PMNCH Secretariat

The Partnership for Maternal, Newborn & Child Health

Board Paper – Budget

(REVIEWED AND AMENDED BY THE FINANCE COMMITTEE)

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1. INTRODUCTION

1.1. Context and aim

This paper sets out the proposed budget and funding requirements for PMNCH based on the cost information contained in the papers produced by:

- the Outputs Taskforce (Three-Year Strategic Framework for Action and Commitment by Partners and Workplan for Year 1) (The 'Outputs paper');
- the Structure Taskforce (Secretariat Structure) (The 'Secretariat paper').

The aim is to provide Board Members with a clear understanding of the current financial position and to seek agreement on funding. In reading this paper, Board Members should note that the actual levels of funding required will reflect any phasing/ priority decisions that the Board reaches at the Board Meeting.

1.2. Structure of paper

It is structured as follows:

- Section 2 provides a summary of outturn expenditure for 2008. The detail behind these costs will be discussed by the Finance Committee on 18th February before the PMNCH Board Meeting.
- Section 3 brings together the projected costs drawing on the information set out in the Outputs and Secretariat Structure Papers.
- Section 4 then provides the details of the funding currently expected for 2009 and the resulting funding gap.

Appendix 1 sets out the PMNCH programme expenditure by Priority Action Area.

1.3. Definitions

In reading this paper, Board Members should note that we have categorised PMNCH expenditure into three components as follows:

- *PMNCH Programme expenditure*: the additional resources required to cover activity over and above Partner's contributions in kind and the cost of the Secretariat and PMNCH core function cost.
- *Secretariat staff costs*: which include fully loaded staff costs together with other directly related staff costs (including staff travel, and IT/ telecoms cost).
- *PMNCH core function costs*: which include the costs of running PMNCH Board and other meetings, communications with PMNCH members, and consultancy/ outsourcing costs (e.g. for the PMNCH website).

2. 2008 OUTTURN

The 'Implementation Report', which will be presented to the 18th February Finance Committee meeting, provides details of funding and expenditure by the five Work Areas making up the 2008 Work Plan agreed by the Board.

Table 2.1 below provides a summary of this information for the Board. Key points to note from this Table are as follows:

- Column A shows the Funding commitments that were received in 2008 for that year. It shows the total funding commitments amounted to $10.5m of which around 70% was allocated to Work Plan areas and 30% was allocated to Secretariat/ staff costs.
- Column B shows the outturn expenditure by Work Plan area and Staff costs, which amounted to $7.8m.
- Column C shows the amount of Funding that remains following 2008 expenditure. It also shows percentage of the available funding that was used (this is referred to in the Finance Committee as the 'Implementation Rate'). Board Members should note that the expenditure on Core Partnership Functions exceeded the amount of Funding allocated to that Work Area because of the Partnership review process (including two additional Board Meetings). Overall, 74% of available funding was used in the year 2008.

Table 2.1: Summary of 2008 funding and expenditure

Work Area	**A**	**B**	**C**
	Funding received in 2008 *($m)*	**Expenditure in 2008** *$m*	**Remaining funding for 2009** *$m (% of funding)*
1. Political advocacy	2.465	1.414	1.051 *(57%)*
2. Country support and facilitation	1,838	1.401	0.436 *(76%)*
3. Harmonizing / Aid Effectiveness	0.107	0.009	0.098 *(8%)*
4. Monitoring and Evaluation	1.929	1.578	0.351 *(82%)*
5. Core Partnership Functions	0.797	0.943	(0.146) *(118%)*
Sub-total	7.136	5.345	1.791 *(75%)*
Sub-total – Secretariat/ staff costs	3.403	2.447	0.956 *(72%)*
TOTAL	**10.540**	**7.792**	**2.748 *(74%)***

Table 2.2 sets out the major sources of funds used for the expenditures shown in Column B of Table 2.1

Table 2.2: Source of funding

Donor	Funding Contribution (US$)
Bill and Melinda Gates Foundation	4.284m
Norway	2.074m
DFID	0.483m
Other (specified)[1]	0.186m
Other (unspecified)[2]	0.764m
TOTAL	**7.792m**

[1] McArthur Foundation, UNFPA, UNICEF, WB, USAID.

