

**Agreement reference no.: NPL -01**

**THE GAVI ALLIANCE  
AND  
THE GOVERNMENT OF NEPAL**

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**PARTNERSHIP FRAMEWORK AGREEMENT  
FOR  
VACCINE AND/OR CASH SUPPORT**

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**THIS PARTNERSHIP FRAMEWORK AGREEMENT** (this “**Agreement**”) is dated as of 11/06/2014 (the “**Effective Date**”) between:

- (1) **THE GAVI ALLIANCE**, an independent non-profit foundation within the meaning of Articles 80 to 89 of the Swiss Civil Code with a registered address at 2 Chemin des Mines, Geneva, 1202 (“**GAVI**”); and
- (2) **THE GOVERNMENT OF NEPAL** (the “**Country**”), as represented by the Ministry of Health and Population, and/or the Ministry of Finance (the “**Government**”),

(each, a “**Party**” and, together, the “**Parties**”).

#### **INTRODUCTION:**

(i) GAVI supports countries to introduce new vaccines and expand the reach of immunisation services. The Government is committed to and considers immunisation to be a core component in its national health plan. GAVI seeks to align its support behind such national immunisation and health plans.

(ii) From time to time, the Government may be invited to submit an application to GAVI requesting it to provide vaccine and/or cash support for its immunisation activities and strengthening of its health systems. If the Government submits an application, GAVI will review and may indicate its intention to support the programme set out in such application by endorsing a multi-year budget for the entire programme and, subject to funding availability and satisfactory performance by the Country, approve one or more amounts of support for such programme for its duration.

(iii) The Parties are entering into this Agreement to set out the terms and conditions that will govern all current and future programmes as described in this Agreement.

(iv) Each time GAVI approves an initial amount of support under a multi-year budget of a programme, GAVI will set out the programme terms in a decision letter prior to the start of the programme. Such programme terms set out in the decision letter will be updated upon each subsequent approval (and any subsequent amendments) of an amount of support under the programme.

**IT IS AGREED** as follows:

#### **1. Definitions and interpretation**

All defined terms used in this Agreement (including the Annexes and Decision Letters) are set out in Annex 1, unless otherwise defined or stated in this Agreement.

#### **2. Purpose of this Agreement**

This Agreement sets out the terms and conditions that apply to all current and future Programmes undertaken by the Government and funded by GAVI during the term of this Agreement.

### **3. Programme Budget**

GAVI may from time to time endorse a Programme Budget for a Programme for its Programme Duration. Such endorsement of a Programme Budget is only an indication of GAVI's intention to make available such amount to support the Programme during the Programme Duration and is also subject to funding availability. Such endorsement of Programme Budget does not constitute an obligation, liability or commitment of GAVI to make available any amount to the Country.

### **4. Annual Amounts**

#### **4.1. Annual Amounts**

Subject to funding availability and satisfactory performance by the Country, GAVI may approve one or more Annual Amounts under the Programme Budget annually or on a periodic basis during the Programme Duration to fund a Programme. Following approval of an initial Annual Amount under a Programme, GAVI shall prepare and send a Decision Letter to the Country representative(s) setting out the Programme Terms of such Programme. Following each approval of a subsequent Annual Amount under such Programme, GAVI shall issue a further Decision Letter reflecting the Programme Terms and send that Decision Letter to the Country.

#### **4.2. Adjustments to Annual Amounts**

GAVI shall use its reasonable endeavours to make available support to the Government according to the amounts and timing notified to the Government in a Decision Letter. However, GAVI reserves the right to adjust the amount and timing of any Disbursement of support and/or to disburse an amount that is different from the amount stated in the Decision Letter following the delivery to the Government of the Decision Letter. This may occur as a result of various reasons, including, without limitation, changes in the needs of the Country, prequalification status of the vaccines and vaccine prices in the global market, vaccine supply availability, underlying assumptions made by GAVI when determining the Annual Amount, funding availability and oversupply or undersupply of vaccines to the Country. Following such adjustment, GAVI shall notify the Government of such changes as soon as possible.

#### **4.3. Notification of Decision Letter**

GAVI shall send each Decision Letter of a Programme to the Government after approval by GAVI of the Annual Amount(s). Unless the Government notifies GAVI of any disagreements with the Decision Letter within thirty (30) calendar days of its receipt by the Government, the Government shall be deemed to have

accepted the Programme Terms as of the date of the notification as set out in the Decision Letter.

**5. Disbursement Conditions**

The approval and Disbursement of any vaccines and related supplies and/or funds by GAVI pursuant to this Agreement shall be subject to the Disbursement Conditions set out in Annex 2 being satisfied in relation to such approval and Disbursement.

**6. Co-financing obligations**

Where relevant, the Government shall fulfil all co-financing obligations applicable to the provision of funding by GAVI pursuant to this Agreement either by making the Co-Financing Payments (if self-procurement does not apply) or purchasing the required number of doses of vaccines set out in the relevant Decision Letter(s).

**7. Programme documentation**

**7.1. Annexes**

All Annexes attached to this Agreement (as modified from time to time under Clause 17.6 of this Agreement) shall form part of this Agreement, including the following:

- (a) Annex 1: Definitions and interpretation
- (b) Annex 2: Additional provisions related to Programmes
- (c) Annex 3: Transparency and Accountability Policy
- (d) Annex 4: Co-Financing Policy
- (e) Annex 5: Vaccine Introduction Grant Policy

**7.2. Decision Letter**

All provisions of this Agreement shall govern and apply to all Programme(s) and Decisions Letter(s) between the Parties, unless otherwise modified or stated in the relevant Decision Letter(s). Each Decision Letter shall form an integral part of and amend the provisions of this Agreement. Any changes to a Programme approved by GAVI shall be notified to the Country and such changes shall be reflected in a following Decision Letter.

**7.3. GAVI policies and documents**

The Government shall comply with all policies, guidelines and processes of GAVI that are relevant to the Programmes which shall form part of this Agreement. GAVI may issue additional Programme related policies, guidelines or processes that shall apply to this Agreement after the Effective Date in accordance with Clause 17.6 of this Agreement. All Programme related policies, guidelines and processes shall be available on GAVI's official website and/or sent to the Government.

**7.4. Inconsistency between the documents**

In the event of any inconsistency between this Agreement and any Annexes, the terms of the Annex shall govern. In the event of any inconsistency between this Agreement or any Annexes and a Decision Letter, the terms of the Decision Letter shall govern.

## **8. Representations**

### **8.1 Representations by the Government**

The Government represents to GAVI that:

- (a) Legal capacity and necessary power: The persons entering into this Agreement and any related documents have full power, authority and legal capacity to execute and deliver this Agreement and any related documents and to conduct the activities contemplated under the Programmes on behalf of the Government.
- (b) Compliance with laws: This Agreement constitutes a legal, valid and binding obligation of the Government, enforceable against it in accordance with its terms. The activities under the Programmes are operated in compliance with applicable laws.
- (c) No claims or investigations: There are no claims, investigations or proceedings in progress, pending or (to its knowledge) threatened against the Government, officials or individuals in charge of or working on the Programmes which, if determined adversely, would have a material adverse impact on the implementation of the Programmes.
- (d) Accuracy of information: All information that is provided to GAVI including, its applications, progress reports, any supporting documentation, and other related operational and financial information or reports, is accurate and correct as of the date of the provision of such information.
- (e) Absence of certain events: No actual or suspected breach of obligations by the Government under this Agreement has occurred and is continuing.

### **8.2 Representations repeated**

The representations by the Government set out in Clause 8.1 shall be deemed to be repeated on the date of any Disbursement of supplies and funds under this Agreement by reference to the facts and circumstances then existing.

## **9. No Liability**

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. Neither Party shall be responsible for any defect in vaccines and related supplies, which remain the responsibility of the relevant manufacturer. 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.

## **10. Insurance**

Unless otherwise agreed with GAVI, the Government shall maintain, where available at a reasonable cost, all risk property insurance on the Programme assets (including vaccines and vaccine related supplies) and comprehensive general liability insurance with financially sound and reputable insurance companies. The insurance coverage shall be consistent with that held by similar entities engaged in comparable activities.

## **11. Indemnity**

Subject to Clause 9 of this Agreement, the Country shall defend and indemnify GAVI and its present and former officers, directors, employees and agents, and hold it and them harmless from and against any losses, costs, claims, expenses, liabilities, demands, damages and fees incurred by it and them (including reasonable fees of counsel) arising from any claim, action or dispute brought in connection with the Programmes or the supply of vaccines and related supplies of the provision of funding under this Agreement.

## **12. Duration**

This Agreement shall remain effective until all Programmes have expired under it and the Country is no longer receiving GAVI support, or earlier, if GAVI terminates this Agreement by written notice to the Government, such termination being effective as from the date set out in the notice from GAVI.

## **13. Anti-corruption**

The Government shall ensure that any practice that is or could be construed as an illegal or corrupt practice in the Country shall not occur in connection with any Programmes. The Government shall not, and shall ensure that its employees, representatives, agents, beneficiaries, or any other person working for or on its behalf shall not offer, give, receive or solicit, directly or indirectly, gratuities, favours, gifts or anything else of value or benefit: (i) in connection with any procurement process related to any Programmes; (ii) to influence the action of any person in relation to endorsement or approval of funding under this Agreement; (iii) to influence improperly the activities relating to the implementation of any Programmes; or (iv) to influence the selection of vaccines from a particular vaccine manufacturer. The Government shall require any entities with which it enters into any sub-grant agreements to impose similar obligations on sub-grantees.

## **14. Anti-terrorism and money laundering**

The Government shall ensure that no funds are used: (i) to support or promote violence, war or the suppression of the general populace of any country, aid terrorists or terrorist activities, conduct money laundering activities or fund organisations or individuals associated with terrorism or that are involved in money-laundering activities; or (ii) to pay persons or entities, or import goods, if

such payment or import, to the Government's knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions. The Government shall require any entities with which it enters into any sub-grant agreements to impose similar obligations on such sub-grantees. If during the course of this Agreement, the Government discovers any link whatsoever between Programmes and/or funds provided by GAVI under this Agreement with any organisations or individuals associated with terrorism, it shall inform GAVI in writing immediately.

#### **15. Taxes**

The GAVI funds provided under this Agreement shall not be used to pay any taxes, customs, duties, toll or other charges imposed on the importation of vaccines and related supplies. The Government shall use its reasonable efforts to set up appropriate mechanism to exempt from duties and taxes all purchases made locally and internationally with GAVI funds.

#### **16. GAVI Intellectual Property Rights**

GAVI shall remain the exclusive owner of all Intellectual Property Rights of GAVI, to the extent they are relevant to the arrangements contemplated by this Agreement in existence at the Effective Date. GAVI hereby licenses to the Government free of charge and on a non-exclusive, worldwide basis such of such Intellectual Property Rights belonging to GAVI as are necessary to enable the Government to implement or operate the Programmes, or to use the name or any stylised representations of GAVI. Upon termination of this Agreement, this licence will automatically terminate without any further action on the part of GAVI and the Government shall immediately cease using such Intellectual Property Rights.

#### **17. General provisions**

##### **17.1. Interpretation of provisions in this Agreement**

The terms of this Agreement shall be interpreted and applied in accordance with their true meaning and intended effect independently of any system of national law, whether federal or state law.

##### **17.2. Settlement of disputes**

Any dispute, controversy or claim ("**Dispute**") between the Parties arising out of or in connection with this Agreement or any Decision Letter that is not settled amicably within a period of four (4) weeks from the date when the Dispute is first notified to the other Party, shall be submitted to arbitration at the request of either Party. The arbitration shall be conducted in accordance with the then-current rules of the United Nations Commission of International Trade Law ("**UNCITRAL Arbitration rules**"). For any Dispute for which the amount at issue is US\$100,000 or less, there shall be one arbitrator appointed by GAVI in

consultation with the Government. For any Dispute for which the amount at issue is greater than US\$100,000 GAVI and the Government shall each appoint one arbitrator, and the two arbitrators so appointed shall jointly appoint a third arbitrator who shall be the chairperson. If either Party fails to appoint an arbitrator, the appointing authority shall instead be the President of the Swiss Arbitration Association. The arbitration proceedings shall take place in Geneva and shall be conducted in English and, when requested by the Government, in French. The Parties agree to be bound by any arbitration award, as the final adjudication of any Dispute.

