

Approaches to Fiduciary Risk Management in Gavi's Cash Grants

BOARD MEETING

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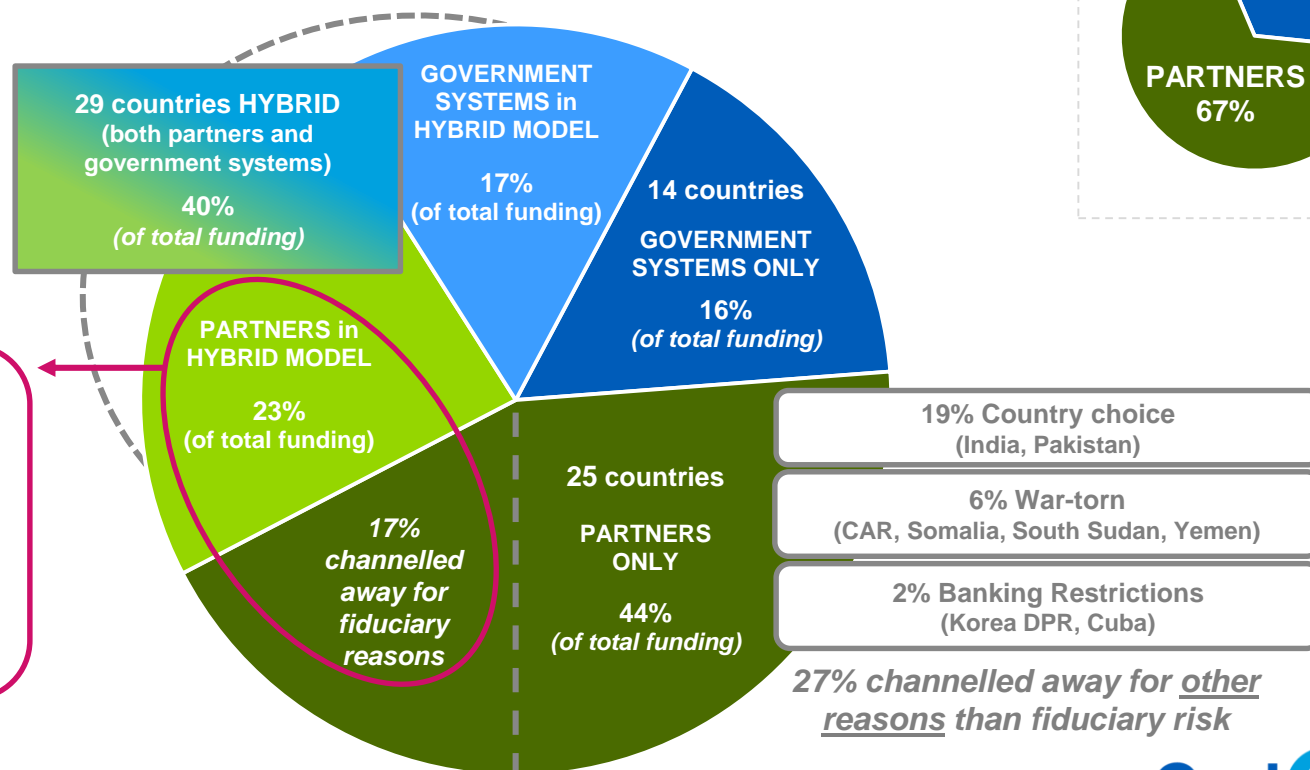
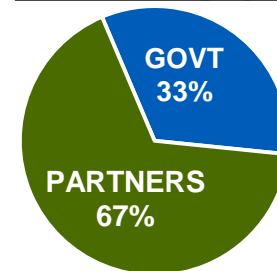
A complex issue touching on the core of our model

- Using country systems is critical for Gavi's model
- But comes with **inherent risks of misuse**, for which the Board set a **low risk appetite**
- Better **understanding of risks** and actual misuse led to more funds being **channelled away from governments** with no near-term change likely to occur
- PPC and Board expressed concerns and asked to find ways to **reverse this trend**
- Additionally, **current model** of channelling through partners is not always meeting Gavi's fiduciary needs

Find different models to strike a better balance between using and building country systems and staying within acceptable levels of fiduciary risk, as defined by the Board's risk appetite

Current situation – portfolio analysis

Total funding split



40% of total funding is channelled away for fiduciary reasons, potentially could be moved back to governments.

Potential solutions

Measures to strengthen assurance model and leverage countries' own capacity

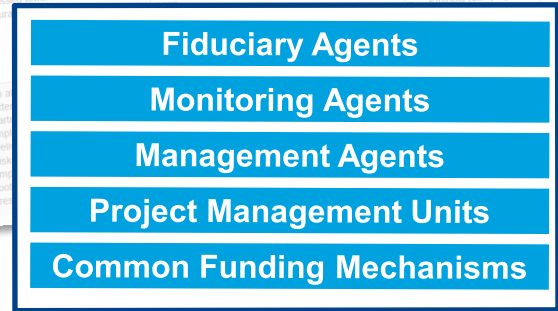
- Continue strong engagement with MoF, and ensure all Gavi funds are “on-budget”
- Ensure strong government oversight mechanisms and external audits
- Implement hybrid models, where possible
- Extend LMC approach to build financial management capacity

Exploring alternative fiduciary risk mitigation models complementary to programmatic role of core partners

- Explore (a combination of) alternative models tailored to country context and risk profile
- Models to provide more embedded fiduciary monitoring and assurance, potentially with capacity-building

Annex A: Fiduciary Risk Mitigation Models

expenditures. Typically Gavi contracts FAs in conjunction with another agency e.g. Global Fund. A capacity building component would usually be included in its scope of work.	The FA role can be expanded to the sub-national level with a substantial presence which also may support coverage & equity objectives. Relatively low cost but becomes more costly as the sub-national level is included.	Uganda
Monitoring Agent (MA)	Partly providing external assurance of programme implementation and management but which can be focused towards financial assurance.	Ghana Kenya* (CSO) Burundi Mozambique (campaign) Mozambique (operation)
Management Agent (ManA)	An external party implementing the programme on behalf of the government.	Ghana 2 DRC (car



Going forward

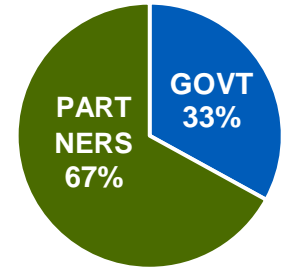
Evaluating and scaling up alternative models

- Formal evaluation of representative sample in 2019 and 2020
- Use part of US\$ 16m current spend to scale up promising approaches to accelerate funds moving back to government

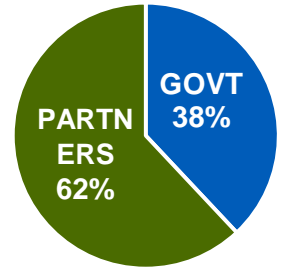
Anticipated impact

- Significant change only expected post 2020 as models are being scaled up, given lead time and available resources
- Already initiated models and tests in another ~10 further countries is projected to reduce the ratio of funds to partners to **~62% by 2020** and to **~50% by 2025**.

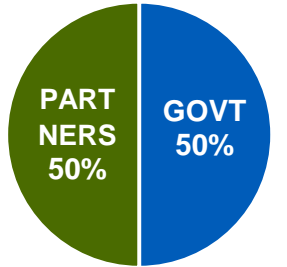
NOW



2020



2025



THANK YOU



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