



GAVI/13/619/ap/rk

The Minister of Health and Population
Ministry of Health and Population
Ramshah Path
Teku, Kathmandu 2063
Nepal

21 October 2013

Dear Minister,

Annual Progress Report submitted by Nepal

I am writing in relation to Nepal's Annual Progress Report (APR) which was submitted to the GAVI Secretariat in May 2013.

Following a meeting of the GAVI Independent Review Committee (IRC) from 15 to 26 July 2013 to consider your APR, I am pleased to inform you that the GAVI Alliance has approved Nepal for GAVI support as specified in the Appendices to this letter.

The Appendices includes the following important information:

Appendix A: Description of approved GAVI support to Nepal

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 same appendices are also used in the Partnership Framework Agreement (PFA) – a new simplified arrangement that we are working to agree with your colleagues – that will replace this 'decision letter' format.

We would like to highlight that Nepal received a Partnership Framework Agreement in March. To date, we have not received the signatures of the Ministry of Health and Ministry of Finance on the Partnership Framework Agreement. Please be advised that the GAVI Alliance will no longer disburse subsequent tranches of HSS funds until the Partnership Framework Agreement has been signed between the GAVI Alliance and Nepal.

The following table summarises the outcome for each type of GAVI support for Nepal:

Type of support	Appendix	Approved for 2014
NVS Pentavalent	B	US\$4,527,000



Please do not hesitate to contact my colleague rajkumar@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

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



Appendix A

Description of GAVI support to Nepal (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 immunization programme as set out in Appendix B. Financing provided by GAVI for vaccines will be in accordance with:

- The GAVI Alliance Guidelines governing Country’s Annual Progress Report (APR); and
- The APR 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.

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 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 PAHO (whichever is applicable) and the country, and not to the GAVI Alliance. 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.gavialliance.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:

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: 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. The GAVI Alliance uses country systems for monitoring and auditing performance and other data sources including WHO/UNICEF immunization 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). The APR 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 will also contain information on country's compliance with the co-financing



arrangements outlined in this letter. APRs 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 and availability of funds.

Nepal VACCINE SUPPORT

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

1. Country: Nepal				
2. Grant Number: 1215-NPL-04c-X				
3. Date of Decision Letter: 18 October 2013				
4. Date of the Partnership Framework Agreement: Not applicable				
5. Programme Title: New Vaccine Support				
6. Vaccine type: Pentavalent				
7. Requested product presentation and formulation of vaccine: DTP-HepB-Hib, 10 dose(s) per vial, LIQUID				
8. Programme Duration¹: 2009-2015				
9. Programme Budget (indicative) (subject to the terms of the Partnership Framework Agreement):				
	2009-2013	2014	2015	Total ²
Programme Budget (US\$)	US\$29,799,141 ³	US\$4,527,000	US\$4,738,500	US\$39,064,641
10. Vaccine Introduction Grant: Not applicable				
11. Indicative Annual Amounts (subject to the terms of the Partnership Framework Agreement):⁴ The Annual Amount for 2014 has been amended.				
Type of supplies to be purchased with GAVI funds in each year	2009-2013	2014		
Number of Pentavalent vaccines doses		-	2,154,700	
Number of AD syringes		-	1,925,000	
Number of re-constitution syringes		-	-	
Number of safety boxes		-	21,375	
Annual Amounts (US\$)	US\$29,799,141 ⁵	US\$4,527,000		
12. Procurement agency: UNICEF. The Country shall release its Co-Financing Payments each year to UNICEF.				

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.

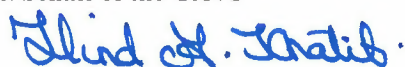
⁴ This is the amount that GAVI has approved.

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

13. Self-procurement: Not applicable		
14. Co-financing obligations: Reference code: 1215-NPL-04c-X-C According to the Co-Financing Policy, the Country falls within the group Low Income. 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	2014	2015
Number of vaccine doses	233,200	244,900
Number of AD syringes	-	-
Number of re-constitution syringes	-	-
Number of safety boxes	-	-
Value of vaccine doses (US\$)	US\$454,257	-
Total Co-Financing Payments (US\$) (including freight)	US\$478,000	US\$500,500
15. Operational support for campaigns: Not applicable		
16. Additional documents to be delivered for future disbursements: Annual Progress Report 2013 Must be delivered by 15 May 2014		
17. Financial Clarifications: Not applicable:		
18. Other conditions: Not applicable.		

Signed by,

On behalf of the GAVI



Hind Khatib-Othman
 Managing Director, Country Programmes
 21 October 2013

IRC NVS COUNTRY REPORT

Geneva, November 2012

Type of report: Annual Progress Report

Country: Nepal

Reporting period: 2012

Date reviewed: 16 July 2013

1. Background Information

Surviving Infants (2012): 659,016 APR and WHO Pre-assessment

DTP3 coverage (2012):

- JRF Official Country Estimate: 90%
- WHO/UNICEF Estimate: 90% (92% in 2011)

Table 1 NVS and INS Support

NVS and INS support	Approval Period
DTP-HepB-Hib, 10 dose(s) per vial, LIQUID	2009 – 2015
Hep Mono	2002-2004
Pneumo	2014 - 2016
Tetra	2005-2007
INS	2002-2005

Table 2 Cash Support

Cash support	Approval Period
ISS	2002-2011
HSS (HSFP)	2010-2013

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

Representation: Four partners are represented on the ICC, (Rotary, UNICEF, WHO and USAID). Red Cross, and Sabin Institute participated as NGOs in 2011 but not 2012. The only CSO is Rotary.

