

H.E Dr Nila Moeloek
The Ministry of Health
J1. H.R. Rasuna Said
Blok X.5 Kav. 4-9 Blok A
Kuningan - Jakarta 12950
Indonesia

28 November 2014

Dear Minister,

Decision Letter: Request for 2015 Renewal of GAVI support for Pentavalent vaccines

I am writing in relation to Indonesia's request for renewal for New Vaccines Support (NVS) for Pentavalent vaccines which was reviewed by the Gavi High Level Review Panel (HLRP) on 23-25 July 2014.

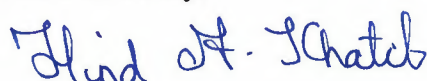
Following the recommendations made by the Panel, I am pleased to inform you that Gavi has approved Indonesia for Gavi support for Pentavalent, as specified in the Appendices to this letter.

Indonesia received a Partnership Framework Agreement (PFA) in September 2012. To date, we have not received the signatures of the Ministry of Health and Ministry of Finance on the PFA. Please be advised that, notwithstanding any other term of this letter, Gavi will need to receive the signed PFA before any funding and support to Indonesia can be continued.

The Appendices includes the following important information:
Appendix A: Description of approved Gavi support to Indonesia
Appendix B: Financial and programmatic information per type of support
Appendix C: Internal Appraisal Report
Appendix D: The terms and conditions of Gavi support.

Please do not hesitate to contact my colleague athomson@gavi.org if you have any questions or concerns.

Yours sincerely,



Hind Khatib-Othman
Managing Director, Country Programmes

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

Description of Gavi support to Indonesia (the “Country”)

New Vaccines Support (NVS)

Gavi, The Vaccine 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 immunization programme as set out in Appendix B. Financing provided by Gavi for vaccines will be in accordance with:

- The Gavi Guidelines governing Indonesia's proposal application; and
- The final proposal as approved by the the Independent Review Committee (IRC), including any subsequent clarifications.

The vaccines provided will be used as the country has proposed. 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 the years indicated.

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

The Country shall be solely responsible for any liability that may arise in connection with: (i) the implementation of any programmes in the Country; and (ii) the use or distribution of vaccines and related supplies after title to such supplies has passed to the Country. Gavi shall not be responsible for providing any additional funding to replace any vaccines and related supplies that are, or became, defective or disqualified for whatever reason.

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 as indicated in Appendix B. Item number 14 of Appendix B summarises the budget and the quantity of supply that will be procured with country's funds in the corresponding timeframe. The total co-financing amount indicates costs for the vaccines, related injection safety devices (only applicable to intermediate and graduating countries) and freight.

Countries may select to co-finance through UNICEF Supply Division, PAHO's Revolving Fund, or self-procure their co-financing requirement following their own procedures, except for the Pneumococcal vaccine that needs to be procured through UNICEF.

If the purchase of the co-financed supply is carried out through UNICEF or PAHO, 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 agreements between PAHO (whichever is applicable) and the country, and not to Gavi. Please keep in contact with UNICEF or PAHO (whichever is applicable) to

understand the availability of the relevant vaccine(s) and to prepare the schedule of deliveries.

The total co-financing amount expressed in item number 14 of Appendix B does not contain costs and fees of the relevant Procurement Agency, such as contingency buffer and handling fees.

Information on these extra costs and fees will be provided by the relevant Procurement Agency as part of the cost estimate to be requested by the country. UNICEF/PAHO 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.gavi.org/about/governance/programme-policies/co-financing/>), the co-financing contribution is payable annually to UNICEF/PAHO.

If the purchase of the co-financed supply is carried out by the Government, following its own procurement procedures and not procuring from UNICEF Supply Division or PAHO's Revolving Fund, the Government must submit to Gavi satisfactory evidence that it has purchased its co-financed portion of the vaccines and related supplies, including by submitting purchase orders, invoices, and receipts to Gavi. Gavi encourages that countries self-procuring co-financed products (i.e. auto-disable syringes and syringe and needle disposal boxes) ensure that products appear on the applicable WHO list of pre-qualified products or, for syringe and needle disposal boxes, that they have obtained a certificate of quality issued by a relevant national authority.

