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# **Implementation of Programme budget 2008–2009: interim report**

## **Report by the Secretariat**

1. Implementation of the Programme budget 2008–2009 was reviewed across the Organization at the mid-term of the biennium. The mid-term review process, which forms part of the Secretariat's procedures for biennial evaluation, assessment and review,<sup>1</sup> involves the examination of progress made towards the achievement of expected results across the Organization to 31 December 2008, including the Organization-wide expected results set out in the Programme budget 2008–2009. In addition, the mid-term review focuses on impediments, risks, success factors, lessons learnt and actions required to improve progress. Budget implementation was also reviewed at the mid-term, allowing for the simultaneous consideration of technical and financial implementation.<sup>2</sup>
2. Unlike the programme budget performance assessment, which is conducted at the end of each biennium, the mid-term review does not involve compulsory tracking of indicators. Rather, it is a light monitoring exercise designed to enable managers to make a rapid assessment of progress.
3. The main purpose of the mid-term review is to bring risks, impediments and problems to the attention of managers, permitting them to identify the necessary corrective actions. The mid-term review is also intended to inform the reprogramming of operational plans for the biennium 2008–2009, decision-making for the allocation and re-allocation of human and financial resources, and the preparation of the draft Proposed programme budget 2010–2011. The preliminary findings of the mid-term review also informed discussions at the meeting of the Advisory Group on Financial Resources in February 2009.
4. As in previous bienniums, the Programme budget 2008–2009 mid-term review relied on a rating system to communicate progress made towards the achievement of expected results, with responsible officers at each office indicating whether office-specific expected results were "on course", "at risk" or "in trouble".<sup>3</sup> The progress ratings for office-specific expected results were then aggregated upwards to provide ratings for the headquarters and regional expected results to which they are

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<sup>1</sup> An overview of these procedures was presented to the Programme, Budget and Administration Committee of the Executive Board in document EBPBAC7/4.

<sup>2</sup> See document A62/28.

<sup>3</sup> The rating "on track" is given when progress towards achievement of the expected result is as foreseen to the mid-term and impediments and risks are not expected to significantly alter progress; the rating "at risk" is given when progress towards the achievement of the expected result is being affected by impediments and risks for which corrective action is required; the rating "in trouble" is given when progress towards the achievement of the expected result is being seriously affected.

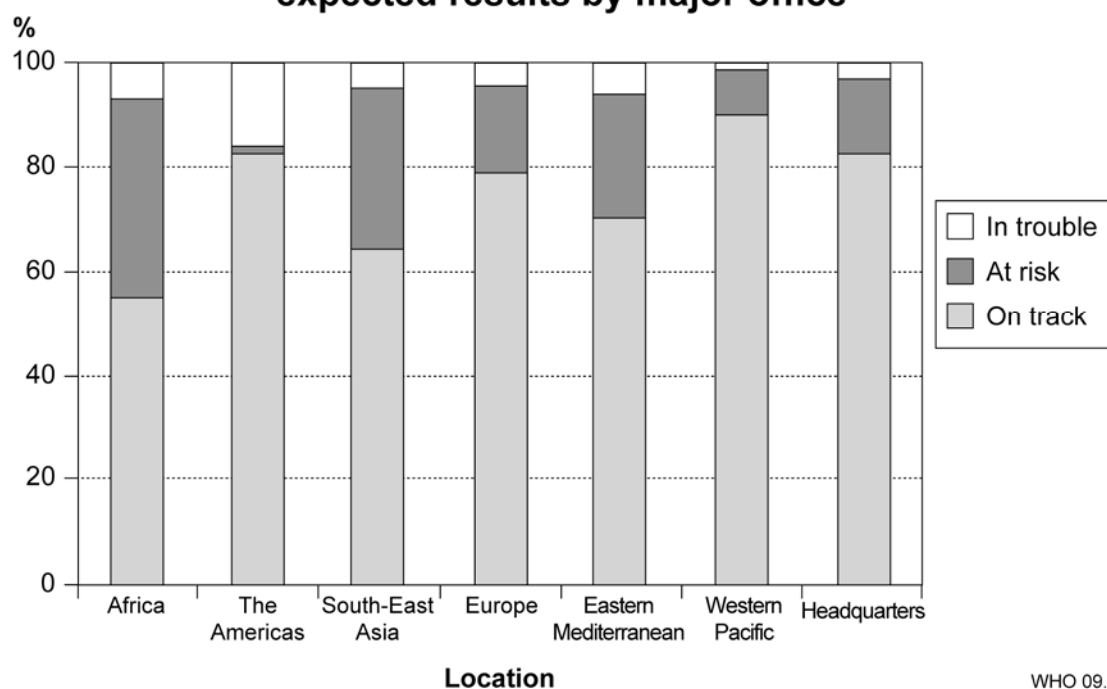
programmatically linked; the same method, using ratings for office-specific expected results, was then applied in order to provide ratings for the Organization-wide expected results.<sup>1</sup> The main steps and time frames for the conduct of the mid-term review are indicated below.