**17.3. No waiver of privileges and immunities**

Nothing contained in or relating to this Agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of GAVI and no provision of this Agreement shall be interpreted or applied in a manner, or to an extent, inconsistent with those privileges and immunities.

**17.4. Survival**

Clauses 5, 6, 9, 11, 13, 14, 16 and 17 shall survive the expiry or termination of this Agreement.

**17.5. Entire agreement**

This Agreement (and all Annexes) and Decision Letter(s) represent the entire agreement between the Parties with respect to the subject matter of this Agreement and supersede all prior communications, understandings and agreements between the Parties with respect to such subject matter, whether oral or written.

**17.6. Modification of this Agreement**

No modification of this Agreement (except for the Annexes and Decision Letters attached to this Agreement) shall be valid except in writing and signed by the Parties. GAVI may add or delete Annexes or modify the terms in the Annexes to this Agreement and such additions, deletions and modifications shall apply to the Government as of the date of notification to it of such changes. If the Government does not agree with any of the changes proposed by GAVI in the Annexes, it shall notify GAVI of any disagreements within thirty (30) calendar days of notice of such changes. Notwithstanding Clause 17.2, if the Parties fail to resolve any disagreements under this Clause within a reasonable period of time, either Party shall have the right to terminate this Agreement.

**17.7. Successors and assignments**

This Agreement shall be binding on the successors and assigns of each Party and the Agreement shall be deemed to include the Party's successors and assignees. However, no assignment or transfer by the Government of its rights or obligations under this Agreement shall be effective without the prior written consent of GAVI.

**17.8. Signing authorities**

Where requested by GAVI, the Government shall provide satisfactory evidence of the authority of the persons authorised to sign this Agreement.

**17.9. Counterparts**

This Agreement may be executed in one or more counterparts, which shall have the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

**17.10. Exclusion of Third Party Rights**

Unless expressly stated to the contrary, no part of this Agreement shall create any rights in favour of any third party that is not a Party to this Agreement which shall impose any obligation on, or enforceable against GAVI.

**In witness whereof**, the duly authorised representatives of the Parties have entered into this Agreement as of the Effective Date.

**On behalf of the GAVI Alliance**

**GAVI ALLIANCE**

*Hind A. Khalib*

By (Sign):

**Hind Khatib-Othman**  
**Managing Director**  
**Country Programmes**  
**GAVI Alliance**

Name (Print):

Title:

Date: 11 June 2014

**On behalf of the Government of Nepal**

**THE MINISTRY OF HEALTH AND POPULATION**

*Tirtha Raj Burdakoti*

By (Sign):

Name (Print): **Dr. Tirtha Raj Burdakoti**

Title: **Ag. Secretary**

Date: 29 June, 2014



**THE MINISTRY OF FINANCE**

By (Sign):

Name (Print):

*Yubac Raj Bhupal*

Title:

**Secretary**

Date:

07 July, 2014

**Ministry of Finance**



## ANNEX 1

### Definitions and interpretation

#### 1. Definitions

The following terms (and any variation thereof) shall have the meanings set out below in this Agreement:

<b>Annual Amount</b>	means, in respect of each Programme, an estimated annual amount approved by GAVI under such Programme;
<b>Annual Progress Report</b>	means, in respect of each Programme, an annual report of the Country stating the progress made towards achieving the objectives of the Programme in the previous year, submitted by the Government to GAVI;
<b>Co-Financing Payment</b>	means, in respect of each Programme, an amount payable in accordance with the Co-Financing Policy by the Government towards the costs of the vaccines and related supplies and any associated costs as specified by GAVI from time to time;
<b>Co-Financing Policy</b>	means the co-financing policy of GAVI attached as Annex 3 (as amended from time to time);
<b>Decision Letter</b>	means, in respect of each Programme, a letter containing the latest Programme Terms, in a form provided by GAVI;
<b>Disbursement</b>	means: (i) a payment of cash to a Procurement Agency by GAVI for the procurement of vaccines and related supplies by such Procurement Agency for the benefit of the Country (ii) a payment of cash to the Government for the procurement of vaccines and related supplies through its own procurement agency; or (iii) a payment of cash to the Government to carry out activities under its cash based Programmes and " <b>Disburse</b> " and " <b>Disbursed</b> " shall be construed accordingly;
<b>Disbursement Condition</b>	means, in respect of each Disbursement under a Programme, a condition that has to be satisfied by the Country prior to such Disbursement set out in Annex 2 and anywhere else in this Agreement;
<b>Entities</b>	shall have the meaning given to it is paragraph 6 of

	Annex 2 to this Agreement;
<b>Financial Management Requirements</b>	means financial risk mitigation requirements and measures agreed between the Parties pursuant to the TAP Policy attached as an annex to this Agreement
<b>Intellectual Property Rights</b>	means trademarks, service marks, domain names, logos, trade or business names, copyrights, rights in data and databases, know-how, and confidential information in any part of the world;
<b>Misuse</b>	shall have the meaning given to it in paragraph 20 of Annex 2 to this Agreement;
<b>PAHO</b>	means the Pan American Health Organization;
<b>Procurement Agency</b>	shall have the meaning given to it in paragraph 9 of Annex 2 to this Agreement;
<b>Programme</b>	means an entire programme relating to (i) the provision of a type of vaccine and related supplies; or (ii) cash support, which is endorsed by GAVI;
<b>Programme Activities</b>	means, in respect of each Programme, the activities described in the Country's application and any subsequent amendments (including in the relevant Annual Progress Reports) to the Programme (if any) approved by GAVI;
<b>Programme Budget</b>	means, in respect of each Programme, a total amount of an estimated multi-year budget endorsed by GAVI under such Programme;
<b>Programme Documents</b>	shall have the meaning given to it in paragraph 22.2 of Annex 2 to this Agreement;
<b>Programme Duration</b>	means the entire duration of a Programme;
<b>Programme Terms</b>	means, in relation to each Programme, the terms and conditions of such Programme as set out in this Agreement and the relevant Decision Letter ;
<b>Sub-Grantees</b>	shall have the meaning given to it in paragraph 5 of Annex 2 to this Agreement;
<b>TAP Policy</b>	means the Transparency and Accountability Policy of GAVI attached as Annex 4 (as amended from time to time);
<b>UNICEF</b>	means the United Nations Children's Fund;

**Vaccine Introduction Grant** means an amount provided by GAVI to support the activities involved in the introduction of a new vaccine in the Country; and

**Vaccine Introduction Grant Policy** means the Vaccine Introduction Grants and Operational Support Policy of GAVI attached as Annex 5 (as amended from time to time);

**WHO** means the World Health Organization.

## **2. Interpretation**

For the purpose of this Agreement, “this Agreement”, where the context requires, shall include all the Annexes and Decision Letters.

## ANNEX 2

### Additional provisions related to Programmes

#### Section A: General Terms

##### 1. Disbursement Conditions

In relation to each approval and Disbursement under a Programme, the following Disbursement Conditions shall apply:

- (a) Sufficient funding: GAVI has determined that it has sufficient funds to make the Disbursement at the relevant time;
- (b) Satisfactory performance: GAVI is satisfied that the Country has performed its obligations under this Agreement and Decision Letters;
- (c) Guidelines and policies: the Government has complied with requirements set out in GAVI's guidelines and policies available in forms of applications, progress reports, other templates and on GAVI's official website, in a manner satisfactory to GAVI;
- (d) Clarifications and elaborations: the Government has submitted any clarifications as requested by GAVI in the relevant Decision Letter(s) of the Programme in relation to its application and Annual Progress Reports, in a timely manner and satisfactory to GAVI;
- (e) Co-financing: where the Government is required to make Co-Financing Payments, the Government has satisfied its co-financing obligations for the prior calendar years under the Programme in accordance with this Agreement, the Co-Financing Policy and the relevant Decision Letter(s);
- (f) Documents: the Government has submitted to GAVI all documents or information, including audit reports, records or accounts required under this Agreement (including the Annexes) and otherwise as requested by GAVI from time to time in relevant Decision Letter(s) or through other communication, in a timely manner and satisfactory to GAVI;
- (g) No breach: GAVI is satisfied that suspension or termination, including as a result of Misuse, of any Programme will not have a negative impact on the implementation of the relevant Programme;
- (h) TAP Policy: (for cash Disbursed by GAVI for any Programme) the Government has complied with the then-current requirements under the TAP Policy and Financial Management Requirements (if agreed) as set out in an annex to this Agreement;
- (i) Financial statements and external audits: (for cash Disbursed by GAVI for any Programme) the Government has complied with the then-current requirements of GAVI relating to monitoring and evaluation, the provision of financial statements and the performance of external audits; and
- (j) Other conditions: the Government has satisfied all other conditions set out in the relevant Decision Letter(s) and other parts of this Agreement.

##### 2. Decision Letters

### **2.1. Form of Decision Letter**

Each Decision Letter shall set out the Programme Terms of a single Programme, the form of which will be provided by GAVI from time to time.

### **2.2. Amendments to Decision Letters and Programmes**

GAVI may amend the amount and duration of support to be provided under a Programme, including the Programme Budget, Annual Amount, Co-Financing Payment and Programme Duration, and the Programme Activities of a Programme and will reflect such amendments in a following Decision Letter. The Government may also request any significant changes to the Programme Terms by notifying GAVI in its Annual Progress Report of such proposed changes which shall be considered by GAVI in accordance with its guidelines.

## **3. Application of Agreement to all Programmes**

### **3.1. Existing and future Programmes**

The terms and conditions of this Agreement (including the Annexes) and the relevant Decision Letter(s) shall apply to all future disbursements to be made after the Effective Date of this Agreement under existing and future Programmes being undertaken by the Government at the Effective Date of this Agreement as well as afterwards during the term of this Agreement.

### **3.2. Pre-existing Programmes**

In relation to disbursements that were made prior to the Effective Date under Programmes that are in progress at the Effective Date of this Agreement, this Agreement shall apply to:

- (a) all activities to be undertaken by the Government after the Effective Date of this Agreement; and
- (b) all amounts of funding and supplies that have been disbursed but have not been used or committed to be used as at the Effective Date of this Agreement.

For the avoidance of doubt, all future application of funding and vaccines under such existing Programmes will only be used and all future funding to be provided will only be disbursed in accordance with the terms and conditions of this Agreement.

Any terms and conditions applicable to any past disbursements under existing Programmes that are inconsistent with the terms in this Agreement as set out above are hereby varied by mutual agreement between the Parties as of the Effective Date.

### **3.3. Transition Arrangements for Monitoring and Reporting**

Notwithstanding the above, any additional monitoring and reporting obligations contained in this Agreement (including the Annexes and the relevant Decision Letter(s)) shall only apply with effect from the beginning of the next reporting period after the Effective Date of this Agreement.

#### **4. Civil Society Organisations**

In addition to the Government, GAVI may award grants to other entities either through the Government or directly to entities for activities such as to strengthen coordination and civil society representation and implement health systems strengthening programmes in the Country. The Government shall cooperate as appropriate with such other entities to realise the benefits of all GAVI supported programmes in the Country from time to time, including civil society organisations.

