



Reforming **IPPF's** Resource Allocation Model for Effective Unrestricted Funding

Review and Proposal

Prepared by

The Independent Resource Allocation Commission

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Key Acronyms

ARO	Africa Regional Office
AWRO	Arab World Regional Office
BP	Business Plan
CO	Central Office
CP	Collaborative Partner
DLT	Director Leadership Team
EN	European Network
ENRO	European Network Regional Office
ESEAOR	East and Southeast Asia and Oceania Region
GC	Governing Council
IGRC	Independent Governance Reform Commission
IRAC	Independent Resource Allocation Commission
MA	Member Association
RO	Regional Office
SAR	South Asia Region
SARO	South Asia Region Office
SRHR	Sexual and Reproductive Health and Rights
WHR	Western Hemisphere Region

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1. Foreword

At the time of writing this report, the Mexico City/Global Gag Rule is once again impacting on organisations' funding, on human rights and choice, together with a more active and influential opposition. Sexual and reproductive health and rights are again highly contentious subjects at the UN, with weakening support from many member states for human rights, women's rights and gender equality, including LGBTQI+. Indeed, the space for civil society is shrinking and there is less opportunity and more competition for government funding. The loss of reputation of NGOs and institutions because of sexual harassment, bullying and other safeguarding issues has resulted in decreasing trust in NGOs and diminishing public support.

It is in this context that the International Planned Parenthood Federation (IPPF) seeks to deliver its mission more effectively and with greater determination to make a difference. Already there have been great leaps towards meeting the challenges of tomorrow:

- IPPF's Strategic Framework (2016-2022), with its four ambitious outcomes, provides a solid backbone of vision and direction.
- IPPF's Business Plan with its seven solutions and cross-cutting issues "provides a clear roadmap to transform IPPF" by seeking to "radically improve performance by driving business planning, and unleashing capabilities throughout the organisation", so changing behaviour and the organisational culture.
- There is a growing donor trend of results-based funding that requires IPPF to be more efficient, tightly managed and commercially adept.
- Gender equality and human rights are at the centre of the 2030 Agenda and the Sustainable Development Goals, providing another opportunity for IPPF and its MAs to contribute to a more just, equal and sustainable world, so ensuring no-one is left behind.

Nevertheless, recent internal challenges have led to IPPF facing an urgent call for reform. It is for this reason that "a plan to transform IPPF" was devised, and approved by IPPF's Governing Council, and two Commissions created. We are fortunate that the reform has been supported by IPPF's core donors.

After nearly 70 years, IPPF still has the creative courage to make a difference to people's lives, to ensure both voice and choice. We on the Independent Resource Allocation Commission are grateful to those who have participated in meetings, webinars, consultations and in our survey, sharing their experiences and their hopes for the future of this Federation, in the belief that, at a time of disruption and uncertainty, IPPF is still relevant and responsive, and has a significant role to play in delivering global SRHR services for present and future generations.

Gillian Greer (CBE, MNZM, PhD)

Chair of the Independent Resource Allocation Commission

The Independent Resource Allocation Commission¹

Gillian Greer (Chair): Former NZORD board member with a wealth of experience in not-for-profit organizations. She was CEO of Volunteer Service Abroad (VSA) for five years, as well as Director General of International Planned Parenthood Federation (London) and CEO of Family Planning New Zealand, The national council of women of New Zealand and Rare Disorders New Zealand. She serves on the board of the Nasdaq listed, Evofem Biosciences.

Mark Pearson: Freelance Health Economist. Previously Lead Specialist, Economics and Financing working for Mott MacDonald, Health and Economic Adviser/Health Economist at DFID.

Fadoua Bakhadda: Executive Director, IPPF Member, Moroccan Association of Family Planning (AMPF). The Moroccan Association of Family Planning has been central to the promotion of family planning in Morocco for decades.

Ton Coenen: Executive Director, Rutgers, IPPF Member in the Netherlands. Ton was previously Executive Director of the AIDS Fund, STI AIDS the Netherlands and STOP AIDS NOW!. Before that, he worked for, among others, the Public Health Service of the Netherlands (GGD Nederland) and the Foundation to fight STIs (Stichting Soabestrijding). Up until 2016, Ton was board member of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Anders Nordström: Ambassador for Global Health at the Ministry for Foreign Affairs in Stockholm. He worked for the Swedish International Development Cooperation Agency (Sida) for 12 years, including three years as Regional Advisor in Zambia and four years as Head of the Health Division in Stockholm. During 2002 Dr Nordström, as the Interim Executive Director, established the Global Fund to Fight AIDS, Tuberculosis and Malaria as a legal entity.

Kobe Smith: Youth Representative on the IPPF Governing Council. Holds an Associate's Degree in Business Studies and a Caribbean Advanced Proficiency Examination Diploma. He currently works at the Guyana Bank for Trade and Industry Limited as a Junior Compliance Investigator. Kobe has won the following awards: Duke of Edinburgh International Award for Young People (Bronze Standard),

Sharman Stone: Former Member of Australia's Federal Parliament from 1996 to 2016. Since January 2017 was appointed to the position of Australia's Ambassador for Women and Girls. Former Chair of the Women's Committee of the Asia Pacific Parliamentarians for Population and Development to advance the cause for women's empowerment; Deputy Chair of the Asia-Pacific Parliamentary Group for Population and Development. She is also an independent advisor to the IPPF Governing Council.

Nutan Wozencroft: Chief Finance Officer at UNESCO in Paris. She is a Chartered Accountant with over 30 years' experience of business development; management information systems; project management; audit & evaluation.

¹ The Commission was supported by Varun Anand, Fatma Douri, Casper Erichsen and Helen Young.

2. Executive Summary

The current formula-based allocation of unrestricted income has remained relatively unchanged since it was first introduced in 1997. This report sets out the Commission's effort to understand the current model, how it has been perceived, applied and critiqued, including previous attempts to modify it. The report also explores comparative examples from other global funds and allocation models. Lastly, it puts forward the Commission's proposal for a model to improve the allocation of unrestricted funds across the Federation.

Over the course of a four-month review, which has included extensive consultations, the Commission has heard compelling testimony from all corners of the Federation, and from among key stakeholders. The current allocation approach is not well understood, it is not uniformly applied in the regions and there are serious concerns about the transparency of decision making. The broad opinion is that the resource allocation model is no longer fit for purpose. In the opinion of the Commission, there is little evidence that the current formula provides the best and most strategic use of the restricted funds available to the Federation.

The Commission proposes, therefore, that the model is replaced with one that is more flexible, more transparent, and is more closely aligned with the strategic outcomes of the Federation.

During September and October, the Commission shared its preliminary report with the Federation and solicited input on its draft recommendations, including a model based on the above considerations and criteria. The feedback was sobering and constructive.

Of the total 99 MA respondents, only 3.3% felt that the proposed model would not work. A total of 47% of MA votes were in direct support of the model. Popular features included the use of three designated streams, and that, under Stream 1, it places the Secretariat and MAs on the same footing. However, a further number of respondents (48%) registered only a qualified support for the model.

The biggest points of contention were:

1. Stream 1 restrictions on funding for upper-middle income countries.
2. Transition and potential impact of the change on current funding for some MAs.
3. Lack of clarity about advocacy and rights related work.
4. The limited clarity about the formula, and Phase 2.

The Commission discussed these concerns and made the following changes to the final proposal:

1. Broadening the eligibility for Stream 1 to include upper-middle income countries.
2. Introducing a more defined phasing of the model, including recommendations about a transition period to mitigate sudden financial 'cliff edge' scenarios that could jeopardize programming.
3. Clarifying uses of Streams 1 and 2 to include advocacy and rights related work.
4. Suggesting formula criteria to be considered in Phase 2 of the reform.

The revised model put forward by the Commission is designed to improve rather than restrict the use of these unrestricted funds. The model will enable IPPF to accelerate its sexual and reproductive health and rights (SRHR) work to meet its ambitious 2022 strategic framework targets. Importantly, the model offers the potential to better leverage other, restricted resources and by so doing to deliver more and better results.

The most substantive change being proposed is that unrestricted funding will move from a simple formula-based allocation to a more flexible stream-based allocation model. It will be a mixed model applying a combination of formula and proposal-based approaches.

The Commission recommends the introduction of a model which allocates unrestricted resources through three streams:

Stream 1 will account for at least 80% of total unrestricted funding, and will support MAs and Collaborative Partners² in low to upper middle income countries³ to deliver their core SRHR role (SRH services, CSE, advocacy). It will also fund the core functions of the Secretariat to enable them to support MAs. Grants to MAs will be allocated through a transparent formula with a focus on unmet SRHR needs⁴. The funds will be awarded against 3-year plans and approved allocations, offering both predictability and transparency.

The exact criteria for the formula for Stream 1 will be developed in Phase 2. Part of that will also be the need for transition planning in order to facilitate MAs who are confronted by drops in funding. A model for smooth transitioning will also be developed in Phase 2.

Stream 2 is a Strategic Fund, which will provide funds on a competitive, proposal basis to all MAs and Collaborative Partners. It will focus on areas of the strategy that require additional support, for example to deal with barriers such as opposition attacks, detrimental legislation or research. It will also be for innovations that can be replicated and that will help IPPF deliver on its strategy.

Stream 3 will provide funds for resilience, emergency preparedness and initial emergency response. It will be accessible to all MAs and Collaborative Partners.

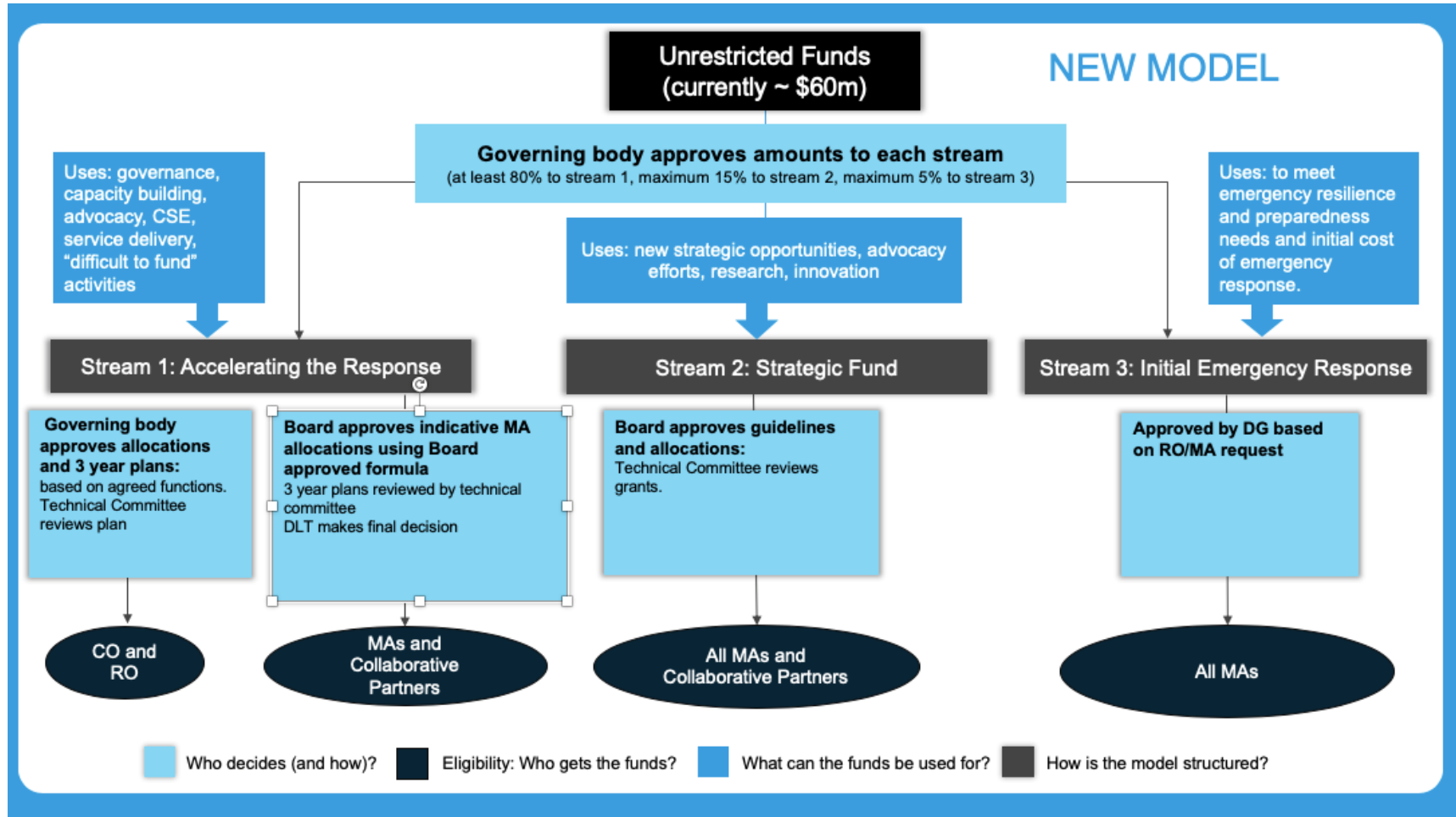
The Governance body will approve allocations between the three funding streams. A Technical Committee drawn from within the Federation will be established and advise the Board and the IPPF management team. Regional Offices (ROs) will provide technical support and advice ([see further details in 8.4 below](#)).

It is the intention of the Commission that the model should be implemented in a completely transparent manner and be subject to periodic review and assessment.

² Collaborative Partners are partners IPPF works with but are not accredited; some receive unrestricted funding from IPPF through an MOU developed with the RO and approved by the REC.

³ IPPF's key government donors of unrestricted funding are members of OECD's Development Aid Committee, which has strict rules about recipients of ODA – only countries with a per capita GNI of US\$11,455 qualify. However, IPPF also secures unrestricted funding from other sources, which have no qualifying criteria thus enabling IPPF to invest unrestricted funding in all MAs.

⁴ By unmet need we refer to broadly defined SRHR needs. No proxy indicators are proposed during this phase. These will be defined during Phase 2.



It is the opinion of the Commission that the proposed model will improve efficiency and accelerate progress towards IPPF's strategic objectives through:

- **Better targeting of unrestricted funding** to areas most in need through a mixed formula and proposal-based approach, and a focus on services and other roles like CSE and advocacy that are "difficult to fund".
- **Better resource planning and predictability**, using the expertise of ROs and a Technical Committee to help develop robust and relevant 3-year plans which best meet country challenges.
- **Ensuring CO, RO and MAs deliver on plans** through strengthening monitoring of progress against targets and building on existing performance-based funding.

