



GAVI/14/092/ap/at

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Timor-Leste

10 February 2014

***Timor Leste's reallocation request to the GAVI Alliance  
on health system strengthening cash support***

Dear Minister,

I am writing in relation to Timor Leste's reallocation request for health system strengthening (HSS) cash support.

The Timor-Leste's Health HSS proposal was approved by the GAVI in February 2013 and the country was notified through a decision letter TLS-2013.01(xxxa)P sent in February 2013. The programme was set to start in 2013 but because of a delay in the signature of the Aide Memoire, no funds were disbursed during that year. Additionally, the country has requested GAVI Secretariat to adjust the Year 1 budget from \$US 387,892 to \$US 534,164 providing the following justifications:

- Full year implementation in Year 1 (2014) instead of half year in 2013
- Shift of all cold chain procurement to Year 1, as it was considered inefficient to spread the procurement over a 4 to 5-year period, especially given the costs of administration and transport. (These procurements were based on an EVM conducted in 2011).

GAVI Secretariat has judged this request to be reasonable and therefore this decision letter amends the decision letter TLS-2013.01(xxxa)P and adjusts the programme budget in line with the requested reallocation of funds.

The terms of this grant are as specified in the Appendices to this letter, as well as the Partnership Framework Agreement.

Please do not hesitate to contact my colleague Andrew Thomson at [athomson@gavialliance.org](mailto:athomson@gavialliance.org) or email [gavihss@gavialliance.org](mailto:gavihss@gavialliance.org) if you have any questions or concerns.

Yours sincerely,



Hind Khatib-Othman  
Managing Director, Country Programmes

Attachments: Appendix A: Decision Letter for HSS Cash Support.  
Appendix B: Report of the Independent Review Committee.

cc: The Minister of Finance  
The Director of Medical Services  
Director Planning Unit, MoH  
The EPI Manager  
WHO Country Representative  
UNICEF Country Representative  
Regional Working Group  
WHO HQ  
UNICEF Programme Division  
The World Bank

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

<b>1. Country:</b> Timor-Leste
<b>2. Grant number:</b> 1418-TLS-10d-Y
<b>3. Date of Decision Letter:</b> 10 February 2014
<b>4. Date of the Partnership Framework Agreement:</b> 24 January 2014
<b>5. Programme Title:</b> Health Systems Strengthening (HSS)
<p><b>6. HSS terms:</b></p> <p>The ultimate aim of HSS support is to ensure increased and sustained immunisation coverage through addressing health systems barriers in Country, as specified in:</p> <ul style="list-style-type: none"> <li>• The relevant GAVI HSFP guidelines – please contact your CRO at <a href="mailto:athomson@gavialliance.org">athomson@gavialliance.org</a> for the guidelines.</li> <li>• The relevant GAVI HSFP application form - please contact your CRO at <a href="mailto:athomson@gavialliance.org">athomson@gavialliance.org</a> for the form.</li> <li>• Country's approved grant proposal and any responses to the HSS IRC's request for clarifications.</li> </ul> <p>The HSS cash support shall be subject to GAVI's performance-based funding (PBF). Under this, the HSS support will be split into two payments: the programmed payment (based on implementation of the approved HSS grant) and the performance-based payment (based on improvements in immunisation outcomes). This means that in the first year, Country will receive 100% of the approved ceiling, or programme budget if different (the initial Annual Amount), as an upfront investment. After the first year, countries will receive 80% of the ceiling, or programme budget if different, based on implementation of the grant, and additional payments will be based on performance on immunisation outcome indicators. Note that countries whose total grant budget would fall below US\$3 million are exempt from this 80% rule.</p> <p>Country will have the opportunity to receive payments beyond the programme budget amount, for exceptional performance on the same immunisation outcomes. The maximum programmed payment plus performance payment may be up to 150% of the country ceiling.</p> <p>Given that Country's DTP3 coverage was <b>below 90%</b> in 2011 based on WHO/UNICEF estimates, Country will be rewarded for improving coverage with:</p> <ul style="list-style-type: none"> <li>• \$30 per additional child immunised with DTP3, if DTP3 coverage increases and</li> <li>• \$30 per additional child immunised with first dose of measles containing vaccine, if measles coverage increases.</li> </ul> <p>The performance payments under the performance-based funding shall be used solely for activities to be implemented in the country's health sector.</p>

