

# Finance Committee Report to the Board

(2<sup>nd</sup> June 2011)



# Agenda

1. Financial Report for 2010
2. Interim Financial Report for 2011
3. Conflict of Interest
4. The Finance Committee Membership and Terms of Reference

# I. Financial Report for 2010

# Financial Report for 2010 overview

- During the year the Partnership was able to use funds from two sources, totaling US\$ 10.5 million:
  - Unspecified funds carried over from 2009 of US\$ 900,000
  - US\$ 9.6 million of donor commitments available for use in 2010
- Expenditure in 2010 was also US\$ 9.6 million
- Ordinarily, this would result in an US\$ 900,000 surplus being carried forward to 2011. However in 2010:
  - Some funds were ring-fenced and not allowed to be spent
  - Some funds were pledged but not available in time for year end
  - Resulting in a cash flow shortfall of US\$ 500,000.

## Income for 2010 summarized (US\$)

Donor	2010
Government of Australia	500,000
Government of Italy	120,000
Government of Netherlands	1,050,000
Government of Norway	4,086,500
Government of Sweden	263,000
Government of the UK	993,000
Government of USA	132,500
Bill & Melinda Gates Foundation	2,229,500
MacArthur Foundation	221,000
Unspecified Funds brought forward from 2009	873,000
<b>Total Funding Available \$</b>	<b>10,468,500</b>

## Expenditure for 2010 summarized (US\$)

Workplan	Budget	Actual expenditure	Impl. Rate
PA 1	435,000	441,860	101.6%
PA 2	400,000	399,347	99.8%
PA 3	500,000	501,046	100.2%
PA 4	390,000	392,172	100.6%
PA 5	2,355,000	2,549,835	108.3%
PA 6	1,670,000	1,825,064	109.3%
Core Functions	1,050,000	1,442,405	137.4%
<b>Sub-total Activities</b>	<b>6,800,000</b>	<b>7,551,729</b>	<b>111.1%</b>
Staff costs	2,031,000	2,056,157	101.2%
<b>2010 Workplan</b>	<b>8,831,000</b>	<b>9,607,886</b>	<b>108.8%</b>

## Recommendations

- The Finance Committee notes the report is satisfactory and recommends to the Board to approve the Financial Report for 2010
- The Finance Committee notes the work of the Partnership to manage the 2010 cash flow issues in the context of (a) the Partners' Forum, (b) unavoidable delays in availability of pledged funds and (c) the ring-fencing of existing funds.
- As a consequence, the Partnership is carrying forward an effective cash flow shortfall of US\$ 500,000 which will need to be resourced.

## 2. Interim Financial Report for 2011



# Budget for 2011 (US\$)

- The 2011 budget was approved in November 2010 by the Board
- The Finance Committee noted an additional requirement of \$810,000 for 2011, to be approved by the Board

Activities	November 2010 Budget	Additional Requirement	June 2011 Budget (to be approved)
PA 1	515,000	50,000	565,000
PA 2	390,000	0	390,000
PA 3	170,000	0	170,000
PA 4	310,000	0	310,000
PA 5	1,155,000	335,000	1,490,000
PA 6	1,150,000	175,000	1,325,000
Core Functions	1,100,000	0	1,100,000
Staff costs	2,031,000	250,000	2,281,000
<b>Total</b>	<b>6,821,000</b>	<b>810,000</b>	<b>7,631,000</b>

# 2011 Resource requirement (US\$)

Donor	US\$ / Workplan
Government of Australia (April 2011)	1,906,000
Government of Canada (March 2011)	451,000
Government of Sweden (January 2010)	274,000
Bill & Melinda Gates Foundation (October 2010)	1,142,000
MacArthur Foundation (June 2010)	155,000
World Bank (April 2011)	1,062,000
Unspecified Funds brought forward from 2010	861,000
<b>Total funds received to date, excluding PSC</b>	<b>5,851,000</b>
Government of Netherlands (December 2011)	133,000
Government of Norway (July 2011)	560,000
World Bank (September 2011)	770,000
<b>Total funds pledged to date, excluding PSC</b>	<b>1,463,000</b>
<b>TOTAL FUNDS, RECEIVED AND PLEDGED, excluding PSC</b>	<b>7,314,000</b>
2011 Revised Budget	(7,631,000)
2010 Cash Flow shortfall	(440,000)
<b>ADDITIONAL 2011 RESOURCE REQUIREMENT, excluding PSC</b>	<b>(757,000)</b>
<b>ADDITIONAL 2011 RESOURCE REQUIREMENT, including PSC</b>	<b>(855,000)</b>

# Resource mobilization

## The Finance Committee

- Applauds the responsiveness of the Donor community to the Partnership's resource mobilisation efforts – in particular the donors' willingness to commit unspecified funding
- Calls upon the Donor community and the Board to support the process for raising additional funding required for the rest of the workplan
- Appreciates discussions are being finalised on funding proposals for 2011:
  - Government of Norway
  - Government of UK

# Expenditure to 17<sup>th</sup> May 2011

- Expenditure to 17<sup>th</sup> May 2011 was approximately US\$ 2.2m
- An overall implementation rate of 28.2% (this rises to 37.7% including expenditure in the pipeline)

Activities	Revised 2011 Budget	Expenditure to 17 May 2011	Expenditure in the Pipeline	Balance
PA 1	565,000	96,268	120,000	348,732
PA 2	390,000	0	105,000	285,000
PA 3	170,000	0	70,000	100,000
PA 4	310,000	26,800	0	283,200
PA 5	1,490,000	299,414	372,940	817,646
PA 6	1,325,000	432,860	52,900	839,240
Core Functions	1,100,000	454,973	0	645,027
Staff costs	2,281,000	844,718	0	1,436,282
<b>Total</b>	<b>7,631,000</b>	<b>2,155,033</b>	<b>720,840</b>	<b>4,755,127</b>

# Recommendations of the Finance Committee

- Recommends to the Board to approve the interim financial report, 1st January to 17<sup>th</sup> May 2011

### 3. Conflict of Interest

# Recommendations of the Finance Committee

The Finance Committee recommends to the Board:

- The formation of an Independent Advisory Group (IAG) of 3 persons (criteria to be decided) to identify potential conflicts of interest in the funding of Partners to carry out activities in the Partnership workplan
- That Strategic Operational Planning (SOP) guidelines be approved, including:
  - o That the Board agree that only decisions for funding of contracts above a certain threshold (e.g. \$100,000) to be submitted to the IAG for approval, and approval by the Board.
  - o That the Board agree that decisions for funding of contracts below a certain threshold (e.g. \$100,000) would only require an assessment by the Secretariat, within the existing workplan as approved by the Board, and conditional on WHO internal rules and regulations for procurement of services.
  - o Declaration of Interest (DOI) be signed by Board Members

## **4. The Finance Committee Membership and Terms of Reference**



## The Finance Committee recommends to the Board:

- Membership of the Finance Committee be increased to 5 persons
- Terms of Reference to be revised to include:
  - A quorum of 3 persons
  - Responsibility of overseeing resource mobilisation