COSTING SUB-SAHARAN AFRICA'S COVID-19 VACCINATION FINANCING NEEDS

WORLD BANK, HEALTH NUTRITION, AND POPULATION

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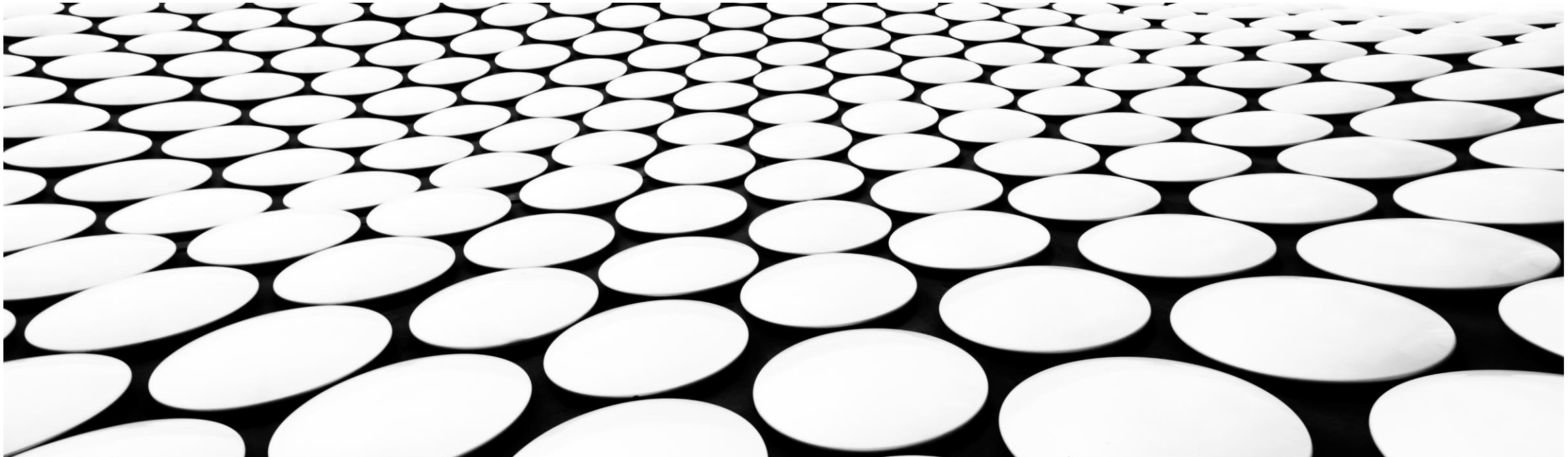

AGENDA

- Objective
- Overview of costing estimates for SSA's vaccination financing needs
- Overview of fiscal burden of vaccination rollout
- Overview of World Bank COVID-19 vaccination response

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Objectives for today

- Understand the methodology of vaccination roll out costing estimation
- Understand the fiscal burden of vaccination in SSA
- Discuss how the World Bank is assisting countries to finance COVID-19 vaccination roll-out

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COSTING ESTIMATES: SSA'S VACCINATION FINANCING NEEDS

1. QUICK REVIEW OF INDICATIVE COSTING ASSUMPTIONS
2. ESTIMATES OF VACCINATION ROLL OUT IN SSA

ESTIMATING THE COST OF VACCINATION: AN ITERATIVE EXERCISE!

In May 2021, we estimated that $12.5 billion was needed to vaccinate 70% of the population in 48 SSA countries

However, assumptions have changed over time and this needs to be reflected in costs. For example:

- Donor-financed doses from COVAX expected to reach 30% of population in AMC countries
- Donated doses expected to contribute another 7% to coverage
- Unit cost estimates also change, depending on what is included

Preliminary findings note that the total cost for vaccination rollout is approximately $10 billion for 70% of the population in SSA (2021-2022).

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Estimated cost to vaccinate one person (average prices)

Anticipated average cost per dose

$7.00/ $10.55[2]

Dose prices vary based on producer and country income classification

COVAX suggests AMC countries assume $7/dose for planning purposes, and $10.55 for self-financing countries. Includes syringes & safety boxes

Two doses needed for most vaccines

$14.00/ $21.10[2]

Only J&J vaccine is a one dose regimen

Assumption of 5% wastage factored into vaccines and service delivery unit cost; COVAX currently not delivering additional doses to include wastage

Transportation cost currently included in dose price

n/a

COVAX includes transportation cost to country in price/dose

Vaccines purchased via direct agreements may need to account for this (~10%)

