

Report of the Programme, Budget and Administration Committee of the Executive Board

1. The twenty-fifth meeting of the Programme, Budget and Administration Committee was held in Geneva on 18–20 January 2017 under the chairmanship of Dr Phusit Prakongsai (Thailand).¹ The Committee adopted its agenda² with the deletion of item 3.4, as there were no proposed amendments to the Financial Regulations and Financial Rules, and agreed its programme of work.

Agenda item 2 Matters for information or action by the Committee

2.1 Report of the Independent Expert Oversight Advisory Committee (Document EBPBAC25/2)

2. The Chairman of the Independent Expert Oversight Advisory Committee introduced the Advisory Committee's report on its past two meetings, highlighting internal oversight, external audit, compliance and internal control, risk management, and dependence on voluntary contributions.

3. Member States acknowledged the valuable work and insights of the Advisory Committee and welcomed the reported progress in many areas. The Secretariat was advised to avoid complacency; progress needed to be maintained and much work remained to be done. Member States acknowledged the decrease in the number of outstanding audit recommendations and the fact that the Secretariat was paying greater attention to the recommendations. One Member State asked whether the Advisory Committee would be prepared to meet with Member States between governing body meetings in order to improve communication and information.

4. Member States welcomed the Advisory Committee's visit to the Regional Office for South-East Asia and its positive findings.

5. The Committee endorsed the Advisory Committee's request for a summary of the significant audit recommendations for 2016 and management responses. Action on outstanding recommendations was imperative. One Member State suggested that the Secretariat should publish its reasons for not implementing a recommendation. Several Member States commented on the timeliness and importance of the proposal to rank recommendations by significance and emphasized the need for tools for that task. Suggestions were made for incorporating external audit recommendations into the Secretariat's tracking mechanisms. Another Member State asked whether weaknesses identified in the self-assessment checklist were being aligned with the findings of the Office of Internal Oversight

¹ The list of participants is available in document EBPBAC25/DIV./1.

² Document EBPBAC25/1.

Services. Member States endorsed the proposal for reporting on special audits, such as the response to the outbreak of Ebola virus disease.

6. Several Member States underlined the need to apply lessons learned, in particular through the creation of organizational learning mechanisms for implementing audit recommendations in other budget centres with similar problems, and by avoiding recurrent weaknesses in all budget centres. One Member State proposed that the Committee should provide its views on gaps in oversight, especially as half the financial and human resources were used at country level; information about that level was not adequate.

7. The importance of follow-up of audit recommendations and risk management at all levels of the Organization was recognized as a key message in the Advisory Committee's report. Member States recognized risk management as integral to the Secretariat's work, especially planning and budget development, and encouraged the Secretariat to ensure operational ownership of risk management at all three levels of the Organization. The Committee advised institutionalization of the lessons learned, including responses to non-compliance. One Member State asked how the transition from quantitative to qualitative management of risk would be addressed. Although they recognized that progress had been made, Member States asked for further information about the implementation of the procurement strategy. Several Member States described the approaches to risk management in information technology and the headquarters' modernization project as good models for the operationalization of risk plans.

8. With regard to funding of the Organization's work, several Member States expressed concerns, including in respect of the shortfall in funding, the overdependence on voluntary contributions and the small size of the donor base, and underlined the need for the Secretariat to undertake scenario planning and share the results obtained with Member States. One Member State observed that the information presented on the funding shortfall was brief and lacked analysis. Another Member State requested further discussion of the establishment of the WHO Health Emergencies Programme, given the problems in its financing; the financing dialogue was insufficient in that respect.

9. One Member State expressed concern about the lack of long-term funding mechanisms to ensure sustainable funding for projects such as information technology and the capital master plan.

10. The Chairman of the Advisory Committee, in response to a request for provision of information on all audit recommendations, in his personal capacity, advised caution as there were more than 1300 recommendations in 2016 and the Committee's role was to provide information on the most important areas, in context, and to bring significant recommendations or concerns to the attention of the Programme, Budget and Administration Committee. With regard to the request about separate meetings with Member States, his only concern was that those meetings should be accessible to all Member States. He referred to Member States questions about whether the Global Policy Group was a decision-making body; how to manage areas of high risk and concern, such as financial shortfalls in a regionalized organization; and what type of Member State mechanism is needed to decide on what work is done and what is not done because of a lack of funds. The goal of the Advisory Committee was to guide the Organization towards its objectives; not influencing political aspects by the Member States.

11. The Secretariat acknowledged the valuable advice of the Advisory Committee. With regard to specific requests, the Secretariat would continue working on mechanisms for monitoring implementation of recommendations with risk assessments, improve organizational learning processes to ensure assurance measures, and develop a coherent approach to the development of self-assessment checklists and lines of assurance. It would continue work on integrating risk management into

planning and on moving from quantitative to qualitative management of risk. Steps were being taken to help with better prioritization of risks. The corporate risk register would be published shortly.

12. Work on linking and integrating audit recommendations was in hand, and mechanisms were being developed to rank them in terms of significance and criticality. Trends would be identified, evaluated and acted upon with full regional involvement, use of compliance networks and consolidated reporting. The financial statement for 2016, which would be submitted to the Seventieth World Health Assembly in May 2017, would include a statement on internal control. The latest iteration of the risk management process had resulted in a near 100% response rate at the end of 2016, but better communication and harmonization of tools and processes were needed. The compliance officers' network was being used and was a means of improving communication and integration within a federated structure.