Gavi support will only be provided if the Country complies with the following requirements:

PFA: Receipt by Gavi of a fully-executed PFA.

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 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 or equivalent: Country's use of financial support for the introduction of new vaccinations with the vaccine(s) specified in Appendix B is subject to strict performance monitoring. Gavi uses country systems for monitoring and auditing performance and other data sources including WHO/UNICEF immunisation coverage estimates. As part of this process, National Authorities will be requested to monitor and report on the numbers of children immunised and on co-financing of the vaccine.

Country will report on the achievements and request support for the following year in the Annual Progress Report (APR) or equivalent. The APR or equivalent must contain information on the number of children reported to have been vaccinated with DTP3 and 3 doses of pentavalent vaccine by age 12 months, based on district monthly reports reviewed by the Immunisation Coordination Committee (ICC), and as reported to WHO and UNICEF in the annual Joint Reporting Form (JRF). The APRs or equivalent will also contain information on country's compliance with the co-financing arrangements outlined in this letter. APRs or equivalent endorsed by the ICC, should be sent to the Gavi Secretariat no later than 15 May every year. Continued funding beyond what is being approved in this letter is conditional upon receipt of satisfactory Annual Progress Reports or equivalent and availability of funds.

INDONESIA VACCINE SUPPORT

This Decision Letter sets out the Programme Terms of a Programme.

1. Country: Indonesia				
2. Grant Number: 1516-IDN-04d-Y				
3. Date of Decision Letter: 28 November 2014				
4. Date of the Partnership Framework Agreement: Not yet signed				
5. Programme Title: NVS, Pentavalent Routine				
6. Vaccine type: Pentavalent				
7. Requested product presentation and formulation of vaccine: 5 dose, self procurement				
8. Programme Duration¹: 2013 - 2016				
9. Programme Budget (indicative) (subject to the terms of the Partnership Framework Agreement):				
	2013-2014	2015	2016	Total ²
Programme Budget (US\$)	US\$30,477,500 ³	US\$13,843,500	US\$6,855,500	US\$51,176,500
10. Vaccine Introduction Grant: Not applicable				

¹ This is the entire duration of the programme.

² 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.

³ This is the consolidated amount for all previous years.

11. Indicative Annual Amounts (subject to the terms of the Partnership Framework Agreement):⁴

Type of supplies to be purchased with GAVI funds in each year	2013-2014	2015
Number of Pentavalent vaccines doses		7,770,200
Number of AD syringes		6,543,800
Number of re-constitution syringes		0
Number of safety boxes		72,650
Annual Amounts (US\$)	US\$30,477,500 ⁵	US\$13,843,500

12. Procurement agency: Not applicable

13. Self-procurement: Self-procurement applies to co-financed portion and GAVI funds

14. Co-financing obligations: Reference code: 1516-IDN-04d-Y-C According to the Co-Financing Policy, the Country falls within the Graduating group. The following table summarises the Co-Financing Payment(s) and quantity of supply that will be procured with such funds in the relevant year.

Type of supplies to be purchased with Country funds in each year	2015
Number of vaccine doses	11,655,300
Number of AD syringes	9,815,700
Number of re-constitution syringes	0
Number of safety boxes	108,975
Value of vaccine doses (US\$)	US\$20,175,287
Total Co-Financing Payments (US\$) (including freight)	US\$20,765,500

15. Operational support for campaigns: Not applicable

16. Additional documents to be delivered for future disbursements:

Reports, documents and other deliverables	Due dates
Annual Progress Report or equivalent	To be agreed with Gavi Secretariat

17. Financial Clarifications: The Country shall provide the following clarifications to

⁴ This is the amount that GAVI has approved.

⁵ This is the consolidated amount for all previously approved years.

GAVI*:
Not applicable.

