Organisation for Economic Co-operation and Development

DCD/DAC/STAT(2022)33

Unclassified

English - Or. English

21 September 2022

Development Co-operation Directorate
Development Assistance Committee

DAC Working Party on Development Finance Statistics

Valuation of donations of excess COVID-19 vaccine doses to developing countries in ODA – update for 2022 donations

This note recalls the method applied for valuing COVID-19 vaccine donations in 2021 ODA, presents the lessons learnt during the process of reporting against this method, describes the evolution of the situation and puts forward options for valuing donations in 2022 ODA.

This paper is for DISCUSSION under item 7 of the draft annotated agenda [DCD/DAC/STAT/A(2022)3].

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JT03502911

Valuation of donations of excess COVID-19 vaccine doses to developing countries in ODA – update for 2022 donations

1. For the purpose of valuing donations of excess COVID-19 vaccine doses in 2021 ODA, the Secretariat recommended applying a price of USD 6.72 per dose with safeguards as detailed in DCD/DAC/STAT(2021)29/REV1. Using this price and the associated safeguards aimed at protecting the integrity and credibility of ODA and DAC statistics, providing a simple and robust solution, aligned with COVAX, while ensuring transparency and comparability in members' reporting. The WP-STAT agreed to review the methodology applied and to conduct a new assessment for donations made in 2022. This note recalls the method applied for 2021 ODA, presents the lessons learnt during the process of reporting the donations in preliminary 2021 ODA figures, describes the evolution of the situation and puts forward options for 2022 ODA reporting.

Methodology applied for reporting vaccine donations in 2021 ODA

2. Members' discussions in 2021-22 on the method for valuing excess vaccine donations revolved around two issues: should the donations be counted in ODA, and at which price. Although the vaccines were originally bought to exclusively serve the donors' national interests, the donations as such could be considered developmental in essence. On this basis, the vast majority of members recognised that donations of excess vaccine doses were a form of aid in kind and agreed that related costs were reportable as ODA. A few members were however opposed to counting the excess donations in ODA. CSOs also repeatedly warned the DAC that such reporting would be "unconscionable"[1] in their view, given that donors' behaviour in ordering too many doses for their own purposes contributed to vaccine inequity in the first place.

3. For valuing aid in kind, the Reporting Directives[2] indicate that the market price should be used preferably or, if it does not exist, the purchase price. In the case of COVID-19 vaccines, there was no

[1] "The vaccine doses were never purchased in the interest of development partners and should not be counted as such", "excess purchases of doses in a context of limited global supply were directly responsible for denying access to these life-saving tools in developing countries". See CSO joint statements sent to the DAC on 28 October 2021, 17 December 2021 and 9 February 2022.

[2] Reporting Directives, paragraph 174: "Aid in kind, including food aid, should where possible be valued at prevailing international or national market prices for the goods in question at the time of the transfer. Where this information is not available, the amount reported should be calculated on the basis of the price paid by the official sector for the purpose of acquiring the goods for shipment to the recipient country."

straightforward application of this rule, given the complexities of the nascent vaccine market (wide price variation per type of vaccine and per buyer country[3]) and possible issues of comparability and consistency of ODA reporting if the purchase price were applied. Members discussed various options for determining the appropriate price[4]. Views converged towards adopting a uniform and transparent approach, aligned with Gavi/COVAX and introducing safeguards such as a minimum shelf life to avoid counting in ODA the donations of expired doses. The Secretariat therefore recommended the application of a single average price of USD 6.72 per dose, as determined by Gavi (weighted average price of the donated doses it delivered to AMC eligible countries).

4. The Secretariat's recommendation was not approved by members as one member objected, preferring to use its purchase price instead. The Secretariat's recommendation was therefore issued as guidance note. See https://www.oecd.org/dac/financing-sustainable-development/FAQs-ODA-eligibility-of-COVID-19-related-activities-FEB-2022.pdf.

Lessons learnt during the process of reporting the donations in 2021 ODA

5. The Secretariat's guidance on valuing donations of COVID-19 vaccine doses in 2021 ODA successfully prevented ODA inflation, but reporting on the donations proved to be complex and time-consuming, both for the members and the Secretariat. Although the Secretariat considered as positive the outcome of WP-STAT work on this topic, some degree of misunderstanding remained on the media side.