[2] Italy, Netherlands, interest earned, adjustments from past bienniums, etc.

3. PROJECTED COSTS FOR 2009, 2010 AND 2011

In this section we bring together the projected costs from the Outputs paper and the Secretariat Paper. In some places we provide additional detail. But the primary purpose is to provide the information on PMNCH Programme Expenditure, Secretariat costs and PMNCH Core Function costs in a single place. The final section provides totals for PMNCH as a whole over the period.

The proposed time period of three years is consistent with the work of the lead Partners on the Priority Action Areas. It also fits with the WHO's expenditure planning process which considers costs in two yearly groups ('bienniums'). 2009 is the second year of the current biennium. 2010 and 2011 are therefore the next biennium.

Board Members should note that all of the expenditure figures here are excluding Programme Support Costs ('PSC') (overhead charges made by WHO)[3]. The reason for this is that the Funding figures available to us are net of PSC. However, for reference in Tables 3.4 and 3.5 we provide an indication of the PSC charges (which would be deducted from source funding).

Board Members should also note that projections in this paper exclude allowances for inflation.

3.1. PMNCH Programme expenditure

As noted earlier, the PMNCH Programme expenditure refers to the additional resources required to cover activity over and above Partner's contributions in kind and the cost of the Secretariat and PMNCH core function cost.

Board members involved in each of the seven Priority Action Areas have discussed and provisionally agreed the likely budgetary requirements for their respective Priorities. The details of the Priorities are set out in the Task Force on Outputs paper.

Appendix 1 provides a detailed breakdown of the expenditure for each of the seven Priority Action Areas. The allocations across years and between 'expenditure-types' reflects the descriptions contained in the detailed work plan tables developed by the Partners for each initiative. However, note that we have not agreed the detailed allocation by 'expenditure type' with the lead Partners.

A summary of PMNCH Programme Expenditure (excluding PSC) is shown in Table 3.1 below. The key points to note from this table are:

- The overall budget for the three year period is currently estimated to be around US$ 6.8m. The expenditure in year 2009 is expected to be around US$ 2.5m, rising to

[3] See Footnote 10

around US$ 2.9m in 2010. The final year of the projected budget is expected to have a somewhat lower expenditure level of around US$ 1.4m.

- Priority Action Area 7 is currently assumed to be most costly at an estimated US$ 2.4m over the three year period, primarily due to the expenditure associated with the next Countdown meeting, currently planned for 2010. Priority Action Areas 4 and 5 are next most costly at around US$ 1.0m.
- It is important to note that the total expenditure levels shown here are likely to be an underestimate, primarily because the expenditure for:
    - Priority 1 currently excludes any cost estimates for Outputs 3 and 4 (related to advocacy and mobilisation of partners);[4]
    - Priority 3 does not include any costs for Output 3 in 2010 (which depends on the scope of work identified); and
    - Priority 5 currently assumes that relevant meetings will only be taking place in 2009 and not in later years.

Table 3.1: Summary of PMNCH Programme Expenditure (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 1: MNCH Advocacy and HS positioning	100	246	100	**446**
Priority Action 2: Advocacy and community outreach for MNCH services	450	150	150	**750**
Priority Action 3: Gaps in MNCH Core Packages	200	65	165	**430**
Priority Action 4: Develop costed strategies to scale up commodity supplies	185	545	350	**1,080**[5]
Priority Action 5: Human resources for MNCH	605	235	140	**980**
Priority Action 6: MNCH knowledge management portal	325	225	225	**775**
Priority Action 7: Accountability and the use of Countdown	650	1,450	250	**2,350**
TOTAL	**2,515**	**2,916**	**1,380**	**6,811**

Table 3.2 below sets out the details of the same proposed expenditure from the perspective of functions that would be required to achieve the work plans of individual Priorities. Subject to the same caveats relevant to Table 3.1, the key points to note at this stage are:

- Expenditure associated with **meetings and travel** are currently estimated to be in the region of US$ 2.4m. As their title suggests, these are likely to include expenditure

[4] Each Priority Action Area has a number of agreed Outputs.