13. Each year, at one of its three annual meetings, the Advisory Committee focused its work on a different WHO region. This had resulted in productive and informative meetings, and was avoiding the perception of a headquarters-oriented process. Responding to questions about the implementation of the procurement strategy, the Secretariat indicated that phase two of the procurement strategy would begin in 2017 and should be fully implemented by the end of the year. Several steps had already been taken in phase one of the implementation. Procurement of services was now more clearly defined: for example, where such procurement is essentially the hiring of "non-staff" (either consultants or individuals under service contracts), the responsibility for policy and oversight would now be transferred to the human resources function. Long-term agreements and catalogue management were being handled by a newly established unit at the WHO Budapest Centre. An e-tendering platform was being introduced and procurement practices in all major offices were being aligned and training programmes introduced. Performance indicators were being applied in all major offices. Policy updates (for example, on contract management and vendors' management and eligibility) were being developed; a green procurement policy was also being developed.

14. Substantive discussion of transition planning for the Global Polio Eradication Initiative was deferred to the Committee's consideration of agenda items 3.1 and 3.2.

The Committee noted the report of the Independent Expert Oversight Advisory Committee.

2.2 Report on information management and technology (Document EBPBAC25/3)

15. The Secretariat presented its progress report on information management and technology, with an update on the strategic vision and mission, and a clear road map for the way forward. In order to build the foundation to enable WHO to achieve its goals, a Global IT (Information Technology) Fund has been established for sustainable investments in strategic initiatives. The governance of the Global IT Fund includes representation of the regional offices, the WHO Health Emergency Programme, technical programme areas and administration units. Member States welcomed the report and congratulated the Secretariat on its progress in information management and technology and the digital transformation of WHO. They requested further updates on this topic.

16. Member States looked forward to the short- and long-term benefits that digitalization would bring to all parts of the Organization, particularly the innovative health interventions enabled by the availability of better data to countries, as well as the benefits to WHO achieved through greater efficiency. They asked how much the integrated digital platform would cost, how it would work and how WHO would use global cloud computing.

17. In applauding WHO's successes in information management and technology, Member States focused on the four key result areas of the strategy; the response to the concerns about governance expressed by the Independent Expert Oversight Advisory Committee in July 2016, including the establishment of the IT Board; and the establishment of the Global IT Fund to ensure strategic investment in the key result areas over the next six years.

18. Member States advised that the technological adjustment process required vigorous communication between WHO headquarters and the regional offices to protect data. WHO staff needed training and countries needed financial support, to ensure that they could take full advantage of the integrated digital platform. In addition, Member States needed tools to alert them to health emergencies. They urged that the integrated digital platform be: started in 2017; used throughout the Organization, especially by the WHO Health Emergencies Programme; and used to ensure the wide distribution of high-quality information to countries.

19. In order to ensure long-term investment in information management and technology, the Secretariat has established the Global IT Fund as a long-term infrastructure funding mechanism. The Secretariat would issue an update on information management and technology in one to two years' time.

The Committee noted the report by the Secretariat.

Agenda item 3 Matters for review by, and/or recommendation to, the Executive Board

3.1 Financing and implementation of the Programme budget 2016–2017: update (Document EB140/35)

20. The Secretariat provided an overview of the financing and implementation of the Programme budget 2016–2017, updating the report¹ and noting that more detail could be found on the programme budget web portal on the WHO website. By the end of 2016, the budget segment for base programmes was 88% financed, with a financing gap of US\$ 404 million. The challenge remained the mismatch between funding and categories and programme areas, due in particular to the earmarking of voluntary contributions, and the substantial decrease in the overall level of flexible funding. The 30% reduction in core voluntary contributions and the conditions often attached to earmarked funding markedly limited the Secretariat's ability to implement the budget fully in all programme areas.

21. The Secretariat was taking steps to respond to the underfunding of the three categories described in the report (paragraph 13) by seeking extra or additional funding (from Member States and donors), and by making cost savings through efficiency measures (an activity mainly for the Secretariat) and through prioritization (a joint activity for Member States and the Secretariat). Measures applied included a freeze on recruitment and cuts in travel. The Secretariat could probably meet its main objectives with 90% funding, but only if that funding were flexible and not earmarked. Prioritization and raising additional funding needed further attention.

22. In the extensive and constructive discussion that ensued, Member States acknowledged the improvement in the predictability of funding but shared concerns about the financial situation. It was recognized that both Member States and the Secretariat had responsibilities to ensure full financing

¹ Including the correction of the figure in line 3 of paragraph 5 of the report to US\$ 396.6 million.

and implementation of the programme budget. Several Member States expressed concern about the danger of the significant and persisting imbalance between voluntary and assessed contributions, recognizing that the situation was unlikely to improve in the next few months. There was strong agreement on the need: to continue to find cost savings, emphasizing both efficiency and prioritization by both the Secretariat and Member States; and to increase the cost-effectiveness of WHO's programmes.

23. The Committee complained about the late delivery of the document on the draft Proposed programme budget 2018–2019. Late delivery of such documents severely limited the ability of governments to comment on the proposals and justify contributions to WHO. The Secretariat was urged to provide timely documentation well before the Seventieth World Health Assembly.

