

2018 Financial Report

Partnership for Maternal, Newborn & Child Health

Hosted by the World Health Organization

03 July 2019

1. Introduction

This Financial Report provides information on the budget and finances in 2018 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 encumbrances, 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 2018 to 31 December 2018.

2. Programme of work and budget in 2018

This was a transition year in the way PMNCH organized its work. At the start of the year, PMNCH developed a detailed workplan and bottom-up costed budget. In the second half of the year, a new 2018 to 2020 Business Plan was developed, which differently pivoted the organization of work:

- **Organization of work.** The 2018 Workplan was set out in 10 workstreams. Six of these workstreams corresponded to the six EWEC Partners' Framework focus areas, including: Early Childhood Development; Adolescent Health & Wellbeing; Quality, Equity and Dignity; Sexual and Reproductive Health and Rights; Empowerment of Women, Girls & Communities; and Humanitarian and Fragile Settings. The other four workstreams were cross cutting. The 2018 to 2020 Business Plan pivoted this approach so that the cross-cutting areas were embedded in the six EWEC focus areas and the updated budget for 2018 (and beyond) is presented as such.
- **Two level budgetary approach.** The Board retained a two-level budgetary planning process during this transition. 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\$ 12.5 million in the 2018 Workplan and Budget and was then amended down to US\$ 10 million per year in the 2018 to 2020 Business Plan document.

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

Table 1: PMNCH 2018 Budget (US\$)

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

3. Resource mobilisation and management

The key attributes of PMNCH resource mobilisation and management efforts in 2018 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. Many of these multi-year awards, however, came to an end in 2018, when PMNCH engaged in discussions with those donors about the possibility of new grants. At the same time, several new donors were identified during 2018, which broadened the donor base, strengthening PMNCH's financial stability.
- **Mostly undesignated contributions.** It has also been very helpful that most awards were provided as undesignated (or un-earmarked) contributions, enabling the Partnership to apply resources to activities across its entire workplan in the most effective manner.
- **Broad donor base.** In 2018, the Partnership was able to draw on resources from 18 different donors.¹ In addition to its existing donors from the previous years, it also expanded its donor base by securing the support from seven new donors – two private foundations (Bernard van Leer Foundation and Ford Foundation), one private sector organization (Merck Sharp and Dohme Corp.), one government (Switzerland) and three multilateral initiative / organizations (Global Financing Facility (as hosted by World Bank), UNICEF and UNFPA).
- **Variety of financial years and management of resource timing.** The Partnership received grants from governments and organisations 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.²
- **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 35 reporting points during 2018, which is expected to go up to over 50 in 2019, reflecting new donors coming on board.

Overall, the Partnership was able to secure revenue of US\$ 12.8 million in 2018 (see Annex 2). Reflecting relevant grant agreement specifications and also ongoing discussions with individual donors, PMNCH internally allocated a total of US\$ 11.2 million for use in 2018, whilst the balance is planned to be used in future years.

This internal allocation of US\$ 11.2 million for 2018 was around US\$ 3.6 million more as compared to 2017, representing a 47% increase. Approximately 69% of funds available for use in 2018 were from governments, 27% from private foundations, 3% from multilateral agencies / initiatives, and 1% from private sector companies.

¹ Annex two shows a list of 17 donors whose revenues were recognized in 2018. However, PMNCH also had access to resources from a grant from the Government of Canada, whose contribution was recognized in 2017.

² 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 when resources are recognized by the WHO system as received, when individual grant agreements specify funds can be spent, and variability in the financial years of individual donors.

4. Expenditure and encumbrances – Implementing the PMNCH workplans

The Partnership was able to raise resources that exceeded its Essential Budget of US\$ 10 million, but this was not sufficient not reach its Comprehensive Budget of US\$ 15 million.

