

## **SEVENTH MEETING**

**Thursday, 19 January 2012, at 09:15**

**Chairman: Dr B.-I. LARSEN**

**WHO REFORM:** Item 5 of the Agenda (continued)

**Governance** (Documents EB130/5 Add.3 and EB130/5 Add.4) (continued)

Mr ORGIL (Mongolia), supporting the proposed revised terms of reference for the Programme, Budget and Administration Committee, said that he favoured moving its meeting to early December and the Board session to the end of February, as proposed under option 1 (paragraph 2.9 in document EB130/5 Add.1). With regard to the regional committees, he supported the proposals on alignment and harmonization, in particular those concerning review of credentials, the rules governing the participation of observers, and the process for nominating regional directors.

Mr ESPINOSA SALAS (Ecuador), speaking on behalf of the Union of South American Nations and referring to the revised timeline for meetings of the governing bodies proposed in document EB130/5 Add.3, expressed a preference for option 1, which would enable the Board to be provided with more information for decisions on financial and administrative matters. However, in order to leave more time before the Health Assembly, the Board session might be held at the beginning rather than the end of February. He supported the proposal made at the second special session of the Executive Board to limit the number of resolutions submitted directly to the Health Assembly. He agreed with the proposal (document EB130/5 Add.1, paragraph 3.7) that some priority items on the agenda of the Board or Health Assembly would benefit from discussion in the regional committees to ensure that the priorities they identified were properly reflected in the agenda. With regard to streamlining national reporting, Member States needed to have access to systems that took advantage of modern information technologies. Accordingly, the Secretariat should be requested to do further research and present proposals to the Board at its session in May 2012 on a mechanism accessible to all Member States.

Mr DÍAZ ANAIZ (Chile), also speaking on behalf of the Union of South American Nations and referring to document EB130/5 Add.4 on promoting engagement with other stakeholders and involvement with and oversight of partnerships, requested clarification of the existing mechanisms to which paragraph 6 of the report referred, with a view to further evaluation. New modalities for cooperation and engagement with other interested bodies were important but should respect the primary role of Member States in decision-making and in determining priorities. Although the current global health landscape was different and more complex than when WHO had been founded, the Organization must continue to exercise leadership in the health arena. Frameworks for engagement should be drawn up and submitted for consideration to the governing bodies, and in that connection it was important to strengthen the contribution of technical consultants. Drawing attention to the intergovernmental nature of WHO's decision-making process, he called on the Secretariat to clarify current and future interactions with for-profit organizations and not-for-profit philanthropic organizations, in order to facilitate the submission of comments on the suggested frameworks by Member States. Conflicts of interest must be avoided and the need for transparency recognized when developing frameworks. He sought clarification of the United Nations-wide functional mechanisms of

interaction and coordination platforms to which paragraph 8 of the document referred. All Member States should have the opportunity to comment on paragraph 16.

Dr NICKNAM (Islamic Republic of Iran)<sup>1</sup> said that, with regard to the revised timeline for sessions of the governing bodies, he favoured option 1 set out in paragraph 2.9 of document EB130/5 Add.3. As for increasing linkages between regional committees and the global governing bodies and harmonization of the practices of regional committees, he broadly supported the proposals on harmonization, but considered that the proposals on alignment needed further clarification. The proposals on promoting engagement with other stakeholders and involvement with and oversight of partnerships, contained in document EB130/5 Add.4, although welcome, did not adequately address the issue of conflicts of interest. He would appreciate further clarification of the consultation and review to which paragraph 16 referred.

Mrs TYSON (United Kingdom of Great Britain and Northern Ireland)<sup>1</sup> said that the reports contained several good proposals. She would be content to endorse the proposed revised terms of reference for the Programme, Budget and Administration Committee set out in document EB130/5 Add.3, but could also consider any amendments submitted. The governance deficit in WHO was not merely a technical issue relating to terms of reference, but a question of how Member States discharged their governance responsibilities. She would therefore like further thought to be given to ways of ensuring greater engagement in the work of the Programme, Budget and Administration Committee by all its members.

The Secretariat should be bold and radical in exploring options for the sequencing of governing body meetings, and consider linkages with the programme and budget cycle. She urged the Secretariat to implement the sensible proposals on harmonizing regional procedures and processes (paragraphs 3.10–3.12 of document EB130/5 Add.3) and report on the results at a later date. The Secretariat should provide more concrete proposals on streamlining national reporting with a view to encouraging greater compliance by Member States; the use of electronic correspondence could help to expedite the reporting process.

Referring to document EB130/5 Add.4, she expressed disappointment that stakeholder involvement had become rather minimalist in scale. The critical role of all key global health actors must be recognized if the momentum in tackling global health problems was to be maintained.

Mr BESANÇON (International Pharmaceutical Federation), speaking at the invitation of the CHAIRMAN and also on behalf of the World Medical Association Inc., the International Council of Nurses, the International Pharmaceutical Federation, the World Confederation for Physical Therapy, the World Dental Federation, the World Organization of Family Doctors, the International Federation of Medical Students Associations and the International Pharmaceutical Students' Federation, welcomed the proposals contained in document EB130/5 Add.4 and the strong emphasis placed on the added value of engagement with stakeholders. Such engagement would facilitate the more effective contribution of the health workforces views, help to ensure that evidence-based health policies were applicable to the daily practice of health-care professionals, and enhance the capacity of organizations and health-care professionals to implement necessary change.

If a distinction were to be made between different types of nongovernmental organizations, he urged that a further category be added, namely organizations representing current and future health-care professionals.

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<sup>1</sup> Participating by virtue of Rule 3 of the Rules of Procedure of the Executive Board.

