

A woman and a child are walking on a beach at sunset. The woman is on the left, wearing a floral dress and glasses, holding the hand of the child on the right. The child is also wearing a floral dress and has their arms outstretched. The background shows the ocean and a bright sunset sky.

# A new formula for Stream 1 allocations

Draft proposal



October 22, 2020

# We are excited to share a proposed formula that meets the GA mandate

- At the GA, the membership voted to allocate funding to Stream 1 based on **a formula “driven by assessments of unmet SRHR needs and burden of disease.”**
- The resolution called for the formula to be **“context, political and culture specific, and that it reflects the demographic transition in countries as well as the polarization of social economic classes.”**
- In our survey to the Federation transparency was rated as a top priority by MAs, and we are excited to unveil **a formula that can make transparent, needs-based allocations to MAs**

# This proposal builds on extensive consultation

- **General Assembly resolution** in Delhi calling for a formula “driven by assessments of unmet SRHR needs and burden of disease”
- **The IRAC report**, based on member surveys and extensive research and interviews, which helped inform the GA resolution
- **A recent survey on the formula design**, which received over 220 responses from MAs and Secretariat staff
- **Interviews with a set of MAs from every region** to gather deeper feedback on formula design
- **An open comment period** for MAs and staff feedback (full comments to be compiled and shared soon)
- **Research on best practices** of peer international NGOs

# We heard several themes from MAs and staff

A Federation-wide survey and follow-up discussions indicated that:



MAs should receive **full transparency about their allocations and the reasons for any changes** (98%)



The formula should use **multiple measures of SRHR needs** (e.g., maternal mortality, HIV/AIDS, violence against women) (96%)



The **data should come from objective metrics** (e.g., World Health Organization, United Nations) (69%)



Allocations should be **impacted by past MA performance** (78%)



The formula should **smooth funding shifts between cycles** to prevent large jumps (89%)

# As a reminder, this formula applies to Stream 1

## Stream 1: Accelerating the Response

- Formula
- MA application
- Application review

(at least 80%  
of funds)

## Stream 2: Strategic Fund

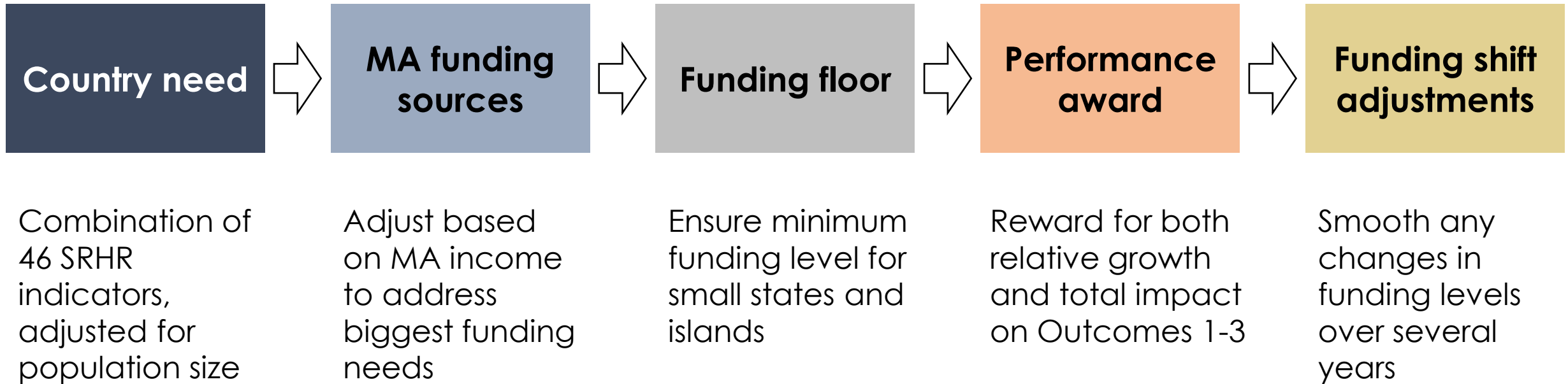
- Annual Consortium Grants
- Rolling Response Fund