#### **5. Sub-Grantees**

The Government may provide GAVI funds to other entities to carry out the GAVI supported programmes under this Agreement (the “**Sub-Grantees**”). If the Government provides GAVI funds to Sub-Grantees, the Government acknowledges and agrees that providing GAVI funds to Sub-Grantees does not relieve the Government of its obligations and liabilities under this Agreement or from the obligation to ensure that GAVI funds are used only for the purposes envisaged by this Agreement and not otherwise, and that such funds are not Misused. The Government is responsible for the acts and omissions of its Sub-Grantees in relation to the GAVI supported programmes as if they were the acts and omissions of the Government. The Government shall ensure that the Sub-Grantees comply with this Agreement (including the Annexes and the relevant Decision Letter(s)), in particular, under Section C of this Annex and GAVI policies and guidelines relating to use and management of GAVI funds.

#### **6. Country information and data**

In order to allow GAVI to make informed decisions related to the Country’s health systems, supply chain (including cold chain) and GAVI’s activities, GAVI needs to have access to Country related information and data that could be relevant to GAVI’s assessment of applications and monitoring of Programmes and progress. To facilitate this, the Government hereby agrees and consents to the sharing by GAVI’s partners (including WHO, UNICEF, PAHO), bilateral donors, the Country’s Auditor General, external auditors and other entities that conduct coverage surveys and cold chain assessments (the “**Entities**”) any of the Government’s documents, reports, statements, data and information (including confidential information and data), such as evidence related to co-financing payments and vaccine arrival reports, as well as the Entities’ analyses and reports generated from or containing country information and data (including Post Introduction Evaluations and Effective Vaccine Management Assessments, improvement plans and all related documents).

### **Section B: Vaccine and cash support**

#### **7. Vaccine support**

GAVI may approve funding for the purchase of vaccines and related supplies for immunisation programmes of the Country under its New and Underused Vaccines (NVS) programme and/or such other programmes as GAVI may support from time to time.

#### **8. Vaccine Introduction Grant**

GAVI may provide Vaccine Introduction Grant(s) under a Programme to the Country in accordance with the Vaccine Introduction Grant Policy. GAVI's funding is not intended to cover all costs related to introduction of a new vaccine in the Country. GAVI shall provide such funding on the understanding that any costs related to introduction of a new vaccine in the Country not met by GAVI shall be met by the Government. GAVI shall notify the Government of the amount of the Vaccine Introduction Grant in the relevant Decision Letter of a Programme. The Government shall report on the use of the Vaccine Introduction Grant(s) in the relevant Annual Progress Report(s).

#### **9. Procurement through an agency**

The following provisions shall apply where UNICEF (acting as the Procurement Agency for GAVI and Government's procurement agent), PAHO or another agency acts as the procurement agency for GAVI for procuring and delivering vaccines and related supplies under a Programme (the "**Procurement Agency**"):

- (a) GAVI shall Disburse the relevant funding to the designated Procurement Agency;
- (b) for the purchase of the co-financed supplies, the Country shall pay any Co-Financing Payments directly to the designated Procurement Agency as agreed in any Procurement Services Memorandum of Understanding between them;
- (c) the Procurement Agency shall conduct the procurement of vaccines and related supplies supported by GAVI according to the Procurement Agency's rules and any relevant agreement concerning such procurement;
- (d) the Country shall receive such supplies directly from the Procurement Agency;
- (e) the Country agrees to the Procurement Agency sharing information with GAVI on the status of purchase of the co-financed portion of the vaccines and related supplies;
- (f) the Country shall keep in contact with the Procurement Agency to understand the availability of the supplies and eventually to prepare the schedule of their deliveries; and
- (g) GAVI shall not be held responsible for any consequences arising from the delay in procurement or delivery of vaccines and related supplies to the Country.

#### **10. Self-procurement**

##### **10.1. Cash in lieu of supplies**

GAVI may approve the provision of cash in lieu of vaccines and related supplies to allow the Government to procure such supplies through their own procurement

agency (“**Cash In Lieu of Supplies**”). The Annual Amount for such Cash In Lieu of Supplies shall be based on the equivalent value to the UNICEF weighted average or estimated prices for such vaccines. Such Annual Amounts shall be notified to the Government in the relevant Decision Letter.

**10.2. Self-procurement mechanism**

Prior to Disbursement of Annual Amounts for Cash In Lieu of Supplies, GAVI shall conduct a review of the procurement mechanism proposed by the Country in its application to assess whether it satisfies generally acceptable procurement standards and to provide recommendations on minimum reporting requirements and improvements (if needed). The Government shall ensure that the vaccines and related supplies are purchased as soon as possible as stated in this Agreement and Decision Letter(s).

**10.3. Difference between negotiated and estimated prices**

If the Government’s negotiated price with the suppliers is higher than the UNICEF weighted average or estimated price, the Government shall pay the difference in order to purchase sufficient vaccines to reach the target population associated with the Programme. If the negotiated price is lower than the UNICEF weighted average or estimated price, the Government may use the excess funds in immunisation programmes and shall report the use of such funds to GAVI in the relevant Annual Progress Report.

**10.4. Co-financing**

Where the Co-Financing Policy applies to the Country and the Government procures its own vaccines, it shall also comply with its co-financing obligations. 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 invoices or receipts to GAVI.

**10.5. Quality criteria for self-procured vaccines using GAVI support**

The Government shall only procure vaccines using GAVI support that: (i) are from the WHO pre-qualified list of vaccines; (ii) in the case of locally-produced vaccines purchased directly from the manufacturer, are licensed by the relevant National Regulatory Authority (NRA) which has been assessed as fully functional by WHO; or (iii) are licensed according to WHO’s definition of quality vaccines (e.g. as described in WHO’s Technical Report Series) by fully functional NRAs as assessed by WHO in the countries where the vaccines are manufactured and purchased.

**10.6. Quality criteria for self-procured auto-disable syringes and disposal boxes using GAVI support**

(a) The Government shall only procure auto-disable syringes that are pre-qualified under WHO’s Performance, Quality and Safety system.

- (b) For syringe and needle disposal boxes the Government shall either: i) procure boxes that appear on the relevant WHO list of prequalified products; or ii) submit to GAVI a certificate of quality issued by a relevant national authority.

**10.7. Quality criteria for self-procured vaccines, auto-disable syringes, and disposal boxes using co-financing funds**

GAVI strongly encourages countries self-procuring co-financed products to ensure they are of WHO-defined assured quality, such as those on the WHO list of pre-qualified products or as otherwise described in paragraphs 10.5 and 10.6 above.

**11. Operational costs for campaigns**

For certain types of vaccines, GAVI may provide additional funding to support the operational costs for campaigns in the Country related to such vaccines in accordance with the Vaccine Introduction Grant Policy, which support shall be disbursed in cash to the Government, WHO and/or UNICEF. Such funding shall be used and applied to fund the Programme Activities and the information on the amount of support will be communicated to the Government in a Decision Letter. GAVI's funding is not intended to cover all operational costs for campaigns. GAVI shall provide such funding on the understanding that any operational costs for campaigns not met by GAVI shall be met by the Government. The Government shall report on the use of the funding for operational costs in the relevant Annual Progress Report(s).

**12. Safety of injections**

The principles of the WHO-UNICEF-UNFPA joint statement on safety of injections (WHO/V&B/99.25) shall apply to all immunisation services under the Programme(s).

**13. Other charges and fees**

The Co-Financing Payments set out in a Decision Letter indicate the Country's contribution towards the costs for the vaccines and related injection safety devices and any freight charges. The Country should be aware that the Co-Financing Payments do not include the 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.

**14. Cash support**

GAVI may approve funding for Programmes that contribute to the strengthening of the capacity of integrated health systems to deliver immunisation in the Country, including by contributing to the resolving of the major constraints to deliver immunisation, increasing equity in access to services and strengthening civil society engagement in the health sector and/or such other programmes as

GAVI may support from time to time. If the Government receives any performance based funding from GAVI, the Parties will agree on the performance indicators, means of measurement and monitoring process for such Programme which will be attached as an annex to the relevant Decision Letter.

## **Section C: Management and use of GAVI funds and supplies**

### **15. Financial Management Requirements**

The Government shall comply with the terms and implement the measures set out in the Financial Management Requirements by the timelines set out in therein (if applicable).

If applicable to the Country, the Government and GAVI shall agree certain financial risk mitigation requirements and measures in relation to GAVI's funds pursuant to the TAP Policy which shall be attached as an annex to this Agreement. The Parties will jointly agree the measures and, after such agreement, GAVI shall send the finalised Financial Management Requirements to the Government. Unless the Government notifies GAVI of any disagreements with the finalised Financial Management Requirements within thirty (30) calendar days of its receipt by it or such later date as agreed between the Parties, the Government shall be deemed to have accepted the terms of the Financial Management Requirements as of the date of the notification to it.

### **16. Monitoring and reporting**

The Government's use of GAVI's vaccine and cash support is subject to strict performance monitoring. GAVI seeks to use the Government reports and existing country-level mechanisms to monitor performance. The Government shall monitor and report on the use of vaccines and related supplies and the funds provided by GAVI stating the progress made towards achieving the objectives of the Programme(s) during the preceding year by submitting the Annual Progress Report(s). The Government shall also share their internal management reports on the use of funds on a quarterly or periodic basis with GAVI. The Government shall also submit all documents and reports that are required to be submitted as part of the Annual Progress Reports and country applications. For certain cash support, GAVI shall monitor and review annually the progress made in the Country towards the funded objectives of the Programme(s) by participating in the annual health sector review through existing country-level mechanisms. The Government shall submit all documents relevant to annual health sector reviews as requested by GAVI.

### **17. Monitoring and evaluation**

GAVI has the right to conduct independent monitoring, evaluation, impact assessment, studies and research of relevant Programme(s) with or without engaging any third party. The Government shall facilitate such process (a) by ensuring that GAVI and any authorised representatives or agents shall have access at all times to relevant personnel, documents and facilities; and (b) by providing necessary approvals and assistance with logistics. The Government shall also cooperate with GAVI to provide information reasonably requested by GAVI to conduct monitoring, evaluation, impact assessment, studies and research related to the Programmes after the Country no longer receives GAVI support.

#### **18. GAVI's use of information**

Where GAVI has obtained or created information pursuant to this Agreement including without limitation information obtained or created pursuant to paragraphs 6, 16 and/or 17 of this Annex 2, GAVI may disclose or publish such information to such third parties as may be deemed by GAVI as having a need to know such information where such information relates to the performance of a Programme and/or, in the opinion of GAVI, the operation of GAVI's objectives from time to time.

#### **19. Management and use of funds**

In respect of all GAVI provided funds, the Government shall comply with GAVI requirements on the use and management of cash, including the following:

- (a) the Government shall use the cash solely to fund Programme Activities;
- (b) the Government shall ensure that the funds are prudently managed in accordance with the TAP Policy and Financial Management Requirements;
- (c) in the case of cash in lieu of supplies, funds shall be used to purchase the vaccines in accordance with the self-procurement mechanism set out in the Country's application as reviewed and approved by GAVI and managed in accordance with all guidelines, procedures, standards, reporting requirements and recommendations (if any) on self-procurement mechanisms and in accordance with this Agreement and the relevant Decision Letter(s); and
- (d) the Government shall not apply any cash received from GAVI to satisfy its co-financing obligations.

#### **20. Misuse of funds and supplies**

##### **20.1. Misuse of funds and supplies**

In respect of all funds and vaccines and related supplies provided to the Government under the Programme(s), the Government shall comply with obligations and requirements on the use of such funds and supplies, including the following:

- (a) the Government shall use the funds and vaccines and related supplies received from GAVI under a Programme for the sole purpose of carrying out the Programme Activities of such Programme;

- (b) the Government shall ensure that there is no misuse or waste of, or corrupt, illegal or fraudulent activities involving the funds and vaccines and related supplies; and
- (c) the Government shall ensure that all expenses relating to the use or application of funds are properly evidenced with supporting documentation sufficient to permit GAVI to verify such expenses.

If the Government fails to comply with any of the above, such event shall be a “**Misuse**” (and “**Misused**” shall be construed accordingly).