24. Some Member States encouraged a discussion among Member States on prioritization and identification of activities that should be wound down or closed. The report to the Seventieth World Health Assembly should contain information about that aspect. Substantive areas where objectives could be attained should be identified. Such considerations should shape a realistic rather than aspirational Proposed programme budget 2018–2019. The Committee called for scenario planning, with proposals for dealing with persistent funding shortfalls. The Committee approved the steps being taken to improve transparency (much appreciating the programme budget web portal) and accountability.

25. The Committee agreed that the 2030 Agenda for Sustainable Development provided an opportunity to consider priorities and workflows for WHO's Thirteenth General Programme of Work, 2020–2025.

26. Many Member States argued for the importance of flexibility in voluntary contributions, but one commented that the financing dialogue had failed to make any progress in that respect. The decrease in core voluntary contributions prompted questions about the Secretariat's planned response. The Secretariat should engage donors to favourably consider greater flexibility and transparency of funding (the feasibility of which was demonstrated by the example of the outbreak of Ebola virus disease) and to find ways to increase programmatic support. Several Member States called for an improvement in voluntary financing, including imposing rules on voluntary contributions, such as a limit to the degree of earmarking. Some Member States underlined the extent of their existing and recent contributions, including those to the WHO Health Emergencies Programme, and continued support of the Organization.

27. Member States asked for further information on and analysis of, or even a strategy to redress, the underfunding of programme areas, which made it very challenging for the Secretariat to meet the priorities set by Member States. The Member States expressed their disquiet at the substantial underfunding of the WHO Health Emergencies Programme and other major programmatic areas such as antimicrobial resistance, noncommunicable diseases, HIV and viral hepatitis, and food safety. The WHO Health Emergencies Programme needed support or should be reviewed. Furthermore, as noncommunicable diseases imposed the greatest burden of disease, programmes in that area needed greater support. Comments by Member States included a call for consideration of reallocation of the resources for polio to noncommunicable diseases, and the observation that, besides improving organizational efficiency, solutions to underfunding: would have to face competition from emerging issues; sometimes engaged sectors beyond the health sector; and sometimes were available but not affordable.

28. Reference was made to the current context of austerity and multiple demands for responses to humanitarian crises was straining the whole United Nations system and governments. Moreover, the world was in a period of transition, with new governments and increasing pressure to justify expenditure and financing. The proposed budget needed to reflect the reality that most voluntary contributions come from a small pool of donors which was common across the organizations in the United Nations system. The dependence on voluntary contributions and the small size of the donor base rendered WHO vulnerable; steps to broaden the donor base were needed urgently and the Secretariat needed to continue efforts in that regard. Updated figures of the vulnerability assessment referred to in the report (paragraph 8) were requested. Even if fund-raising efforts (paragraph 19) were successful, doubts were expressed that they would fill the whole financing gap. Concern was also expressed about the perception of contributions: they needed to be seen as investments by countries, which had to see returns. The Secretariat needed to identify and demonstrate the effective use of contributions.

29. The need for extra funding and broadening of the donor base should be addressed through awareness campaigns and advocacy for both the general public and partners. Attention was drawn to the relevant recommendations of the Independent Expert Oversight Advisory Committee. Solutions to raising extra funding also included engaging non-State actors through the Framework of Engagement with Non-State Actors, innovative financing approaches, better coordination of budgeting within the United Nations system (to avoid multiple funding requests by multiple organizations within the system) and of resources, and interagency cooperation at country level. A strategy on resource mobilization, with imaginative approaches, that involved both regional and country offices, with immediate implementation, was vital. One Member State highlighted the value of using the WHO country office to leverage the support of the government.

30. Specific comments and suggestions included a proposal that the submission of the value-for-money plan to the Executive Board (scheduled for 2018) should be advanced, and a question about when the resource mobilization strategy would be submitted to the governing bodies. Further information was also requested about work on resource mobilization. Regarding predictability of funding and its implications for implementation, a further question was whether there was a strategy to improve it. More information was sought on performance in implementing existing funding, especially as some programmes with full funding appeared not to be performing optimally. Some Member States expressed dismay that, six years after the discussions of the same topics that had prompted the process of WHO reform, little had changed apart from an improvement in management of the Secretariat. What Member States expected of the Organization remained unclear and the number of resolutions adopted increased. Further exploration was recommended of where cost savings, both in efficiencies and prioritization, could be made. Further work was also needed on the implications of the change in retirement age.

31. While several Member States supported the proposed 10% increase in assessed contributions, others were not in a position to support that proposal. Some Member States called on those countries that would experience decreases in contributions to maintain payments at existing levels. One Member State supported the proposed increase and indicated its readiness to implement the increase in 2018. A Member State also agreed to the increase on a one-off basis and under the conditions that it did not set a precedent, that country-level support was maximized, and the efforts to increase efficiency continued. Another noted that the call for the 10% increase came from the United Nations High-Level Panel on the Global Response to Health Crises, and asked whether the extra revenue would be allocated solely to work on emergencies.

32. The Secretariat acknowledged the need to consider contributions as investments and to better report the returns. It agreed that the financing problems were fundamental and had to be reflected in the draft Proposed programme budget 2018–2019, and accepted the need to prioritize and even cease activities. It was closely monitoring the situation, including implementation rates, throughout the Organization, and working on the strategic use of flexible funding, maximizing cost-efficiencies (although they were difficult to measure) and cost savings, and mobilizing resources. It was planning for eventualities and taking steps such as freezing recruitment, cutting travel and meetings, and postponing activities. It welcomed the recognition of the need to recover programme support costs, which needed to be considered in discussions of voluntary contributions, and thanked the Member State that had agreed to pay 8% in programme support costs for the polio programme in line with what is provided to UNICEF for programme support. Models for resource mobilization and business partnerships (especially at country level) were being developed. The Secretariat was giving donors of voluntary contributions more visibility on the WHO website in order to encourage others. The vulnerability assessment was done in two phases: the results of the first phase were published on the web portal and the second phase could be done in early February once the final figures for 2016 had been closed. The Committee's comments would be taken into account in preparation of the financing dialogue to be held in November 2017.