(maximum  
15%)

## Stream 3: Emergency Response

(maximum  
5%)

# The formula has 5 key components



**The following slides cover each component in more detail**

# Need measures were created based on MA priorities

- Capture a **broad definition of need, including socio-political context**
- Have no bias about **how** to address that need (e.g., via CSE or service delivery), since each MA knows its context best
- Use **objective metrics** from respected institutions, ensuring they are **available for the majority of IPPF's countries** to allow fair comparisons
- Country income level is adjusted based on GINI to account for inequality within countries



# Need includes a wide range of variables

Area of work (weighting)	Proposed metrics (weighting)	Source
<b>Contraception (20%)</b>	Unmet need for contraception (20%)	UN Population Division
<b>Maternal health (20%)</b>	Maternal mortality rate (20%)	UN Maternal Mort Est. Inter-agency Group
<b>Youth (20%)</b>	Adolescent birth rate (20%)	UN Population Division
<b>STIs and related diseases (20%)</b>	HIV incidence rate (5%)	UNAIDS
	Rate of people with HIV not receiving ART (5%)	UNAIDS
	Cervical cancer incidence rate (10%)	World Health Organization
<b>Gender empowerment and rights (20%)</b>	Gender Inequality Index (10%)	UN Development Programme
	Social Institutions and Gender Index (SIGI) – Civil Liberties (2.5%)	OECD
	SIGI – Access to financial & productive services (2.5%)	OECD
	SIGI – Physical Integrity (2.5%)	OECD
	SIGI – Discrimination in the Family (2.5%)	OECD

