

2020 Financial Report

Partnership for Maternal, Newborn & Child Health

DRAFT
CERTIFICATION IN PROCESS

Hosted by the World Health Organization

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1. Introduction

This Financial Report provides information on the budget and finances in 2020 of the Partnership for Maternal, Newborn & Child Health (Partnership; PMNCH). Section 2 of this report provides information on the workplan structure and budget, as approved by the PMNCH Board. Section 3 provides a short analysis of the resource mobilisation efforts, and Section 4 sets out information on expenditure and commitments, as well as on implementation of the PMNCH workplan.

Annex 1 includes the Statement of Financial Performance with notes, as certified by WHO, and Annex 2 includes a WHO certified copy of the Statement of Income and Expenditure for the period 1 January 2020 to 31 December 2020, with balances reported to the World Health Assembly through WHO's audited Financial Report for 2020¹.

2. Programme of work and budget in 2020

In 2020, PMNCH's work was organized in six workstreams, reflecting the PMNCH 2018 to 2020 Business Plan envisaged operational structure.

The Business Plan set out the budget for the six workstreams at two levels. The first level refers to a Comprehensive budget, planned for a maximum set of activities that the Partnership would likely be able to deliver in any one year. This was set at US\$ 15 million per year, should resources be available.

The second level was an Essential budget, which noted a prioritized set of activities deemed most important by the Board. This was set at US\$ 10 million per year for each of the three Business Plan years and including 2020.

However, in any one given year, it is not guaranteed that PMNCH would be able to raise sufficient resources to meet this budget. In fact, in 2020 (see Section 3 below), PMNCH only had access to US\$ 7.97 million of the needed US\$ 10 million for the Essential budget.

Table 1 below sets out the budget for 2020, as per the 2018 to 2020 Business Plan.

Table 1: PMNCH 2020 Budget (US\$), as highlighted

Budget: Essential and Comprehensive	2018	2019	2020	Total
Workstream 1. Early Childhood Development	1,740,000	1,700,000	1,700,000	5,140,000
	2,610,000	2,550,000	2,550,000	7,710,000
Workstream 2. Adolescents' Health and Well-Being	1,780,000	1,745,000	1,745,000	5,270,000
	2,670,000	2,620,000	2,620,000	7,910,000
Workstream 3. Quality, Equity and Dignity in Services	1,700,000	1,705,000	1,705,000	5,110,000
	2,550,000	2,555,000	2,555,000	7,660,000
Workstream 4. Sexual and Reproductive Health and Rights	1,705,000	1,690,000	1,690,000	5,085,000
	2,555,000	2,535,000	2,535,000	7,625,000
Workstream 5. Empowerment of Women, Girls and Communities	1,475,000	1,540,000	1,540,000	4,555,000
	2,215,000	2,310,000	2,310,000	6,835,000
Workstream 6. Humanitarian and Fragile Settings	1,600,000	1,620,000	1,620,000	4,840,000
	2,400,000	2,430,000	2,430,000	7,260,000
Total Essential Budget	10,000,000	10,000,000	10,000,000	30,000,000
Total Comprehensive Budget	15,000,000	15,000,000	15,000,000	45,000,000

¹ See: https://apps.who.int/gb/ebwha/pdf_files/WHA74/A74_29-en.pdf

3. Available resources and management

The key attributes of PMNCH resource mobilisation and management efforts in 2020 were as follows:

