DOCUMENT ADMINISTRATION

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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

2.1. The policy will:

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

2.1.2. Be consistent with the commitments of the *Paris Declaration on Aid Effectiveness*[1]

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

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

2.1.5. 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

[1] http://www.oecd.org/dataoecd/11/41/34428351.pdf

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 assessments2 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 channeling 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

[2] Such as: 1) Public Expenditure and Financial Accountability (PEFA) performance reports - http://www.pefa.org/assesment_reportmn.php ; and 2) Country Financial Accountability Assessments (CFAA) - http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTFINANCIALMGMT/0,,contentMDK:21388739~menuPK:3914288~pagePK:210058~piPK:210062~theSitePK:313218,00.html

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.