10 December, 2012

Afghanistan’s 2012 application to the GAVI Alliance for health system strengthening cash support

Dear Minister,

We are pleased to inform you that Afghanistan (“Country”) has been approved for GAVI health system strengthening (HSS) support as specified in the Appendices to this letter.

Based on the GAVI Board decision in November 2011 to roll out performance based financing (PBF) as the default mode of cash-based support for HSS from 2012, we would like to inform you that GAVI’s HSS support for your approved application will be implemented through the PBF instrument. This is designed to provide incentives to improve immunisation outcomes by strengthening health systems, rewarded by linking the cash support to performance. Please see Appendix B for initial information.

More comprehensive information on PBF, including a detailed implementation framework, will be shared in coming months. This will be complemented by additional information sessions at sub-regional or country meetings in 2013.

Please do not hesitate to contact my colleague Anne Cronin at acronin@gavialliance.org or email pbf@gavialliance.org if you have any questions or concerns.

Yours sincerely,

Hind Khatib-Othman
Managing Director, Country Programmes

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

1. **Country**: Afghanistan  
   *Pays*

2. **Grant number**: 1314-AFG-10d-Y  
   *Numéro d'allocation*

3. **Decision Letter number**: 1  
   *Numéro de la lettre de décision*

4. **Date of the Partnership Framework Agreement**:  
   *Date de l’Accord Cadre de Subvention:*
   Not applicable

5. **Programme Title**: Health Systems Strengthening (HSS)  
   *Titre du programme : Renforcement des systèmes de santé (RSS)*

6. **HSS terms**:
   *Conditions du RSS*
   The ultimate aim of HSFP support is to ensure increased and sustained immunisation coverage through addressing health systems barriers in Country, as specified in:
   - The GAVI HSFP guidelines
   - The GAVI HSFP application form
   - Country’s response to the HSFP IRC’s request for clarifications.

   All disbursements under GAVI’s HSS cash support will only be made if the following requirements are satisfied:
   - Availability of funding;
   - Submission of satisfactory Annual Progress Reports (APRs);
   - Approval of the recommendation by an Independent Review Committee (IRC) for continued support by GAVI after the first year;
   - Compliance with any TAP requirements pursuant to the TAP Policy and under any Aide Memoire concluded between GAVI and the Country;
   - Compliance with GAVI’s standard terms and conditions (attached in Appendix D); and
   - Compliance with the then-current GAVI requirements relating to financial statements and external audits, including the requirements set out for annual external audit arrangement applicable to all GAVI cash grants as set out in the aide memoire.

The HSS cash support shall be subject to GAVI’s performance-based funding. 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 grant budget (the initial Annual Amount) as an upfront investment. After the first year, 20 percent of the programme budget (subsequent Annual Amounts) will be subject to performance on immunisation outcomes. That is, countries will receive 80% of the programme budget based on implementation of the grant and additional payments will be based on performance on immunisation outcome indicators.

Given that Country’s DTP3 coverage was below 90% in 2011 based on WHO/UNICEF estimates, Country will be rewarded for improving coverage with:
   - $30 per additional child immunised with DTP3, if DTP3 coverage increases
   - $30 per additional child immunised with first dose of measles containing vaccine, if measles coverage increases.
Country will have the opportunity to receive payments beyond the original approved budget amount, for exceptional performance on the same immunisation outcomes.
The performance payments under the performance-based funding shall be used for solely for activities to be implemented in the country’s health sector.
Performance payments shall not be used to meet GAVI's co-financing requirement.
The implementation framework for performance based funding of GAVI shall apply to the HSS cash support.


8. Programme Budget (indicative)

Note that with PBF, annual disbursements may be more or less than this amount after the first year (see section 6 above).

<table>
<thead>
<tr>
<th>Programme Budget (US$)</th>
<th>2013</th>
<th>2014</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget du programme</td>
<td>6,775,522</td>
<td>11,424,085</td>
<td>18,199,607</td>
</tr>
</tbody>
</table>

9. Indicative Annual Amounts (indicative):

The following disbursements are subject to the conditions set out in sections 6, 10 and 12.

