

Finance Committee Meeting
Prior to 12th Board Meeting, 27 April 2012

Interim Financial Report for 2012

1 January 2012 to 31st March 2012

1. Introduction

This interim Financial Report provides information for the first three months of the year 2012, from 1st January to 31st March 2012.

This is the first financial report for the work undertaken by the Partnership for Maternal, Newborn and Child Health (PMNCH) as part of the newly approved Strategic Framework for 2012 - 2015 and Workplan and Budget for 2012. Expenditure information is therefore presented according to the three Strategic Objectives (SOs) and two cross cutting areas of activity, as laid out in the 2012 workplan.

Following this introduction the report is structured as follows:

- **Section 2 – Income and resource mobilisation overview.** Provides an update on the total funds currently available from Donors to fund the agreed PMNCH 2012 workplan and budget, including commitments for any future years as applicable. It also provides an update on the ongoing resource mobilisation efforts
- **Section 3 – Budget and Expenditure.** Sets out a summary of expenditure, including actual expenditures and encumbrances, for the first three months of 2012 by SOs and cross cutting areas. Key activities undertaken during this period are also noted.

In addition, Annex 1 to this report provides a list of contracts with a value of over US\$ 100,000 that were awarded to members of the Partnership in the first three months of 2012.

2. Income and resource mobilization

The donor community has responded well to the new PMNCH Strategic Framework and Workplan. As at the end of 31st March 2012, this has been reflected in over 60% of the 2012 annual budget being funded, with discussions ongoing to secure the remaining resources. These details and the work on resource mobilisation more broadly are set out in the rest of this section.

PMNCH Donors and Foundations Meeting

On 3rd February 2012, DFID, CIDA, and SIDA hosted a PMNCH Donors and Foundations Meeting at DFID offices in London on engaging and delivering on the PMNCH Workplan for 2012 – 2015.

The meeting was well attended, and included participation from a number of new donors who are considering funding the PMNCH workplan for the first time (e.g. Governments of Japan, Spain, Germany, France). Other stakeholders, such as the Government of India and a number of NGOs partners, were also present.

Donor organizations reaffirmed their strong support for the work of the Partnership and called on each other to make available the financial resources required to deliver the PMNCH workplan for 2012 and beyond.

The minutes from this meeting have been made available to the Finance Committee, and are available from the Secretariat.

Overview of available income and resources mobilisation efforts

The Partnership has been successful in raising over 60% of the required budgeted funding for the year 2012. This has included:

- US\$ 1.17m of funds that were committed by donors in the previous years for activities in 2012; and
- US\$ 7,71m of funds committed for 2012 since the start of this calendar year.

In addition, discussions are ongoing with the following donors on raising the remainder of the required funding, as follows:

- Bill and Melinda Gates Foundation. Proposal for US\$ 2.7m has been submitted for consideration.
- Governments of Norway, Netherlands, USA and Sweden. Discussions are underway about supporting PMNCH programme of work.
- Early stage discussions are also on-going with other donor organisations, including Governments of Japan and France for funding towards the 2012-2015 activities.

Other donors, including private sector entities will also be approached (any resource mobilisation from the private sector will be subject to normal WHO due diligence regulations). Support from Partners, the Executive Committee and the Finance Committee will be welcomed in pursuing such funding opportunities or in identifying additional sources of funding that could be applied for.

Table 2.1 below provides a summary of confirmed income (both existing and new grants) and funding that is still under discussion or in the application stage.

Table 2.1: Available income and resources mobilisation efforts (in US\$)

PMNCH		2012 Budget	Existing grants	New grants for 2012/2013	Under discussion
Relevant 2012 budget					
	Total 2012 PMNCH budget, as approved by the Board	14,265,740			
Funds from existing grants committed for activities in 2012¹					
	Bill and Melinda Gates Foundation (October 2010 grant)		807,000		
	Other Donors / 2011 carryover		370,000		
Funds committed for 2012 financial year, new grants					
	Commission on Information and Accountability (CoiA)			1,980,000	
	World Bank			870,000	
	Government of Australia*			1,550,000	
	Government of Canada**			1,000,000	
	Government of UK***			2,310,000	
Grants under application					
	Bill and Melinda Gates Foundation (submitted for USD 8.2m over 3 years)				2,700,000
Grants in advanced stage discussions					
	Government of Norway				[tbc]
	Government of Netherlands				[tbc]
	Government of Sweden				[tbc]
	Government of USA				[tbc]
	TOTAL		1,177,000	7,710,000	2,700,000
	TO BE RAISED FOR 2012 WORKPLAN	(14,265,740)	(13,088,740)	(5,378,740)	(2,678,740)

USD exchange rates applied are based on official United Nations Official Rate of Exchange (UNORE) rates at time of contract receipt by WHO.

* Government of Australia: Signed multi-year grant agreement AUD\$ 6,500,000 over four years

**Government of Canada: Signed multi-year grant agreement CAD\$ 3,000,000 over three years. CIDA has also agreed to frontload 2012 contributions to CAD\$ 1,500,000 for 2012 which will result in a lower apportion for subsequent years.