<b>7. Programme Duration<sup>1</sup>: 2014 to 2018</b>						
<b>8. Programme Budget (indicative) (subject to the terms of the Partnership Framework Agreement, if applicable):</b>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total<sup>2</sup></b>
Programme Budget (US\$)	534,164	334,349	566,385	805,192	758,557	2,998,647
<b>9. Indicative Annual Amounts (indicative) (subject to the terms of the Partnership Framework Agreement):</b>						
The following disbursements are subject to the conditions set out in sections 6, 10, 11 and 12:						
<b>Programme Year</b>	<b>2014</b>	<b>Total<sup>3</sup></b>				
Annual Amount (\$US)	534,164	534,164				
<b>10. Financial Clarifications:</b> The Country shall provide the following clarifications to GAVI <sup>4</sup> : If the bank account information most recently provided to GAVI has changed or changes prior to disbursement, the country will need to complete a bank account information form. Please contact <a href="mailto:gavihss@gavialliance.org">gavihss@gavialliance.org</a> for the form.						

<sup>1</sup> This is the entire duration of the programme.

<sup>2</sup> This is the total amount endorsed by GAVI for the entire duration of the programme. This should be equal to the total of all sums in the table.

<sup>3</sup> This is the amount approved by GAVI.

<sup>4</sup> Failure to provide the financial clarifications requested may result in GAVI withholding further disbursements

**11. Documents to be delivered for future HSS cash disbursements:**

The Country shall deliver the following documents by the specified due dates as part of the conditions for approval and disbursements of the future Annual Amounts.

Reports, documents and other deliverables	Due dates
Annual Progress Reports (APRs). The APRs shall provide detail on the progress against milestones and targets against baseline data for indicators identified in the proposal, as well as the PBF indicators as listed in section 6 above. The APRs should also include a financial report on the use of GAVI support for HSS (which could include a joint pooled funding arrangement report, if appropriate) and use of performance payments, which have been endorsed by the Health Sector Coordination Committee (HSCC) or its equivalent.	15 May 2015 or as negotiated with Secretariat
Interim unaudited financial reports. Unless stated otherwise in the existing Financial Management Requirements between GAVI and the Country, the Country shall deliver interim unaudited financial reports on the HSS cash support no later than 45 days after the end of each 6-month reporting period (15 February for the period covering 1 July – 31 December and 15 August for the period covering 1 January – 30 June). Failure to submit timely reports may affect future funding.	15 February and 15 August
In order to receive a disbursement for the second approved year of the HSS grant (2015), Country shall provide GAVI with a request for disbursement, which shall include the most recent interim unaudited financial report.	As necessary

**12. Other conditions: The following terms and conditions shall apply to HSS support.**

Cash disbursed under HSS support may not be used to meet GAVI's requirements to co-finance vaccine purchases.

In case the Country wishes to alter the disbursement schedule over the course of the HSFP programme, this must be highlighted and justified in the APR and will be subject to GAVI approval. It is essential that Country's Health Sector Coordination Committee (or its equivalent) be involved with this process both in its technical process function and its support during implementation and monitoring of the HSFP programme proposal. Utilisation of GAVI support stated in this letter will be subject to performance monitoring.