5. The main findings of the Programme budget 2008–2009 mid-term review are summarized below.

## OVERVIEW OF TECHNICAL PROGRESS TO THE MID-TERM

6. Across the Organization there are more than 10 000 office-specific expected results, 88% of which (9579 out of 10 826) were rated as part of the mid-term review. Of that number, 73% (7033) were rated “on track”, 18% (1761) were rated “at risk”, and 8% (785) were rated “in trouble”. The highest proportion of “at risk” and “in trouble” ratings were reported in the African, South-East Asia and Eastern Mediterranean regions. The percentage of “on track”, “at risk” and “in trouble” ratings across major offices is shown below.

**Figure 1. Progress ratings for office-specific expected results by major office**



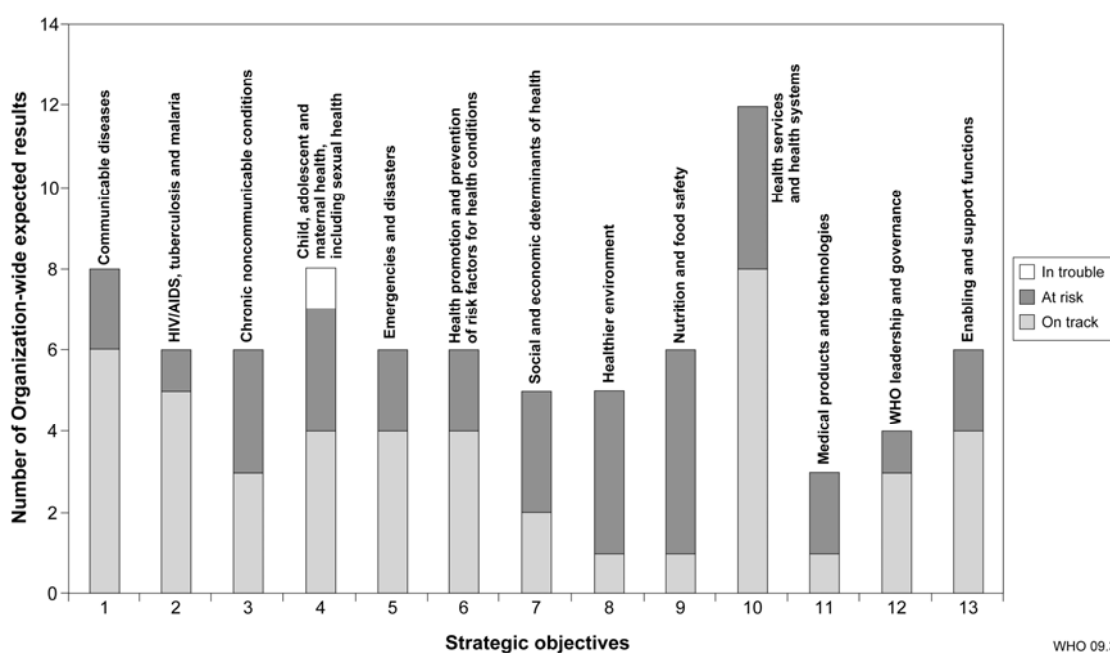
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7. The overall rating of each individual Organization-wide expected result was generated by aggregating the progress ratings of the office-specific expected results to which it is programmatically

