



## Report to the GAVI Alliance Board

21-22 November 2013

**Subject:** Consent Agenda: TAP Policy Review

**Report of:** Nina Schwalbe, Managing Director, Policy and Performance

**Authored by:** Aurélia Nguyen, Director, Policy and Market Shaping, Simon Lamb, Managing Director, Internal Audit, Anna-Carin Kandimaa Matterson, Senior Programme Officer, Policy

**Agenda item:** 02j

**Category:** For Decision

**Strategic goal:** Affects all strategic goals

### Section A Overview

#### 1 Purpose of the report

1.1 The purpose of this report is to share the results of the review of the GAVI Alliance Transparency and Accountability Policy (TAP) since it came into effect on 1 January 2009 and to seek approval by the Board of the proposed revisions to the policy as recommended by the Programme and Policy Committee (PPC) at its meeting on 9 and 10 October 2013 and as outlined in the revised Annex 1 of the PPC paper attached to this note.

#### 2 Executive Summary – Update

2.1 The PPC endorsed the revised TAP policy with the following changes:

(a) Add a paragraph to Section 2 Principles of the Transparency and Accountability Policy:

2.1.6 Strengthen country systems: work with countries and in-country partners to strengthen country systems.

(b) Amend Section 3 Risk Assessment:

3.2 The GAVI Secretariat ~~will make an annual~~ undertakes an on-going risk assessment of systems used to oversee the GAVI support for each country. The aim of this risk assessment is to identify countries and programmes that are in need of closer monitoring and/or that may be subject to audit in the coming year. The risk assessment will be determined using information from various sources.

(c) Amend Section 7 Timeline for implementation and review:

7.3 A review of the Transparency and Accountability Policy will be conducted in 2019, or earlier if requested by the Board. Based on the results, the GAVI Alliance may consider revising the policy.

2.2 Annex 1 of the attached PPC document (the revised policy) has been amended to reflect the changes as requested by the PPC.

2.3 The Managing Director, Internal Audit, consulted the Audit and Finance Committee on the proposed revised TAP policy at its meeting on 9-10 October 2013. The AFC did not propose any additional changes.

### **3 Recommendations**

3.1 The PPC recommended to the GAVI Alliance Board that it:

**Approve** the revised Transparency and Accountability Policy as attached as Annex 1 to Doc 02j, taking into account the changes requested by the Programme and Policy Committee.

### **4 Risk and Financial Implications – Update**

4.1 No additional risks or financial implications were raised by the PPC or the AFC.



## Report to the Programme and Policy Committee

9-10 October 2013

<b>Subject:</b>	<b>TAP Policy Review</b>
<b>Report of:</b>	Nina Schwalbe, Managing Director, Policy and Performance
<b>Authored by:</b>	Aurélia Nguyen, Director, Policy and Market Shaping, Anna-Carin Kandimaa Matterson, Senior Programme Officer, Policy and Simon Lamb, Managing Director, Internal Audit
<b>Agenda item:</b>	10
<b>Category:</b>	For Decision
<b>Strategic goal:</b>	Affects all strategic goals

### Section A Overview

#### **1 Purpose of the report**

- 1.1 The purpose of this report is to share the results of the review of the GAVI Alliance Transparency and Accountability Policy (TAP) since it came into effect on 1 January 2009 and to seek endorsement by the Programme and Policy Committee (PPC) of the proposed revisions as outlined in Annex 1.

#### **2 Recommendations**

- 2.1 The PPC is requested to

**Recommend** to the GAVI Alliance Board that, subject to guidance by the Audit and Finance Committee, it approve the revised Transparency and Accountability Policy attached as Annex 1 to Doc 10.

#### **3 Executive Summary**

- 3.1 GAVI's Transparency and Accountability Policy was reviewed during 2013 through a Secretariat led process that included a desk review of the documented experiences to date, country consultations (both through in-depth case studies and through questionnaires distributed to countries), other stakeholder consultations, with donors in conjunction with the GAVI Alliance Board meeting in June 2013, and a benchmarking exercise. The Secretariat also assessed if the policy should be extended to include vaccine oversight as a complement to existing oversight mechanisms.
- 3.2 In summary, the Secretariat found that the policy has contributed to the prevention and detection of misuse of funds and has guided GAVI in managing risk in cash programmes in a manner that is assessed as

largely appropriate by the consulted stakeholders. However, the way in which the policy has been implemented, through the Financial Management Assessments (FMAs), has focused on upfront system assessments with less emphasis on continuous monitoring and has led, in some cases, to significant delays in the disbursements of cash grants at country level.