#### **20.2. GAVI determines Misuse**

GAVI shall have the right in its absolute discretion but acting reasonably to determine whether GAVI’s funds have been used solely to fund the Programme Activities or whether they have been misused (in full or in part).

#### **20.3. Notification by the Government**

The Government shall immediately inform GAVI when it becomes aware of any potential or actual Misuse in connection with any Programmes.

### **21. Programme assets**

After a Programme expires, any assets bought by the Country using GAVI funds during a Programme shall continue to be used by the Country in accordance with the original Programme Activities and/or immunisation activities in the Country.

### **22. Investigations**

#### **22.1. GAVI’s right to conduct investigations and audits**

GAVI may conduct an investigation and/or audit at any time in a Country through its own authorised representatives or agents to investigate the use of GAVI provided funds, to verify financial management systems of the Government as required under the TAP Policy, and to conduct an external audit pursuant to paragraph 24 below.

#### **22.2. Process for investigation and audit**

The Government and all its relevant personnel shall cooperate fully with GAVI and its authorised representatives or agents in relation to any GAVI investigation and/or audit and ensure that GAVI and its authorised representatives or agents, have access at all times to:

- (a) books, records, statements, electronic files or other documentation related to the Programme(s) held by the Government or by any other entities (the “**Programme Documents**”);
- (b) all relevant personnel of the Government; and
- (c) the premises or facilities of the Government where the Programme Documents are held or activities under the Programme(s) are carried out.

The Government shall also provide a safe working environment for, and ensure the personal safety of, those carrying out the investigations and audits. The Government shall use its best endeavours to pursue any individuals or entities involved in illegal or unlawful activities in accordance with the laws of the Country and inform GAVI on the outcome of any cases.

### **22.3. Costs of investigation**

If there is any material Misuse, GAVI reserves the right to be reimbursed by the Government for up to 100% of the reasonable costs incurred in the investigation by GAVI to be determined on a case-by-case basis depending on the facts and circumstances relating to such Misuse.

## **23. Records and expenditures**

The Government shall maintain accurate and separate accounts and records of each of the Programmes prepared in accordance with internationally recognised standards that are sufficient to establish and verify accurately the costs and expenditures under the Programmes. The Government shall maintain such accounts and records and any other supporting documents evidencing expenses made with GAVI's funds according to the Country's fiscal requirements for a minimum of five (5) years after the completion of a Programme. In the event where GAVI provided funds are pooled with other sources of funding, accounts and records will equally be maintained for the pooled funds.

## **24. External audits**

Unless otherwise specified, the Government shall submit to GAVI audit reports of the accounts holding the GAVI provided funds within one year of the close of each financial year. In order to produce such audit reports, GAVI may, at its option, jointly with the Government be involved in: (i) selecting one or more external auditors; and (ii) determining their terms of reference. In addition, GAVI reserves the right to commission an external audit of the accounts by an independent audit firm at any time, including after a Programme has expired, at its own cost. The external audit report should be compliant with the latest version of international auditing standards of the International Auditing and Assurance Standards Board (IAS).

## **25. Disbursements of funds**

### **25.1. Bank accounts**

The following provisions shall apply to the funds Disbursed to the Government:

- (a) funds in the possession of the Government shall remain, to the extent practicable, in an interest-bearing bank account at a reasonable commercial rate available in the Country until they are used for the Programme(s);
- (b) funds are deposited in a reputable bank in the Country which is fully compliant with all applicable local and international banking standards and regulations, including capital adequacy requirements;

- (c) the Government shall carry out all necessary due diligence on the designated bank account to ensure that it complies with (a) and (b) above;
- (d) the Government shall provide the details of a bank account satisfying the above requirements in the name of the Government into which funds are normally held;
- (e) GAVI shall reserve its right to request any changes to the bank and bank account to be used by the Government; and
- (f) at all times, funds are held in cash and may be withdrawn at any time, in full, upon demand.

### **25.2. Interest**

Any interest on the funds Disbursed by GAVI to the Government shall be accounted for and used solely for Programme purposes.

### **25.3. Loss of funds**

The Government shall be responsible for any loss of funds held at the bank for whatever reason, including insolvency of the bank or mismanagement of funds at the bank and shall replenish such lost funds as soon as possible after the event.

## **26. Currency**

Any Disbursement of funds to the Government by GAVI shall be in US dollars or any other currency as approved by GAVI.

## **27. Excess funds and/or supplies**

If the Government has any excess funds and/or supplies that have not been used by the Government during the Programme Duration for a Programme, it shall return such funds and/or supplies to GAVI in accordance with paragraph 29 of this Annex.

## **28. Suspension or termination**

### **28.1. Events of suspension**

GAVI **may** suspend, in whole or in part, its funding to one or more Programmes to the Country if:

- (a) (for vaccine support) the Country has not fulfilled its co-financing obligations under the Co-Financing Policy, this Agreement and the relevant Decision Letter(s);
- (b) there is any suspected or actual Misuse in connection to a Programme;
- (c) the Government has failed to perform any of its obligations under this Agreement and any Decision Letters;
- (d) any representation made by the Government proves to have been incorrect or misleading; and
- (e) GAVI has determined that a situation has arisen which makes it improbable that the Programme(s) can be carried out successfully.

### **28.2. Effect of suspension**

Such suspension shall continue until: (i) GAVI is satisfied that the reason for the suspension no longer exists; or (ii) GAVI decides to terminate this Agreement in accordance with paragraph 28.4 of this Annex. Any portion of this Agreement or a Programme not suspended shall remain in full force and effect. Any funds previously provided by GAVI to the Government shall not be accessed or used by the Government during any period of suspension.

### **28.3. Default due to Co-Financing Payments**

During the period in which the Programmes have been suspended under paragraph 28.1(a) above, the Country shall not be eligible to submit applications to GAVI for new vaccines and shall cooperate fully with GAVI to work towards complying with its obligations under the Co-Financing Policy.

### **28.4. Events of termination**

GAVI may terminate, in whole or in part, this Agreement or one or more Programmes to the Country if:

- (a) there is an actual Misuse in connection with a Programme and the Government has failed to take timely and appropriate action to address such Misuse to the satisfaction of GAVI;
- (b) the Government has materially failed to perform any of its obligations under this Agreement and any Decision Letters;
- (c) any representation made by the Government proves to have been incorrect or misleading in any material respect; and
- (d) GAVI has determined acting reasonably that a situation has arisen which makes it improbable that the Programme(s) can be carried out successfully.

### **28.5. Effect of termination**

Any portion of this Agreement or Programme(s) that is not terminated shall remain in full force and effect.

## **29. Return of funds**

### **29.1. Events for returning funds**

Notwithstanding the availability or exercise of any other remedies under this Agreement, GAVI may require the Government to return to GAVI any funds in the currency in which they were Disbursed by GAVI or, in the case of vaccines that are subject to Misuse, require the Government to take any appropriate remedial action under a Programme in any of the following circumstances:

- (a) GAVI has Disbursed an amount to the Government in error;
- (b) there has been a Misuse;
- (c) this Agreement or a Programme has been terminated or suspended; or
- (d) the Government has funds that it has not used within the relevant Programme Duration.

**29.2. Method for returning funds**

The Government shall return such funds, unless otherwise decided by GAVI, in US dollars within sixty (60) days after the Government receives the request for return of funds from GAVI, and shall pay such funds to the account as notified by GAVI.

**30. Equal access to immunisation**

The Country shall endeavour to progressively carry out its Programme(s) under the principles and objectives of GAVI's Gender Policy (as updated from time to time) in order to promote gender equality in immunisation and related health services. The GAVI's Gender Policy shall be available on the official website of GAVI. The Country shall provide all relevant information and data on gender-related matters on immunisation as part of its monitoring and reporting obligations as requested by GAVI. The services supported and promoted by GAVI should be free from any influence of caste, creed, sexual orientation, faith, geographical factor, political affiliation and political gain.

**31. Survival**

Paragraphs 16 to 25 and, 27 to 29 of this Annex shall survive the termination or expiry of this Agreement.

**32. Notices**

**32.1. Notices**

Any notice or communication to be given, or Decision Letter or other document to be sent under this Agreement shall be in writing and delivered by registered mail, facsimile transmission or electronic mail, or by using electronic medium in accordance with the instructions provided by GAVI.

**32.2. Contact details**

The Government shall provide its contact details in its Country applications and upon request by GAVI and shall be responsible for informing GAVI of any changes to its contact details.

**32.3. Notification date**

**(a) Notification sent by GAVI**

Any notice given or document sent by GAVI to the Government shall be deemed to have been received by the Government if sent by registered mail, electronic mail, facsimile transmission, on the date of delivery to the Country representative(s). If available, any notice given or document sent by GAVI to the Government via the electronic medium shall be deemed to have been received by the Government when received by it.

**(b) Notification sent by Country**

Any notice given or document sent by the Government to GAVI shall be deemed to have been received by GAVI if sent by registered mail, electronic mail, facsimile transmission, on the date of receipt by GAVI. If available, any notice given or document sent by the Government to GAVI via the electronic medium shall be deemed to have been received by GAVI when received by GAVI.

## ANNEX 3

### Transparency and Accountability Policy

#### 1. Goal and scope of the policy

**1.1.** The goal of GAVI's Transparency and Accountability Policy is to ensure that all GAVI support provided in the form of cash transfers is used according to programme objectives as outlined in individual country proposals, and in accordance with best practice for financial management.

**1.2.** The policy governs the use of all GAVI cash transfers to countries for GAVI programmes including, but not limited to: 1) Health System Strengthening, 2) Immunisation Services Support, and 3) New Vaccines Support (for cash in lieu of supplies and lump-sum payments).

#### 2. Principles of the Transparency and Accountability Policy

The policy will:

**2.1.** Rely and build on existing country capacity to the greatest extent possible, ensuring alignment with country systems.

**2.2.** Be consistent with the commitments of the Paris Declaration on Aid Effectiveness

**2.3.** Promote mutual accountability by encouraging assessments of progress in implementing GAVI support.

**2.4.** Apply a country-by-country approach to reduce fiduciary risks in a manner which is equitable and transparent.

**2.5.** Be based on a set of minimum standards for the management of GAVI cash funding:

- Funding should be used for purposes stated within a proposal;
- Funds must be managed in a transparent manner, and provide accurate and verifiable financial reports on a regular basis as specified by individual funding arrangements;
- Funds must be managed within accounts that meet national legal requirements for auditing, accounting and procurement.

#### 3. Procedures

**3.1.** GAVI will strengthen its existing processes and mechanisms.

**3.1.1.** The GAVI Secretariat will incorporate an updated financial management section in country proposal guidelines and the annual progress report. The revised guidelines will establish minimum requirements for country financial

management and reporting. Revised proposal forms will require countries to indicate how they will comply with these provisions, and this will be monitored through the annual progress report.

3.1.2. GAVI Secretariat will ensure that the Independent Review Committee has appropriate expertise in country financial management.

3.1.3. The GAVI Secretariat will ensure that each Independent Review Committee team has the authority and appropriate tools to evaluate the financial management aspects of each proposal or report. GAVI will also extend the mandate of its Independent Review Committee to request clarification on the financial management sections, recommend additional financial management assessments, request independent external audits, and propose steps for bringing a country in full compliance with this policy.

3.2. In all current programmes, and in the future prior to the submission of a proposal, the GAVI Secretariat will evaluate the relative fiduciary risk in each country and, together with the government and in-country development partners, reach a consensus on the specific financing modality for GAVI support.

3.2.1. The GAVI Secretariat, working jointly with countries, will conduct a financial management assessment in all countries receiving GAVI cash transfers. This assessment will include both a review of existing financial assessments and discussions with government officials and partners. The assessment will: 1) provide GAVI with a baseline understanding of the level of fiduciary risk in each country, 2) help each country identify the most appropriate modality for channelling GAVI cash funds (consistent with the principles outlined in section 2 of this policy) that provides adequate fiduciary assurance, and 3) indicate what additional criteria and steps may be needed in each country to mitigate potential risks.

