Recommendation to the Executive Board

Extension and expansion of the Vaccine Independence Initiative and its revolving fund

Summary

The Executive Director recommends that the Executive Board approve a five-year extension of the Vaccine Independence Initiative for the period 2016 to 2020 and amend the authorized capitalization of the underlying revolving fund to increase from $10 million to $100 million, subject to the availability of specific-purpose contributions. The Executive Director also recommends that the expanded revolving fund be made available to similarly pre-finance other commodities (including health, nutrition, water, sanitation and hygiene, and education supplies) and to support contracting arrangements that result in a secure supply or reduced prices of vaccines and other commodities.
1. The Executive Director recommends that the Executive Board approve a five-year extension of the Vaccine Independence Initiative (VII) for the period 2016 to 2020, in accordance with the terms of the original Executive Board document, and amend the terms of the original document approved by the Executive Board in 1991 (paragraph 14 of E/ICEF/1991/P/L.41) to allow the capital base authorization to increase from $10 million to $100 million. As with the previous recommendation to the Executive Board, such an increase would be subject to the availability of specific-purpose contributions.

2. The Executive Director also recommends that the Executive Board approve the expansion of the applicability of the revolving fund. While keeping the original VII intact, the underlying capital base could also be used to support pre-financing of the procurement of other commodities (including health, nutrition, water, sanitation and hygiene, and education supplies), and also support contracting arrangements that result in a secure supply or reduced prices of vaccines and other commodities.

3. The VII mechanism was originally set up in 1991 (E/ICEF/1991/P/L.41) with three components: (a) a revolving fund capitalized at up to $10 million; (b) a vaccine procurement mechanism; and (c) a mechanism to utilize local currencies to replenish the fund. Countries use the VII mechanism to prevent their cash flow fluctuations from causing vaccine stock-outs and supply interruptions.

4. UNICEF currently receives unsolicited commodity pre-financing requests of approximately $100 million per year, while awaiting funds availability either from Member States’ own budgets, forthcoming grants or other partner disbursements. Approximately 50 per cent to 60 per cent of these requests are for immunization supplies, while the remaining requests are for other commodities, often including long-lasting insecticidal nets (LLINs), ready-to-use therapeutic foods (RUTF), essential medicines and, most recently, personal protective equipment and other supplies required for the Ebola response.

5. The proposed mechanism will also provide financial backing for contracting arrangements to help support the UNICEF target of $810 million of commodity savings during 2012 to 2017 for partners and country offices.

6. The revised mechanism will keep the original VII intact, while expanding the applicability of the underlying revolving fund to accommodate pre-financing of other commodities (including health, nutrition, water, sanitation and hygiene, and education supplies) as well as contracting arrangements that result in a secure supply or reduced prices of vaccines and other commodities.

7. The revised mechanism will continue to offer the following advantages to participating Member States and UNICEF country offices that utilize the support:

   (a) Quality, low-cost vaccines and other commodities, including but not limited to LLINs and RUTF, will be made available on a timely basis through a more efficient UNICEF procurement system;

   (b) The ability of self-funded Member States to pay for vaccines and other commodities after delivery, potentially using their local currency;

   (c) Improved ability for UNICEF to respond to pre-financing requests generated due to delayed disbursement of grants and other resources;
(d) Increased self-sufficiency, not only for vaccine-related commodities, but also for other health and developmental interventions; and

(e) Increased ability to enter contractual arrangements to generate better pricing and availability of vaccines and other commodities for children, Member States and partners.

8. The schematic below shows the structure of the existing VII, and a revised structure that includes an expanded revolving fund.

![Diagram of Vaccine Independence Initiative]

**Draft decision**

9. UNICEF recommends that the Executive Board approve the following draft decision:

*The Executive Board*

1. Approves a five-year extension of the Vaccine Independence Initiative for the period 2016 to 2020, in accordance with the terms of the original document approved by the Executive Board in 1991 (E/ICEF/1991/P/L.41), and amends the authorized capitalization of the underlying revolving fund to $100 million, subject to the availability of specific-purpose contributions.

2. Approves the utilization of the expanded underlying revolving fund to support the timely procurement of non-vaccine commodities (including health, nutrition, water, sanitation and hygiene, and education supplies) and to support contracting arrangements that result in a secure supply or reduced prices of vaccines and other commodities.