



GAVI/13/284/na/dlc

The Minister of Health  
Ministry of Health  
Kichik Deniz Kuc.4  
370014 Baku  
Azerbaijan

7 May 2013

Dear Minister,

***Azerbaijan's 2011 Annual Progress Report to the GAVI Alliance***

We are writing to inform you of the final outcome of the review of the 2011 Annual Progress Report (APR) HSS section submitted by **Azerbaijan** (the "**Country**") in August 2012.

As approved by our GAVI Deputy Chief Executive Officer on 5 April 2013, we are pleased to inform you that **Azerbaijan** has been approved for GAVI support as specified in the Appendices to this letter. The GAVI DCEO accepted the recommendations of the monitoring Independent Review Committee (IRC) that considered Azerbaijan's APR in September, 2012.

For your information, this document contains the following important attachments:

Appendix A: Summary of approved GAVI support to **Azerbaijan**

Appendix B: Financial and programmatic information per type of support

Appendix C: A summary of the IRC report

Appendix D: The terms and conditions of GAVI Alliance support

The financial and programmatic information for the approvals are detailed in the attached Appendix B.

The following table summarises the outcome of GAVI support applicable to Azerbaijan.

Type of GAVI support	Approved for 2012
Health system strengthening (HSS) support	US\$ 395,0000

Please do not hesitate to contact my colleague Ms. Nilgun Aydogan ([naydogan@gavialliance.org](mailto:naydogan@gavialliance.org)) if you have any questions or concerns.

Yours sincerely,

A handwritten signature in blue ink that reads "Hind Khatib-Othman".

Hind Khatib-Othman  
Managing Director, Country Programmes

GAVI Alliance

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cc: The Minister of Finance  
The Director of Medical Services  
Director Planning Unit, MoH  
The EPI Manager  
WHO Country Representative  
UNICEF Country Representative  
Regional Working Group  
WHO HQ  
UNICEF Programme Division  
UNICEF Supply Division  
The World Bank  
The GAVI Finance Unit

## Description of GAVI support to Azerbaijan (the “Country”)

### New Vaccines Support (NVS)

The GAVI Alliance has approved the Country’s request for supply of vaccine doses and related injection safety material which are estimated to be required for the 2013 immunization programme as set out in Appendix B. Financing provided by GAVI for vaccines will be in accordance with:

- The GAVI Alliance Guidelines notified to the Country with the APR format; and
- The APR, as recommended by the IRC for approval for funding, including any subsequent clarifications.

The vaccines provided will be used for routine immunisation of children under 12 months of age. The principles of the WHO-UNICEF-UNFPA joint statement on safety of injections (WHO/V&B/99.25) shall apply to all immunisation provided with these vaccines.

Item number 11 of Appendix B summarises the details of the approved GAVI support for vaccines in 2013.

Any required taxes, customs, toll or other duties imposed on the importation of vaccines and related supplies can not be paid for using GAVI funding.

GAVI is not responsible for any liability that may arise in connection with the distribution or use of vaccines and related supplies after title to such vaccines and related supplies has passed to the country, excluding liability for any defect in vaccines and related supplies, which remain the responsibility of the applicable manufacturer.

### **Country Co-financing**

In accordance with the GAVI Co-financing Policy, the Country has agreed to make the required contribution to co-financing vaccine doses in 2013.

Item number 14 of Appendix B summarises the budget and the quantity of supply that will be procured with country’s funds in 2013.

The total co-financing amount expressed in item number 14 of Appendix B indicates costs for the vaccines and related injection safety devices only. It does not contain the cost for contingency buffer nor UNICEF's handling fee as per standard practice as indicated in [http://www.unicef.org/supply/index\\_faq.html#1](http://www.unicef.org/supply/index_faq.html#1). An estimation of the complete cost including contingency buffer and handling fee will be provided as part of the cost estimate to be requested by the country.

