

Board of Trustees
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Refers to
agenda item 6

Agenda Item: Resource Allocation Technical Committee (RATC) Report to BoT

Summary:

Resource Allocation Technical Committee (RATC) Report to BoT

In what follows, RATC shares their reflections and recommendations for the Board on the 1st year implementation of the new Resource Allocation Model for Stream 1, 2 and 3.

To form these reflections, **RATC** met five times during 2021 to review IPPF's new inaugural pilot year of the resource allocation model, including the portfolio analysis for each of the three streams and the overview of the process that followed, with a review of all the templates that were shared with Member Associations (MAs). Some of the members also attended the seminars organized by Redstone consulting to introduce the new processes to the MAs. Likewise, RATC members held discussions with the IPPF Secretariat and the Chair of the Technical Review Team (TRT) to get further insights and test their assumptions.

Action Required:

The Board notes the report

RATC was very pleased with the inaugural process put in place by the Secretariat to implement the three Streams and the robustness of the review process. They were delighted to see the beginning of a data-driven approach on how core funds are allocated to MAs, a process that was not transparent in the past.

I. EXECUTIVE SUMMARY

Stream 1:

- **RATC** strongly recommends that MA feedback mechanisms are institutionalized throughout the Stream 1 allocation process.
- As the 3-year plan rolls out, RACT recommends that the business plan applications remain straightforward and that more time is provided for their development.
- **RATC** endorses the consensus that the Funding Formula is currently accurate and acknowledges its duty to monitor this moving forward.
- **RATC** acknowledges that collecting further data may help to differentiate MA expense categories better to improve funding efficiency.
- **RATC** endorses IPPF's current oversight mechanisms and suggest additional accountability measures are put in place towards the end of the 3-year funding cycle.
- **RATC** endorses recommendations to improve TRT's management by increasing the ratio of external reviewers to internal reviewers and enriching the language diversity in the reviewing team.

Stream 2:

- **RATC** acknowledges this Stream's ability to foster more vital Federation collaboration and tackle more enormous, systemic and emerging challenges.

Stream 3:

- **RATC** recommends explicit language around humanitarian action for Stream 3 to raise IPPF's profile among humanitarian donors and partners.

- **RATC** encourages IPPF to improve MA awareness of the availability of this Stream and undertake efforts to reduce the time taken to disburse funding.

II. FULL REPORT

Stream 1

RATC assessed the trialling of the new resource allocation formula to determine its fairness and appropriateness for MAs before making recommendations for the 3-year rollout. In this, they acknowledge that part of their role is to ensure that changes to MAs are not too disruptive.

RATC confirmed that the new allocation process increased funding transparency and has improved collaboration within the Federation.

RATC endorses feedback provided by TRT to improve this process, as the business plan template and review process is updated to reflect a three-year cycle.

Business Plans Analysis

RATC acknowledged the set of data provided by the Steam 1 Business Plan Analysis that will inform work over the next few years. They noted that it allows for a global snapshot of MA plans and activities, identifies trends in fund distribution and where donors are investing and can inform IPPF's strategic and MA-level planning for the first time. **RATC** appreciated the new data set coming out of the process, which will significantly help understand the gaps and challenges.

1. They are establishing the process for Member Associations to provide feedback.

- **RATC** observed that there were not currently sufficient formal feedback loop mechanisms incorporated with the MAs for Stream 1 and asked the Secretariat to include feedback mechanisms for every step of the way to gauge MA experiences, challenges and recommendations. The **RATC** emphasized the importance of regular MA feedback to honour IPPF's MA-centric approach, build a sense of belonging for the MA, and uphold their responsibility in making suggestions to the Board in the best interests of MAs.
- **RATC** noted that MAs appreciated how short and simple the forms were for Year 1 business plans and recommended that the process be kept reasonably straightforward for the 3-year plans.
- **RATC** appreciated learning that MAs have suggested having more time during the business plan development process. This would facilitate MAs in completing the business plans and the TRT to undertake their reviews.

2. Accuracy of the Funding Formula.

- **RATC** discussed in length the Formula developed by Redstone Consulting in consultation with the Secretariat. They concluded that they were confident that the Formula is useful and currently works based on the carefully considered variables. They recognize the need to assess the value placed upon each variable over the next year, such as the relative priority given to MA needs and MA performance.
- They acknowledged that the Formula might not capture short-term shocks such as the sudden reduction of funding due to pandemic or a donor reducing funding; however, the Secretariat review process captures such sudden changes and can offset most of the damage. **RATC** concluded that the Formula is working but needs these safeguards.
- **RATC** questioned if there was a need for stipulation of minimum % for activities (e.g. a minimum percentage of activity for advocacy, programme or capacity building) to be incorporated. While recognizing that core funding is uniquely flexible due to the highly different context of each MA, they supported TRT recommendation that on reviewing a 3-year business plan, there will be a need to assess/consider the gaps in the plans and make considerations on a case-by-case basis.
- Following questioning regarding the allocation of MA expenses and smaller proportion allocated to commodities compared to less tangible activities, **RATC** suggested that more analysis is needed in future to understand MA expenses further and differentiate within various expenditure categories. This includes analysis of human resources funding for coordination of activities versus service delivery.