The model also brings a range of further benefits:

- **Greater MA-centricity:** MAs are at the heart of the proposed RA model, and building their capacity to ensure "no one is left behind" is a key element.
- **More transparency in financing the Secretariat:** clarity around resource allocations to the Secretariat, whose role as enablers of MAs will be clarified and strengthened.
- **Stronger results focus across the Federation:** a more comprehensive performance-based funding approach, with a wider range of key performance indicators that will measure contributions to IPPF's mission.
- **Positive culture changes:** unrestricted funding will be planned and budgeted for, ensuring that both MAs and the Secretariat are more strategic and aligned with each other; MAs, Regional Offices and Central Office (CO) will all submit plans, in a more equitable approach to resource allocation and a more collaborative approach to delivery.
- **Ongoing relevance:** the model will be agile and dynamic, through regular reviews and modifications.

If this model is adopted by IPPF, there will be a consultative Phase 2 of the reform in which further details will be developed. Phase 2 will, for example, consider specific and comprehensive design details of the model, such as:

- Detailed development of the allocation formula (choice of indicators/combination of indicators, application of indicators to any formula, phasing of introduction of any formula, data collection and quality).
- Development of guidelines for Stream 2 and 3 proposals.
- Review of the approach to performance-based funding.

Recommendations for adoption by the General Assembly

[See section 8.6.](#)

3. Background

Locally owned and globally connected, IPPF is a global service provider and a leading advocate of sexual and reproductive health and rights: a worldwide Federation of 134 national Member Associations, with over 29,000 staff and hundreds of thousands of volunteers working with communities and individuals across the globe. In 2017 IPPF programmes averted an estimated 11,515 and 66,695 maternal and child deaths respectively. The value of these benefits is conservatively estimated at US\$11 billion.

IPPF’s recent governance and reputational crisis puts much of this at risk. Thankfully, the Governing Council (GC) agreed in May 2019 that a more accountable, agile and modernized Federation is critical to its survival; it mapped out a process of transformation over a six-month period, anticipating a plan for radical governance and financial reforms to enable the Federation to better fulfil its potential and deliver its Strategic Framework.

The GC requested the establishment of two independent review Commissions, one to review IPPF’s governance and the other to review the process through which IPPF allocates unrestricted income to MAs and the Secretariat across regions and countries. It was agreed that the Commissions’ proposals for reform should be put to an extraordinary general assembly of all MAs, alongside partners and donors, to be convened in New Delhi, India in November 2019. This report, by the Independent Resource Allocation Commission (IRAC) focuses on IPPF’s resource allocation model.

A Business Plan and the first IPPF three-year financial plan were approved already in November 2018. Improved safeguarding policies, processes and training were also underway to address some of the challenges that had led to the crisis which triggered GC’s decision.

Unrestricted grants are a particularly valuable resource (see table below) although, representing about US\$60 million a year, they only make a relatively modest contribution towards the overall financing of IPPF as a whole.

The Benefits of Unrestricted Funding

	Benefits
Efficiency gains	<ul style="list-style-type: none"> ▪ enables IPPF to allocate resources quickly and responsively, and push resources to successful interventions (often developed as part of short-term restricted projects) ▪ enables MAs to plan for the longer-term, developing sustainable strategies that genuinely respond to need ▪ enables MAs to run a core programme due to the predictability of unrestricted funding, which avoids high start-up and close-down costs ▪ enables MAs to develop long-term relationships with governments and other stakeholders resulting in getting better shared outcomes ▪ reduces the resource mobilization costs of raising and managing restricted funds
Flexibility	<ul style="list-style-type: none"> ▪ gives IPPF’s MAs the flexibility and freedom to provide a range of services to a variety of disadvantaged groups, often using innovative approaches

	<ul style="list-style-type: none"> ▪ enables MAs to complement and underpin their provision of services to poor and vulnerable people through their advocacy work; given that many advocacy initiatives can be opportunistic, unrestricted funding to respond to these opportunities or challenges is essential ▪ enables MAs to build advocacy into their core programme, and other work that began as part of a restricted project ▪ enables MAs to be flexible, to adjust and refine their programmes as needs arise; this is especially true where MAs have responded to emergencies
Capacity building	<ul style="list-style-type: none"> ▪ is essential for supporting institutional and systems strengthening, building the infrastructure and skills of the Federation ▪ funds functions that are otherwise challenging to find funding for, for example, governance, financial systems, M&E, data collection

However, the model which determines how unrestricted funding is allocated is outdated. Approved in 1997, it was last reviewed in 2004, resulting in minimal changes. The model is static and is based on a fixed formula and is not applied uniformly across regions.

MAs, GC, partners and staff agreed steps were necessary to bring about radical governance reform and a refreshed allocation model. This resulted in a plan to transform IPPF: a roadmap for reforms that will enable IPPF to reach its full potential, and “better serve those who need it”. IPPF’s partners agreed to finance the Plan, and those MAs that had intended resigning from IPPF agreed to delay their decision until after the Plan’s completion.

3.1 Terms of Reference

The Commission was required to:

1. Review IPPF’s existing resource allocation model and apply learnings from previous attempts to modify the model.
2. Compare models applied in the sector (GFATM, GAVI, WHO and others).
3. Outline potential options and put forward a set of specific recommendations focused on ensuring IPPF is both sustainable and effectively financed and equipped to successfully advance sexual and reproductive health and rights for all.

It is the opinion of the Commission that the main purpose of a resource allocation model is to ensure that the whole Federation makes the best use of available funding towards meeting its strategic objectives.

Ultimately, the Commission was expected to set a trajectory toward an operational model that underpins the approved resource allocation.

This report sets out broad directions for this future model. Phase 2, which will hopefully follow the Delhi meeting in November, will go into the operational details of the model. While broader financing issues and decisions about how to shape the restricted projects portfolio and best “integrate” bilateral member funding would be valuable, those considerations were not to be prioritised during this first phase. These will form recommendations for Phase 2 where restricted funding will also be considered.

Similarly, issues related to membership fees or other possible options to contribute to Secretariat funding are not to be considered in this timeframe, but as part of wider income generation and other issues related to sustainable financing.⁵

3.2 Methodology and Timeline

The review was conducted by an eight-person Commission (the IRAC), comprised of independent experts, representatives of MAs, donors, a youth representative, and assisted by Secretariat support staff.

The Commission was led by Gillian Greer, a former Director General of IPPF, and a former MA Executive Director, who has had first-hand experience of the model but is far enough removed from the current operation to be considered truly independent. The Chair was supported by an independent consultant, Mark Pearson, a UK-based health economist with international experience in resource allocation models.

The Commission members provided informed perspectives and advice and served as conduits for key stakeholder engagements. The Commission reached out to MAs' staff and volunteers, Secretariat Offices – Central Office (CO) and Regional Offices (ROs) – donors and partners to gather their input, share progress and create engagement.

Commission members engaged formally and informally in consultative dialogue with volunteers, Executive Directors (EDs), chief executives and youth representatives in meetings in:

- Tallinn (European Network RC, 14-16 June)
- IPPF's annual Donors' Meeting and Donors Advisory Group Meeting (London, 16-18 June)
- Kuala Lumpur (ESEAOR RC, 6-7 July)
- Nairobi (Africa Region RC and regional youth forum, 28-29 June)
- New York (WHR, 28-29 June)
- Bangkok (SAR RC, 20-21 August)
- Tunis (Arab World RC, 23-25 September)

There have also been some individual meetings and correspondence with present and past staff and volunteers, and the Commission received a number of emails with suggestions and best wishes for the reform process.

The Commission also led webinars and zoom meetings with some regional staff and EDs from AWR, EN and EN, and representatives of some MAs, as well as virtual and face-to-face thematic meetings with CO and others with a particular focus on youth involvement in IPPF governance.

⁵ Capacity building in resource mobilization for MAs will also be a prerequisite for increasing financial sustainability in the longer term. The next 2-3 years are crucial for this and the preparation of proposals and workplans for unrestricted funding will be integral to building this capacity.

The review was conducted through an extensive process of consultation that included an interactive website forum enabling open contributions from all stakeholders and two web-based survey which all MAs, volunteers and staff were encouraged to complete. A total of 200 verified surveys were completed in each round of the survey consultation, with over 50% being from MAs and overwhelmingly directors, board presidents and youth representatives.

Key dates for the web-based surveys were as follows:

25 July	Survey launched
28 August	Survey closed
16 September	Preliminary report finalised
24 September	Secondary Consultation survey
4 October	Secondary Consultation survey closed

The reform process has been overseen by an Executive Committee (ExCo) with a clear Terms of Reference that includes five key areas:

1. To oversee the work that the Director General undertakes in designing, instigating and co-ordinating an independent review of IPPF’s governance and resource allocation.
2. To ensure the involvement of key stakeholders in the reform process.
3. To oversee the process of bringing back proposals for change for final approval.
4. To review the budget for the reform process.
5. To receive and respond to queries and concerns from stakeholders about reform processes and to report regularly to the members of GC on the progress of the work of the ExCo.

The Commission provided progress updates to the ExCo at regular intervals.

4. The Financing of IPPF

4.1 The Strategic Framework

IPPF was founded as a means for Member Associations to strengthen their work through collaboration in 1952. IPPF consists of legally independent MAs supported by a Secretariat of Central Office and Regional Offices (CO and ROs). IPPF as a legal entity is a registered UK charity and has financial responsibilities only for the funds which flow through CO. It was not until 1966 that CO also took on the function of raising resources for the Federation at large.

A Secretariat Business Plan and the first IPPF three-year financial plan were approved in November 2018. The Business Plan provides a new business model, including six solutions and the critical cross-cutting issues of gender, youth and vulnerable and marginalised people. It emphasises the intention to develop an MA-centric approach, with an enabling and collaborative Secretariat.

The outcomes and values of [The Strategic Framework 2016-2022](#) currently guide the priorities of IPPF as a whole.⁶ While some implementation is done by the Secretariat, delivery against the Strategic Framework is predominantly done by MAs, who provide a wide range of services, from advocacy to direct sexual and reproductive health service delivery. In 2018, IPPF delivered a total of 223.2 million services worldwide.

IPPFs priority outputs are, in many cases, concentrated in a relatively small number of countries. In fact, six countries – Nigeria, Ethiopia, Pakistan, India, Sudan and Uganda – account for almost half of the SRH services provided by MAs in 2017. In addition, China accounted for over 88% of all youths completing a CSE programme. Colombia accounted for over 44% of people reached with positive SRH messages. Nigeria accounted for over 17% of CYPs delivered with Cuba, Colombia and Zimbabwe accounting for a further 12.7%, 11.8% and 10.1% respectively. Pakistan accounted for over half of all activists whilst India and Myanmar accounted for over 30% of all volunteers. Key outputs are set out in Appendix 1.

4.2 Overall IPPF Financing

IPPF as a Federation is funded through a number of sources. Governments and institutional donors provide restricted and unrestricted funding through the Secretariat but, as donors increasingly localise their support, they also provide a considerable amount of funding directly to MAs at the country level.

Other MAs which are in countries that do not fit with donor priorities are less likely to be funded. Some MAs also generate significant income from fees for services, sale of commodities, contracts with national governments and grants from private foundations and the corporate sector, but for others in countries where SRHR is not a government priority, and clients are too disadvantaged to pay or contribute to fundraising initiatives, this independent income is not possible.

As the IRAC's focus is on unrestricted funds, the analysis sets out the financial situation for unrestricted grant-receiving MAs. This presents only a partial picture, as progress against IPPF's Strategic Framework performance indicators includes the contribution of all MAs (whether unrestricted grant-receiving, or not).

In 2018 the Secretariat had a total income of US\$133 million while the unrestricted grant-receiving MAs mobilized local income of some US\$264.3 million⁷. Of the Secretariat's unrestricted funding of US\$60 million, just over US\$40 million was allocated to MAs⁸.

The large majority of MAs' total income in 2018 of US\$321 million came from national sources, with local fundraising and income from fees/commodities alone accounting for over US\$142 million. Total

⁶ Progress against the key outcomes are shown in Appendix 1, which also maps out progress against the earlier strategic indicators some of which have been retained.

⁷ As the focus of the Commission was on unrestricted funds it concentrated only on unrestricted grant-receiving MAs and Collaborative Partners.

⁸ This does not allow for the funds that regions hold back for technical assistance which is spent on behalf of MAs.

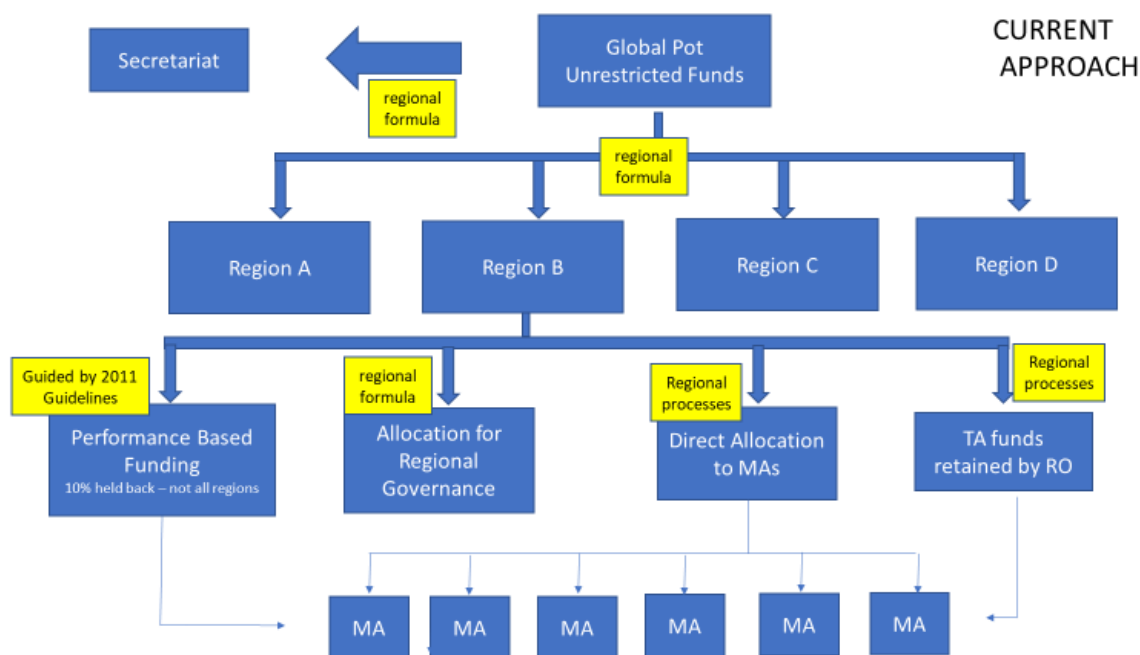
donor support in 2018 amounted to US\$172 million, with US\$61 million raised directly by MAs at country level, and the remaining US\$110 million by the Secretariat.