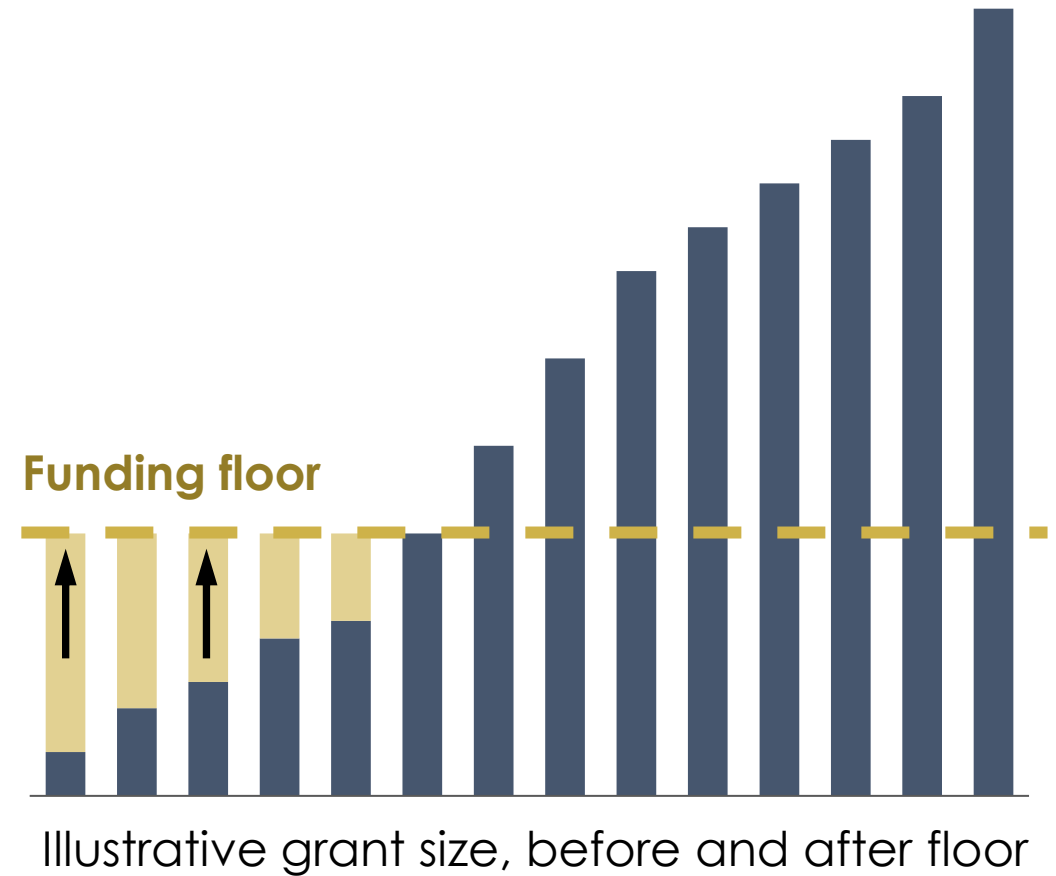


# The income adjustment ensures no MA is left behind relative to its peers

- Dual goals:
  - Ensure that MAs with high need, but who are not prioritized by donors, **do not get left behind**
  - **Encourage all MAs to fundraise** actively (every dollar raised from other sources makes the MA come out ahead)
- The formula can make minor adjustments for MAs whose total income (from all sources) is significantly off from their need levels
- As part of the review process, MAs who receive this fundraising increase will get reviewed to ensure that it is not rewarding MAs who choose not to fundraise actively

# The funding floor helps keep small MAs running

- There are fixed costs to running an MA, no matter how small
- The formula has a minimum grant size for all MAs to ensure even the smallest countries get a meaningful amount
- Pacific island states get a slightly higher floor thanks to funding from the Australian government specifically earmarked to top up core grants in that region



# Performance is based primarily on relative growth

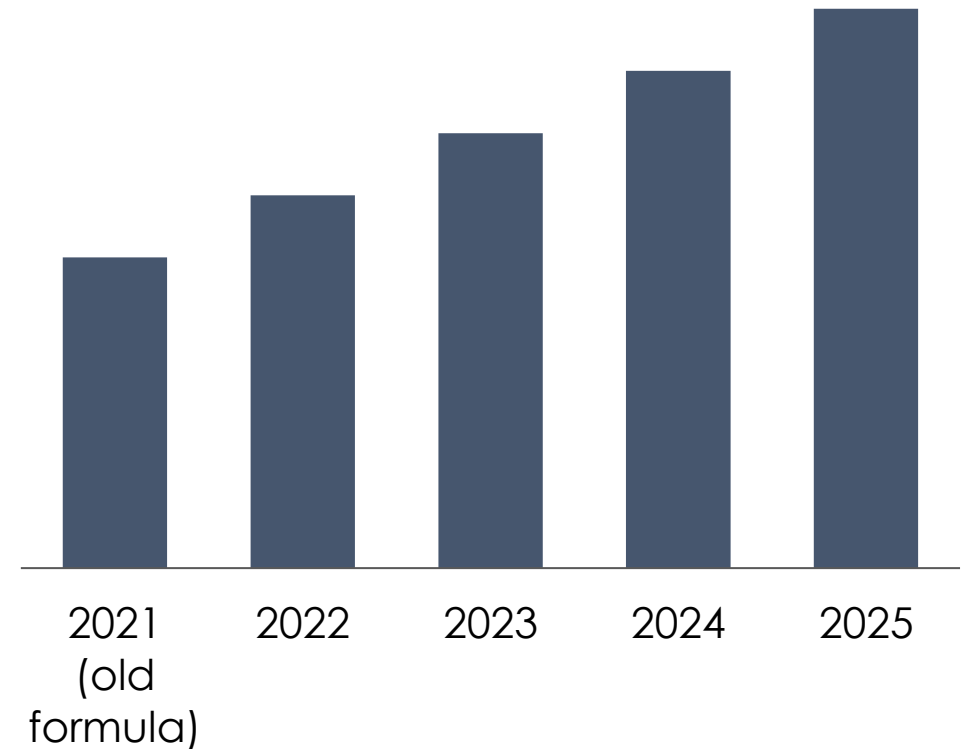
- Reward MAs for both **relative growth** (70%) and **absolute impact** (30%)
- Weight score in each outcome area by **MA spending per outcome** to focus on the areas where each MA is most active
- Allocate **10% of funding to performance**, and cap each performance award at 25% of MA's need-based grant
- Adhere to **quantifiable metrics only**, despite their limitations, to increase objectivity and transparency

