

FOR DECISION

At this board meeting, the Board will consider a decision point recommended by the PPC that proposes GAVI continue its work on the Health Systems Funding Platform (HSFP) (Doc #5). Subject to the Board's adoption of the HSFP decision point, this paper further requests the exceptional endorsement by the Board of a near-term financial commitment for Health Systems Strengthening (HSS) in Nepal.

The circumstances surrounding this request are as follows: Nepal is one of nine countries that GAVI's Independent Review Committee (IRC) recommended for approval for a new HSS proposal in October 2009. However, due to the Board's decision to consider new programme budgets at a later time, Nepal's HSS proposal and budget have not yet been submitted to the Board for consideration. The intention is to bring the October 2009 IRC recommendations to the June 2010 board meeting in the context of the prioritisation exercise currently underway. However, Nepal has been identified as a viable Track 2, Option 2 'pilot' country. GAVI and its partners have worked with Nepal in its planning and are satisfied with its advanced stage in the process.

However, due to the timing of Nepal's planning cycle, if GAVI is unable to approve a new programme budget for Nepal HSS prior to the absolute deadline of 30 May, Nepal will not be able to serve as a pilot for the HSFP during its 2010/2011 fiscal year. To maintain the positive momentum around the HSFP and the identification of viable pilot countries, the Secretariat, in discussion with the PPC, requests the Board approve the request below:

- Endorse a new three-year HSS budget for Nepal, in the amount of **US\$ 14,540,690**.
- Approve a near-term financial commitment (or "programme liability") for Nepal HSS in the amount of **US\$ 4,656,945**.

Programme Funding Plan – Nepal HSS

Background

In September 2009, Nepal submitted a new application for GAVI HSS for a three year period (2010/11 fiscal year – 2012/13 fiscal year), with a total budget of US\$ 14,540,690. Nepal is one of nine countries that GAVI's Independent Review Committee (IRC) recommended for approval for a new HSS proposal in October 2009. However, due to the Board's decision to consider new programme budgets at a later time, taken at the November 2009 Board meeting, Nepal's HSS proposal and budget have not yet been submitted to the GAVI Alliance Board for consideration. The intention is to bring the October 2009 IRC recommendation to the June 2010 Board meeting for consideration in the context of the prioritisation exercise currently underway.

Although it has many links to Nepal's new National Health Strategy and Plan (the NHSP II, 2010-2015), which is currently being finalised, when it was submitted for IRC review, the HSS proposal was not integrated into the NHSP II. The proposed HSS activities have not yet been reflected in Nepal's 2010/11 Annual Work Plan and

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Budget, as GAVI has not approved any support. Nepal's Annual Work Plans and Budgets will be the basis for implementation of its NHSP II. Although the HSS proposal as submitted to the IRC in October 2009 is currently a stand-alone project, the Government of Nepal is very interested in having this support integrated into its NHSP II and corresponding Annual Work Plans and Budgets. Nepal is also very interested in serving as an early pilot for the Health System Funding Platform (HSFP). Nepal had already taken into consideration the recommendations of both the HSS evaluation and the tracking study while preparing its proposal, as it was a case study for both.

Nepal's first National Health Strategy and Plan (NHSP I) has already benefited from a very strong Sector Wide Approach (SWAp) mechanism. The SWAp has already laid the groundwork and infrastructure that will make Nepal a good pilot to put HSFP principles into practice. In February 2010, GAVI took part in the application of the Joint Assessment and National Strategies (JANS), the assessment tool designed specifically for HSFP. The results have been very positive. GAVI has also undertaken further analysis with the help of an independent expert and member of the IRC to determine whether the activities in Nepal's new discrete HSS proposal could be easily integrated within the NHSP II and corresponding Annual Work Plans and Budgets. Not only is integration with the NHSP II possible, it would allow GAVI to play a more active role in Nepal's health sector and ensure an HSS investment is directly linked to stronger immunisation outcomes. Both the Government and all in-country development partners strongly recommended that GAVI integrate its support with the NHSP II and channel its funding through the pool.

If this is to be achieved, GAVI must take a funding decision prior to 30 May 2010. This is the last date for Nepal to include any donor contributions into its 2010/11 national and sector-level budgets, and thus, the first year of the NHSP II.

Request

In summary, the integration of GAVI HSS into Nepal's NHSP II and SWAp pooled funding mechanism will not only allow GAVI to make a sound investment in support of immunisation outcomes and ensure that funds are used effectively, it will be an ideal pilot for the application of HSFP principles as part of GAVI's business model. If the Board approves support for Nepal's current three-year HSS proposal, the Secretariat will work with the Government of Nepal and its in-country donors to integrate this support and begin testing the HSFP model.

The Board is requested to approve near-term financial commitments (or programme liabilities) in the amount of US\$ 4,656,945, to finance the first year of Nepal's HSS proposal. The Board is also requested to endorse Nepal's three-year HSS budget in the amount of US\$ 14,540,690. This endorsement would constitute acknowledgement of the amounts contained in such budgets but would not constitute a funding approval, decision, obligation or commitment of the GAVI Alliance or its contributors.

The Audit and Finance Committee will review the financial implications of this request during a teleconference on 14 April in order to provide any additional guidance.