Service delivery & supply chain in country $1.39 - $2.36 per dose; 5% wastage

$1.39-$1.97

Cost estimates for supply chain and service delivery are based on data from COVAX costing group's compilation of unit cost data for both non-COVID and COVID immunization. Estimates presented above are for Gavi and non-Gavi eligible countries

Climate sensitive cold chain investment

+ 20% of deployment costs

Cost estimates for climate friendly cold chain are estimated by the Energy & Extractives Global Practice at the World Bank, and are on a global basis

Cost of fully vaccinated person

$18.21-$19.12
in AMC countries

$27.11-$28.47
in other countries

Costs assume existing system can be leveraged; only includes incremental financial cost; health worker salaries excluded

1. (20% of service delivery and supply chain cost); 2. AMC / Other
Analytics produced for WB regional vaccine workshops based on the common methodology being used by WB teams when preparing AFs

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COSTING ESTIMATES: SSA'S VACCINATION FINANCING NEEDS

1. QUICK REVIEW OF INDICATIVE COSTING ASSUMPTIONS
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SSA REGION WILL REQUIRE MORE THAN $7-10B TO REACH THE TARGET

37% SUBSIDY

Cost of vaccinating 20%

To protect high-risk populations[1], SSA countries will require

~$1.3B

60% (old AU target)

Reaching (~60%) will require

~$7.7B

70% (New AU and WHO Global target)

Reaching (~70%) will require

~$10B

1. Including health care workers and people aged 55+ 2. Significant level of uncertainty, to be discussed in Workshop 6
Note: Details on assumptions to follow
Source: World Bank, Gavi, WHO