Signed by,

**On behalf of the GAVI Alliance**



Hind Khatib-Othman  
Managing Director, Country Programmes  
10 February 2014

**Type of report: Report of the Independent Review Committee**

**Reporting period: N/A**

**Date reviewed: 29 Oct – 2 Nov, 2012**

**Country name: Timor Leste**  
**Type of support requested: HSS Support**  
**Application method: Common Application Form**  
**Country profile/Basic data**

Type of Proposal: New or resubmission	New
Type of application: request template or common form	Common Application Form
Proposal duration	<b>5 Years May 2013- May 2018</b>
Budget required (USD)	2,999,909 US Dollars
GAVI Annual ceiling (USD)	600,000 US Dollars
National health policy strategy plan (NHPSP) duration	2011-2030
Country multi-year plan (cMYP) duration	2011-2015
Final NHPSP included	Yes
Current cMYP included	Yes
Population (year/source)	1.1M (JRF;UNFPA)
IMR (year/source)	46/1000
DTP3 Coverage (country/UNICEF) year	67%

### *1. History of GAVI HSS support*

Declared independent about 10 years ago, Timor Leste has undergone decades of civil conflict and 24 years of occupation by Indonesia, and is classified as a post conflict and fragile state, with a planned transition from a phase of internal security to the next development phase of state building (Transition Plan 2011). Timor Leste has never received GAVI HSS support. This is a new application from a country with a population of 1.1 million (UNFPA), with 70% of the population residing in rural areas. Major health system gaps have been identified by country as limiting its ability to address critical health challenges, especially for underserved and remotely located populations. Country proposes to leverage GAVI resources to fund core strategic interventions to

address identified health systems gaps. The country has two GFATM grants (Rd 5 HIV USD 8.3 M, Rd 7 TB USD5.1 M) that are receiving ratings of A1 and A2 respectively.

## *2. Composition & functioning of the HSCC*

A broad and robust series of key stakeholders' consultations were held across different levels of the country at national, district and sub-districts as well as with development partners and civil society to guide the content development process of this proposal. In July 2012, the existing 'Overall AID Advisory Board' transitioned to the National Health Sector Coordinating Committee with technical working groups established at the district and sub-district levels to feed back into the process. The Minister of Health chairs the committee with the secretariat domiciled under the Department of Partnership Management (DPM) and Health Policy Cabinet. The Committee has a broad-based membership, representing government units, non-governmental organizations, civil society, government, multi-lateral and bi-lateral development agencies, and other relevant partners and meets quarterly and extraordinary meetings may be called as necessary to address critical issues."

The HSS proposal was developed through a robust consultative process (from April to June 2012) with engagement of a broad range of stakeholders including the MOH, civil society and development partners. Stakeholders established significant *capacity gaps* in 3 main areas, which directly impact on universal access to basic MCH services, including immunization and which moreover are consistent with the gaps identified in the NHSSP.: lack of sufficiently developed Primary Health Care (PHC) Planning Systems, Public Financial Management (PFM) and Monitoring and Evaluation Systems; Middle Level Management capacity to implement these systems for improved program performance and quality; and reach of Community Health Services and Outreach (SISCa) and supporting community participation mechanisms. All participants of the finalization meeting for the proposal made inputs and signed off on the last draft proposal. Proposal was also shared with the SEARO office for preliminary review and comments. The proposal was fully endorsed by the Ministers of Health and Finance for the country.

## *3. Comprehensive Multi Year Plan (cMYP) overview*

The current cMYP is an update of the cMYP developed by the Government of Timor-Leste for immunization activities for 2009-2013. That plan was updated into the second cMYP for 2011-2015 based on the need to align with the new health sector strategy, consideration of strategies and costs for new vaccine introduction (pentavalent vaccine from 2012) and a need to accommodate new program strategies, particularly in relation to surveillance, cold chain management and the development of AEFI systems. The HSSP clearly outlines future directions for the national health system within the framework of "three overarching goals" that will improve accessibility to, and demand for, quality health services; strengthen management and support systems; and strengthen coordination, planning and monitoring. The delivery of the Basic Services Package and "Sisca", a community and private sector participation to deliver integrated community health services clearly and strongly links the cMYP to the overall HSSP.