[5] Note that this amount is lower than the amount included in the Outputs paper to reflect subsequent feedback from the lead Partner.

on flights and accommodation as well as any other costs associated with organising the meetings in question (e.g. conference facilities).

- **Consultant** expenditure is assumed to cover the costs of outsourcing any specialist work that will be required to support activities under the different priorities. This expenditure is expected to be in the region of US$ 2.3m over the three year period, with the bulk of it (US$ 1.2m) being projected to happen in year 2009.
- **Other outsourcing** refers to additional costs that may be associated with specialist IT/ web support as linked to specific Priorities as well as any coordination/ advocacy support. This expenditure is expected to be around US$1.4m over the period.
- The final category of cost relates to additional expenditure expected to be incurred by the **Secretariat** in their agreed role in the Priority Action Areas. These costs include, for example Secretariat travel costs, editorial and publication costs, additional logistics cost (e.g. For the Countdown Meeting, and HCPA workshops), and are estimated to be around US$ 0.7m for the period.

Table 3.2: Summary of functional PMNCH Programme Expenditure (US$ 000s)

Category	2009	2010	2011	Total
Meetings and travel	735	1,305	380	2,420
Consultants	1,200	680	390	2,270
Other outsourcing	330	616	420	1,366
Other Secretariat	250	315	190	755
Total	2,515	2,916	1,380	**6,811**

3.2. Secretariat staff costs and overheads

Assuming a 'do-minimum'[6] case for Priority Actions 2, 4 and 5, and therefore nine full time equivalents, with five senior and mid-level technical staff and four support staff, the anticipated fully loaded[7] staff costs of running the Secretariat are in the region of US$1.8m per year, as set out in Table 3.3 below. These are based on WHO guidelines for detailed budgeting exercises and development of staff work plans for the biennial 2008 and 2009.[8]

[6] A 'do-minimum' case implies a limited involvement by the Secretariat in Priorities 2, 4 and 5. Since the Secretariat paper was written, these Priorities have been developed further by the Task Force on Outputs.

[7] These costs are the full costs to the unit/project/department within WHO based in Geneva, i.e. the maximum cost to the organization if the person is employed for a full year. It includes salary and post adjustment (shifts in the cost of living) as well as entitlements in accordance with staff rules and regulations (e.g. statutory/ recruitment travel, contribution to health insurance, education allowance, pension plan, allowances for dependents etc.).

[8] Staff costs for later years would need to include an inflation assumption. Biennial inflation was assumed to be 3% in the last WHO guidance document issued on 15th March 2007.

Table 3.3: Estimated staff costs per year

Category							**Total**
Staff costs	**D1**	**P5/6**	**P3/4**	**P2**	**G5**	**P4(F)**	
FTE	1.00	3.00	2.00	1.00	1.00	1.00	
Cost *^	$263,500	$239,833	$172,000	$140,000	$121,000	$188,000	
Total	*$263,500*	*$719,500*	*$344,000*	*$140,000*	*$121,000*	*$188,000*	*$1,776,000*

** WHO Headquarter staff cost averages for biennium 2008 and 2009, Revision 15 March 2007.*
^ Assumed two P5 and one P6 grade; and an average for assumed costs for grade P3/4.

These 'steady state' annual costs will be relevant from 2010 onwards, given a requirement in 2009 to move from the current Secretariat structure to the one that is proposed.

The staff costs in 2009 take account of a transition from 15 staff at the beginning of the year to nine by the end of the year. For example, the numbers include a short period of costs in relation to the former Secretariat Director, and other staff – which will no longer be included in the future.