- 3.3 Based on the results of the review, the Secretariat proposes a revised policy as outlined in Annex 1. The main changes between the original and the revised policy are; adjustments to the goal to include vaccines in the scope of the TAP policy, adjustments in the principles (to include prevention), the removal of implementation details and country categorisation (removal of the procedures section in original policy) and the addition of separate sections on risk assessments, cash programmes, vaccines and a misuse/suspected misuse and corrective actions section.

#### **4 Risk implication and mitigation**

- 4.1 The Secretariat recognises that some of the tools introduced to monitor and audit support in what is considered high risk situations/countries may uncover additional cases of misuse of cash and in more rare cases vaccines. This risk will be mitigated through dialogue with countries to address the issues in a manner that responds to both country and GAVI requirements and through fast and transparent information to stakeholders including donors to mitigate any reputational risk. The proposed revised TAP has an emphasis on prevention through more regular monitoring of all GAVI support, in line with the new Grant Approval, Monitoring and Review process (GAMR). On-going and strengthened monitoring where relevant will also help augment oversight provided by country level partners.
- 4.2 The recommendation that the policy scope be expanded to include vaccines may be associated with a risk of GAVI appearing to be interfering with country systems, potentially causing conflicts with countries and/or implementing partners. This risk will be mitigated by dialogue with countries and in-country partners to ensure clarity in relation to roles and responsibilities and integration and coordination of efforts in terms of vaccine oversight.

#### **5 Financial implications: Business plan and budgets**

- 5.1 The Secretariat anticipates that the revised TAP can be implemented through regular activities and existing capacity at the Secretariat, although this will be also be reviewed once the revised policy is implemented.
- 5.2 The Secretariat assesses that a provision of US\$ 150k would be required for 2014 to undertake spot checks through consultancy support with regards to vaccine oversight in high risk countries and/or situations. These funds are included in the 2014 Business Plan.

### **Section B Content**

#### **6 Background**

- 6.1 GAVI's Transparency and Accountability Policy (TAP) was approved in June 2008 and implementation started on 1 January 2009. At the time the policy stated that it would be reviewed on an annual basis through the Programme and Policy Committee (PPC) and, although internal reviews relating to the implementation of the policy have been conducted, no PPC review has taken place prior to 2013.
- 6.2 The policy review process was led by the Secretariat. The process consisted of:
- A desk review of existing information with regards to the implementation of the TAP policy such as reports from the Independent Review Committee (IRC), reports to the Audit and Finance Committee, different Secretariat reports to the Board as well as Financial Management Assessments, investigation reports and other country related documents for a selection of countries.
  - Extensive external and internal consultations, including country consultations (see section C16 below),
  - A benchmarking exercise compared the draft revised policy with those of other similar organisations and assessed it against international principles of transparency and accountability and aid effectiveness<sup>1</sup>.

#### **7 Overall findings from the review**

- 7.1 Significant changes have occurred both in relation to the span and volume of the Alliance's activities but also in the global economic environment since the TAP was approved in June 2008. The Secretariat TAP team has been established, and most countries (48-50) have now had at least one Financial Management Assessment (FMA) completed. The Secretariat has also introduced new tools to assess country risk and new methods for monitoring the cash support through the cash programme audits (CPA) and the monitoring reviews (MR).
- 7.2 The 2008 policy established a set of principles under which TAP would be implemented, including a grouping of countries into three categories based on perceived level of fiduciary risk in order to determine the TAP related course of action for a country following an FMA. This categorisation tool was not actually used as foreseen, most likely due to the fact that it is static and that risk assessments need to be adjusted to changing country contexts.
- 7.3 Risk assessments have guided the Secretariat's supervision efforts with some high risk countries requiring substantial support. However, due to

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<sup>1</sup> The Benchmarking report can be found on myGAVI

capacity constraints, not all countries (in particular those of lower risk) in GAVI's portfolio have benefited from regular visits from the Secretariat TAP team.