33. The Director-General emphasized that reform was undertaken throughout the United Nations system; it included the "One United Nations" approach, resource coordination, prioritization, and review of assessed and voluntary contributions. The quality of the Committee's discussion was cause for optimism. She stressed the need to be sensitive to national circumstances and transitions, and acknowledged the need to convince countries' taxpayers of the value of WHO's work before requesting more funding. WHO reform had had positive results, in particular in management and prioritization, and she asked Member States in turn to prioritize, identifying no more than 10 priority health programmes at national level. She commended those countries that had invested in the WHO country offices and encouraged them to share their experiences, including that of bringing together health-related entities such as health insurance funds that had separate budgets. The health-related Sustainable Development Goals offered an opportunity for coordination, alignment, synergy and resource mobilization as well as serving as a guiding principle for the Thirteenth General Programme of Work, 2020–2025.

The Committee recommended that the Executive Board note the report by the Secretariat.

3.2 Proposed programme budget 2018–2019 (Documents EB140/36 and EB140/INF./5)

34. The Secretariat presented the draft Proposed programme budget 2018–2019. The total budget proposed for the biennium 2018–2019 amounted to US\$ 4474.5 million. The proposed increase was mainly in the budgets for the WHO Health Emergencies Programme (US\$ 69.1 million) and the programme for combating antimicrobial resistance (US\$ 23.3 million). The other areas remained relatively stable.

35. The Committee commended the Secretariat's budget presentation, and welcomed the fact that the proposed budget reflected discussions at regional level. The Committee congratulated the Secretariat on its efforts to achieve alignment and synergies with the Sustainable Development Goals, although it was stressed that more needed to be done in this regard. Many Member States expressed support for the increased budget for combating antimicrobial resistance and the WHO Health Emergencies Programme. One Member State urged the Secretariat to refine indicators in the programme budget to ensure that they accurately measured achievement of desired impacts.

36. As far as the latter was concerned, however, some Member States raised concerns about the limited budget increase in two regions. Some Member States expressed concerns about the overall level of funding for the biennium 2016–2017 and questioned whether the proposed budget increase for the biennium 2018–2019 was realistic. Also, Member States called for a more sustainable funding model.

37. In terms of financing, the Secretariat explained that, although the total financing of the Organization had increased significantly over the past decade, voluntary contributions from a limited number of donors had been the main driver of this improvement and the amount of assessed contributions had not risen. In light of the significant threat to the long-term sustainability of the Organization and in line with the recommendation of the High-level Panel on the Global Response to Health Crises, the Director-General was proposing an increase of US\$ 93 million (or 10%) in assessed contributions.

38. The Committee indicated that the Secretariat should continue efforts to broaden WHO's donor base.

39. Several Member States voiced strong support for the proposed increase in assessed contributions. Others stressed that they were not in a position to support it and encouraged the Secretariat to cover the additional resources required from efficiency savings, improvements to internal control systems and a more stringent prioritization process. One Member State noted that it could not support a 10% increase in assessed contributions, but that circumstances merited further discussions about whether a possible increase in assessed contributions, at a lower rate, would be viable.

40. In general, Member States welcomed the establishment of an Organization-wide resource mobilization model. In addition, they urged fellow Member States to find ways to increase flexibility in funding.

41. Following discussion that began under the previous item, an informal meeting was proposed in order to continue the broad discussion on budget practices and levels and related financing. The agenda item was suspended and the informal meeting was held at the end of the Committee session. A summary of the meeting was presented for the information of the Committee and is attached as an annex to this report.

42. On resumption of the discussion of the agenda item, Member States noted the contents of the summary of the informal meeting, and considered options for continuing discussion of those points in the lead-up to the Seventieth World Health Assembly. Some Member States expressed concern at the possibility of creating further formal bodies, and it was agreed that discussions on the immediate, urgent matters would enable the Secretariat to produce a revised draft Proposed programme budget 2018–2019, in all languages, in time for the Health Assembly. One Member State called for a formal, open-ended intergovernmental process to discuss relevant issues, as it considered that an informal process would be ineffective. Within the framework of that process, the Secretariat should aim to provide clarity to Member States on these vital issues, notably the proposed increase in assessed contributions and sustainable funding, in the intersessional period in order to enable them to reach consensus on, and adopt, a realistic budget at the Health Assembly.

43. The Director-General thanked Member States for the useful summary of the informal meeting on the financing of WHO.

44. From her perspective, the most urgent issue were the approval of the Proposed programme budget 2018–2019 and the financing of its priorities. She noted that the Secretariat would make further adjustments for a realistic budget that was fully funded. She proposed that the Secretariat and Member States continue their informal discussions and conclude them by mid-February 2017, in order to allow the Secretariat time to revise and complete the budget document. It would be submitted to Member States in all official languages by early April, so that Member States had sufficient time to consider it before the Seventieth World Health Assembly. The percentage of the increase in assessed contributions could be further discussed.