## Current metrics used

- **Outcome 1: ER 1** – Successful policy initiatives and/or legislative changes (absolute impact only)
- **Outcome 2: ER 4** – Young people completed CSE programme (Note: ER4's metric will likely change based on the midterm review)
- **Outcome 3: ER 8** - Number of couple years of protection

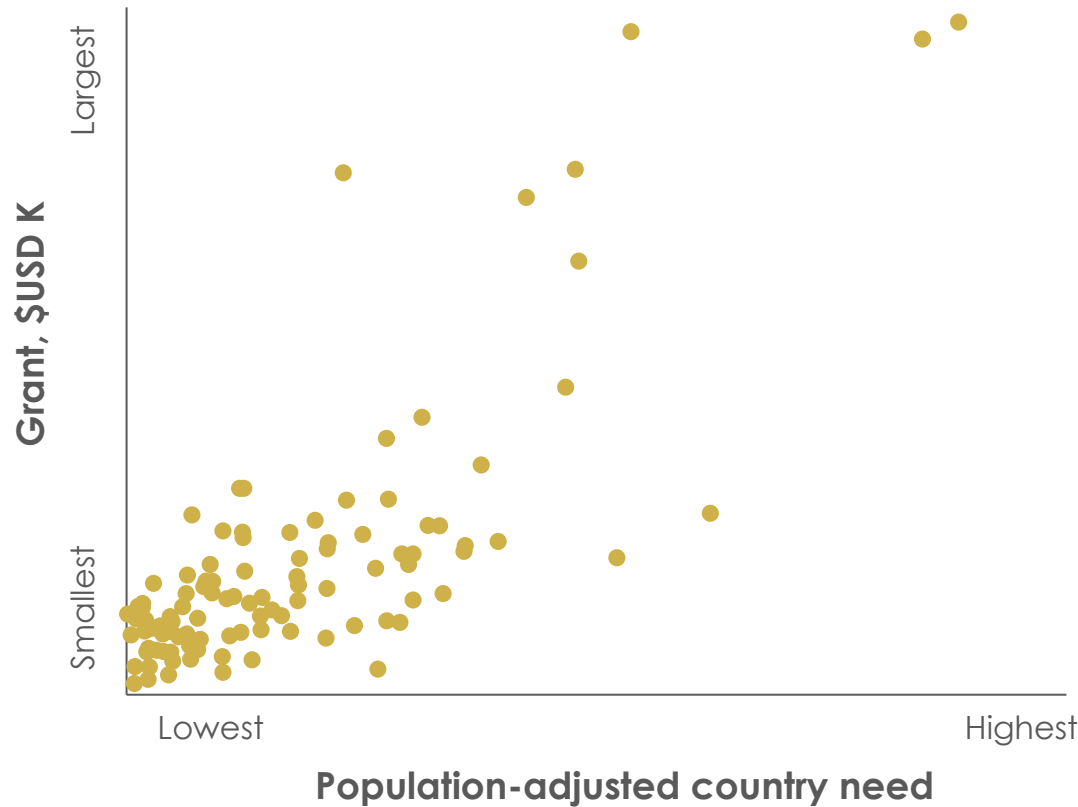
# The formula then smooths any funding shifts