### Aid effectiveness

- 7.4 GAVI has made efforts to align with aid effectiveness principles and has endeavoured to collaborate and coordinate with other donors. Joint FMAs with other partners have been undertaken where possible.
- 7.5 There has been an occasional tension between the principle of using country systems and the perception of acceptable risk. GAVI may have erred on the side of caution when determining which system to use at times, opting for the use of a partner system (such as WHO or UNICEF) as financial modality if available, over the use of country systems.
- 7.6 The option to channel funds via other partners (WHO/UNICEF/World Bank) has previously been explored. GAVI does channel cash grants via its implementing partners in some countries, but not on a regular basis and according to past documentation, the appetite from the implementing partners to take on a larger role in cash grant oversight has been low, usually limited to participation in country Inter-Agency Coordinating Committees (ICCs) and Health Sector Coordinating Committee (HSCCs).

### Flexibility

- 7.7 GAVI's TAP policy is viewed by some countries and donors as flexible, non-prescriptive and in consideration of country capacity compared with other donor systems. This is highlighted as positive as it allows for adjustment to each country context.
- 7.8 However, the flexibility has caused problems, for example with regards to misunderstandings of what is an eligible expense. Some stakeholders suggest that more guidance on GAVI's rules regarding, for example, allowances, salary top-ups and procurement are called for in order to avoid confusion and, in the worst case, arbitrary assessments.

### Risk and misuse of funds

- 7.9 Implementation of the policy has contributed to the prevention and detection of misuse of funds. Of the seven incidents of confirmed misuse experienced since the introduction of the policy, five have been identified through TAP processes.
- 7.10 While it is not possible to assess exactly to what extent the policy has prevented misuse, stakeholders perceive that GAVI's current requirements are by and large sufficiently robust to mitigate risk and potential misuse. However, they also highlight the need for closer continuous monitoring of GAVI grants at country level going forward and a need for more regular visits in high risk environments. Increasing the number of Country Responsible Officers (CROs) so that they can visit countries more regularly should contribute to more proactive management of grants.

- 7.11 With regards to risk, donors underline that GAVI must show that it has assessed the systems from different angles, liaised with all relevant partners and ensured that sufficiently trained staff is in place to handle the programmes. When problems arise, fast and transparent information to donors is critical. Early warning can help manage incidents of misuse and mitigate major negative impact on overall support for and funding to GAVI. Donors consulted as part of the review process suggest that the current oversight system should be a minimum standard, with more intense scrutiny over the countries identified as high risk.
- 7.12 It should be noted that a separate whistle blower initiative is being developed by the Secretariat and will be presented to the Audit and Finance Committee in October by the Internal Auditor.

### **8 Findings from the review relating to implementation**

#### Financial Management Assessments (FMAs)

- 8.1 The approval of TAP in 2009 led to the introduction of the FMAs. Many countries had already received cash grants at the time and the TAP policy implementation plan established that for new proposals submitted from 2008, unless there was a waiver by the Secretariat, no new funding could be processed before the FMA had been fully concluded with the signature of an Aide Memoire. This process in some cases took over a year. Delays could be attributed to a variety of reasons, including; to country bureaucracy, to disagreements on FMA recommendations or Aide Memoire requirements between GAVI and the country, and, in some cases, to issues in the Secretariat (see section 8.7). As most countries have now had an FMA these types of delays should not be a significant problem in future.

#### Audits

- 8.2 Country failure to provide annual audit and other reports as part of their annual progress report has not always in the past led to action from GAVI's side. It has also been unclear to the different groups involved in cash programme monitoring (such as the monitoring IRC and Secretariat staff) how to respond in such situations. Stronger emphasis is now being put on the timely provision of key reports and countries are made aware of the consequences delays or non-submission of required financial documentation can have on disbursements.

#### Country capacity

- 8.3 There is a mixed picture of country knowledge of the policy, its implementation and the need for further training. Countries indicate that TAP policies may be well understood at the EPI level but not by other departments or at district levels, where systems can be weak.
- 8.4 There is a request from countries that GAVI provide more guidance and support to a wider constituency at country level through training efforts.

Countries also suggest that GAVI should follow the implementation of the Action Plan derived from the findings of the FMA more closely.