Dr COSTEA (International Special Dietary Foods Industries), speaking at the invitation of the CHAIRMAN, welcomed the WHO reform process. Complex global health challenges could best be met through strong multisectoral partnerships involving governments, civil society and the private sector. His organization was ready to aid progress in any way possible on WHO's agendas, to respect the WHO policy frameworks guiding interaction with the private sector, and to contribute, as needed, to improving the health and nutrition of infants and young children.

The CHAIRMAN, summing up the discussion, noted that differing views had been put forward on the proposed revised terms of reference of the Programme, Budget and Administration Committee and the timeline for meetings of the governing bodies. General support had been expressed for the proposals contained in paragraphs 3.7–3.12 of document EB130/5 Add.3, although some speakers had asked for further suggestions on harmonization and alignment between the regions and headquarters. He suggested that the Secretariat prepare a new report, for consideration by the Health Assembly, based on the views expressed during the Board's discussions and any further written comments received from Member States before the end of February.

Further discussion was necessary to find common ground on WHO's engagement with other stakeholders, including industry and different categories of nongovernmental organizations. Those discussions might be held during the Sixty-fifth World Health Assembly. Consensus had been reached on the importance of partnerships and on the need for better management and greater oversight by the governing bodies, in particular the Executive Board. A review of WHO's hosting arrangements had been suggested, as had further efforts to harmonize work with hosted partnerships.

The DIRECTOR-GENERAL, recalling that the ultimate decision-making power rested with Member States, which were the shareholders and owners of WHO, said that the discussions on governance had elicited some extremely valuable comments. Many speakers had expressed satisfaction with the proposals for the revised terms of reference for the Programme, Budget and Administration Committee, but would be receptive to further suggestions, and she looked forward to receiving additional input in writing from Member States before the end of February. More work was needed on the sequencing of governing body meetings, and the Secretariat would consider further the wide variety of proposals made. There was consensus that the Secretariat should make suggestions to facilitate national reporting. Noting the desire of Member States to assume ownership and oversight of partnerships, she said that the Secretariat would review current practice, experience and lessons learnt and consider how to manage partnerships hosted by WHO and other bodies.

Stakeholder participation should be Member State-driven. In the current global health environment, many sectors, including civil society and public-private partnerships, had to be engaged. It was essential to guard against conflicts of interest and the exercise of undue influence on the normative and standard-setting role of WHO and, more importantly, on the policy-making role of the Executive Board. No entities came to WHO without an interest, but some interests were clearer than others. In the name of accountability and integrity, steps should be taken to enhance transparency and hold each entity to account. She invited Member States to submit further suggestions for incorporation in a report by the Secretariat on that subject.

Dr SILBERSCHMIDT (Switzerland), referring to priority setting, said that he would welcome a proposal from the Secretariat on limiting the number of draft resolutions submitted to the governing bodies and asked what elements of the discussion would be taken up by the Sixty-fifth World Health Assembly and the Board at its 131st session. Given the volume of work, he would prefer the 131st session of the Board to be slightly longer than usual.

The DIRECTOR-GENERAL recalled that Member States themselves had determined the criteria for the submission of agenda items; the challenge lay in their implementation. A balance had

to be struck between the enforcement of discipline and the sovereign right of Member States to propose items for the provisional agenda and draft resolutions.

Dr JESSE (Estonia) agreed that the proposals discussed at the special session of the Board in November 2011 to improve the strategic focus and priority setting of the governing bodies<sup>1</sup> appeared to have been omitted from the current discussions on reform. She would welcome the preparation of a report by the Secretariat for the Board's consideration at the session in May 2012.

The DIRECTOR-GENERAL said that the Secretariat would produce a consolidated report on the three elements of reform, incorporating the outcome of the Member State-driven process on priority setting, showing linkages and indicating areas where consensus had been reached and it was possible to move forward, and those areas where further discussion was needed. It had also been requested to provide proposals or possible criteria regarding agenda items or resolutions. The Secretariat could look at the criteria Member States had used in the past, but it was for Member States to reflect on those criteria and propose additional points.

The CHAIRMAN, clarifying the procedure to be followed, said that the priority-setting aspect of the reform would be discussed in a Member State-driven process beginning with the drafting group to be convened immediately after the current meeting. On issues relating to the timeline of meetings, the terms of reference of the Programme, Budget and Administration Committee and harmonization between the regions and headquarters, the Secretariat would welcome further input from Member States before the end of February. The consolidated report incorporating written comments from Member States received before the end of February would be discussed at the Health Assembly in May. The number of resolutions and the governance function of the Executive Board could be discussed in the consolidated document, unless it was decided to consider those matters as one element of priority setting in the Member State-driven process. He invited comments on the proposal by the member for Switzerland to prolong the 131st session of the Board.

Dr DAULAIRE (United States of America), supported by Dr ST. JOHN (Barbados), said that the discussion of managerial reform should precede further consideration of the duration of the 131st session of the Board.

Dr IKRAMOV (Uzbekistan), endorsing the comments of the two previous speakers, added that greater use should be made of regional committees as a means of decreasing the number of resolutions. That matter could be included in the consolidated report.

Mr SAMRI (Morocco) welcomed the Director-General's intention to produce a consolidated document. Decreasing the number of resolutions should be a small part of the reform exercise, particularly as it was the sovereign right of Member States to submit resolutions in accordance with their national priorities and concerns. He would have reservations about extending the 131st session of the Board, partly because of the fatigue factor for small delegations following participation in the Health Assembly and parallel events.

The CHAIRMAN suggested that further consideration of the duration of the 131st session of the Executive Board be postponed pending discussion of managerial reform.

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<sup>1</sup> See paragraphs 72 and 73 of document EBSS/2/2.

