

BOARD OF TRUSTEESRefers to
agenda item 5.102-03 JUNE 2021Agenda Item: Indicative Planning Figure 2022**Summary**

On an annual basis, the Finance, Audit and Risk Committee (C-FAR) is required to recommend the indicative planning figure which forms the basis of planning and budget. This document presents analyses of IPPF's estimated total unrestricted income for the year 2022 and its allocation to the Member Associations/ Collaborative Partners and Secretariat based on a transition towards the new stream based funding mechanism approved by the Governing Council in its meeting held in New Delhi in December 2019.

Action Required:

On the recommendation of the C-FAR the Board of Trustees to consider and approve the 2022 Indicative Planning Figure of unrestricted US\$64,962,000 and an overall allocation to the three streams.

INDICATIVE PLANNING FIGURE 2022
MEMBER ASSOCIATIONS AND SECRETARIAT

1) Unrestricted Programme Budget

| Source of Unrestricted Core Income | 2020 | 2021 | '2022 |
|---|---------------|---------------|---------------|
| Government & Foundation Income | 54,638 | 56,942 | 62,633 |
| Other Income * | 700 | 700 | 700 |
| Overhead recovery ** | | 2,896 | 1,629 |
| Total Income | 55,338 | 60,538 | 64,962 |
| Allocation of Unrestricted Core Income | 2020 | 2021 | '2022 |
| Stream 1 | | | |
| Member Association Unrestricted Grants | 36,690 | 34,028 | 33,235 |
| Member Association/ Collaborative Partners Grants - Donor Support | 900 | 600 | 350 |
| MAs Unrestricted grants – DFAT Pacific top up | 616 | 642 | 650 |
| Secretariat | 14,400 | 20,214 | 20480 |
| Governance | 1,800 | | |
| Contingency / Emergency Support | 250 | | |
| Other Costs | 682 | | |
| Additional allocation to the Secretariat | | | |
| Stream 2 - MAs/ CP | | 3,843 | 9,020 |
| Stream 3 – MA/ CP | | 1,211 | 1,227 |
| Total Expenditure | 55,338 | 60,538 | 64,962 |

* Other income estimated at the same level as 2021.

** Overhead recovery amount has included possible recovery across all the secretariat offices.

a) Income Assumptions/ Parameters:

Income projections have been calculated based on the following assumptions/ parameters:

- i) A breakup by Donors (in local currency) as per figures shared by the CO Strategic Partnership Development team in April 2021.
- ii) Grants presented in the local currencies have been converted into US\$ equivalent as per the rates made available by one of our empaneled vendors, namely Global Reach Group as on 22nd April 2021. These are based on forward rates for the end of September 2022 below (the assumption is that most core income will come in the second half of the year). These rates may not be available at the time we take out hedges (we will look into the requirement later this year). They are an accurate representation of the rates we could get today, if we were to take out the hedges today.
- iii) A most likely estimate has been taken of the possible income from Governments and Foundations. Given the post COVID 19 lockdown and its likely impact on the global economies and resultant donor behavior, we have taken a call to be conservative in our income estimation.

b) Key Reasons for Variance

The primary reasons for increase in total grants available for 2022 is presented below:

- i) Positive movement in unrestricted core grant from the budgeted amount of by US\$ 5.69 M primarily contributed by
 - (1) Germany additional € 3 million (equal to the actual amount finally paid in 2021),
 - (2) Canada and Japan reduced CAD 1.2 M and US\$ 1.5 M
 - (3) Balance due to minor changes in grants and forex movement compared to 2021.
- ii) Overhead recovery has been included in the calculation of total unrestricted core funding available in 2022. The projected level of OH recovery has been estimated at US\$ 1.6 M in 2022 across all offices as compared to a total 2021 overhead recovery only from the London office of US\$ 2.896 M, as presented in the table below:

| Office | US\$ ('000) |
|--------------|--------------|
| London | 1,005 |
| Arab World | 1 |
| EN | 107 |
| ESEAOR | 356 |
| ARO | 160 |
| Total | 1,629 |

The detailed break up of overheads is listed in point # 4.

