

**SUBJECT: REVIEW OF THE STRATEGY FOR PAPUA NEW GUINEA**

**Agenda item: 08**

**Category: For Decision**

## **Section A: Summary**

- Papua New Guinea (PNG) is an extremely fragile country with a weak health system and very poor immunisation outcomes, despite considerable economic growth driven by the extractive industries. In an effort to mitigate the transition risks in PNG, in 2017 the Gavi Board approved a tailored strategy, in which the transition timeline was maintained at end-2020. In late 2018, however, PNG's Minister of Health requested an extension of Gavi support beyond 2020. At their November 2018 meeting, the Gavi Board requested the Secretariat to update the PNG strategy.
- The Programme and Policy Committee (PPC) recommends that the Board approve an extension of PNG's Accelerated Transition Phase and consequent eligibility to apply for Gavi support until the end of 2025. This support would be contingent upon fulfilment of key Government commitments to health system and immunisation strengthening to be set out in a PNG accountability framework, and on recommended-approval by the Independent Review Committee (IRC) of applications for new support. The indicative financial implications of this proposal are estimated at US\$ 60 million for 2020-2025, accompanied by sustained levels of targeted country assistance (TCA).
- PPC members unanimously supported the extension of Gavi's engagement with PNG and emphasised the need for the Government to establish clear commitments to health and immunisation strengthening under a PNG-specific accountability framework. The PPC requested and received explicit confirmation that the dedicated envelope of US\$ 60 million in support to PNG would not be automatically provided. Rather, the country would need to apply and secure IRC recommended approval before support was approved by Gavi's CEO. The PPC requested annual updates on the implementation of the PNG strategy, which they would refer to the Board if needed, with a comprehensive review of progress by the Board in 2023.

## **Section B: Review of the Strategy for Papua New Guinea**

### **1. Introduction**

#### **1.1. Country Background**

PNG is one of the world's most diverse, dispersed and rural nations. It is highly dependent on extractive industries, but PNG has failed to capitalise on this revenue to develop its institutions and infrastructure and GNI/capita

will decline in coming years. Health systems remain fundamentally weak and health outcomes poor. Health accounts for ~10% of government budget, but this is insufficient to cover even minimum operational costs. 2018 official national Penta3 coverage is 50%, and national MCV1 (first dose of measles-containing vaccine) coverage 42%, continuing a downward trend.

## 1.2. Context developments since 2017 strategy approval

In 2017, Gavi's Board requested the development of tailored transition strategies for PNG and Nigeria. In response, PNG officials, with Alliance support, prepared a strategy which extended the scope, scale and duration of Gavi support to 2025, though PNG's then Health Minister decided that all efforts should be directed towards strengthening immunisation within the existing 2020 timeframe. However, in late 2018, the Minister recognised the challenges facing immunisation, and formally asked Gavi to extend support beyond 2020. The Board considered this request in November 2018 and requested an updated PNG strategy.

The country has faced a series of challenges over the past eighteen months: a localised measles outbreak; major earthquakes; a declaration of insecurity in the Highlands; a vaccine-derived polio outbreak resulting in 26 cases; and hosting of the 2018 APEC (Asia-Pacific Economic Cooperation) Summit that diverted resources away from ongoing priorities. All of these have contributed to delays in the development and launch of routine immunisation (RI) strengthening.

Yet, PNG has shown growing high-level commitment to immunisation, as demonstrated by its effective Global Polio Eradication Initiative (GPEI)-supported polio response. Central and provincial governments contributed meaningfully to the response and have voiced their desire to learn from their recent experience to strengthen routine immunisation (RI). The Minister also declared 2019 the "Year of Immunisation".

## 1.3. Gavi support developments since 2017 strategy approval

PNG has reimbursed more than 90% of the misused and mismanaged Gavi funds and vaccines, but has yet to reimburse the final US\$ 100,000. The National Department of Health (NDOH) committed to doing so by end-April 2019, and now indicates that efforts to issue the reimbursement are under way. NDOH capacity at central level is extremely low, and coordination with provincial levels poor.