45. In addition, the Director-General proposed that Member States pursue the longer-term issues that they had identified, as they fell within the terms of reference of the Programme, Budget and Administration Committee and the Executive Board.

The Committee recommended to the Executive Board that further discussions with the Secretariat take place on the Proposed programme budget 2018–2019, especially on the affordable level of assessed contributions, savings and efficiencies, prioritization of activities, impact of voluntary contributions, and resource mobilization.

3.3 Scale of assessments for 2018–2019 (Document EB140/37)

46. The Committee considered the report of the Director-General outlining the proposed scale of assessments for the financial period 2018–2019.

The Committee recommended that the Executive Board adopt the draft resolution contained in document EB140/37.

3.5 Overview of WHO reform implementation (Document EB140/38)

47. The Secretariat briefed the Committee on the implementation of WHO reform, providing additional details on progress in the areas of country performance, transparency and accountability, value for money, and partnership.

48. The Committee commended the progress made but emphasized the importance of accelerating progress towards gender equality. Some Member States also noted the need to ensure greater regional balance in human resources; and referred to the importance of ensuring both that systems are in place for recruiting and retaining talent, and that staff are in place for responding to health emergencies. The Committee expressed concern about the funding shortfalls in certain programmes and noted the need to ensure alignment and predictability of funding across all levels of the Organization. Further information in the future on the impact of reform throughout the results chain, and in regions and countries, was requested.

49. Several Committee Member States noted that governance reforms were still lagging behind other areas of reform, and expressed concerns about the number of agenda items in meetings of the governing bodies, and the volume of the associated documentation, which can be burdensome, especially for small delegations.

50. Several Member States underlined the importance of: continuing reform efforts, ensuring that reform has an impact on WHO's work at country level; and achieving a realistic budget and sustainable funding. The Secretariat was also requested to provide more analytical detail on WHO's work in countries and to raise the profile of the country presence report. Some Member States

proposed that cost savings achieved through the reform process be quantified and aggregated, and included in the Proposed programme budget. Particular concerns were raised about the WHO Health Emergencies Programme and its funding gap, and the potential impact on other WHO programmes. The Secretariat's participation in the International Aid Transparency Initiative was commended.

51. The Secretariat indicated that efforts to improve the gender balance would be intensified, aiming for at least a 1.5% increase in female staff at the P4 level and above each year for the next five years, including through a gender-sensitive recruitment process and accompanied by efforts to improve the organizational culture in this regard. In terms of accountability, measurable indicators were being rolled out to ensure a cascade of accountability that started with Assistant Directors-General monitoring the performance of Directors and continued downwards through the Organization. The Secretariat also explained that cost savings are to be quantified further in relation to reform, and that the Secretariat has committed to develop a value-for-money plan, as early as possible or prior to the current proposed release date of 2018.

52. Several Regional Directors described reform efforts in their regions. They explained how budget centres within their regions are better aligning with priorities, and noted efforts to improve the efficiency of regional governing body meetings, aiming to reduce the number of agenda items and resolutions. They indicated that they are ensuring that the reform process in their regions is harmonized with the wider reform process, and that they are increasing the focus on working with countries to strengthen accountability. They also explained how internal controls are being strengthened.

The Committee recommended that the Executive Board note the report by the Secretariat.

3.6 Engagement with non-State actors

- **Report on WHO's implementation of the Framework of Engagement with Non-State Actors** (Document EB140/41)

53. The Secretariat presented the Director-General's first report on the status of the implementation of the Framework of Engagement with Non-State Actors in the six months following its adoption by the Sixty-ninth World Health Assembly. The report highlighted progress in three areas: immediate application of the provisions of the Framework to WHO's engagements; extensive internal consultations and briefings at the three levels of the Organization to present the Framework and discuss its potential implications; and progress in the development of the WHO register of non-State actors and the electronic workflow for its roll-out before the Seventieth World Health Assembly. The role of the Independent Expert Oversight Advisory Committee in overseeing the Framework's implementation was outlined, as were the Secretariat's steps for the subsequent three months.

54. The Committee welcomed the Director-General's report, thanked the Secretariat for its work in developing and implementing the Framework, and called for the Framework's transparent, uniform and consistent implementation across all three levels of the Organization. Member States noted the Framework's importance as a part of WHO reform, and welcomed the adoption of the Framework by the Directing Council of WHO/PAHO.

55. The Committee also welcomed the role of the Independent Expert Oversight Advisory Committee in overseeing the application of rules and procedures in implementing the Framework, and its advice that WHO avoid taking an either/or perspective on "benefits versus risks" and "protection versus engagement".

56. The Committee called for: training and orientation for WHO staff on the Framework; support from the Secretariat to the Committee in overseeing and reporting on implementation to the Executive Board; vigilance to avoid conflicts of interest; and finalization of the register of non-State actors and the guide for staff before the Seventieth World Health Assembly.

57. The Committee requested further information on the cost of implementation of the Framework. A Member State requested further details on progress with the register and electronic workflow, and highlighted the requirement for the publication of the full workplans of non-State actors in official relations with WHO.

58. The Secretariat noted that support to the Committee in overseeing the implementation of the Framework included the publication of profiles of non-State actors in the pilot register. Additional staff had been recruited to support the implementation of the Framework, and workloads were being monitored to determine whether these resources are sufficient. With regard to the advice of the Independent Expert Oversight Advisory Committee to have only two levels of due diligence and risk assessment, the Secretariat provided an explanation of how this would be implemented across the three levels of WHO.