**It was so agreed.**

Mr KAZI (Bangladesh),<sup>1</sup> noting that resolutions should not be a means to raise the profile of any particular issue, said that criteria for the submission of resolutions should be linked to the discussions of priority setting in the context of the Member State-driven process. The establishment of an appropriate mechanism for the further consideration of WHO's relationship with industry could be taken up after discussions in the Health Assembly.

Mrs NYAGURA (Zimbabwe)<sup>1</sup> emphasized the need to set quantitative criteria for resolutions, and agreed that the matter should be discussed as part of priority setting.

The CHAIRMAN, noting that Member States would have an opportunity to discuss priority setting in the drafting group to be convened immediately after the meeting, said that he took it that the Board had concluded its discussion on the governance element of reform.

**It was so agreed.**

**Managerial reforms**

- **Financing** (Documents EB130/5 Add.5 and EB130/5 Add.6)
- **Organizational effectiveness** (Document EB130/5 Add.7)
- **Evaluation** (Documents EB130/5 Add.8 and EB130/5 Add. 9)

Dr OMI (Japan) expressed reservations about the holding of a pledging conference, as proposed in document EB130/5 Add.5. WHO might wish to reconsider inviting partner countries and agencies to make official financial pledges in an open forum, and it might not be realistic to expect both health and finance ministers to attend. On the subject of WHO's evaluation policy, he pointed out that WHO lacked a robust mechanism to evaluate the implementation of resolutions adopted.

Dr ST. JOHN (Barbados) said that the rules of engagement for any pledging conference should be clear; she requested information on how successful such initiatives had been in securing sustained funding in other organizations. She welcomed the documents on evaluation but pointed out that there should be greater recognition of the roles of the Office of Internal Oversight Services and the Joint Inspection Unit of the United Nations system in reporting and evaluation. She supported the proposed terms of reference for the first-stage evaluation, which could be performed by the External Auditor, and would welcome proposals for change-management mechanisms that allowed for reform while ensuring that the day-to-day business of the Organization was not neglected.

Dr JESSE (Estonia), speaking on behalf of the European Union and its Member States, said that the proposed new three-stage cyclical process for planning, financing and monitoring was a step in the right direction to enable WHO to achieve more predictable, transparent and flexible funding, and ensure that priorities informed financing needs. However, the budget must distinguish between assessed contributions, core voluntary contributions and voluntary contributions. The main part of assessed contributions should be allocated before voluntary contributions to ensure that assessed contributions were used to cover the core mandate of the Organization – not to fund financing gaps or missing programme support costs. She requested clarification from the Secretariat on how a pledging

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<sup>1</sup> Participating by virtue of Rule 3 of the Rules of Procedure of the Executive Board.

conference would increase predictability and on the involvement of the governing bodies in the proposed new financing mechanism, including the final allocation of pledges. Noting that some donors might be bound by budgetary rules that prevented them from making financial pledges, she suggested that alternatives to the pledging conference be considered, such as a parallel process of a pledging dialogue and the decision on the programme budget. Transparency of funding might also be achieved by collecting voluntary contributions through a list of technical programmes approved by the Health Assembly and the Board and posted on WHO's web site. At its meeting in May 2012, which could be extended, the Programme, Budget and Administration Committee should consider relevant parts of the revised documentation on programme budget and financing models that was to be submitted to the Health Assembly. Following a technical discussion on different programme budget options and the advantages and disadvantages of a pledging system, the Committee should submit a report to the Health Assembly.

Turning to the proposed contingency fund for outbreaks, she did not favour creating new funding mechanisms, and suggested that consideration be given to establishing a reserve for outbreaks within the regular budget. She sought information from the Secretariat on the administration of the proposed contingency fund and on whether any contributions to it had been pledged or received.

She welcomed WHO's provision of support for country networks, cooperation and sharing of experience, the demand for which must come from Member States. However, the issue of organizational effectiveness was broader in scope and linked to the need for a transparent accountability framework embedded in the daily functioning of WHO at all three levels.

She supported efforts to strengthen the effectiveness of resource mobilization activities and ensure informed, consistent and coordinated approaches to donors, but stressed that resource mobilization at country level should not divert country offices from organizational priorities and results identified in the programme budget. More decentralized funding structures would have to be accompanied by the strengthening of accountability, transparency and results-based management at country level.

The information on financial and human resources provided in document EB130/5 Add.2 was highly relevant to the debate on organizational effectiveness. She asked why the resources allocated to one Assistant Director-General's Office (Table 1) were some six times greater than the resources allocated to all the other five offices. She also sought clarification of the disparities between staffing levels and costs in the country offices.

Mr PRADHAN (India) said that the suggestion to hold a pledging conference demonstrated a clear commitment to transparency on the part of the Organization, and the timeline proposed was adequate for dialogue with potential donors at organizational and national levels. The efforts to streamline the financing process, although welcome, would not in themselves avert the crisis of funding availability. A situation in which assessed contributions accounted for no more than 25% of programme revenue was inherently unstable, and Member States must, in a phased manner, increase their assessed contributions.

With regard to organizational effectiveness, he favoured establishing country groupings on the basis of disease burden, environment and vulnerability. Well-documented country cooperation strategies clearly identifying health priorities would help targeted resource mobilization, but there should be in-built flexibilities to ensure consistency with country priorities.

He sought clarification of the two-stage evaluation process agreed at the special session of the Executive Board in November 2011, and said that the Board should take a clear decision on the commencement of the first stage of the process. He also requested clarification of the usefulness of the process, which had not yet even begun, to the reform agenda, which was already under way.

Dr SEEBA (Germany), referring to the proposed new financing approach, said that a pledging conference would help to enhance transparency and had great potential for streamlining fund-raising.