As a result, it took significantly longer than expected for PNG to develop MR (measles-rubella) campaign and HSS (health systems strengthening) applications which met Gavi's minimum criteria, requiring a highly iterative review and approval process.

Gavi HSS, Cold Chain Equipment Optimisation Platform (CCEOP), and MR campaign programmes are now underway. CCEOP support will expand and refurbish cold chain equipment in more than 500 of the 808 health facilities requiring it, across all 22 provinces in PNG, with the remaining facilities to be equipped through a coordinated approach with partners. A nationwide

MR campaign implemented under the architecture established by GPEI is in progress. HSS support will be primarily implemented through the PNG Partnership Fund (PPF), combining Gavi, Australian Department of Foreign Affairs and Trade (DFAT) and Government of New Zealand resources to support service delivery and capacity-building at provincial level. Supported provinces have committed to progressive annual increases in resource allocation to primary healthcare.

## **2. Facts and Data – Contextual Challenges and Opportunities**

### **2.1. Health Sector Governance**

Governance within the health sector has posed a major challenge in recent years but is now moving in a more promising direction. The NDOH is restructuring and undertaking efforts to address issues of mismanagement and potential corruption. Public financial management will remain a key challenge in PNG but Gavi's recent Programme Capacity Assessment indicated that Gavi may, with appropriate risk mitigation measures in place, resume limited use of Government systems. This approach is to be used under the PPF and by channelling MR funds via partners.

The Minister has established a Health Financing Roundtable to improve planning for and oversight of health sector resources, and although PNG now has a new Health Minister, initial indications are that he is supportive of constructive engagement with donors, making it likely that this initiative will be sustained. Provincial Health Authorities (PHA) have been established in most provinces, improving provincial health and financial management governance structures. However, the health workforce is limited in both numbers and capacity, with many facilities understaffed and often closed.

The country has launched a National Health Plan (NHP) development process, to set the country's health priorities for 2021-2030, with a new comprehensive multi-year plan (cMYP) for 2021-2025. The Inter-agency Coordinating Committee (ICC) in PNG has shown very limited functionality, meeting inconsistently, and providing little direction or oversight. There are efforts underway to reform health sector coordination in PNG, and this will include revisions to the ICC. After a long search, due to difficulties in recruiting staff to PNG, a Leadership, Management and Coordination (LMC) partner has been identified.

### **2.2. Coordination Among Health Sector Development Partners**

Alongside Gavi's support, other development partners (DPs) have made considerable commitments to health system strengthening. The Asian Development Bank (ADB) supports more than US\$ 300 million in health programmes, including a strong emphasis on rural health services and PNG's health information system. In their negotiations with the Government, they are establishing clear government commitments to health sector strengthening, on which the Government proposes other donors build.

### 3. Proposed parameters of continued Gavi engagement in PNG

#### 3.1. Duration

It is proposed to extend Gavi support to align with the first half of the NHP period, the upcoming cMYP period, and Gavi's strategic and financial period – all of which conclude at the end of 2025. The aim would be to support the country to position itself firmly on the path towards EPI sustainability, with successful implementation of extended Gavi support contributing to raising national DTP3 coverage to 65- 70% by the end of 2025. However, PNG will struggle to achieve even this level of progress. Inevitably, more will remain to be done beyond this period but any potential engagement beyond 2025 would depend on progress made by that point, including PNG's progress against commitments in its accountability framework, and Gavi policies at the time the Board next reviews PNG.

#### 3.2. PNG Accountability Framework

Extended Gavi support would be contingent on Government agreement to a set of health system and immunisation strengthening commitments required to meet its key health sector targets. This accountability framework would be negotiated as part of the NHP process, in alignment with other negotiations ongoing between the Government of PNG and donors including DFAT, the ADB, and the World Bank. Government commitments will likely include:

- Health sector budget increases, and meaningful improvement in the levels and timeliness of disbursement of health grants to provinces;
- Continued financing of vaccine procurement;
- Completion of PHA establishment across all provinces.