- 8.5 Stakeholder views differ regarding existing and potential roles of in-country mechanisms such as the ICC and the HSCC in financial oversight. Stakeholder views also differ regarding the possibility of expanding the oversight role of GAVI's implementing partners WHO and UNICEF. Some stakeholders believe that there is scope to explore improved oversight collaboration with partners at country level; others suggest that in-country partners (including implementing partners) have neither the capacity nor the willingness to take on any additional tasks related to GAVI's support particularly as it relates to financial management.

### Secretariat roles and capacity

- 8.6 The Transparency and Accountability Policy is executed by several teams in the Secretariat. The policy has at times been equated with the TAP team and while the majority of the tasks related to financial management assessments and oversight in cash support to countries rest with the TAP team, there are several important aspects that are implemented through or coordinated by other teams, most notably by the Country Programmes team through the CROs.
- 8.7 While the Secretariat TAP capacity for cash support has increased, in particular in the TAP team, roles and functions and internal processes are evolving. Unclear internal processes are sometimes an obstacle and a reason for delays. The Secretariat has mapped these processes in order to identify internal bottlenecks, such as for example inter- and intra-departmental communication challenges or unclear responsibilities. The findings will be followed-up within the Secretariat.
- 8.8 With the TAP team performing more functions related to audit and control, along with monitoring becoming more continuous and intensified in particular in high-risk countries, it is recognised that the current capacity of the TAP team may need to be re-evaluated in terms of the desired level of coverage achieved by them given the resources available.
- 8.9 The new GAVI Alliance Grant application, monitoring and review system (GAMR) (approved by the Board in June 2013) strengthens the linkages between cash and vaccine support. It also strengthens the routine monitoring of all types of support with additional M&E activities in countries based on country risk/impact profile. The new system is implemented collaboratively between the Secretariat, the country and the partners with in-country presence with the Country Programmes/Country Responsible Officer playing the key role as the convener of the process. Their capacity to manage this will also be monitored. TAP related risk assessments (for cash and vaccine support) will inform the country risk profile.

## **9 Findings from the review relating to vaccine oversight**



- 9.1 GAVI is aware that challenges remain with regard to vaccine support at country level and there are examples of mismatches between supply and use, cold chain failures, countries not following vaccine storage or other protocols and vaccine wastage above acceptable standards. Further, on several occasions, the IRC has raised concerns about discrepancies and miscommunications on stock levels. A mapping exercise of current practice related to vaccine oversight showed that the Secretariat currently has limited information regarding country stock levels. The review further revealed that GAVI as an Alliance has not been enforcing agreed system improvements (as identified through the Effective Vaccine Management (EVM) assessment tool) prior to distribution of vaccines in the same way as GAVI insists on financial management system improvements prior to disbursing cash support.
- 9.2 Given the evolution in value, volume and types of vaccines being supplied to countries, GAVI is strengthening its monitoring systems and increasing the number and skillset of Country Responsible Officers. GAVI is also now in the process of assessing and addressing supplies, cold chain and logistics challenges with the aim of strengthening support to, and co-ordination in, countries (see Doc 12)<sup>2</sup>.
- 9.3 However, there are anecdotal reports of vaccine misuse. Current feedback suggests that such problems are limited, un-systematic and occur at subnational level, but that they can exist and may merit attention. Stakeholders also note that while vaccines distributed routinely through public systems may represent a lower risk of misuse compared to cash payments, there are higher levels of risk associated with GAVI's vaccine campaign support.
- 9.4 As such many stakeholders support expanding the scope of the TAP policy to include vaccines, as vaccines represent the largest share of GAVI's investment. It is recognised that GAVI's implementing partners already play a key role in this respect, but stakeholders interviewed felt that this oversight is insufficient.

## 10 Proposed policy revisions

- 10.1 Based on the evidence from the policy review, the Secretariat proposes a revised policy in accordance with Annex 1 that includes the following suggestions:
- 10.2 The flexible and non-prescriptive approach at the policy level should be retained but further guidance should be provided to countries as relevant (in particular in areas of procurement, construction and staff incentives) in the implementation of TAP and GAVI through the Secretariat with in-

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<sup>2</sup> The current work by UNICEF through the Business Plan to establish a systematic stock and Temperature monitoring system in 10 countries by 2014 will in time support the vaccine oversight function of the TAP policy as will other supply chain improvement work initiated by GAVI and its partners (see Doc 12 for this meeting).

country partners should assist countries with interpretation and support when budgets are being reviewed and approved.