- **Many multi-year awards.** Many grants supporting the work of PMNCH were provided as part of multi-year awards, spanning two or more calendar years. This was exceptionally helpful in supporting planning and operational stability. PMNCH continues to be engaged in discussions with donors about the possibility of renewing existing and establishment of new multi-year grants, especially given the ending of many existing grants with the closure of the 2016 to 2020 strategic period.
- **Mostly undesignated contributions.** It has also been very helpful that the majority of funds (around 66%) were provided as undesignated (or un-earmarked) contributions, enabling PMNCH to apply resources to activities across its entire workplan in the most effective manner.
- **Broad donor base.** In 2020, PMNCH was able to draw on resources from 12 different donors², continuing its working relationship with governments (including the Government of India), private foundations, and multilateral initiatives.
- **Variety of financial years and management of resource timing.** The Partnership received grants from governments, multilateral organizations and philanthropic foundations that operate on different financial years to each other and to WHO, which hosts PMNCH. For example, WHO operates a biennium financial cycle (i.e. two calendar years), some donors have financial years that align with a calendar year, whilst others have financial years that follow a different calendar pattern, e.g. April to March, June to July, and October to September. This has both assisted the Partnership in managing its cashflow over the years but has also added a degree of complexity in grant management processes.³
- **Management of donor reporting.** Most PMNCH donors are aware of the reporting burden that PMNCH Secretariat manages across all PMNCH awards. Reflecting this, many have been flexible in accepting some standardization of reporting formats and information. Nevertheless, the Partnership had around 50 reporting points during 2020, which is considered very high and is very time consuming.
- **Funds availability across calendar years.** Given that grants awarded to PMNCH can be both multi-year in nature and from donors whose financial years do not follow a calendar year profile (as noted above), financial management of resources includes substantial deferrals of revenues from one year to the next, to comply with the letter and spirit of grant agreements. This means that whilst often the total grant agreement revenue is recognized in one calendar year (when the agreement is signed), much of the funding could be earmarked by the agreement or in discussions with the relevant grant manager) for future years and is therefore carried forward as deferred revenue (see Section 3.1 of Annex 1).

Overall, PMNCH was able to use US\$ 7.97 million during 2020 to spend on delivering further prioritized activities within the overall US\$ 10 million Essential budget workplan, as set out in Table 2.

² Annex two shows a list of nine donors whose revenues were recognized in 2020. However, grant agreements with three existing donors (Governments of Canada and the UK, and Bill & Melinda Gates Foundation) were signed in the previous years and therefore do not show up Annex 2 revenues for 2020. Some resources from these grants were nevertheless earmarked for activities in 2020.

³ Another consequence of this variability in financial years is that PMNCH has significant brought forward and carry forward balances in WHO certified financial statements, as per Annex 1 and Annex 2. This is not a reflection of unspent resources, but a combination of: (i) when resources are recognized by the WHO system as received; (ii) when individual grant agreements specify funds can be spent; and (iii) variability in the financial years of individual donors.

Table 2: Resources available in 2020 (US\$, million)

Item	2020
Revenue recognized from new grant agreements signed in 2020, including multi-year agreements and agreements that do not align with the 2020 calendar year (See Annex 2)	5.76
Deferred revenue from previously signed multi-year grant agreements, recognized in 2019 and brought into 2020 (see Table A.2 in Annex 1)	4.41
Other revenues recognized in prior years but earmarked for 2020 through donor agreements and in ongoing discussions with grant managers	2.13
Revenue recognized from new grant agreements signed in 2020, but which is deferred to 2021 and beyond in accordance with the grant agreement requirements (see Table A.2 in Annex 1)	(4.33)
Total	7.97

This has fallen short of the expected US\$ 10 million budget, reflecting the inevitable changes and challenging funding situation associated with the onset of the COVID-19 pandemic in early 2020.

Approximately 62% of funds available for use in 2020 were from governments, 30% from private foundations, and 8% from multilateral agencies / initiatives.

4. Expenditure – Implementing the PMNCH workplans

As noted earlier, PMNCH had available funds in 2020 amounting to US\$ 7.97 million. They were used to deliver the main, prioritized elements of the Board approved 2020 workplan.

PMNCH had a full implementation rate – i.e. it used all of the resource that were available in 2020. As shown in Table 3 below, PMNCH's implementation rate as compared to the available resources was just under 100% as at 31 December 2020.

Table 3: PMNCH 2020 summary of budget, available resources and expenditure

Budget, available funds and expenditure	2020 (US\$)
<i>Essential budget</i>	10,000,000
<i>Comprehensive Budget</i>	15,000,000
Total available funds in 2020	\$7,965,535
Expenditure as at 31 Dec 2020	\$7,845,370
Implementation rate against available funds	98%

PMNCH invests resources at its disposal into delivering activities set out in its workplan. These activities are delivered through a combination of investments into staff at the Secretariat, external contractors (e.g. consultants), travel and event related costs, sub-grants to partners, and some expenses related to equipment and general operating costs. Each activity within the PMNCH workplan has a unique combination of cost allocations across these categories (e.g. some activities are led by Secretariat staff, others are fully outsourced, some include travel and others do not, and many include a combination of all expenditure categories).

Table 4 below sets out how the resources available in 2020 were allocated to various workstreams within the workplan. The PMNCH Board agreed a budget that was set relatively equally across the six workstreams. Expenditure and commitments followed a similar level of implementation. There was no reallocation of budget across the different workstreams during 2020.