<sup>1</sup> To ascertain the overall progress rating for an Organization-wide expected result, all “on track” office-specific expected results linked to the Organization-wide expected result were assigned 5 points, “at risk” office-specific expected results were assigned 3 points, and “in trouble” office-specific expected results were assigned 1 point. Total scores were then derived for each Organization-wide expected result and the following thresholds were applied: > 85% of potential maximum score = Organization-wide expected result “on track”; 65% to 85% of potential maximum score = Organization-wide expected result “at risk”; < 65% of potential maximum score = Organization-wide expected result “in trouble”.

linked. Of the total of 81 Organization-wide expected results established for the biennium 2008–2009, 42 were considered “on track”, 38 were rated “at risk”, and 1 was rated “in trouble”. As seen in Figure 2, the ratings vary significantly between strategic objectives, with 50% or more of Organization-wide expected results rated “at risk” or “in trouble” for strategic objectives 3, 4, 7, 8, 9 and 11.

**Figure 2. Progress ratings for Organization-wide expected results by strategic objective**



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8. The most common reasons given in explanation of “at risk” and “in trouble” ratings include:
- insufficient funding
  - a high proportion of specified funding, which left certain work areas underfunded
  - insufficient staff with the requisite skills for certain areas, especially at country level
  - insufficient national commitment and political support, or low priority accorded to certain work areas by Member States
  - administrative delays resulting in the late transfer of funds
  - insufficient capacity and expertise among partner organizations
  - delays in implementation occasioned by the transition to the Global Management System.

## OVERVIEW OF BUDGET IMPLEMENTATION TO THE MID-TERM<sup>1</sup>

9. Resources available at the end of 2008 were US\$ 4400 million of which US\$ 959 million related to assessed contributions, US\$ 1591 million to carry-over of voluntary contributions from the biennium 2006–2007 and US\$ 1800 million to receipts from voluntary contributions available for implementation in 2008 (and for continuing implementation in 2009). Of the new voluntary contributions, it is estimated that approximately 60% was for WHO programmes.<sup>2</sup>

10. For the WHO programmes segment, there remains an overall budget gap of approximately US\$ 350 million against the Programme budget 2008–2009 as approved in resolution WHA60.12, excluding carry-forward requirements for the biennium 2010–2011. All Strategic Objectives except numbers 1, 5 and 11 showed sizable funding gaps for the WHO programmes segment to 31 December 2008.

11. Expenditure to 31 December 2008 for strategic objectives 1 to 13 was US\$ 1647 million,<sup>3</sup> with an additional US\$ 95 million in encumbrances, for a total of US\$ 1743 million of budget implementation, representing 41% of the Programme budget 2008–2009 as originally approved. Implementation as a proportion of the programme budget allocation and available resources varied significantly across strategic objectives.

12. The following four figures show budget implementation of the Programme budget 2008–2009 to 31 December 2008 by strategic objective. Implementation is presented for the budget as a whole, and for each of the three segments: WHO programmes, partnerships and collaborative arrangements, and outbreak and crisis response.