For the purchase of the co-financed supply detailed in item number 14 of Appendix B the payment is to be made to UNICEF or PAHO (whichever is applicable) as agreed in the Procurement Services Memorandum of Understanding between UNICEF or PAHO (whichever is applicable) and the country, and not to the GAVI Alliance. Please keep in contact with UNICEF Supply Division or PAHO (whichever is applicable) to understand the availability of the relevant vaccine(s) and to prepare the schedule of deliveries. UNICEF will share information with GAVI on the status of purchase of the co-financed supply. In accordance with the GAVI Co-financing Policy (<http://www.gavialliance.org/about/governance/programme-policies/co-financing/>), the

The co-financing contribution is payable annually to UNICEF or PAHO (whichever is applicable)

## **B. Health System Strengthening Support (HSS)**

HSS support as approved for 2013 is set out in Appendix B. Disbursements for HSS are subject to GAVI receiving satisfactory explanations on any programmatic and financial management issues (related to HSS support) raised in Appendix C.

### **GAVI support will only be provided if the Country complies with the following requirements:**

Transparency and Accountability Policy(TAP). Compliance with any TAP requirements pursuant to the GAVI TAP Policy and the requirements under any Aide Memoire concluded between GAVI and the country.

Financial Statements & External Audits. Compliance with the then-current GAVI requirements relating to financial statements and external audits.

Grant Terms and Conditions: Compliance with GAVI's standard grant terms and conditions (attached in Appendix D).

Country Co-financing GAVI must receive proof of country co-payment from the Country such as invoices or shipment receipts if neither UNICEF nor PAHO is the procurement agent for country co-financed vaccine for the prior calendar year.

Monitoring and Annual Progress Reports: Use of financial support for the introduction of new vaccinations is subject to strict performance monitoring.

Achievements and the required support for the following year will be reported on in the APR. The APR must contain information on the number of children reported to have been vaccinated with DTP3 and with three doses of pentavalent vaccine by age 12 months, based on district monthly reports reviewed by the ICC, and as reported to WHO and UNICEF in the annual Joint Reporting Form (JRF). The APRs will also contain information on country's compliance with the co-financing arrangements outlined in this letter.

Please note the following conditions for future reporting:

- Signature of the APR by the Ministers of Health and Finance, and endorsement by members of the HSCC and/or ICC
- Attach minutes of all HSCC and ICC meetings held during the reporting year with the APR;
- Attach minutes of the HSCC/ICC meeting that explicitly discusses and endorses the APR submission;
- Attach financial statements with the APR as required for cash-based support, including HSS, CSO Type B and ISS. These statements should be prepared for the reporting year, and signed by the MOH chief accountant or the Permanent Secretary; and,
- Submit audit reports as required for cash-based windows of support, including HSS, CSO Type B and ISS. These audit reports are due to the GAVI Secretariat six to nine months after the close of your government's financial year.

GAVI encourages countries to continue working closely with their HSCC and/or ICC and local partners including Civil Society Organisations (CSOs). For the APR 2012 it is also recommended to share a draft report with the Regional Working Group for any technical input prior to final signatures and subsequent submission to GAVI before the 15 May 2013.

## DECISION LETTER FOR CASH SUPPORT

**This Decision Letter sets out the Programme Terms of a Programme.  
Complete in English**

<b>1. Country:</b> Azerbaijan										
<b>2. Grant number:</b> 0913-AZE-10a-Y (HSS)										
<b>3. Decision Letter number:</b> 3										
<b>4. Date of the Partnership Framework Agreement:</b> N/A										
<b>5. Programme Title:</b> Health Systems Strengthening (HSS)										
<b>6. HSS terms:</b> As indicated in Aide Mémoire (signed 3.3.2012)										
<b>7. Programme Duration<sup>1</sup>:</b> 2009 to 2011 however program implementation delayed due to Financial Management Assessment and signing of Aide Mémoire (signed 3.3.2012). The country's request for no-cost extension was endorsed by the IRC.										
<b>8. Programme Budget (indicative) (subject to the terms of the Partnership Framework Agreement):</b>										
<table border="1"> <thead> <tr> <th></th> <th>2009 – 2011</th> <th>2012</th> <th>2013</th> <th>Total<sup>2</sup></th> </tr> </thead> <tbody> <tr> <td>Programme Budget (US\$)</td> <td>\$582,000<sup>3</sup></td> <td>\$395,000</td> <td>\$205,500</td> <td>\$1,182,500</td> </tr> </tbody> </table>		2009 – 2011	2012	2013	Total <sup>2</sup>	Programme Budget (US\$)	\$582,000 <sup>3</sup>	\$395,000	\$205,500	\$1,182,500
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Programme Budget (US\$)	\$582,000 <sup>3</sup>	\$395,000	\$205,500	\$1,182,500						
<b>9. Indicative Annual Amounts (indicative) (subject to the terms of the Partnership Framework Agreement)<sup>4</sup>:</b>										
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	2009 – 2011	2012								
Annual Amount(s) (US\$)	582,000 <sup>5</sup>	395,000								

<sup>1</sup> This is the entire duration of the programme.