Results on ODA

6. The donations of COVID-19 vaccine doses in excess accounted for USD 2.3 billion in total preliminary 2021 ODA figures, representing 1.3% of ODA.[5] The Secretariat analysed the data and reported main findings at the WP-STAT meeting in June 2022[6]:

- As new lines were introduced in the Advance Questionnaire to allow for separate reporting on donations, the data could be published in a **transparent** way, with vaccine spending clearly identified. This allowed public scrutiny of these data.
- **All members reporting donations of excess vaccines, except for one, applied the Secretariat's guidance to value their donations**. Hungary opted to use their actual purchasing prices rather than the lower fixed average price of USD 6.72 as recommended by the Secretariat. Had they done so, their ODA for vaccine donations in excess of domestic supply would have amounted to USD 22.9 million (instead of the reported USD 36 million).
- In many cases, the USD 6.72 average price was an under-estimate of real costs incurred by members (as they had donated a mix of vaccines, including higher-priced ones) and

[3] With more demand than supply in 2021, prices for certain vaccines were rising quickly, while a few manufacturers (AstraZeneca, Johnson & Johnson) made their COVID-19 vaccine available on a not-for-profit basis for emergency pandemic use. There were also provisions for poorest countries to benefit from lower prices, as several vaccine producers (Pfizer/BioNTech, Moderna) made a commitment at a G20 summit to supply doses at cost to low-income countries, and at reduced prices to middle-income countries.

[4] Average price, differentiated price by type of vaccine, purchase price. See DCD/DAC/STAT(2021)21, DCD/DAC/STAT(2021)28, DCD/DAC/STAT(2021)29 and REV1.

[5] See https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/ODA-2021-summary.pdf.

[6] See summary record DCD/DAC/STAT/M(2022)2/REV1. The Secretariat is still processing final ODA data for 2021 and verifying the details of vaccine donations reported in the CRS.

therefore served as an **effective safeguard against ODA inflation**. The Secretariat confirmed individually with members that, when they had donated mostly lower-price vaccines, they had adjusted their figures not to overstate their ODA, in line with the Secretariat's guidance.

- Australia, Finland, Greece, Iceland, Luxembourg, the Netherlands and the United States did not report donations of excess doses[7]; Australia, Luxembourg, the Netherlands and the United States did donate vaccines in excess from their domestic supply but **decided not to report this item in their ODA** (they still provided transparent data on their donations in separate processes).
- **The ODA amount reported for donations of doses bought specifically for developing countries is much higher than for excess doses**, with the United States in particular reporting an amount of USD 4 billion for that purpose (of which USD 500 million for associated ancillary costs).

Reporting in practice

7. Reporting on the donations proved to be complex and time-consuming, both for the members and the Secretariat. Lessons learnt in that regard are summarised below.

- Confirming that members did apply the Secretariat's guidance entailed heightened scrutiny by the Secretariat and numerous exchanges with members.
- Statistical correspondents did not necessarily have the required details at hand and needed to communicate with various Ministries to obtain the name of manufacturers, the number of donated doses and the mechanism used (bilateral/COVAX). They also needed to be aware of the price paid by their country to buy the donated vaccines, in order to check the ODA figure reported against the actual outlay. One member did not have the necessary information at the time of reporting preliminary data, and would report its donations only in its detailed CRS data[8].
- There were confidentiality issues in the case of a few countries. Publishing the ODA amount for vaccine donations could have resulted in a confidentiality breach (allowing the public to derive the price).
- For a number of members it was not necessarily straightforward to distinguish between doses in excess of their domestic supply (to which the Secretariat's guidance applied) and doses bought specifically for developing countries (to which the purchase price could be applied).

Communication

8. Overall, counting the donations of excess doses in ODA did not have a dramatic impact on ODA levels as they represented 1.3% of ODA (less than ODA reported for doses bought specifically for developing countries). All members but one followed the Secretariat's guidance, i.e. applying a price of USD 6.72. By construction, this put a cap on ODA reporting for donations (members that donated lower-price vaccines adjusted their figures downwards, not to overstate their ODA). There were also strong safeguards put in place (transparent reporting, limited eligible vaccines, minimum shelf life).