**Failure to provide the financial clarifications requested may result in GAVI withholding further disbursements*

18. Other conditions: Not applicable

Hind H. Khatib

Signed by,
On behalf of the GAVI Alliance
Hind Khatib-Othman
Managing Director, Country Programmes
28 November 2014

Internal Appraisal
Geneva, July 29 2014

Country name: Indonesia
Type of support requested: Pentavalent
Vaccines requested: 5 dose-Self procurement

1. Brief Description of Process

A partners' mission to Indonesia in March 2014 worked with the Ministry of Health to ensure that HSS activities more effectively contribute to EPI targets, and checked on the status of the Pentavalent rollout which began in August 2013. Updates gathered during this mission formed the basis of the first version of this Internal Appraisal, which was drafted by the CRO and then circulated for input within the Secretariat and to partners.

The Appraisal concerns renewal of Pentavalent vaccine support for Year 3 (2015) of the 2013-16 Grant, an amount of US\$ 13,843,500. Indonesia self-procures Pentavalent from its national manufacturer BioFarma. The Appraisal also contains an update on the current HSS grant. The final tranche of funding of US\$ 9.4 million for this Grant was recommended for approval by the IRC in October 2013, and no additional action is requested from the Panel on this.

29 July 2014: Please note that the 2013 WUENIC estimates were issued after this Appraisal was completed, but prior to the High Level Review Panel, which was able to take the updated situation into account in its deliberations.

DTP3 coverage estimates increased significantly for 2011, 2012 and 2013, from 62%, 64% and 65% to 81%, 83% and 85% respectively. The Appraisal should be read with this in mind. Specifically, the comment in Section 2 below about the performance of Indonesia's immunization programme having stagnated over recent years is no longer accurate. Likewise, the comment in Section 6 below about a >20% discrepancy (84% versus 63%) between administrative and WHO/UNICEF DTP3 estimates is now outdated.

2. Achievements and Constraints

The performance of Indonesia's immunization program has stagnated over recent years. The country has been consistently reporting 84% DTP3 coverage, but the 2012 DHS shows DTP3 coverage at 72%, missing the 2010-2014 cMYP target of 95%. WHO/UNICEF estimate is 63%. (please refer to discussion on Data Quality, below). Administrative data for 2012 show DTP3 coverage of >80% in 79% of districts (392/497).

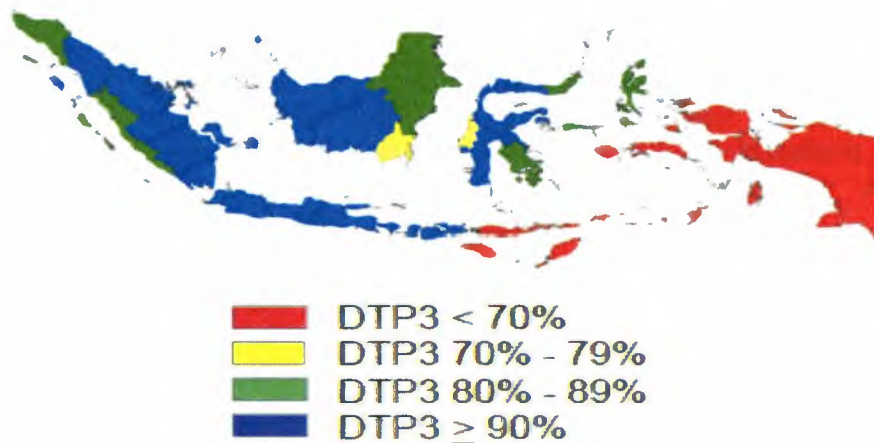
DTP1 to DTP3 dropout is 16% based on the DHS. Indonesia started intensification of routine immunization (IRI) in 2012. One of the major IRI activities is dropout-follow up

(DOFU), conducted in 36 districts of 11 provinces in 2012 and in 58 districts of 22 provinces in 2013.