<sup>2</sup> This is the total amount endorsed by GAVI for the entire duration of the programme. This should be equal to the total of all sums in the table.

<sup>3</sup> This is the consolidated amount for all previous years.

<sup>4</sup> This is the amount that GAVI has approved.

<sup>5</sup> This is the consolidated amount for all previously approved years.

**10. Documents to be delivered for future disbursements:**

Not applicable

Reports, documents and other deliverables	Due dates
APR, Audit reports and Financial statements for the year 2012	May 2013

**11. Clarifications:** The Country shall provide the following clarifications to GAVI prior to the disbursement of the Annual Amount in 2013. GAVI will not release funding until it has received such clarifications: Not applicable.

**12. Other conditions:** Not applicable.

Signed by,

**On behalf of the GAVI Alliance**

By : 

Name : Hind Khatib-Othman

Title: Managing Director, Country Programmes

Date: 07/05/2013

**Country: Azerbaijan**  
**Type of report: Annual Progress Report**  
**Reporting period: 2011**  
**Date reviewed: September 2012**

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### 1. Background Information

Surviving Infants (2011):137,846

DTP3 coverage (2011):

- JRF Official Country Estimate:95%
- WHO/UNICEF Estimate: 74%

History of GAVI support:

**Table 1. NVS and INS Support**

<b>NVS and INS support</b>	<b>Approval Period</b>
Pentavalent	2011-2015
PCV 13	2013-2015
INS	2003-2005

**Table 2. Cash Support**

<b>Cash support</b>	<b>Approval Period</b>
ISS	2001-2006
HSS	2009-2012

### 2. Composition and Functioning of Inter-agency Coordinating Committee (ICC) / Health Sector Coordinating Committee (HSCC)

The country has no Health Sector Coordination Committee (HSCC). MoH and in-country partners have agreed to establish a Working Group on HSS under the Country Coordination Committee (CCM) that would coordinate GAVI HSS. The HSS Working Group had its first meeting in August 2012 that reviewed the HSS budget and endorsed the country's submission to the GAVI Alliance. Currently the Working Group is chaired by the Public Health Reform Centre and includes representatives from government, WHO, World Bank and one international NGO (Rostropovich-Vishnevskaya Foundation).

IRC notes that a number of local NGOs were engaged in the development of the original GAVI HSS proposal in 2008 and recommends the HSS Working Group expands participation of civil society in its work. Furthermore IRC notes that the GAVI HSS coordination function was shifted from the Intersectoral Coordination Committee on International Projects (ICCIP) that served as the HSCC equivalent in Azerbaijan back in 2008 and that had endorsed the original HSS proposal.

### 3. Health Systems Strengthening (HSS)

The GAVI Alliance approved the original HSS application from Azerbaijan in 2008, granting US\$ 1,182,175 for a 3-year program (US\$ 581,790 for 2009; US\$ 394,765 for 2010 and US\$ 205,620 for 2011).

Due to Financial Management Assessment and Aide Memoire-related processes HSS fund disbursement was delayed for more than 2 years. The first tranche (US\$ 581,790) was sent to Azerbaijan only in April 2012. In addition, according to the Aide Memoire agreement the country had to put in place management and monitoring structures that caused further implementation delays. Namely, management of the HSS

portfolio was given to Public Health Reform Center (PHRC), a separate entity reporting to the Ministry of Health and the center only recently obtained Ministerial approval to start the program implementation.

The APR submission includes minutes from the August 28, 2012 meeting of the Country Coordinating Mechanism (CCM) and its Working Group on HSS that signed-off the HSS submission. The program will be implemented by PHRC that will hire a Programme Monitoring Agency for monitoring and reporting on the GAVI HSS portfolio.