As shown later there is considerable variability in how individual MAs are funded – some are highly reliant on unrestricted grants from IPPF, others are skilled and experienced in generating income from a diverse range of sources. Recent trends in allocations to MAs are shown in Appendix 2.

4.3 The Current Approach to Allocating Unrestricted Funds

4.3.1 Resource allocation by formula

CO, RO and MAs currently receive unrestricted funding as shown in the table below. Allocations are largely based on a regional formula, and ROs have discretion as to how resources are allocated between countries. For this reason, practices vary. For example, in some regions, an amount of MA funding is withheld by the RO to cover costs associated with MA technical support. Additionally, in most regions, the RO withholds a share of funding which is then distributed to MAs according to their performance.



The current allocation model evolved from a formula agreed at GC in November 1997. Countries were categorised according to need (high/medium/low) using UNFPA criteria and other factors (for example, countries in transition and other small countries). Some modifications were made to take account of countries’ specific health needs. The aim of this formula was to ensure 70% of funds went to high need (category A) countries. This approach was successful in that between 1997 and 2004 the share going to category A countries increased from 49.8% to 69.2% although these changes were driven in part by an increase in the number of new MAs joining the Federation.

In 2002, GC requested a change in approach, adopting a needs-based UNFPA methodology applied to IPPF’s 5 “A”s Strategic Framework: Adolescents, Abortion, AIDS, Advocacy and Access. Key indicators included:

- adolescents’ contribution to TFR (1-8% = low, 9-14% = medium, 15-20% = high)
- % with HIV (pregnant women and FSW)
- abortion (legal restrictions HML, level of abortion related mortality <6%, 6-20%, 20%+)

Following concerns that certain factors were not fully represented, the formula was again amended to take account of:

- existing commitments
- size
- technical support received over previous 40 years
- new associations joining

The intention was that ROs would use the same approach for allocating to MAs, however, this does not appear to have been implemented, and there is no institutional recollection as to how the current model was ultimately calculated. The implications of these modifications are shown below.

Current Allocation Formula

Location	MAs	Secretariat	Governance	Total
Africa	44.5%	24.4%	12.1%	37.3%
Arab World	10.0%	7.6%	7.3%	9.1%
ESEAOR	9.5%	5.6%	5.0%	8.1%
Europe	4.0%	10.6%	7.0%	5.8%
South Asia	16.0%	7.3%	2.9%	13.0%
WHR	16.0%	10.9%	8.0%	14.1%
Central Office/London	0.0%	33.6%	57.7%	12.6%
Total	100.0%	100.0%	100.0%	100.0%

4.3.2 Performance-based funding

To encourage better performance, the above approach was modified in 2011 to incorporate an element of performance-based funding (PBF). This has typically accounted for 5-10% of unrestricted funding allocations received by MAs (see outcome 4 in Appendix 1). The approach has a number of design features which include giving approximately 10% of the allocation of unrestricted funding for MAs to ROs as a PBF management fee (the design is described in more detail in Appendix 3).

Performance-based funding in IPPF was piloted in eight MAs⁹ from 2011 with a decision to scale up the approach Federation-wide (except for the Arab World region) taken in 2012. Key recommendations from a subsequent review¹⁰ focused on:

- measures to build institutional capacity to implement PBF effectively
- modifications to its design to sharpen incentives for better performance (including better and more reliable reporting on performance)
- measures to improve the predictability of funding

Concerns were expressed about the approach. Some stakeholders felt it favoured easier-to-measure quantitative outputs over important but difficult-to-measure criteria such as quality and equity. There were also concerns about its self-perpetuating bias towards strong and high-performing MAs, while not supporting high potential MAs. Nevertheless, many MAs indicated support for the PBF.

5. Problem Statement

Over the course of a four-month review, which has included extensive consultations, the Commission has heard compelling testimony from all corners of the Federation, and from key stakeholders. The current allocation approach is not well understood, it is not uniformly applied in the regions and there are serious concerns about the opacity of decision making. The broad opinion is that the resource allocation model is no longer fit for purpose. In the opinion of the Commission, there is little evidence that the current formula provides the best and most strategic use of unrestricted funds available to the Federation.

It is our opinion that there is a clear mandate for change, and we cannot say that the current model offers the best possible use of the unrestricted funds towards the outcomes of the strategic framework.

Despite their modest role in the overall funding of IPPF activities, unrestricted funds are a particularly valuable resource given their flexibility. And for small MAs in especially challenging countries, with low-income clients and little chance of securing funding through other channels, unrestricted funding enables them to deliver SRHR services and/or advocacy or CSE that would otherwise not be available or accessible; it is critical that this continues.

⁹ Initially Bolivia, Uganda, India and Ghana. Albania, Barbados, Cambodia and Palestine in 2012.

¹⁰ Eichler, Rena, Susan Gigli, Jenna Wright. September 2016. *Strengthening Performance with the IPPF Performance Based Funding Initiative: Evidence and Recommendations*. Bethesda, MD: Health Finance & Governance Project, Abt Associates Inc

Short term recommendations included:

1. Create a PBF Unit to provide overarching leadership for PBF.
2. Strengthen PBF support and TA from RO to MA.
3. Revise the PBF payment model to reward improvement distinctly from contribution to regional performance.
4. Strengthen implementation of PBF using the current metrics plus penalties for misreporting of data.

However, the relationship between unrestricted funding allocations and unmet need for SRHR is not particularly strong, and the performance focus appears mostly to reward MAs for delivering a high number of services.

There are wide country variations in reliance on unrestricted funds, whether this is because of large allocations of unrestricted funding or a failure to tap other resources. In either case, many MAs are highly dependent on unrestricted funding: up to 30% of all surveyed MAs have an 80-100% dependency on IPPF-sourced funding; this is particularly true in small and low-income countries where:

- governments are not supportive of SRHR
- there are few donors
- incomes are low, making fees unaffordable and donations unlikely

A key question for IPPF is how it can help these MAs improve their ability to move towards more sustainable financing. IPPF also needs to ensure it is not penalising MAs who are successful in raising their own funds.

The current model does not offer predictability: there are significant year-on-year swings in, and even performance-based funding is often largely out of MAs' control. Individual MAs also adopt vastly different approaches to meeting IPPF's strategic goals, and there is insufficient evidence that unrestricted funds are maximised or used strategically. The new resource allocation model will be phased in gradually, and there will be sufficient time to work through these issues and develop steps to minimise some of these challenges.

6. Comparative Examples

The Commission consulted widely, reviewing allocation models in similar organizations, and considered a number of possible approaches for IPPF. Key findings are presented below – more detail is in Appendix 4.

In reviewing other organizations' resource allocation approaches, the Commission found some relevance to IPPF's circumstances. At Gavi and the Global Fund for AIDS, Tuberculosis and Malaria (GFATM) allocations cover most funding. However, unrestricted funding in IPPF only accounts for 15-20% of overall funding, and funding volumes are much lower. Nonetheless, some general lessons could be learnt, including:

- having a focus on transparency
- conducting periodical stakeholder engagements
- measuring and rewarding performance
- allowing for flexibility, for example the Catalytic Fund at GFATM that includes funds to upper-middle income countries
- having explicit objectives for the approach of the allocation model

Lessons from other organizations

As part of this review, the Commission looked at practices in a range of international institutions. A recent assessment of the resource allocation practices of a range of multilateral institutions (Bump

and Chi, 2018¹¹) found that most organizations used a systematic approach to allocating resources taking account of a range of factors often included but was not restricted to GNI per capita. It also found that allocation formulae often played only a limited role in the allocation process – choices related to operational strategies, specifying particular types of support, eligibility criteria and qualitative adjustments were often more influential.

Where formula-based approaches are used a range of criteria are applied. GNI per capita is widely used as a proxy for both need (poorer countries tend to have greater (health) needs) and ability to pay (poor countries tend to have less fiscal capacity). Institutions with a narrower disease focus tended to supplement or replace this with more disease specific outcome indicators or indicators of service delivery gaps. Approaches range from the relatively simple, using a couple of general indicators (WHO and UNDP), to more complex (UNFPA and the World Bank). It is important to refer to the Equitable Access Initiative (see Chi and Bump) on GNI, which states that most of the world's poor now live in middle-income countries.

The Bump and Chi assessment set out a series of shortcomings:

- **The lack of transparency:** the authors found it difficult to document actual practices resulting largely from post-hoc qualitative adjustments. They believed that “there should be clarity about all parts of the process, even if the operational details of some steps are kept confidential”.
- **Limited country participation** in the allocation process: while countries were often brought into the process at different stages they were not fully engaged in the process as a whole.
- **Lack of a results or performance focus:** country performance played little role in the allocation of resources. Assessments tended to be qualitative and where quantitative were often extremely crude.
- **Design weaknesses** which serve to create inappropriate incentives: as a consequence of the lack of emphasis on performance the authors expressed concerns that allocation systems often directed resources towards the countries with the greatest needs yet the worst performance (suggesting that the poor performance at least in part is responsive for the outstanding need).
- **Inadequate flexibility:** the inability of systems to respond to changing circumstances.
- **Unclear goals** arising from the lack of explicit elaboration of ethical principles underlying the approach. They noted that whilst Gavi emphasised impact, the GFATM focused on equity and stability, and the UN system health need that these principles needed to be set out more explicitly.

¹¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5886160/pdf/czx140.pdf>

Resource allocation processes at multilateral organizations working in global health, Chi and Bump, Health Policy and Planning, 33, 2018, i4–i13

Indicators used in Allocation Formulae by other organisations

Institution	Criteria used in formulae (where used)
GAVI	Size of the birth cohort, price of vaccine, GNI per capita (to calculate co-financing element)
GFATM	Disease burden (calculated separately for each disease), GNI per capita
UNDP	GNI per capita, population size
UNFPA	Skilled birth attendance for the poorest population quintile, proportion of demand for modern contraception satisfied, adolescent fertility rate, maternal mortality ratio, Gender Inequality Index, HIV prevalence in 15–24-year olds, GNI per capita
UNICEF	Under five mortality rate, GNI per capita, and child population
WHO	Life expectancy and GDP per capita
World Bank	CPIA, Country Portfolio Performance, Population size, GNI per capita

While IPPF is a unique organisation which faces particular challenges and it makes little sense to lift any model from another setting, the experiences outlined above set IPPF a number of challenges as it seeks to improve its own allocation processes:

How can IPPF ensure transparency? Adopting a relatively simple approach based on quantitative factors can help with transparency. But if other more qualitative factors are to be considered, will IPPF specify precisely how judgements are made and how these factors are taken into account? To put it bluntly: will IPPF not only spell out to MAs what their allocations are and describe what the process is but actually share the spreadsheet used to calculate these allocations? While transparency on the actual allocation calculations and explanations of adjustments is vital; using the WHO validation mechanism would also be useful, for example, a periodic check as to whether global resource allocations mirror the Strategic Framework performance goals.

How can IPPF increase/optimize country participation? As outlined earlier, the consultation process, including the on-line survey, has attempted to ensure wide participation albeit within the short timeframe imposed on the Commission. But moving forward, should the Commission recommend a single model or provide wider decision space for the membership by setting out a range of possible options? Having agreed on a model, will MAs have a role in any subsequent reviews? It is important to highlight the options between (i) allocating resources based on criteria and letting the MA decide how to use them, with monitoring of results vs (ii) approval of a detailed work plan.

Should IPPF consider performance in allocating resources and how should it balance this with its wish to support those MAs in greatest need? If so, how should it measure it and how should it apply it? Is IPPF confident its current performance framework is credible? Does it measure the right thing? Is there adequate verification to allow it to trust the results? Is it willing to apply sanctions for poor performance (reduce funding or apply more conditions on the use of funds?) Should it build on the current performance-based funding approach? Should it use other measures in the performance dashboard? Should other factors be considered?

It was generally agreed by the Commission that the current PBF should not continue, but a simpler system developed which is based on the delivery of priorities in MAs' work plans.

How can IPPF ensure any approach is flexible? The introduction of any new system is likely to have some unintended consequences. Is there a case for any early review?

Can IPPF be explicit about what it is trying to achieve? The ultimate objective is to make the best use of the available funding towards the attainment of IPPF's strategic plan, which is what donors ultimately fund. Further to this, an overall funding strategy is required to specify funding objectives. Is unrestricted funding meant to be transformative or stabilizing core work; or should it be predominantly programmatic or take into account that without funding of core structures and overheads some MAs would not be able to continue?

IPPF can learn from the key design features employed by other institutions and consider whether, and if so how, such design elements might be tailored to IPPF's situation. These design elements are set out later. Should the chosen model's implementation be phased in with an early review as suggested above? For example, with more shared support from CO as well as RO, particularly at first, using the work plan approach and subsequently moving to a situation of greater flexibility if needed or appropriate?

7. Consultations

(See Annex 4 for details)

The Commission conducted a series of consultations as part of the review. These were active and rich in input. A broad range of views were aired, often passionately or emotionally. The overwhelming sentiment was one of support for urgent and lasting change. However, there were also strong dissenting voices and concerns which have been heard and respected. In total, nine consultations were carried out. These were:

- EN
- Donors
- ESEAOR
- ARO
- AWRO (Closed for a major part of the consultation period)
- WHR
- Secretariat (partly virtual)
- SAR
- Francophonie (virtual)

The Commission heard compelling testimony from all across the Federation, and from among key stakeholders, that the current model is not fit for purpose. The need for more transparency was a recurring theme. Participants also made a number of suggestions on variables which might be used to ensure that any model responds to the wide variety of circumstances MAs find themselves in. Detailed statements from the regions or stakeholders can be found in the updates section of the [IPPF website](#).

In addition to the many regional face to face consultations, the Commission conducted two surveys to ensure the Federation had the opportunity to be heard at all levels of the review and the drafting of the proposal. The main objectives of the survey were to gauge attitudes and opinions about the

application of the existing resource allocation model, which were triangulated against feedback received in the regional face-to-face meetings.

The first survey was live during the month of August. Below are the main points that were communicated to the Commission:

- high MA reliance on IPPF unrestricted funding to buttress or accelerate programming
- a lack of understanding of the current resource allocation model
- a lack of trust in the implementation of the resource allocation model
- a desire for reform
- fear about the future and radical change in often financially difficult contexts

There were clear voices that expressed desire for a model that took the following criteria into consideration:

- unmet SRHR need and burden of disease
- proven track record and delivery of SRH services
- strategic contribution
- flexibility and agility
- and above all transparency and predictability

On the basis of such input, the Commission drafted a model that is more flexible, more transparent, and more closely aligned with the strategic outcomes of the Federation. In the view of the Commission, the model would enable IPPF to accelerate its sexual and reproductive health and rights (SRHR) work to meet its ambitious 2022 targets.