Table 4: Available resource, expenditure and implementation rate in 2020 (US\$)

Budget: Essential and Comprehensive 2020	Budget	Resources	Expenditure & commitments	Implementation
Workstream 1. Early Childhood Development	1,700,000	1,274,486	1,255,259	
	2,550,000			
Workstream 2. Adolescents' Health and Well-Being	1,745,000	1,672,762	1,647,528	
	2,620,000			
Workstream 3. Quality, Equity and Dignity in Services	1,705,000	1,115,175	1,098,352	
	2,555,000			
Workstream 4. Sexual and Reproductive Health and Rights	1,690,000	1,354,141	1,333,713	
	2,535,000			
Workstream 5. Empowerment of Women, Girls and Communities	1,540,000	1,035,520	1,019,898	
	2,310,000			
Workstream 6. Humanitarian and Fragile Settings	1,620,000	1,513,452	1,490,620	
	2,430,000			
Total Essential Budget	10,000,000	7,965,535	7,845,370	98%
Total Comprehensive Budget	15,000,000			

The PMNCH's current Conflict of Interest (CoI) policy is managed by the Secretariat to protect PMNCH from any known, perceived, or potential conflicts of interest with respect to the implementation of PMNCH's programme of work.

As part of this process, organizations who were either Board Members or Alternates, and who received more than US\$ 100,000 to deliver services during 2020 as part of PMNCH's workplan implementation, are listed below for transparency purposes:

- Core Group: US\$ 101,000 (cumulative of multiple contracts)
- The Hospital for Sick Children: US\$ 150,290

The contracts listed above, as is the case with all other contracts issued by PMNCH, fully adhered to WHO's strict procurement rules and regulations, as monitored and enforced by internal WHO processes.

Annex1: Statement of financial performance and notes

Certification of Statement of Financial Performance and Notes

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Statement of financial performance

Table A.1 below provides an overview of the financial performance for the Partnership, for the year ended 31 December 2020. Please also refer to Annex 2: Statement of Income and Expenditure. Notes to the statement are provided in the sections following the table, and as referenced in the 'Notes' column (e.g. more details on Revenue are provided under sub-section 3.1 below).

Table A.1: Statement of financial performance (In thousands of US Dollars)

Description	Notes	2020	2019
Fund balance as at 1 January	3.3	6,967	7,354
REVENUE			
	3.1		
Voluntary contributions		5,840	8,541
Total revenue		5,840	8,541
EXPENSES			
	3.2		
Staff and Other Personnel Cost		3,846	3,827
Contractual Services, Transfers and Grants to Counterparts		3,371	3,598
Travel		116	799
General Operating and Other Direct Costs, Equipment, Materials		47	176
Programme Support Costs (PSC)		465	527
Total expenses		7,845	8,927
Fund balance as at 31 December	3.3	4,962	6,968

Notes to the statement of financial performance

1. Basis of preparation

The financial results of PMNCH are consolidated within the General Fund of WHO. Revenue and expenses for PMNCH are recorded in a separate fund to allow for financial reporting. A separate balance sheet is not available for PMNCH as all balance sheet transactions are managed in one set of ledgers for WHO.

The PMNCH statement of financial performance has been extracted from WHO accounts and all transactions have been recorded in accordance with relevant WHO accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

2. Significant accounting policies

For a full set of accounting policies, please refer to the WHO Audited Financial Statements for the year ended 31 December 2020⁴. These policies support PMNCH's statement of financial performance.

2.1 Revenue

Revenue is recognized following the established criteria of IPSAS 23 (Revenue from Non-Exchange Transactions).

Revenue from voluntary contributions is recorded when a binding agreement is signed by WHO, on behalf of PMNCH, and the contributor. When an agreement contains "subject to" clauses, WHO does not consider the agreement to be binding and does not record the revenue and amount receivable until the cash is received. Where there are no payment terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized in the current period. Where payment terms specify payment after the year end, the amount is reported as *deferred* revenue.

Deferred revenue is reported on the WHO balance sheet as a liability and is released in the period in which it falls due.

2.2 Expenses

WHO recognizes expenses at the point where goods have been received or services rendered (delivery principle) and not when cash or its equivalent payments have been made.