59. The Secretariat confirmed that the guide for staff and handbook for non-State actors would be finalized to support uniform implementation and would be made publicly available. Member States would be briefed on the status of implementation of the Framework and the roll-out of the register of non-State actors for the Seventieth World Health Assembly.

The Committee recommended that the Executive Board note the report by the Director-General.

- **Non-State actors in official relations with WHO: proposals for admitting non-State actors into official relations with WHO and review of renewals of non-State actors in official relations with WHO** (Document EB140/42)

60. The Secretariat apologized for the late submission of the document and recalled that the Framework on Engagement with Non-State Actors mandated the Programme, Budget and Administration Committee to make recommendations to the Executive Board regarding: admission of non-State actors into official relations; review of renewals of non-State actors in official relations; proposals for the deferral of reviews; and proposals for the suspension or discontinuation of official relations status. The complete plans for collaborative activities with WHO for 2017–2019 of the five applicants for admission into official relations would be uploaded onto the WHO website before the Seventieth World Health Assembly.

61. Members of the Committee welcomed the detailed report and agreed with the proposed actions.

The Committee recommended that the Executive Board adopt the draft decision contained in document EB140/42.

3.7 Human resources: update (Document EB140/46)

62. The Secretariat briefed the Committee on the human resources funded by the Global Polio Eradication Initiative, including location of personnel and types of contracts, and on transition planning. Polio-specific funding is already diminishing and will decrease substantially in the years following the interruption of wild virus transmission, and the Initiative will cease to exist after global

certification. The Secretariat aims to manage the risks associated with closure of the Initiative and to capitalize on opportunities for polio-funded functions and infrastructure to contribute to other programmes. Through various mitigating actions, the Secretariat expects that the cost of terminal indemnities can be significantly reduced from more than US\$ 100 million (estimated maximum worse case scenario) to an amount in the region of US\$ 55 million.

63. The Chairman of the Independent Expert Oversight Advisory Committee noted that the transition plan has been well defined in India. The approach taken in India could be usefully examined and similar approaches taken in other relevant countries. The impact of the transition needs to be carefully managed in relation to gender equality and costs. He encouraged the Member States to consider the change in retirement age at the most appropriate time.

64. Committee members indicated that a human resources report providing a holistic view of the human resources situation in WHO would have been preferable to one focused on one issue – in this case, liabilities in relation to polio. They also stressed that polio eradication must be seen through to the end, something that required managing many interrelated issues, among them human resources. Member States asked why the Secretariat had continued to issue continuing appointments, when concerns had been raised with this practice previously, and why the number of staff contracts continued to increase. They also asked why so many new staff were employed on permanent contracts and questioned the high proportion of general category staff.

65. Committee members requested further details of the figures in the report, specifically the estimated US\$ 55 million in indemnity payments with proactive planning. The Committee welcomed the establishment of the Global Steering Committee on Transition Planning, and the “consequence analysis” it had requested within critical country offices and health initiatives, and asked when that would take place. A plan to limit liabilities could include redeploying existing staff.

66. Member States noted that many staff positions, especially in the African Region, are funded by the Global Polio Eradication Initiative. They questioned the planning for managing such positions once their funding ceased, noting the significant human resources, programmatic and financial risks that the Organization could be exposed to. The report by the Secretariat showed only two options in most cases: dismissal or retirement. The staff members concerned are often involved in vital activities and there is a threat to the functioning of essential programmes and health systems as a result. A re-evaluation of this process is required, with a plan including deadlines to be presented to the governing bodies. Other Member States mentioned the need to discuss the issues surrounding human resources for polio eradication within a broader consideration of human resources at WHO. Some human resources could be moved to places where their skills are most needed. Other Member States requested more regular updates from the Secretariat on the issue. One Member State said that tailored country strategies are required, to be mapped out and then implemented; the lessons learned from India’s example could usefully be shared across all regions. Another Member State asked for clarification as to the source of funding for the contingency fund mentioned in the report.

67. The Secretariat explained how different staff contracts at WHO affect the termination liability. The practice of issuing continuing appointments had indeed ended, except to those staff members with fixed-term appointments who joined before February 2013. Fixed-term staff who had joined the Organization since February 2013 would not become continuing staff members and so were not creating legal or financial liabilities, and indeed one third of all contracts would not create a liability. Increasing the mandatory retirement age had financial implications because reassignment rights should be granted to staff members who otherwise would have retired with their full pension entitlements.

68. The Secretariat explained that as recent polio outbreaks had shown, staffing must take account of the possibility of more such unexpected outbreaks. The Secretariat is examining the status of contracts, and most vacant positions will be abolished. The large numbers of general category staff result from operational needs in affected countries.

69. In some cases, the Secretariat commented, it is necessary to create fixed-term positions rather than temporary ones, because they are a means of attracting the expertise and skills needed for, and beyond, eradication. As regards the consequence analysis, several departments in headquarters and regional offices are working together to develop a road map to be presented to the Seventieth World Health Assembly, including an analysis of the impact on non-polio programmes.

70. The US\$ 20 million in the contingency fund is primarily unspent provision against post occupancy charges, attributable to the polio fund. The Director-General allocated those funds to the contingency fund. The Secretariat expects to build up the reserve progressively, with a view to reaching close to the US\$ 55 million target.

71. The Secretariat also stated that regular reports would henceforth be issued to the governing bodies on the evolving situation.