During September and October, the Commission shared its preliminary thinking with the Federation and solicited input on its draft recommendations.

A secondary survey was introduced for the sake of soliciting opinions and ideas about the draft report and proposal. The secondary survey had a total of 201 responses, of which half were from MA EDs, Presidents or delegates and youth representatives. The survey results were considered in their entirety, with key points being incorporated into the final proposal. The feedback was sobering but constructive.

Of the total MA survey responses, only 3.3% felt that the proposed model would not work. A total of 47% of MA votes were in direct support of the model. Popular features included the use of three designated streams, and that, under Stream 1, it places the Secretariat and MAs on the same footing. However, a further number of respondents (48%) registered only a qualified support for the model.

The biggest points of contention were:

1. Stream 1 restrictions on funding for upper-middle income countries.
2. Transition and potential impact of the change on current funding.
3. Lack of clarity about advocacy and rights related work.
4. The limited clarity about the formula, and Phase 2.

Some of these points were raised in a solution-oriented manner, which helped the Commission improve its proposal.

“Unless there is a phased and systematic approach to make MA’s self-sustaining this will not work. IPPF needs to invest in how we make MAs generate more local income without our assistance. This model will only maintain the status quo and avoid the problem of dwindling international donor revenue. Developing good social entrepreneurs at the MA level is the way forward for IPPF funding to be utilized.” **(Western Hemisphere)**

“The allocation decision will be more informed and objective since it will be taken at the central level with the involvement of the regions.” **(Arab World)**

The Commission discussed these concerns and made the following changes to the final proposal:

1. Broadening the eligibility for Stream 1 to include upper-middle income countries.
2. Introducing a phasing of the model, including Phase 2 recommendations about mitigating funding ‘cliff-edges’ that could jeopardize programming within a defined time horizon.
3. Clarifying uses of Streams 1 and 2 to include advocacy and rights related work.
4. Suggesting formula criteria to be considered in Phase 2 of the reform.

8. Proposal

8.1 Rationale

The current system of allocating unrestricted income needs to improve. It was first developed in 1997, and it has not been meaningfully updated for 15 years.

It is the opinion of the Commission that IPPF needs to urgently introduce a transparent and evidence-informed resource allocation model. Failure to do so introduces considerable risk to the organization. Having spoken to a host of core donors and IPPF stakeholders, the Commission cannot overemphasise the urgency of change in this regard.

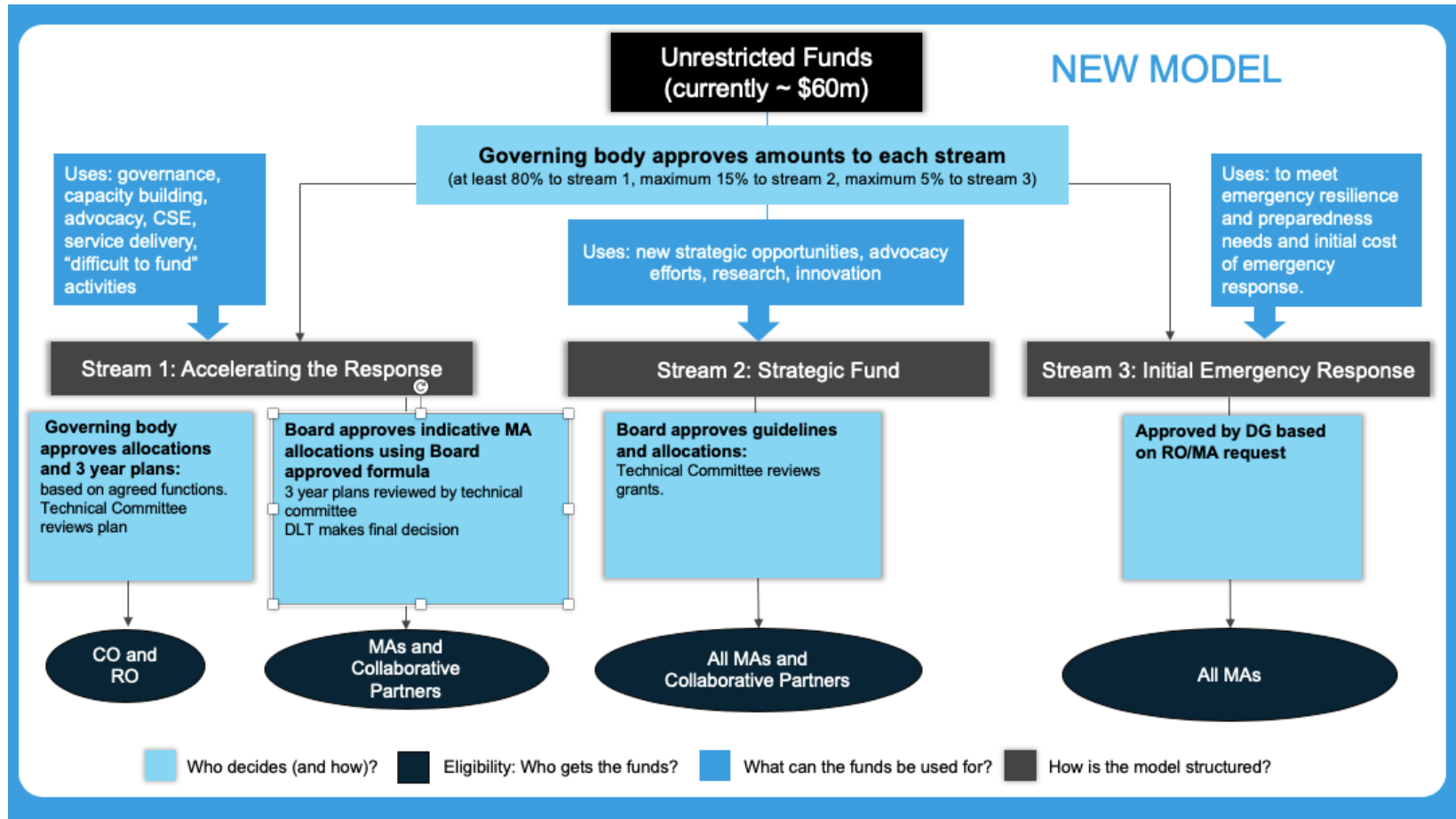
The Commission has developed a proposal that it believes offers the best means of introducing the required change. It proposes to replace the current system with a more flexible and evidence informed model that is focused on addressing unmet needs and helps to maximize strategic opportunities for accelerating IPPF's strategic SRHR programme. It is the opinion of the Commission that the model should be implemented in a completely transparent manner and be subject to periodic review and assessment.

8.2 Principles Used to Shape the Design of the Model

In developing the model, the Commission was guided by the following principles and considerations. The new model should:

- Contribute to the effective financing of IPPF as a whole and further its strategic goals.
- Be consistent with current and proposed governance arrangements (as set out in the Independent Governance Reform Commission report).
- Build on the comparative strengths of different parts of the Federation.
- Be wholly understood and transparent.
- Be predictable, allowing for longer term strategic planning.
- Include indicators that measure strong performance, while also ensuring that appropriate support is provided for those who would otherwise be left behind.
- Be uncomplicated, to the degree that the complex nature of IPPF's business allows.
- Be flexible – allowing it to respond to emerging circumstances and opportunities such as emergencies.
- Be dynamic, so that any monitoring and evaluation take place regularly, and revisions are undertaken as necessary.

8.3 Overview of the Proposed Model



The Commission recommends the introduction of a model which allocates unrestricted resources through three streams:

Stream 1 will account for at least 80% of total unrestricted funding, and will support MAs and Collaborative Partners in low to upper middle-income countries to deliver their core SRHR roles (among other services, CSE and advocacy). It will also fund the core functions of the Secretariat to enable them to support MAs. Grants to MAs will be allocated through a transparent formula with a focus on unmet SRHR needs. The funds will be awarded against 3-year plans and board approved allocations, offering both predictability and transparency.

The exact criteria for the formula for Stream 1 will be developed in Phase 2. Part of that will also be the need for transition planning. In order to facilitate MAs who are confronted by strong drops in funding. A model for smoother transitioning will also be developed in Phase 2.

Stream 2 is a Strategic Fund, which will provide funds on a competitive, proposal basis to MAs. It will focus on areas of the strategy that require additional support, for example to deal with barriers such as opposition attacks, detrimental legislation or research. It could also be for replicable innovations that will help IPPF deliver on its strategy. Stream 2 will be available to all MAs and Collaborative Partners.

Stream 3 will provide funds for resilience, emergency preparedness and initial emergency response. It will be accessible to all MAs and Collaborative Partners.

The Governance body will approve allocations between the three funding streams. A Technical Committee drawn from within the Federation will be established and advise the Board; Regional Offices (ROs) will provide technical support and advice.

Overview of Proposed Model

Streams/ Features	Stream 1: Accelerating the Response: Essential funding for CO, ROs and MAs	Stream 2: Strategic Fund	Stream 3: Initial Emergency response
Definition of each type of funding	To cover core governance functions and support the accelerated response. Focus on “difficult to fund” activities.	Strategic interventions to deal with barriers such as opposition attacks, detrimental legislation or the like. It will also be for replicable innovations that will help IPPF deliver on its strategy.	Revolving fund to support resilience/ preparedness and initial short-term response to emergency situations (restricted funds expected to cover the full response). ¹²
Eligibility	Available to MAs in low income and lower/upper middle-income countries.	All MAs and Collaborative Partners.	All MAs and Collaborative Partners.
Strategy and Policy decision	Board to approve allocations between the 3 funding streams		
	Global Governance Body approves MA allocation formula, indicative formula and 3-year CO/RO plans A special Technical Committee will advise IPPF management team on the proposals by MAs. Director Leadership Team approves MA plans.	Board approves guidelines and allocations for Strategic Fund (advised by Technical Committee).	Director General approves allocations as required.
Recommended model for allocation	Formula based for the MAs (largely driven by unmet SRHR needs modified approach to performance-based funding). In upper middle-income countries, level of existing funding will be taken into account.	Proposal based. Guidelines will be developed to identify objectives, set funding ceilings, co-financing arrangements etc.).	Ad hoc – as needs dictate.
Accountability arrangements	Reporting against 3-year work plan/proposal (MAs, ROs and CO).	Progress against key milestones and indicators set out in project proposals.	To be agreed.
Timeframe	3 years	Generally 2-3 years	Case by case
Transition plan	The model will be phased in over time. Elements of new approach to be introduced from 2021 with an independent mid-term review in 2022.		

***to be developed in Phase 2.**

¹² With donors replenishing in low/lower-middle income countries and donors/MAs in upper-middle and high-income countries

8.4 Key Design Features and Rationale

What can the unrestricted funds be used for?

Funds will be used for two main purposes:

1. To provide MAs with secure, long-term (3-years), flexible funding to ensure that critical capacities and competences are supported, systems are strengthened, and results from their SRHR programmes (including in crises) are enhanced.
2. To ensure that the Federation is supported by effective and appropriate Central and Regional Offices.

Under Streams 1 and 2, funds can be used to support the essential functions of MAs, CO and ROs and where service delivery is funded, the focus will be on “difficult to fund” such as abortion services and some youth services, for example, CSE support for partner organizations or advocacy.

Under Stream 2, MAs and Collaborative Partners will be able to access funding for strategic opportunities – for example advocacy, innovative programmes, research, MA-MA capacity building. These projects would generally be of 2-3 years’ duration but could be more in exceptional cases. They would be expected to be potentially replicable within/beyond the region within a reasonable timeframe. Such support could combine a *passive* approach – in which a Board Committee or the DLT requests proposals within broad parameters including, for example, Resource Mobilization – with a more *proactive* approach in which the Board Committee or DLT commissions proposals in specific priority areas which would otherwise be neglected.

Under Stream 3, an emergency response fund will be held by CO to support resilience and emergency preparedness and to cover *initial* emergency response costs. This will complement the SPRINT programme, with restricted funding still expected to meet *full* emergency response.

How will funds be allocated?

The proposed model will be underpinned by a more strategic, longer-term approach to planning. The Commission recommends that CO, ROs and MAs and Collaborative Partners receiving support under Streams 1 and 2 develop 3-year plans which clearly set out what will be delivered, how it will be delivered and what it will cost and, in doing so, demonstrate how they contribute to IPPF’s mission in a cost effective way. These plans should include performance indicators to ensure that efficiency and effectiveness can be monitored. They should also form the basis of any proposal under a proposal-based system and may still be required even where allocations are formula-based.

Allocation of resources *between* streams

The majority of funds will flow through Stream 1. A minimum of 80% should be for Stream 1, a maximum of 15% for Stream 2 and a maximum of 5% for Stream 3. The governing body decides on the budgets allocated to the streams.

Allocation of Resources *within* Streams

The Commission recommends a combination of formula-based and proposal-based approaches that would follow these steps:

Stream 1

Member Associations

- Step 1: Governance body approves allocation amount for Stream 1, guided by Technical Committee.
- Step 2: MA allocation formula (to be proposed by the Technical Committee) provides indicative country allocations to MAs. To be approved by the Governing body.
- Step 3: With RO support, MAs will be expected to set out clear 3-year plans setting out how they propose to accelerate their response to their SRHR challenges
- Step 4: MAs submit work plans to DLT. A Technical Committee will review the plans and will advise the DLT. These should be strategic, budgeted and will include a clear rationale, ensuring they are in line with their country's unmet SRHR needs, IPPF's Business Plan and Strategic Framework
- Step 5: DLT approves allocation on the basis of formula based indicative amount and 3-year plan. The committee advises that take into account previous performance, emerging issues and any need for capacity building.

Secretariat (CO and ROs)

As above. Allocations based on 3-year plans according to their agreed functions. Governance body approves with Technical Committee support.

Stream 2

Allocations will be awarded through a competitive proposal-based approach.

Use of Formula-Based Approach

The allocation formula used to support MAs under Stream 1 should be driven by unmet SRHR needs (and by the potential of IPPF investments to reduce the level of unmet need) as well as disease burden – proxy indicators will be found in Phase 2.

It is impossible for any resource allocation formula to fully account for the multitude of factors which determine the level of unmet need. The most important indicator is SRHR outcomes and the Commission looked at a range of possible indicators including adolescent fertility rates, total fertility rates and burden of ill health measures. SRHR outcomes are, on average, much worse in lower income countries¹³.

The Commission, however, recognizes the diversity in funding circumstances¹⁴ with some MAs having more success in raising resources themselves than others. The challenge for the model, therefore, is to support MAs who have little scope to raise funds themselves (including those that are not “donor darlings”) without reducing the incentive of those better placed financially to strengthen their income generation efforts.