Azerbaijan is requesting disbursement of the 2nd installment in the amount of USD 394,765 for 2013. As articulated in the minutes of the HSS Working Group and feedback from the GAVI country mission, early availability of the 2nd tranche would be essential for non-interrupted implementation of the program.

IRC notes the decision of the HSS Working Group that despite significant implementation delays no amendments are required to the original HSS proposal or 2012-2013 budgets.

The overall goal of the HSS program was not described. Three objectives were presented:

1. Capacity-building of 8 educational institutions, 42 trainers and 640 middle-level health workers by strengthening the system of postgraduate education;
2. Strengthen Health Management Information System (HMIS) to improve monitoring of maternal and child health services, and
3. Capacity-building and tools for planning and costing immunization programs.

The planned activities are focused primarily on capacity building at both the in-service and pre-service levels. To meet that end, Azerbaijan will build the capacity of trainers and prepare materials and tools. To improve the HMIS, the country plans to strengthen immunization passport system; modernize the registration of pregnant women; strengthen decentralized data entry at the district level and develop a strategy for separate information sub-systems within the HMIS.

Due to late availability of funds no activities have been commenced as of August 2012 and the country the country did not submit its M&E report in the APR.

While respecting the decision of the HSS Working Group and realizing that the components of the proposal will not be directly affected by changes in epidemic context of the country, IRC still considers critical to update the background sections of the original proposal related to the policy- and health system context.

Specifically, up-to-date information is needed on major systemic bottlenecks and gaps in the priority areas covered by the original proposal. Information on the partners' contribution, external TA needs, implementation time-lines, and baseline values for monitoring and evaluation of the proposal should be also revised. The latter is critical for future monitoring and reporting both in-country and by the GAVI Secretariat.

The APR implies a request for an extension to implement the full three years of the HSS program. The APR defines 2012 starting as the new programme year one (originally 2009), 2013 will be year two, and 2014 will be year 3. This implied extension is granted although a question is raised regarding the ability to implement one year of activities in the short period of time remaining in 2012.

#### **4. Summary of 2011 APR Review:**

The IRC commends the country for a comprehensive APR 2011. The country is encouraged to continue its plan to strengthen the cold chain and vaccine management capacity at all levels of the cold chain in preparation for the introduction of PCV13.

IRC notes that the program implementation was delayed due to FMA and Aide Memoire arrangements. The committee also takes note of the HSS working group agreement that no re-programming of HSS funds is needed for 2012-2014. However some of the critical baseline information relevant to the HSS program needs to be updated.

While reporting on M&E indicators was not required due to implementation delays, it would have been helpful for the IRC to review the overall M&E framework and updated baselines. At next year's APR review, the IRC will be looking for a progress report against output, outcome and impact indicators and their respective baselines and targets.

Even though the HSS working group includes an international NGO, the country is strongly encouraged to expand civil society representation in the group. Similarly, there is no apparent involvement of civil society in the implementation of the HSS program. IRC recommends seeking such opportunities. IRC will look for the inclusion of civil society on the Working Group including their signatures on the next APR.

## **5. IRC Review Recommendations**

- **HSS**

Approve country request of a total of USD 394,765, with the disbursement subject to satisfactory clarifications detailed in Section below.

## **6. Clarification Required with Approved Funding**

- **HSS**

### **Short-term clarification**

The country is requested to update the following sections of HSS proposal as to reflect the latest dynamics in the health system gaps (health workforce, stewardship and health information systems) and HSS partnership landscape. The updates can be made in the original proposal document or submitted as a separate document:

Section 5.2: Major Activities and Implementation Schedule (revise implementation timelines for 2012-2014)

Sections 6.1 and 6.2: Impact, Outcome and Output Indicators (include baselines for 2011 or the latest available data)

Section 7.2: Roles and responsibilities of key partners (update current support from government and in-country partners, as relevant)

Section 7.6: Technical assistance requirements (indicate TA needs for HSS program implementation in 2012-2014 and available support from government and other partners)

### **GAVI Alliance Terms and Conditions**

Countries will be expected to sign and agree to the following GAVI Alliance terms and conditions in the application forms, which may also be included in a grant agreement to be agreed upon between GAVI and the country:

#### ***FUNDING USED SOLELY FOR APPROVED PROGRAMMES***

The applicant country ("Country") confirms that all funding provided by the GAVI Alliance for this application will be used and applied for the sole purpose of fulfilling the programme(s) described in this application. Any significant change from the approved programme(s) must be reviewed and approved in advance by the GAVI Alliance. All funding decisions for this application are made at the discretion of the GAVI Alliance Board and are subject to IRC processes and the availability of funds.

