



43rd Executive Board Meeting
21-22 November 2023
Santiago Dantas room
Itamaraty Palace
Brasilia, Brazil

Agenda item 6

Policy for acceptance of Specified Contributions

For Information **For Review and Advice** **For Decision**

POLICY FOR THE ACCEPTANCE OF SPECIFIED CONTRIBUTIONS

This Policy set out the basis on which Unitaid may accept Specified Contributions. It outlines the applicable principles and requirements to be met, together with additional guidance to facilitate implementation by the Secretariat, where relevant.

DEFINITION OF SPECIFIED CONTRIBUTIONS

Specified Contributions are resources received by Unitaid subject to conditions specifying the area of Unitaid's work for which they can be used. They are supplementary to Unitaid's Core Funding.

APPLICABLE PRINCIPLES

Principle 1 – Board approval and transparency requirements

- (a) The Executive Director is authorized to accept all Specified Contributions, subject to their meeting the two basic requirements set out in Principles 2 and 3 below, regarding (i) the scope of the specified conditions; and (ii) the minimum applicable rate of Overhead Cost Recovery (OCR).
- (b) Proposed Specified Contributions that do not fully meet the two basic requirements may still be accepted but are subject to approval by the Unitaid Executive Board. The Board should be informed at the earliest opportunity of the proposed arrangements and its exceptional approval sought on a no-objections basis.
- (c) All Specified Contributions must comply with all relevant WHO requirements, including with respect to FENSA, where applicable; and
- (d) The FAC will monitor Specified Contributions on behalf of the Board and will provide updates as necessary to the Board, to ensure appropriate transparency. To facilitate this, the Secretariat must present a six-monthly written report to the FAC and an opportunity for the FAC to raise questions. The content of the Specified Contributions Report shall be determined by the FAC but is expected to include the components set out in the Annex to this Policy.

Principle 2 – Scope of specified conditions

Specified Contributions must be specified for work within the scope of Unitaid's Strategy and fit within one or more Board-approved Areas for intervention (Afls), or one or more of the Programmatic Priorities within the Strategy, and contribute as such to leveraging cross-cutting priorities and programmatic cross-linkages.

Additional Guidance:

Proposed Contributions specified at a more granular level, such as for specific programs, projects, or implementers may be recommended by the Secretariat and referred, as an exception, for Board approval, in accordance with Principle 1 (b) above.

Principle 3 – Financial thresholds

- (a) A large majority of the active portfolio should be financed by Core Contributions; and
- (b) Overhead Cost Recovery (OCR) will be applied to Specified Contributions.

Additional Guidance:

Rate of Overhead Cost Recovery (OCR) to be applied to Specified Contributions. A de minimis rate of 7% OCR shall be applied to contribute to the financing of Unitaids' overheads.

It is recognized that there may be some exceptional cases where a proposed Specified Contribution may require an exception to the de minimis rate of 7% OCR may be considered. Such cases may, for instance, include arrangements to pass funds through to other global health partners, procurement, or funding for emergencies. In such cases, if the Secretariat recommends the acceptance of an OCR rate below 7%, the proposed Contribution must be approved as an exception by the Board, in accordance with Principle 1 (b).

It is also recognized that there may be some exceptional cases where a proposed Specified Contribution may incur significant additional programmatic costs (for example, where the Secretariat is required to manage a project) over and above the OCR rate applied. In such cases, the Secretariat should negotiate with the donor to (i) increase the OCR rate to cover these costs or (ii) include these additional costs in the programmatic part of the budget (ie: the part remaining after the OCR is applied).

When considering whether to accept a proposed Specified Contributions, the Secretariat must consider whether the associated transaction and operational costs associated with the proposed Specified Contribution are proportionate and justified by the value of the Specified Contribution. The acceptance of small Specified Contributions must therefore be given careful consideration.

Principle 4 – Governance considerations

Specified Contributions do not affect Unitaids' existing Board governance structure and do not give any decision rights to new donors within the Board structure. However, acknowledging the value of keeping specified funders informed and their voices heard within the governance bodies, arrangements shall be made to ensure that consultations and knowledge sharing mechanisms exist between such funders and Unitaids' governance based on modalities that are appropriate and feasible.

ANNEX**Indicative Content of Specified Contributions Report**

In accordance with Principle 1(d) of this Policy, the Secretariat shall provide a six-monthly update in the form of a Specified Contributions Report to the FAC. The content of the Report shall be agreed with the FAC but is expected to include the following:

- % share of Unitaid's total portfolio funded by Specified Contributions;
- Specified Contributions as a % of total funding received during the calendar year;
- Names of funders that have made Specified Contributions Report since the last Specified Contributions Report, together with the key specified conditions attached;
- Amount of Overhead Recovery Charge (OCR) (as a % of the Specified Contributions and the total amount included in the Specified Contributions);
- Total amount of OCR secured through Specified Contributions for the current calendar year;
- Overview of exceptions to OCR de minimis rates submitted to the Board for approval during the period under review; and
- An update on current discussions and projections for future Specified Contributions.

This Policy shall be reviewed in the second half of 2025.