
Overview of financial situation: Programme budget 2016–2017

Report by the Secretariat

1. In May 2015, the Sixty-eighth World Health Assembly adopted resolution WHA68.1, approving a total of US\$ 4385 million for the Programme budget 2016–2017, comprising a base programme component (US\$ 3194 million) and a component on polio eradication, outbreak and crisis response, tropical disease research and research in human reproduction (US\$ 1191 million).
2. Subsequently, in May 2016, the Sixty-ninth World Health Assembly adopted decision WHA69(9), approving an increase of US\$ 160 million for the Programme budget 2016–2017 for the new WHO Health Emergencies Programme. This increase was made in the base programme component of the programme budget and brings the total budget for that component to US\$ 3354 million; accordingly, WHO's revised total budget for 2016–2017 is US\$ 4545 million.
3. The budget segment for base programmes is to be financed by US\$ 929 million in assessed contributions and US\$ 2425 million in voluntary contributions, which represents an increase of 13.4% over the Programme budget 2014–2015. The funding requirements for polio eradication, outbreak and crisis response, tropical disease research and research in human reproduction will be financed solely by voluntary contributions.
4. This report describes the overall status of the financing of the Programme budget 2016–2017, the progress made in improving the financing of WHO in terms of predictability, alignment and flexibility, transparency and reduced vulnerability since the financing dialogue meeting of 31 October 2016, and efforts to tackle the remaining challenges. Progress made in the first year of the implementation of the Programme budget 2016–2017 will be covered by the mid-term review 2016–2017 to be considered by the Seventieth World Health Assembly, in May 2017.

Overall financing status

5. As at 30 September 2016, the budget segment for base programmes was 86% financed, with a financing gap of US\$ 472 million. This gap was attributable to two factors: (a) an overall increase in the base programme segment of US\$ 496.6 million, due in part to the new WHO Health Emergencies Programme; and (b) a decrease in the overall level of flexible fund financing due to a lower level of financing received through core voluntary contributions in 2016 compared with that received in 2014.
6. In the light of this situation, the Director-General convened an extraordinary financing dialogue meeting on 31 October 2016. The objectives of the meeting were: to examine financing of the overall Programme budget 2016–2017, in particular programme areas which remain underfunded; to provide an update on the WHO Health Emergencies Programme, including progress on results achieved and

the financing situation; and to initiate discussions on the proposed increase in assessed contributions in the Proposed programme budget 2018–2019, ahead of the governing body meetings to be held in 2017.

7. At the meeting, many participants expressed concern about the remaining financing gaps, particularly for the WHO Health Emergencies Programme, and several announced new financing commitments. Discussions also highlighted the importance of prioritization in the current context of financial constraints and the need to do more to communicate results and successes, in particular at the country level. Exchanges on the proposed increase in assessed contributions provided an opportunity for Member States to state their positions and request additional information.

8. A significant number of new financing commitments were announced at the meeting and other commitments are being finalized, which will reduce the financing gap but will not be enough to achieve the full financing of the Programme budget 2016–2017. A new vulnerability assessment is being conducted by the Secretariat and updated figures will be shared at the time of the 140th session of the Executive Board.

PROGRESS IN IMPROVING THE FINANCING OF WHO

Predictability

9. The level of predictability in the financing of the programme budget in advance of implementation has improved since the introduction of the financing dialogue in 2013. At the start of the biennium 2012–2013, 62% of the financing of the budget segment for base programmes was assured. This figure increased to 77% for the biennium 2014–2015 and 83% for the biennium 2016–2017.

10. However, the fact that by September 2016, nine months into the biennium 2016–2017, this figure had not increased beyond 86% is a cause for concern. This low level of predictability has a negative impact on implementation rates, as programmes and regions typically hold back from making financial commitments when the financing is uncertain.

Alignment and flexibility

11. In the 2014–2015 biennium, the alignment of financing to categories and programme areas improved mainly due to a strategic approach to the allocation of flexible resources, although these resources have been insufficient to cover all the gaps resulting from the earmarking of voluntary contributions.

12. Alignment continues to present challenges in the biennium 2016–2017, as several categories and programme areas remain significantly underfinanced. Within the base programme component, as at 30 September 2016, the financing levels ranged from 55% for the noncommunicable diseases category to 83% for the promoting health through the life course category. Even within the latter category, considered to be the best financed, there were underfinanced programme areas (ageing and health, and social determinants of health). The WHO Health Emergencies Programme had received only 56% of the financing it required for the core budget, 33% of the financing it required for appeals and 31% of the financing it required for the Contingency Fund for Emergencies.

13. The underfinanced programme areas can be categorized into three types:
- (a) programme areas where the budget had been increased because of emerging or increased needs, most notably the WHO Health Emergencies Programme and antimicrobial resistance;
 - (b) chronically underfinanced programme areas, including noncommunicable diseases, social determinants of health and food safety; and
 - (c) programme areas with a significant decrease of financing, due to contributors being unable to maintain their existing financing levels (most notably HIV, as a result of the reduced contribution by UNAIDS).
14. Moreover, the low level of flexible voluntary contributions received as at 30 September 2016 for the current biennium through the core voluntary contribution account – close to US\$ 46 million – is a cause for concern. While additional income from that account is expected during the biennium, the initial trends are indicating a potentially sharp decrease in income from this source as compared to the previous biennium. Such a decrease will further hamper the alignment of financing and the bridging of the financing gaps for underfunded programme areas.

