Section A: Overview

1 Purpose of the report

1.1 This report highlights the changes to the Programme Funding Policy that are required to reflect the removal of the GAVI Funding Affiliate (GFA) from the IFFIm structure.

2 Recommendations

2.1 The Audit and Finance Committee recommends that the Board:

Approve the amended GAVI Programme Funding Policy attached as Annex 1 to Doc 02e.

3 Executive summary

3.1 In February 2013 The GAVI Fund Affiliate was removed from the IFFIm structure with the GFA Board electing to wind up the entity on 28 March 2013.

3.2 The Programme Funding Policy is being updated to reflect the removal of the GAVI Fund Affiliate (GFA) from the GAVI structure, following the decision of the GFA Board on 28 March 2013 to wind-up that company. Remaining cash and investment balances (approximately $109 million) held by GFA will be transferred to the GAVI Alliance during 2013. Going forward IFFIm will disburse funds directly to GAVI Alliance.

3.3 Annex 1 of the policy is also being updated to refer to “new cash programmes” instead of “HSFP programmes”, for consistency with current practice and terminology.
Section B: Implications

4 Impact on countries
4.1 Not applicable

5 Impact on GAVI Stakeholders
5.1 Not applicable

6 Impact on the Business Plan / Budget / Programme Financing
6.1 Would not impact the amount of programme financing but would streamline the process by which IFFIm funds are transferred to GAVI.

7 Risk implications and mitigations
7.1 Not applicable

8 Legal or governance implications
8.1 Not applicable

9 Consultation
9.1 The Audit & Finance Committee reviewed the proposed amendments at its meeting on the 22 April 2013.

10 Gender implications / issues
10.1 Not applicable

11 Implications for the Secretariat
11.1 See paragraph 8.1
### GAVI Alliance Programme Funding Policy

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<th>APPROVAL PROCESS</th>
<th>DATE</th>
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<td>1.0</td>
<td>Barry Greene, Managing Director, Finance and Operations</td>
<td>17 June 2010</td>
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<td>September 2009</td>
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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.

3.5 The Board may from time-to-time approve a funding envelope from which the Secretariat shall allot funding to individual programmes in accordance with the provisions of Annex 1 hereto.

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 IFFIm 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. Section 3.5 of this policy establishing the funding envelope arrangement and Annex 1 thereto came into effect on 13 June 2012. 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.
Annex 1

Funding Envelope

1. The Board or EC may from time-to-time approve a funding envelope, to be allotted by the Secretariat in the upcoming calendar year or other period as the Board or EC may specify for the continuation and adjustment of funding for existing programmes, and for new cash HSFP programmes.

2. The Secretariat, acting within that Board-approved funding envelope, shall during the upcoming calendar year (or specified period):

   (a) for new cash programmes recommended by the HSFP an IRC: allot funding to individual programmes based on recommendations of the IRC; and

   (b) for then existing programmes: allot funding to extend budgets into future years and/or adjust annual budget amounts for individual programmes, based on recommendations of the Monitoring IRC, and adjust budget amounts for updated timing of implementation and budget utilisation.

3. By ‘allot funding’ is meant that the Secretariat shall, from within the Board-approved funding envelope, for each programme:

   (a) endorse or adjust the multi-year budget for a programme; and

   (b) establish or adjust a near-term liability on the GAVI Alliance balance sheet for funding through the then current calendar year and one further year. (This amount is a sub-set of the endorsed multi-year budget).

4. The Secretariat shall implement appropriate safeguards for oversight of the funding envelope and reporting to the Board on its utilisation, including:

   i. Following receipt of IRC recommendations, the financial implications of the recommendations shall be assessed by the Secretariat and documented in a report prepared by the Country Programmes and Finance teams. That report shall be provided to the Managing Director – Finance & Operations (instead of to the AFC), for certification that the financial implications are within the Board-approved funding envelope.

   ii. Following that certification, the funding recommendation shall be reviewed the CEO or Deputy CEO each of whom is empowered to authorise the allotment of funding to individual programmes, from within the funding envelope. If that certification is not provided, then the funding recommendations shall be referred to the AFC for review and recommendation to the EC.

   iii. Following authorisation by the CEO or Deputy CEO, countries shall be notified accordingly by implementation letter.

   iv. The Secretariat shall report back to the AFC and the Board or EC semi-annually on utilisation of the funding envelope. This reporting shall summarise the programme funding allotments made by the Secretariat in the previous half-year with regard to the Board/EC-approved funding envelope.