

RELEASE IN FULL

POLICY GUIDANCE

GOVERNMENT-TO-GOVERNMENT MECHANISMS AND SUPPORT

August 22, 2012

Consistent with the President's Policy Directive on Development (PPD), the Quadrennial Diplomacy and Development Review (QDDR) and best practices, PEPFAR, CDC, and USAID share the goal of host governments growing and sustaining their capacity to receive, manage and program both national and donor funds (government-to-government funding) in support of planning and executing their own country health programs. To achieve this goal, these and other agencies in the global health space must therefore operate pursuant to the dual mandate of: 1) saving more lives, while 2) building sustainable capacity and host country ownership and responsibility. Otherwise, the U.S. risks not making progress on the long path to sustainable health systems.

Accordingly, this directive provides policy and technical guidance to adapt existing practices and prevent duplication in the processes of PEPFAR, CDC and USAID as they execute, expand or transition government-to-government funding capacity. To succeed, each agency implementing this guidance must demonstrate strong and ecumenical leadership both in Washington and in the field – leading in a transparent and collaborative interagency manner that puts the needs of host government ministries first in government-to-government engagements.

Effective immediately, in the execution of government-to-government health funding mechanisms:

1. PEPFAR will establish an annual process (as a discrete part of an existing planning process such as Country Operating Plan (COP) planning, Global Health Initiative (GHI) planning, annual budget planning/execution) whereby PEPFAR solicits information and grants approval of PEPFAR program activities covered by government-to-government mechanisms. This process requires:
 - CDC/HHS to undertake and present annually a multi-year plan that encompasses: (1) a baseline of all existing PEPFAR government-to-government funding mechanisms that CDC currently implements and the level of U.S. resources flowing through these mechanisms for each country, and (2) an assessment of the subset of countries where CDC will or anticipates transitioning aspects or all of its management support provided for in its government-to-government mechanisms to host country established, supervised and wholly operated internal planning and procurement implementation offices. Each assessment shall include: current country capacity, type of operational support necessary to increase country program management capacity without risk of diminution in PEPFAR services or accountability for USG funds, and intended timeline for seeking/achieving

measurable shifts from current direct funding mechanisms to regular internal planning and implementation units in each respective ministry of health. It is anticipated that CDC will continue to provide with provision of technical support under government-to-government agreements to ensure quality health program outcomes.

- USAID to undertake and present annually a multi-year plan that provides: (1) a baseline; and, (2) the subset of countries and steps for how USAID will program government-to-government activities under procurement reform goals, providing specific documentation and data of host country government capacity for countries where risk assessments indicate the possibility of new or increased government-to-government activities; USAID actions planned or underway to build host country governmental capacity, timelines; and risk mitigation interventions or requirements to ensure no diminution of PEPFAR services or accountability for USG funds.
2. No later than September 15, 2012, PEPFAR shall require a common, standardized approach that abides by all USG audit and compliance standards and IG requirements for certain key elements in all government-to-government mechanisms implementing PEPFAR programs. This internal USG discipline-forcing measure will reduce the complexity of U.S. government-to-government mechanisms so that host country governments are not burdened by multiple and differing requirements for PEPFAR funding and programming procedures. This approach is intended to apply to all new mechanisms as well as the periodic renewal or amendment of existing CDC mechanisms (*e.g.*, cooperative agreements, grant awards, direct cost agreements, fixed reimbursable agreements, etc). At least the following elements will have a common standard in all PEPFAR government-to-government mechanism agreements:
 - Bank account/banking mechanism;
 - Single standard for USG required banking/accounting procedures;
 - Single standard for U.S. legislated audit and compliance procedures; and,
 - Single standard for program impact, metrics & financial reporting.
 3. As USAID works to assess and build regular internal Ministry capacity to enable a larger share of U.S. programs to be managed directly by collaborating governments and to use regular, internal host government structures, should USAID determine their program interventions for PEPFAR-approved funding require the use of direct-funding planning and implementation units, USAID will use available existing CDC government-to-government mechanisms; if CDC has no such mechanism in place in the relevant country, USAID may establish a PEPFAR-approved alternative process or mechanism.

- Where USAID uses an existing CDC mechanism, the existing CDC-ministry of health agreement will be refashioned to provide for USAID's lead role in all aspects of oversight, technical assistance for the funded activity and, if necessary, growth of the capacity of the CDC in-country mechanism to accommodate the incremental flow of funds and programming activity.
 - Where USAID uses an existing CDC mechanism, CDC is a collaborator with, but not interlocutor on behalf of, USAID; this means that USAID will engage directly on its own behalf with ministries of health, with CDC and USAID accountable to each other for transparency regarding their respective programming and activities to leverage the greatest U.S. results.
4. Finally, in countries where either CDC or USAID seeks to engage for the first time in government-to-government funding with non-PEPFAR health funds, the seeking agency will adopt the same common set of protocols and processes that abides by all USG audit, reporting, compliance and Inspector General standards and requirements for the central elements in any such government-to-government mechanisms as used for PEPFAR funding and health programs. This common approach requirement will ensure host country governments are not burdened by multiple and differing requirements for U.S. health funding and programming.