## *4. Monitoring and Evaluation/Performance Framework*

The principal outcomes of the HSS program proposed by country include:

- Improvement of % DPT3 Coverage from a baseline of 66% in 2010 to 95% in 2018
- Improvement in the % of Children fully immunized from a baseline of 53% to 95% by 2018
- The number of Districts < 80% DPT3 coverage will decrease from 10 to 0 by 2018
- Ante Natal care Coverage (4 Visits) is proposed to increase from 55% to 80% by 2018.
- % children less than 5 years receiving vitamin A increases from 51% in 2010 to 90% by 2018

The first outcome is a cMYP target, while the 2<sup>nd</sup>, 4<sup>th</sup> and 5<sup>th</sup> outcomes are NHSSP targets.

The project end goal is that all districts (13) will be implementing systems of CHC micro-plans, financial management, supervision, performance based management and community participation systems according to national standards by 2018. Country also has clearly linked indicators from the HMIS, the DHS (2009/10) and the Monitoring and Evaluation section of the National Health Sector Strategic Plan 2011 – 2030 into the overall performance framework. Data collection and analysis will use the same systems and the same data collection forms as the HMIS, supplemented by surveys, special studies and the micro-planning and supervision systems described further below. Country will further validate data through DHS surveys, coverage surveys and through DQA activities that have been integrated into the proposal design. Annual and quarterly reviews for the planning system (at central level and at District level) will be utilized to monitor progress. Investments through GAVI (both Vaccine and HSS support) will also be monitored and reviewed through the Joint Annual Reporting (JAR) system along with other development programs including the Global Fund. Country has clearly stated that there will be no special “project” data collection and analysis systems, beyond the baseline data collected in the needs assessments at the commencement of the program which would enable it monitor implementation and progress made. Country has also planned for a mid-term and end of grant evaluation (year 4).

**Strength:** Proposal includes a strong section on relevant M & E strengthening activities

**Weaknesses:** Country is focusing on addressing equity issues across its districts as a strategic approach to increasing immunization coverage. However, there is no indicator that would track equity progress. Also, there does not appear to be plans to disaggregate relevant indicators by sex and geographic location or introduction of intermediate indicators that will monitor progress in gender equality and health equity.

The narrative presents objectives in a different order than they are defined in the LogFrame and repeats partial outcomes in multiple locations. All quantifiable outcomes in the narrative, performance framework and LogFrame need to match.

##### 5. *Linkages to immunisation outcomes*

This proposal clearly demonstrates a good understanding of the health system constraints and bottlenecks for immunization outcomes. By focusing on major health system gaps identified in the national health plan and related development documents, the proposal identifies reasons why immunization coverage has reached a plateau and declining in recent years and professed strategic interventions to address these gaps. With evidence informed and clear demonstration



of the need to focus attention to strengthening service delivery system in order to extend services to unreached populations, proposal focuses on addressing identified gap of low utilization of services in many areas of the country, particularly for the poor, socially disadvantaged and remote populations which is attributable in part to inactive community participation networks and systems, and consequently low demand for CHC and SISca programs. The objectives and the related activities are well linked and well laid out to achieve immunization specific outcomes. Every effort is made to show the linkages with the cMYP and national health strategies and plans. The relationships with other funded activities are also described in an effort to demonstrate the complementarity of the activities and the absence of overlap and duplication. The proposal also commendably demonstrates the extent of the funding gap that is to be covered by support from GAVI with clear delineation of areas to be covered by government funds.

#### *6. Action plan for immunisation results*

The overall goal of the Timor-Leste Health System Strengthening (HSS) proposal is to “reduce Under 5 mortality through improved access to, and utilization of, immunization and related maternal and child health services in hard to reach or unreached areas”. The strategy of this proposal will be to go beyond the existing community outreach services referred to as “SISCa” to reach remote and geographically less accessible hamlets where an estimate 20-30% of the population resides.