3.2.2. Following the financial management assessment, each eligible country will have identified its preferred funding modality to channel GAVI support that meets GAVI minimum standards for fiduciary accountability. If an eligible country already uses a joint financing mechanism to channel funds for its health sector, it is assumed that the government will select this joint financing mechanism as its preferred modality for GAVI support. If a country prefers not to use an existing joint financing mechanism, it must present a compelling case for doing so, and receive the endorsement of its Health Sector Coordinating Committee.

3.2.3. Once a country has selected its preferred funding modality and GAVI has conducted a financial management assessment, the country will be placed in one of three groups as follows:

- “Group I countries”: GAVI eligible countries that will channel and manage their GAVI cash transfers through existing joint financing mechanisms. Group I

countries are assumed to represent the lowest level of fiduciary risk as they will have established procedures for financial management, procurement and reporting, with consistent oversight and support from in-country development partners.

- “Group II countries”: These countries follow varying procedures when managing donor funds. Group II countries will pose varying levels of fiduciary risks. Together with countries and in-country partners, the GAVI Secretariat will determine the most appropriate financing mechanism (consistent with the principles outlined in section 2 of this policy).
- “Group III countries”: GAVI eligible countries in which there has been suspected or proven misuse of funds from GAVI cash transfers. The decision to include any single country in this category is subject to the judgment and discretion of GAVI management. Special procedures will be negotiated on a case-by-case basis.

3.2.4. GAVI, together with each implementing country government, will establish and agree upon minimum requirements for the specific financing modality selected to channel GAVI cash transfers. These requirements will be based upon each country’s respective grouping, as well as relative level of fiduciary risk as established by the financial management assessment.

- Group I: GAVI is likely to accept the existing financial reporting and auditing processes already in place for each joint financing mechanism.
- Group II: Requirements may vary widely from strengthened financial reporting to identification of a third party (either a “third party private provider” or a “transparency and accountability focal point”) to review and validate country financial reports. Actual requirements will be determined on a case-by-case basis.
- Group III: Requirements will likely include substantial oversight by a third party private provider and external auditing. Actual requirements will be determined on a case-by-case basis.

3.2.5. Country groupings will be reviewed and revised on a regular basis.

3.2.6. Each eligible country applying for or receiving GAVI cash transfers, regardless of grouping, will identify a single department or individual within the Ministry of Health to oversee compliance with this policy.

**3.3.** The GAVI Secretariat, with support from its partners and the Independent Review Committee, will monitor country compliance with the Transparency and Accountability Policy, including specific requirements for individual countries.

3.3.1. Countries will manage their GAVI cash transfers and provide financial reports in accordance with the terms of this policy as well as their individually

agreed arrangements. Failure to comply with these requirements could result in a variety of measures including the suspension of funding.

3.3.2. The GAVI Secretariat will conduct follow-up financial management assessments on a biennial basis, at a minimum.

3.3.3. Countries in Group II may elect to channel GAVI funding through a joint financing mechanism at any time. Provided that GAVI accepts the terms implied by the mechanism, such a change would automatically move the country into Group I.

3.3.4. The GAVI Secretariat maintains the right to commission an external audit for any country at any time.

3.3.5. The GAVI Secretariat retains the authority to move any country into Group III, should it receive information suggesting that GAVI cash transfer funding has been misappropriated or misused, and this has been verified to the Secretariat's satisfaction. The GAVI Secretariat may, at its own discretion, suspend further cash transfers and begin the process to take corrective action. It will simultaneously inform and consult with the Chair of the GAVI Alliance Board.

#### **4. Timeline for implementation and review**

4.1. The policy will take effect as of 1 January 2009.

4.2. The GAVI Secretariat will begin to implement the policy on a phased basis, as determined by the policy implementation plan.

4.3. The GAVI Secretariat will report to the Alliance Board on the implementation of this policy on a yearly basis.

4.4. The Alliance Programme & Policy Committee of the Board shall review the policy after 6 full months of initial implementation. Thereafter, the Policy & Programme Committee will review the policy on a yearly basis.

## ANNEX 4

### Co-Financing Policy

#### 1. Objectives

**1.1.** The overall objective of the co-financing policy is to put countries on a trajectory towards financial sustainability in order to prepare them for phasing out of GAVI support for new vaccines, recognising that the time frame for attaining financial sustainability will vary across countries.

**1.2.** The intermediate objective for countries with an extended time frame for achieving financial sustainability is to enhance country ownership of vaccine financing.

#### 2. Scope

**2.1.** This policy covers country groupings for co-financing purposes, co-financing levels, the process for annual co-financing updates, and the mechanism for situations in which countries are in default on their co-financing.

#### 3. Principles

**3.1.** All countries shall contribute to new vaccine support.

**3.2.** Co-financing should represent new and additional financing; countries should not use funds allocated for financing other vaccines.

**3.3.** This policy aims to assist countries with their long term planning.

#### 4. Definitions

**4.1.** “GNI per capita atlas method”: Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is GNI divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method which smoothes exchange rate fluctuations by using a three year moving average, price-adjusted conversion factor.

**4.2.** “Co-financing”: GAVI-eligible countries and GAVI contribute to the costs of vaccines.

**4.3.** “Graduating country”: A country whose GNI per capita crossed the applicable eligibility threshold and that can no longer apply for new vaccine or cash-based programme support, but continues to receive support for Programmes that have been endorsed for GAVI funding when the country was still eligible.

**4.4.** “Graduated country”: A country whose GNI per capita has crossed the eligibility threshold and that can no longer apply for new vaccine or cash-based programme support from GAVI, and whose GAVI multi-year commitments for vaccines and/or cash-based programmes have ended.

**4.5.** “Graduation process”: The period of time after a country is no longer eligible to apply for GAVI support (and becomes a graduating country) until all GAVI support ends (and the country becomes a graduated country).

**4.6.** “Financial sustainability”: The ability of a country to mobilize and efficiently use domestic and supplementary external resources on a reliable basis to achieve current and future target levels of immunisation performance.

## **5. Country co-financing groups**

**5.1.** Low Income group: Countries with GNI per capita at or below the World Bank low-income threshold. Co-financing obligation in 2012 and thereafter: 20 cents per dose (no annual increase).

**5.2.** Intermediate group: Countries with GNI per capita above the World Bank low-income threshold but below the GAVI eligibility threshold. Co-financing level in 2012: 20 cents per dose, or the amount per dose paid in 2011, whichever is higher. Thereafter, the co-financing amount per dose increases by 15% each year. For any new vaccine adoptions, the co-financing amount would start at 20 cents per dose, and increase by 15% annually. When countries in the future transition from the low income to the intermediate group, they would start at 20 cents per dose for vaccines, followed by 15% annual increases.

**5.3.** Graduating group: Countries with GNI per capita above the GAVI eligibility threshold, who are still receiving GAVI support. Starting in 2012, co-financing obligations shall increase over four years from rates paid in 2011 in order to reach 100% of the vaccine price in 2016, the year after GAVI support ends. For countries adopting a new vaccine in 2012 (and therefore with no history of co-financing payments for that vaccine), co-financing per dose would equal 20% of the projected 2016 vaccine price (projected price for GAVI countries, unless a set of price projections for GAVI graduates could be developed by the GAVI Alliance). Support for countries that enter the graduating group after 2012 would be phased out in the same manner and over the same number of years as support for countries that were ineligible in 2011.

## **6. Timeline for implementation, grace period, and updates**

**6.1.** Countries will be informed of the co-financing country grouping they are a part of for 2012 and the corresponding co-financing obligations for 2012 following the December 2010 GAVI Alliance Board meeting. These initial classifications will be done according to 2009 GNI per capita data, which were released by the World Bank in July 2010. The calendar year 2011 is a “grace year”

whereby countries are informed of their new co-financing group and prepare their budgets for the new obligation requirements for 2012.

**6.2.** Co-financing group thresholds will be updated annually according to the latest GNI p.c. data, which is released by the World Bank in July of each year. Co-financing country grouping updates will be made by September of each year. Countries will then be informed of any changes to their co-financing grouping and when those changes will take effect. Countries will have the following calendar year as a grace period to prepare their budgets following their change in co-financing grouping. The new co-financing obligations will take effect in the calendar year following the grace year.

## **7. Default mechanism**

**7.1.** Co-financing payments in accordance with this policy are a condition to receive GAVI vaccine support. Fulfilment of the co-financing commitment is determined by the country's purchase of the number of doses set out in the GAVI Secretariat's "decision letter" to the country, or the corresponding dollar amount for vaccines (excluding handling fees, freight, and buffer charges). For self-procuring countries, compliance is defined by the purchase of the number of doses in the Secretariat's "decision letter" to the country.

**7.2.** A country enters into default when it has not fulfilled its co-financing commitment for a particular year by 31 December of that year.

**7.3.** Countries can apply for, but will not be approved for new vaccine support, when they are in default of their co-financing commitment.

**7.4.** If a country remains in default for more than one year, the GAVI Board may suspend support for the relevant vaccine until the co-financing arrears are paid in full.

**7.5.** There are exceptional circumstances that can prevent a country from fulfilling its co-financing commitments due to severe natural, economic, social, or political difficulties. In these cases, the GAVI Board may grant a grace period or exemption on a base-by-case basis.

## **8. Primary data sources**

- GNI per capita (Atlas method) from World Bank classifications
- Definition of Low Income Country upper threshold from World Bank classification
- Eligibility threshold adjustment for annual inflation using World Bank deflators
- Reports from vaccine procurers on status of co-financing payments

## **9. Effective date and review of policy**

**9.1.** This policy comes into effect as of 1 December 2010.

**9.2.** This policy will be reviewed and updated in 2014 or as and when required. Any amendments to this policy are subject to GAVI Alliance Board approval.

## ANNEX 5

### **GAVI Vaccine Introduction Grant and Operational Support for Campaigns Policy**

#### **1. Objectives**

**1.1.** GAVI Vaccine Introduction Grant: The aim of GAVI's vaccine introduction grant is to facilitate the timely and effective implementation of critical activities in the national vaccine introduction plan in advance of a new vaccine introduction.

**1.2.** GAVI Operational Support for Campaigns: The aim of GAVI's operational support for campaigns is to facilitate the timely and effective delivery of vaccines to the target population.

**1.3.** Both types of grants are one-time investments expected to cover a share of the pre-introduction activities and campaign operational costs, respectively, with the remainder being funded by the government and partners, if necessary. The government contribution aims to ensure country ownership of the new vaccine introduction and the campaign.

#### **2. Scope**

**2.1.** The introduction grant policy applies to first introductions of all vaccines supported by GAVI, including vaccines introduced on a routine basis following campaigns.

**2.2.** Pre-introduction activities that may be funded through the GAVI vaccine introduction grant may include but are not limited to health worker training, information, education and communication (IEC) and social mobilisation, micro planning, expansion or rehabilitation of some cold chain equipment and additional vehicles if needed, printing and purchase of materials (such as immunisation cards), technical assistance, and modifications to the surveillance systems. The government is encouraged to work with civil society organisations and other in-country partners to determine how these activities are best carried out.

**2.3.** In addition, for GAVI operational support for campaigns, the following types of expenses may also be included: volunteer incentives for vaccine delivery or monitoring, health workers and supervisor per diems, cold boxes and ice packs, transport, monitoring and evaluation and civil society organisation and/or volunteer incentives for social mobilisation.

**2.4.** The introduction costs covered by the GAVI grant are start-up investment costs, distinct from incremental recurrent costs resulting from the

addition of a new vaccine to the immunisation schedule that would occur year after year. This grant is not intended to cover such recurring delivery costs.