PMNCH's had an almost full implementation rate – i.e. it used all resource that were available in 2018. As shown in Table 2 below, PMNCH's implementation rate as compared to the available resources was 98%, including both expenditure and encumbrances as at 31 December 2018. (Encumbrances include the value of contractual arrangements entered by PMNCH in 2018, but for which delivery of goods or services was not completed by 31 December 2018; WHO certified statements follow internationally accepted IPSAS standards and, as set out in Annexes, do not include encumbrances.)

Table 2: PMNCH 2018 summary of budget, available resources and expenditure & encumbrances

Budget, available funds and expenditure	2018 (US\$)
<i>Essential budget</i>	<i>10,000,000</i>
<i>Comprehensive Budget</i>	<i>15,000,000</i>
Total allocated funds in 2018	\$11,150,086
Expenditure as 31 Dec 2018	\$9,718,296
Encumbrances as 31 Dec 2018	\$1,196,988
Total expenditure and encumbrances as at 31 Dec 2018	\$10,915,284
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 professional 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 3 below sets out how the resources available in 2018 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 encumbrances followed a similar level of implementation. There was no reallocation of budget across the different workstreams during 2018.

Table 3: Available resource, expenditure and encumbrances, and implementation rate (US\$)

Budget: Essential and Comprehensive 2018	Budget	Resources	Expenditure & encumbrances	Implementation
Workstream 1. Early Childhood Development	1,740,000 2,610,000	1,940,115	1,899,259	98%
Workstream 2. Adolescents' Health and Well-Being	1,780,000 2,670,000	1,984,715	1,942,921	98%
Workstream 3. Quality, Equity and Dignity in Services	1,700,000 2,550,000	1,895,515	1,855,598	98%
Workstream 4. Sexual and Reproductive Health and Rights	1,705,000 2,555,000	1,901,090	1,861,056	98%
Workstream 5. Empowerment of Women, Girls and Communities	1,475,000 2,215,000	1,644,638	1,610,004	98%
Workstream 6. Humanitarian and Fragile Settings	1,600,000 2,400,000	1,784,014	1,746,445	98%
Total Essential Budget	10,000,000	11,150,086	10,915,284	
Total Comprehensive Budget	15,000,000			

Annex1: Statement of financial performance and notes

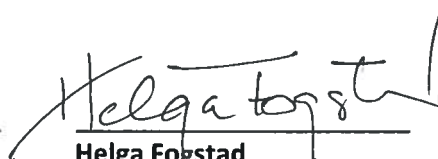
Certification of Statement of Financial Performance and Notes



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01 July 2019

Statement of financial performance

Table A.1 below provides an overview of the financial performance for the Partnership, for the year ended 31 December 2018. Please also refer to Annex 2: Statement of Income and Expenditure.

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

Description	Notes	2018		2017	
Fund balance as at 1 January	3.3		4,296		2,510
REVENUE	3.1				
Voluntary contributions		12,776		9,206	
Total revenue			12,776		9,206
EXPENSES	3.2				
Staff and Other Personnel Cost		3,888			4,024
Contractual Services, Transfers and Grants to Counterparts		3,631			1,870
Travel		1,298			737
General Operating and Other Direct Costs, Equipment, Materials		373			128
Programme Support Costs (PSC)		528			661
Total expenses			9,718		7,420
Fund balance as at 31 December	3.3		7,354		4,296

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 2018.³ These policies support PMNCH's statement of financial performance.

³ See: https://www.who.int/about/finances-accountability/reports/A72_36-en.pdf?ua=1

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 is paid.

3. Supporting information to the PMNCH statement of financial performance

3.1 Revenue

In 2018, voluntary contributions were US\$ 12.8 million (2017: US\$ 9.2 million). These contributions represent revenue recognized from governments, intergovernmental organizations, institutions and other United Nations organizations. Please refer to Annex 2 for recognized revenue by donor.