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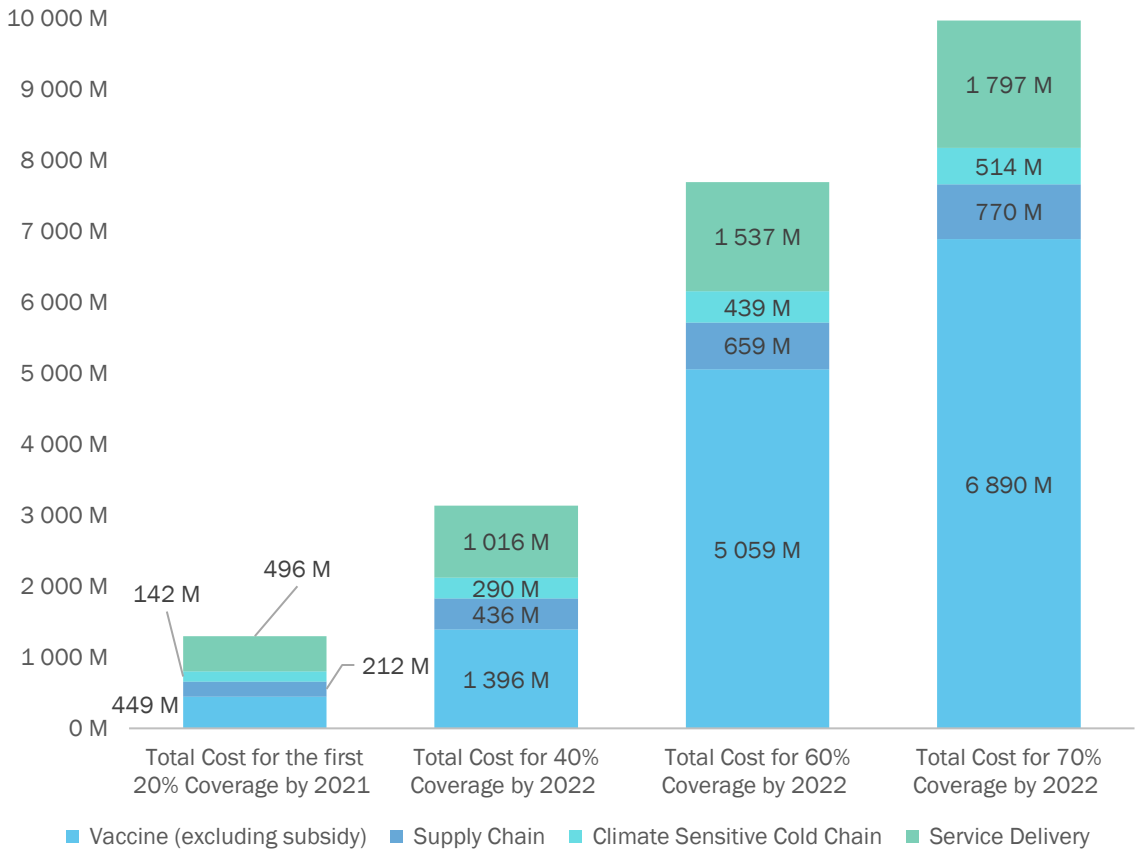
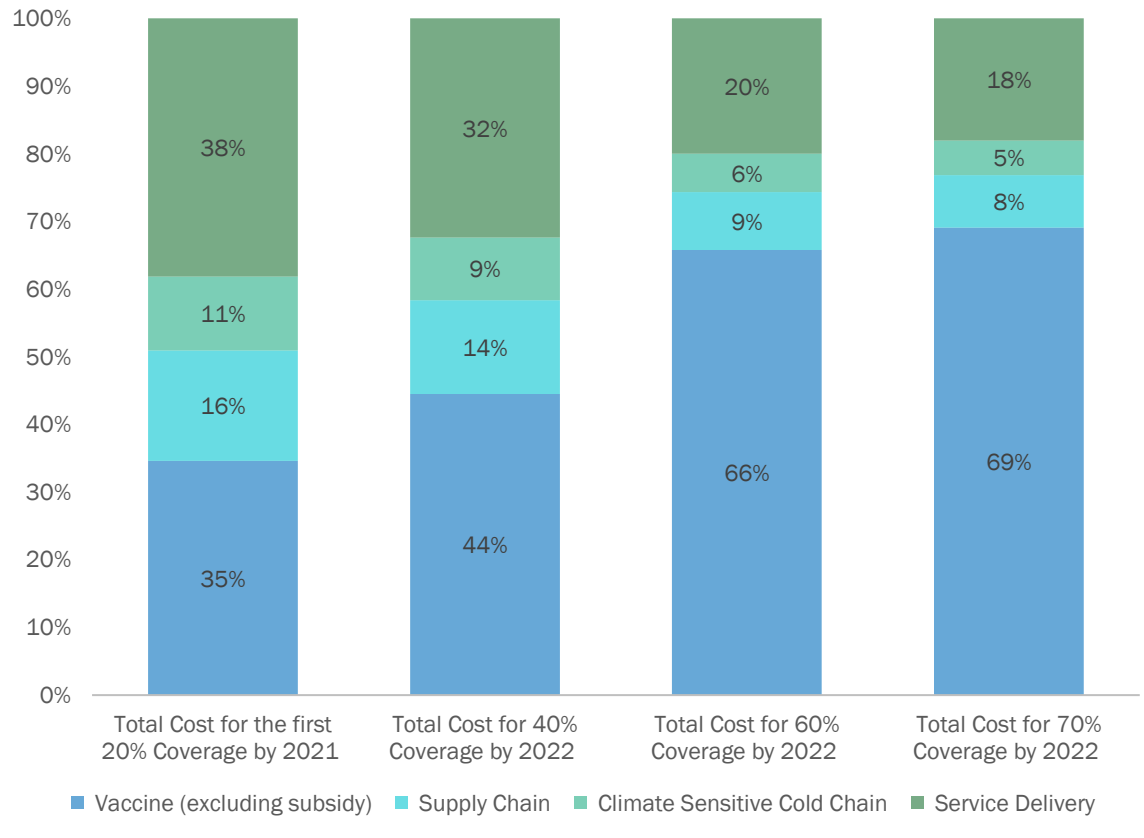
ESTIMATING VACCINATION FINANCING NEEDS IN SSA (37% SUBSIDY)