<table>
<thead>
<tr>
<th>Annual Amount (US$)</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montant Annuel</td>
<td>6,775,522</td>
</tr>
</tbody>
</table>

10. Documents to be delivered for future disbursements:

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

<table>
<thead>
<tr>
<th>Reports, documents and other deliverables</th>
<th>Due dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 the PBF indicators as listed in section 6 above. The APRs should also include a financial</td>
<td>15 May 2013</td>
</tr>
</tbody>
</table>

1 This is the entire duration of the programme. Ceci est la durée entière programme.
2 This is the total amount endorsed by GAVI for the entire duration of the programme. This should be equal to the total of all sums in the table. Ceci est le montant total approuvé par GAVI pour la durée entière du programme. Celui-ci doit être équivalent au total de toutes les sommes comprises dans ce tableau.
3 This is the amount approved by GAVI.
DECISION LETTER FOR HSS CASH SUPPORT
LETTRE DE DÉCISION POUR LE SOUTIEN SOUS FORME D’ESPÈCES

report on the use of GAVI HSS funds (which could include a joint pooled funding arrangement report, if appropriate) which has also been endorsed by the Health Sector Coordination Committee (HSCC) or its equivalent, as well as use of performance payments.

11. Clarifications: The Country shall provide the following clarifications to GAVI prior to the disbursement of the Annual Amount in 2012. GAVI will not release funding until it has received such clarifications.

Éclaircissements : [Le pays devra fournir les éclaircissements suivants à GAVI avant le décaissement du montant annuel en [ANNÉE]. GAVI ne débloquera pas le financement avant d’avoir reçu les éclaircissements suivants.]

- Correct all inconsistencies (described in details in the annex C) between the program narrative, log frame and performance framework.
- Adjust immunization coverage estimates in the targets to reflect data as available in the MICS survey and WHO/UNICEF estimates.
- Provide detailed evidence based information on the programmatic and financial gap analysis to better understand the added value of this request from a big picture perspective of the Afghanistan health sector.

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

Autres conditions :

All cash disbursed under HSS support will not be used for GAVI’s co-financing payment requirements.

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 December 2012
APPENDIX B

Update on GAVI’s Health System Strengthening (HSS) cash support: Performance based funding instrument

GAVI’s performance-based funding (PBF) instrument is designed to incentivize countries to improve immunization outcomes by strengthening health systems, rewarded by linking the cash support to performance. As approved by the GAVI Board in November 2011, countries approved for HSS grants in 2012 and onwards will be implementing their grants with the PBF instrument. Under the PBF instrument, GAVI’s HSS cash support will be split into two different types of payments: a programmed payment, based on implementation of the approved HSS grant, and a performance payment, based on improvements in immunization outcomes.

In the first year, all countries will receive 100% of the programme budget (approved grant budget) as an upfront investment. After the first year, 20 percent of the programme budget is no longer assured by making progress in implementation, but will be provided (along with the opportunity to obtain even more—see below) subject to performance on immunization outcomes. That is, countries will receive 80% of the programme budget based on implementation of the grant and additional payments will be based on performance on immunization outcome indicators. The indicators for determining performance payment are different based on whether a country’s DTP3 coverage is at or above 90% (sustained high coverage) or below 90% (coverage in need of improvement) in baseline year (2011) based on WHO/UNICEF estimates. Performance payments will be as follows.

- Countries with DTP3 coverage at or above 90% at baseline will be rewarded for sustaining high coverage with
  - 20% of programme budget for maintaining DTP3 coverage at or above 90%
  - 20% of programme budget ensuring that 90% of districts have at or above 80% DTP3 coverage.

- Countries with DTP3 coverage below 90% at baseline will be rewarded for improving coverage with
  - $30 per additional child immunised with DTP3, if DTP3 coverage increases
  - $30 per additional child immunised with first dose of measles containing vaccine, if measles coverage increases.

With the PBF rewards shown above, countries will have the opportunity to receive payments greater than the original approved programme budget, for exceptional performance on these immunization outcomes (sustaining equitable coverage above 90% or improving coverage with key vaccines).

This PBF instrument offers countries the flexibility to use the reward payments within the health sector, based on the needs of the health sector, without having to provide proposed budgets or activities ahead of time. Requirements for reporting the use of these payments as well as verification for payments will be communicated in early 2013 along with a PBF implementation framework. Performance payments shall be subject to the same annual external audit arrangements applicable to all GAVI cash support, as outlined in the Aide Memoire, and management of these funds is to be performed in compliance with GAVI’s Transparency and Accountability Policy.