- 10.3 The **prevention** of misuse is critical. Closer regular monitoring and a stronger emphasis on routine reporting will reduce risk and increase the likelihood of compliance by countries and early detection of problems by GAVI. GAVI should also more clearly **relate TAP monitoring to risk assessments** of the country and the portfolio of GAVI support in the country.
- 10.4 The policy should be **extended to include vaccines**. In situations identified by the Secretariat, the IRC or the High Level Review Panel (as established through the GAMR) to be associated with high risk of misuse of vaccine support, the Secretariat will work with the country and in-country partners to determine if, when and where to launch spot checks or other types of assessments.
- 10.5 Detail of the **implementation related aspects should be removed** from the policy to allow for more frequent updating of implementation guidelines, informed by practice and experience.

### 11 Implementation-related recommendations

- 11.1 In addition to the policy related revisions, the consultations suggested a number of ways GAVI could improve implementation of the policy, including **improved training of and communication with countries**. The Secretariat will follow-up and act on these recommendations as appropriate.

## Section C Implications

### 12 Impact on countries

- 12.1 The revised policy has a focus on prevention and intensified monitoring based on annual or biannual risk assessments undertaken by the Secretariat. This will have the effect that some countries will receive more frequent visits and attention while other countries will maintain current levels of oversight by the GAVI Secretariat and partners.
- 12.2 In recognition of limited country capacity, efforts will be made to ensure that follow-up recommendations and processes following an audit align in as far as possible with existing country arrangements to reduce any additional burden on the country.
- 12.3 As countries consulted in the review clearly express a desire for additional training and support from GAVI in TAP-related matters, the Secretariat will explore possibilities for country and where possible regional training opportunities in addition to the regular monitoring which functions as a training and capacity building opportunity to a certain extent.

- 12.4 An expanded scope of the policy to include vaccines will increase the engagement in particular with high risk countries. It is foreseen that such collaboration will benefit the country in terms of increased support to oversight and capacity building. However, it is also recognised that intensified oversight may increase the work load for EPI and Ministry of Health staff, potentially distracting them from other responsibilities.

### **13 Impact on GAVI stakeholders**

- 13.1 The impact on GAVI stakeholders is difficult to assess at this point. In high risk countries/situations some additional tasks and co-ordination with in-country partners may be required if the policy is extended. The Secretariat will ensure that any activities will be co-ordinated through established mechanisms with the implementing organisations.

### **14 Impact on Secretariat**

- 14.1 Implementation of the revised policy requires strengthening monitoring in particular in high risk countries. This strengthened monitoring will have an effect on several departments in the Secretariat, however, the coordination would rest with Country Programmes.

### **15 Legal and governance implications**

- 15.1 GAVI has implemented a new Partnership Framework Agreement (PFA) between GAVI and implementing countries designed to set out the obligations and responsibilities in countries in implementing GAVI-supported programmes in one clear and standardised document. The revised TAP policy, if approved, would become part of the PFA.

### **16 Consultations**

- 16.1 The policy review process included in-depth country case studies in four countries<sup>3</sup> and wider consultations with a selection of countries through a questionnaire<sup>4</sup>.
- 16.2 Secretariat staff members were consulted through questionnaires to, in particular, staff within the Country Programmes department and the Transparency and Accountability team.
- 16.3 A consultation with the donor group took place during a pre-meeting of the GAVI Alliance Board meeting in June 2013. Donors were consulted in particular on their views on risk and risk management as well as on the possible revision of the scope of the policy.
- 16.4 The Audit and Finance Committee (AFC) will be consulted in their meeting on 10 October 2013.

