



Report to the GAVI Alliance Board

7-8 July 2011

Subject:	Revision to the Programme Funding Policy
Report of:	Barry Greene, MD, Finance and Operations
Authored by:	Barry Greene
Agenda item:	12d
Category:	For Decision
Strategic goal:	SG3 - Financing

Section A: Overview

1. Purpose of the report

- 1.1 This report proposes to join the programme funding system that the Board adopted in June 2010 and the cash reserve requirement adopted by the Board in November 2009 into the GAVI Programme Funding Policy. The proposed Programme Funding Policy is in Appendix A (*Revised GAVI Programme Funding Policy*).

2. Recommendations

- 2.1 The Audit and Finance Committee (AFC) recommended that the GAVI Alliance Board approve the revised GAVI Programme Funding Policy and adopt the following resolution:

The GAVI Alliance Board resolved to:

Approve the revised GAVI Programme Funding Policy attached as Appendix A to the report on the Revision to the Programme Funding Policy, Doc #12d.

3. Executive summary

- 3.1 In November 2009, the GAVI Alliance Board adopted a cash reserve requirement under which the amount of cash and investments should always equate to at least 8 months' projected cash outflows. In June 2010, the Board adopted a system that requires that whenever the Board is considering the approval or endorsement of funding for new programmes, as a prerequisite to such approval or endorsement an amount of qualifying resources be set aside

to cover all commitments arising in the period from the start of the then current year through the next 2 calendar years.

- 3.2 The Secretariat considers – and the AFC endorsed – that the Board decisions on the cash reserve requirement and the minimum available resources for the approval and endorsement of new programmes are very closely related and recommends that they be placed together in one policy. The Secretariat is also formatting Board approved policies in a standard format. Finally, the Secretariat made some editorial proposals clarifying the meaning of the Programme Funding Policy.
- 3.3 In view of the above, the Audit and Finance Committee recommended to the GAVI Alliance Board that it approve the attached Programme Funding Policy (Appendix A) that combines both elements related to programme funding decisions and clarifies some of the language.

Section B: Implications

4. Impact on countries

- 4.1 None (the Board already approved the programme funding system and the cash reserve requirement joined in the proposed Programme Funding Policy).

5. Impact on the Business Plan / Budget / Programme Financing

- 5.1 None (the Board already approved the programme funding system and the cash reserve requirement joined in the proposed Programme Funding Policy).

6. Risk implications and mitigations

- 6.1 None (the Board already approved the programme funding system and the cash reserve requirement joined in the proposed Programme Funding Policy).

7. Legal implications

- 7.1 There are no legal implications.

8. Consultation

- 8.1 The AFC considered and endorsed the proposed Programme Funding Policy.

9. Gender equality implications

9.1 There are no gender equality implications.

10. Implications for the Secretariat

10.1 There are no implications for the Secretariat.

Appendices:

Appendix A: Revised GAVI Programme Funding Policy (proposed).

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DOCUMENT ADMINISTRATION

VERSION NUMBER	APPROVAL PROCESS	DATE
1.0	Barry Greene, Managing Director, Finance and Operations	
Sections 3.1-3.3	Approved by: GAVI Alliance Board	17 June 2010
	Effective from:	17 June 2010
	To be reviewed:	As and when required
Section 3.4	Reviewed by: Audit and Finance Committee	September 2009
	Approved by: GAVI Alliance Board	18 November 2009
	Effective from:	18 November 2009
	To be reviewed:	As and when required

GAVI Alliance Programme Funding Policy

1. Purpose

- 1.1 The Programme Funding Policy aims to strengthen the prudent management of GAVI Alliance resources and commitments.

2. Scope

- 2.1 This Policy shall apply to all decisions to approve or endorse new programmes for funding.

3. Principles

- 3.1 As a prerequisite to the approval or endorsement of any new programmes, an amount of Qualifying Resources (as defined below) shall be set aside to fully cover all commitments arising in the period from the start of the then current year through the next two calendar years (the Defined Period).
- 3.2 The Secretariat shall provide the Board with a projection of the amounts arising during the Defined Period (per 1 above), in respect of:
- (a) Qualifying Resources available in the defined period; and
 - (b) Cash outflows required to meet GAVI Alliance commitments, other than to the new programmes being considered (i.e. to programmes being already supported, including extensions thereof, and workplan and administrative costs) in the Defined Period.
 - (c) The remainder (a-b), being the amount available to cover commitments to new programmes in the defined period.
- 3.3 The Secretariat shall also provide the Board with a projection of commitments arising and Qualifying Resources available in the three years subsequent to the Defined Period, so that the Board can take into account the longer-term implications when considering the funding of new programmes.
- 3.4 In addition to the foregoing, the GAVI Alliance shall maintain a minimum cash and investment reserve equaling eight months of expected annual expenditures.

4. Definitions

- 4.1 Qualifying Resources, meaning the resources that can be counted for the purposes of covering commitments, shall comprise:

Funds on hand:

- (a) Cash and investments of the GAVI Alliance
- (b) Cash and investments of the GAVI Fund Affiliate that are committed for approved programmes and are available for transfer to GAVI

Future inflows expected during the Defined Period from:

- (c) Contributions contingent on programmatic expenditure (e.g. AMC contributions)
- (d) Expected IFFIm funding from the GAVI Fund Affiliate, based on existing donor pledges
- (e) Expected grants from the GAVI Campaign
- (f) Confirmed contributions to GAVI Alliance (under already-signed agreements or otherwise confirmed in writing)
- (g) Expected contributions from existing donors who have not yet confirmed their contributions for the entirety of the Defined Period, based on current contribution levels (i.e. a conservative projection)
- (h) Projected investment income.

5. Effective date and Review of Policy

- 5.1 Section 3.4 of this policy on the cash reserve requirement came into effect on 18 November 2009. All other sections came into effect as of 17 June 2010.
- 5.2 This policy will be reviewed and updated as and when required. Any amendments to this policy are subject to GAVI Alliance Board approval.