

DOCUMENT PROFILE				
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Title:	Financial Reserve Policy			
Area ¹	Governance			

1. INTRODUCTION

1.1. Background of AHRI

Armauer Hansen Research Institute (AHRI) is a biomedical, clinical, vaccine, modern and traditional medicine research and development and pharmaceutical industry support Institute based in Addis Ababa, Ethiopia. It focuses on infectious and noninfectious diseases medical research, vaccine, pharmaceuticals & diagnostics research and development as well as nationwide pharmaceutical industry support. The Institute was founded in 1970 as part of the All-Africa Leprosy and Rehabilitation Training Center (ALERT), with the support of two Save the Children organizations of Norway and Sweden, and the Ethiopian government. The Institute was named after Gerhard Armauer Hansen, a Norwegian physician who discovered the leprosy bacillus in 1873. In 1999, the Institute was restructured and renamed as AHRI, under the Ministry of Health of Ethiopia. AHRI's mission is to Improve public health and well-being by generating and presenting scientific evidence, enriching and developing new/improved products, equipment and methods, providing pharmaceutical industry support and advisory services and to be a center for technology transfer and capacity building, enhancing the country's sustainable economic, social and environmental benefit. On 14th April 2023, The Council of Ministers of the Federal Democratic Republic of Ethiopia (FDRE) re-established AHRI under Regulation No. 530/2023 with further expanded mandates.

AHRI raises funds from competitive, bilateral and multilateral sources to execute research endeavors. Due to a number of factors, shortfall of funds could be encountered and

¹ Area refers to which comprehensive functional categories the document belongs to: Research and Development, Research Training, Innovation, Production/Manufacturing, and Governance.

interruptions in executing and sustaining essential functions of the institute may happen. Therefore, developing and ratifying this Financial Reserve Policy has been found essential to set aside fund for such times of financial constraint.

1.2. Purpose and Objectives of the Financial Reserve Policy

AHRI implements this Financial Reserve Policy to ensure financial stability and sustainability. Furthermore, the Financial Reserve Policy aids in managing risks by setting aside resources that can be used to address potential liabilities or emergencies, ensuring that AHRI's operations and contributions to national and global health remain uninterrupted.

The objectives of this policy are:

- 1) To maintain a sufficient financial reserve to safeguard against unforeseen exigencies
- 2) To provide a buffer to support strategic initiatives aligning with the institute's long-term goals,
- 3) To allocate financial reserve for the continuous development of its infrastructure and technological capabilities, thereby fostering an environment conducive to cutting-edge research and innovation.

2. POLICY STATEMENT

AHRI maintains a A Financial Reserve Policy that is designed to ensure the financial stability and operational sustainability of the institute. This policy outlines the procedures for allocating and managing reserves, aiming to provide a buffer against economic fluctuations and unforeseen encounters. AHRI commits to transparency and accountability in its reserve practices, regularly reviewing and adjusting the policy to reflect the evolving needs of the institute and its stakeholders.

3. SOURCES AND TARGETS OF FINANCIAL RESERVE

Financial reserve is primarily composed of funds allocated for research and development projects, emergency contingencies, and to ensure operational sustainability. This reserve ensures that AHRI can maintain its research activities and infrastructure, even in times of financial uncertainty. It is managed with strict adherence to financial regulations and oversight to support the institute's mission.

3.1. Sources of Financial Reserve

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The potential sources for the financial reserve shall be but not limited to indirect costs, milage fund, exchange rate gains and project leftover funds from closed-out grants when approved by the respective partners.

3.2. Financial Reserve Targets

AHRI will establish financial target reserve levels based on financial risk assessment and strategic objectives. In general, 25% of the indirect cost, 50% the milage fund, 100% of the exchange rate gains approved by partners and project leftovers of closed-out grants. Reserves shall be reviewed annually and adjusted as needed.

4. RESERVE MANAGEMENT

- 4.1. AHRI Management shall be responsible for approving reserve allocations.
- 4.2. Reserves shall be allocated based on recommendations from the grant and finance units.
- 4.3. Any use of reserves must be approved by AHRI Management.

5. REPORTING AND MONITORING

The senior leadership shall be responsible for the establishment and utilization, periodic review and update of the Financial Reserve Policy.

6. DUTY TO COOPERATE

The concerned bodies shall have the duty to cooperate with a view to facilitating to effectively discharge its duties under this policy.

7. INAPPLICABLE POLICIES

No policies or practices or circular letter shall, in so far as it is inconsistent with this policy, be applicable with respect to matters provided by this policy.

8. EFFECTIVE DATE

This policy shall enter into force from the date of the signature by the Director General of Armauer Hansen Research Institute following approval of the management.



Prof. Afework Kassu
Director General
April 01, 2024