However, how could a centralized approach to fund-raising be achieved if WHO continued to raise funds on an individual basis after the main pledging conference? Donors should not be allowed to set the agenda and the decision on how available funds would be used must be taken in a democratic manner by all 194 Member States. The fact that no assumption would be made at the stage of the pledging conference about the allocation of assessed contributions meant that those contributions would be used to fill any gaps that remained after individual donors had decided what programme or project they wished to fund. That was unacceptable: the core resources of the Organization must be used to fund core functions, and decisions on how they were used could only be taken by the governing bodies. The programme budget should not be used as a fund-raising tool because it was an accountability mechanism. He asked how the new financing approach could help to prevent the further cross-subsidization of earmarked projects through assessed contributions.

Dr REN Minghui (China) commended the Secretariat's new three-phase mechanism for financing the programme budget, and supported the holding of a pledging conference in the last quarter of 2013. It was critical to ensure that financing was sufficient and predictable, and open pledging would help to enhance transparency and ensure that funds were more closely matched to WHO's objectives. He agreed that, in order to best ensure funding for the overall programme, no assumption should be made at the pledging stage about the allocation of assessed contributions, so that the latter could be used after pledging to fill budget gaps where necessary. Although the Secretariat's reports identified the need to monitor financing and report funding gaps after pledging to the Board and the Health Assembly, the measures to be taken to bridge funding gaps were not clear, and he requested clarification of the steps to be taken if the pledges in one field exceeded the allocations set in the programme budget. He also highlighted the need to keep non-State funders informed of the pledging process and budget shortfalls.

The contingency fund for outbreaks, which he supported, should be used not only in the event of outbreaks of disease but also for the management of risks such as budget shortfalls caused by exchange rate fluctuations. The fund should be clearly distinguished from the budget for strategic objective 5.

Steps should be taken to enhance effective resource mobilization at country level in line with the country cooperation strategy and national priorities. Following a pledging conference in 2013, the monitoring and reporting mechanism for financing should also be applied in a timely manner to the income received and budget shortfalls in all fields at country level so that resource mobilization efforts throughout WHO were consistent.

With regard to evaluation policy, he said that the selection of the independent evaluators and the definition of the terms of reference for an independent evaluation should be included in the roles and responsibilities of the Executive Board, as set out in paragraph 40 of document EB130/5 Add.8. He welcomed the consultations held to identify the appropriate entity to conduct the first stage of the evaluation, and agreed that the External Auditor should be asked to undertake that stage with the active cooperation of the Office of Internal Oversight Services, with a view to its completion before the Sixty-fifth World Health Assembly.

Dr GULLY (Canada) agreed that it was essential to ensure that WHO's priorities and available financial resources were more closely matched. His Government supported WHO's efforts to enhance the quality and effectiveness of operational planning and to manage a realistic programme budget through increased flexible funding based on the three-stage approach outlined in document EB130/5 Add.5, namely priority setting and planning; financing and resource mobilization; and monitoring and reporting. He welcomed the proposal for a collective discussion on aligning voluntary resources with WHO's priorities, but said that he was not convinced that the proposed pledging conference was the best approach. He sought further clarification on the purpose and expectations of that conference. The Secretariat should be encouraged to explore other options that would enable

donors to signal their projected support for WHO and make it possible to match that support to agreed priorities.

He also sought further information on how and over what period the proposed contingency fund would be run, and the criteria for its activation.

He concurred with the key principles, norms and methodology of the evaluation policy (document EB130/5 Add.8). The development, as part of the planning and budgeting cycle, of an annual, Organization-wide evaluation work plan for approval by the Executive Board was essential. He supported the proposed terms of reference for stage one of the independent external evaluation of WHO (document EB130/5 Add.9, Annex) and urged consensus on the first-stage evaluation. He could accept implementation of that stage by the External Auditor with support from the Office of Internal Oversight Services.

Dr PE THET KHIN (Myanmar) welcomed the emphasis placed on evaluation policy with a view to improving performance. The findings and recommendations of previous evaluation reports should be taken into account, and mechanisms put in place to avoid duplication. The evaluation guidelines established should facilitate, not hinder, the process, and regional and country offices should give serious consideration to ways of fostering a culture of evaluation, including the establishment of internal review and technical assessment units. In view of WHO's technical nature, he suggested that more than 5% of the overall programme budget be allocated to financing evaluation.

Ms ARTHUR (France) commended the many positive aspects of the proposed collective financing approach: phases 1 (priorities and plans) and 3 (monitoring and reporting) would bring greater clarity and coherence to the financing of WHO. However, she expressed concern about phase 2 (financing): the financial implications of a pledging conference were not clear, and the fact that resources could continue to be mobilized after the conference raised questions about its effectiveness in terms of transparency and predictability. All private gifts and donations should be subject to rigorous scrutiny in order to guarantee WHO's independence, guard against conflicts of interest and ensure that the priorities determined by Member States were respected. The collective financing approach should be considered further by the Programme, Budget and Administration Committee at its meeting in May 2012.

Ms MOE (Norway) said that the proposed new financing mechanism, together with the other reform proposals, would reduce the current imbalance between the adopted programme budget and the funds available to implement it. The financing process would also be more transparent and democratic. However, clarification was needed on how the mechanism would affect the three levels of the Organization; the functioning of the first phase; at what stage assessed contributions would be allocated to particular areas; whether pledges made at the conference would apply at the level of strategic objective or programme; and what else, besides the programme budget, would the pledging conference be linked to. She supported the proposal for targeted resource mobilization, but sought more information on how it would be done. To facilitate the assessment of WHO's finances during a budget cycle, biannual reports, including projections of income, could be submitted to the Board. The introduction of a new platform for reporting on resources received would improve transparency.