- **RATC** complimented the **heat map** developed for Stream 1, which visualized MAs' total fundraising relative to its country's need. They acknowledged the utility of the heat map to visualize and understand a variety of variables that can be used to flag countries for further analysis. It will be important to understand if models that are working well in one setting (eg social marketing in Latin American countries) could be adapted and adopted in other settings and IPPF may need to consider how this could be facilitated.
- **RATC** observed that the larger, more established MAs could likely be considered as more efficient. However, it is likely that smaller MAs would be working in more challenging areas with a heightened need for IPPF input. It was also discussed that in some settings IPPF is in practice the main provider or the only working provider. From this, **RATC** acknowledged that more attention should be paid to countries where IPPF have a large market share or are the only credible CSO provider rather than where the largest MAs are.
- **RATC** appreciated the challenges in ensuring that MAs are undertaking the activities reported in their business plans, and endorsed IPPF's institutionalized monitoring, evaluation and auditing processes to ensure accountability for funding use.

3. Management of the TRT

- **RATC** concurred with the recommendations from the TRT to the management and approved going forward the endorsement of the TRT.
- **RATC** highlighted they are in strong agreement with the recommendation on changing the composition of the TRT by increasing the number of external members and ensuring there are sufficient or equal numbers of external members in TRT. **RATC** suggested it could be a 10:6 ratio and acknowledged the benefits of guaranteeing sufficient internal members are present to foster greater collaboration across the Federation.
- **RATC** reiterated the need to have diverse language skills among reviewers to increase efficiency, reduce the cost of translations, and save time.
- **RATC** concluded that TRT had done a great job in reviewing the business plans, in establishing impartiality by ensuring Secretariat staff were assigned to review business plans from regions other than their own to ensure objectivity but acknowledged that there may need to be more rigour put in place to review the 3-year plans.

4. Business Plan Format

- **RATC** was in complete agreement on most of the TRT recommendations, particularly around risk analysis, linking business plans to performance and the 3-year plan allowing both alignments to the Global Strategy and continuity to ensure a more programmatic approach to monitor trends in progress which can be linked to future allocations.
- **RATC** also strongly agrees with the recommendation regarding a model plan which can be used as a guideline to provide a quick way of building internal capacity that is particularly useful for when there is staff turnover.
- **RATC** strongly recommends that IPPF management ensure the TRT findings to improve the process are incorporated in the 3-year cycle.

Other

- **RATC** noted the importance of using the success of the social enterprise in Colombia and El Salvador as models to be trialled and extrapolated elsewhere.
- To enhance the accountability mechanisms established in regular auditing processes, the RACT recommended that an additional oversight mechanism be introduced towards the end of the 3-year plan.
 - They suggested that to reduce associated costs, an oversight process could be undertaken by personnel from neighbouring countries that fosters mutual capacity building rather than by formal inspection.

- They welcome the prospect of this being incorporated into a renewed accreditation cycle for efficiency.

Stream 2 – Strategic Fund

Role of RACT:

- Oversight for the Stream 2 processes and results
- Oversee development of recommendations for revisions to Stream 2 guidelines/annual portfolio aiming to optimize efficiency, ensure timeliness
- Improve quality and increase the impact of Stream 2 grants but also ensure it follows the agreed process.

- **RATC** reviewed the Stream 2 Portfolio analysis and recognized the ability of this Stream to foster collaborative actions across the Secretariat while offering the potential for new opportunities for IPPF that address more significant picture/strategic issues.
- **RATC** acknowledged that while this Stream primarily targets existing members, it appreciated that it also allows building new strategic partnerships through the Business Centers and the rapid response grants.
- **RATC** suggested that for the future years, Secretariat should make additional efforts to fully inform MAs on all the possible funding channels available under this Stream.

Stream 3 – Emergency Fund

Role of RATC:

- Oversee process/ guidelines adopted for release of emergency grants under Stream 3.
- Oversee the development of recommendations for revisions to Stream 3 guidelines aiming to optimize efficiency, ensure timeliness, improve quality and increase the impact of Stream 3 grants.

The **RATC** commends the apparent success of funds allocation in the humanitarian space. The following recommendations were made:

1. Building IPPF's Humanitarian Profile

RATC noted that Stream 3 was called a fund for 'emergencies' rather than for '**humanitarian**' even though the purpose of the funding is currently limited to humanitarian only (i.e. sudden onset disaster, protracted conflict, crisis etc.), rather than general emergency funding (such as programmatic emergencies).

RATC explained that it would serve IPPF well to be bold and profile this Stream as humanitarian, emphasising humanitarian principles, partners, etc.... rather than just 'SRHR in humanitarian settings.'

This is important if IPPF aspires to attract significant humanitarian funding (which is largely provided by donor streams separate to stabilisation or development streams). IPPF could make a more substantial effort to portray Stream 3 as a humanitarian response, developed in coordination (or partnership with) established humanitarian players.

RATC noted IPPF should aim to increase its profile among humanitarian partners and gain understanding of how to operate in this field including e.g. via the health clusters and relevant working groups and coordination platforms.

2. Increase MAs awareness about the availability of Humanitarian Response funding

RATC observed that many MAs were unaware of Stream 3 availability in the recent humanitarian roundtable. As such, further information sharing/sensitization needs to increase awareness about this funding stream across the Federation.

3. Shorten the time to disburse funding through Stream 3

RATC noted the length of time it took from preparing a proposal to disbursement of grants and recommended that efforts be made to accelerate the disbursement process to better respond to emergencies on the ground. The RACT endorsed IPPF's current suggested mechanisms for this as a starting point, being to undertake further

orientations for MAs on humanitarian programming and increase Secretariat familiarity with guidelines in order to support MAs.

In conclusion, **RATC** would like to thank the Secretariat for the enormous work undertaken to establish the new Resource Allocation system and their receptiveness to discussions on how to improve the process.