2) Allocation of Unrestricted Core Funds

The overall funding available of US\$ 64,962 M is proposed to be allocated to each stream and sub categories as presented below:

| Allocation | % | Amt (US\$) ('000) | Amt (US\$) ('000) |
|---|------------|-------------------|-------------------|
| Stream 1 | 84% | | 54,715 |
| Secretariat | | 20,480 | |
| Grant receiving Member Associations (other than those in High income countries) | | 33,235 | |
| Member Associations in Pacific | | 650 | |
| Member Association/ CP/ Other Partners | | 350 | |
| Stream 2 | 14% | | 9,020 |
| Consortium Based Grant (one grant led by MA/ CP) | | 4,250 | |
| Core support to Business Plan Centers | | 1,980 | |
| Leverage and counterpart financing | | 750 | |
| Core grants for MAs in high income countries | | 1,500 | |
| Regional Rapid Grant (calculated at 3x30,000 per RO) | | 540 | |
| Stream 3 (Onset of crisis up to US\$ 50k and protracted crisis upto US\$ 200k) | 2% | | 1,227 |
| Total | | | 64,962 |

3) Projected Income - 2022

The detailed break up of projected income from Governments/ foundations are presented in the table below.

| Government/ Foundations | Period of Current Contract | Contract | 2020 (LC) | 2021 (LC) | 2022 (LC) | Exchange Rate | Total Value (US\$'000) | % Cont |
|----------------------------|----------------------------------|----------|--------------|--------------|-------------------|------------------|---------------------------|--------|
| | | Currency | ('000) | ('000) | Project ('000) | (22-04-21) | | |
| Australia | 2019-2022 | AUD | 3,600 | 3,600 | 3,600 | 1.3014 | 2,766 | 4.42% |
| Canada | 2021 | CAD | | 400 | 700 | 1.2593 | 556 | 0.89% |
| China | renewed annually | USD | 400 | 380 | 450 | 1 | 450 | 0.72% |
| Denmark | 2018-2021 | DKK | 50,000 | 50,000 | 50,000 | 6.1533 | 8,126 | 12.97% |
| Finland | 2021-2022 | EUR | 1,350 | 1,350 | 1,500 | 0.8271 | 1,814 | 2.90% |
| Germany | renewed annually | EUR | 12,000 | 15,000 | 15,000 | 0.8271 | 18,135 | 28.96% |
| Japan | renewed annually | USD | 5,858 | 2,900 | 2,000 | 1 | 2,000 | 3.19% |
| Malaysia | renewed annually | USD | 14 | 15 | 15 | 1 | 15 | 0.02% |
| Netherlands | 2021-2025 | EUR | 3,600 | 3,600 | 3,600 | 0.8271 | 4,353 | 6.95% |
| New Zealand | 2019-2021 | NZD | 2,500 | 2,500 | 2,500 | 1.4075 | 1,776 | 2.84% |
| Norway | 2021 | NOK | 60,000 | 60,000 | 50,000 | 8.4368 | 5,926 | 9.46% |
| South Korea | renewed annually | USD | 73 | 160 | 175 | 1 | 175 | 0.28% |
| Sweden | 2020-2022 | SEK | 110,000 | 110,000 | 110,000 | 8.4362 | 13,039 | 20.82% |

| Government/ Foundations | Period of Current Contract | Contract | 2020 (LC) | 2021 (LC) | 2022 (LC) | Exchange Rate | Total Value (US\$'000) | % Cont |
|----------------------------|----------------------------------|----------|--------------|--------------|-------------------|------------------|---------------------------|-------------|
| | | Currency | ('000) | ('000) | Project ('000) | (22-04-21) | | |
| Switzerland | 2020-2022 | USD | 2,000 | 2,300 | 2,500 | 1 | 2,500 | 3.99% |
| Thailand | renewed annually | USD | 2 | 2 | 2 | 1 | 2 | 0.00% |
| Hewlett Foundation | 2020-2021 | USD | 1,000 | 1,000 | 1,000 | 1 | 1,000 | 1.60% |
| Total | | | | | | | 62,633 | 100% |