[8] At the time of reporting in the Advance Questionnaire, Greece was still in the process of collecting data on vaccine donations and indicated they would include the related figures in their final ODA reporting.

9. Despite the conservative approach adopted and the limited impact on ODA, the CSOs perceived the reporting of excess donations as having negative consequences and strongly reacted against it. They still considered that crediting members for donating their surplus doses inflated ODA, and could encourage hoarding of vaccines. Despite the Secretariat's efforts put into explaining the method to the public[9], several articles misrepresented the facts by claiming that members were able to count vaccine donations at a higher price than what they had actually paid.[10]

Evolution of the situation

10. This section looks at the evolution of the situation since 2021, in terms of vaccine equity, volume and role of donations and vaccine prices.

Vaccine equity

11. In 2021, WHO set a global target to vaccinate 70% of the population in all countries (in priority health care workers as well as most vulnerable groups). As of today, 51% of the population of the AMC group of 92 low and lower middle income countries has received their primary series of vaccines, and within this group 17% of the population of low income countries has received their primary series.[11]

The role of donations

12. With limited supplies in 2021, the donations had a role to play in improving vaccine equity in 2021.[12] The situation has evolved in 2022, with the G20 report noting that "for the first time since the pandemic began, the global supply of vaccines is not currently a binding constraint" and identifying the main challenge as being related to vaccine delivery. However, to accelerate vaccine deployment in developing countries, the report still considers donations as one of the priority actions for international partners and agencies ("coordinate dose donations through global and regional mechanisms, including COVAX and AVAT (African Vaccine Acquisition Trust), to avoid fragmentation").

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[9] See e.g. the blog here : https://oecd-development-matters.org/2022/04/06/covid-19-vaccines-and-official-development-assistance/.

[10] https://www.cgdev.org/blog/vaccine-mark-counting-more-oda-we-paid-vaccines-illogical-immoral-and-unpopular; https://www.cgdev.org/blog/lies-damned-lies-and-aid-statistics; https://odi.org/en/insights/what-prospects-for-aid-in-2022-and-beyond/#:~:text=In%20reality%2C%20the%20ODA%20increase,%2D%20and%20middle%2Dincome%20countries.

[11] As a comparison, the G20 report on "Accelerating COVID-19 vaccine deployment" published earlier this year (https://www.who.int/publications/m/item/accelerating-covid-19-vaccine-deployment) indicates that 73% of the population in high-income countries has received their primary series.

[12] In total, donations to developing countries amounted to **1.4 billion doses**, 70% of which were channelled through COVAX. This represents approximately 10% of the total number of doses delivered to the world i.e. 15 billion. The United States is by far the largest donor (44%, including facilitated doses), followed by China (11%) and Germany (9%). Taken all together, EU countries represent 28% of the total number of donated vaccine doses delivered so far.

Donations to COVAX amounted to 530 million doses (964 million if doses facilitated by the United States are added), which represents one-third of total COVAX deliveries (close to 60% if facilitated doses are also considered).

See the UNICEF COVID-19 Market dashboard at https://www.unicef.org/supply/covid-19-market-dashboard.

13. GAVI sees 2021 as an exceptional year and notes that donations have decreased in 2022. However, dose-sharing could play a role in helping COVAX's vaccine delivery in case there is a serious outbreak later this year.

Vaccine prices

14. Until now, vaccine prices have not reflected standard market conditions. As of today, the prices still vary widely by country and vaccine manufacturer, with a reported price per dose ranging between USD 2 and USD 40 according to the UNICEF dashboard. See details of prices per manufacturer in the Annex.

15. The price of some vaccines has increased since the pandemics started and could continue to increase[13]. Some pharmaceutical companies claim to incur additional costs in developing boosters for new variants, and others, e.g. AstraZeneca, indicate they would progressively transition "to a for-profit approach", still ensuring the vaccine is affordable for low- and middle-income countries.