In addition to the Secretariat staff costs, we have also identified the following overhead costs:

- **IT and telecoms.** These include costs associated with telephone/ video conferencing facilities used by the Secretariat staff, as well as maintenance and renewal of IT equipment. The costs for 2009 onwards are assumed to stay similar to the actual costs recorded in 2008 and in the region of US$ 30,000 per year.
- **Travel.** These costs reflect the travel that the Secretariat staff are anticipated to undertake for a mix of core and PMNCH activity. The annual cost estimate for 2009 onwards is assumed to be around US$ 225,000 to US$ 250,000 per year, which is lower than in 2008 (around US$ 310,000) due to the reduction in the number of staff working at the Secretariat.

Table 3.4 below shows a summary of relevant Secretariat costs, as discussed above. Year 2008 shows actual costs incurred, with 2009 onwards reflecting anticipated/ projected costs.

Table 3.4: Secretariat costs (US$ 000s, excluding allowance for inflation)

Secretariat costs	**2008** *(Actual)*	**2009** *(Projected)*	**2010** *(Projected)*	**2011** *(Projected)*
Staff costs	**2,447**	**1,916**	**1,776**	**1,776**
Overhead	**338**	**280**	**255**	**255**
IT and telecoms	28	30	30	30
Travel	310	250	225	225
TOTAL COSTS	**2,785**	**2,196**	**2,031**	**2,031**
PSC 13% and 6%[9]	*338*	*266*	*264*	*264*

3.3. PMNCH Core function costs

In addition to the direct Secretariat costs, running the PMNCH Secretariat will also involve expenditure associated with organising Board and other meetings, hiring temporary staff and consultants as required, as well as outsourcing some operations, such as web site management. These costs include:

- **Temporary staff.** It is assumed that the Secretariat will, at times of particular resource constraint in meeting the core PMNCH functions, supplement its team with temporary staff. The assumption is that the cost of such staff will be around $100,000 on an annual basis from 2009.
- **Consultancy budget.** The consultancy budget is expected to be around US$ 300,000 per year for 2009 onwards. This is somewhat higher than in 2008, when the expenditure was around US$ 208,000, due to lower than anticipated activity in the second half of the year. The budget in 2011 is increased by US$ 100,000, to US$ 400,000 to reflect the requirement to undertake an evaluation of PMNCH in that year.
- **Web consultancy.** It is anticipated that the Secretariat will outsource most of the technical web development/ management functions, although the editorial control will rest with the staff. In 2008 the annual expenditure on web outsourcing was US$ 74,000. During this year the Secretariat had dedicated in-house web management staff and therefore future years' expenditure is expected to be higher – around US$ 125,000 per year.
- **Contingency.** Finally, a provision of around US$ 75,000 per year is made for contingency in 2009 onwards, which is slightly higher than the actual contingency costs identified in 2008 (around US$ 61,000).

[9] In 2008 and 2009, PSC charges by WHO were calculated as 13% of all expenditure on staff and 6% of expenditure on all other activities (travel, IT etc.). From 2010, this charge was unified at 13% for all expenditure by the organisation hosted at WHO.

These costs are set out in Table 3.5 below, with costs in year 2008 being actual recorded and those in 2009 onwards projected.

Table 3.5: PMNCH Core function costs (US$ 000s, excluding allowance for inflation)

PMNCH core functions costs	2008	2009	2010	2011
Board meetings costs, incl. travel	573	300	300	300
Temporary staff		100	100	100
Consultancy	208	300	300	400
Web Consultancy	74	125	125	125
Contingency (e.g. Other meetings)	61	75	75	75
TOTAL COSTS	**916**	**900**	**900**	**1,000**
PSC 6% up to 2009, 13% from 2010	*55*	*54*	*117*	*130*

3.4. Overall costs

Table 3.6 below sets out the overall assumed expenditure for the three year period and includes costs associated with PMNCH Programme Expenditure, Secretariat staff costs and overheads, and PMNCH Core function costs.

The key issues to note from this table are:

- The overall anticipated cost, for the three years, is assumed to be around US$ 15.9m, of which PMNCH Programme Expenditure is the largest proportion at around 43% or US$ 6.9m. However, and as noted earlier in the paper, this is likely to be an underestimate as some of the PMNCH Programme Expenditure costs are yet to be identified.
- Secretariat staff costs and overheads (at around US$ 6.3m) and PMNCH Core function costs (at US$ 2.8m) are around 39% and 18% of the currently known projected costs. These proportions are expected to fall to the extent that PMNCH Programme costs increase.