Key considerations/ assumptions taken into account, whilst assessing the projected income as provided in the table above include

| Donor | Key Consideration/ Assumptions |
|----------------------|---|
| Japan | The uncertainty around Japan's core funding continues. For 2022, we lowered the projection slightly until we get a different signal from Japan. |
| New Zealand | Our current contract is ending this year, we are starting discussions regarding the renewal of our contract. Outlook remains good. |
| Norway | In 2021, we have a one year costed extension that has been confirmed. Later in 2021 we will invited for a new 4-year call for proposals, expected to be launched in June, we will reduce the expected amount by a little over 10% to NOK 50mil given this is an election year for Norway and ODA budget priorities could change. |
| Finland | We submitted a 2-year grant application for 2021-2022 and will know their decision in August 2021. Outlook very positive. |
| Canada | In 2021, only the 1st year of our 5-year global application was accepted. We expect to be invited for the remaining funding later in 2021. A meeting with the Minister and Alvaro will take place in Q2 2021. |
| Germany | With the federal elections in September 2021, there is a possibility that core funding may not continue at the same level as 2020-2021. We are working towards strengthening relations with the parliamentarians but some of our key champion MPs on the budget committee are not standing for re-election. The changes outlined above could have a negative impact on maintaining the current funding level in 2022. |
| Sweden & Switzerland | In 2022, we will submit 3-year funding applications for new agreements to begin in 2023 coinciding with the start of the new Strategic Framework. |

4) Estimated Overhead Recovery 2022

Estimated overhead recovery in 2022 has been estimated based on the specific projects listed above. A detailed analysis of this bifurcation needs to be reviewed along with the institutional delivery team.

(All figures in US\$ '000)

| Project | 2020 | 2021 | 2022 | Remarks 2022 |
|---------------------------|--------------|--------------|--------------|--|
| | 24 Jan 20 | Per Budget | 26-Apr-21 | |
| SheDecides | 422 | 179 | 179 | Assumed same level as 2021 |
| Wish1 | 0 | 303.818 | 0 | WISH 1 extension to March 2022. |
| Wish2 | 2,974 | 2,754 | 744 | Assume 3 months of NCE in 2022 with overheads at same level £199k per month @1.24 upto Mar 2022. |
| ACCESS | | 164 | 0 | |
| Canada Young People | 30 | 18 | 18 | Cost extension given and project extended. Assume overheads to be accounted in 2022 |
| SAAF | 174 | 179 | 179 | Assume same level as 2021 |
| GCACI | 127 | 188.273 | 0 | No indication of extension |
| LAD CDI | 0 | 71.834 | | There is no indication from the donor to extend the contract |
| JTF | 34 | 25.825 | 10.102 | Lower level of projects in 2021 due to less grants |
| Japan Supplementary Grant | 0 | | | Supplementary fund to Jan'22 |
| GUSO | 81 | | | CO has budget for the first three months of 2021 to wrap up reporting. |
| Packard Stigma III | 20 | | | Ending in Oct'20, |
| Sprint 3 | 280 | 315.64 | 315.64 | Assume same level as 2021 |
| Gates Countdown 2030 | 25 | 83 | 21 | Assumes ending Mar 2022 |
| C-19 Emergency fund | | 44 | 0 | Project ending in 2021 |
| Hewlett Gap Funding | 42 | | | Ended in Feb'20 |
| Belgium, SHE DECIDES | 30 | | | Ends Jun'20 |
| Canada, SHE DECIDES | 8 | | | Ends Mar'21 overheads negligible |
| BMZ West Africa | 2 | | | Ends in Dec'20 |
| Packard Solutions | | 25 | 0 | Project ending in 2021 |
| Packard Frontiers | | 114.247 | 81.405 | Ends Oct'22 |
| Other projects EN | | 43.104 | 43.105 | Assume same level as 2021 |
| Other projects ARO | | 30.553 | 30.553 | Assume same level as 2022 |
| ESEAOR & SARO Projects | | 82.51 | 7.65 | |
| Other projects | 4 | | | |
| Total overheads | 4,253 | 4,621 | 1,629 | |