- Reduced approximately $2.7B for additional 17% COVAX + Donor subsidies

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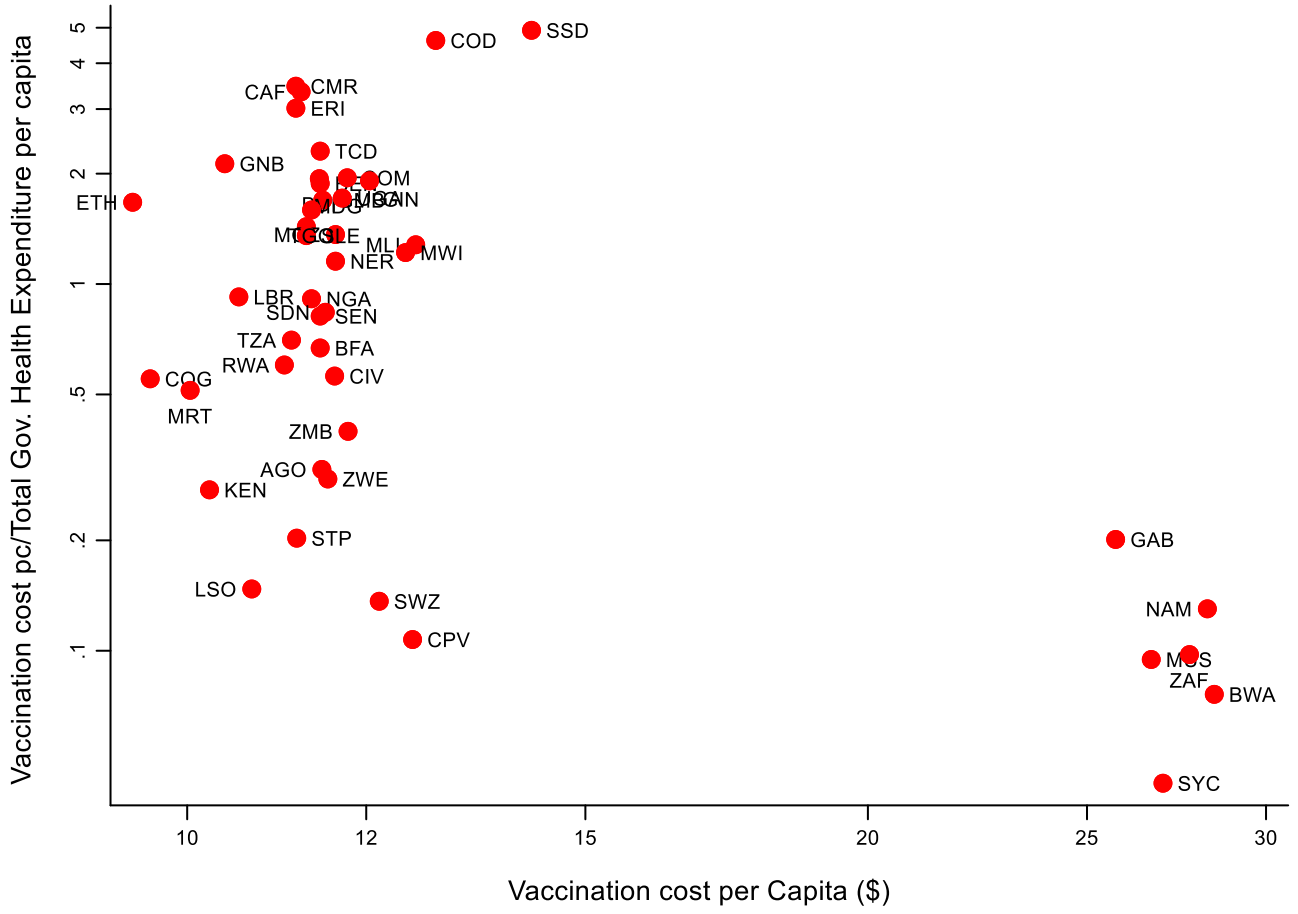
FISCAL BURDEN OF VACCINATION ROLL-OUT

WHAT DOES IT MEAN IN RELATIVE TERMS?
MANY COUNTRIES IN SSA WON'T BE ABLE TO DO IT ALONE



- Vaccination cost
- $10B

- Vaccine cost per capita
- $15.6

- Vaccination cost as % GDP
- 1%

- Vaccination cost per capita as % of government health spending per capita
- 123%

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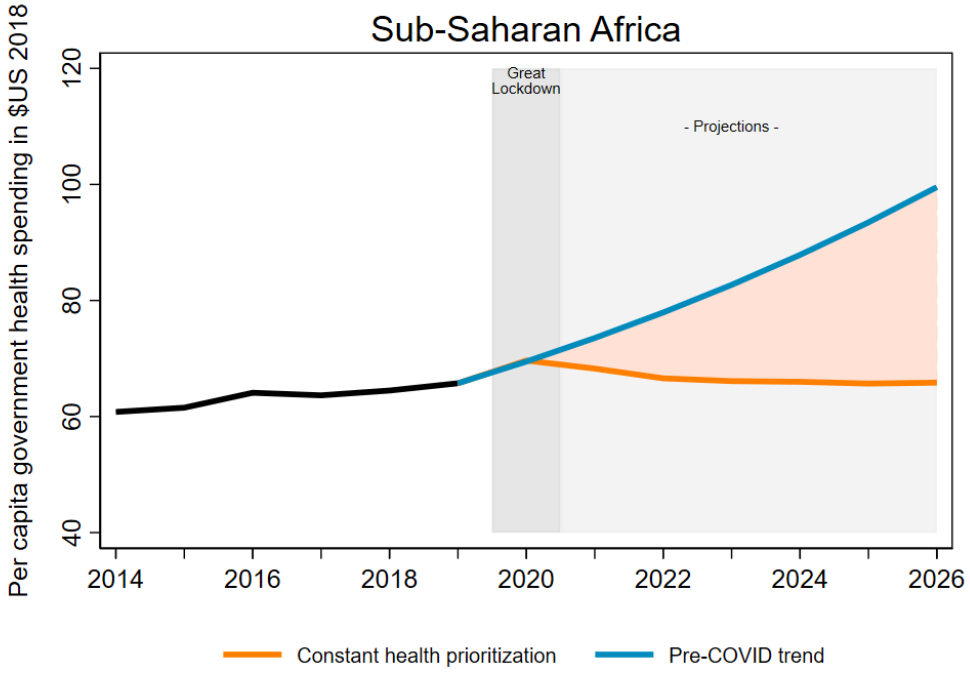
A recent World Bank report shows that government spending on health will far short of pre-COVID trends in SSA