3. Supporting information to the PMNCH statement of financial performance

3.1 Revenue

In 2020, voluntary contributions were recorded as US\$ 5.84 million (2019: US\$ 8.5 million). These contributions represent revenue recognized in 2020 from governments, intergovernmental organizations, institutions and other United Nations organizations, made up of:

- US\$ 5.76 million in revenue recognized from new grant agreements signed in 2020, including multi-year agreements and agreements that do not align with the 2020 calendar year;
- US\$ 4.41 million in deferred revenue from previously signed multi-year grant agreements, recognized in 2019 and brought into 2020; and
- Less US\$ 4.33 million in revenue recognized from new grant agreements signed in 2020, but which is deferred to 2021 and beyond in accordance with the grant agreement requirements

Please refer to Annex 2 for recognized revenue by donor.

⁴ See: https://apps.who.int/gb/ebwha/pdf_files/WHA74/A74_29-en.pdf

Deferred revenue represents multi-year agreements signed in 2020 or prior years but for which the revenue recognition has been deferred to future financial periods.

Table A.2: Deferred revenues (in thousands of US dollars)

Deferred revenue by contributor	2020	2019
Bill & Melinda Gates Foundation	1,750	1,750
Fondation Botnar	2,000	
Norway		763
Sweden	410	820
Switzerland	174	
Miscellaneous		1,079
Total deferred revenue	4,334	4,412

3.2 Expenses

All expenses shown in Annex 2 and below do not include future commitment.

Staff and Other Personnel Cost

These costs were recorded as US\$ 3.85 million in 2020 (2019: US\$ 3.83 million). They reflect the “total organizational cost” of employing PMNCH Secretariat staff, including charges for base salary, post adjustment and other entitlements (e.g. pension and medical insurance, etc.). The vast majority of these resources are used for professional staff costs, directly involved in delivering activities noted in PMNCH’s Business Plan, with some limited costs associated with administrative support staff.

Contractual Services, Transfers and Grants to Counterparts

These costs were recorded as US\$ 3.37 million in 2020 (2019: US\$ 3.60 million) and represent expenses associated with public procurement of service providers and sub-grants to counterparts. The main components are:

- Agreements for Performance of Work (APW) and short-term consultants (STCs). All have been procured according to the WHO rules and regulations to perform activities required to deliver the PMNCH workplan.
- Letters of Agreement for research or capacity building grants issued to institutions and implementing partners.

Travel

These costs were recorded as US\$ 0.12 million in 2020 (2019: US\$ 0.80 million). They reflect the cost of travel for qualifying representatives of PMNCH governing and advisory bodies (e.g. PMNCH Board members, Executive Committee members, etc.), qualifying broader partner participants in PMNCH organized meetings, some consultants (where travel was not included in their original contracts), and PMNCH staff members. Travel expenses include airfares, per diem and other travel-related costs. This amount does not include statutory travel for home leave or education

grants for PMNCH staff. In 2020, these costs were significantly lower than in the previous year, reflecting the cessation of duty travel from March 2020 due to the COVID-19 pandemic.

General Operating and Other Direct Costs, Equipment, Materials

These costs were recorded as US\$ 0.05 million in 2020 (2019: US\$ 0.18 million). They reflect the cost of general operations to support the office. The reduction in these costs in 2020, as compared to 2019, is again reflective of the changes that were introduced into general operating practices as part of the COVID-19 pandemic.

Programme Support Costs (PSC)

These costs were recorded as US\$ 0.47 million in 2020 (2019: US\$ 0.53 million). PMNCH pays this administrative charge to WHO in accordance with World Health Assembly Resolution 34.17.

3.3 Fund balance at end of year

In 2020, the opening balance was recorded as US\$ 6.97 million and the end of year fund balance was recorded as US\$ 4.96 million.

These balances are the sum of total values of all active grant awards at the start and at the end of any one calendar year, which is WHO's financial. These balances are therefore not 'cash' that PMNCH holds at these points in time, but the total value of grant agreements.

A positive balance at the start of any one year reflects the resources that PMNCH has available from its existing grants, including those that are multi-year in nature and those that do not follow calendar years as their financial years, i.e. very few grants start on 01 Jan and end 31 Dec; instead, they follow donor's individual financial year or simply an agreed period of time from the point the agreement is signed, which often breaks over more than one calendar years.

These fund balances enable PMNCH to operate uninterrupted from one year to the next, including allowing PMNCH to hold approximately US\$ 1.8 million (i.e. 6 months) of PMNCH Secretariat personnel cost liability carry-forward as recommended by WHO.

Annex 2: Statement of Income and Expenditure

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