There is almost no difference in immunization coverage by sex, (2012 DHS: M 73% DTP3, F 71% DTP3), but a big gap in coverage levels between wealth quintiles (85% in the highest; 52% in the lowest) and also wide geographical variation between provinces, with several, such as Papua (35%) and West Sulawesi (58%) being far from their targets. The hard to reach areas are either in remote, sparsely populated eastern provinces (see Figure 3, below), or in urban slums.

Figure 3: DTP3/Penta 3 Coverage by Province, 2012

Source: SEAR annual EPI reporting form, 2012 (administrative data)



The US\$ 24.8 million HSS grant is underperforming and it is not possible to assess the extent to which it has contributed to immunization outcomes. (please refer to HSS Section, below).

In contrast, Indonesia should be commended on its efficient rollout, beginning in August 2013 in 4 provinces, of Pentavalent vaccine on an accelerated national schedule of 2 years (compared to 4 years for the rollout of tetravalent vaccine). This rollout was extended on schedule to the remaining 29 provinces in May 2014. This is expected to result in immunization of an additional 2 million children.

3. Governance

Indonesia has management and communication issues typical of a very large decentralized country, and governance is weak. The ICC merged with HSCC in 2011. The ITAGI provides reliable policy advice, and there is oversight by a well-functioning National Regulatory Authority (NRA). However, there are inadequate coordination

mechanisms between EPI and MCH and with development partners, and the HSCC only meets to discuss GAVI HSS support.⁶

Likewise, GAVI's 2013 Cash Programme Audit⁷ found that although HSCC participation is inclusive (MoF, MoH EPI and MCH, Ministry of Foreign Affairs, BPKP (Government Auditor), DG of Pharmaceutical and Medical Devices, CSOs and International Agencies WHO and UNICEF), that it meets irregularly. Minutes are recorded but decisions are not implemented and there is no follow-up. The CPA recommendation was to strengthen the HSCC's oversight and inter-departmental coordination mechanisms with MCH and including development partners. This has not occurred.

4. Programme Management

The decentralized nature of the administration adds significant complications to effective management. Oversight of the new vaccine support is adequate, but management of the HSS Grant, which is shared between EPI and MCH, is weak. Staff roles and accountability in this decentralized system are ill-defined and delivery of immunization services at sub-national level is inefficient. Annual indicators and targets are poorly defined and it is unclear who is accountable for achieving them. Busy midwives, under supervision of the MCH programme rather than EPI, may not prioritize immunization.

In terms of HSS implementation, the same activities are repeated, on schedule and within budget, year after year. Annual reporting remains at the level of process indicators. APRs, whose HSS reporting is almost indistinguishable from one year to the next, repeatedly report increasing coverage and all targets met and do not document any lessons learnt.

Both the MoH and partners agree that the budgeting process is complex, and for GAVI, funds transfer from the center to the sub-national level remains opaque. EPI budgets and supervision functions are centralized while surveillance and MCH budgets are controlled at province and district levels. This is a real difficulty for the EPI in managing its resource allocation and tracking of expenditures.

5. Programme Delivery

Primary health care services, including immunization, are delivered by Integrated Service Posts (Posyandu). The Posyandu system has generally performed well since its introduction in the mid-1980s, although there are weaknesses in supervision and accountability for efficient delivery of immunization services. There is also a brief window available for immunization of children at Posyandus, generally a half day per month, which is often announced at short notice.

BioFarma production site acts as the National cold store and supplies the 33 provinces directly. The EVM assessment concludes that BioFarma performance is strong, with solid and reliable support for vaccine cold chain logistics. Vaccine distribution under the responsibility of provinces and districts is weaker. The overall