She broadly welcomed the new evaluation policy, but the Board might consider giving more prominence to the option of regular independent evaluations. The proposed model should also evaluate normative aspects and health system strengthening. She supported the view of the Joint Inspection Unit that the evaluation team should be selected on a competitive basis, in accordance with the norms and standards for evaluation of the United Nations Evaluation Group, and supported the Unit's input to the draft terms of reference. The evaluation should include a review of the fulfilment of programmatic goals.

Dr SILBERSCHMIDT (Switzerland) welcomed the proposal to hold a pledging conference, but wanted more details in particular about incentives. One suggestion would be to differentiate between programme support costs in order to make it attractive for donors to use the mechanism. More information was also needed on programme support costs which, officially, amounted to 13%, although the real costs were higher and the collection rate was only about 7%. A mechanism was needed to ensure that there was no future cross-subsidization of donor projects by assessed contributions.

With regard to the proposed pledging conference, the attribution of assessed contributions after such conferences would have to be confirmed by the governing bodies rather than by management alone. It was important to ensure that voluntary contributions were allocated only to the priorities decided by the Health Assembly and that assessed contributions did not go to donors' priorities. The same level of accountability must be applied for the use of assessed contributions as for voluntary contributions. Giving the Director-General greater flexibility might be appropriate in that context.

He asked how the Capital Master Plan would be financed. He supported the establishment of a contingency fund for outbreaks, but joined the member for Canada in requesting more details about its structure and whether the sum of US\$ 100 million recommended by the Review Committee on the Functioning of the International Health Regulations (2005) in relation to Pandemic (H1N1) 2009<sup>1</sup> had been reduced to US\$ 15 million. With regard to resource mobilization, there was a potential contradiction between adopting a more coordinated approach and the proposals to enhance resource mobilization at country level. Greater transparency in resource mobilization was required. The current proposals focused entirely on development money and made no mention of how to finance global public goods provided by WHO or how to avoid conflicts of interest.

He emphasized the importance of establishing a systematic evaluation culture, but said that the necessary reform steps should be initiated without waiting for the results of an evaluation.

Dr DAULAIRE (United States) broadly supported the proposals on predictable financing. Reaching agreement on priorities would be the crucial first step. In the interests of transparency and collective ownership of the budget, a pre-budget dialogue could be held, followed by regular dialogues during the biennium. Regarding advance cost recovery, it appeared that WHO's actual costs were about 13% to 15%, but some donors limited overhead reimbursement to a maximum of 7%. His Government had consistently emphasized the need for WHO to fully recover its costs, and that assessed contributions should not subsidize the costs associated with voluntary contributions. Hence, it was important for the Programme, Budget and Administration Committee to analyse WHO's actual costs. In addition, the Secretariat should also report on current and future solutions for cost recovery. He supported the establishment of a contingency fund for outbreaks.

The proposed WHO evaluation policy would provide a firm foundation on which to build an Organization-wide evaluation culture. The evaluation function should conform to the norms and standards for evaluation of the United Nations Evaluation Group and be autonomous and operationally separate from management functions; it should also be adequately staffed and financed and its results made public. He submitted that it should be done by the External Auditor, with the involvement of external experts. He supported the Secretariat's continuing work to reform the human resources system, but expressed surprise that it was not mentioned in the documentation.

Dr DANKOKO (Senegal), speaking on behalf of the Member States of the African Region, said that the financing of WHO's activities was of paramount importance to all Member States. It was evident that sustainable and predictable financing could not be guaranteed without the cooperation of the donors and partners which currently provided most of the budget. Having studied the new,

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<sup>1</sup> Document A64/10, Annex, section IV, Conclusions and recommendations, recommendation 13.

three-phase cyclical process for financing the programme budget, he requested further details on its structure and its effect on the functioning of WHO, as well as on the level at which flexible funding would be available. Careful attention should be paid to the question of assessed contributions. He had noted the steps needed to establish a contingency fund for outbreaks and asked for clarification on how it might be harmonized with existing regional funds.

He expressed support for the new WHO evaluation process, not least because it would improve transparency in the allocation of resources. Evaluations should be made regularly to strengthen the independence of WHO's actions and reassure its donors and partners. However, more information was needed on the composition of the evaluation management group and whether it would be financed from assessed contributions. He supported the view of the Joint Inspection Unit that, as the stage-one review formed part of the overall independent external evaluation, the team selection should be competitive, in accordance with the norms and standards for evaluation of the United Nations Evaluation Group. That would also enhance the credibility of the reform process. The Region's Member States would be willing to discuss the terms of reference for the first stage, which it was to be hoped would be launched on time.

Ms DÁVILA-CHÁVEZ (Mexico) recognized that WHO's financing had to be more predictable in order to ensure that the Organization was able to fulfil its functions, but said that it would not be feasible to increase Member States' assessed contributions. Hence the current resources should be used more efficiently. The proposal to convene a pledging conference was interesting, but it was not clear that donors would accept the allocation of their contributions to priorities set by Member States or at what level of the Organization the contributions would be used. Donors tended to have specific targets for their funding, which might not coincide with the priorities defined by Member States. She supported the creation of a contingency fund for outbreaks to facilitate a rapid response to public health emergencies, particularly in countries with limited epidemiological monitoring capacity. She also requested information on the conditions for use of the fund and how the relevant decisions would be made. Consideration should also be given to whether Member States might provide technical or scientific cooperation in connection with the fund.

Strengthening the effectiveness of resource mobilization activities would enhance performance and cooperation in and among the different WHO offices and lead to better outcomes, particularly in the face of ongoing resource constraints. She welcomed the proposal for a WHO evaluation process, which should improve decision-making. Although it was appropriate that the Office of Internal Oversight Services should oversee the first stage of the process, it should be recognized that the entire reform process was driven by the desire of Member States for transparency and accountability and that the Office was only an instrument in achieving those objectives.