Objectives to achieve the goal include:

- **Objective 1:** to improve immunization (increase DPT3 to 95% by 2018) and related MCH coverage and equity through development and implementation of District Management Systems.
- **Objective 2:** to improve immunization (increase DPT3 to 95% by 2018) and related MCH coverage and equity through development and implementation of CHC Micro-Plans.
- **Objective 3:** to improve immunization and related MCH coverage and equity through increasing demand for services and utilization of services, through review and implementation of a community participation policy and strategies.

The country also proposes to utilize GAVI HSS investment to directly support Ministry of Health Policies and Plans (as well as broader development strategies and plans), including Fragility Transition Planning, Decentralization Policy, Gender policy Implementation, Health Equity Strategy, Human Resource Strategy, Health Systems Policy and Strategy, and Immunization Strategy. The GAVI HSS proposal links with the HSSP-SP, which will support the MOH commitment to taking gradual steps towards sector wide management process: “one plan, one budget, one M & E system” through support for CHC micro planning and outreach linked to district investment in health planning and financial management.

#### **Strengths:**

- **Country has used significant scientific and implementation evidence and lessons learned from previous implementation of the first HSSP to inform the design and roll out of its second HSSP. Based on these lessons, country proposes to “aim for a smaller number of activities and aim for a higher quality outcome than attempt to do too much”.**

- All three objectives and use of GAVI support for the Ministry's plans clearly respond to the identified gaps of limited middle level management capacity, lack of application of a consistent model of management systems across the country, low access and utilization of services in many areas of the country, particularly for the poor, socially disadvantaged and remote populations.
- The expected outcomes of these objectives through proposed interventions are to deliver an integrated and improved immunization and Basic Services Package (BSP) that will lead to improved utilization and demand for better quality services by the population; and improved Community Health Centre (CHC) management systems (particularly needs assessment, micro-planning and financial management).
- Other strategies will further extend the immunization services to hard to reach or unreached populations, and in particular to support new vaccines introduction (pentavalent vaccine is being introduced in 2012) through strengthening of vaccine management capacity building and cold chain and transport equipment based on the vaccine improvement plan and cMYP requirements.
- Country's adoption of a phased approach to implementation: Country proposes to start out implementation on a small scale through two districts (urban and rural) selected on predetermined criteria. Lessons learned will then be adopted through a scale up process.
- Country recognizes the role of gender and equity barriers in achieving immunization and other integrated health services outcomes. Country will conduct needs assessment of hard to reach and gender barriers to access, the activities required to reach them, and the costs of these activities. Country would also innovatively focus targeted interventions through the identification of an activity and costing category of "Community Fund" means that will enable planners identify community projects to address equity and gender barriers and include them in micro-plans.

**Weakness:** Roles of the CSO are not clearly spelled out in this proposal considering the significant contribution and extent of their involvement in service delivery in Timor Leste. No indicators relate directly to the contribution of CSOs

**Other Issues:**

**a) Gender :** Inclusion of gender barriers in the rapid assessments for CHCs micro-plans, as well as identification of activities to respond to these barriers, is intended to support GoTL and civil society to mainstream gender as part of ongoing development efforts.

**b) Health Equity:** The analysis of DPT3 coverage rates and immunization numbers data at sub district level data in quarterly reviews should be able to pinpoint whether progress is being made in narrowing gaps in coverage between the general population and communities of higher risk.

**7. Feasibility**

This is a technically strong and well focused proposal that addresses health systems constraints from an evidence informed perspective using an incremental approach that builds on lessons learned. It appears to have a high probability of achieving its set objectives if roll out, implementation, monitoring and evaluation process are well implemented. The pace and the scale of the programmatic interventions are appropriate for the objectives the proposal means to attain.