Other factors which influence the scope to reduce the level of unmet SRHR needs include:

- the size of the target population
- the presence of other providers in-country
- a range of geographical (e.g. landlocked status) or socio-political considerations (e.g. emergency, conflict)

¹³ See tables 7 and 8 in Appendix 2.

¹⁴ See tables 4, 5 and 6 in Appendix 2.

- the scope of services provided (as some MAs do not provide services)

The Commission recommends that these factors should form the basis for any allocation formula. The Commission does have concerns about the quality of available data (specific concerns were raised, for example, about adolescent fertility rates not including unmarried mothers in some settings) and recognizes that further work is required to identify indicators or combinations of indicators which best reflect unmet SRHR needs.

The model will be applied in a fully transparent and flexible manner. *Indicative* allocations, based on the formula, will be shared with all MAs but there will be some scope for actual allocations to be modified if MAs - with the support of their RO - can make a compelling case for doing so. Indicative and *final* allocations will be shared with all MAs – any divergences will be documented and circulated. The governing body approves the indicative allocations to MAs. Actual allocations to MAs will flow to MAs – there will be no funding withheld by ROs.

In order to improve predictability, it is proposed to allocate funds on a 3-year cycle (i.e. twice per Strategic Plan period). Final allocations may still have to be amended depending on resource availability.

Phase 2 of the reform process will need to consider various ways of measuring the extent of unmet SRHR needs, assessing the data quality and collection issues this raises and also reviewing the possible options for applying these factors to develop a formula. The Federation will have to take further these discussions should the Commission's proposal be adopted.

Who will decide who gets how much?

The Board will have key roles in:

- approving the revised resource allocation formula and the guidelines for Stream 2 proposals
- ensuring the model operates efficiently: approving the allocations between Streams 1, 2 and 3, approving the 3-year CO, RO and MA allocations and approving Stream 2 proposals

In doing this the Board will be supported by a “knowledgeable and impartial” Technical Committee which is familiar with the needs, context and unique structure of the Federation and is drawn from within IPPF itself. The Technical Committee will advise on the 3-year plans by CO/RO (to the Board) and on the 3-year plans by MAs (to the DLT).

ROs will work closely with MAs to develop and agree robust 3-year plans and will play a key role in monitoring their implementation. They will focus on capacity building, advice and technical support; they will not be directly involved in the resource allocation process itself (except, as noted above, in cases where they can work with MAs to suggest modifications from the initial indicative allocations).

MA Plans will be approved by the DLT, following advice from the Technical Committee.

Who will be eligible?

Limited resources should focus on countries that have the greatest unmet need and MAs that find it hardest to raise revenue. These will *generally* be MAs in low and middle-income countries. These MAs will automatically receive an indicative allocation under Stream 1 (though they will only receive funds if the supporting 3-year plan is approved). The allocation is dedicated towards accelerating the response.

The Commission recognizes that MAs and Collaborative Partners in upper middle-income countries face major challenges – whether from lack of donors or a hostile SRH environment. As a result, MAs in MICs will be eligible to receive Stream 1 support where they can provide a clear case in respect of unmet SRHR need. All MAs and Collaborative Partners will be eligible to apply for other support through the Strategic Fund (Stream 2).

High-income country MAs will be eligible to bid for funding under Stream 2 in cases where they act as a subcontractor to – or extension of – the Secretariat and where programme benefits accrue to a DAC eligible country.

All MAs will be eligible under Stream 3. Donors providing emergency support will be encouraged to replenish the initial funding from core as part of their broader emergency response support. Ultimately, the aim would be for Stream 3 to operate as a revolving fund.

How will the model be introduced?

The Commission recommends a phased introduction of the new allocation model. The aim is to help MAs achieve a smooth transition towards more sustainable financing and avoid countries facing abrupt changes – especially reductions - in funding. The Commission therefore proposes that the introduction of the model is phased to allow MAs to adapt over time.

It is proposed to introduce the formula in a phased manner. The approach will be reviewed in 2022. A further review to assess progress during full implementation should be carried out in 2024.

During Phase 2 a detailed implementation should be drawn up so set out the sequencing of the various components of the proposed reform.

What will change over time?

The Commission recommends that IPPF takes steps to protect the pool of unrestricted funds by employing more active cost recovery approaches to covers its management costs and emergency costs. It would be expected, therefore, that, over time, unrestricted funds would be increasingly focused away from CO and RO (in Stream 1) and Stream 3 and towards MAs under Streams 1 and Stream 2. Assessing the scope for greater cost recovery should be a key element of Phase 2.

8.5 Expected benefits of the new model

The Commission has sought to develop a new model that has additional value for the Federation; that will bring greater accountability – so the effectiveness of investments to MAs can be measured; and that will be reviewed regularly to ensure it continues to be relevant. At present, none of these are being achieved by IPPF's allocation of unrestricted funding.

The aim of these model is to promote greater financial sustainability by making more efficient use of the limited unrestricted funds IPPF receives. It will achieve this through:

- **Better targeting of the available** resources to areas most in need of support: the mixed formula/proposal-based approach will channel resources to MAs and Collaborative Partners working in countries facing the greatest unmet SRHR needs.
- Ensuring **those resources are allocated to their most effective use**; the expertise of ROs and a Technical Committee will help CO, ROs and MAs plan more strategically through a 3-year planning cycle and ensure resources are focused on essential services; funding for emergency preparedness and resilience, for which all MAs will be eligible will enable MAs to respond more rapidly to emerging crises.
- **Ensuring CO, RO and MAs deliver on their plans**: this will be encouraged through close monitoring of progress against plan targets and, in the case of MAs, by building on the existing performance-based funding approach.

Additional benefits include:

- **Greater MA-centricity**: MAs are at the heart of the proposed RA model and building their capacity to ensure “no one is left behind” is a key element.
- **More transparency in the financing of central functions**: there will be greater clarity around resource allocations to the Secretariat, whose role as enablers of MAs will be clarified and strengthened.
- **Greater accountability**: the model should present a clearer picture of what IPPF is investing in and make it easier to assess its effectiveness.
- **A greater results focus across the Federation**: A more comprehensive performance-based funding approach, with a wider range of key performance indicators that will measure services and a broader contribution to IPPF’s mission.
- **Additionality**: The focus is on supporting essential functions and services that are “difficult to fund”. The emphasis will also be on protecting precious unrestricted resources by establishing Stream 3 as a revolving fund (though this might be somewhat optimistic) and to look for greater cost recovery from programmes to reduce the need to allocate unrestricted funds for RO and CO in order to release more funds for MAs and partners.
- **Positive culture changes**: The model aims to move away from a culture where allocations are seen as an entitlement and the Federation is seen as very hierarchical with CO at the apex. MAs, ROs and CO are seen as “equals” in that all will need to make their case for funding to the Technical Committee.
- **Ongoing relevance**: the model will be regularly reviewed – particularly at the outset – and amended as necessary.

8.6 Recommendations for the General Assembly

On the weight of evidence that we have reviewed and collected over the past four months, including desk reviews, regional and virtual consultations, as well as the surveys and other direct communications, we, the Independent Resource Allocation Commission, table the following seven recommendations for the attention of the IPPF General Assembly.

We remind the Assembly that the recommendations are not about discrete allocated amounts to MAs, but about the guiding principles to resource allocates. It is our opinion that these recommendations offer a viable and transparent model for unrestricted resource allocation in the Federation, and that it will be support an improved and reformed IPPF to deliver on its strategic framework 2016-2022. Our recommendations are:

Recommendation 1. The Stream-based Model

- 1.1 IPPF adopt a new model to allocate unrestricted resources that will employ a combination of formula and proposal-based approaches to allocate funds through three separate streams.
- 1.2 Funding in Stream 1 will support those most at risk of being left behind. As such the model applies a formula for Stream 1 that will be driven by assessments of unmet SRHR needs, burden of disease. All countries, (with the exception of high-income countries), with burden of disease or other mitigating circumstances will be able to access this stream.
- 1.3 At least 80% of unrestricted funds should be channelled through Stream 1.
- 1.4 A separate Stream 2 will be introduced to support strategic initiatives; this will follow a *competitive* proposal-based process.

Recommendation 2. Allocation Approvals

- 2.1 The IPPF Governance body approves allocations between and within the streams.
- 2.2 Three-year CO/RO/MA plans are reviewed by a special technical team.
- 2.3 DLT decides on the MA plans, and the Governance body approves on the CO/RO plans.

8.7 Suggestions for Phase 2

While the work of the Commission will end following the General Assembly in India, the Commission has, on the basis of its review and as per its terms of reference, made a number of suggestions for consideration in a Phase 2. Where Phase 1 of the reform has remained principled in nature, Phase 2 will provide more detail and will be performed by IPPF, with direct engagement of the membership.

8.7.1 Assess the future role of unrestricted funding in the context of IPPF's overall financial architecture

The Commission stresses the importance of developing a strategy to ensure the effective financing of IPPF *as a whole*. In considering how to best support the delivery of the outcomes set out in the Strategic Framework it should consider the limited, but important, role that unrestricted funds can play.

The starting point should be a need for clarity on what IPPF should do, in terms of its strategic goals; what the potential costs are and what budgets are needed. IPPF's Strategic Framework and Business Plan should play a central role in providing direction and serving as the basis for more specific annual or multi-year planning and budgeting processes.

The question, within this framework, is what the best use of limited unrestricted funding is and how or if it should be used to help finance the Federation's global and regional Secretariat and governance functions and/or as a complementary and strategic source of financing for MAs in addition to the resources they raise themselves. This also highlights the important role of the Board in ensuring a

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sound overall financing strategy is in place, approving CO budgets, monitoring progress and fulfilling its statutory financial obligations. For example, is unrestricted funding for MAs seen as a form of short-term transitional support to build the institutional and financial capacity which will allow MAs to rely on their own domestic fund-raising efforts in the medium to long term? Or, is there a long-term role for IPPF unrestricted funding and, if so, what should it focus on? What timeframes are realistic?

8.7.2 Develop a detailed implementation plans for the reform

This report sets out the broad directions for reform. Phase 2 of the reform process will require more intensive work to fully flesh out design issues and also to consider some of the broader implications of the reforms. These include:

- detailed development of the allocation formula (choice of indicators/combination of indicators, application of indicators to any formula, phasing of introduction of any formula, data collection and quality)
- development of guidelines for Stream 2 and 3 proposals
- review of the approach to performance-based funding
- mitigation plan to facilitate MAs who are confronted by strong drops in funding

9. Appendices

Appendix 1. IPPF Strategic Outcomes.

It must be noted that IPPF needs to improve its overall financial data. Efforts are, The Commission observes, integral to the 2018-2021 Business Plan. The below data must be read with this caveat in mind.

Table 1: Progress against Strategic Framework performance indicators (Outcomes)

		2012	2013	2014	2015	2016	2017	2018
Outcome 1	Successful policy initiatives	105	97	81	82	175	146	163
	Success global/regional policy initiatives	11	13	17	22			
	On track for SDGs							
	Public action by women's/youth groups					661	1015	1038
	MAs monitoring human rights compliance	42	55	54	60			
Outcome 2	CSE completers (m)	18.2	25.1	25.2	25.7	28.1	31.3	30.8
	CSE skills utilised (%)							
	People reached - SRH messages (m)					112.4	140.7	242.6
Outcome 3	SRH services (m)	112.7	136.6	149.3	175.3	145.1	163.9	168.1
	CYPs (m)	11.8	12.1	14.5	15.7	18.8	21.1	23.5
	First time modern contraceptive users (m)					6.3	6.1	6
	% recommending IPPF (%)					90	92	93
	SRH services enabled (m)					37.4	44.7	55.1
	SRH services to under 25s (%)	40	48	45	44			
	Abortion-related services (m)	2.1	3	3.8	4.3			
	poor/vulnerable clients (%)	81	81	85	82			
	% of MAs providing integrated service package	21	26	30	36			
Outcome 4	Income generated by Secretariat	144.8	136.1	126.1	116.2	130.4	125.1	133

Local income generated by unrestricted grant receiving MAs	372.1	384.1	370.3	358.8	291.2	291.7	264.2
% of unrestricted funding through PBF (%)	6	7	9	9	6	5	9
Number of volunteers				172,279	232,881	261,573	
Number of activists (m)				10.2	11.2	12.3	
MAs with service costing data - static clinics	13	27	28	31			
MAs collecting poverty and vulnerability data	10	20	31	41			
MAs with >20% U25 representation	58	63	73	70			

Appendix 2: Analysis of how unrestricted funds are allocated today

Overview of Allocation of Unrestricted Funds

Tables 1 and 2. These tables show trends in the allocation of Secretariat budgets (for which IPPF is legally responsible) and the allocation of unrestricted funds only (which this Commission has been asked to focus on).