Table 3.5: Total project expenditure / costs (US$ 000s, excluding allowance for inflation)

Category	2009	2010	2011	Total
PMNCH Programme Expenditure	2,515	2,916	1,380	**6,811**
Secretariat staff costs and overheads	2,196	2,031	2,031	**6,258**
PMNCH Core function costs	900	900	1,000	**2,800**
Total	**5,611**	**5,847**	**4,411**	**15,869**

4. FUNDING CHALLENGE

This section firstly sets out the current funding position – i.e. the funds that are currently available to be used in 2009 from existing donor commitments. This available funding is then compared to the projected costs to identify the current funding gap.

4.1. Current funding position

The currently available funding can be considered in two parts, as set out in Table 4.1 below, and amounts to around US$ 5.9m net of PSC charges. This is made up of:

- US$ 2.8m left over from the available funds in 2008, net of PSC; and
- US$ 3.1m of additional commitments net of PSC available for 2009.

Table 4.1: Currently available funding for 2009[10]

Category	Expiry Date	Funding (brought forward 2008)	Funding in 2009 (projected)	Balance available (2009)
Unrestricted Funding available for expenditure		**226**	**856**	**1,082**
Unspecified funds 53266	*n/a*	17	(8)	9
Unspecified funds 53337	*n/a*	208	-	208
NETHERLANDS 54739	*n/a*		519	519
DFID 54857	*30-Mar-09*		345	345
Restricted Funding available for expenditure		**2,522**	**2,254**	**4,776**
NORWAY 52175	*30-Apr-09*	694	-	694
GATES FOUNDATION 52283	*31-Dec-09*	1,507	1,920	3,428[11]
DFID 51261	*30-Mar-09*	92	133	225
MACARTHUR 52252	*30-Nov-09*	116	-	116
USAID 50310	*31-Dec-09*	72	36	108
UNICEF 51344	*30-Jul-08*	0	0	-
WORLD BANK 51798	*30-Nov-08*	42	(42)	-
AUSAID 53531	*31-Dec-09*		206	206
TOTAL		**2,748**	**3,110**	**5,858**

[10] Numbers in parentheses are negative

[11] Of this total 1.079m is restricted but available for staff costs

4.2. Funding gap

The funding gap is the difference between any funding that is currently available as compared to the overall anticipated costs, as set out in Table 3.5 of this paper. (Note that these gap figures need to be 'grossed-up' to take account of PSC). Table 4.2 below provides a summary of the funding gap. The key points to note in relation to 2009 are as follows:

- Assuming the current restrictions on funding there will be: (i) a shortfall of around $0.9m in terms of funding Secretariat and PMNCH core activity costs; (ii) a small surplus of $1.2m on PMNCH programme expenditure (assuming that it is possible to agree with the relevant donors to reallocate funding from the old work programme to the new Priority Action Areas)
- Assuming that there are no restrictions on funding, there is a small surplus of around $0.25m in 2009.

Table 4.2 indicates that resource mobilisation activity will, as a minimum, be required to fund years 2010 and 2011 (assuming that it is possible to negotiate flexibility in 2009 expenditure). The overall, projected funding shortfall is around US$ 5.6m in 2010 and US$ 4.4m in 2011 – which totals $10m. (The amount of donor funding required increases to $11.3m once the amounts are grossed up for a conservative PSC estimate.)

