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Update on the implementation of GAVI's Transparency & Accountability Policy (TAP)

Background

At the request of the Secretariat, the GAVI Alliance Board adopted the Transparency and Accountability Policy (TAP) for cash based support in June 2008 in response to concerns of misuse on ISS funds (Immunisation Service Support) and an the increasing cash based support to eligible countries through health system support. It took effect in January 2009 and aims to significantly reduce the fiduciary risk to GAVI cash based support. The TAP is based on GAVI's commitment to flexible, country-driven planning and programme implementation and aims to:

- rely and build on existing country capacity to the greatest extent possible, ensuring alignment with country systems;
- adhere to the commitments of the Paris Declaration on Aid Effectiveness;
- promote mutual accountability by encouraging assessments of progress in implementing GAVI support;
- apply a country-specific approach to managing fiduciary risks in a manner that is equitable and realistic; and,
- uphold minimum standards for management of GAVI funds based on the principles that funds should be used for purposes stated within a proposal, are managed in a transparent manner and are managed in keeping with a country's legal requirements for public financial management.

The main elements of TAP include: the Financial Management Assessment (FMA) exercise; strengthened application, reporting and monitoring procedures; development of policy on mis-use of funds; and, development of an 'early warning system' on mis-use of funds. The central objective of TAP is to improve GAVI's knowledge of fiduciary risks posed by public financial management systems in a country's health sector towards GAVI's cash-based programmes and, through FMAs and strengthened monitoring, enable the GAVI Secretariat to preemptively respond to those risks.

Update on Progress

Since GAVI introduced the TAP in January of 2009, a significant amount of effort has gone into establishing procedures, building the GAVI Secretariat's capacity to implement the policy, and rolling out financial management assessments (FMAs). In a short period of time, GAVI has achieved the following:

- Developed and piloted a methodology as the basis of FMAs. This framework is tailored to GAVI needs (e.g. pinpointing specific risk areas for GAVI cash-grants), but remains in-line with, and supports, broader efforts in public financial

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management in implementing countries. This framework has been designed with the strong support of key partners, such as the World Bank and WHO and applies a widely accepted set of indicators and benchmarks in financial management;

- Communicated to countries, through a Guidance Note and Questions & Answers paper, the key elements of the TAP, with particular focus on enhanced financial monitoring and the FMA. GAVI's partners have been instrumental in facilitating this;
- Developed job specifications, identified key experts in public financial management and completed the recruitment of four permanent members of the GAVI Secretariat, all of whom will be in post on 1st October. This TAP team will be staffed by two public financial management specialists (one as Head of Transparency & Accountability), one TAP manager and one administrative assistant;
- Introduced TAP into existing Secretariat workflows including: enhancing GAVI guidelines for countries (for new proposals and annual progress reports); liaising with countries on TAP requirements; pre-screening all annual progress reports received from countries (for June and September '09 Independent Review Committee (IRC) meetings); and pre-screening all new applications for cash-based support (for May and October '09 IRC meetings);
- Conducted FMAs in seven countries¹. FMAs are currently ongoing in three countries². To date, outside experts have been used in eight of these ten initial FMAs with the GAVI Secretariat responsible for liaising with in-country stakeholders, drafting terms of reference, gathering relevant public financial management information and documentation for consultants, overseeing logistics for the country visits, introducing the FMA teams to country officials, quality assuring the FMA reports and drafting Aide Memoires to address key fiduciary risks to GAVI programmes;
- Strengthened the financial management focus of the monitoring process. For example, countries are now required to submit financial management statements detailing expenditures by economic classification and showing opening and closing balances for GAVI funds received in addition to activity reports, which aggregate financial reporting under broad activities. The financial statements allow the IRC to closely monitor fund utilisation and make informed decisions as to whether individual programmes are on the right track. Added dimensions, such as progress on risk mitigation measures agreed with each country following an FMA (and agreed in a formal Aide Memoire), will also be reviewed in future IRC meetings. Countries are also required to provide audit reports or statements within a defined timescale and are monitored for compliance with this.

Challenges and Next Steps

¹ Southern Sudan, Senegal, Eritrea, Bangladesh, Nigeria, DRC and Cuba.

² Uganda, Pakistan and Azerbaijan

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Several challenges face the GAVI Secretariat as it now begins to scale up TAP implementation. Amongst them, the following is included:

- To induct the new members of the TAP team within the GAVI Secretariat and agree and share a common vision for TAP;
- To continuously strive to improve eligible country's understanding of TAP and its requirements by working closely with, and through, GAVI's partners;
- To effectively and efficiently implement the FMA process in all countries introducing new cash-based programmes and in those existing recipients of GAVI cash-based support deemed 'higher risk', by refining the FMA methodology to incorporate lessons learned, and to align with the assessment framework being developed for Joint HSS Programming with the World Bank and Global Fund. Like other development partners, the correct balance is sought between support to country programmes and the management of fiduciary risk;
- To further develop guidance for the IRCs on issues such as underutilisation of funding, reprogramming within approved budgets, quality of financial reporting and other aspects of financial management risk;
- Detecting, diagnosing and responding to cases of mis-use of funds in implementing countries. In one example, GAVI is monitoring the situation where misuse of health sector funds has been confirmed. Although the extent to which GAVI funds have been implicated is not yet known, GAVI has placed a hold on further cash transfers and remains in close contact with in-country development partners through-out the process;
- The need to prioritise the workload of the TAP team to be able to undertake timely FMAs in each wave of newly approved countries and in those deemed from time to time, 'higher risk'. GAVI has negotiated framework agreements with three consultancy firms to provide key experts and will continue to do so until in-house expertise can be built to minimise use of 'external' resources;
- To minimise and manage the additional requirements that TAP places on eligible countries by providing, for example, clear guidance to countries and partners on the minimum financial management standards that will be applied, examples of the level of detail and types of financial statements that will be required and what is required from an auditor's report; and,
- To effectively reconcile the requirements of TAP with GAVI's overall mission of providing various windows of support to immunisation and health systems strengthening initiatives so that, where a country does not meet certain minimum financial reporting requirements, for example, the TAP team are proactive in working with that country to obtain key documents in order that they can be approved at the next sitting of the IRC (for example, most countries that were not tabled in the June '09 Monitoring IRC due to missing financial statements were indeed able to provide them for the next monitoring meeting in September '09).

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