Table 1: Overall IPPF Secretariat funding (US\$m)

	2014	2015	2016	2017	2018
Grants to MAs and partners	74,543	72,333	68,317	50,154	64,685
Unrestricted	45,597	49,115	38,572	35,132	41,460
Restricted	28,946	23,146	29,745	15,022	23,225
Central Expenditure	20,450	19,035	16,128	15,453	19,707
Unrestricted	14,315	12,305	10,112	7,983	12,744
Restricted	6,135	6,730	6,016	7,470	6,963
Regional Expenditure	34,429	34,407	34,008	7,483	8,321
Unrestricted	16,849	18,788	20,003	5,526	6,257
Restricted	17,580	15,619	14,005	1,957	2,064
Regional Office grants				11,491	13,614
Unrestricted				10,266	10,983
Restricted				1,225	2,631
Governance	2,316				
Unrestricted	2,198				
Restricted	118				
Fundraising and Other	5,841	6,064	5,394	5,387	4,463
Unrestricted	5,312	5,390	5,210	5,224	3,889
Restricted	529	674	184	163	574
Total	137,579	131,767	123,847	89,968	110,790
Unrestricted	84,271	85,598	73,897	64,131	75,333
Restricted	53,308	46,169	49,950	25,837	35,457

Table 2: Use of unrestricted funding (US\$m)

	2014	2015	2016	2017	2018
Grants to MAs and Collaborative Partners	45,597	49,115	38,572	35,132	41,460
Central Expenditure	14,315	12,305	10,112	7,983	12,744
Regional Expenditure	16,849	18,788	20,003	5,526	6,257
Regional Office Grants	-	-	-	10,266	10,983
Governance	2,198	-	-	-	-
Fundraising and Other	5,312	5,390	5,210	5,224	3,889
Total	84,271	85,598	73,897	64,131	75,333

Source: IPPF Financial Statements

Table 3. Overall trends in MA allocations (US\$m)

	Funds raised at national level		Funds raised by IPPF Secretariat		Total
	Raised Locally from Domestic sources (local donations, revenue generation)	Raised Locally from International (donor) sources	IPPF Unrestricted	IPPF Restricted	
2016	217	70	37	22	345
2017	226	66	34	19	345
2018	203	61	40	17	321

Table 4: Biggest recipients of unrestricted funding: 2015 to 2018 (US\$m)

	2015	2016	2017	2018	Total
India	2.6	1.8	1.5	1.8	7.7
Pakistan	1.9	1.7	1.7	1.6	6.8
Nepal	2.0	1.3	1.3	1.6	6.2
Nigeria	1.6	1.2	1.1	1.8	5.7
Ethiopia	1.8	1.4	0.9	1.1	5.2
Uganda	1.2	1.0	0.9	1.1	4.3
Tanzania	1.0	0.9	0.8	0.9	3.7
Ghana	0.9	0.7	0.7	0.7	3.0
Kenya	0.8	0.7	0.6	0.9	2.9
Bolivia	0.9	0.8	0.6	0.5	2.8
Colombia	0.6	0.5	0.6	0.7	2.5
Burkina Faso	0.7	0.6	0.6	0.6	2.5
Zambia	0.8	0.5	0.5	0.7	2.5
Burundi	1.1	0.5	0.4	0.5	2.4
Congo, Dem. Republic	0.7	0.5	0.5	0.5	2.3
Other	27.1	22.2	21.1	25.1	95.5
Top 15	18.6	14.1	12.6	15.1	60.4
Total	45.7	36.3	33.6	40.2	155.9
% Top 15	40.78	38.79	37.32	37.59	38.75

Table 5: Reliance on unrestricted funding as a financing source (most reliant on IPPF unrestricted funding 2015-2018 – only countries receiving grants >\$1m over the period)

	Unrestricted as % of total	IPPF Unrestricted 2015 to 2018
Central African Republic	69.8	1,210,324
Guinea-Conakry	67.7	1,541,133
Niger	59.7	1,225,035
Madagascar	58.8	1,653,110
Guinea-Bissau	57.0	1,124,871
Congo	54.0	1,277,900
Haiti	48.0	1,925,528
Chad	45.5	1,232,521
Cambodia	4.6	1,291,015
Indonesia	3.8	1,245,936
El Salvador	3.5	1,480,213
Honduras	3.3	1,551,819
Dominican Republic	3.2	1,674,891
Guatemala	3.0	1,811,347
Colombia	1.0	2,477,217

Analysis of Grants to Member Associations

The majority of funding goes to low- and lower-income countries: Over 75% of unrestricted funds going to MAs go to low and lower middle-income countries (34% to low-income countries, and 42% to lower-middle-income countries). Africa accounts for over 77% of the grants going to low income countries and almost 45% of the grants going to lower middle income countries. Western Hemisphere accounts for over 50% of the grants going to upper middle-income countries and almost 80% of the very small amount of grants that go to high income countries.

Table 6: Allocation of grants to MAs by country income status (US\$ 2018)

	Low income	Lower middle income	Upper middle income	High income	Not Classified*	Grand Total
Africa	10,602,824	7,496,213	778,963	72,371		18,950,371
Arab World	466,049	1,258,851	329,756	48,112	347,985	2,450,754
ESEAOR	103,476	2,950,771	1,371,355		150,029	4,575,631
Europe	68,042	270,698	907,729	121,332		1,367,800
South Asia	2,021,714	3,478,853	613,170			6,113,737
WHR	455,408	1,327,947	4,114,543	880,898		6,778,797
Grand Total	13,717,514	16,783,334	8,115,517	1,122,712	498,015	40,237,091
% of total	34.1	41.7	20.2	2.8	1.2	100.0

* Includes territories such as Somaliland and Palestine

The relationship between current allocations and needs is relatively weak: By comparison, while 25% of the estimated ill-health burden associated with maternal abortion and miscarriage is faced by those in low income countries, more than two thirds falls on those in lower suggests that if IPPF were to focus its efforts more on outstanding needs, it would imply a shift of resources from upper middle-income countries to lower middle-income countries. Similarly, Tables 8 and 9 also highlights the challenges faced by lower-income countries with adolescent fertility rates and ill health burdens much higher in lower incomes and much higher in Africa than other countries irrespective of income status.

Table 7: Estimated burden of ill health associated with maternal abortion and miscarriage

DALYs lost	Low income	Lower middle income	Upper middle income	High income	Grand Total	% of total
Africa	614,662	402,918	16,837	51	1,034,468	38.9
Arab World	24,144	44,311	5,454	179	74,665	2.8
ESEAOR	3,880	185,878	48,870		238,628	9.0
Europe	1,082	3,263	5,016	198	9,559	0.4
South Asia	38,312	1,176,979	4,050		1,219,341	45.9
WHR	10,428	10,429	56,755	3,237	80,849	3.0
Grand Total	692,507	1,823,778	136,982	3,664	2,657,510	100.0
% of total	26.1	68.6	5.2	0.1	100.0	

Source: Global Burden of Disease study 2019 – figures relate to 2017

Table 8. Adolescent fertility rates 15-19¹⁵

	Low income	Lower middle income	Upper middle income	High income	Grand Total
Africa	112.4	90.3	43.3	56.9	96.0
Arab	49.5	41.8	11.0	13.4	33.9
ESEAOR	0.3*	41.6	22.0		30.6
European	36.4	38.1	26.5	12.1	25.9
South Asia	62.5	26.8	6.6		28.2
Western Hemisphere	37.5	69.5	55.7	32.6	49.5

¹⁵ Adolescent fertility rates are based on data on registered live births from vital registration systems or, in the absence of such systems, from censuses or sample surveys. The estimated rates are generally considered reliable measures of fertility in the recent past. Where no empirical information on age-specific fertility rates is available, a model is used to estimate the share of births to adolescents. For countries without vital registration systems fertility rates are generally based on extrapolations from trends observed in censuses or surveys from earlier years.

Grand Total	94.3	60.5	37.3	29.8	55.9
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* North Korea

Source: World Bank, WDI 2017 from United Nations Population Division, World Population Prospects.

The tables clearly highlight the fact that lower income countries generally face higher challenges and that for the given levels of income some regions – notably Africa – face higher challenges

Commissioners raised concerns about data quality – both general concerns related to measurement but also specifically concerns related to the fact that in some countries births to unmarried mothers are not included in the statistics. Phase 2 will need to consider data reliability and identify which indicators reliably demonstrate real differences between countries and are credible proxies of unmet need.

Further analysis of the current pattern of allocation to MAs, however, suggests that health needs, country per capita income and population size account for the majority of differences in country allocations. This is, in a sense, reassuring as it provides little evidence that the current pattern is extremely inequitable and therefore that extreme shifts in the allocation pattern are unlikely to be required¹⁶

There appears to be large volatility in allocations Another key finding is the variability of IPPF unrestricted grants to MAs year-on-year which again suggests a lack of predictability in funding (Table 9). Further analysis may show the extent to which performance-based funding is responsible for this. The following table shows year-on-year increases and decreases in unrestricted IPPF grant allocations for a selection of countries

¹⁶ Regression analysis suggests that health needs (as measured by the burden of disease associated with maternal abortion and miscarriage), country per capita income and population size (comparing populations with > or < 0.5m) account for around 73% of differences. All results are highly statistically significant and in the right direction (countries with bigger challenges get more, richer countries get less, small countries get more). Some countries do get much more than might be predicted (Nepal, Nigeria) – others less (India).

Table 9. Variability in funding – annual change in allocation of unrestricted funds (selected countries)

	2015-16	2016-17	2017-18
Benin	- 8.8	- 22.6	13.0
Ethiopia	- 18.7	- 37.0	21.7
Ghana	- 17.0	- 12.9	9.1
Burundi	- 58.9	- 21.3	25.0
Kenya	- 12.7	- 11.8	58.6
Côte d'Ivoire	- 0.2	- 29.5	94.0
Congo, Dem. Republic	- 28.2	1.1	- 4.0
Madagascar	- 21.4	- 11.2	9.4
Malawi	- 27.2	0.9	32.3

Appendix 3. Performance Based Funding Design Components

- Performance is judged against 10 indicators.
- MAs are rewarded in part directly according to their performance against these indicators (improvement bonus) but also according to their contribution to improvements in regional performance (contribution bonus).
- ROs have some discretion on the relative shares between the improvement and contributions bonuses and the weights assigned to different indicators.
- There are a number of ceilings/caps. No country can receive more than 4% of total PBF funding; countries get no benefit from improvements of >40% in a particular indicator. The PBF increase/decrease cannot exceed 25% of the core grant.

A 2015 evaluation (Eicher et al¹⁷) found that:

- The majority of MAs perceived PBF to be empowering, transparent and fair though around a third of MAs found it to be punitive.
- MAs felt that PBF captured their true performance, that indicators and targets were aligned with their priorities, and had not encountered unintended negative consequences.
- Follow up in-depth Interviews suggested a rather weaker MA understanding of the PBF funding mechanism.
- MAs believed that PBF had changed the way HQ and Branch Teams work together and manage for performance.
- MAs felt that PBF had improved overall MA performance including enhanced efficiency and promotion and sharing of best practices.
- MAs reported that PBF has improved recording, reporting, and use of data.
- Online Survey respondents reported that ROs are explaining PBF and providing TA to help MAs improve performance but that more could be done
- The focus on indicators has enhanced the “performance culture”:
 - MAs are more accountable for achieving improvements in performance and have improved the quality of their data so they can track, manage and report.
 - MAs do not appear to be featuring PBF in proposals or in discussions with potential funders though they do feature accomplishments on the metrics that PBF rewards.
 - Reputational incentives appear to be as motivating as financial incentives and sharing across MAs is the platform to support both.

¹⁷ Eichler, Rena, Susan Gigli, Jenna Wright. September 2016. *Strengthening Performance with the IPPF Performance Based Funding Initiative: Evidence and Recommendations*. Bethesda, MD: Health Finance & Governance Project, Abt Associates Inc

Appendix 4: Surveys

Survey Results

As part of the consultations for the ongoing reform, the two Commission Chairs launched a joint survey on the reform website on 25 July. The objectives of the survey were to:

- Understand the variety of opinions about the need for change in relation to the IPPF global and regional governance, as well as its resource allocation model.
- Solicit input for the development of appropriate and effective regional and global governance structures, and a strategic resource allocation model.

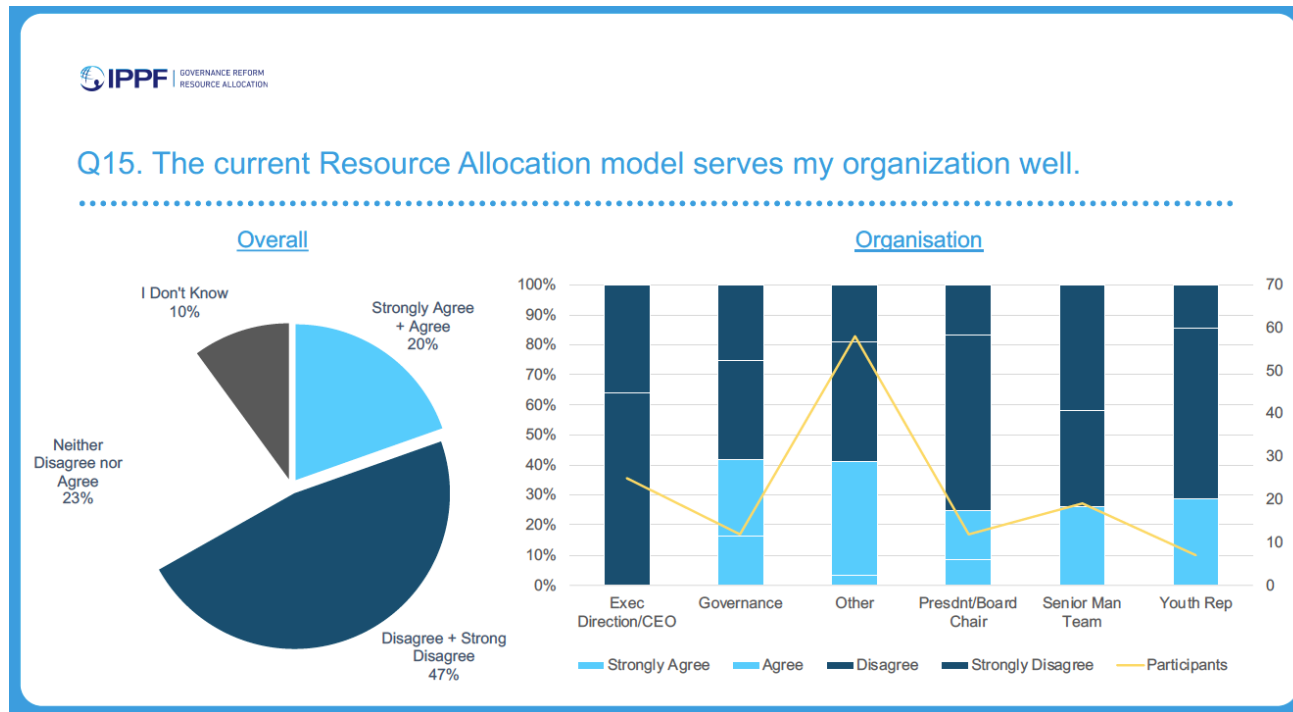
In total, 200 verified respondents completed the survey, from all regions and across the Federation. The majority of respondents were Member Associations (46%) with the Secretariat, Regional Executive Committees, Regional Councils, Governing Council and Collaborative Partners forming the remainder. Senior Management, Executive Direction and other staff made up the vast majority of respondents – 81% – with youth being under-represented, at just 7%.