Table 4.2: Funding gap[12] ($000, excluding allowance for inflation)

Category	2009	2010	2011
Secretariat Costs and PMNCH Core costs			
Brought forward Unrestricted Funding	2,161[13]	-	-
Secretariat staff costs and overheads	(2,196)	(2,031)	(2,031)
PMNCH Core function costs	(900)	(900)	(1,000)
Surplus / (Deficit)	**(935)**	**(2,931)**	**(3,031)**
PMNCH Programme Costs			
Brought forward Restricted Funding	3,697	1,182	-
Total PMNCH Programme Expenditure	(2,515)	(2,916)	(1,380)
Surplus / (Deficit)	**1,182**	**(1,734)**	**(1,380)**
Total Cost (assuming no funding restrictions)			
Funding available (or brought forward)	5,858	247	0
Total costs	(5,611)	(5,847)	(4,411)
Surplus / (deficit)	**247**	**(5,600)**	**(4,411)**

[12] Figures in parenthesis are costs or deficits

[13] Includes the restricted Gates funding referred to in Footnote 11

APPENDIX 1: PMNCH PROGRAMME EXPENDITURE

This Appendix provides details of the PMNCH Programme Expenditure as agreed by individual lead partners. These are set out in a series of tables.

A1.1 Priority 1 – MNCH Advocacy and HS positioning

The total three year expected expenditure for this Priority Action Area is currently estimated to be around US$ 446,000.

Table A1.1: PMNCH Programme Costs (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 1: MNCH Advocacy and HS positioning	**100**	**246**	**100**	**446**
Meetings and travel				
Consultants				
Other outsourcing (e.g. website)		196		**196**
Other Secretariat	100	50	100	**150**

A1.2 Priority Action 2: Demand creation for MNCH services

The total three year expected expenditure for this Priority Action Area is currently estimated to be around US$ 750,000.

Table A1.2: PMNCH Programme Costs (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 2: Advocacy and community outreach for MNCH services	**450**	**150**	**150**	**750**
Meetings and travel				
Consultants	400	100	100	**600**
Other outsourcing				
Other Secretariat	50	50	50	**150**

A1.3 Priority Action 3: Gaps in MNCH Core Packages

The total three year expected expenditure for this Priority Action Area is currently estimated to be around US$ 430,000. This is split over the three year period as follows:

Table A1.3: PMNCH Programme Costs (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 3: Gaps in MNCH Core Packages	**200**	**65**	**165**	**430**
Meetings and travel			100	**100**
Consultants	200			**200**
Other outsourcing		50	50	**100**
Other Secretariat		15	15	**30**

A1.4 Priority Action 4: Develop costed strategies to scale up commodity supplies

The total three year expected expenditure for this Priority Action Area is currently estimated to be around US$ 1,080,000. This is split over the three year period as follows:

Table A1.4: PMNCH Programme Costs (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 4: Develop costed strategies to scale up commodity supplies	**185**	**545**	**350**	**1,080**
Meetings and travel	65	205	80	**350**
Consultants		120	50	**170**
Other outsourcing (e.g. website)	120	220	220	**560**
Other Secretariat				**-**

A1.5 Priority Action 5: Human resources for MNCH

The total three year expected expenditure for this Priority Action Area is currently estimated to be around US$ 980,000. This is split over the three year period as follows:

Table A1.5: PMNCH Programme Costs (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 5: Human resources for MNCH	**605**	**235**	**140**	**980**
Meetings and travel	240			**240**
Consultants	290	210	140	**640**
Other outsourcing e.g. website				
Other Secretariat	75	25		**100**

A1.6 Priority Action 6: MNCH knowledge management portal

The total three year expected expenditure for this Priority Action Area is currently estimated to be around US$ 775,000. This is split over the three year period as follows:

Table A1.6: PMNCH Programme Costs (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 6: MNCH knowledge management portal	**325**	**225**	**225**	**775**
Meetings and travel	30	100	100	**230**
Consultants	110			**110**
Other outsourcing e.g. website	160	100	100	**360**
Other Secretariat	25	25	25	**75**

A1.7 Priority Action 7: Accountability and the use of Countdown

The total three year expected expenditure for this Priority Action Area is currently estimated to be around US$ 2,350,000. This is split over the three year period as follows:

Table A1.7: PMNCH Programme Costs (US$ 000s)

Category	2009	2010	2011	Total
Priority Action 7: Accountability and the use of Countdown	**650**	**1,450**	**250**	**2,350**
Meetings and travel	400	1,000	100	**1,500**
Consultants	200	250	100	**550**
Other outsourcing e.g. website	50	50	50	**150**
Other Secretariat		150		**150**