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<sup>3</sup> Kyrgyzstan, Burundi, Cameroon and Democratic Republic of Congo

<sup>4</sup> Bangladesh, Benin, Chad, Cote d'Ivoire, Eritrea, Ethiopia, Madagascar, Mauritania, Vietnam



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### **17 Gender implications**

17.1 There are no direct implications of the TAP on gender.

**Section D Annexes**

**Annex 1: GAVI Alliance Transparency and Accountability Policy (REVISED)**

VERSION NUMBER	APPROVAL PROCESS	DATE
1.0	Approved by: The Alliance & Fund Boards	26 June 2008
		Effective from: 01 January 2009
		Review: On yearly basis after six full months of initial implementation
2.0	Submitted for review to PPC for GAVI Board Approval	October 2013
		Effective from: 1 January 2014
		Review: 2019

**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 at country level is managed in a transparent and accountable manner through systems that include appropriate oversight mechanisms and that the support is used according to the programme objectives as outlined in individual country agreements.
- 1.2. The policy governs the transparency and accountability aspects of GAVI’s support provided in the form of cash, vaccines and vaccine devices at country level. The vaccine element of the TAP policy will focus on cases of misuse and not on issues relating to supply chain efficiency and wastage as these are outside the scope of this policy.

**2. Principles of the Transparency and Accountability Policy**

- 2.1. A set of key principles will govern all forms of oversight extended by GAVI with regard to transparency and accountability. These principles are in line with the commitments of The Paris Declaration, the Accra Agenda for Action and the Busan Partnership for Effective Development Co-operation on Aid Effectiveness<sup>5</sup>. The GAVI Alliance will:
  - 2.1.1. Respect aid effectiveness principles: Rely on, build on and ensure alignment with existing country systems, including joint financing and monitoring mechanisms, to the greatest extent possible.

<sup>5</sup> <http://www.oecd.org/dac/effectiveness/>

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- 2.1.2. Focus on prevention: Prevent misuse of any GAVI support through regular monitoring and by ensuring that robust oversight mechanisms for cash and vaccine support are agreed with, established and maintained in each country.
  - 2.1.3. Relate monitoring to risk: Apply a country-by-country monitoring approach to reduce risks in an equitable and transparent manner.
  - 2.1.4. Promote flexibility and country ownership: Apply a flexible approach to the use of cash support adjusted to the country context.
  - 2.1.5. Promote mutual accountability: Agreements governing support will be mutually agreed between GAVI and country with shared responsibility of oversight.
  - 2.1.6. Strengthen country systems: work with countries and in-country partners to strengthen country systems.
- 2.2. The GAVI Alliance Transparency and Accountability policy establishes a set of minimum standards for the management of GAVI support. GAVI holds all recipient governments accountable for the support it provides and expects that proper financial and vaccine management and accountability systems are in place. All GAVI support to countries should:
- 2.2.1 Be used for the purposes stated within the proposal or as agreed through any subsequent reprogramming requests;
  - 2.2.2 Be managed in a transparent manner with clear accountability structures for regular monitoring and oversight;
  - 2.2.3 Be supported by the provision of accurate and verifiable reports on a regular basis as specified by individual funding arrangements;
  - 2.2.4 Be managed within processes that meet national legal requirements and international standards regarding transparency, accountability and anti-corruption.

### 3. Risk assessments

- 3.1. GAVI will strengthen its processes to ensure that mechanisms are in place to assess, monitor and, where relevant, strengthen country and implementing partner systems in order to safeguard GAVI support, be it in the form of cash or vaccines and related devices, once it reaches the country.
- 3.2. The GAVI Secretariat undertakes an on-going risk assessment of systems used to oversee GAVI support for each country. The aim of this risk assessment is to identify countries and programmes that are in need of closer monitoring and/or that may be subject to audit in the coming year. The risk assessment will be determined using information from various sources.

### 4. Cash

- 4.1. Systems for management of GAVI's cash support will be agreed with the respective country.
  - 4.1.1. Prior to the submission of a proposal, the GAVI Secretariat will, together with the government and in-country development partners, reach a consensus on the specific financing modality best suited for the GAVI support. Where possible, priority will be given to existing country systems.

- 4.1.2. The chosen modality will receive the endorsement of the Health Sector Coordination Committee or equivalent if such structures are in existence.
- 4.1.3. GAVI, together with each implementing country government, will establish and agree upon minimum requirements for the specific financing modality. These requirements will be determined based on the existing mechanisms in the selected system as well as on the relative level of fiduciary risk as established by the financial management and/or other GAVI or implementing partner assessments.
- 4.1.4. Countries will manage their GAVI cash transfers and provide financial reports in accordance with the terms outlined in this policy and in the individual country agreements. Failure to comply with these requirements could result in a variety of measures including the suspension of funding.
- 4.1.5. Each eligible country applying for or receiving GAVI cash transfers will identify a department or an individual within the Ministry of Health to oversee compliance with this policy.