Projected per capita government health spending ($US 2018), pre-COVID trends vs. current



- Per capita government spending is expected to drop and remain below pre COVID-19 trend levels in 2026.
- Projections suggest that the majority of SSA countries will be unable to finance their country's share of COVID-19 vaccine roll-out
- To keep their health spending growing at pre-pandemic rates, governments of SSA countries will have to increase the share of their spending on health, from 9.4% pre-COVID to 13.3% in 2026.
- Without bold choices to increase the priority given to health, per capita government health spending will remain below 2019 levels and will further fall in many of these SSA countries

Link to press release and materials here

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OVERVIEW OF WORLD BANK COVID-19 VACCINE RESPONSE

Countries in all regions benefit from Global Health MPA financing-

$4.7B

$20B

Countries benefitting from COVID-19 vaccine operations, across every region, as of September 24, 2021

With more than half the approved projects in Africa...

$4.7 billion** has already been approved, with more than half approved for the poorest countries (IDA)...

Increased financing needs for countries was met with expansion of emergency health financing envelope to up to $20bn by end 2022

This financing will accelerate developing countries' ability to acquire and deploy vaccines and strengthen health systems

**includes co-financing from trust funds, special financing, and Global Financing Facility

Impact going forward: the Bank will continue to provide flexible and country-driven financing as vaccine demand and supply increase

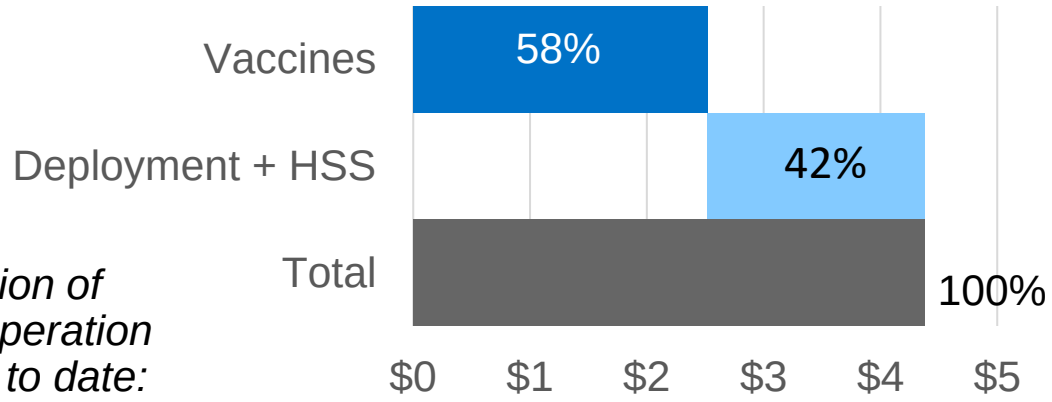
Increasing demand for Bank financing

- **Completion of COVAX and AVAT deals** with concrete purchase opportunities have increased demand for Bank vaccine financing
- **Private sector supply of vaccines** has expanded, with key IFC support
- The Bank **facilitates bilateral contracts** with vaccine manufacturers where necessary
- The Bank's increased envelope of **$20B for vaccines** will give countries financial capacity to secure deals and prepare for deployment

Flexible allocation

- Countries must be **ready to deploy** – identify choke threshold, invest in deployment capacity
- Bank financing will be **allocated flexibly to purchase or deployment** based on country needs, depending on vaccine landscape

Allocation of vaccine operation financing to date:



Source: WBG, OPCS dashboard

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FROM COSTING…. TO DISCUSSIONS AROUND FINANCING AND INCREASING ACCESS