### **3. Operating guidelines**

**3.1.** Application of the policy should be guided by GAVI's operating principle to support national priorities, integrated delivery, budget processes and decision-making, as well as by the following guidelines:

- Vaccine introduction grants and support for operational costs of campaigns can be used in a flexible manner by countries to cover the types of expenses mentioned above.
- The grants are intended to help cover initial start-up investment costs of introducing a new vaccine and for conducting the campaigns, but not as the sole source of funding for these costs.
- The grants should be made in a timely way ahead of first introductions and campaigns;
- The procedures and requirements related to these grants should be simple to understand and implement by countries;
- The grants are separate from other forms of cash support.
- The grants cannot be used to fund co-financing obligations or vaccines.

### **4. Funding Levels**

**4.1.** Vaccine introduction grant for all GAVI supported vaccines delivered to infants on a routine basis: GAVI provides US\$0.80 per child in the birth cohort (based on 80% of estimated average per child introduction costs) for the year of introduction or a lump sum amount of \$100,000 whichever is higher.

**4.2.** Vaccine introduction grant for GAVI supported HPV vaccines delivered to adolescent girls on a routine basis: GAVI provides \$2.40 per girl in the country's target population (based on 80% of estimated average per girl introduction costs) for the year of introduction or a lump sum amount of \$100,000 whichever is higher.

**4.3.** Operational support for all GAVI supported vaccine campaigns: GAVI provides \$0.65 per individual in the country's target population (based on 80% of estimated average campaign operational costs) for the year of the campaign.

### **5. Phased vaccine introductions or campaigns**

**5.1.** Countries that are approved for phased vaccine introductions or campaigns will receive grants corresponding to the size of the target population approved in that proposal. Subsequently approved proposals for further roll out of the vaccine or campaign would be eligible for an additional grant, the size of which would again correspond to the incremental target population.

## **6. Product switches**

**6.1.** Countries can apply for an additional grant to facilitate transition to a new product for an existing antigen if it can show that at least two of the following criteria are met:

- The switch to a different product is requested by GAVI or its procurement partners
- The new product requires larger cold chain capacity and requires an expansion at country level.
- The new product represents a change in terms of administration and handling for health workers or other staff involved in the vaccine management and requires additional training because the product features are new to the country.

**6.2.** The size of the grant for product switches will correspond to one third of a full vaccine introduction grant (rounded to \$0.25 per child for infant vaccines and \$0.8 per girl for HPV vaccines).

## **7. Application, reporting and oversight**

**7.1.** Countries apply for new vaccine introduction grants and operational support for campaigns as part of their normal application for vaccine support to GAVI.

**7.2.** Countries are requested to report on the use of the grants in their annual progress reports to GAVI.

**7.3.** The cash grants will be subject to fiduciary oversight measures: Introduction grants and operational support for vaccine campaigns of \$250,000 or more require mandatory audits when these funds are directly disbursed to countries. One quarter (25%) of the grants below \$250,000 will be selected at random for audit, which means that, countries are expected to maintain adequate books and records for these amounts.

## **8. Effective date and review of policy**

**8.1.** This policy comes into effect as of 01 September 2012 and will apply to all new vaccine introductions and campaigns taking place after this date.

**8.2.** The grant funding levels as well as the financial management requirements will be reviewed every two years by the GAVI Secretariat in consultation with partners to take into account new evidence of actual costs of introductions and campaigns and to include vaccines that may be added to GAVI's portfolio in the future. The new levels and vaccines will be reflected in an updated policy.

**8.3.** A full review and update of the policy should take place in 2017.

## ANNEX 6

### Joint Financing Agreement

The Government and GAVI have entered into a Joint Financing Agreement dated 18 August 2010 (the “**Joint Financing Agreement**”) in relation to GAVI’s contribution towards the funding of the second phase of the Nepal Health Sector Program Implementation Plan 2 (“**NHSP II**”). The terms and conditions set out in the Joint Financing Agreement will apply to the Programme that supports the activities relating to NHSP II as described in the agreement.

Paragraphs 16 (Monitoring and reporting), 17 (Monitoring and evaluation), 22 (Investigations), 24 (External audits), 25.1 (Bank accounts) and 25.2 (Interest) of Annex 2 of this Agreement shall apply to NHSP II to the extent applicable for the duration of the Joint Financing Agreement.

In accordance with paragraph 11 of the Joint Financing Agreement, in the case of any inconsistency or contradiction between the provisions and conditions of the Joint Financing Agreement and this Agreement, the provisions of this Agreement will prevail.



Government of Nepal  
**MINISTRY OF FINANCE**

(Foreign Aid Coordination Division)

SINGHADURBAR  
KATHMANDU, NEPAL

Ref.no. FACD/Health/NHSP II-150/2010/2011

05 July, 2011

AusAid  
Bansbari, Kathmandu  
DFID  
Jawalakhel, Lalitpur  
The World Bank  
Hotel Yak & Yeti Complex, Durbar Marg, Kathmandu  
GAVI Alliance,  
Geneva Switzerland  
USAID  
Maharajgunj, Kathmandu  
UNICEF  
UN House, Pulchowk, Lalitpur  
UNFPA  
Sanepa, Lalitpur  
WHO  
UN House, Pulchowk, Lalitpur

RECEIVED  
11 JUL 2011  
Ref. 1275

**Sub: NHSP II, Joint Financing Arrangement.**

Dear Sir/Madam,

I am pleased to forward you an original copy of the Joint Financing Arrangement (JFA) for Nepal Health Sector Program II (NHSP II) signed by all development partner for your kind information and record.

With best regards,

Yours sincerely,

*Surendra Pandey*  
Surendra Pandey  
Section Officer

**Joint Financing Arrangement  
Nepal Health Sector Program II (NHSP 2)**

*August 18, 2010*

This **Joint Financing Arrangement** made between

The Government of Nepal (hereinafter referred to as “GON”)

and

The Government of Australia, represented by the Australian Agency for International Development (“AusAID”);  
The United Kingdom of Great Britain and Northern Ireland, represented by the Department for International Development (“DFID”);  
The International Development Association (“IDA”);  
The GAVI Alliance (“GAVI”)  
(with potential future signatories collectively referred to as the “**Pooling Partners**”)

and

The United States of America represented by the United States Agency for International Development (“USAID”);  
The United Nations Children’s Fund (“UNICEF”);  
The United Nations Population Fund (“UNFPA”);  
The World Health Organization (“WHO”)  
(with potential future signatories collectively referred to as the “**Non-Pooling Partners**”, and, together with the “**Pooling Partners**” referred to as the “**Partner Signatories**” )

1. WHEREAS GON has requested the support of the Partner Signatories to contribute towards the funding of the second phase of the next five years of the *Nepal Health Sector Program 2010/11-2015/16* described in the Nepal Health Sector Program Implementation Plan 2 (hereinafter referred to as the “NHSP 2”) related to the provision of essential health services and health systems strengthening and aiming to achieve agreed upon high priority results. GON and the Partner Signatories together are hereinafter referred to as “**the Signatories**”;
2. WHEREAS GON has committed itself to provide an agreed level of funding to the implementation of NHSP 2 and intends to enter into agreements/arrangements with the Partner Signatories for credits/grants to assist in financing the NHSP 2 on the terms and conditions to be set forth separately in an agreement/arrangement to be entered into between GON and each of the Partner Signatories;
3. WHEREAS the Signatories have committed themselves to the principles of harmonization in the spirit of the *Paris Declaration on Aid Effectiveness and Accra*

*Agenda for Action* (all five principles), and to the principles of harmonization as reflected in the *Statement of Intent to Guide the Partnership for Health Sector Development in Nepal* (hereinafter referred to as the "Statement of Intent") and the International Health Partnership National Compact as reflected in this Joint Financing Arrangement (hereinafter referred to as the "JFA") and strive to reach the highest degree of alignment with the financial management system of Nepal which include budgetary and accountability system so as to enhance effective implementation and to harmonize with the country system and to reduce the administrative burden of GON;

4. WHEREAS respect for inclusiveness, evidence-based programming, the rule of law and good governance form the basis of the co-operation and constitute essential elements of this JFA;
5. NOW THEREFORE, the Signatories to this JFA have come to the following understandings:

I. **Objectives of the NHSP 2 and Scope of the JFA**

6. The support for NHSP 2 is anticipated to build on the support to the current health sector program (NHSP 1) while the Signatories are keen to address more explicitly some of the challenges facing the sector, such as governance and equity. At the same time, the support will remain focused on working towards achieving the Millennium Development Goals (MDGs), especially those where progress towards the targets needs to improve. Consistent with the stated government's health sector program goals and objectives, the proposed objective of the support is to enable the Government of Nepal to increase access to essential health care services and their utilization by the underserved and the poor.
7. This JFA sets forth the joint provisions and procedures for financial support to the Health Sector Program (NHSP 2) and serves as a co-ordination framework for consultation among the Signatories for NHSP 2 monitoring and decision-making, joint reviews of performance, common procedures on financial management including disbursement, accounting, procurement, reporting and audits. This JFA, however, is not an international treaty. Undertakings by Non-Pooling Partners with respect to joint decision-making, reporting, procurement, financial management, audit, suspension and other remedies are made only to the extent practicable with the existing requirements and policies of the relevant Non-Pooling Partner Signatory, as such requirements and policies may be amended from time to time.
8. The Partner Signatories' support referred to in this JFA will apply to the part of the global Ministry of Health and Population (MOHP) budget that is not financed by direct contributions to the Government of Nepal's "Redbook" provided by national or international agencies or organizations including bilateral and multilateral donors, technical agencies, INGOs or NGOs.
9. The support will take the form of pre-financing by GON to be adjusted on ex-post on the basis of the actual execution and spending of the NHSP 2.
10. The financial commitments of the Partner Signatories will be confirmed separately in

bilateral agreements/arrangements to be concluded between GON and each of the Partner Signatories. In addition, as NHSP 2 is a five year program, GON welcomes an indicative contribution for the entire five-year period.

11. The Partner Signatories will establish bilateral agreements/arrangements that are compatible with the spirit and provisions of this JFA and will refrain, as far as possible, from setting conditions in the bilateral agreements/arrangements that contradict or diverge from the spirit of this JFA. In case of any inconsistency or contradiction between the provisions and conditions of this JFA and any of the bilateral agreements/arrangements, the provisions of the bilateral agreements/arrangements will prevail. Insofar as specific agreements on specific items made in bilateral agreements/arrangements should deviate from the provisions in this JFA, the Partner Signatory concerned will make best efforts to identify and inform the other Signatories thereof by supplying a copy of the bilateral agreement/arrangements to the Signatories, specify the deviations and suggest how to resolve them in case of inconsistency with this JFA.
12. Progress in the implementation of NHSP2 and in the achievements of its objectives will be measured through the common procedures for monitoring and reporting as described in sections IX and X (refer to Annex 1 NHSP 2 - Schedule of Monitoring and Reporting). The Partner Signatories will refrain from making additional unilateral demands on the GON for additional reporting above what has been stated herein and any changes in monitoring and reporting procedures will not be made without prior consultations among Partner Signatories and GON including all users within the GON of the information.

## **II. Representatives**

13. In matters pertaining to this JFA, GON will be represented by the Ministry of Finance ("MOF"). The responsibility for the implementation of the NHSP 2 not affecting the overall responsibilities of GON or the MOF will lie with the Ministry of Health and Population ("MOHP")/Department of Health Services ("DOHS").
14. In matters pertaining to this JFA, the representative of each Partner Signatory will be as identified in their respective bilateral agreements/arrangements or notified separately to the GON.
15. Unless otherwise stated, notices and other communications required or suggested under this agreement should be communicated in writing to the representative of each Partner Signatory.