### 5. Vaccines

- 5.1. New vaccine support constitutes the largest share of GAVI's investment portfolio. While vaccines distributed routinely through public systems may represent a lower risk of misuse compared to cash payments, appropriate oversight is nevertheless required. Therefore the GAVI Alliance commits to:
  - 5.1.1. Ensure that each eligible country applying for or receiving vaccine support identifies vaccine oversight responsibility and accountability structures<sup>6</sup> to oversee compliance with this policy with regards to vaccines and related devices. If a country is unable to identify ownership of oversight, GAVI will work with in-country partners to build this capacity.
  - 5.1.2. Work with the country and in-country partners in situations deemed to be associated with high risk for misuse of vaccine support to determine if, when and where to launch spot checks or more extensive assessments.
  - 5.1.3. Monitor that countries manage their vaccine support and provide reports in accordance with the terms of this policy as well as the individual country agreements.
  - 5.1.4. Monitor country compliance with reporting requirements (e.g. through on-going grant reviews, confirmation of delivery report) and follow up where spot checks reveal significant findings.

### 6. Misuse, suspected misuse and corrective action

The GAVI Secretariat, with support from its partners, will monitor country compliance with the Transparency and Accountability Policy, including specific requirements for individual countries.

- 6.1. The GAVI Secretariat maintains the right to commission an external audit or an equivalent control mechanism for vaccine support for any country at any time.
- 6.2. Should the GAVI Secretariat receive information suggesting that GAVI cash or vaccine support has been misappropriated or misused, GAVI will launch an investigation in collaboration with the country. The purpose of such an investigation is to undertake a 'forensic' level of examination in cases of possible misuse, to

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<sup>6</sup> e.g. the Ministry of Health, ICCs, NITAGs, GAVI implementing partners

evaluate whether misuse has occurred, and if so, to determine the value of misused funds.

- 6.3. In cases where there is evidence of misuse, 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.
- 6.4. GAVI will not suspend vaccine programmes based on evidence of misuse. However, other mitigations may be agreed on a case by case basis where misuse of vaccine support has been confirmed.

### **7. Timeline for implementation and review**

- 7.1. The revised policy will take effect as of 1 January 2014.
- 7.2. The GAVI Secretariat will report to the Board on the implementation of this policy on a yearly basis.
- 7.3. A review of the Transparency and Accountability Policy will be conducted in 2019, or earlier if requested by the Board. Based on the results, the GAVI Alliance may consider revising the policy.



### **Annex 2: M&E framework for the GAVI Alliance Transparency and Accountability Policy and possible implementation of the policy**

#### **1. Purpose of this framework**

This framework articulates the theory of change and intended outcomes and impact from the revised GAVI Alliance Transparency and Accountability Policy and possible implementation of the policy.

#### **2. Policy goal**

The goal of GAVI's TAP is to ensure that all GAVI support at country level is managed in a transparent and accountable manner through systems that include appropriate oversight mechanisms and that the support is used according to the programme objectives as outlined in individual country agreements.

#### **3. Scope**

The revised GAVI Alliance TAP will include all GAVI support in the form of cash transfers and vaccines (vaccines and vaccine devices) provided to countries. The revised policy puts a stronger emphasis on prevention through more intense monitoring of GAVI support in what is assessed to be high risk environments without reducing the oversight below current levels in lower risk countries. The vaccine oversight will focus on cases of misuse and not on issues relating to supply chain efficiency and wastage as these are outside the scope of this policy and are being addressed by other work streams.

#### **4. Theory of change**

The implementation of TAP will enable GAVI to increase its ability to prevent, detect and investigate misuse of support (both cash and vaccine) provided to countries, resulting in GAVI funds being used for the intended purposes.