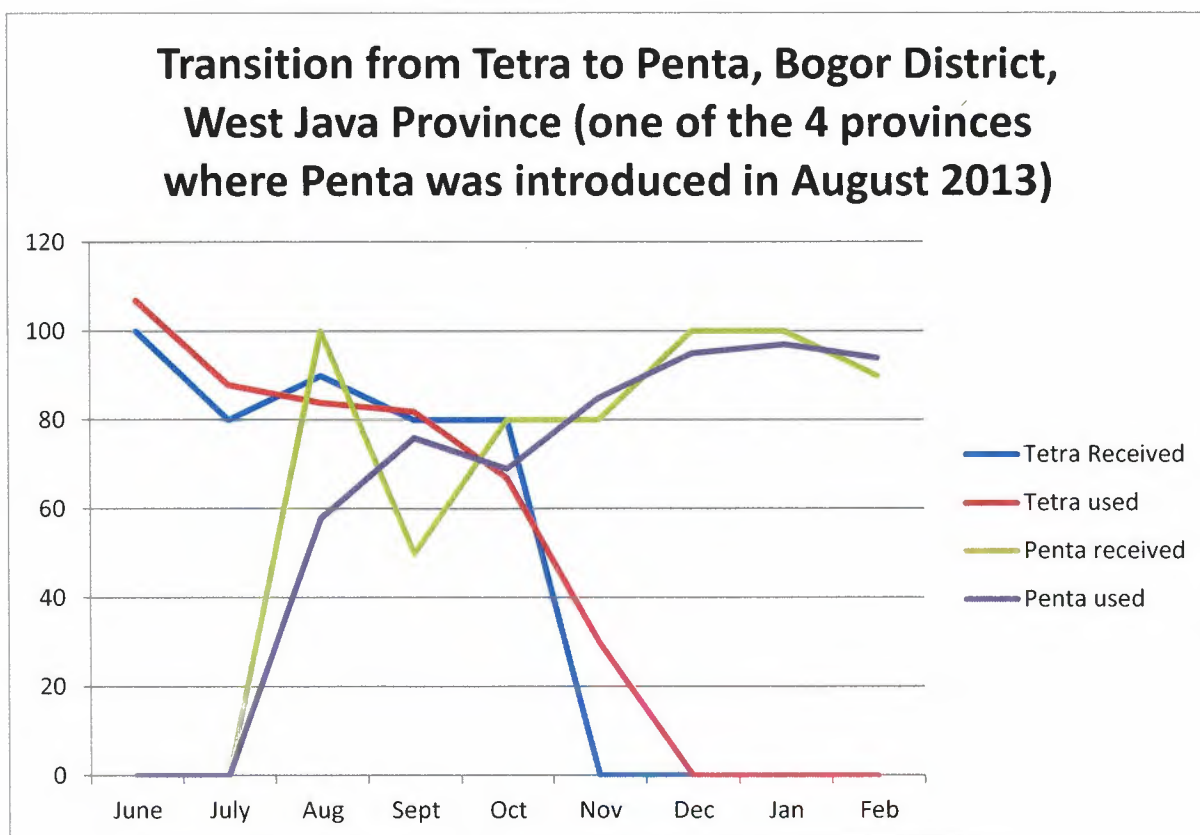
⁶ Joint National and International EPI and VPD Surveillance Review, Report of the mission, Indonesia, 10 -21 June 2013

⁷Cash Programme Audit Report, HSS, CSO type B and NVS for self-procurement 2008 – 2012 GAVI Secretariat, Geneva, Switzerland FINAL – July 26, 2013

system generally ensures adequate supplies of vaccines and syringes at all levels, though delays in the contracting process have occasionally led to stock-out of vaccines in some provinces in the early part of the year. At district and health center level, much of the cold chain equipment requires replacement. A cold chain inventory and replacement plan is underway.

Pentavalent Rollout

This has proceeded well during the ten months since introduction in 4 initial provinces. During the partners' district visits in March 2014, health workers reported that the transition from Tetravalent to Pentavalent vaccine has been well accepted by mothers and that demand is high. Adequate vaccine supply is available at peripheral level. Data collected during the March 2014 field visit from a district in one of the four provinces confirm the rapid transition from Tetra to Penta, as shown in the graph below (courtesy of WHO).