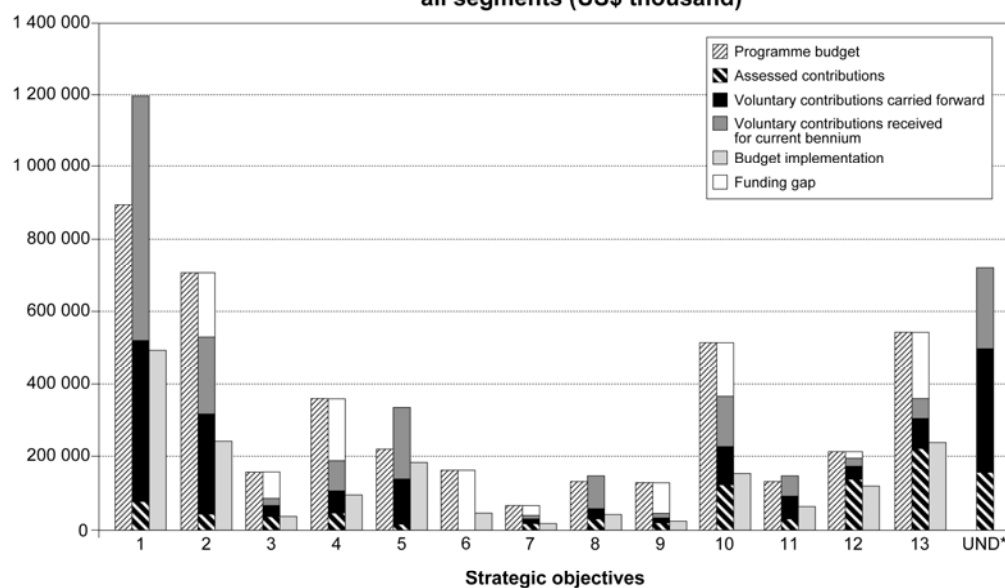
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<sup>1</sup> In order to facilitate comparison across bienniums, the overview of budget implementation is presented in relation to the three budget segments included in the Proposed programme budget 2010–2011, namely: WHO programmes, partnerships and collaborative arrangements, and outbreak and crisis response.

<sup>2</sup> The calculation of resources available is based on carry-forward plus funds received that were available for implementation by the end of 2008, and may differ substantially from accounting calculations of income. Accounting calculations of income for 2008 exclude income to be billed and recognized in 2009, while resources available include all resources available for implementation in 2008. Resources available include, for example, the biennial amount of assessed contributions, while the financial statements recognize only the 2008 portion.

<sup>3</sup> Programme budget figures in the tables show the Programme budget 2008–2009 as approved by the Sixtieth World Health Assembly in May 2007. Budget implementation information is drawn from data for the draft unaudited financial statements during their preparation, prior to the final closure of accounts. This information includes both expenditure and encumbrances (the latter term refers to obligation of funds, including commitments with vendors for goods not yet delivered and therefore not yet recognized as expenditure under the International Public Sector Accounting Standards (IPSAS)). The split of resources available and budget implementation into WHO programmes and other segments is based on management information and should be considered a close approximation.

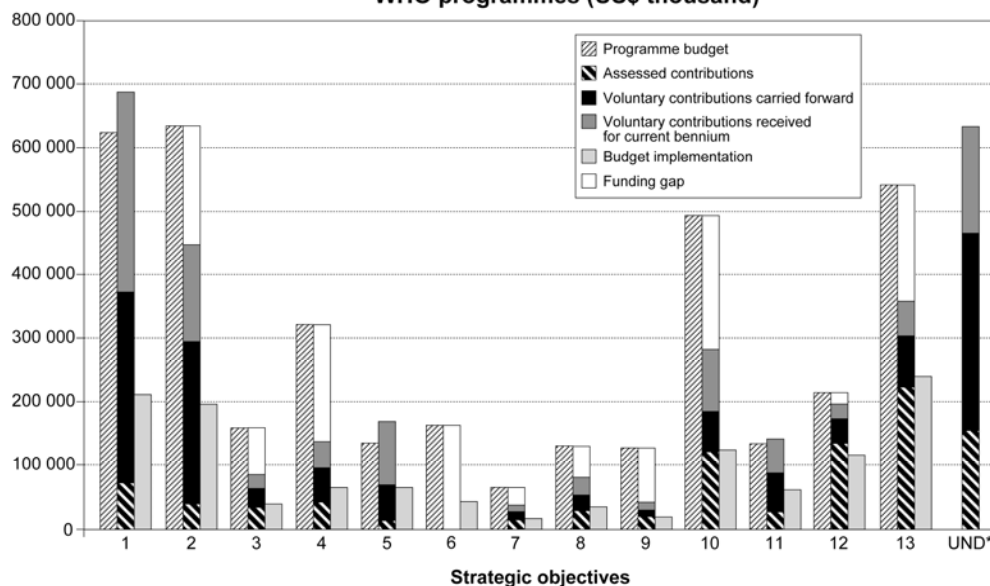
**Figure 3. Budget implementation and resources available at 31 December 2008 - all segments (US\$ thousand)**