## **III. Responsibilities of GON**

16. GON will make all possible efforts to facilitate the successful implementation of the NHSP 2, and will commit itself to:
  - a. the overall responsibility for the planning, administration, procurement, financial management and implementation of the NHSP 2;

- b. establish a Foreign Currency Account ("FCA") in United States Dollars in the name of GON at the Nepal Rastra Bank ("NRB"). The FCA will be utilised exclusively for the NHSP 2 to which the Pooling Partners will disburse proceeds of their credits/grants and from which funds will be reimbursed;
  - c. ensure that accounts for the NHSP 2 are kept in accordance with GON financial management system, and should comply with the Financial Procedures Act (2055, and as amended) and provisions set forth in the Financial Procedures Regulations ("FPR") of GON (2064, and as amended);
  - d. maintain a financial management system adequate to reflect the transactions, resources, expenditures, and assets under the NHSP 2 and ensure that GON is able to produce timely, relevant and reliable financial information for planning and implementation of the NHSP 2; it will further monitor NHSP 2's progress towards its objectives that will allow the Signatories to evaluate compliance with agreed procedures;
  - e. provide sufficient qualified personnel and release all financial and other resources that are required over and above the funding from the Signatories for the successful implementation of the NHSP 2; and
  - f. promptly inform the Signatories of any condition which interferes or threatens to interfere with the successful implementation of the NHSP 2 and call for a meeting to consult with the Signatories on remedial actions to be taken;
  - g. ensure that each Annual Workplan and Budget (AWPB) is consistent with the priorities of NHSP 2 and the resources available;
  - h. consult and seek the Signatories' agreement on the AWPB as presented to Parliament in each fiscal year and consult with the Signatories on any substantial deviation from the agreed AWPB;
  - i. ensure that resources are channelled to the end user (such as, district health offices, health posts etc.) on a timely basis;
  - j. ensure, by March 31, 2011, the contracting out of Non-State Actors-delivered services to reach populations most at risk of contracting HIV/AIDS (i.e. sex workers, men having sex with men, injecting drug users, high risk migrants and the direct partners of all these groups) with effective prevention, diagnosis and treatment services in their own communities.
17. GON will convene and make adequate arrangements and documentation as stated herein for joint consultations and reviews (refer to Annex 1 NHSP 2 - Schedule of Monitoring and Reporting).

**IV. Responsibilities of the Partner Signatories**

18. The Pooling Partners will make available to Nepal funds to be deposited into the FCA to be used exclusively to finance the NHSP 2.

19. On an annual basis, GON and the Pooling Partners Signatories will review and agree on the AWPB for the NHSP 2 and, subject to the provisions in paragraphs 15, 30 and 33 of this JFA, will commit their contributions. Non-Pooling Partners will commit their contributions, in accordance with their own applicable policies and requirements.
20. The Pooling Partners will ensure timely release of their commitments to the FCA in accordance with the provisions of Section VII below and the bilateral agreements/arrangements described in paragraph 11 above.
21. The Partner Signatories will not bear any responsibility and/or liability to any third party with regard to the implementation of the NHSP 2.

#### **V. Meeting Structure**

22. The Signatories will make best efforts to conduct Joint meetings five times a year including the Joint Annual Review ("JAR") not later than January 30 of each year, three Joint Consultative Meetings ("JCM") on the preparation of the AWPB not later than by the end of March, May, and June of each year, and one additional JCM in September/October of each year, the agenda for which will be decided in consultation with the SWAp partners<sup>1</sup>.
23. At the JAR, the SWAp partners will discuss overall progress against agreed results and targets for the previous fiscal year. The JAR will serve as the annual review meeting. It will include other development partners to the sector that are not party to this JFA.
24. The SWAp partners, the National Planning Commission (NPC), the Ministry of Finance, the Financial Comptroller General Office (FCGO), MOHP/DOHS, the Ministry of Local Development (MOLD) and the Office of the Auditor General (OAG) will be represented at the meeting. Representatives of the Association of INGOs (AIN) and other key stakeholders shall be invited to participate in the meetings. MOHP, in consultation with the SWAp partners, will be responsible for the agenda during the JAR meeting. MOHP will coordinate the meeting and the Secretary of MOHP will chair the meeting, and the outcome will be presented in an Aide Mémoire.
25. The discussions in the JAR meeting will be based on the following reports, which will be submitted by MOHP to the SWAp partners in accordance with the deadlines set forth in Sections IX and XI below, but no later than two weeks prior to the meeting:
  - a) A report on the progress against the indicators in the NHSP-IP 2 results framework; b) a progress report against the NHSP 2 Governance and Accountability Action Plan (GAAP); c) a progress report on the performance in financial management, including any audit questions raised and the actions taken to address them; d) a progress report on the performance with regard to procurement; e) a review of the Technical Assistance provided including the findings of studies, pilots and research activities undertaken; f) a report on progress made in the partnership arrangements and harmonization; g) lessons learned and obstacles encountered in the implementation of NHSP-IP2; and h)

<sup>1</sup> SWAp partners mean the signatories to the Statement of Intent to Guide the Health Sector Development in Nepal of 2004 or any later version thereof.

recommendations for the strategic directions and expenditures priorities for the next AWPB.

26. The Review and Planning Cycle for NHSP 2 is attached to this JFA and the Signatories have agreed to review Section V on the Meeting Structure and the annex at the end of the first year of the NHSP 2 implementation.

**VI. Organizational Structure and Consultations**

27. The Pooling Partners may designate one of them as a contact or focal point ("Focal Point") for communication and information sharing with the GON on matters concerning the implementation of this JFA. However, the Focal Point will not have any authority to make decisions on behalf of the Pooling Partners. The period of a Focal Point will be for one year representing government's fiscal year (that is, July 16 to July 15 of every year). A co-Focal Point ("Co-Focal Point") may also be designated to work closely with the Focal Point and to act when the Focal Point is absent.
28. In case the Pooling Partners chose to designate a Focal Point, the ToR for the Focal Point and Co-Focal Point will be prepared by the Pooling Partners in consultation with MOHP and decided upon among the Pooling Partners, and a copy of the ToRs will be shared with the Signatories and other SWAp partners. The selection of the Focal Point and Co-Focal Point, if any, as well as any changes made during the timeframe of this JFA, will be communicated to the MOF and MOHP/DOHS in writing by the Focal Point.
29. The Signatories will co-operate and communicate fully and in a timely manner with each other on all matters relevant to the implementation of the NHSP 2 and this JFA. Signatories will share all information on financial matters and flow of funds, plans to carry out reviews, missions, and any other initiatives relating to the implementation of the NHSP 2.

**VII. Pooling Mechanism**

30. The indicative funding levels of the Pooling Partners for the following fiscal year will be discussed in the January JAR.
31. The Pooling Partners will provide a funding commitment in the month of July/August of each fiscal year to be presented to the GON in a schedule showing the amount and time of contribution by each Pooling Partner. The commitment will be subject to the Pooling Partners' subscribing to the AWPB and will take into account the budget and cash forecast statement of the NHSP 2.
32. In the light of these commitments the Pooling Partners will determine their share of funding for the coming fiscal year for the total NHSP 2.
33. Changes within the year of commitments or schedule of disbursements by the Pooling Partners or additional commitments from SWAp partners, that are becoming signatories to this JFA and subsequently becoming new Pooling Partner(s), will be discussed and agreed upon between the Signatories before such adjustments are made.

34. The disbursements by the Pooling Partners to the FCA will be as follows:
- a. The Pooling Partners will usually make an advance deposit into the FCA with at least their share of the first two trimesters' expenditure estimates for the fiscal year;
  - b. GON will make withdrawals from the FCA for reimbursing the NHSP 2 equivalent to the Pooling Partner's share based on actual expenditures during the period;
  - c. GON will present Implementation Progress Reports ("IPRs"), as further described in paragraph 50 of this JFA, among others showing funds utilized during the trimester, the cash balance position of the FCA, and the cash forecast for the remaining fiscal year;
  - d. In the event of the cash balance position in foreign currency being more than the funds required for the next two trimesters, no transfers of funds would need to take place from the Pooling Donors to the FCA;
  - e. Any outstanding advance may be liable for repayment or deduction against the advance for the following fiscal year;
  - f. There may be a final adjusted disbursement for the fiscal year on the basis of the certified third trimester FMR and the annual financial statement. This adjustment will be made in the second trimester of the following fiscal year.
  - g. The Pooling Partners, as suitable to their respective funding cycle, may advance to the FCA the full amount as committed for the fiscal year or for the full program period or any amount as convenient to them with the assurance that the funds so transferred will be closely monitored, tracked and reported by the IPRs.
  - h. Should there be any material deviation from the agreed AWPB, the Pooling Partners may withhold part or all funding by notification to the GON.
35. The MOHP is responsible for forwarding the relevant financial reports, as certified by the MOHP Secretary, and for submitting the request for disbursement in writing in accordance with the provisions of this JFA, to the World Bank for its review on behalf of the Pooling Partners.
36. The World Bank, in consultation with Pooling Partners, will have 15 calendar days, upon receipt of the request for disbursement from MOHP, to review the request and the reports; and clarify any outstanding issues including validity of cash forecasts for the following two trimesters with the MOF, FCGO and MOHP.
37. In the event of there being a 'no objection', the World Bank will advise the Pooling Partners to deposit additional funds to the FCA, if required, to meet their share of the agreed funding, which should take place no later than 30 calendar days after the receipt of GON's request.
38. In the event of there being issues which are not possible to clarify within the 15 calendar days period indicated in Para 35 above, the above process will be suspended until

outstanding issues are resolved. GON and the Pooling Partners will make their best endeavours to resolve any such issues as quickly as possible.

39. Following confirmation from NRB, MOHP will immediately acknowledge receipt of the foreign currency funds, in writing, to the concerned agency and a copy to the World Bank.
40. The FCA will be a non-interest bearing account. No fees and commissions will be charged for the operation of the account without prior agreement of the Signatories.
41. The exchange rate at which funds from the FCA will be converted into Nepalese rupees will be the official buying rate of the NRB on the date of conversion.
42. The FCA will be used only for the purpose of reimbursing the amount to GON's consolidated fund following the certification of actual expenditures. There will be no direct expenditure on the procurement of imported goods and services from the FCA. The procurement of such items will take place in accordance with Section VIII below. Upon MOHP requests, foreign exchange currency payments will be promptly facilitated by GON, as per GON regulations.

#### **VIII. Procurement financed under the Pooling Mechanism**

43. GON undertakes to effect all procurement of works, goods and services for the NHSP 2 with the assistance of a procurement assistance consultant, the ToRs for which have been agreed upon between the MOHP and the Pooling Partners.
44. All procurements requiring National Competitive Bidding (NCB) will be performed in accordance with generally accepted principles and good procurement practices and in conformity with GON's Public Procurement Act 2063 and Public Procurement Regulations 2064 with the exceptions outlined in footnote 1. The "Guidelines for Procurement under IBRD Loans and IDA Credits" published by IDA in May 2004, as amended in October 2006 ("Guidelines") will be applied for all procurements requiring International Competitive Bidding (ICB)<sup>2</sup>. The procurement of consultants' services will

<sup>2</sup> Goods estimated to cost less than \$500,000 equivalent per contract and works estimated to cost less than \$1,000,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding in accordance with the provisions of the Public Procurement Act (and regulations made thereunder), subject to the following: a) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee; b) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders; c) bids shall be opened in public in one place, immediately after the deadline for submission of bids; d) qualification criteria (in case pre-qualifications were not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance; e) evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format and specified period agreed with the International Development Association ("the Association") and contracts shall be awarded to the lowest evaluated bidders; f) rebidding shall not be carried out without the prior concurrence of the Association; g) extension of bid validity shall not be allowed without the prior concurrence of the Association (A) for the first request for extension if it is longer than four (4) weeks and (B) for all subsequent requests for extension irrespective of the period; and h) there shall not be any restrictions on the means of delivery of the bids.

be carried out in accordance with IDA's "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised October 2006.