Rollout to the remaining 29 provinces began as planned in May 2014, and is proceeding on schedule. There will be 100% transition from Tetra to Penta by December 2014. Indonesia is using a 5 dose vial for Pentavalent (instead of 10). The WHO recommended opened multi-dose vial policy has not yet been adopted, and vaccine wastage rates are currently estimated to be around 30%.

Co-financing obligations are being met and are able to be tracked in detail from BioFarma purchase orders, which are regularly provided to the Secretariat by the EPI Manager. Co-financing receipts submitted in December 2013 show that Indonesia

fulfilled its 2013 requirements. There are no significant concerns with Indonesia's ability to co-finance since there is a well-established track record of self-financing and vaccine productions, and GAVI's funding is relatively small over a 10 year time frame, and highly catalytic.

Chronology of Pentavalent Support:

Vaccine Introduction Grant (VIG) – total: US\$ 3,791,000.

50% disbursed before WHO pre-qualification of vaccine	May 2013
WHO pre-qualification obtained	June 2013
Remaining 50% VIG disbursed	July 2013
NVS funds for local tender for 4 provinces provided US\$ 6,546,000	July 2013
Roll out in initial 4 provinces (12% of birth cohort)	August 2013
NVS funds Jan 14 tender for 29 provinces disbursed: US\$ 20,453,500	Dec 2013
Tender issuance (local 1 year tender)	Jan 2014
Tender award	March 2014
Roll out in remaining 29 provinces	May 2014

Cut-off date for disbursement for 2015 procurement: US\$ 13,843,500) Dec 2014

Tender for 2015 Jan–Mar 2015

Supply commences Apr – May 2015

In country mission (program review and grant reconciliation) May 2015

6. Data Quality

Data quality is a longstanding concern in Indonesia. The established system for coverage and disease reporting uses varied denominators, leading to inflated coverage estimates. In addition, coverage data at lower levels is unreliable because of poor data entry at the posyandus, with data not recorded after each immunization but at the end of each session, and sometimes not at all. In addition, DQS reveals data accuracy problems between posyandus and health centers, with over-reporting. Retention of immunization cards is less than 50%.

Regular house-hold surveys to validate coverage are conducted, but they lack standardization in survey methods, and there is large variation in coverage estimates between administrative data and surveys and between surveys themselves. In 2011, there was a >20% discrepancy (84% versus 63%) between administrative and WHO/UNICEF DPT3 estimates. The DHS report from 2012, has now been finalized and shows coverage lying between the two extremes at 72%.

Improvement of coverage data improvement activities and active surveillance systems for vaccine preventable diseases are planned but their implementation is lagging. The 2015 HSS Grant activities include planning for DQSs in 31 focus

districts. It may be useful to consider a comparative analysis between HMIS and EPI data to help inform a better integration and harmonization of the two.

7. Global Polio Eradication Initiative, if relevant

The last case of indigenous wild poliovirus in Indonesia was in 1995 in East Java province. The last case of polio occurred in February 2006, related to a large outbreak due to a case imported from West Africa.

8. Health System Strengthening

Implementation of the US\$ 24.8 million 2008-09 HSS grant continues to be problematic and there have been substantial delays. As of June 2014, six years after inception, it is still only 62% disbursed. This underperforming grant has become stalled in a cycle of delayed submission of APRs and resulting late disbursement of funds.

The grant was originally focused on MCH activities and civil society organizations. Following GAVI Board guidance, it was retrofitted to support immunization outcomes. This change in programme design led to a certain lack of clarity about HSS within MoH. In addition, the grant has been constrained by high management costs at central levels, where much of the funding has been spent on staff salaries, and weak implementation in targeted provinces. GAVI's 2013 Cash Programme Audit confirmed that management costs remain high at central levels (there is a Programme Management Unit, known as the 'GAVI Secretariat' with over 60 staff on salaries or top-ups).

The quality of the reporting of HSS results has been poor, consisting largely of lists of activities carried out with percentage completion rates. Where an activity has been 100% implemented, it is reported on as successful. Activities include visits, trainings, meetings, workshops, outreaches and printings. There is no mention of intermediate indicators, and it is difficult to draw conclusions on the effectiveness of all this activity. Challenges to implementation are not clearly identified.