72. In response to questions on human resources more generally, the Secretariat said that an update on the implementation of the human resources strategy had been published on the WHO reform website in November 2016 and proposed to have it translated into all official languages for the May governing bodies meetings. The Secretariat provides data on the range of age by staff categories and could provide age at entry and length of service in the next reports on human resources data. As a general rule, staff members were appointed to more junior levels at younger age and those appointed at director level were older.

73. With regard to the data on polio staff, the discrepancies observed reflected the lack of entry of data on some contracts into the Global Management System, the difference between the number of contracts issued and the number of staff concerned, and the calculation in terms of full-time equivalents. Discussions with the polio programme staff were being held.

74. Following introduction of the voluntary mobility policy in 2016, the Secretariat had drawn lessons that it had applied to the next round, starting with the launch in January 2017 of the compendium of posts for 2017. The compendium was only one of four approaches to encouraging mobility. The Secretariat called on Member States to continue their support for the policy.

75. The proportion of women in the professional category had risen by 1% in 2016, a better rate than in previous years. The target was an increase of 1.5% per year over five years for P4 positions and above. (One Member State proposed that a target of 3% a year would be desirable.) More women within the existing staff needed to be promoted from P2 and P3 levels, and nationals from under- or non-represented countries needed to be appointed. New posts, however, needed funding. As most staff members who were about to retire were men, there was an opportunity to replace them by women. All vacated posts were advertised. Staff Regulation 4.2 requires appointment of staff members with the highest standards. To that end, the Secretariat scores candidates and appoints those with the highest scores, irrespective of whether a woman has scored almost as highly; that raised the question of whether that policy should be continued.

76. In response to a question about whether accountability compacts were also being introduced for Regional Directors, the Secretariat explained that management indicators were being incorporated into the delegations of authority from the Director-General to the Regional Directors, and these were published on the WHO website. In response to a further question about how many staff members had been removed for poor performance, the Secretariat said that the update on the human resources strategy contained data on the number of staff whose appointment had not been confirmed at the end of the probation period; they showed good practice in identifying staff members with poor performance and/or lack of integrity.

The Committee recommended that the Executive Board note the report by the Secretariat.

- **Criteria and principles for secondments from nongovernmental organizations, philanthropic foundations and academic institutions** (Document EB140/47)

77. The Secretariat introduced its report on its response to the request in resolution WHA69.10 (2016) to develop a set of criteria and principles for secondments to WHO.

78. The Committee recognized the importance of the proposed criteria and principles and broadly agreed with those proposed in document EB140/47.

79. Some Member States stressed the need for transparency in WHO's selection processes. Comments included the need for the principles to stress transparency and the ethical requirement for a secondee working for WHO not to act against the Organization's interests. It was recommended that the Secretariat publish information on the source of secondments and the programmatic areas that they address.

80. Several Member States requested clarification of the manner in which WHO and the releasing entity would implement the principles and criteria of due consideration of gender equality and geographical diversity. A question was posed on how the releasing entity will define gender equality and geographical diversity. Clarification was also sought of whether the action of the Executive Board in noting the report would be sufficient, or whether it should recommend approval by the Seventieth World Health Assembly, in which case the action line for the Board should be amended.

81. Further, the question was raised as to whether the criteria and principles should be annexed to the Framework, incorporated into WHO's Staff Rules, or endorsed through a resolution. Although some Member States favoured annexing the criteria and principles to the Framework, serious concerns were expressed about the implications of reopening discussion of the agreed text. It was noted, however, that paragraph 75 of the Framework of Engagement with Non-State Actors called for periodic evaluation.

82. One Member State commented that one criterion for the secondee must be that he or she should provide technical expertise.

83. Another Member State suggested the inclusion of a clause giving preference to a candidate who has the support of the health ministry; however, several Member States were not in agreement with this proposal.

84. As to action by the Board, the Secretariat explained that the phrase "as appropriate" in paragraph 3(8) of resolution WHA69.10 (2016) allowed flexibility for the Board to choose to note the report or to take another action. If the Health Assembly chose to note the report, the Secretariat would include the criteria and principles in the Organization's human-resource policies and procedures.

85. In response to a question from a Member State about why the granting of a waiver of competitive selection was set at the highest level in WHO, the Secretariat explained that WHO's Staff Rules require the Director-General to authorize any exception. In further responses, the Secretariat said that geographical diversity referred to under- or non-represented countries. Information on that and on gender equality were available online for releasing entities. Transparency was guaranteed, as all secondments would be detailed in the register, and due diligence and statement of conflicts of interest would have been obtained.

86. One Member State considered that limiting the duration of a secondment to two years was reasonable, and asked whether or not the secondee could subsequently apply for a post in WHO. The Secretariat recalled that the Organization's policies required that the secondee's releasing entity guarantee a right of return (paragraph 3(b)(i) of the Secretariat's report) and noted that such a person could apply and must observe the requirement for a full competitive process of application for a post. In response, a Member State protested that secondees would enjoy an undue advantage in applying for a position following a secondment.

87. In other responses, the Secretariat said that it would review the requirement for a releasing entity to propose at least three candidates, especially as some small entities may not have sufficient suitable staff members, and the phrasing of the condition that the releasing entities will have given consideration to gender and geographical diversity.

The Committee recommended that the Executive Board note the report by the Secretariat.

3.8 Amendments to the Staff Regulations and Staff Rules (Documents EB140/48 and EB140/48 Add.1)

88. The Committee considered the proposed amendments to the Staff Regulations and Staff Rules and the associated draft resolutions.