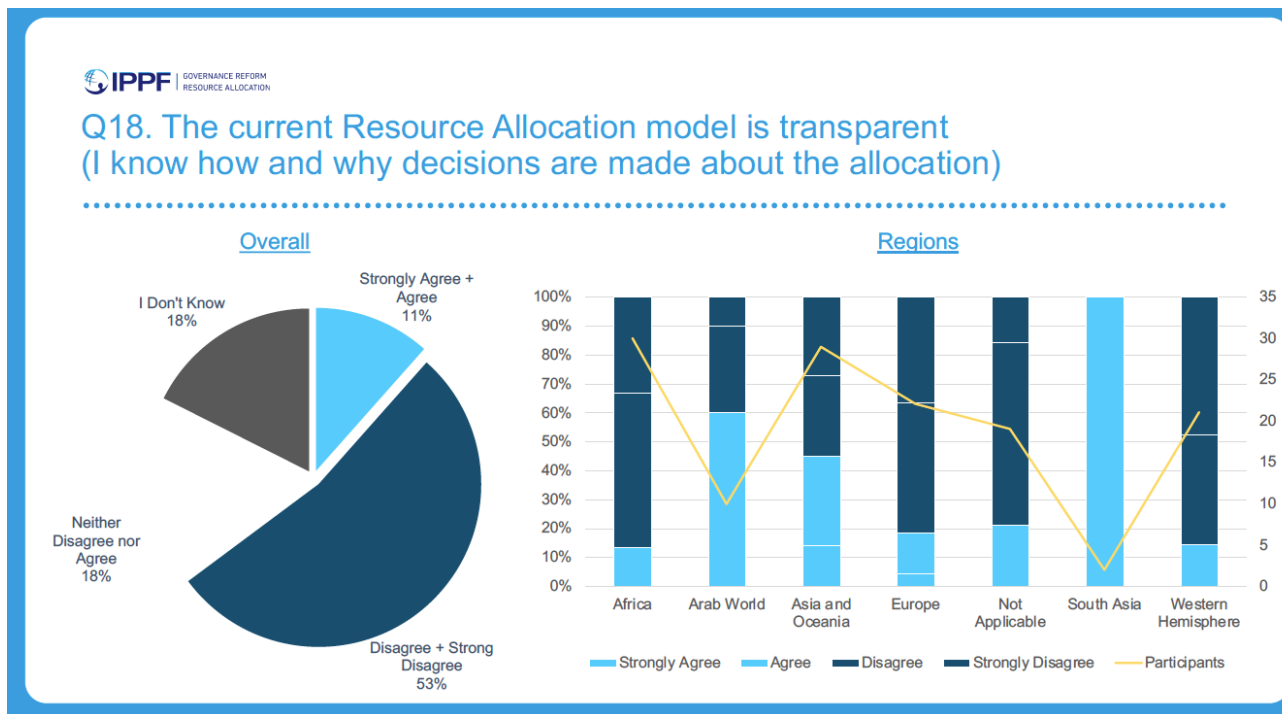
The largest percentage of respondents came from the Africa region (26%); the smallest from South Asia region (2%).

Dependency on IPPF for funding: almost one third of respondents state they receive 81-100% of their total annual income from IPPF; one fifth receive 80-100% of their unrestricted annual income from IPPF. This demonstrates a high dependency on a relatively small amount of unrestricted funding, which comprises only US\$40 million of IPPF's total income to MAs. These results have been received only recently and will require further assessment to to understand what the actual total amount provided to highly dependent MAs is, particularly as it's not clear that the highest grant receivers are the most dependent.

The current resource allocation model: what is unequivocal from the survey is that the current Resource Allocation model does not serve individual MAs or the wider Federation well, with only 20% agreeing. Notably none of the MA EDs thought well of the current model.

A mere 18% feel IPPF's unrestricted funding has been allocated fairly and correctly. An even smaller percentage – 11% – thinks the current resource allocation model is transparent.



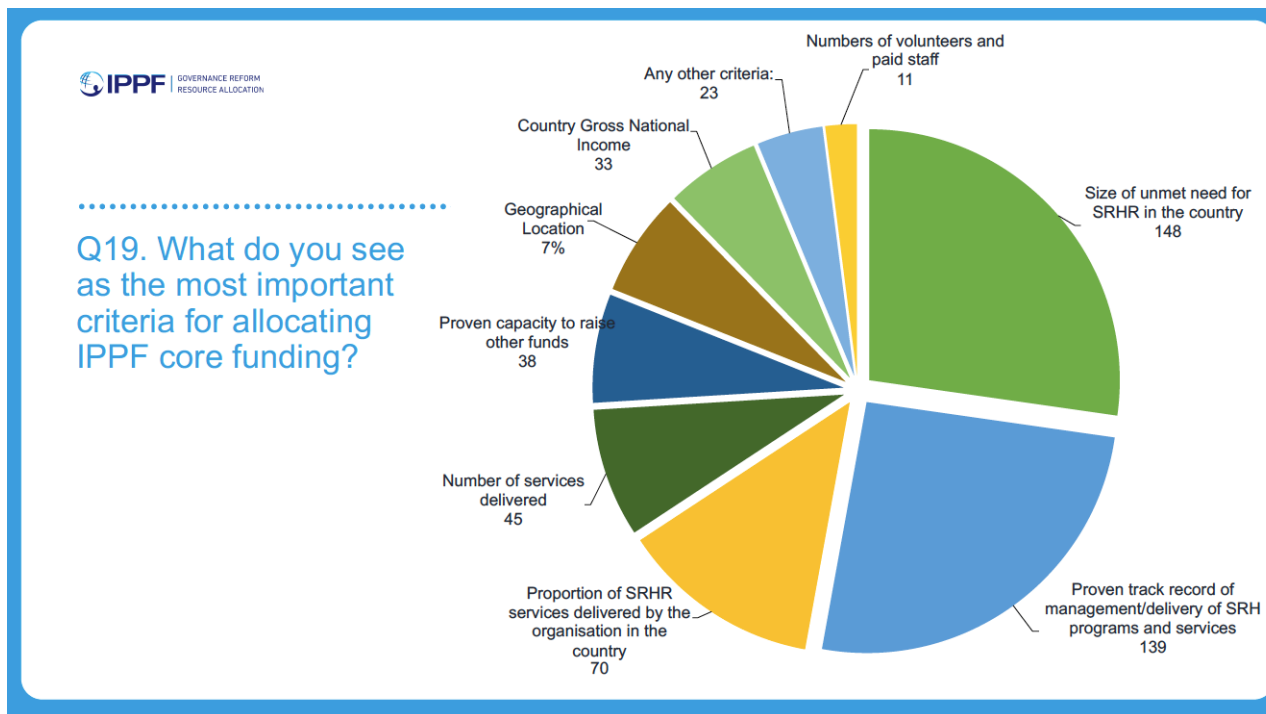


Member Associations and unrestricted funding: respondents are divided fairly evenly over whether all Member Associations should receive unrestricted funding.

A new resource allocation model: there is almost total agreement amongst all respondents that:

- IPPF should have a special fund to respond to specific issues (93%).
- The new model should be regularly reviewed to ensure it remains honest, equitable and relevant (96%).

The three most popular criteria for the new model were: size of unmet SRHR need; proven track record; proportion of SRHR services in the country, in that order.



Comments from respondents: the current RA model:

- Many African MAs feel financial oversight of RECs and GC is “not accountable, has weaknesses, is corrupt, incompetent, inequitable and not sustainable – with much room for improvement”.
- Western Hemisphere Regional Office thoughts around IPPF’s unrestricted funding allocations ranged from “it’s fair overall, although doesn’t take into account MAs’ contributions” to “the allocation formula is archaic and doesn't reflect current realities”.
- Regarding the transparency of current RA, CO said “there is no transparency, no information sharing, and we don’t know how decisions are made – the model must be totally overhauled”.

Comments from respondents: looking to the future:

- AWRO SMT advises that IRAC “reviews the current country context, including conflict and unmet need for services, for each region; this will be fair in allocating resources. We wish them all the best luck in this great effort to improve IPPF’s situation”.
- ESEAOR youth and governance want “needs assessments to allocate funding to MAs that have the highest population and service provision needs, with equity and long-term sustainability at the core of all conversations”.
- President and Board members in EN request a “special fund to support research, innovation of new SRH devices (e.g. contraceptive methods) and to challenge the anti-choice network”.
- Governance, SMT and youth from SARO advise allocation is centred on “level of need, based on a GC-approved framework; performance of MAs based on the REC-approved performance-based funding system; and MAs’ capacity to move the needle on improving important indicators”.

Consultations

Below are listed a selection of points raised in the consultations:

- Need for greater transparency in funding allocations and reasons for any changes in budgets, sub-budget allocations, formulae and funding.
- Full transparency and visibility must be embedded in the proposed improved resource allocation model.
- The proposed model must take in to account the diversity and equity issues within the Federation, so that does not inadvertently encourage the concentration of resources to stronger-performing MAs to the detriment of others.
- The proposed formula may include a mix between fixed and flexible allocation, both based on clear, transparent criteria.
- There needs to be transparency and understanding on how much money goes where and what criteria is used.
- Resource allocation should be based on the strategic priorities of IPPF not only on a fixed DAC¹⁸ focus system.
- Consider whether resource allocations should be based on competitive processes dependent on the specific context.
- Consider if resource allocations could be performance-based and time-bound (three years).
- Consider if a threshold /ceiling for those that are eligible (i.e. ‘too rich’).
- Concerns that Africa has more health challenges hence resource allocation should take the challenges into consideration.
- Stressed the need for the new resource allocation system to consider unmet need for family planning, other health needs, vulnerability, value for money and achievement of results.
- The need to provide incentives for high performing MAs to do more as with the current bonus allocation system which rewards these types of achievers.

¹⁸ The OECD Development Assistance Committee (DAC) is an international forum of many of the largest providers of aid, who use internationally agreed criteria for their Official Development Assistance (ODA): <http://www.oecd.org/dac/development-assistance-committee/>

Regional Views

- *“Clarify the role of the EDs regarding resource allocation in the national context: give them the power to decide and report directly to RO and CO on the exact situation, to help them decide on how to allocate resources.”*
- *“I’d like IPPF to be agile and modern.”*
- *“We have to build trust.”*
- *“Thank you for asking us some good questions – it doesn’t happen often.”*
- *“ROs ought to share yearly resource allocation plans and budget – who gets what and why.”*
- *“ROs need to be accountable.”*
- *“Regions are like small fiefdoms – or not so small – it’s all about protecting their interests. The regional teams should make the resource allocation decisions, but you need to be able to trust the regions to make the right decisions.”*
- *“Funding is biased in favour of service delivery, but the biggest change comes from advocacy.”*
- *“I think the principles shared by the Commission set the tone. To my mind this is in the right direction, and now it is about the **how** of it. Everyone would love a simple and easily comprehensible formula/model of funding however considering the complex nature of issues and diverse type of organisations we work with this will not be easy.”*
- *“We need a kind of a core-funding withdrawal strategy if MAs are not already self-sufficient.”*
- *“We are not just ensuring the services; we also aim to bring in behavioural change. I think there should be an option of accommodating those who work on a specific niche area acknowledged by us.”*
- *“Also, to get out of that sense of entitlement – a competitive approach should be adopted.”*

These comments are just a few of those that were heard from the many people who took the time to share their views. This was very much appreciated. Surprisingly, some EDs in the region were still unclear about why reform was needed, and others felt this uncertainty was because of lack of knowledge. Some felt that this had resulted from information being unequally shared among their colleagues.

Key Feedback from Second Online Survey

Having seen an initial draft around 54% of MAs felt the model *would* work with a further 43% suggesting it *could* work though they did express a number of concerns. In general MAs expressed a preference for less restrictions on support and a more active role for regions in allocation processes. Half of respondents felt that the strategic fund should account for 10-15% of total funding. There was general support for performance base funding approaches but raised concerns about the challenges of comparing MAs performance reliably that new approaches would need to be considered

The general themes of specific responses received from MAs are set out below

Change is needed ...

- Unless we try it we will never know. In any change there is resistance. I think we need to have procedures in place which will allow us to make any changes needed to improve it and to safeguard all stakeholders' involvement, in a democratic and transparent way.
- We agree that change needs to happen and that the report contains very relevant suggestions.

Model is generally good ... if a bit complicated but there are concerns

- I think the model will work because it clearly specifies channels of funding streams and allocation
- We think this is a good model.
- Convincing proposal.
- It is too early to judge if this model will work - but it certainly is a step in the right direction. My concern is that it will have an impact on some of the MAs in Europe (because of the focus on income of the countries) and my fear is that once again we will lose some of our members.
- There should be common and shared vision on the funding criteria but in general the proposed model seems reasonable.
- Difficult to understand/ This is too technical for me to have time to get my head around in short time/ it is so complicated.
- Providing it is properly managed.
- Need to work towards sustainability of MAs and business model that supports this.
- The structure needs to be in place and function and then it will become clear whether and what eventual gaps there might be that needs to be adjusted. Every country has its own context and the indicator of unmet need is compelling, but it should still be kept in mind how that unmet need should be best defined. Reliable data is not always available.
- it allows for MAs to benefit from various streams instead of being reliant only on one. It also helps them build capacity in creating new proposals and executing these tasks.

MAAs are supportive of the Strategic Fund

- Some ideas generated by MAAs, especially by young people are very innovative but the lack of funds kill those ideas. There should therefore be enough set aside for such innovative ideas.
- It is crucial that there is a pool of funds set aside for strategically required activities that arise throughout the year.
- I welcome any shift from service provision to more strategic advocacy efforts - towards governments but also towards care providers (doctors, nurses, hospitals, etc.).
- This is an important modality for us to ensure that IPPFs/MAAs ability to deliver on the strategic priorities. Somewhere between 5-15% sounds like a good funding platform.
- Strategic interventions are critical to success.
- Strategic funding is important, even more important than the up and running of individual MAAs.
- Management of these funds must be above question. I have many questions about who decides the focus of the grants. Will this be based on donor requirements, IPPF wishes, or what? Will IPPF issue calls for EOI and then proposals; who will review proposals; etc. Transparency and fairness. All MAAs must have equal chance to compete and be selected. Selection of proposals based on what's in the document and not biased by the selection committees' preferences.
- The strategic fund is only for innovative and based on proposal thus has to be proportionate to the other three streams that need more funds.

ROs bring added value as they know what going on in their regions and where the main needs are.

- ROs not as objective as expected hence need to reduce their powers as far as allocation of funds is concerned
- RO should have some power on resource allocation to MAAs
- I believe ROs know the strength of the MAAs as well as weaknesses. The ROs should be given more power to decide funds to be allocated to MAAs so they can help addressing some issues faced by MAAs and help MAAs to also work effectively and efficiently
- If the funding criteria is clear, RO should not have much power in the allocation of funds to MAAs. Due to close working relationship, it is likely to be subjective, hence the need to minimise this. RO are essential to provide information.
- Because RO knows well MAAs in the region and which MAAs need help.
- If a clear formulation is established, there is no need for RO to play a big role in the decision-making on allocating funds to MAAs.
- ROs are more close to MAAs thus ROs must have certain power to decide on the funds
- The ROs has the good view and statistics of the whole region, allocation must be their decision for purposes of fair and independent allocation

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- The ROs are in the best position to evaluate the performances of MAs and their need for funding assistance. Budget allocation should also consider the existing unmet need in the country of each MA.
 - Most important to me is that the decision taking should be transparent, based upon a critical review of the work plan of the MA. At least ROs should be able to give an advice (as they are most acquainted with the MA)
 - The agreed criteria are essential but at the same time the ROs long time experience with the MAs work is an added value to the process
 - It depends the criteria for all and the history (corruption or not) of the RO. Less power if corruption.
 - ROs are closer to the MAs and have more insight in the needs and possibilities of the MAs.
 - Up until now the ROs have been able to decide and control the allocations of the funds to the MAs without any problems. Why should it change now?
 - Assuming that ROs have a better oversight of the MAs that are operating in their region as well as the knowledge of the region itself, they could be given more decision-making power. Still, besides the agreed criteria, there should be mechanisms in place to facilitate transparency in decision making as well as the opportunity for scrutiny.