45. During the consultations on the draft AWPB as described in paragraph 24 of this JFA, and as an annex to the draft AWPB, MOHP will provide the Pooling Partners for their review a consolidated draft annual procurement plan ("Procurement Plan"), which will include on-going contracts rolling over from previous procurement plans. The Procurement Plan will reflect all planned procurement activities for goods, works and services.
46. The Consolidated Procurement Plan includes all procurements of goods, services and works to be financed under the sector program and procured pursuant to International Competitive Bidding (ICB), National Competitive Bidding (NCB) and other procurement methods.
47. During implementation of the Procurement Plan, MOHP will provide the Pooling Partners with procurement monitoring reports concerning progress in implementation of the Procurement Plan and identifying any contracts that were not included in the previous Procurement Plan as part of the Implementation Progress Reports.
48. In each of the procurement monitoring reports, MOHP will also provide information concerning awarded contracts, appointment of consultants, and any material modifications to the terms and conditions of such contracts after their award.
49. MOHP will, upon request, furnish with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents.

**IX. Reporting**

50. The "Implementation Progress Reports" (IPRs), comprising the progress reports described below will be accepted by the Partner Signatories as the only reports required for financial monitoring and physical progress monitoring. The Pooling Partners will use the IPRs as the basis for disbursement to the FCA each trimester and the Non-Pooling Partners will use the IPRs as the basis for disbursement to their designated accounts. These reports will be produced by MOHP and submitted to the World Bank, copied to all Partner Signatories within 45 calendar days of the end of each trimester and will include the following:
    - a. Annual outputs-and-outcome based physical progress report in NHSP implementation.
    - b. A report certified by the MOHP Secretary for each trimester and information on the sources and uses of funds, transfers to and from the FCA/designated accounts, in accordance with the format provided in Annex 2 to this JFA and with a copy of the bank statement for the account(s), from the NRB in case of the FCA.
    - c. One consolidated financial report for allocation and expenditures for the health sector, comparing actual and budgeted figures for the trimester and cumulatively
-

for the fiscal year to date, in accordance with the format provided in Annex 3 to this JFA.

- d. A cash forecast statement for the following two trimesters accounting for the current balances in the FCA/designated accounts.
  - e. An update on the consolidated Procurement Plan for goods, services and works.
  - f. Procurement monitoring reports concerning progress in implementation of the Procurement Plan and identifying any contracts that were not included in the previous Procurement Plan.
51. The following financial statement will be produced by MOHP and submitted to the Partner Signatories on an annual basis: the third trimester IPR, which will serve as the un-audited annual financial statement for the health sector, to be certified by the FCGO by 15 October of the following fiscal year.
52. The financial reporting will compare costs for actual activities for the current reporting period with the budget for the same period, and in the same currency.
53. The following program performance reports will be produced by MOHP and submitted to the World Bank, copied to the Partner Signatories, on an annual basis: (a) consolidated output-based progress report for the previous fiscal year relating to NHSP expenditure and outputs in accordance with the output monitoring report of the IPRs by December 31 of the following year; and (b) consolidated annual progress report by December 31 on outcomes and processes for the previous fiscal year in the format decided upon between the Signatories.
54. The Signatories have agreed to review this Section IX of this JFA at the end of the first year of NHSP 2 implementation, to determine whether any adjustments need to be made.

**X. Monitoring and Evaluation**

55. As part of the preparation for the JAR meeting, the SWAp partners will jointly conduct an external technical review of past performance and future financial needs. The ToR for the technical review will be drawn up by September 30 of each year and consultants identified by MOHP and the SWAp partners.
56. MOHP and the SWAp partners will develop an evaluation design prior to the first JCM. This evaluation design will be the basis on which the Signatories and other DPs will evaluate the impacts of the program both at mid-term and closing stages of the program.
57. The SWAp partners may jointly conduct a mid-term review of NHSP 2 progress in (i) meeting program outcomes, (ii) legislative or financial actions, (iii) the use of program funds, and (iv) capacity development measures. The SWAp partners will elaborate the ToRs of the review to be discussed at a JCM meeting. The MOHP, in collaboration with the SWAp partners, will coordinate and manage the review process. The Signatories will rely upon the Performance Audit to be carried out by OAG, as stated in paragraph 61 of this JFA, and GON will ensure that the Performance Audit Report is discussed at the Public Accounts Committee (PAC) of the Parliament to ensure parliamentary oversight

on findings and recommendations for improving program implementation.

58. The SWAp partners will jointly conduct an external evaluation in the last year of NHSP 2 (2015). The MOHP, in collaboration with the SWAp partners, will prepare a ToR for the evaluation to be agreed at not later than January 2015 during the JAR meeting of the NHSP 2.
59. The Pooling Partners will designate the World Bank to carry out a detailed fiduciary review covering both the financial management and procurement every six months as part of ensuring fiduciary controls and arrangements. The World Bank will closely coordinate with the Signatories while carrying out such a review and will share the findings of the review.
60. The Partner Signatories will, to the extent possible, refrain from initiating unilateral reviews/evaluations of the NHSP 2. However, in case a Signatory desires or is required to conduct a review/evaluation, the Partner Signatory will consult with the other Signatories in a timely manner and proceed in a manner satisfactory to all Signatories.

**XI. Audit**

61. With respect to the NHSP 2, MOHP will submit to the GON copied to the Partner Signatories an annual audit report of the health sector for each fiscal year as audited by the OAG, no later than 15 January of the following fiscal year. The audit report will include the audit of the FCA and the local currency accounts. Such audit shall be carried out in accordance with auditing standards, prevailing statutes, and additional terms of reference if required, agreed between OAG and the Partner Signatories. MOHP will also submit the related sections of NHSP 2 in the Auditor General's Annual Report as soon as available.
62. A performance audit will be carried out once every two years by the OAG, or at its discretion, with the support of appropriately qualified auditors contracted under its authority. The Signatories may also request public expenditure tracking survey (PETS) studies to be carried out by the FCGO, or at the discretion of FCGO, with the support of appropriately qualified consultants under its authority. GON will provide adequate resources for such a purpose. The selection of the auditors and/or consultants and timing for such audit or expenditure tracking will be done in close collaboration with the Pooling Partners. The Signatories and OAG will jointly agree on the ToR in case of Performance Audit and with FCGO in case of PETS. Based on the outcome of such audit, the Pooling Partners may convey to GON any corrective measures they consider needed to be undertaken.
63. The Partner Signatories will to the extent possible refrain from initiating unilateral audits of the NHSP 2. However, in case a Signatory is required to conduct such an audit or review, this Partner Signatory will consult with the other Signatories and OAG in a timely manner. GON will offer all reasonable support to facilitate such audits/inspections. The cost of this audit/inspection will be covered by the Partner Signatory or Partner Signatories conducting such audit or review through separate arrangements including social audits.

**XII. Non-Compliance**

64. In case of non-compliance with the provisions of this JFA and/or violation of the essential elements mentioned in this JFA, the Partner Signatories reserve the right to partially or fully suspend further disbursements to the NHSP 2 and/or to reclaim and/or require a refund of all or part of the funds already transferred or to invoke other remedies as provided for in their respective agreements. Such non-compliance includes *inter alia* that:
- a. substantial deviations from AWPB are observed or mis-procurement is declared;
  - b. NHSP 2 implementation does not comply with the conditions of this JFA;
  - c. the NHSP 2 develops away from its agreed objectives and results framework.
  - d. the suspension is warranted by a fundamental change in circumstances compared to those which existed at the start of the NHSP 2, and
  - e. any case of fraud or corruption is observed or reported and the GON fails to take appropriate action as spelled out in Section XIII.
65. If the contracts with Non-State Actors for the purpose of the delivery of services in the context of the response to HIV/AIDS, as described in paragraph 15 j. of this JFA, will not have been signed by March 31, 2011, the Pooling partners will jointly decide on an appropriate alternative for the related contracting and financing arrangements after assessing the value of these contracts/activities in consultation with the Ministry of Health and the Ministry of Finance. The financing of these contracts will in such case become ineligible for funding under the AWPB and the Government of Nepal will need to put in place alternative arrangements acceptable to the World Bank, on the Pooling Partners' behalf. The amounts committed under the pooling arrangement by the other Pooled Partner will not be affected.
66. If a Partner Signatory has the intention to suspend disbursements, cancel and reclaim funds or terminate its support for reasons of non-compliance, the Partner Signatory concerned will call for a meeting with the other Signatories to seek a mutually acceptable solution and to reach a joint position on the remedial measures required as far as possible. However, in the event of non-compliance, Partner Signatories reserve the right to exercise remedies under their respective bilateral agreements with the Government. In case a Partner Signatory decides to suspend disbursement, notification to this effect will be provided by the concerned Partner Signatory to other Signatories.
67. The Suspension shall cease when the concerned Partner Signatory has determined and notified the GON that the event/events which gave rise to suspension have been corrected and/or have ceased to exist. Notification to this effect will be provided by the concerned Partners Signatory to other Signatories. No delay in exercising a right or remedy in connection with this Agreement will be construed as a waiver of such right or remedy.

**XIII. Corruption**

68. The Signatories will promptly inform each other in case of any incidence of inappropriate

use of funds or corruption as investigated by responsible anti-corruption bodies.

69. The Signatories will co-operate on preventing corruption within and through NHSP 2, and will require that the Ministry's staff and consultants under projects or programmes financed by Donors refrain from offering third parties, or seeking, accepting or being promised by third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, which could be interpreted as an illegal or corrupt practice.
70. The Partner Signatories reserve their right to exercise remedies as set out in their bilateral agreements with the Government, consistent with their commitment to good governance, accountability, and transparency, if the GON fails to timely act with a satisfactory resolution on the cases of alleged corruption reported.

**XIV. Governance Accountability Action Plan (GAAP)**

71. In order to ensure good governance in the implementation of NHSP 2, the Signatories agreed to a set of actions called the GAAP, as provided in Annex 4 to this JFA, which will address governance and accountability issues that relate to the management of the NHSP 2, financial management, procurement management and social accountability tools. Progress against the implementation of the GAAP will be reported during the JAR meeting in December each year. The GAAP will be updated annually after the JAR.

**XV. Modification, Pooling Donor Accession, Withdrawal**

72. Any modification or amendment of/to the provisions of this JFA will only be effective if decided in writing by all Signatories.
73. The Signatories welcome the accession to this JFA by other External Development Partners (EDPs) who wish to support the NHSP 2.
74. The accession of any other EDP will be confirmed upon an EDP's written request and acceptance of the provisions and conditions of this JFA. An addendum will be prepared and attached to the JFA, to allow the EDP to become a Signatory to the JFA.
75. In case a Pooling Partner intends to withdraw/terminate its support, the Pooling Partner will call for a meeting to inform the other Signatories on its decision and to consult on the consequences for the NHSP 2. Each Pooling Partner reserves the right to withdraw/terminate its support to the NHSP 2 by giving the other Signatories three months written notice.

**XVI. Dispute Settlement**

76. If any dispute arises between the Signatories as to the interpretation, application or performance of this JFA, the Signatories will consult with each other in order to reach an amicable solution.

**XVII. Entering into Effect**

77. For GON, DFID, USAID, UNICEF, UNFPA, WHO and IDA, this JFA comes into effect on August 18, 2010, for other individual Pooling Partners and Non-Pooling Partner Signatories, on the date of their respective signature, and will remain in effect until all obligations under this JFA have been completed.

THE GOVERNMENT OF NEPAL ("GON")

By [Signature]  
Name \_\_\_\_\_  
Date \_\_\_\_\_

POOLING PARTNERS

The Government of Australia, represented by the Australian Agency for International Development ("AusAID")

By [Signature]  
Name SUSAN GARCIA  
Date 28/1/11

The United Kingdom of Great Britain and Northern Ireland represented by the Department for International Development ("DFID")

By [Signature]  
Name NICHOLA LEAKE  
Date \_\_\_\_\_

The International Development Association ("IDA")

By [Signature]  
Name \_\_\_\_\_  
Date \_\_\_\_\_

The GAVI Alliance ("GAVI")

By [Signature]  
Name CAROLE PRESEN  
Date 15 Nov 2010