#### ***AMENDMENT TO THIS PROPOSAL***

The Country will notify the GAVI Alliance in its Annual Progress Report if it wishes to propose any change to the programme(s) description in this application. The GAVI Alliance will document any change approved by the GAVI Alliance, and this application will be amended.

#### ***RETURN OF FUNDS***

The Country agrees to reimburse to the GAVI Alliance, all funding amounts that are not used for the programme(s) described in this application. The country's reimbursement must be in US dollars and be provided, unless otherwise decided by the GAVI Alliance, within sixty (60) days after the Country receives the GAVI Alliance's request for a reimbursement and be paid to the account or accounts as directed by the GAVI Alliance.

#### ***SUSPENSION/ TERMINATION***

The GAVI Alliance may suspend all or part of its funding to the Country if it has reason to suspect that funds have been used for purpose other than for the programmes described in this application, or any GAVI Alliance-approved amendment to this application. The GAVI Alliance retains the right to terminate its support to the Country for the programmes described in this application if a misuse of GAVI Alliance funds is confirmed.

#### ***ANTICORRUPTION***

The Country confirms that funds provided by the GAVI Alliance shall not be offered by the Country to any third person, nor will the Country seek in connection with this application any gift, payment or benefit directly or indirectly that could be construed as an illegal or corrupt practice.

#### ***AUDITS AND RECORDS***

The Country will conduct annual financial audits, and share these with the GAVI Alliance, as requested. The GAVI Alliance reserves the right, on its own or through an agent, to perform audits or other financial management assessment to ensure the accountability of funds disbursed to the Country.

The Country will maintain accurate accounting records documenting how GAVI Alliance funds are used. The Country will maintain its accounting records in accordance with its government-approved accounting standards for at least three years after the date of last disbursement of GAVI Alliance funds. If there is any claims of misuse of funds, Country will maintain such records until the audit findings are final. The Country agrees not to assert any documentary privilege against the GAVI Alliance in connection with any audit.

#### ***CONFIRMATION OF LEGAL VALIDITY***

The Country and the signatories for the government confirm that this application is accurate and correct and forms a legally binding obligation on the Country, under the Country's law, to perform the programmes described in this application.

**CONFIRMATION OF COMPLIANCE WITH THE GAVI ALLIANCE TRANSPARANCY AND ACCOUNTABILITY POLICY**

The Country confirms that it is familiar with the GAVI Alliance Transparency and Accountability Policy (TAP) and will comply with its requirements.

**ARBITRATION**

Any dispute between the Country and the GAVI Alliance arising out of or relating to this application that is not settled amicably within a reasonable period of time, will be submitted to arbitration at the request of either the GAVI Alliance or the Country. The arbitration will be conducted in accordance with the then-current UNCITRAL Arbitration Rules. The parties agree to be bound by the arbitration award, as the final adjudication of any such dispute. The place of arbitration will be Geneva, Switzerland. The language of the arbitration will be English.

For any dispute for which the amount at issue is US\$ 100,000 or less, there will be one arbitrator appointed by the GAVI Alliance. For any dispute for which the amount at issue is greater than US \$100,000 there will be three arbitrators appointed as follows: The GAVI Alliance and the Country will each appoint one arbitrator, and the two arbitrators so appointed will jointly appoint a third arbitrator who shall be the chairperson.

The GAVI Alliance will not be liable to the country for any claim or loss relating to the programmes described in this application, including without limitation, any financial loss, reliance claims, any harm to property, or personal injury or death. Country is solely responsible for all aspects of managing and implementing the programmes described in this application.

**USE OF COMMERCIAL BANK ACCOUNTS**

The eligible country government is responsible for undertaking the necessary due diligence on all commercial banks used to manage GAVI cash-based support, including HSS, ISS, CSO and vaccine introduction grants. The undersigned representative of the government confirms that the government will take all responsibility for replenishing GAVI cash support lost due to bank insolvency, fraud or any other unforeseen event.