Need for flexibility

- Let us give our best to support this structure and then we can alter it where and when the need arises.
- A steady review and monitoring of this model is needed.
- To cater for future needs as the environment within which Members operate is dynamic, ever changing and affects members differently
- As a starting point one could start with 10-15% and after evaluation decide on the best fit.

Country income status is a crude indicator of need

- I am happy with the emergency and strategic fund. I am slightly worried however about the higher-middle income countries, as some of them are very conservative and have a hard time finding funding. I do not know the solution, but it would be good to keep in mind that in can be strategic to allocate some funding in for instance the strategic fund to them, even if they cannot collect much money themselves to supplement this.
- When looking at country classification as UMIC please consider the impact that such country is likely to make from the support offered. Income disparities in some UMIC has a negative effect on the poorest people who are likely to benefit from the support.

- Some MAs in countries, lower or not, may be in dire need of support and as such, a strategy to use eligibility by the income status of the country may not be the best.
- I agree that the Commission avoid linking RA to GNI as this is not the true picture of a country's well-being. Do give some time to make adjustments as some MAs do rely on unrestricted funds mainly for core organizational.
- We agree that it is critical to have strategic funding streams, which also provide funding opportunities for the middle/high-income MAs. It is an important vehicle for fostering new, innovative ideas which can secure the Federation in the long term.

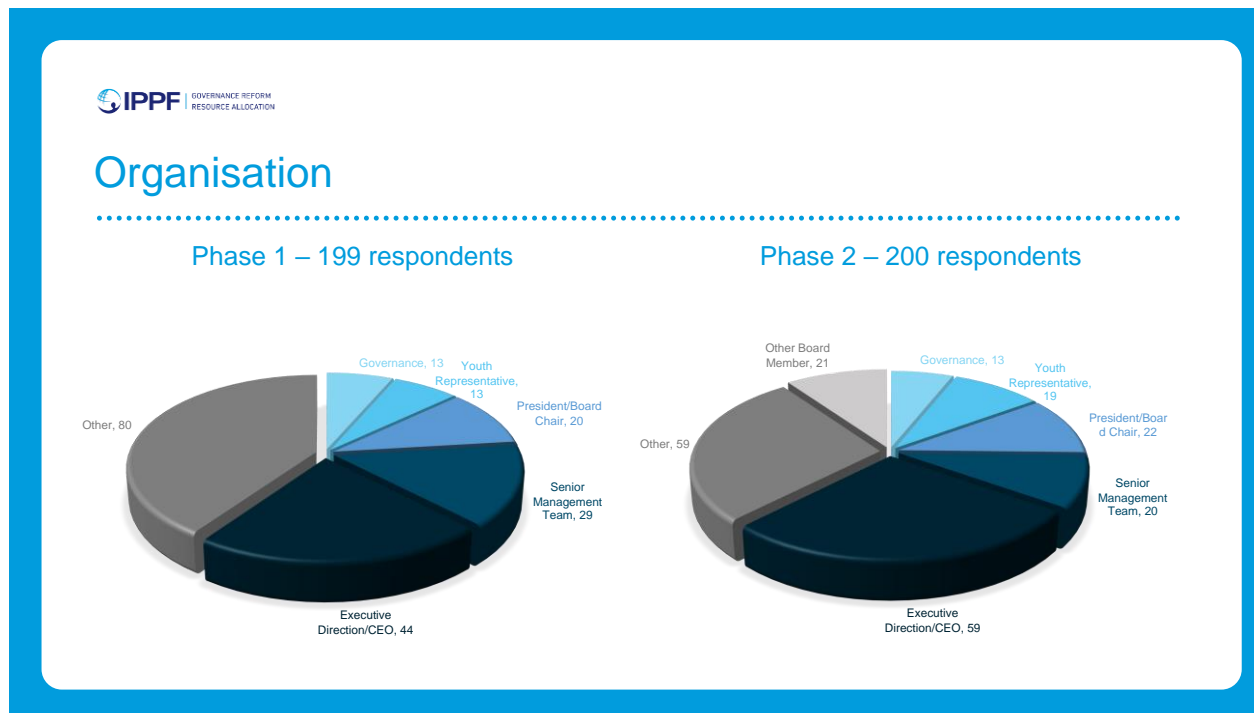
Need to find different ways of measuring and rewarding performance:

- Let us please awards performance but strictly by aggregating the performance by different funding mechanisms/ two MAs cannot be fairly compared unless we perform cost effectiveness and efficiency analyses.
- Performance needs to be rewarded. This should also include resource mobilisation and consider domestic resources mobilisation.
- Have a formulation calculated according to the current 4 Outcomes of the Federation, it is more holistic and comprehensive, and takes into account work done in advocacy and clinical services as well as strengthening institutional capacity. We at FRHAM have devised this for our own state MAs, and would be happy to share the formulation if requested by the Commission.
- I think a performance bonus of 7-10% would be nice. This will motivate the MA and will inspire them to do better and better each year.
- Everyone should be care about rewarding performance for the results is being done properly and IPPF should provide everyone with a process that is being done fairly before the rewarding performance is made.
- IPPF can give awards in the form of capacity building training for high performing organizations and can be in the form of additional core funds.
- There is a vast diversity among MA in all regions. Diverse in sizes, capacities, cultures, services and so many other things that you always need to have in mind. You need to make sure that no MA is left behind; and at the same time each MA to be given equal opportunities. It cannot only be based on service provision. Maybe we need to consider looking at it also from another perspective beside suiting IPPF's needs. It is a concept that needs to be explored taking into consideration other practices used in other settings. Another committee can be established to make a proposal on this issue as well.
- The existing criteria of performance is not always allowing correctly to evaluate the work done by MAs, e.g. in advocacy, where legislative wins for some rapidly developing countries cannot be compared with countries where MA should safeguard existing legislative norms from aggressive opposition.
- Each country is different as it relates to culture, population, laws are so on. Governments in some countries embrace SRH while in other countries it is not a priority. I think it is something that has to be looked at in terms of the capacity of the MA as to what it can and cannot do

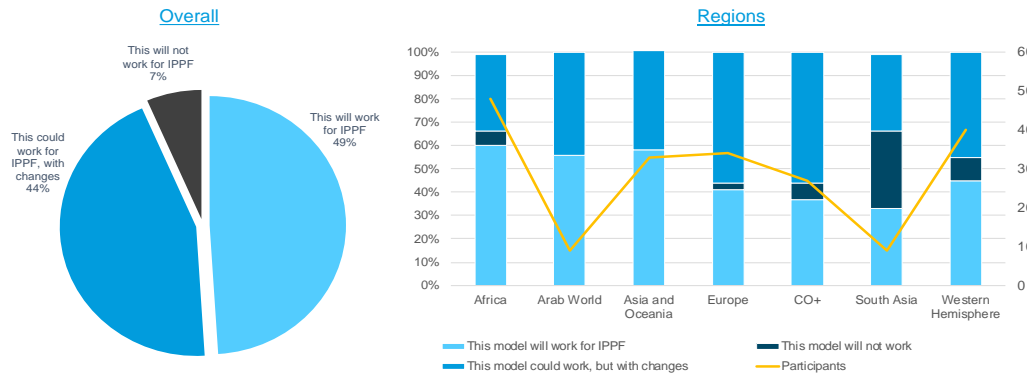
- Rewarding performance is a very good idea to energise all MAs for better performance. can be done with recognition, more opportunities for restricted funding and being used as a resource to help weaker MAs
- By rewarding performance, the specific country context as well the MAs specific context should be taken into account; e.g. a country with a large population should not be compared to a country with a small population in terms of number and or types of services provided. Restrictive laws and or policies could prevent certain types of services being provided by the MA, which should then not be marked as a minus point in terms of performance, but it should be evaluated against the circumstances in country and the efforts made by the MA.

Problems with co-financing

- As regards the suggestion on MA co-financing of CO and RO (p29 bullet 4), we find it very hard to identify ways in which this is possible, as we don't have unrestricted funds available, which can be used for this kind of purpose.

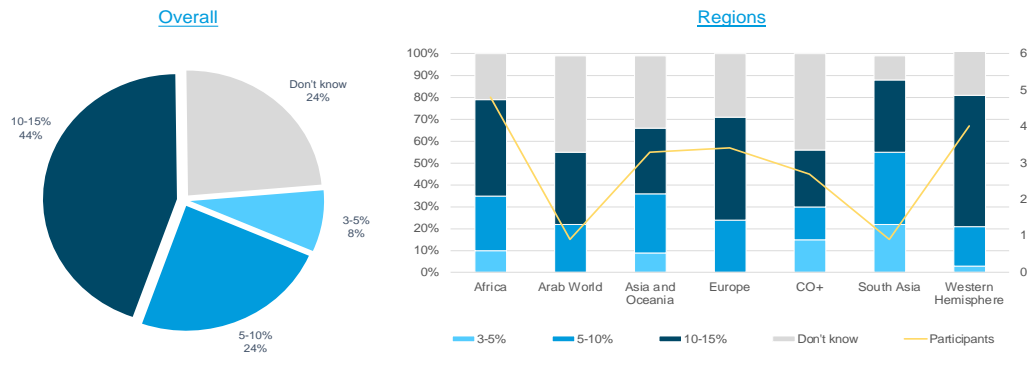


Q6. Looking at the above diagram and the three streams of funding, do you think this model will work for IPPF?



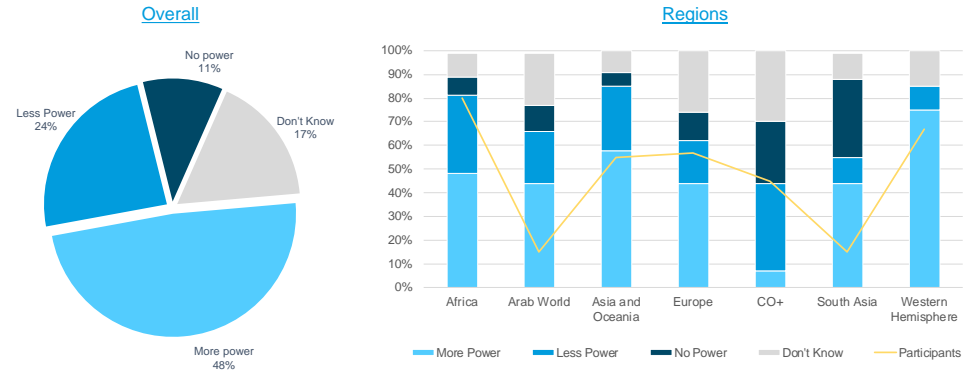
More than 90% of the Federation thought it was a good idea to have a strategic fund in place (see previous reform survey results).

Q7. How much do you think should be set aside for the strategic fund?



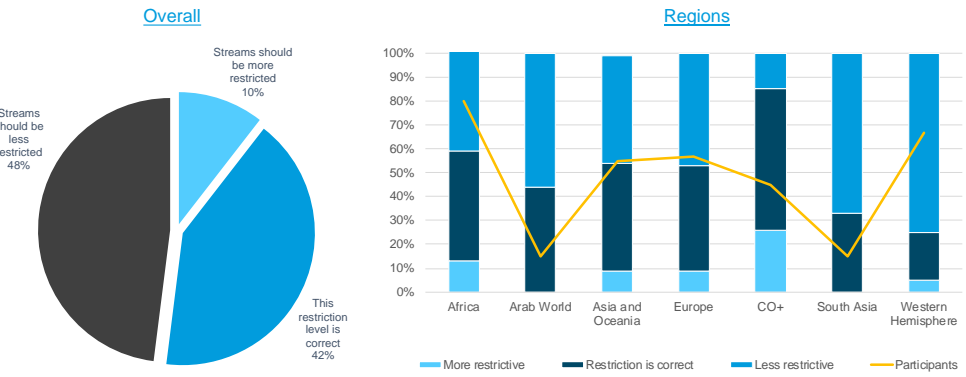
In Stream 1, the model proposes to give ROs some decision-making power about the amounts allocated between MAs. This will be based on a number of agreed criteria.

Q8. In your view should the ROs be given more or less discretion in allocating budgets?



As described in the table above, the model proposes to restrict eligibility on the basis of country income status.

Q9. In your view what level of restriction should there be on the funds?



Appendix 5: Other Models and Design Approaches Considered

The follow broad models were considered:

- pure allocation based
- pure proposal based

Table 13: Description of alternative models considered

Model	Description
Pure Allocation-based Model	<p>The pure allocation model adopts a hands-off formula-based CO-led approach to allocating resources to MAs. The formula is driven primarily by outstanding needs and adopts a stronger performance focus than that currently in place - building on the existing approach but also broadening it and building in stronger verification. Resources are focused on low income countries; high income countries will no longer be eligible for support. Support for middle- income countries will be limited and take into account alternative funding sources and special circumstances. The approach would be piloted over a 2-year period to align with the new strategic framework then be employed in a 3-year cycle.</p>
Pure Proposal-Based Model	<p>The pure proposal-based approach adopts a hands-on administrative model with funds allocated on a proposal basis according to a number of themes. Proposals will be approved by an independent technical panel under guidelines set by CO. MAs will receive a minimum allocation to meet basic operational expenses. Beyond that there will be a number of funding streams.</p> <p>Technical assistance: support will be focused on countries with significant needs where MAs are identified as “willing but weak”. This will include:</p> <ul style="list-style-type: none"> ▪ Cross-Member Association support. ▪ An acceleration fund to allow MAs with a demonstrated track record to rapidly scale up activities; use of funds will be fairly flexible within broad guidelines. ▪ A strategic fund to allow MAs to be proactive and strategic. ▪ Emergency fund: this funding stream will be used to support emergency preparedness in a number of countries identified as vulnerable as well as providing start-up funds to allow an initial emergency response. High-income and upper middle-income MAs will only be eligible to apply funding to provide support to other MAs.

Other approaches considered included:

- **Establishment of an additional stream to cover capacity building:** whilst the Commission endorses the key role capacity building plays and that a separate stream would highlight this this was rejected a) to keep the model fairly simple and b) because capacity building should be embedded across of all of IPPF's work
- **Introduction of co-financing arrangements:** this was considered for upper middle-income countries under Stream 2. It was rejected on the grounds that with careful selection the aim should be to identify and support MAs which are currently unable to secure sufficient funding for their activities. An explicit sustainability plan is a more effective way of making progress than co-financing



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