***Government of UK: Signed multi-year grant agreement GBP 6,000,000 over four years. DFID has also agreed to frontload 2012 contributions to GBP\$ 2,500,000 for 2012 which will result in a lower apportion for subsequent years.

¹ Including notional 13% PSC

Multiple year commitments

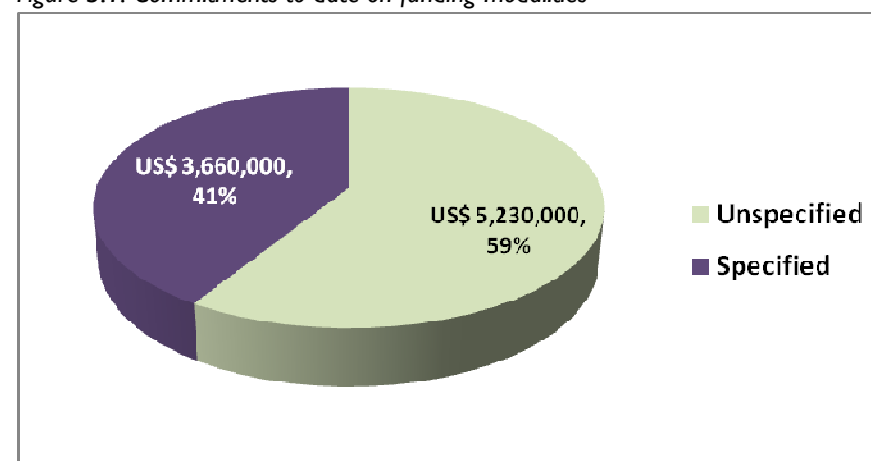
It should also be noted that many of the new donor commitments that have been made (or have been applied for) are for multiple years of the PMNCH Strategic Framework. These have included:

- Government of UK - Following meetings held with senior United Kingdom officials to discuss funding of a four year GBP 6,000,000 grant. Agreement was signed in early 2012.
- Government of Canada – CIDA officials confirmed a three year CAD\$ 3.0 million grant, for the Partnership's activities based on the 2012-2015 Strategic Framework.
- World Bank – A proposal for US\$ 3 million of funding over 3 years was signed in 2011. The Development Grant Facility (DGF) reviews performance every year. The DGF approved funding of the second year tranche of US\$ 870,000 for 2012.
- Government of Australia – AUSAID has recently confirmed a AUD 6,000,000 four year grant (for 2012-2015), with an additional AUD500,000 funding for 2012.
- Bill and Melinda Gates Foundation. A proposal for US\$ 8.2m over three years, was submitted. It includes US\$ 1.5mil for advocacy activities for the Countdown to 2015.

Specified and unspecified funding

As set out in Figure 3.1 below, the Partnership has continued to encourage donors to provide their support as unspecified funding, as this will ensure that the PMNCH programme of work will be delivered most efficiently and effectively over the years.

Figure 3.1: Commitments to date on funding modalities



3. Budget and expenditure

Table 3.1 below sets out the Budget for 2012, together with an indication of the expenditure and encumbrances recorded during the first three months of 2012 and the implementation rate. (Encumbrances are actual commitments of expenditure, i.e. contracts issued, for which final payments have not yet been made).

Following the summary Table 3.1, each of the main categories of expenditure are described in more detail and presented as Tables 3.2 to 3.7 (breakdown of budget and expenditures/ encumbrances for each SO and Cross Cutting areas of work).

Overall, the first three months of 2012 have shown an implementation rate of 27.7%.

Table 3.1: 2012 Budget, expenditure/ encumbrances, and implementation rate – 31st March 2012 (as per PMNCH 2012 workplan) – US\$

PMNCH	Budget 2012 (gross of PSC)	Expenditure & encumbrances	Balance	Implementation rate
SO1: Broker Knowledge and innovation for action	2,412,695	795,139	1,617,556	33%
SO2: Advocate for mobilising and aligning resources and for greater engagement	2,944,195	854,795	2,089,400	29%
SO3: Promote accountability for resources and results	1,893,485	699,432	1,194,053	36.9%
Cross cutting:				
Countdown to 2015	4,520,000	633,355	3,886,645	14%
Core Functions*	2,088,365	970,453	1,117,912	46.5%
Contingency	407,000	0	407,000	0
TOTAL	14,265,740	3,953,174	10,312,566	27.7%

* The implementation rate for Core Functions is higher than expected due to this issuance of several service contracts for periods exceeding 6-9months. Although work has not be performed, as per encumbrance guidelines, the entire contractual value is encumbered at the time of contract issuance and approval.

Tables 3.2 to 3.7 (breakdown of budget and expenditures/ encumbrances for each SO and Cross Cutting areas of work) provides more details on the main categories of expenditure by Strategic Objective.

SO 1 – Broker Knowledge and innovation for action

The 2012 budget for programme activities under SO1 is US\$ 1.47m. Total expenditure and encumbrances recorded to 31st March 2012 is US\$ 372,781, as summarised in Table 3.2.