Dr JESSE (Estonia), speaking on behalf of the European Union and its Member States, expressed support for the evaluation policy outlined in document EB130/5 Add.8, with some qualifications. It should be clearly stated in paragraph 5 that the purpose of the policy was to define the overall framework and standards for evaluation work in WHO. Consideration should be given to carrying out evaluations every two years. The terms of reference for an evaluation as set out in paragraph 29 should be clearly connected to the relevant parts of the programme budget and the general programme of work. A systematic approach to external independent evaluation should also be included. Evaluations could be made an integral part of the programme budget so as to cover cross-cutting issues. Clarification was also needed on: the selection process for and composition of the evaluation management group (paragraph 30); how "impact",<sup>1</sup> the fifth of the OECD/Development

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<sup>1</sup> *Principles for evaluation of development assistance*, Paris, Organization for Economic Co-operation and Development, 1991.

Assistance Committee evaluation criteria, would be assessed, given that it had not been included among the evaluation criteria listed in subparagraph 8(a); and the level of involvement of the Board and the Programme, Budget and Administration Committee, which was not addressed in paragraph 43. The Board might also wish to consider commissioning a review of the impact of the new evaluation policy after the first three years of its functioning.

She welcomed the terms of reference for the first stage of the external evaluation and recommended that the External Auditor should be selected to perform it. She endorsed the view of the Joint Inspection Unit and the Independent Expert Oversight Advisory Committee that document EBSS/2/2 correctly identified the challenges facing WHO. To avoid duplication of work, the key task of the first stage, therefore, should be to propose a road map for the second stage. Regarding its scope, she sought more details on the issues to be dealt with under the three main topics, namely financing challenges, staffing matters and WHO internal governance. With regard to the terms of reference for the first stage of the evaluation (document EB130/5 Add.9, Annex), she suggested that subparagraph 3(a)(i), instead of referring to whether reform met Member States' expectations, should address relevant aspects of WHO's structure and internal procedures, as well as functions and long-term expected results. The words "and how to be able to measure the desired outcome including advising on relevant indicators" could be added at the end of the subparagraph. She welcomed the inclusion of updated reports in the 2012 planning process of the Joint Inspection Unit.

Mr ESPINOSA-SALAS (Ecuador), speaking on behalf of the Union of South American Nations, said that it was essential to establish a clear link between Member States' priorities and the Medium-term strategic plan, bearing in mind that the latter was central to decisions on activities, programmes and appropriate budget allocation. Transparency was vital in the case of voluntary contributions, which were mostly linked to priorities set by Member States. A significant proportion of such contributions should be used openly to support WHO's core functions. Voluntary contributions sometimes required the allocation of human and other resources that had already been assigned to priority areas, and were not always delivered. Consideration should be given to tightening up the management of all voluntary contributions as a way of improving the predictability of financing and its allocation to defined priorities. Fund-raising experts could contribute to that task, provided that their services were enlisted in a transparent manner.

He endorsed the creation of a contingency fund for outbreaks (document EB130/5 Add.6) that was not restricted to influenza. However, the link with the reform process required clarification. To avoid delays in the discussion and adoption of the proposal, he suggested that it be treated as a separate matter and given full consideration by the Health Assembly.

Dr NASHER (Yemen), highlighting two important points raised in previous discussions, said that WHO reform should be well publicized in order to convey information on the associated trends and effects to the public at large, other international organizations and their staff, and the world media. The second point was that coordination, consultation and meetings with organizations working in the field of health, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the GAVI Alliance, should form part of priority setting, funding coordination, rationalization of the resources available to combat disease, and health system strengthening. In that context, the role of WHO and such organizations should be clearly identified.

Mr DÍAZ ANAIZ (Chile), referring to document EB130/5 Add. 7, pointed out that organizational effectiveness was closely linked to matters covered by the other documents currently under discussion. Coordination between headquarters and the regional offices was crucial, particularly in strengthening shared information networks in order to ensure that Member States' priorities were properly met throughout the different regions. The exchange of experiences among countries and regions facing different situations was extremely valuable. With regard to the allocation of resources,

he emphasized that, for there to be coherence between Member States' expectations and the reform process, any expansion of the donor base should be linked in a transparent manner to the priorities set by Member States in the medium-term strategic plan, and should be properly monitored. That should apply to all levels at which donations were received in the linked WHO system. He supported the strengthening of capacity in regional offices so that country teams were given appropriate training and technical and legal support to mobilize resources, administer subsidies and prepare reports. Strengthened implementation and reporting should serve the purposes of not only donors and strategic communications, but also Member States.

Ms ARTHUR (France) supported the draft internal evaluation policy, which attempted to introduce the same high level of evaluation in financial matters as was generally applied to health programmes. The internal evaluation should receive funding at the level of 3% of the programme budget and should be properly supervised by the governing bodies. The Board might therefore wish to approve a work plan and an annual report for future evaluations. However, the proposal for evaluation management groups required further clarification. It was to be hoped that the independent external evaluation would begin soon, with precise terms of reference and under the guidance of an entity with knowledge of current human resource, governance and financing problems. In that respect, the Office of Internal Oversight Services would seem to be the best choice for the first stage, as the Joint Inspection Unit had already indicated.

Mr HOLM (Sweden)<sup>1</sup> welcomed the proposed financing model, including its pledging element. It was essential to have stronger linkages between agreed priorities and funding. The new model should contribute to ensuring that Member States took responsibility for approving WHO's priorities and objectives, and financing them. All funds received by the Organization must be allocated to agreed priorities and expected results.

Two issues needed to be addressed in discussions preceding the next Health Assembly. First, in order to strengthen the link between budget and funding and make the budget more realistic, the pledging process could be started before final decisions on the programme budget were taken. Secondly, in order to secure adequate voluntary funding, WHO needed to focus on its relative strengths and improve its reporting of results. Hence the financing model should be linked to improved results-based management and an effective and transparent resource allocation mechanism.