At this time, there is no action required by countries. Country responsible officers (CROs) from the GAVI Secretariat will be in contact with you about the PBF instrument. Grant-specific HSS intermediate indicators will be decided jointly with countries in 2013, based on the same indicators included with your grant proposal. This is to support improved implementation and monitoring of the HSS grant.
Appendix C

Type of report: Report of the Independent Review Committee
Date reviewed: 7-11 May, 2012

Country name: Afghanistan
Type of support requested: HSS
Application method: Common Form

Country profile/Basic data

<table>
<thead>
<tr>
<th>Type of Proposal: New or resubmission</th>
<th>Resubmission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of application: request template or common form</td>
<td>Common form</td>
</tr>
<tr>
<td>Proposal duration</td>
<td>2 years (1 April 2013-15 Mar 2015)</td>
</tr>
<tr>
<td>Budget required (USD)</td>
<td>18,199,607</td>
</tr>
<tr>
<td>GAVI Annual ceiling (USD)</td>
<td>9,100,000</td>
</tr>
<tr>
<td>National health policy strategy plan (NHPSP) duration</td>
<td>2007/2008-2012/13</td>
</tr>
<tr>
<td>Country multi-year plan (cMYP) duration</td>
<td>2011-2015</td>
</tr>
<tr>
<td>Final NHPSP included</td>
<td>yes</td>
</tr>
<tr>
<td>Current cMYP included</td>
<td>Yes</td>
</tr>
<tr>
<td>Population (year/source)</td>
<td>31,412,000 (JRF report 2011, for year 2010)</td>
</tr>
<tr>
<td>IMR (year/source)</td>
<td>77/1000 (2010, Afghanistan Mortality Survey mentioned on p 3 of proposal) vs 167/1000 (JRF report 2011, for year 2010)</td>
</tr>
<tr>
<td>DTP3 Coverage (country/UNICEF) year</td>
<td>Country data: 87% (in 2010, routine EPI reports), see p 4, 7 proposal UNICEF: 66% (JRF report 2011, for year 2010)</td>
</tr>
</tbody>
</table>

History of GAVI HSS support
HSS implementation with GAVI financial support started in 2007 and was successfully completed in 2011. Afghanistan submitted new HSS application that was reviewed by IRC in February 2012. Due to substantial technical and budgetary gaps, the IRC recommended a resubmission of the HSS application (see previous IRC report).

1. Composition & functioning of the HSCC
The Consultative Group on Health and Nutrition (CGHN) equivalent of HSCC took the lead on the preparation of the HSS application. A team of technical team assigned by CGHN conducted a gap analysis workshop and defined priorities based on 11 intervention selection criteria through a consultative process (engaging representatives of international development partners and provincial health directors). The team also conducted consultations with in-country stakeholders to analyze the IRC comments on
the previous application. The final draft was prepared in close cooperation with WHO-EMRO and CGHN endorsed it for resubmission.

According to the application (section 1.2) CSOs together with private health organizations (PHOs) participated in the consultative processes aiming at selection of priority interventions.

Annex 6 with the list of 13 participants that endorsed HSFP proposal includes 1 CSO representative.

2. Comprehensive Multi Year Plan (cMYP) overview

cMYP provides a thorough analysis of health care system/context and EPI. In the end of situational analysis section SWOT analysis is presented separately for various system components.

cMYP is aligned with the national health sector plan in terms of definition of challenges. Health related challenges: the application refers to Health and Nutrition Sector Strategy (HNSS) covering the period of 2008-2012; the strategic plan for the Ministry of Public Health (2011-2015) is built on (and is complementary to) the NHSS. It states 10 strategic directions. cMYP refers to 5 “national health priorities” and 10 goals (targets) to be achieved by 2015, and links EPI with the revised MDG targets.

3. Monitoring and Evaluation/Performance Framework

The objective 3, particularly component 3.1 is devoted to the strengthening of M&E framework in the country that would benefit M&E of the HSS implementation.

The M&E National Plan (2012-2014) describes M&E Directorate’s capacity, data and information collection mechanisms, reporting system and contain M&E framework that actually is instrumental to measure M&E directorates performance (and not the performance of health care system, or progress in health system strengthening as one could expect looking at the title of the document).

The HSS proposal performance framework includes 6 outcome indicators. In addition 19 output level indicators are provided with baselines and targets (though for some indicators they are missing). Proposed indicators are instrumental to track the HSS implementation and to assess the results.

A MICS survey in 2010 found that immunization coverage is far lower than administrative coverage. However, all of the targets for increasing immunization coverage are based on administrative coverage. The indicators in the performance framework related to the immunization coverage targets appear unrealistic since these are based on administrative coverage. The target for 2014 is 92% for penta even though the MICS survey found that coverage is 66% (administrative coverage is 87%).

4. Linkages to immunisation outcomes

SWOT Analysis in the cMYP demonstrates a good understanding of health care system barriers to immunization (including “Reform in Health Sector and continuous changes are a potential threat for EPI” recognized as a threat). Most of health care system constraints articulated in the application directly or indirectly affect the performance of the national immunization program.