Table 3.2: SO1 summary, in US\$ (m)

Activity	Budget	E & E ²	Balance
1. Knowledge related fulfillment of Partnership's role as part of the UNSG Global Strategy Every Woman Every Child (EWEC) joint workplan, including with the Innovation Working Group.	470,000	84,683	385,317
2. Partners' consensus reached on key RMNCH topics; lessons shared on success factors and constraints.	1,000,000	288,098	711,902
TOTAL	1,470,000	372,781	1,097,219

SO 2 – Advocate for mobilising and aligning resources and for greater engagement

The 2012 budget for programme activities under SO2 is US\$ 1.94m. Total expenditure and encumbrances recorded to 31st March 2012 is US\$ 421,819 as summarised in Table 3.3.

Table 3.3: SO2 summary, in US\$ (m)

Activity	Budget	E & E	Balance
3. Advocacy related fulfillment of Partnership's role as part of the UNSG Global Strategy Every Woman Every Child (EWEC) joint workplan.	550,000	75,649	474,351
4. Advocacy related fulfillment of Partnership's role in implementing the recommendations of the Commission on Information and Accountability (CoIA).	200,000	0	200,000
5. Visibility and alignment of RMNCH advocacy messages achieved.	1,195,000	346,170	848,830
TOTAL	1,945,000	421,819	1,523,181

SO 3 – Promote accountability for resources and results

The 2012 budget for programme activities for SO3 is US\$ 1.00m. Total expenditure and encumbrances recorded to 31st March 2012 is US\$ 278,468, as summarised in Table 3.4.

Table 3.4: SO3 summary, in US\$ (m)

Activity	Budget	E & E	Balance
6. Accountability related fulfillment of Partnership's role in implementing the recommendations of the Commission on Information and Accountability (CoIA).	700,000	274,358	425,642
7. Strengthen linkages with RMNCH related accountability mechanisms.	300,000	4,110	295,890
TOTAL	1,000,000	278,468	721,532

² Expenditure and encumbrances

Cross cutting area – Countdown to 2015

The 2012 budget for Countdown to 2015 (as managed by PMNCH) is US\$ 4.52m. Total expenditure and encumbrances recorded to 31st March 2012 is US\$ 737,315, as summarised in Table 3.5.

Table 3.5: Cross cutting area – Countdown to 2015, in US\$ (m)

Activity	Budget	E & E	Balance
8. Fulfillment of Partnership's role as part of the "Countdown to 2015" joint workplan.	4,520,000	737,315	3,782,685
TOTAL	4,520,000	737,315	3,782,685

Cross cutting area – Core Functions, SO coordinators and travel

The 2012 budget for Core Functions, SO coordinators and travel is US\$ 1.64m. Total expenditure and encumbrances recorded to 31st March 2012 is US\$ 563,015, as summarised in Table 3.6.

Table 3.6: Cross cutting area – Core Functions, SO coordinators and travel, in US\$ (m)

Activity	Budget	E & E	Balance
9. Effective and efficient Partnership governance, administration and engagement	1,229,000	563,015	665,985
TOTAL	1,229,000	563,015	665,985

Staff costs

The 2012 budget for Staff costs is US\$ 3.27m. Total expenditure and encumbrances recorded to 31st March 2012 is US\$ 1,571,222, as summarised in Table 3.7.

Table 3.7: Staff costs, in US\$ (m)

SO 2: Budgeted activity	Budget	E & E	Balance
Technical staff costs	3,274,740	1,571,222	1,703,518
TOTAL	3,274,740	1,571,222	1,703,518

At times of intense need and not included in the above figures are temporary and part-time staff employed by the Secretariat. Such work is either on specific project work or gives administrative support to the Partnership, as envisaged by the 2012 Workplan. As per WHO policy change at the start of 2012, all partnerships and departments must encumber the equivalent of 6 months salary costs to ensure financial stability in relation to employee payroll. PMNCH has allocated 6 months to meet these requirements.

At the end of March 2012, Mr Nicholas Meadmore, the Secretariat's Finance Officer retired. The Secretariat is grateful for his contributions to the work of the Partnership over the years and wishes him all the very best in the future.

Annex I: Awards greater than US\$ 100,000

Following the discussion at the 10th PMNCH Board Meeting (1&2 June 2011), the Board decided not to approve the establishment of a separate or independent Advisory Group, but to expand the Finance Committee to five (5) members, tasking the Expanded Finance Committee with reviewing and making recommendations on funding allocation (cumulative to over US\$ 100,000 per year) to partners for activities in the Workplan (instead of setting up an Independent Advisory Group) starting in 2012.

As part of this remit, the financial reports will provide regular updates to the Finance Committee of any funding allocations that cumulatively exceed US\$ 100,000 to partners (i.e. members of PMNCH). Table A1.1 below sets out the contracts awarded to the end of 31st March 2012 (all linked to the Countdown work, which is reviewed under a separate process agreed with WHO).

Table A1.1: Funding to Partners exceeding US\$ 100,000 cumulatively

Partner	US\$	Work area
Johns Hopkins Bloomberg School Of Public Health	237,911	Countdown
Harvard School Of Public Health	117,202	Countdown
Abrasco Associacao Brasileira De Pos-Graduacao Em Saude Coletiva	100,222	Countdown
TOTAL	455,335	