

Honorable Mr Upendra Yadav
Deputy Prime Minister &
Minister of Health and Population
Ministry of Health and Population
Ramshah Path
Teku, Kathmandu 2063
Nepal

07 June 2019

Dear Deputy Prime Minister,

Re: Renewal/Approval of Health Systems Strengthening Support for Nepal

We are writing in relation to Nepal's requests to Gavi, the Vaccine Alliance, for 1) renewal of the current Health Systems Strengthening (HSS) phase three support and 2) additional HSS support to countries for targeted improvements in coverage and equity – “change 1”, of which the availability was communicated to the Government of Nepal on 29 August 2017.

HSS Renewal

Nepal's renewal request was submitted to the Gavi Secretariat following the Joint Appraisal mission in November 2018. Following Gavi's internal review of the renewal request in December 2018, we are pleased to inform you that **Gavi has approved Nepal's renewal request for HSS support for Year 4 (2018)**, as per the following Decision Letter.

HSS additional support – change 1

Nepal's application to the Gavi Secretariat for additional funding support was submitted on 17 July 2018. Following Gavi's review of the application and subsequent exchanges with the country on budget clarifications, we are pleased to inform you that **Gavi has approved Nepal's request to access additional HSS support – change 1, amounting to \$6.96 million**, for the remaining period of the current HSS grant. With this decision, Nepal will access 100% of its HSS ceilings, which was recommended for approval in 2015/2016. Gavi notes the endorsement by the Inter-Agency Coordination Committee for the utilization and implementation of activities proposed under HSS support – change 1 through WHO and UNICEF.

Performance based funding (PBF)

Gavi has also approved performance-based funding of \$480,990 for Nepal, for improvements in immunisation outcomes in 2017 over the baseline of under 90% DTP3

coverage in 2016. Please submit a budget for this amount within three months upon receipt of this Decision Letter (section 11).

Gavi notes that disbursement of any cash support to Nepal, aside from the contribution to the pooled fund which has a common oversight mechanism under the framework of Nepal Health Sector Strategy, and any funding through WHO and UNICEF partners, is subject to the Government of Nepal's compliance with Gavi's requirements under the Transparency and Accountability Policy and Financial Management Requirements, as set out in the Partnership Framework Agreement.

I would like to thank you for your continued leadership in strengthening the health system in Nepal. Please do not hesitate to contact the Senior Country Manager for Nepal, Carol Szeto (cszeto@gavi.org), if you have any questions or concerns.

We remain at your disposal for any further enquiry.

Yours sincerely,



Hind Khatib-Othman
Managing Director, Country Programmes

Copy to:
WHO Country Representative
UNICEF Country Representative

Decision Letter

Nepal Health Systems Strengthening Programme

This Decision Letter forms part of the PFA and together with the PFA sets out the Programme Terms of the Programme. Any term used in this Decision Letter but not defined shall have the meaning given to such term in the PFA.

1. Country: Nepal
2. Programme payment grant number: 1519-NPL-10a-Y, 17-NPL-10e-Y
3. Date of Decision Letter: 07 June 2019
4. Date of the Partnership Framework Agreement (the “PFA”): 22 August 2016
5. Programme: Health Systems Strengthening (HSS) For further information about the Programme please refer to: <ul style="list-style-type: none"> Gavi HSS guidelines and HSS application form available by contacting your Gavi Senior Country Manager; Country's approved grant proposal together with any responses to the HSS independent review committee (IRC's) request for clarifications.
6. Access to funding and Performance based funding <p>The Programme shall be subject to Gavi's performance-based funding (PBF). Under this, the HSS support will be split into two payments: the programmed payment (based on implementation of the Programme) and the performance payment (based on improvements in immunisation outcomes).</p> <p>Country will have the opportunity to receive payments beyond the programme budget amount, for exceptional performance. Such performance payments will be based on performance on immunisation outcome indicators. For any given year, the programmed payment and performance payment may total up to 150% of the country's year one annual amount (upfront investment).</p> <p><u>Performance payments for a given year will be made the following year, based on performance of the indicators listed and data verification.</u></p> <p>Given that Nepal's DTP3 coverage was below 90% at baseline, which is defined as the year prior to the first year of HSS grant implementation, and based on WHO/UNICEF estimates, Nepal will be rewarded for improving coverage with:</p> <ul style="list-style-type: none"> \$30 per additional child immunised with DTP3, if DTP3 coverage increases and \$30 per additional child immunised with first dose of measles containing vaccine, if measles coverage increases.

Reported DTP3 coverage (WUENIC) at baseline (2016)*	Countries with DTP3 coverage < 90% at baseline				TOTAL Performance payment to the country
	Eligibility for DTP3 performance payment	Amount of DTP3 performance payment (US\$)	Eligibility for MCV1 performance payment	Amount of MCV1 performance payment (US\$)	
87%	Eligible	36,960	Eligible	444,030	480,990

Should Nepal wish to request the full details of the calculation method leading to the total amount of the performance payment, please contact your Gavi Senior Country Manager.

7. Programme Duration: 2015 to 2019

8. Programme Budget: This is the amount of an estimated multi-year budget endorsed by Gavi under the Programme.

Note that with PBF, annual disbursements may be more or less than these endorsed amounts after the first year.

Programme Year*	2015-2016	2017	2018	2019	Total
Programme Budget (US\$)	15,660,000	6,960,000	6,960,000	13,920,000**	43,500,000
Performance payment	Not eligible	480,990	Not applicable	Not applicable	480,990

* 2015 remains as Year 1 for the five-year HSS support as per the application, while programme implementation period is noted for 2016-2019, given first disbursement in 2016.

** This includes the pooled fund contribution of US\$ 6,960,000 in support of the National Health Sector Strategy 2015/16 – 2020/21, and the additional allocation under HSS – change 1, of US\$ 6,960,000.

9. Annual Amounts: This is the estimated Annual Amount Gavi has approved to be disbursed under the Programme. Country acknowledges that:
 (a) a proportion of the Annual Amount may be disbursed directly to an agreed implementing agency, such as WHO and UNICEF, rather than to Country; and
 (b) each Annual Amount may be disbursed in a number of tranches at quarterly or six-monthly intervals.

Programme Year	2015-2016	2017	2018	2019
Annual Amount (US\$)	15,660,000	6,960,000	6,960,000	6,960,000***
Performance payment (US\$)	Not eligible	480,990	Not applicable	Not applicable

***The approved amount relates to the additional allocation under HSS – change 1, of US\$ 6,960,000.

10. Outstanding comments/clarifications: Not applicable

11. Documents to be delivered: Country to submit to Gavi the PBF budget within three months from the date of the Decision Letter, using the Gavi budget template.

12. Other conditions: The following terms and conditions shall apply to the Programme.

Any requested adjustments to the Annual Amounts will be subject to Gavi approval. It is essential that Country's Health Sector Coordination Committee (or its equivalent) be involved with this process both in its technical process function and its support during implementation and monitoring of the Programme. Utilisation of Gavi support stated in this letter will be subject to performance monitoring.

Disbursement of performance-based funding is subject to the Government's compliance with Gavi's requirements under the Transparency and Accountability Policy and Financial Management Requirements, as set out in the PFA.

If the bank account information most recently provided to Gavi has changed or changes prior to disbursement, the country will need to complete a bank account information form. Please contact gavihss@gavi.org for the form.



Signed by,

Hind H. Khatib

On behalf of Gavi

Hind Khatib-Othman

Managing Director, Country Programmes

07 June 2019