion of resources** from routine immunization. Key informants in Nigeria echoed the need for market information for planning, describing how the cost of the Johnson and Johnson vaccine fell over time, allowing them to purchase substantially more doses than planned. They also noted the difficulty of making rapid decisions in an environment of changing circumstances and information.

Individuals from all reporting countries reported that COVID-19 vaccine introduction had some impact on the budget for other aspects of their routine immunization program. When asked to describe the impact of COVID-19 vaccine introduction on overall budgets, respondents noted the large budget deficits caused by COVID-19 and the cancellation or delay of planned activities. The most commonly cited consequences were delayed or canceled training, capacity building, or supportive supervision activities (82%), delayed or canceled campaigns (64%), and the delay of other planned vaccine introductions (55%, n=11 countries).

The key informant from Georgia described sweeping cross-sectoral budget cuts that were put in place to minimize deficit spending or as a consequence of pandemic safety measures, including limiting travel, instituting a hiring freeze, canceling events, revising plans for education reform, and delaying investment projects. However, health and routine immunization

budgets were spared in Georgia likely due to their high prioritization by the government.

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).



What challenges do you face?...

Funding availability and flows:

- “not clear vaccine committed by partners or COVAX AMC, the government needs to find other sources [for] financing vaccine procurement, deployment and other activities”
- “So much delayed in funding to state despite huge resources supported by the federal and state government”
- “Operational costs for implementation”

Information gaps:

- “Poor data quality in estimating the actual financial resource requirement for COVID-19 vaccination”
- “Information of vaccine cost and vaccine availability”

Diversion from routine immunization

- “Reduced attention and funding for RI activities”

Strategies for addressing financing challenges during the pandemic

When asked what steps their country had used to resolve financial challenges, respondents listed strategies including **mobilizing financial and human resources** from new external and private sources, **mobilizing additional domestic funds**, particularly those reserved for emergencies, opening lines of **communication** and fora to address concerns about funding availability, and **legislative or policy changes** to make funds more accessible.

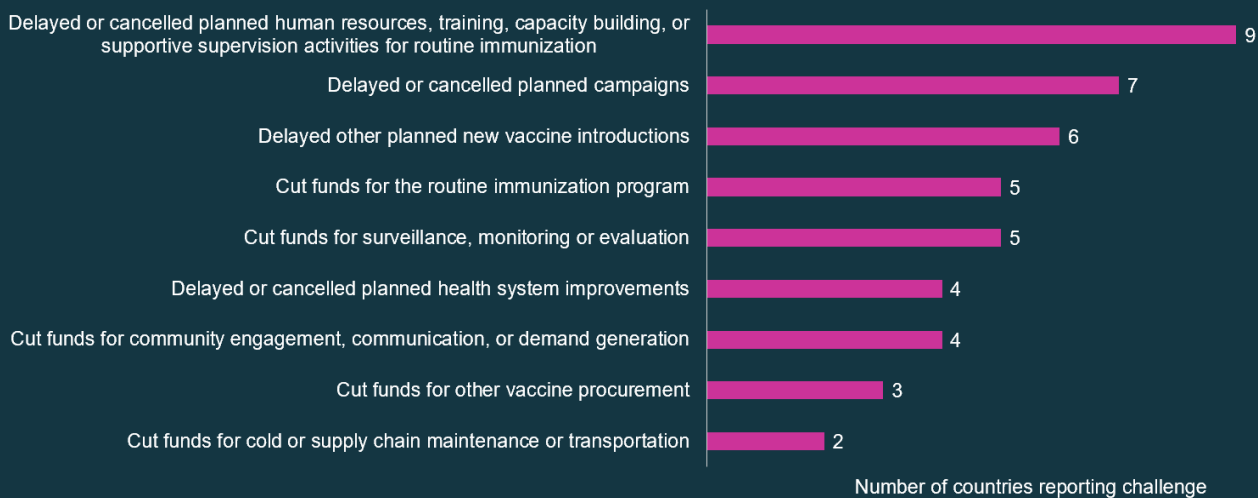
Key informants in Sri Lanka and Georgia described enacting a strong **emergency response plan** that has so far been effective in enabling them to respond quickly to the crisis. In Georgia, this included declaring a State of Emergency, which allowed funds to be rapidly redistributed between sectors and the deficit to increase beyond its normal limit.

What are the financial consequences COVID-19?...

“The COVID-19 pandemic has dealt a deadly blow to Nigeria budget given the negative impact of COVID-19 on government revenue. The country is operating a huge budget deficit financing with debt to revenue ratio of about 72%. This implies that some expenditure projections may not be met owing to tight fiscal space.”

“The measles vaccination campaign scheduled for 2020 has been postponed to 2021. Meetings and training activities have been canceled”

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).



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”

Key informants in both countries also described other pre-existing conditions that, though not part of their emergency response plans, were key to ensuring they were prepared for an emergency. In Georgia, these included **effective and efficient public financial management practices** that allowed for the rapid disbursement of funds and gave international lenders confidence to provide loans to the country; a close working relationship with IMF, which assisted them with emergency financial planning; a history of **fiscal responsibility and saving** to help offset the deficit; mechanisms to enable **cross-sectoral coordination and decision-making**; and a high **prioritization of immunization and health** built in the country over the years leading up to the pandemic. **Sri Lanka benefited from its previous infrastructure investments**, including in its cold chain, vaccination centers, and human resources.

Finally, Sri Lanka **mobilized a wide variety of actors beyond the public health system** to facilitate COVID-19 response and implement new service delivery modalities that targeted new populations for vaccination. Sri Lanka's key informant noted that she was optimistic that Sri Lanka's efforts to respond to COVID-19 would have a positive long-term impact on the health system.

Key takeaways and learning priorities

The findings described in this brief provide ample lessons learned about financial emergency preparedness, highlight successful innovations and problem-solving processes that LNCT countries have put in place to manage the early stages of the COVID-19 pandemic, and warn of some of the challenges that countries will face as the pandemic stretches into its third year and beyond. Key takeaways include:

- **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 like IMF and World Bank, as well as donors, to understand what their options may be. A list of funding mechanisms for COVID-19 response can be found [here](#).
- Despite large quantities of donor support and efforts to cut budgets in other areas, **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**

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.”

– **Georgian government official**

“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 Lankan government official**

Mobilization of other actors

“This is an all-of-society approach... there are other mechanisms like village committees, village headmen, police officers, development officers, agricultural officers, research officers... and other voluntary organizations.”

-- **Sri Lankan government official**

Building back better

“With the COVAX, initially we received [Cold Chain Equipment Support]... Utilizing this opportunity, we analyzed where are the gaps, what is the equipment that has to be replaced?... This is not only for COVID... this is good for future. It will cover routine immunization as well.”

-- **Sri Lankan government official**

COVID-19 as short-term spending, which given the trajectory of the pandemic, lack of information on duration of protection, potential need for booster doses, and probability of the continued evolution of the virus, is unlikely to be the case. 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. In preparation for future emergencies, countries should look to lessons learned from COVID-19 to shore up these institutions and processes.

When asked what topics related to COVID-19 vaccine financing they would be most interested to learning about through a future learning engagement, respondents suggested focusing on sustainable domestic financing for COVID-19 vaccine introduction (including financial planning for booster doses, financial accountability mechanisms, and facilitating efficient funding disbursement), mobilization of additional resources (including external support options and public-private partnerships), COVID-19 vaccine procurement (including vaccine pricing, budgeting, and information about COVAX), and the integration of COVID-19 into the routine immunization system (including financial planning).