\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the biennium 2010–2011.

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**Figure 4. Budget implementation and resources available at 31 December 2008 - WHO programmes (US\$ thousand)**

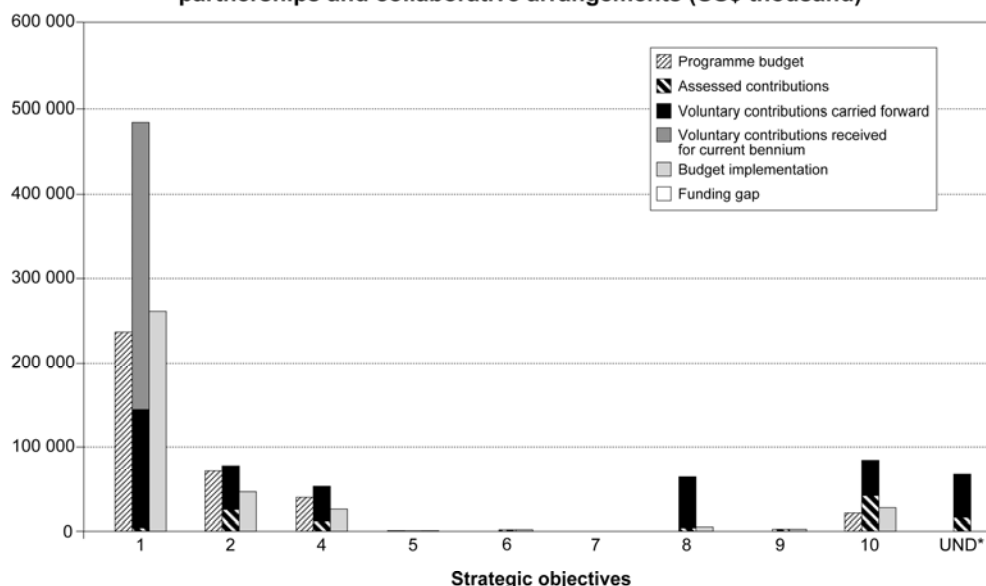


\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the biennium 2010–2011.

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13. The partnerships and collaborative arrangements segment, based on the programme budget as originally approved, was fully funded at the end of 2008. Increases in the resources available were matched by increases in activities and budgets for this segment over the course of 2008. Activities involving partnerships constituted a negligible proportion of the budget in strategic objectives 5, 6, 7 and 9.

**Figure 5. Budget implementation and resources available at 31 December 2008 - partnerships and collaborative arrangements (US\$ thousand)**

