

**ANNEX 1****GAVI Alliance  
Variance Policy**

(For assistance on this policy, please see the GAVI Alliance Chief Accounting Officer)

**1. Purpose**

To establish a standing delegation to the Secretariat to spend above board-approved budgets when doing so would avoid inefficiencies and where the overspend is modest.

**2. Definitions**

Terms found in this policy shall have the same meaning as they do within the GAVI Alliance Statutes and By-laws. Further, the following definitions shall apply:

- **“Procurement Programmes”** – Support for new and underused vaccine programmes (NVS) and other procurement programmes which may be approved by the Board or Executive Committee from time to time.
- **“Cash Programmes”** – Cash disbursements (either directly to countries or through an implementing partner agency) in support of country-specific programmes, including health systems strengthening (HSS), immunisation services support (ISS), civil society organisation support (CSO), introduction grant for new vaccine support (NVS) and such other programmes which may be approved by the Board or Executive Committee from time to time.
- **“Work Plan”** – The work performed by GAVI’s partner agencies and the GAVI Secretariat to support GAVI-related initiatives.
- **“Administrative”** – Activities associated with operating the GAVI Alliance.
- **“Vertical Approvals”** – Board or Executive Committee approved near-term programme liabilities.

**3. Responsibilities**

The Chief Accounting Officer is responsible for maintaining a system for identifying, evaluating, monitoring and controlling risks associated with programme liabilities. Programme Delivery Team is responsible for executing the approved programmes through communications with countries and programme partners.

**4. Background**

As an international public-private partnership, largely supported by the funds from donor governments, the GAVI Alliance takes seriously financial stewardship. On a bi-annual basis, the Secretariat establishes the GAVI Alliance Work Plan, which identifies the activities, responsibilities, timeliness and budgets required to reach the annual milestones of the GAVI Strategic Plan. The Work Plan allocates funds to principal Alliance partners and the Secretariat. On an annual basis, the Secretariat establishes

## ANNEX 1

an administrative budget. On an ongoing basis, the Board or Executive Committee approves country-specific and non-country specific programmes. (Collectively, the “**Budget**”). The ongoing management of the Budget and the financial affairs of GAVI require a process to report on a regular basis to the Executive Team and the Board the actual results of operations in comparison to Budget estimates and to establish the process whereby authority is granted to vary from expenditure limits as established in the approved Budgets.

### 5. Policy

It is the policy of the GAVI Alliance that programmatic, work plan and administrative expenses shall be governed by allocations approved during the budget process and adopted by the board as an approved budget. However, the Board recognises that in some circumstances, actual expenditures could be higher than budgeted and that the Secretariat should be delegated authority to make expenditures that exceed budgeted amounts if the incremental spend is modest and the purpose reasonable.

### 6. Procurement programme for vaccines and supplies

The following list provides some instances where a modest overspend (variance) on programmatic expenses could be warranted:

- Change of vaccine presentation, e. g. yellow fever 5 dose to yellow fever 10 dose
- Price differences
- Changes due to freight, safety boxes, syringes
- Differences in estimates of vaccines in stock from previous years

Each year the Board will approve a variance allowance to be applied across all countries for procurement programmes (“**Programme Variance Allowance**”).

The Programme Variance Allowance will be calculated as a percentage of the total Vertical Approvals.

Approved variances will be offset against the Programme Variance Allowance.

No individual country shall exceed its annual Vertical Approvals across all of its procurement programmes by more than 20% or US\$ 50,000 whichever is the greater figure.

Negative variances will be reported to the Board, and the associated programme liability will be reduced. These variances will not be used to increase the Programme Variance Allowance.

Variances in excess of the Programme Variance Allowance or individual country limit must be approved by the Board or Executive Committee.

## ANNEX 1

The Managing Director Programme Delivery (or designee) is responsible for approving and monitoring variance per country.

### **7. Budget variance for the work plan and administrative expenses**

The CEO (or designee) is authorised to approve Work Plan expenses up to 5% above the total bi-annual Work Plan budget.

The CEO (or designee) is authorised to approve Administrative expenses up to 5% above the total annual Administrative budget.

### **8. Monitoring and reporting**

The Managing Director Finance and Operations (or his/her designee) is responsible for monitoring the Budgets.

The Managing Director Finance and Operations (or his/her designee) will provide the following variance reports to the Audit and Finance Committee:

- On a semi-annual basis, actual-to-budget Administrative expenses, including funds spent under the Variance Policy.
- On a yearly basis, actual-to-budget Work Plan budgets, including funds approved and/or spent under the Variance Policy.
- On a yearly basis, actual-to-budget Programme budgets.