In addition, please note:

- Deferred revenue represents multi-year agreements signed in 2018 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	2018	2017
Switzerland	1,079	-
United Kingdom of Great Britain and Northern Ireland	303	4,845
GFF (World Bank)	150	-
Fondation Botnar	98	977
Bill & Melinda Gates Foundation	-	2,000
Norway	-	830
Sweden	-	300
Children's Investment Fund Foundation	-	177
Total deferred revenue	1,630	9,129

- Three grants were received directly to the WHO India office for the support of PMNCH's Partners' Forum, including a portion of the grant from the Government of India (US\$ 198,154) and full UNICEF (US\$ 100,000) and UNFPA (US\$ 100,000) grants.
- One donor (Government of Norway) received a refund in 2018 of US\$ 0.14 million. These resources were originally meant for a third implementing partner, who in the end was not able to deliver on the agreed activities and therefore these funds were returned to PMNCH and then to Norway.

3.2 Expenses

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

Staff and Other Personnel Cost

These costs were recorded as US\$ 3.89 million in 2018 (2017: US\$ 4.02 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\$ 3.63 million in 2018 (2017: US\$ 1.87 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\$ 1.30 million in 2018 (2017: US\$ 0.74 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, which is accounted for within staff costs. In 2018, these costs show an increase as compared to prior years as they include all travel associated with PMNCH's 2018 Partners' Forum in New Delhi, India. Around 300 qualifying participants were financed by PMNCH to attend the Forum.

General Operating and Other Direct Costs, Equipment, Materials

These costs were recorded as US\$ 0.37 million in 2018 (2017: US\$ 0.13 million). They reflect the cost of general operations to support the office.

Programme Support Costs (PSC)

These costs were recorded as US\$ 0.53 million in 2018 (2017: US\$ 0.66 million). PMNCH pays an administrative charge to WHO in accordance with World Health Assembly Resolution 34.17.

3.3 Fund balance at end of year

In 2018, the opening balance has been recorded as US\$ 4.30 million and the end of year fund balance has been recorded as US\$ 7.35 million.

The end of year fund balance also includes approximately US\$ 1.8 million (i.e. 6 months) of PMNCH Secretariat personnel cost liability carry-forward as recommended by WHO. The closing balance is intended to support the implementation of planned activities in 2018-19 biennium or beyond, according to individual donor grant agreements, PMNCH workplans and business plan.

Annex2: Statement of Income and Expenditure



World Health
Organization

Partnership for Maternal, Newborn and Child Health

Statement of Income and Expenditure for the period 1 January 2018 to 31 December 2018
(expressed in US dollars)

Opening Balance 1 January 2018		4,295,782
Revenue		
Bernard Van Leer Foundation (BVL)	108,000	
Bill & Melinda Gates Foundation	2,100,000	
Children's Investment Fund Foundation (UK)	328,510	
Fondation Botnar(FB)	879,705	
Ford Foundation	35,000	
Germany (GTZ)	411,643	
India	898,154	
Merck Sharp and Dohme-Chibret	100,000	
Netherlands (MOFA)	250,000	
Norway (NORAD)	830,171	
Sweden (SIDA)	554,661	
Switzerland (SDC/DDC)	826,452	
United Kingdom of Great Britain and Northern Ireland (DFID)	4,542,396	
United Nations Children's Fund (UNICEF)	100,000	
United Nations Population Fund (UNFPA)	100,000	
United States of America (USAID)	697,175	
World Bank	150,000	
Refunds to donors	(135,599)	
Total Revenue		12,776,268
Expenditure - 2018		
Staff and Other Personnel Cost	3,887,956	
Supplies, Commodities, Materials	30	
Equipment	39,218	
Contractual Services	3,510,738	
Travel	1,298,145	
Transfers and Grants to Counterparts	119,805	
General Operating and Other Direct Costs	334,358	
Programme Support Costs (PSC)	528,045	
Total Expenditure		9,718,296
Balance		7,353,754

I certify that the above statement reflects correctly the revenue and expenditure recorded in the WHO Global Accounting System.

Jane Stewart
Jane Stewart
Director Accounts

24 May 2019