Price for 2022 ODA

16. The Secretariat's guidance for valuing donations in 2021 ODA noted that, importantly, the price would be used for 2021 ODA reporting only, a year faced with exceptional circumstances due to the introduction and roll-out of COVID-19 vaccines. The WP-STAT agreed to review the methodological approach for valuing donations of excess COVID-19 vaccine doses in ODA, and undertake a new assessment in 2022 to determine the price for 2022 ODA reporting, in line with the instructions on aid in kind. This new assessment would take stock of lessons learnt during the process of reporting the donations in 2021 ODA, and would take into account the evolution of the situation, including donors' commitment to donate rather than to sell COVID-19 vaccine doses to ODA-eligible countries.

17. Based on the above review of reporting in 2021 and evolution of the situation, the Secretariat would like to propose two options for reporting the donations in 2022 ODA. **Members are invited to share their views on these options.**

- **Option 1: Not count any of the donations of COVID-19 vaccine doses in ODA**

  The WP-STAT could consider dropping the reporting of donations in 2022. In 2021, four members did not report this item in their ODA. CSOs are of the view that the reporting of donations of excess doses is not in line with the spirit of ODA. The fact that one member did not follow the Secretariat's guidance also sparks distrust with the data published for 2021. Finally, excess doses should in principle decrease in 2022 as developed countries have a better vision of their needs. The decrease could facilitate phasing out this reporting (to avoid overly complex reporting for a small ODA volume).

  Other donations (those of doses bought specifically for developing countries) could be considered for exclusion as well. A number of members explained that it was not necessarily straightforward to distinguish between donations of surplus doses and other donations, as in some cases, they had ordered more doses than needed for their domestic purposes, factoring in the intention to donate a share to developing countries. Moreover, it could be argued that buying doses for developing countries also supports the interests of the donors' pharmaceutical industry (maintaining the status quo on intellectual property rights and protecting their commercial interests).

13 https://www.ft.com/content/d415a01e-d065-44a9-bad4-f9235aa04c1a ; https://www.nytimes.com/2021/11/12/business/astrazeneca-vaccine-profit.html

- **Option 2. Apply the same method as in 2021, with an updated price and same safeguards**

  The narrative for counting in ODA the donations of doses in excess is presented in the Secretariat's guidance described in DCD/DAC/STAT(2021)29/REV1. Many points presented in the guidance are still relevant. In particular, counting donations in ODA is legitimate based on the Directives[14] and the donations still have a role to play in improving vaccine equity. The method adopted for 2021 ODA reporting – applying a weighted average as determined by Gavi – was a simple, sound and efficient solution. Given the continuous variability of prices, the Secretariat does not recommend applying the purchase price for valuing the donations in 2022. Applying a weighted average as the best approximation of the market price is a much preferable solution in terms of transparency, consistency with cash contributions to COVAX and comparability across the membership.

  Gavi confirmed it could provide an updated price for 2022 towards the end of the year. It anticipates the average price to be a little higher, with the COVAX portfolio containing a decreased share of lower price vaccines. If the WP-STAT agrees on option 2, it will also need to quickly agree on the price to apply to 2022 ODA data, as preliminary data are reportable in March 2023.

[14] Ultimately, it is up to DAC countries to decide whether they report certain costs, such as donations of excess vaccines, as ODA.

Annex . List of COVID-19 vaccines, which have received emergency use listing by WHO, as of September 2022

https://extranet.who.int/pqweb/sites/default/files/documents/Status_COVID_VAX_23Dec2021.pdf

WHO's Emergency Use Listing (EUL) is a prerequisite for COVAX Facility vaccine supply. It also allows countries to expedite their own regulatory approval to import and administer COVID-19 vaccines.

Manufacturer	Vaccine	Type	Price, USD*
AstraZeneca	Vaxzevria	Vector	4
Bharat Biotech, India	Covaxin	Inactivated	15
Janssen (Johnson & Johnson)	Ad26.COV2.S	Vector	10
Moderna	mRNA-1273	mRNA	25
Novavax	Nuvaxovid	Protein	21
Pfizer & BioNTech	Comirnaty	mRNA	15
Serum Institute of India	Covishield	Vector	5
Serum Institute of India	Covovax	Protein	5
SinoPharm	SARS-CoV-2	Inactivated	18
Sinovac	Coronavac	Inactivated	18

* The source for the price is the UNICEF COVID-19 Vaccine Market Dashboard, data extracted on 14 September 2022. See the disclaimer presented on the overview page of the dashboard.