## 8. *Soundness of the financing plan and its sustainability*

### **Strengths :**

- From the cMYP and other evidence, the Government of Timor-Leste already supports a relatively large proportion of the costs of its immunization program including all vaccine procurement.
- Proposal budget indicates that the larger percentage of costs is for micro-planning implementation (59%) while training accounts for 4%, M and E 12%, and procurement 13%.
- Country proposes three main interventions for programmatic and financial sustainability: –
  - A mainstreamed financial management system to support the financing of operations
  - A supportive supervision system focussed on problem solving and accountability for performance;
  - Policy or nationally endorsed guidelines on micro-planning and community participation that focus managers' attention on hard to populations currently beyond the reach of the SISCa model.

### **Weaknesses:**

- The HSSP is not yet costed and plans to do this are part of year one activities under this grant.
- Timor-Leste spends 13.6% of GDP on health, which is much higher than most regional countries. However, the percentage of government spending on health has declined in recent years from 15 percent of government expenditures in 2007 to only 6 percent in 2010. This is partly explained by country rebuilding as part of its post conflict efforts and the absorptive capacity of the Ministry due to human resource gaps. However, with the increasing income from oil and gas by Timor Leste, there is a need for the government to address these financial gaps urgently.
- Minor budget inconsistencies: with cold chain equipment (Act 2.3.1.2): the unit cost of the cold chain supply in Y 1, the quantities for installation cost solar, refrigerator (10 instead of 8 in budget assumptions), cold boxes (26 & 45 instead of resp.8 & 23 in budget assumption), motorcycle purchase costed at 2,500 in one location and 2,000 in another.

Country is encouraged to pay attention to the TAP recommendations as a precursor to getting funds quickly.

## 9. *Added value*

Proposal seeks to increase immunization outcomes significantly through cost effective approaches and marginal investments for sustainable immunization coverage increases. Furthermore, with clearly demonstrated linkages with other initiatives supported by USAID HADIAK and IPL projects for District Health Strengthening, the proposal will both learn from and support other development partner initiatives at the District level in order to ensure that CHC planning and community participation systems are aligned with national strategies and harmonized with other initiatives.

## 10. *Consistency across proposal documents*

The national strategic development Plan (2011 -2030) forms the backbone for addressing development issues including economic growth across Timor Leste. The revised cMYP is well aligned to the HSSP. Country emphasizes that the HSSP will be implemented in five year cycles leaving enough room for changes as needed. The proposed HSS initiative aligns with the NHSSP, National Health Policy and comprehensive multiyear Plan for Immunization (cMYP) especially through the community participation mechanisms, strengthening of needs based planning models, strengthening immunization in the context of integrated service delivery through the “Basic Services Package”, strengthening of middle level management capacity, and support for planning and financial management system development at the District level and below. The HSS investment also supports the cMYP approach of reaching the unreached through the development and implementation of more effective micro-plans, and through providing more system support for introduction of new vaccines (logistics and transport system support in line with the pentavalent vaccine introduction commencing in 2012).

### *11. Conclusions*

This is a conceptually strong and strategic proposal that represents good practice in Health Systems Strengthening to strengthen immunization programs within a broader MCH services platform.

### **Recommendation: Approval with Level 1 clarification**

#### **Clarifications:**

- Highlight how the estimated 2 to three CSOs/NGOS per district would be involved in actively reaching the underserved in the districts and sub districts.
- Review and clarify budget/work plan inconsistencies with assumptions (see 8 above).
- Country is focusing on addressing equity issues across its districts as a strategic approach to increasing immunization coverage. Therefore consider addressing the GAVI equity indicator.

#### **Note on the IRC report:**

After the IRC reviewed in 2012 the proposal, the country sent the clarifications that were judged satisfactory. However, the programme was not implemented in 2013 and the country requested to GAVI secretariat a reallocation of the budget which is has been approved. Notice that the total budget changed from USD 2,999,909 to USD 2,998,647 as requested by the country.