5. Action plan for immunisation results

The HSS proposal includes a wide range of interventions that are primarily improving EPI services for general as well as underserved population (through objectives 1 and 2). CSO and private sector play an important role in the implementation of a many activities in the proposal, including proposal specific interventions (for example training of Mobile
Health Teams and CHW) as well as improving existing contracting out practices (with focus on EPI and MCH services). The proposal mentions gender issues in relation to the supply of health professionals (mostly female workers) taking into consideration ethnic/cultural specifics.

6. Feasibility
Most of interventions and underlying activities are well explained in the narrative (section 3.2). HSS funds are managed by WHO.

Intervention 2.1 (“To increase DTP3 coverage in Kochi children from 16% in 2010 to 30% in 2014”) does not sound feasible as far as it can be considered as a target for objective #1 rather than as an activity (or a group of activities).

It is not clear enough how or why establishing new hospitals or exploration of “the social impact, the cost effectiveness and the capacity of the private sector to run the newly established hospitals” is relevant to the objective (#1) of increasing immunization and “other essential health services particularly to the undeserved population”.

Some interventions under Objective 1 and 2 look repetitive, especially related to health sub-centers (training of medical staff). The proposal does not explain how mobile phone can deliver important content to illiterate population (if voice calls are not used) in rural areas.

It is not enough clear how health awareness promotions activities under #2.3 differ from 1.1.3 “raise awareness among nomadic population” or how much it is possible.

The HSS proposal is feasible despite some of the weaknesses mentioned above.

7. Soundness of the financing plan and its sustainability
The country provided a detailed budget and, considering the previous IRC report, unit costs were better explained/justified. Unit costs tables (for MHT, CWH training, etc) are not uniform and not easy to understand (e.g. 25% increase in unit costs between 2 columns (in MHT table); budget Detail for Initial Training of Vaccinators, Cold Chain Staff, MoPH, NGOs, and Sub Center Refresher training envisages 90 days for “initial training of vaccinators” (300 vaccinators)).

Some weaknesses were identified in the proposal. These include a budget start date that does not correspond to HSS program start date (2012 vs. 2013); and poorly described approaches to sustainability as this is only mentioned only in the executive summary.

The proposed budget structure can be considered as a factor contributing to sustainability. Though the proposal would have benefited if it demonstrating how the procured assets will be maintained and some other recurrent costs (for example mobile phone user fees) are covered.

8. Added value
The description of current HSS efforts carried out by different development partners is not helpful enough to outline areas where GAVI HSS support can add value to ongoing or anticipating interventions.

While describing HSS objectives it refers to the expansion of the approach piloting in the past aiming at achieving higher immunization coverage: “The proposal builds on the experiences gained and lessons learnt from the piloting of the GAVI funded CSO type B activities in two security compromised provinces.” Activity 1.4 (should be 1.3) demonstrates complementarity of GAVI support in terms of scaling up community IMCI practices in 7 provinces not covered by current HSS efforts.
There is a lack of data on financing the health sector in Afghanistan to obtain a real picture on currently available resources and resources required for a sustainable health sector. To address this gap, a comprehensive funding gap analysis for the health sector of Afghanistan is a proposed activity in the HSFP proposal and should be part of Technical Assistance required from WHO in the year one of support.

With country failing to provide a clear financial analysis, it is challenging to see how this application adds value to on-going HSS efforts.

9. Consistency across proposal documents
Description of health care system context, achievements and major constraints/challenges are consistent across the health sector plans, cMYP and HSS proposal.

The following weaknesses were identified related to consistency across proposal documents:

- The same issues are repeated several times (particularly problems) within the same document that makes difficult to map prioritized problems with interventions addressing them.
- Budget timeframe not consistent with proposal timeframe: e.g. starting in Q1 of Y 1, but in reality starting in Q2 of Y 1 (April 2013 on p 1 of proposal, Performance framework), and the end date needs to be changed accordingly (Q1 of 2015 & not Q4 of 2014)
- Activities grouped by service delivery areas and objectives in the log frame (excel file) and the proposal form do not match.
- Lack of corresponding budget in work plan for activity 1.2.1.2, 1.3.1 & 1.3.4 although timing has been indicated.

The lack of harmony and inconsistencies between proposal and critical components (programmatic narrative, log frame and performance framework) makes it challenging to understand the clear linkages.