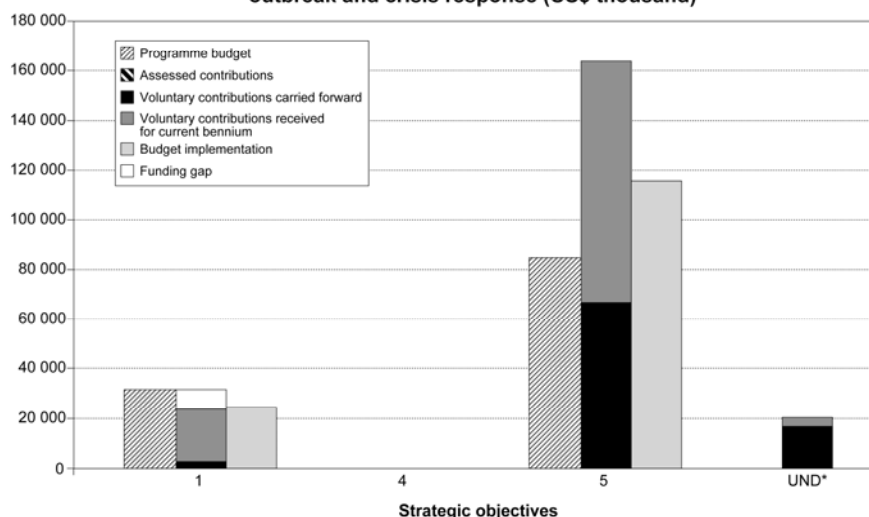


\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the bennium 2010-2011.

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14. The outbreak and crisis response segment, based on the budget as originally approved, was also fully funded at the end of 2008, with variation across the strategic objectives. Increases in the resources available were, in the same way as for the partnerships and collaborative arrangements segment, matched by increases in activities and budgets for this segment over the course of 2008.

**Figure 6. Budget implementation and resources available at 31 December 2008 - outbreak and crisis response (US\$ thousand)**



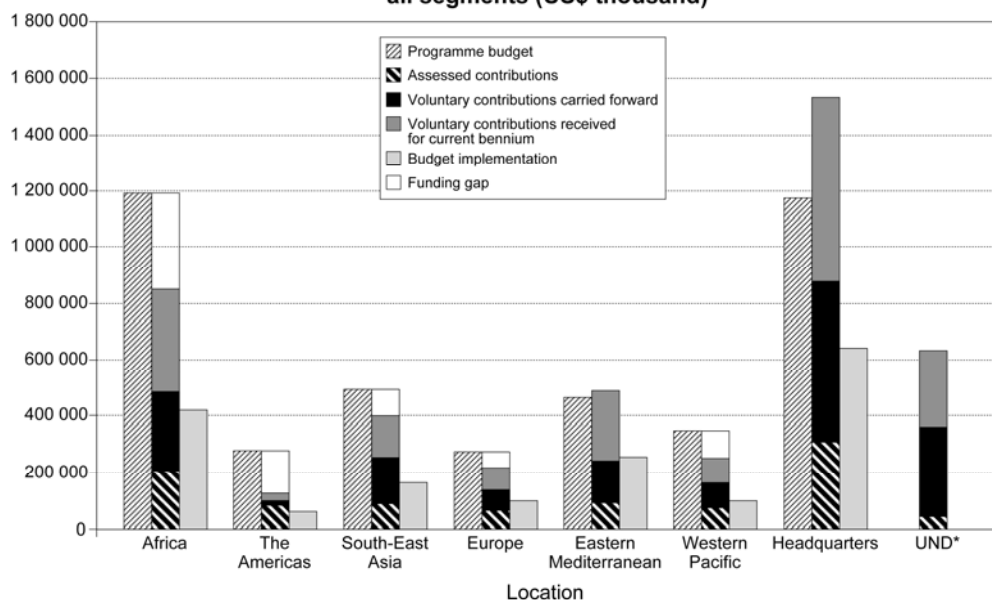
\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the bennium 2010-2011.

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15. The following four figures show budget implementation of the Programme budget 2008–2009 to 31 December 2008 by major office. Implementation is presented for the budget as a whole, and for each of the three segments: WHO programmes, partnerships and collaborative arrangements, and

outbreak and crisis response. Significant variance is also apparent when considering expenditure across the major offices.