Transparency

15. WHO's programme budget web portal¹ continues to be regularly upgraded. The latest upgrade provides for a new home page with easy access to key strategic documents and accountability information. Other changes include the provision of access to a programme budget performance assessment by programme area through report indexing, the introduction of a drill down feature to provide information on WHO funding and expenditure, and the presentation of detailed costed operational plans by output, major office and staff/activity split.
16. On 1 November 2016, WHO joined the International Aid Transparency Initiative, a voluntary, multistakeholder initiative that seeks to improve the transparency of aid, development and humanitarian resources in an effort to increase their effectiveness in tackling poverty. The web portal will be enhanced to accommodate additional information on this initiative and to ensure that WHO is in compliance with the International Aid Transparency Initiative standard.

Reduced vulnerability

17. WHO's contributor base is broadening and some contributors are significantly increasing their contributions. Since the introduction of the financial reform, over 30 new contributors have joined the contributor base, each providing at least US\$ 500 000 over the last two bienniums. Half of them contributed over US\$ 1 million. About one third have joined the contributor base since the start of the biennium 2014–2015. They include Member States, intergovernmental organizations and non-State actors. Presently, however, 76% of voluntary contributions are paid by 20 contributors. WHO continues to encourage new and increased contributions.
18. An additional vulnerability for WHO is linked to polio transition planning. The Global Polio Eradication Initiative is actively fundraising to fill the US\$ 1062 million financing gap for the period

¹ See <http://extranet.who.int/programmebudget/> (accessed 20 December 2016).

2016–2019, and plans are also under way for the transition to a post-eradication programme of work. For WHO, the successful conclusion of polio eradication poses financial and programmatic challenges. Funding for polio eradication accounts for 20% of the Programme budget 2016–2017 and between 21% and 48% of the budgets for the regional offices for Africa, South-East Asia and the Eastern Mediterranean. Programmatically, the Global Polio Eradication Initiative supports other health programmes – in particular in the areas of routine immunization and new vaccine introduction, logistics, information systems, surveillance including laboratory networks and emergency response. Once polio staffing is reduced, other health programmes and national capacity may suffer. Additional information on the polio transition is included in document EB140/13.

TACKLING THE REMAINING CHALLENGES

Bridging the current financing gap

19. In order to achieve a fully financed Programme budget 2016–2017, efforts are needed both from the Secretariat and from contributors. Building on the momentum created by the lead-up to the financing dialogue meeting in October 2016, the Secretariat will increase its fundraising efforts at all levels of the Organization through the development of engagement plans with current and potential new contributors.

20. The Secretariat has made substantial efforts to find the most efficient ways for delivering its work and will continue to do so. For instance, it is currently developing a comprehensive and detailed value-for-money plan to be submitted to the Executive Board in 2018, which will include measures to reduce the costs associated with meetings and travel, and other measures to increase efficiency and reduce administrative costs across the enabling functions and technical programmes.

21. In a context of financial constraints, the effective prioritization of WHO's work is also needed. Progress in prioritization has been noted mainly in WHO country offices, as in 75% of country offices 80% of resources are focused on a maximum of 10 programme areas. If the current financing gaps persist, however, the Organization will need to reduce or stop activities in some areas.

Proposal to increase assessed contributions

22. The High-level Panel on the Global Response to Health Crises, established by the United Nations Secretary-General, recommended that WHO Member States should increase their assessed contributions to WHO by at least 10%.¹

23. In order to comply with this recommendation, and to implement the complex health agenda presented in the Proposed programme budget 2018–2019, the Director-General is proposing a US\$ 93 million increase in assessed contributions. Without this increase, the sustainability of the operations of the Organization is at risk and it would be difficult to undertake effectively the additional tasks emanating from the reform of WHO's work in health emergency management.

24. In 2016 the first single programmatic and financial report was presented to the Health Assembly. The Director-General's annual financial report for 2014–2015, including audited financial

¹ See http://www.un.org/News/dh/infocus/HLP/2016-02-05_Final_Report_Global_Response_to_Health_Crises.pdf (accessed 20 December 2016).

statements for 2015, was combined into a single document with an assessment of organizational performance during the biennium, in order to establish a clear link between funds and measurable results.¹

25. Efforts to streamline reporting to contributors through an end-to-end reporting policy are well under way and will be supported by an Organization-wide electronic tool that will be fully integrated with the tool used for the register of non-State actors. This should lead to improvements in the quality and timeliness of the reports submitted to contributors.

Broadening the contributor base

26. In order to reduce the vulnerability of its financing, the Secretariat is exploring new avenues of financing from traditional and non-traditional donors, across the three levels of the Organization, including development banks and intergovernmental organizations.

Coordinating resource mobilization across the whole Organization

27. The Secretariat commissioned a review of bilateral consultations between WHO and contributors as part of the financing dialogue in 2015.² The findings show that such consultations are valued by contributors and are considered to provide an important opportunity for dialogue and relationship building, within the context of a range of interactions between contributors and different entities within WHO. The review also highlighted that there is potential to strengthen further the effectiveness of the bilateral consultations in supporting the objectives of the financing dialogue and that there is a need to invest in the development of a tailored engagement approach for each key contributor.

28. The Secretariat has taken action to implement the recommendations of the review in the bilateral consultations it has held since then. Building on this review and other earlier studies, efforts are now under way to develop an Organization-wide operational resource mobilization model, taking into account the changing landscape of global health financing, key drivers of change and WHO's positioning within that context.

ACTION BY THE EXECUTIVE BOARD

29. The Board is invited to note the report.

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¹ Document A69/45.

² Available at <http://www.who.int/about/finances-accountability/evaluation/who-bilat-cons-review-see.pdf?ua=1> (accessed 12 December 2016).