10. Recommendations

Recommendation: Approval with Level II Clarifications

Clarifications:
- Correct all inconsistencies (described in details above) between the programmatic narrative, log frame and performance framework.
- Adjust immunization coverage estimates in the targets to reflect data as available in the MICS survey and WHO/UNICEF estimates.
- Provide detailed evidence based information on the programmatic and financial gap analysis to better understand the added value of this request from a big picture perspective of the Afghanistan health sector.
Appendix D

GAVI Alliance Terms and Conditions
Countries will be expected to sign and agree to the following GAVI Alliance terms and conditions in the application forms, which may also be included in a grant agreement to be agreed upon between GAVI and the country:

FUNDING USED SOLELY FOR APPROVED PROGRAMES
The applicant country (“Country”) confirms that all funding provided by the GAVI Alliance for this application will be used and applied for the sole purpose of fulfilling the programme(s) described in this application. Any significant change from the approved programme(s) must be reviewed and approved in advance by the GAVI Alliance. All funding decisions for this application are made at the discretion of the GAVI Alliance Board and are subject to IRC processes and the availability of funds.

AMENDMENT TO THIS PROPOSAL
The Country will notify the GAVI Alliance in its Annual Progress Report if it wishes to propose any change to the programme(s) description in this application. The GAVI Alliance will document any change approved by the GAVI Alliance, and this application will be amended.

RETURN OF FUNDS
The Country agrees to reimburse to the GAVI Alliance, all funding amounts that are not used for the programme(s) described in this application. The country’s reimbursement must be in US dollars and be provided, unless otherwise decided by the GAVI Alliance, within sixty (60) days after the Country receives the GAVI Alliance’s request for a reimbursement and be paid to the account or accounts as directed by the GAVI Alliance.

SUSPENSION/ TERMINATION
The GAVI Alliance may suspend all or part of its funding to the Country if it has reason to suspect that funds have been used for purpose other than for the programmes described in this application, or any GAVI Alliance-approved amendment to this application. The GAVI Alliance retains the right to terminate its support to the Country for the programmes described in this application if a misuse of GAVI Alliance funds is confirmed.

ANTICORRUPTION
The Country confirms that funds provided by the GAVI Alliance shall not be offered by the Country to any third person, nor will the Country seek in connection with this application any gift, payment or benefit directly or indirectly that could be construed as an illegal or corrupt practice.

AUDITS AND RECORDS
The Country will conduct annual financial audits, and share these with the GAVI Alliance, as requested. The GAVI Alliance reserves the right, on its own or through an agent, to perform audits or other financial management assessment to ensure the accountability of funds disbursed to the Country.

The Country will maintain accurate accounting records documenting how GAVI Alliance funds are used. The Country will maintain its accounting records in accordance with its government-approved accounting standards for at least three years after the date of last disbursement of GAVI Alliance funds. If there is any claims of misuse of funds, Country will
maintain such records until the audit findings are final. The Country agrees not to assert any documentary privilege against the GAVI Alliance in connection with any audit.

**CONFIRMATION OF LEGAL VALIDITY**
The Country and the signatories for the government confirm that this application is accurate and correct and forms a legally binding obligation on the Country, under the Country’s law, to perform the programmes described in this application.

**CONFIRMATION OF COMPLIANCE WITH THE GAVI ALLIANCE TRANSPARANCY AND ACCOUNTABILITY POLICY**
The Country confirms that it is familiar with the GAVI Alliance Transparency and Accountability Policy (TAP) and will comply with its requirements.

**ARBITRATION**
Any dispute between the Country and the GAVI Alliance arising out of or relating to this application that is not settled amicably within a reasonable period of time, will be submitted to arbitration at the request of either the GAVI Alliance or the Country. The arbitration will be conducted in accordance with the then-current UNCITRAL Arbitration Rules. The parties agree to be bound by the arbitration award, as the final adjudication of any such dispute. The place of arbitration will be Geneva, Switzerland. The language of the arbitration will be English.

For any dispute for which the amount at issue is US$ 100,000 or less, there will be one arbitrator appointed by the GAVI Alliance. For any dispute for which the amount at issue is greater than US $100,000 there will be three arbitrators appointed as follows: The GAVI Alliance and the Country will each appoint one arbitrator, and the two arbitrators so appointed will jointly appoint a third arbitrator who shall be the chairperson.

The GAVI Alliance will not be liable to the country for any claim or loss relating to the programmes described in this application, including without limitation, any financial loss, reliance claims, any harm to property, or personal injury or death. Country is solely responsible for all aspects of managing and implementing the programmes described in this application.

**USE OF COMMERCIAL BANK ACCOUNTS**
The eligible country government is responsible for undertaking the necessary due diligence on all commercial banks used to manage GAVI cash-based support, including HSS, ISS, CSO and vaccine introduction grants. The undersigned representative of the government confirms that the government will take all responsibility for replenishing GAVI cash support lost due to bank insolvency, fraud or any other unforeseen event.