This objective will be achieved through the following policy and implementation aspects:

- Existence of a policy will set expectations for mutual accountability between GAVI and countries through definition of appropriate oversight mechanisms, as well as guide both GAVI and country in ensuring that support is used according to the programme objectives as outlined in individual country agreements.
- Extension of oversight to vaccine support will verify that oversight mechanisms are in place for vaccines, as well as cash support, which will contribute to ensuring that vaccines are used appropriately for their intended purpose.
- The implementation of the policy will ensure systems are used as to avoid replication and overburdening countries (Aid Effectiveness principles)
- On-going monitoring, which is intensified in high-risk environments, will verify that at the country level, there are mechanisms to ensure cash management and that disbursements occur through financially-sound mechanisms that are transparent and traceable and that the support is used as intended. Since rollout of the original policy, the implementation of TAP has been revised over time to be better fit for purpose. Experience to date has indicated the need for more intensified

monitoring on an on-going basis through appropriate tools developed by the Secretariat. This will happen under the new policy.

- Although subject to a separate work stream and outside the policy scope, strengthened vaccine oversight systems may contribute to less avoidable wastage of vaccine stock.
- Concerted and improved training provided to countries through the implementation of the policy, will strengthen capacity at the country level to contribute to meeting the objective of the policy

### **5. Key assumptions underpinning the results framework and theory of change**

- GAVI Secretariat and partners have sufficient resources and capacity to carry out cash and vaccine oversight as needed.
- The implementation will rely on existing country systems and aims to contribute to building country capacity and align with country systems; countries will have capacity to implement action plans recommended through audits and TAP assessments.
- Countries see the merit in developing sound financial management and vaccine oversight systems.
- Other on-going work streams (such as the UNICEF work through the business plan, Supply Chain Management work at the Secretariat) will in time provide additional support to vaccine oversight.
- TAP will continue to work through existing country systems and in partnership with countries.
- The Secretariat will continue to collaborate and co-ordinate with implementing and other partners (e.g. the World Bank, the Global Fund, bilateral partners) and participate in joint missions and reviews where relevant.

### **6. Monitoring and evaluation**

Implementation of the policy will be monitored by the Secretariat as outlined in the framework below.

The policy does not cover specific implementation aspects, which will be revised and amended on an annual basis as deemed necessary by the TAP and Country Programmes teams, using data available from annual progress reports, audit reports and as collected through the grant monitoring process.

**Figure 1: GAVI Alliance TAP policy 2013 Results Framework**

Inputs	Process	Outputs	Outcomes	Impact
<p>Activities undertaken:</p> <ul style="list-style-type: none"> <li>Annual risk assessments</li> <li>Application review</li> <li>Financial Management Assessments</li> <li>On-going grant monitoring and cash programme audits</li> <li>Country visits</li> <li>Capacity building</li> <li>Vaccine stock review</li> <li>TA provided to countries</li> </ul> <p>Analyses of:</p> <ul style="list-style-type: none"> <li>Country/grant risk profile</li> </ul> <p>Other work streams<sup>7</sup>:</p> <ul style="list-style-type: none"> <li>Support stock management</li> <li>Supply chain management</li> <li>TA to build financial management capacity</li> </ul>	<p>On-going monitoring based on risk assessed by Country Programmes</p> <p>On-going monitoring through TAP reviews based on country's risk profile regarding cash support</p> <p>Vaccine stock review of countries identified as high risk</p> <p>Development and agreement of Aide memoire with countries</p> <p>Submission of progress reports (including financial management and vaccines stock) by country</p> <p>Other work streams:</p> <ul style="list-style-type: none"> <li>Supply chain strengthening</li> <li>UNICEF BP activity to establish a systematic stock and temperature monitoring system in 10 countries by 2014</li> </ul>	<p>Countries categorised as high risk received additional visits/monitoring/support</p> <p>Suspected cases of misuse and instances of fiduciary risk identified</p> <p>Audits and TAP reviews completed</p> <p>Spot checks completed for countries identified for vaccine assessments</p>	<p>Mutual accountability for GAVI and countries</p> <p>Misuse of cash support investigated and prevented</p> <p>Use of cash support in line with GAVI's agreement with the country</p> <p>Decrease in the number of delays in cash support disbursements</p> <p>Improved monitoring of in-country stock</p> <p>Misuse of vaccines investigated and prevented</p>	<p>Strengthened health system:</p> <ul style="list-style-type: none"> <li>strengthened financial management systems</li> <li>Strengthened country vaccine oversight</li> </ul>

<sup>7</sup> "Other work streams" are separate, on-going activities outside the scope of this policy that may in time provide additional support to vaccine oversight