Dear Minister,

I am writing in relation to Afghanistan’s proposal for Health System Strengthening (HSS) support which was approved by Gavi in September 2015 and communicated to the country through a decision letter dated 15 December 2015.

Kindly note that the Decision Letter attached as Appendix A (the “Decision Letter”) supercedes and updates the decision letter dated 15 December 2015.

Please note in particular the following updated Programme Terms set out in the Decision Letter:

- Section 9, which sets out the Annual Amount in relation to 2016 and 2017; and
- Section 12.1, which sets out certain Grant Management Requirements which have been identified as Disbursement Conditions during the Programme Capacity Assessment.

I would also like to take this opportunity to reiterate the commitments that Afghanistan has made under the Partnership Framework Agreement for Vaccine and/or Cash Support dated 30 April 2013 (the “PFA”). The provisions of the PFA apply to all Gavi programme funding and Decision Letters and the Decision Letter forms an integral part of the PFA. Any capitalised terms used in this letter have the meaning given to them in the PFA.

I would like to thank you for your continued commitment to the Health Systems Strengthening efforts in Afghanistan and encourage you to not hesitate to contact my colleague Ms. Anne Cronin at acronin@gavi.org if you have any questions or concerns.

Yours sincerely,

Hind Khatib-Othman
Managing Director, Country Programmes

Appendix A: Decision Letter - Health Systems Strengthening Programme

Appendix B: 2016/2017 Updated Reporting and Renewal Requirements
cc: The Minister of Finance
    Director Planning Unit, MoH
    The EPI Manager
    WHO Country Representative
    UNICEF Country Representative
    Regional Working Group
    UNICEF Programme Division
    UNICEF Supply Division
Appendix A

Decision Letter

Afghanistan - Health Systems Strengthening Programme

This Decision Letter forms a part of the PFA and together with the PFA sets out the Programme Terms of the Programme. Any term used in this Decision Letter but not defined shall have the meaning given to such term in the PFA.

<table>
<thead>
<tr>
<th>1. Country: Afghanistan</th>
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<tbody>
<tr>
<td>2. Programme payment grant number: 1619-AFG-10a-Y</td>
</tr>
<tr>
<td>3. Date of Decision Letter: 15 June 2016</td>
</tr>
<tr>
<td>4. Date of the Partnership Framework Agreement (the “PFA”): 30/04/2013</td>
</tr>
<tr>
<td>5. Programme: Health Systems Strengthening (HSS)</td>
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</tbody>
</table>

For further information in relation to the Programme please refer to:

- Gavi HSS guidelines and HSS application form which are available by contacting Ms. Anne Cronin, at «acronin@gavi.org».
- Country’s approved grant proposal together with any responses to the HSS independent review committee (IRC)”s request for clarifications;
- The workplan and budget document circulated by email dated 15 June 2016 entitled “AFG_GAVI_HSS3_FINAL_BUDGET_15June2016” describing the expected Programme Activities and Programme Budget as at the Date of the Decision Letter.

6. Gavi performance based funding

The Programme 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 Programme) and the performance payment (based on improvements in immunisation outcomes). This means that in the first year, Country will receive 100% of the year one annual amount, as an upfront payment. After year one, countries will receive 80% of the annual amount, based on implementation of the grant. Note that countries whose total grant budget would fall below US$3 million are exempt from this 80% rule.

Country will have the opportunity to receive payments beyond the programme budget amount, for exceptional performance. Such performance payments will be based on performance on immunisation outcome indicators. For any given year, the programmed payment and performance payment may total up to 150% of the country’s year one annual amount (upfront investment).

Performance payments for a given year will be made the following year, based on performance of the indicators listed and data verification.

7. Programme Duration: 2016 to 2019
8. **Programme Budget**: This is the amount of an estimated multi-year budget endorsed by Gavi under the Programme.

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</thead>
<tbody>
<tr>
<td>Programme Budget (US$)</td>
<td>11,749,734</td>
<td>9,383,942</td>
<td>9,382,792</td>
<td>9,382,389</td>
<td>39,898,858</td>
</tr>
</tbody>
</table>

9. **Annual Amounts**: This is the estimated annual amount Gavi has approved to be disbursed under the Programme. The Country acknowledges that:
   
   (a) a proportion of the Annual Amount may be disbursed directly to an agreed implementing agency, such as WHO and UNICEF, rather than to the Country; and
   
   (b) each Annual Amount may be disbursed in a number of tranches at quarterly or six-monthly intervals.

<table>
<thead>
<tr>
<th>Programme Year</th>
<th>Year 1 (2016)</th>
<th>Year 2 (2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Amount (US$)</td>
<td>11,749,734</td>
<td>9,383,942</td>
</tr>
</tbody>
</table>

10. **Outstanding comments/clarifications**: Not applicable

11. **Documents to be delivered**: The Country shall submit to Gavi all documents or information required under the 2016/2017 Reporting and Renewal Requirements (Annex B) in a timely manner and in a form satisfactory to Gavi.

12. **Other conditions**: The following terms and conditions shall apply to the Programme.

12.1 The Programme Capacity Assessment identified certain actions that are required in order to strengthen the capacity of the Country to manage Programme funds and to implement the Programme (the "Grant Management Requirements"). A number of the Grant Management Requirements have been identified as Disbursement Conditions. To ensure that there is no disruption to the Programme funding, please ensure that the Disbursement Conditions are satisfied as soon as possible and no later than the dates indicated.

12.1.1 Disbursement Conditions to be satisfied by 30 June 2016:

   (a) Gavi has received evidence to its satisfaction that two of the vacant finance posts in the HSS Finance core team of the HSS Coordination Unit have been filled with suitable candidates;

12.1.2 Disbursement Conditions to be satisfied by 15 September 2016:

   (a) Gavi has received evidence to its satisfaction that a suitable candidate has been recruited to provide Leadership Management & Coordination technical assistance;
(b) Gavi has received evidence to its satisfaction that the Standard Operating Procedures for the Grants Contract Management Unit have been finalised;

(c) Gavi has received evidence to its satisfaction that the existing staff of the HSS Coordination Unit and the EPI Department have received adequate training on the National Anti-Corruption and Anti-Fraud Policy and that an appropriate training plan for new staff has been established;

(d) Gavi has received evidence to its satisfaction that, in accordance with its obligations under the PFA, the Government has made reasonable efforts to set up an appropriate mechanism to exempt from duties and taxes all purchases made locally and internationally with Programme funds;

(e) Gavi has received evidence to its satisfaction that all construction projects, including the construction of vaccine and non-vaccine storage facilities, will be carried out by an implementing agency satisfactory to Gavi.

12.1.3 Disbursement Conditions to be satisfied by 15 December 2016:

(a) Gavi has received a progress report on the implementation of the pending action points set out in the EVM Implementation Plan that was prepared following the EVM Assessment Report 2014;

(b) Gavi has received evidence to its satisfaction that prior to disbursement of funds to any NGOs/CSOs to be contracted in connection with the Programme an appropriate process has been established for carrying out independent capacity assessments of such NGOs/CSOs.

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 Programme. Utilisation of Gavi support stated in this letter will be subject to performance monitoring. Any requested adjustments to the Annual Amounts will be subject to Gavi approval.

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 gavihss@gavi.org for the form.

Signed by,

On behalf of Gavi
Hind Khatib-Othman
Managing Director, Country Programmes
15 June 2016