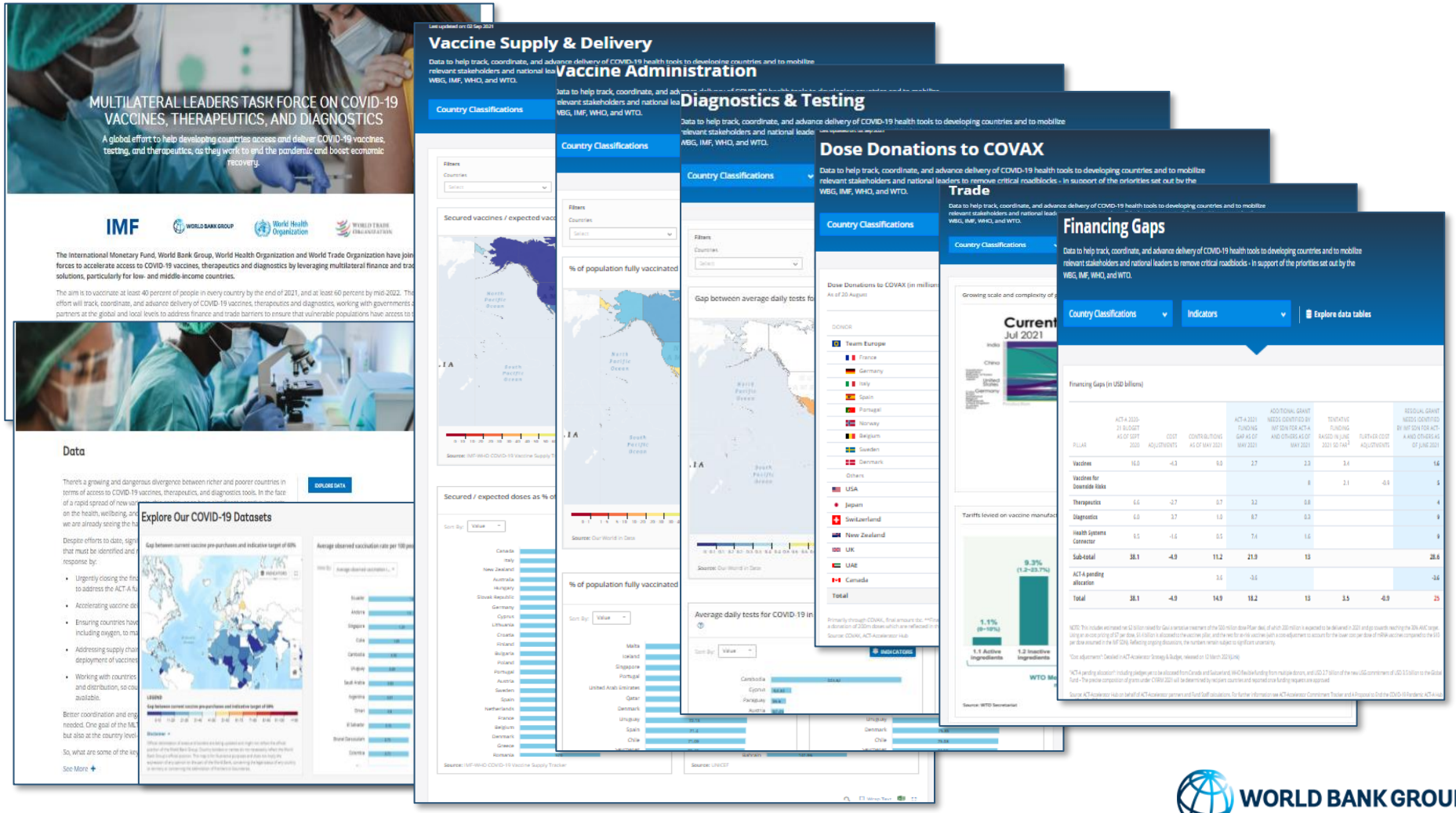
- COVID-19 vaccine is not just a health intervention, it is also an “economic stimulus” intervention
- Given “externalities”, financing for COVID-19 vaccines should come primarily from government/public sources to ensure widespread coverage, to end pandemic
- Given challenges of public financing for health in many LICs and LMICs– both pre-crisis as well as due to COVID-19’s adverse economic impact – countries face challenge of financing COVID-19 vaccines while protecting spending on routine health services and mitigating impact of COVID-19 on human capital
- WBG is working with countries to explore menu of options for financing COVID-19 vaccines: external financing, raising new revenues, additional borrowing, debt restructuring, reprioritization, as well as efficiency gains.

WB's work extends beyond financing……

WBG, IMF, WHO and WTO are tracking & monitoring gaps in financing, production, delivery, trade, supply chain, and deployment, to support faster & more targeted short-term & longer-term solutions

New Website, Global Database & Country Dashboards: snapshot

Data and resources available here



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KEY SUMMARY

- Only with additional resources will SSA be able to bridge the health financing gap to meet vaccination needs.
- Countries are also faced with other priorities, including investing in public health preparedness and response, and returning on a path towards UHC.
- Countries will need to mobilize more funding through grants and concessional financing to meet vaccination needs.
- Closing financing gaps will require strong coordination with countries and partners, drawing on the expertise of respective institutions.