A partner's mission in March 2014 attempted to address the Grant's underperformance, by working with the MoH to encourage more strategic thinking on future HSS activities. Following this, much work by the GAVI and EPI teams at the Ministry of Health, in consultation with WHO and UNICEF, went into revising the activities in the HSS workplan (US\$ 9.4 million) to make them more effective. The HSCC agreed to a plan for 2015-16 to focus on 31 districts with low coverage and high childhood mortality. These districts contain almost 20% of the annual birth cohort of 4.6 million, and most of these are in densely populated urban poor areas. As mentioned in the Data Quality Section above, baseline coverage surveys in all 31 districts will provide much-needed concrete objective information on where coverage is lower than desired and hopefully why.

In recognition of the low coverage in some remote eastern areas mentioned in Section 2, there are some proposed activities beyond the 31 focus districts such as the SOS implementation in remote areas and DQS in many districts. Focusing on problem districts for most of the activities is more realistic and likely to result in real improvements rather than spreading the activities out more broadly, and the baseline surveys will also make monitoring and evaluation more feasible.

This re-focussing of the programme's activities goes some way to putting Indonesia's HSS programme back on track and unblocks disbursement of the final tranche of HSS funding of US\$ 9.4 million that was recommended for approval by the IRC in October 2013.

A graduation assessment mission will be carried out in late 2014/early 2015, to guide the next HSS grant proposal of US\$ 40 million for 2015-16. An end of and an end of grant assessment is also planned.

9. Use of non-HSS Cash Grants from GAVI

VIG for Pentavalent was disbursed in two tranches in 2013 and was appropriately used for the initial rollout in 4 of 33 provinces.

10. Financial Management

A Cash Programme Audit (CPA) for 2008-2012 HSS, CSO Type B and NVS for self-procurement carried out in early 2013 found no evidence of financial irregularities and concluded that the Ministry of Health had put in place the majority of control procedures outlined in the Aide-memoire resulting from GAVI's Financial Management Assessment. The report will be published on the GAVI website.

There is a difference of IDR 132,591,239 (approx. \$US 11,692) between the closing balances of the 2012 financial statements and 2012 APR (IDR 712,199,901 /approx. \$US 62,805) and the opening balance in the 2013 financial statements and 2013 APR (IDR 579,608,662 / approx. US\$51,113), which the country has been requested to explain.

A certified English translation is awaited of the entire 2013 audit report. In future, audit reports should be communicated in English (official translated version).

The Partnership Framework Agreement has been under negotiation for over a year and is still not signed.

11. NVS Targets

The target number of infants in 2015 is 4,734,534 infants in 2015 (source grant agreement between GAVI Secretariat and MOH signed off by EPI manager May 2013). This number remains valid for this grant renewal, since it is part of the current 4 year co-financed plan which finishes end 2016. The target reflects the full cohort being reached in all 33 provinces for the whole of the 2015. The 10% increased target 'rule' does not apply since there is a phased roll out.

Progress is tracking well against the plan as confirmed by EPI manager, and a detailed review of supply and demand for Penta doses being procured from the local production and used in country in 2014 is planned for early 2015. Part of this mission will be the reconciliation of the GAVI funds provided and the use of the funds for NVS procurement locally.

Indonesia is very interested new vaccines as well as the Polio endgame and will potentially introduce one vaccine a year over the next 5 years (IPV, MR, PCV, Rota and JE in endemic provinces). Indonesia has already committed to introduction of IPV and rubella vaccines in accordance with the WHA resolutions related to polio

eradication and the RC resolution on rubella control. The next cMYP (2015 – 2019) is being finalized, and will aim at scaling up immunization coverage to reach national disease control goals:

- Sustain polio free status
- By 2018, achieve measles elimination
- By 2019, reduce CRS cases by 40%
- Achieve MNTE by 2015 and maintain it

The major focus in 2014 is to improve measles first dose coverage, where DNS 2012 reveals 82-83% coverage. Financing will be an issue (estimated at US\$ 75 million). Budget estimates for catch-up MR SIA have been included in the draft 2015-20 cMYP, and will be secured through domestic funds. The government wishes to obtain GAVI prices for pneumococcal vaccine at US\$3.50 per dose. Rota vaccine licensure is likely in 2017. ITAGI has yet to make firm recommendations or provide advice on prioritization of new vaccines.