Contributing to making WHO an efficient organization was one of Sweden's five priorities for collaboration with WHO and it remained committed to working with other Member States to achieve that end.

Dr DAHL-REGIS (Bahamas)<sup>1</sup> welcomed the work that had been done on governance and oversight of partnerships. The date of 2014 set for the predictable financing mechanism to enter into force should allow sufficient time to deal with some of the concerns that had been expressed. The Programme, Budget and Administration Committee could play a unique role, as its Chairman set the agenda for its meetings. It could be asked to consider many of the structures to be discussed, and given more time in which to do so, before submitting them to the Board and the Health Assembly. Meetings of the Committee did not need to conflict with the consultative process.

Mrs TYSON (United Kingdom of Great Britain and Northern Ireland),<sup>1</sup> noting the progress made by the Secretariat on key aspects of managerial reform since the special session of the Executive Board in November 2011, said that she remained concerned that the suggestions for financing still did

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<sup>1</sup> Participating by virtue of Rule 3 of the Rules of Procedure of the Executive Board.

not clearly distinguish between assessed, core voluntary and earmarked contributions. She had understood that the main aim of a pledging conference would be to establish transparency when setting out the sources and types of funding against the agreed budgets for costed activities. If her understanding of the term was correct, it might be helpful to use a less misleading title than “pledging conference”. On organizational effectiveness, she recognized the complexities inherent in an organization like WHO and would willingly participate in efforts to improve linkages between the three levels, as well as between headquarters directorates, in order to strengthen accountability. With regard to the evaluation process, the proposals contained in document EB130/5 Add.8 for instilling an internal evaluation culture in WHO were welcome, but greater specificity was needed. She agreed that the evaluation should be done by the External Auditor.

Mrs ESCOREL DE MORAES (Brazil)<sup>1</sup> said that documents EB130/5 Add.8 and EB130/5 Add.9 were important for the reform process because they gave expression to the need for an evaluation process based on the priorities decided by the Member States and articulated in a medium-term strategic plan. The process should be wide-ranging and should take account of the fact that the goals and indicators agreed by countries would depend on national situations and ideas. However, it could provide an opportunity for tackling the financing question, as doing so would lead to countries having a more realistic view of the feasibility and sustainability of the prioritized actions. It would not be appropriate to extend the evaluation to cover technical programmes, for which a different strategy would need to be defined.

She understood that the evaluation management group would be selected in a transparent manner and that all interested Member States would be consulted. Although the role of the Board would be important, final approval would need to come from the Health Assembly. An external evaluation would be acceptable provided that the terms of reference were drawn up through a collective and transparent process and that conflicts of interest were avoided. The United Nations Evaluation Group should be charged with setting the standards and criteria, but she expressed reservations about its operational and methodological approach and the type of evaluation and therefore asked the Secretariat for more information about the various proposed evaluation bodies.

Mr BENICCHIO (OXFAM), speaking at the invitation of the CHAIRMAN, strongly supported WHO as the lead global agency in public health. Guided by its Member States, its services must be relevant and available to countries with differing income levels and health profiles. For WHO to maintain and improve its role in difficult times, it needed realistic levels of predictable financing from its donors. Member States were duty bound to set overall priorities for the long term, while ensuring that short-term risks were well managed. Member States needed to be vigilant in order to identify and protect WHO’s core functions and the norms, standards and guidelines that countries depended on. His organization had particular concerns that inadequate funding could further damage the Department of Essential Medicines and Pharmaceutical Policies, which for more than three decades had enabled low-income countries to access affordable medicines. Many of its duties were in danger of being discontinued. Ad hoc outsourcing of those functions could do irreparable damage to WHO’s credibility. Nongovernmental organizations, the pharmaceutical industry and related agencies, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, and public–private partnerships all depended on WHO’s evidence-based and regularly updated tools to do their work. He called on the Secretariat, under the direction of the Board, to prevent further erosion of the core functions, which should be supported from the regular budget.

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<sup>1</sup> Participating by virtue of Rule 3 of the Rules of Procedure of the Executive Board.

Ms DI GIROLAMO (*Medicus Mundi Internationalis*), speaking at the invitation of the CHAIRMAN and also on behalf of the People's Health Movement, commended the proposed evaluation process, which would be invaluable in guiding the reform process. It was important to await the findings of the independent evaluation before agreeing on the precise trajectory of reforms. The difficulties caused by the preponderance of earmarked funds over flexible funding were described in document EB130/5 Add.5, but no concrete proposal had been put forward for changing the current situation. It was essential for Member States to build sustainable financial mechanisms that ensured adequate and unfettered funding in accordance with Article 7 of WHO's Constitution.

The proposed pledging conference should not result in any undermining of programmes and priorities by allowing donors to pick and choose elements of different programmes. She called for clear safeguards, transparency and accountability in order to protect WHO from conflicts of interest and undue influence when receiving funds from non-State entities. Such safeguards should be included in the resource mobilization plan contained in document EB130/5 Add.5.

Mr WEBB (Office of Internal Oversight Services) said that the proposed evaluation policy was in line with best practices and the United Nations Evaluation Group's norms and standards. Replying, at the request of the DIRECTOR-GENERAL, to specific questions raised by, among others, the member for Estonia, he said that the members of the evaluation management group would be chosen according to a set of criteria similar to those that would be applied in the selection process for the evaluation team, namely, that any conflict of interest should be avoided and that members should possess evaluation expertise, competence and experience in the area being evaluated. They could be external consultants or experts and did not necessarily have to be staff members of the Secretariat. With regard to the criteria used for the evaluation process, he pointed out that one aspect of evaluation was to follow the results chain, including future impact. As the measures and indicators necessary for assessing that impact in terms of expected achievements were not yet in place, it had been considered inappropriate to mention that aspect at that stage. That did not mean that it could not be considered in any evaluation commissioned as it was one of the 13 criteria mentioned by the United Nations Evaluation Group as being relevant for evaluation design.