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ANNEX

OTHER RESOURCES

Solving the vaccination gaps
By David Malpass
https://blogs.worldbank.org/voices/solving-vaccination-gaps

How the World Bank Group is helping developing countries to vaccinate their populations
By Mari Pangestu
https://blogs.worldbank.org/voices/how-world-bank-group-helping-developing-countries-vaccinate-their-populations

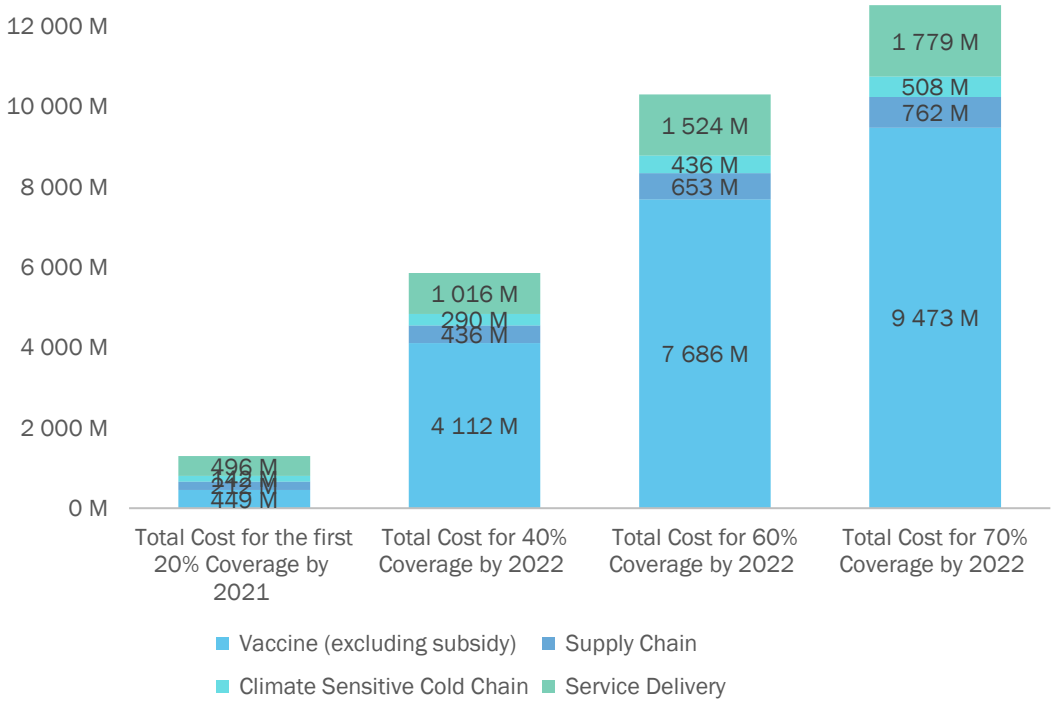
Health financing rifts mean growing risks for a global recovery
By Christoph Kurowski, David Evans, Ajay Tandon, Patrick Hoang-Vu, Martin Schmidt, Alexander Irwin & Irina Postolovska
https://blogs.worldbank.org/health/health-financing-rifts-mean-growing-risks-global-recovery