- MAs wanted shifts in funding to be introduced gradually, to avoid steep changes between years
- MAs will find out about planned shifts at the beginning of the cycle, to have multiple years to prepare
- Changes will be linear (e.g., the same change in absolute, not percentage, terms every year)
- The new formula will be gradually phased in between 2022 and 2025

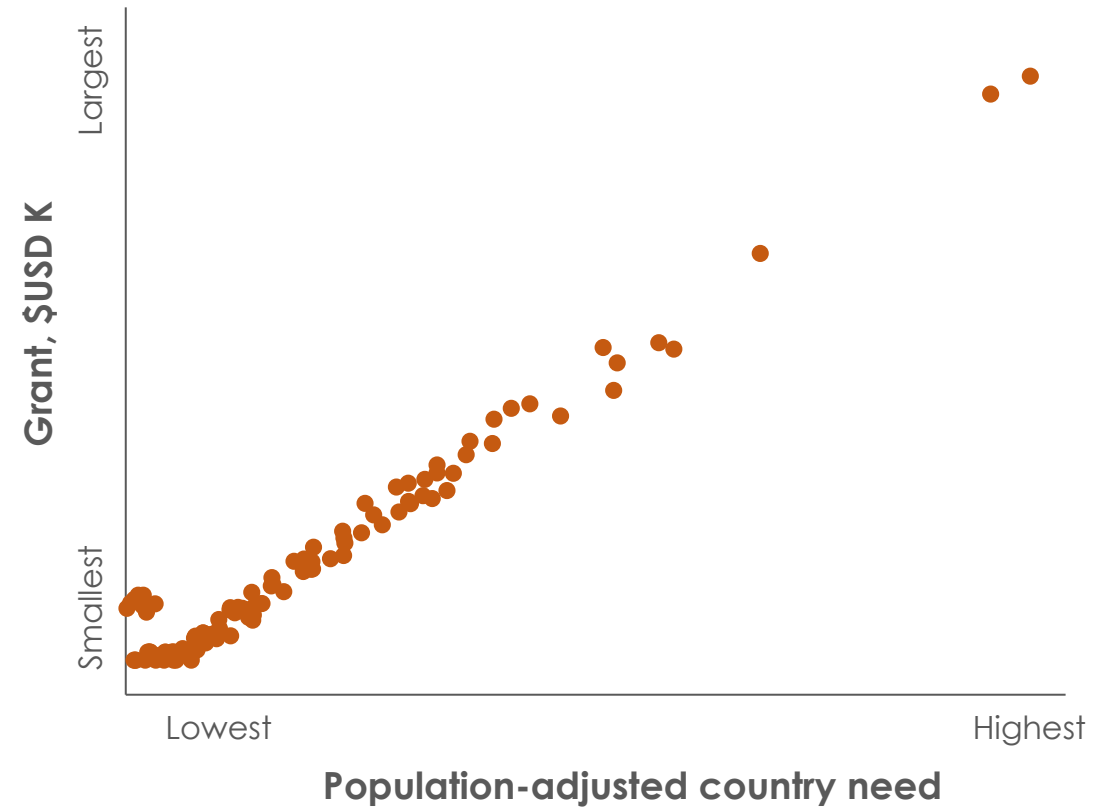


# This results in allocations correlated to country need

## Old allocation formula

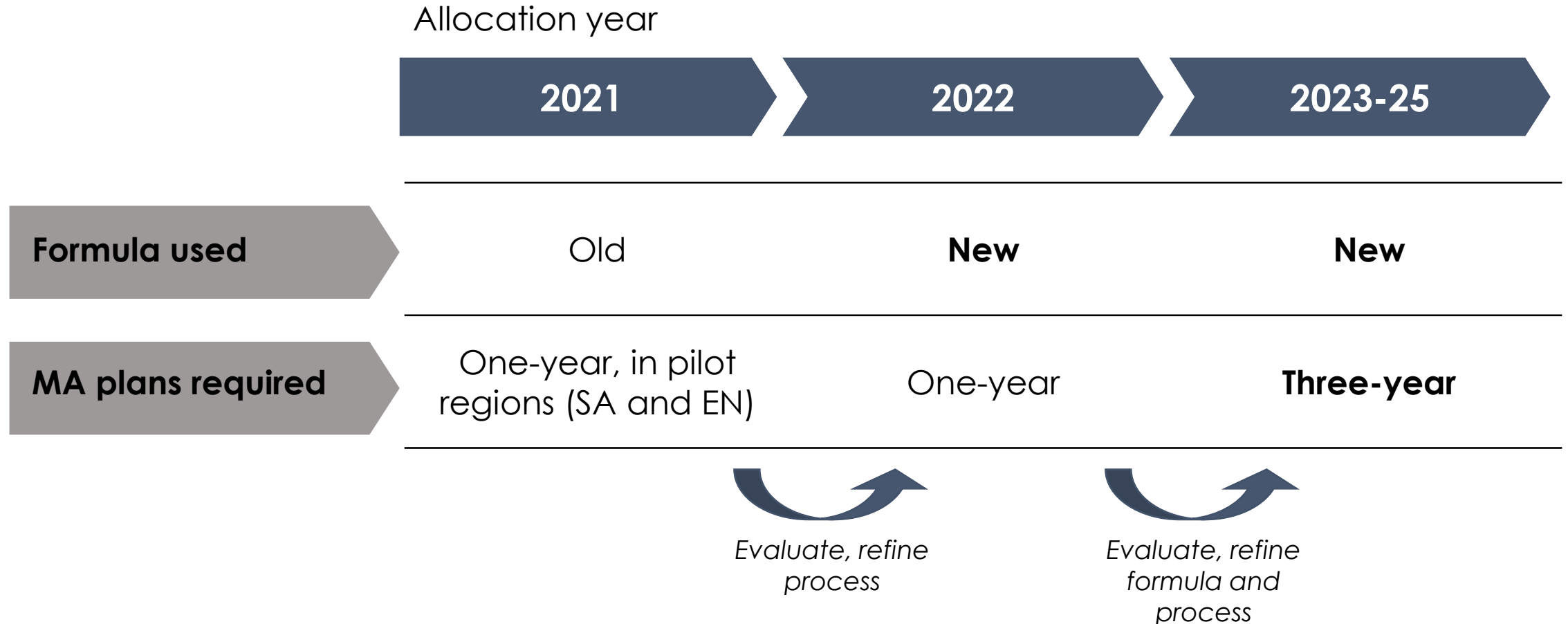


## New allocation formula



*Due to the small adjustments discussed above to account for other MA income and performance, funding deviates slightly from country need, though need remains the dominant factor*

# A phased roll-out will give everyone experience with the new approach to identify improvements



# Illustrative MA example: Country A

## Need

Country A's need indicators are around the 50th percentile of countries on most dimensions, including women's rights. Since it has a larger population than most other countries, its population-adjusted need score is relatively high.

## Funding

Country A is not a donor darling and has only \$770,000 in other income despite its hard work. Since most countries of its level of need and size receive \$2-8 million in other income, Country A gets an additional \$25,000 added to its core allocation.

## Floor

Given Country A's size and need, it already exceeds the funding floor.

## Perform.

Country A has strong year-over-year growth in CYPs (12% growth); since it spends 80% of its budget on Outcome 3, this will have a big impact on its performance award. It also has the tenth-largest CSE metric across the world; since it spends relatively little money on Outcome 2, this will only give it a small boost. Together, these will give it a performance award of \$62,000.

## Shifts

The formula proposes that Country A get an increase of \$80,000 between now and 2025. Therefore, every year starting in 2022, it will get a \$20,000 increase.