The DIRECTOR-GENERAL thanked speakers for their rich and diverse comments. Replying to the member for Estonia about the exceptionally large sum of money in the Office of the Assistant Director-General for Health Security and Environment, she explained that the amount represented not cash but commodities, including significant donations of medicines and vaccinations received during pandemic (H1N1) 2009. Those items had to be monetized in accordance with best accounting practices, a procedure that admittedly might be confusing to persons unfamiliar with those practices.

Members had requested more information on the proposed pledging conference, the contingency fund, the use of assessed contributions, the use of programme support costs for cross-subsidization purposes, and resource mobilization, particularly at country level. Considerable support had been expressed for an evaluation policy that would generate an evaluation culture. Evaluation was an important management tool for overseeing the effectiveness and efficiency of the Organization's use of Member States' resources. As requested by the Board at its special session in November 2011, she had consulted three entities, namely, the Independent Expert Oversight Advisory Committee, the Joint Inspection Unit of the United Nations system and the External Auditor, in order to identify which was best suited to undertake the evaluation process. Document EB130/5 Add.9 summarized the results of the consultation and also showed a marked convergence between the three entities. However, given the perceived need for the evaluation to be conducted by an independent external entity, there appeared to be broad support for entrusting stage one of the process to the External Auditor.

Turning to the pledging conference, which might perhaps be more aptly referred to as a financing dialogue and which was proposed as a mechanism for predictable financing, she noted the general consensus that priorities should be set by all 194 Member States in a transparent manner; the

funding to support the agreed priorities must be predictable and sufficient to cover the actions required, and there should be no conflict of interest. As she saw it, during the first stage the 194 Member States would decide on the priorities and the activities needed to achieve them. The Secretariat would not be permitted to accept any funding not directly linked to those priorities. However, because of the low proportion of the Organization's funding that came from assessed contributions, it would be up to Member States to make good the shortfall either by increasing their contributions or by opening up the financing dialogue to include other organizations in the United Nations system, not-for-profit philanthropic organizations, civil society and other entities. Currently, WHO organized bilateral meetings with individual donors, for example, Member States and the European Union. However, the fact that individual countries were unaware of the amount of each others' contributions or the areas they were funding gave rise to funding imbalances. Furthermore, although the priorities were set by health officials, the financing often came from other government departments which were unaware of those priorities. Open financing dialogues could provide a viable solution. An open dialogue would also make it easier to remedy funding imbalances arising from countries' different degrees of flexibility. Those countries with the flexibility to shift their priorities would be able to do so in favour of underfunded areas, but such an option was not available to those countries without such flexibility. The guiding principles for such financing dialogues would be transparency and accountability. With regard to the suggestion by the representative of Sweden that a pledging process or financing dialogue should be started before the programme budget was approved, she said that its potential advantages and disadvantages warranted further consideration. She assured the member for Chile that, in the future, regular reports on the use made of all forms of contributions would be sent to all Member States and donors under a streamlined reporting mechanism.

She saw the proposed contingency fund as a reserve fund: the Director-General had no authority to move funds from one area to another because of the nature of earmarking. She would not need such a fund if she had more flexibility. Under current arrangements, when a crisis occurred she did not have access to resources that would enable her to launch an immediate response. The member for Senegal had mentioned the need for harmonization with regional contingency or emergency funds. She wondered why such funds were more readily accepted in the regions than at headquarters. One recommendation of the Review Committee on the Functioning of the International Health Regulations (2005) in relation to Pandemic (H1N1) 2009 had highlighted the lack of flexibility that hampered WHO's ability to manoeuvre during a crisis. The Review Committee had recommended a contingency fund of US\$ 100 million, but, in the face of opposition from Member States, that figure had been reduced to US\$ 15 million, on the basis of the amount needed to manage pandemic (H1N1) 2009. If approval were not forthcoming, she would have to have recourse to the reserve fund, which would result in a 10% deduction from the budget.

With regard to the use of assessed contributions, it was not her intention to cross-subsidize programmes funded by voluntary contributions with assessed contributions. She would work with the Programme, Budget and Administration Committee to calculate precisely programme support costs, which currently stood, nominally, at 13%. Assessed contributions, which were WHO's only predictable source of funding, amounted to only 20% to 25% of the total budget. They were used for core functions, such as supporting governing body meetings and funding the Office of Internal Oversight Services and the Legal Office. However, in the future, close attention would be paid to identifying what were and were not core functions. Programme support costs were currently being used to finance part of the Capital Master Plan in accordance with the mandate agreed by the governing bodies. The Executive Board at its recent special session had asked the Programme, Budget and Administration Committee to carry out a costing exercise to identify support costs properly. Any significant reduction in programme support costs would force her to make up the shortfall from the assessed contributions.

Resource mobilization represented a significant challenge that would need changes in culture and practice. In the future, coordinated resource mobilization would mean the mobilization of

resources exclusively for Member States' priorities, and not for national plans and development programmes. The points raised in the discussion would be used as the basis for a consolidated report if that was what the Board wished. In the meantime, a start would be made on the first stage of the evaluation by the External Auditor who would provide a road map for the second, more important stage. The External Auditor would maintain a close dialogue with the Office of Internal Oversight Services, which would provide any necessary documents. The Board had also suggested that the Programme, Budget and Administration Committee be involved in any discussions involving its work.

**The meeting rose at 12:45.**

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