12. EPI Financing and Sustainability

Indonesia has been a GAVI recipient since 2002 and to date GAVI has committed US\$ 123.8 million to the country's programmes, of which US\$ 93.7 has been disbursed. The country has 4 years from the introduction of Pentavalent vaccine in August 2013 to prepare to fund 100% of its vaccines in the 5th year following introduction. Graduation strategy was a major aim of the GAVI and Partners' visit in March 14, and a graduation assessment mission will be carried out in late 2014, in line with the expanded approach to graduating countries approved by the GAVI Board in Nov 2013.

Economic growth continues to be significant, with IMF projecting 6.5% per year from 2013 to 2018. The country's GNI has steadily risen from \$570 in 2000 to \$3,420 in 2012. In 2011 however, the government spent only 6.2% of its budget on health, and in 2012 6.9% - a relatively low allocation which is even below the national constitutional target.

This health financing challenge for sustainability of immunization programmes is further complicated by the decentralized nature of health financing mentioned above. District governments take responsibility for their immunisation programs while the central level is responsible for supplementary immunisation activities, procurement of vaccines and syringes, technical assistance, development of guidelines, monitoring and evaluation, quality control and training.

Another factor impacting sustainability is that the government has launched universal health care with expected full coverage by 2019. This ambitious project is all-consuming for the MoH. How this will affect immunization funding and EPI performance post 2016 is uncertain, but there is a possibility that preventive services may be crowded out by new financial demands and patient pressure for new curative services.

These uncertainties should be weighed against Indonesia's well-established track record of self-financing and reliable domestic vaccine production, and the fact that GAVI's funding has been relatively small over a 10 year time frame, and highly catalytic. In addition, the Minister of Health is well aware of the graduation trajectory and co-financing commitment from now until January 2017.

13. Renewal Recommendations

Topic	Recommendation
NVS	Approve funding for self-procurement of Pentavalent vaccine for Year 3 – US\$ 13,843,500 for 2015.

14. Other Recommended Actions

Topic	Action Point	Responsible	Timeline
Graduation	Follow-up with country and partners the timing of the graduation assessment mission.	CRO with FS team and EPI	Q3 2014
PFA	Request the Minister of Health to address the delay in the PFA signing.	CRO	Q3 2014
Data Quality	Followup on planning for district level DQSS that are included in the HSS Grant's 2015 activities	CRO with EPI and WHO	Q4 2014

Gavi Terms and Conditions

Countries will be expected to sign and agree to the following Gavi 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 Gavi 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 Gavi. All funding decisions for this application are made at the discretion of the Gavi Board and are subject to IRC processes and the availability of funds.

AMENDMENT TO THIS PROPOSAL

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

RETURN OF FUNDS

The Country agrees to reimburse to Gavi, 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 Gavi, within sixty (60) days after the Country receives Gavi's request for a reimbursement and be paid to the account or accounts as directed by Gavi.

SUSPENSION/ TERMINATION

Gavi 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-approved amendment to this application. Gavi retains the right to terminate its support to the Country for the programmes described in this application if a misuse of Gavi funds is confirmed.

ANTICORRUPTION

The Country confirms that funds provided by Gavi 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 Gavi, as requested. Gavi 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 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 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 Gavi 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 GAVI TRANSPARENCY AND ACCOUNTABILITY POLICY

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

ARBITRATION

Any dispute between the Country and Gavi 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 Gavi 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 Gavi. For any dispute for which the amount at issue is greater than US \$100,000 there will be three arbitrators appointed as follows: Gavi 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.

Gavi 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.