Functions: The ICC met four times in 2012, and again in May 2013 to endorse the APR submission. The May 2013 minutes summarise the support provided by GAVI to Nepal since 2002 and expresses the ICC's appreciation. Concerns are raised regarding the non-availability of OPV for NID's in early 2013, and reports on MR.



The ICC apparently expressed concerns of denominator issues and accurate forecasting, low and not uniform coverage not meeting the CMYP (2011-2016) targets and difficulties in filling vacant posts. The Government was congratulated on taking ownership of the routine program and increased budgetary provision and also on the allocation of funds to recruit 1000 vaccinators. The ICC also appears to have expressed the need to use GAVI funds to strengthen RI.

Two NGO's (Red Cross and Sabin) appear to be no longer represented at the ICC.

3. Program and Data Management

Coverage and data quality is progressively improving and Nepal is to be commended for its progress.

Reported DTP3/penta3 coverage has been high (90%) and continues to track both the WHO/UNICEF estimate and survey results (Figure Below). DPT drop out rates have fluctuated between 3-5% for several years. **The 2012 data just published indicated a drop out rate of 0% however.**

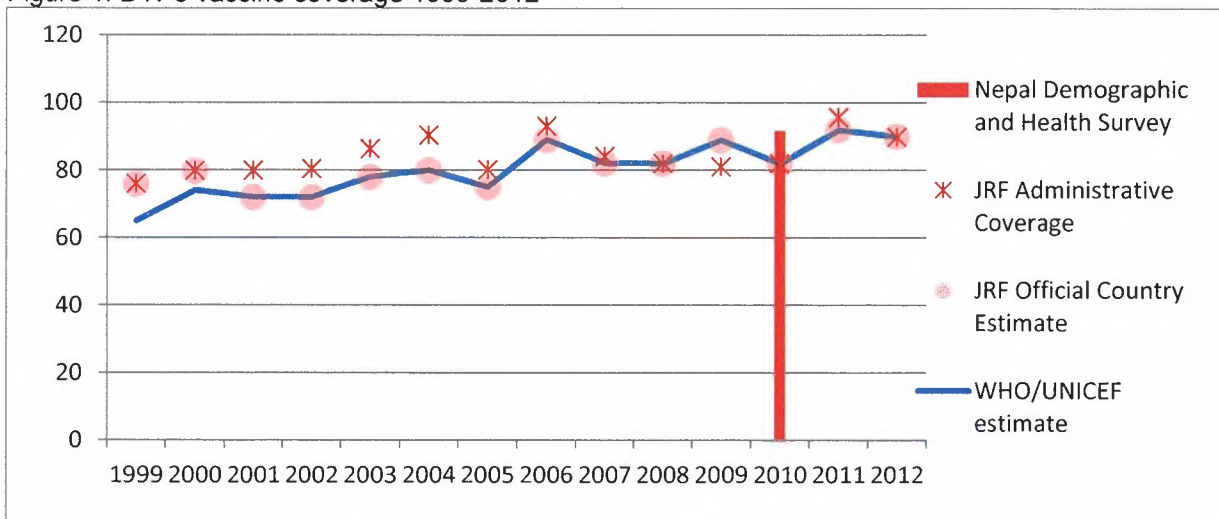
Data quality: Measures are being introduced to attempt to address denominator issues and pockets of unimmunised children that remain in poor performing districts

Data Quality Self-Assessments (DQSAs) were conducted in 15 districts to assess administrative coverage data with feedback back to district, regional and central level. Data validation was done in six low performing districts. The APR indicates that verification and data quality assessment will continue to improve administrative data. Furthermore, an EPI coverage survey is planned for 2013; capacity building in data management is planned and the country is planning to introduce SMS reporting system for vaccination reporting.

Achievements in 2012 include application of the RED approach in 75% of the districts; filling vacant posts with temporary vaccinators; training of vaccinators, districts managers and EPI staff; and a review of immunization in low performing districts and annual performance review.

Some challenges were also identified. Continuing vacancies in service delivery posts and retention of vaccinators; Inadequate monitoring of RED implementation and wastage; lack of ownership and involvement at community level, and denominator assessment

Figure 1: DTP3 vaccine coverage 1999-2012





4. Gender and Equity Analysis

DTP3 vaccine coverage by gender is reported and no discrepancy is observed (91.4 % for boys and 91.3% for girls). The Department of Health is planning a pilot survey in 19 districts piloting and will collect data on the following variables: sex, caste and ethnic group. For 2012, the full immunization vaccine coverage varies with the educational status of the mother and is marginally higher for boys (87%) than girls (85%).

There is no mention of strategies for reaching marginalized or hard to reach, or of measures to assess equity of access to immunisation services.