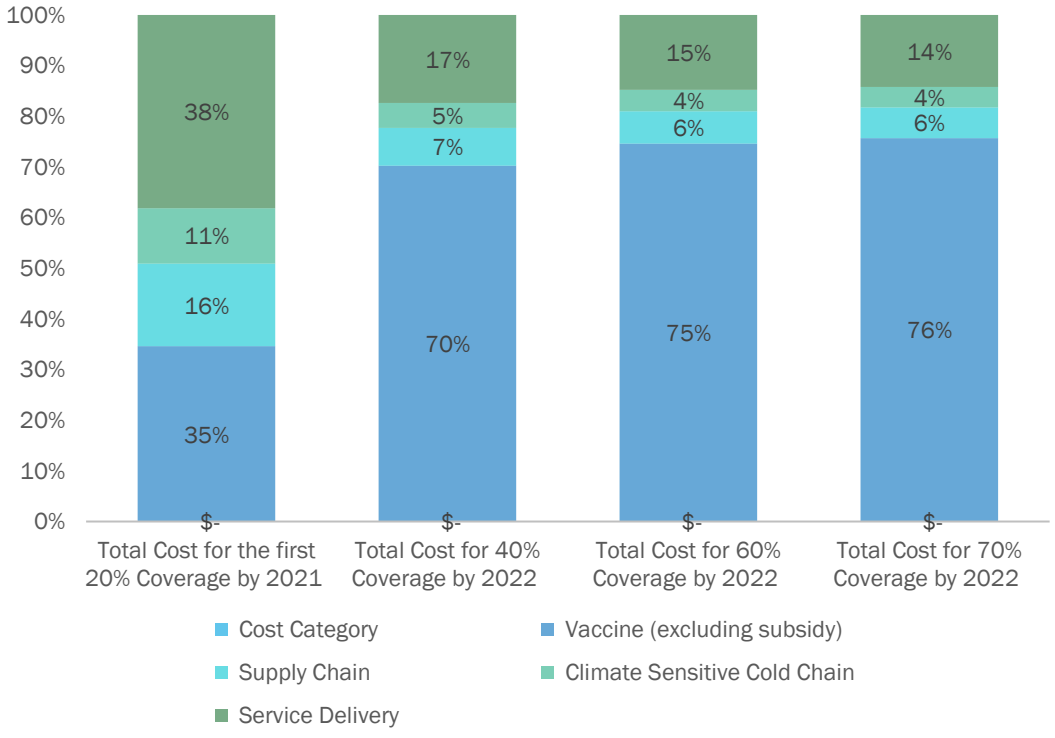
ASSUMPTIONS

Note: Most countries will likely only be able to receive enough vaccines to reach 20% of their population by the end of 2021, due to supply and infrastructure constraints. We expect the remainder, ex. 50% will be delivered in 2022. For countries procuring through COVAX, the goal is to get all countries up to a coverage level of 20% by the end of 2021 (using a mix of financing sources). For countries that also have bilateral deals, it may be possible to reach more than 20% of the population in 2021 but this depends on supply constraints.

Category	Vaccines	Additional Vaccine costs	Transport	Supply Chain	Climate Friendly Cold Chain	Service Delivery	Wastage
Definition	*(Doses only)*	*(Includes safety boxes, syringes, UNICEF procurement fees, etc.)*	*(Includes freight and transport costs until arrival in country airport)*	*(Includes costs for cold chain equipment, vehicles, transport, and fuel)*	*(additional costs on top of supply chain component - inflated costs)*	*(Includes costs for program management like supervision and monitoring, training, social mobilization, and disease surveillance)*	*Vaccine wastage is the sum of vaccines discarded, lost, damaged or destroyed.*
Data Source	WHO/ UNICEF	WHO/ UNICEF	WHO/ UNICEF; Used to be 10% recommended by COVAX; a UNICEF fee. As of dec 9th, Covax has indicated that free doses and 7$ doses include syringes, safety boxes, procurement fees to UNICEF, transport to country	Estimated by the COVAX costing group using the cost structure from ICAN with 70% of cost from service delivery, 30% for supply chain. *Of the 92 countries in the COVAX AMC, 56 + India are Gavi eligible; 12 are transitioned and the other are IDA-eligible but should use the Non-Gavi unit cost.	The Energy GP costing work shows that service delivery costs may increase by 16%-40% for climate friendly cold chain. This estimate therefore inflates the overall delivery costs by 20% and applies that to a new category called climate friendly cold chain.	Estimated by the COVAX costing group using the cost structure from ICAN with 70% of cost from service delivery, 30% for supply chain.	COVAX is not accounting for wastage or buffer, WHO estimating 10% wastage figure. WB suggested figure of 5% used for now; India reporting 10-15% actual wastage for initial deployment; may need to be updated after initial disbursements
AMC92 Eligible Countries	Full 37% coverage by COVAX (zero costs to Gov't) $7 per dose, two doses needed per person. Recommended to use $7 per dose for COVAX (low estimate is $3 per dose; high is $8.5 per dose)			37% coverage costs burdened by Gov't, the estimates differ by GAVI, non-GAVI etc.	Additional 20% on the unit costs for climate-friendly cold chain	37% coverage costs burdened by Gov't, the estimates differ by GAVI, non-GAVI etc.	We use an average of 5% of vaccine costs
Non-AMC92/ Self-Financing Countries	Full 37% coverage costs covered by Gov't $10.55 per dose/ two doses needed			37% coverage costs burdened by Gov't, the estimates differ by GAVI, non-GAVI etc.	Additional 20% on the unit costs for climate-friendly cold chain	337% coverage costs burdened by Gov't, the estimates differ by GAVI, non-GAVI etc.	We use an average of 5% of vaccine costs

ESTIMATING VACCINATION FINANCING NEEDS IN SSA (20% SUBSIDY)





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