**Figure 7. Budget implementation and resources available at 31 December 2008 - all segments (US\$ thousand)**

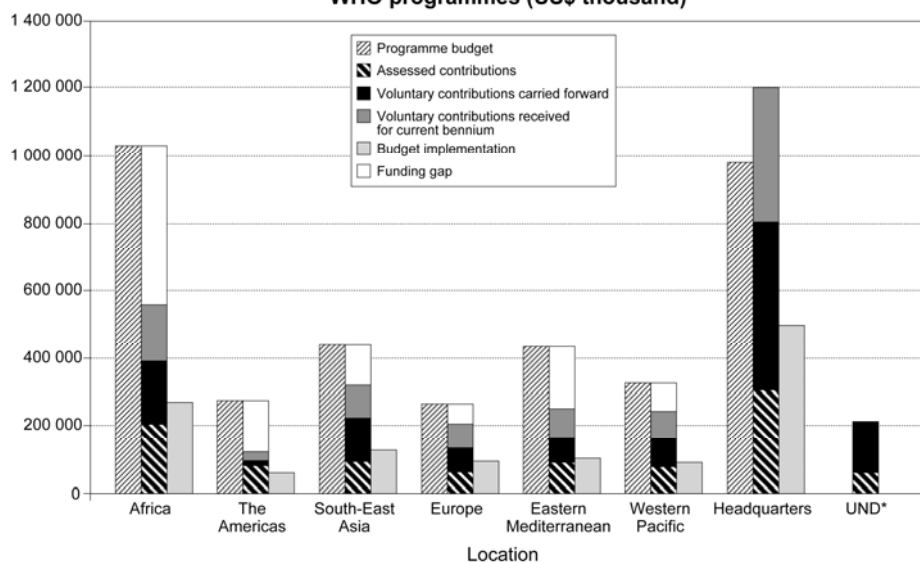


\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the biennium 2010–2011.

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16. Funds may be distributed by strategic objective first, then by major office; or they may be distributed by major office first, then by strategic objective. This explains the difference in undistributed amounts shown in Figures 3 and 7 above.

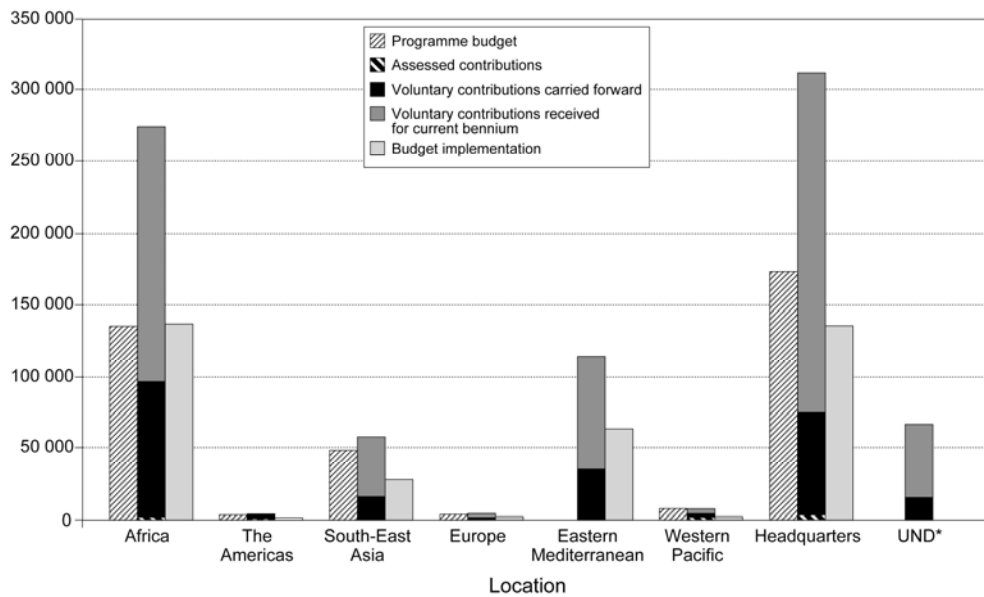
**Figure 8. Budget implementation and resources available at 31 December 2008 - WHO programmes (US\$ thousand)**



\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the biennium 2010–2011.