Non-negotiable “show-stoppers” within the framework will likely include:

- Continued, timely payment of co-financing obligations;
- Zero tolerance for misuse of funds (if and when the Government demonstrates adequate capacity to resume a grant management role).

The conditions will need to be ambitious but realistic. Nonetheless, there is a significant possibility that the government will struggle to meet them. In that case, Gavi would be constrained in providing any further support, and reconsideration of the PNG approach would be required.

#### 3.3. Flexibilities

The Secretariat seeks delegated authority to apply policy flexibilities and waivers which may be required to ensure that Gavi can support PNG in a tailored, targeted and meaningful way under the streams of support to which the country may apply. Examples of potential flexibilities include to the restriction on use of HSS funds towards HR (human resources) and recurrent costs; and to the standard per targeted person cap on funding for vaccine introduction grants and operational support for campaigns – to

ensure that services reach children in the hardest-to-reach areas which are otherwise consistently missed in this highly dispersed, insecure, remote country.

### 3.4. Scope of support:

It is proposed that PNG remain in the Accelerated Transition phase during this period, and consequently eligible to apply for Gavi support. PNG would benefit from Gavi co-financing and access to Gavi prices for any new vaccine support (NVS) per Gavi policies. In order to ensure effective implementation of Gavi support, TCA would be provided to core partners (currently US\$ 2 million/year) and to expanded partners, including for LMC. The value of TCA support would be determined annually based on programmatic needs and approved by the PEF Management Team.

Approval of proposals for HSS or NVS would be contingent on IRC recommendation of applications. An indicative amount of US\$ 60 million is estimated for this support and shown in the following table. The Secretariat would shift funds within this envelope in consultation with the country and Alliance partners to best meet evolving needs.

Eligibility to apply for:	Nature of Anticipated Activities:	Indicative Amounts:	
HSIS	• Gavi HSS Programming (2021-2025)	\$25M	\$38M
	• Evaluation of current HSS programming	\$0.5M	
	• Other potential innovative investments <sup>1</sup>	\$10M	
	• Cold-chain equipment investment	\$2.5M	
New Vaccine Support	• MR campaigns – doses & operational support doses	\$11M	\$19M
	• New vaccine introductions (HPV, Rotavirus)	\$8M	
New Streams of Support	• Eligibility to apply for other streams of support which may be available by 2025	\$3M	\$3M
Total		\$60M	

<sup>1</sup> Innovative investments could include a potential World Bank-led provincial results-based financing project; and introduction of new technology or other private sector-led innovative health sector solutions.

### **Section C: Actions requested of the Board**

The Gavi Alliance Programme and Policy Committee recommends to the Gavi Alliance Board that it:

- a) **Approve**, as part of a tailored strategy to address the challenges in Papua New Guinea (“PNG”) and taking into account the request made by the Government of PNG to the Gavi Alliance Board in November 2018 that PNG be exceptionally granted an extension of the country’s “Accelerated Transition” period (Phase 2) from 2020 to 2025;
- b) **Request** Alliance partners to engage in PNG’s National Health Planning process to assist the Government to develop specific applications for Gavi Health System Strengthening and New Vaccine Support, and identify, key national commitments to health system and immunisation strengthening on which Gavi support would be conditional;
- c) **Request** the Secretariat, in the context of the National Health Planning process and in consultation with the Government and Alliance partners, to develop an accountability framework and to organise annually a review with Alliance partners and the Government to assess progress against that accountability framework.
- d) **Delegate** to the Secretariat the authority to apply policy flexibilities required to respond to the circumstances in PNG during the extended Accelerated Transition period, noting that the indicative cost of this Gavi support to PNG is estimated to be an amount of US\$ 60 million; and
- e) **Request** the Secretariat to provide annual updates to the PPC and an update to the Board in 2023 on the progress of Gavi’s support to PNG.