89. The Secretariat explained that its report contained all the changes to the Staff Regulations and Staff Rules required to implement United Nations General resolution 70/244, adopted on 23 December 2015, on the basis of recommendations made by the International Civil Service Commission in its report for 2015, and decisions expected to be made by the General Assembly, on the basis of recommendations made by the Commission in its report for 2016. The amendments to salary, benefits and allowances conformed to the implementation of the United Nations General Assembly's approval of the revised compensation package for professional and higher categories in General Assembly resolution 70/244.

90. In addition and in line with General Assembly resolution 70/244, two options were considered for the extension of the mandatory age of separation for staff members appointed on or before 1 January 2014: (a) with effect from 1 January 2018; or (b) on another date, to be specified, beyond January 2018. These would include amendments to Staff Rules 410 and 1020. In response to the Programme, Budget and Administration Committee's request for briefing, which resolution 70/244 required to be made "taking into account the acquired rights of staff", the report specified the implications of these changes in paragraphs 45–56, linking them to the relevant portions of the resolution.

91. Member States thanked the Secretariat for its report on the options for extension of the new mandatory age of separation. The Committee urged that the measure take effect on 1 January 2018 in order to help to ensure uniform application and harmonized practices across the United Nations

common system to which WHO belonged, although Member States recognized the consequent negative implications that could have for the financial situation of, and gender balance within, the Organization. It was suggested that WHO try to mitigate the costs related to the expected winding down of the Global Polio Eradication Initiative.

92. Some Member States argued for implementation beyond January 2018, owing to the financial implications. They urged that the final choice of a date for implementation be further discussed by the Executive Board.

93. Member States asked for clarification as to whether delaying the extension of the new mandatory age of separation beyond 1 January 2018 would entail legal risk to WHO. The Legal Counsel explained that Article 36 of the WHO Constitution required the conditions of service of the staff of the Organization to “conform as far as possible with those of other United Nations organizations”. WHO therefore had to make this change, but also had the flexibility to decide how to do so. Although it is reasonable to regard this flexibility as including decisions on the effective date of implementation, it could not be excluded that staff members might seek to appeal to the ILO Administrative Tribunal on the grounds that a later implementation date negatively affected their pension benefits and, in the worst case, the costs could negate possible savings made.

94. Member States welcomed the recommendations made by the International Civil Service Commission on salary, benefits and allowances. While one Member State doubted the necessity of the incentive payments, introduced in Staff Rule 315, to secure the recruitment of experts in highly specialized fields, another welcomed this change. Another Member State noted that the amendments to salary, benefits and allowances were required to be reviewed and could subsequently be changed.

95. Further, Member States welcomed the Organization’s progress towards gender balance and more equal geographical representation among its staff, while acknowledging the need for further short- and long-term measures to reach these goals.

The Committee recommended that the Executive Board adopt the three draft resolutions contained in document EB140/48, namely: draft resolution 1, confirming the amendments made by the Director-General relating to the compensation package, related entitlements and salaries for staff; draft resolution 2, confirming the amendments made by the Director-General relating to the extension of mandatory age of separation to 65 years for serving staff with effect from 1 January 2018; and draft resolution 3 on remuneration of staff in ungraded positions and the Director-General, for submission to the Seventieth World Health Assembly.

3.9 Report of the International Civil Service Commission (Document EB140/49)

96. The Committee considered the report by the Secretariat.

The Committee recommended that the Executive Board note the report by the Secretariat.

Agenda item 4 Adoption of the report and closure of the meeting

97. The Committee adopted its report.

ANNEX

SUMMARY OF THE INFORMAL MEETING OF MEMBER STATES**Geneva, 19 January 2017**

During the twenty-fifth meeting of the Programme Budget and Administration Committee, some Member States suggested that an informal consultation should be convened on the margins of the Committee to discuss a process for addressing the financing challenges faced by WHO.

During the informal meeting, some Member States agreed to propose to the Programme Budget and Administration Committee a recommendation to the Executive Board at its 140th session that an open-ended informal consultation process be established to discuss issues related to: (i) development of programme budget; and (ii) financing of the programme budget.

Under **(i) development of the programme budget**, the following issues should be covered:

- setting of priorities
- better definition of results, including greater coherence between deliverables, outputs and budget
- costing of outputs
- realistic budget ceilings
- planning for efficiency gains and exploring areas for cost savings
- identification of budget shifts/decreases
- full cost recovery
- clarification on principles of distribution of budgets among major offices and categories
- improving indicators
- further alignment with the Sustainable Development Goals.

Under **(ii) financing of the programme budget**, the following issues should be covered:

- mobilizing resources in accordance with the priorities set by Member States
- exploring ways to incentivize flexible contributions
- reviewing strategic allocation of flexible resources
- managing shortfalls through prioritization and scenarios
- increase of the assessed contribution
- reviewing resource mobilization strategy by the Secretariat.

In terms of time-horizon, Member States agreed that the above tasks/areas fall into short-term, medium-term and longer-term categories. Some tasks could be helpful for improving the current (2016–2017) financial situation, some tasks are needed to finalize the draft Proposed programme budget 2018–2019 and several tasks go beyond the current Twelfth General Programme of Work, 2014–2019.

Member States requested the Secretariat to suggest priority areas for consideration, which would be discussed first leading up to the Seventieth World Health Assembly.

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