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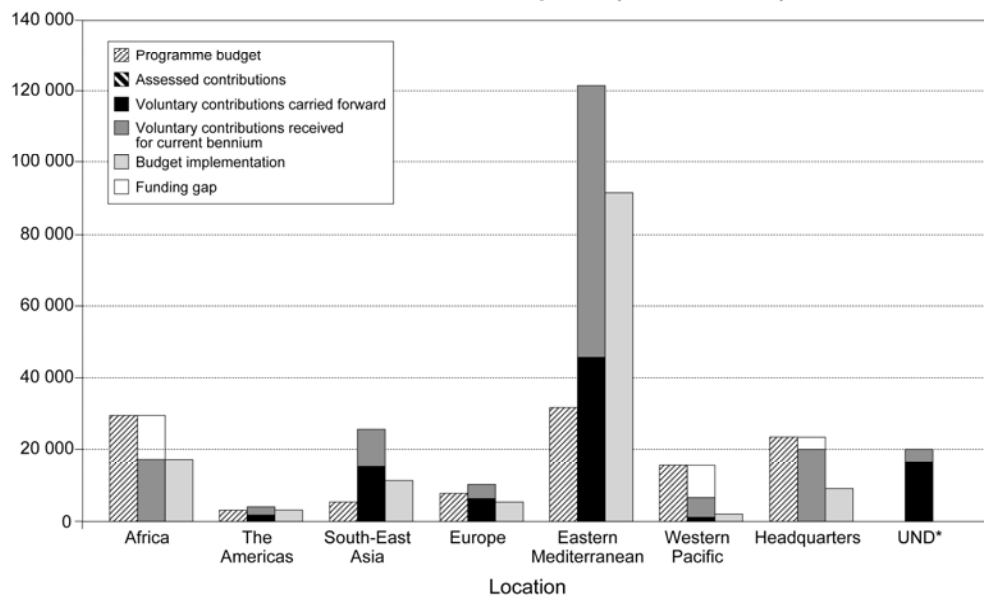
**Figure 9. Budget implementation and resources available at 31 December 2008 - partnerships and collaborative arrangements (US\$ thousand)**



\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the bennium 2010-2011.

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**Figure 10. Budget implementation and resources available at 31 December 2008 - outbreak and crisis response (US\$ thousand)**



\*UND represents undistributed funds, and shows resources available, but not yet distributed to a strategic objective. The funds concerned are generally those that have been received the most recently. The funding gap is shown against the approved Programme budget for 2008–2009, excluding the required carry-forward for the bennium 2010-2011.

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## OBSERVATIONS

17. The principal managerial observations and the actions identified to improve progress are listed below.

- Effective implementation in countries largely hinges on the availability of technical expertise. Dedicated training to broaden the competencies of country staff beyond their core fields of expertise is required.
- The African Region, in which the largest number of office-specific expected results are “at risk”, is also the location where resource gaps are greatest in both absolute and relative terms.
- Although some improvements have been introduced, the tracking of indicators for Organization-wide expected results remains inconsistent across the Organization. For each strategic objective for which much more work will be required during the remainder of biennium 2008–2009 and beyond, the upwards aggregation of achievement values for indicators, rising from the country level to the regional and Organization-wide levels, needs to be made consistently accurate.
- The availability of income varies widely across major offices and strategic objectives. Some work areas are characterized by chronic underfunding. These need to be clearly identified and the causes of the underfunding explored. Following this, some areas of work might be discontinued or, conversely, targeted as priority areas for the receipt of core voluntary funding.
- Wherever possible, available resources need to be redistributed in order to ensure that income is available where it is most urgently needed. The redistribution of income, however, is constrained by over-reliance on highly specified funding. Although the proportion of income raised as core voluntary contributions has increased in the current biennium to approximately US\$ 120 million, this is insufficient to ensure alignment of funds across all strategic objectives and locations. Efforts therefore need to be redoubled in order to increase further the income received through the mechanism of the core voluntary contributions account. Country-level resource mobilization efforts also need to be strengthened.

18. A detailed breakdown of progress to the mid-term by strategic objective can be provided upon request.

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