5. Immunisation Services Support (ISS)

The IRC review of 2012 reports fewer children were immunised in 2011 than in the past so the country was not eligible for an ISS reward. In 2012 a reward is not applicable.

Part of the remaining ISS funds was spent in 2011 under a plan approved by the ICC. The funds were spent on strengthening routine immunisation, a review of the child health program, contract hires as vaccinators for unfilled posts, surveillance, spare parts and cold chain equipment, and strengthening AEFI.

\$181,168 was expended in 2012 and \$559,614 carried over to 2013 and that major activities comprised training and orientation of newly recruited medical officers and support to female community volunteer workers.

6. New and under-utilised Vaccines Support (NVS)

In the 2012 Decision Letter a total of 2,203,922 DTP-HepB-Hib doses were approved. Total doses received by 31 December 2012 included 2,860,850 doses. No stock outs were reported. No problems were reported with shipments, which is confirmed by the UNICEF pre-assessment.

The request for 2014 is based on 90% vaccine coverage and uses a 15% wastage rate and both seem reasonable targets. There are strong indications that the country will achieve its targets. The introduction of Pneumo is planned for 2014.

An EVM was conducted in November 2011. Progress is documented but undated. Key issues pending are central store staff competency and motivation; further improvements in vaccine storage capacity at regional stores and particularly at PHC's; a repair and upgrade program is on-going but monitoring remains insufficient; data management systems remain weak; temperature monitoring has improved, stock registers are in place and vaccine handlers have been trained. The next EVM is scheduled for Jan 2014.

7. Vaccine Co-financing and Financial Sustainability and Financial Management

Co-Financing: Nepal is classified in the "low income" Co-financing group. It started mandatory co-financing of pentavalent vaccine in 2009 and is rated as a good performer with a history of timely payment.

Overall Financing, Expenditure, and Financial Sustainability:

The total spending for 2012 was US\$ 23.7 million with the Government of Nepal accounting for US\$ 12.2 million (51%). No issues with funding were cited. The GoN pays for all traditional vaccines and that no gaps in funding are anticipated. GAVI funds are deposited in a government account under the heading of GAVI, which is used for all types of support.



There is a well-defined planning and approvals process of authorisation for expenditures and accountability.

No FMA has been conducted in Nepal. The only minor TAP issues are with regard to the past ISS audit report provided, which only covered funds spent at central level but not in the 75 provinces and the HSS window in respect of lack of detail for funds spent on "FCHV cost (District Level)

8. Injection Safety Support (INS) and Adverse Events Following Immunization Systems

This window is no longer available. The GoN pays for all injection safety materials not bundled with the pentavalent vaccine provided by GAVI.

There is some problem with non-compliance with the injection safety policy. Burning and burying of injection wastes is common as not every municipality has an incinerator. The government is planning to conduct training of health staff on injection safety in the coming years. The government is thinking of finding alternative method of disposal of immunization waste.

Adverse Events Following Immunisation Systems

An AEFI reporting system is planned for 2013-2014. National dedicated vaccine pharmacovigilance capacity is available as well as a national AEFI expert review committee. However, the country does not have a safety plan, does not share its vaccine safety data with other countries and does not have a risk communication strategy with preparedness plans to address vaccine crises. In 2012 the country reported no serious AEFI and few AEFIs (N=744).

9. Health Systems Strengthening (HSS)

HSFP support is reviewed at the Joint Annual Review in January each year. This was presented to IRC in April 2013, endorsed and communicated to the country in June 2013.

10. Civil Society Organization Type A/Type B (CSO)

Not applicable.

11. Risks and mitigating factors

There are no immediately obvious risks.

12. Summary of 2012 APR Review:

Nepal is reporting Penta performance in 2012 and requesting Penta support for 2014. Program performance steadily improves; denominator and data quality issues are being addressed along with other critical HR issues relating to program performance.

Surviving infant data in 2013 is adjusted downwards from 659,000 to 630,000, to reflect improved denominator statistics. Coverage data is projected to improve modestly from 2014. A DPT dropout rate in 2012 is reported at 0%; from 2013 onwards dropout rate is projected at 4%-5%.

EVM improvement plan reporting is weak and a more specific quantitative approach is encouraged. This problem stems in part from poorly defined EVM recommendations.

HSS under the pool was reported in April 2013 and endorsed.



Some minor TAP issues relating to ISS and the initial HSS window remain.

13. IRC Review Recommendations

- ISS: N/A
- NVS **Penta**
Approve 2014 NVS support based on country requested target,
- HSS N/A

14. Clarification Required with Approved Funding

Short-term clarifications

Financial clarifications/outstanding TAP issues

ISS

- Country to provide cost breakdown of "FVHV Cost (District level)" in the 2012 ISS financial statements

Former HSS support

- Country to provide cost breakdown of "FVHV Cost (District level)" in the 2012 HSS financial statements
- Country to provide a closure financial audit of the previous standalone HSS programme as requested in GAVI's letter dated August 9, 2012

15. Request Re-submission of APR HSS Section (if applicable)

N/A



Appendix D

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.