

WHO reform

Financing of WHO

Overview

1. Improving the transparency, alignment, and predictability of WHO's financing is at the centre of WHO's reform. In December 2012, an extraordinary meeting of the Programme, Budget and Administration Committee of the Executive Board agreed on five proposals designed to advance this aim. These were subsequently endorsed by the Executive Board at its 132nd session in January 2013.¹

2. Subsequently, a number of Member States have asked for clarification on the operationalization and implementation of these proposals. The purpose of this paper is to provide information on the following:

- (i) the implications for the 2014–2015 programme budget resolution and for WHO's Financial Regulations and Financial Rules of the World Health Assembly's approval of the proposed programme budget in its entirety;
- (ii) the form and format of the financing dialogue;
- (iii) the strategic allocation of WHO's resources; and
- (iv) the role of WHO's governing bodies in the different phases of the financing cycle of WHO's programme budget.

Approval of WHO's entire programme budget

3. WHO is financed by a mix of assessed contributions provided by Member States, and voluntary contributions provided by both State and non-State actors. In 2003, WHO embarked on a results-based programming and budget system, with deliverables based on funds from both assessed contributions and voluntary contributions. Currently, however, the World Health Assembly approves only the proportion of the programme budget financed from assessed contributions (i.e. approximately 25%).

¹ A detailed analysis of WHO's financing situation, challenges, and description of proposals examined by the Second extraordinary meeting of the Programme, Budget and Administration Committee on financing and EB132 can be found in document EBPBAC/EXO2/2 and document EB132/3.

4. In so doing, the collective oversight of the World Health Assembly over nearly 80% of the total budget of the Organization and the ability to hold the Secretariat accountable for the totality of available resources towards the implementation of WHO's agreed programme, priorities, and expected deliverables, is constrained.

5. The move towards approving the budget in its entirety is a radical departure from the way WHO currently does business. Deliverables in the programme budget will now be the key drivers of the work of the Organization and its resource mobilization efforts, and will facilitate enhanced budgetary discipline.

6. In addition to setting limits on assessed contributions, approval will set realistic — as opposed to aspirational — limits on voluntary contributions. It will also demonstrate greater ownership by Member States over WHO's resource requirements by reflecting greater commitment to align contributions against the budget's programmatic priorities, while assisting the Director-General in assuring the financing of the whole of WHO's programme budget. Moreover, it would facilitate WHO's ability to employ the programme budget as a central instrument for human and financial resource planning, and the effective management of potential financial risks to WHO.

The 2014–2015 proposed programme budget resolution and amendments to WHO's Financial Regulations and Financial Rules

7. In order for the Health Assembly to approve the WHO entire proposed programme budget, a number of changes are required in both the programme budget resolution and WHO's Financial Regulations and Financial Rules. In the programme budget resolution for the financial period 2012–2013, Member States appropriated the amount of assessed contributions across 13 budget envelopes. The term "appropriation" was relevant in this context as it applied specifically to the distribution of assessed contributions. In the context of approval of the entire budget, voluntary contributions cannot be "appropriated" in the same manner, as these are funds that are not yet assured.

8. Rather, while recognizing that the legal and financial obligation of Member States is limited to the assessed contribution part of WHO's total budget, the 2014–2015 proposed programme budget resolution will request the Health Assembly to:

- Approve WHO's two-year programme of work and performance measures; agree on the total resources required to deliver that programme;
- Allocate the total budget to WHO's six categories of work;
- Determine that the programme will be financed through a mix of assessed contributions and voluntary contributions; and
- Encourage Member States and other contributors to support, on a voluntary basis, the financing of the voluntary contribution part of the programme budget.

9. To align WHO's Financial Regulations and Financial Rules with the programme budget resolution outlined above, the amendments to WHO's Financial Regulations and Financial Rules clarify that the Director-General is authorized to raise and spend available resources in accordance with the approved budget, and that the financial obligation of a Member State following budget approval will continue to be limited to the assessed contribution.

A structured and transparent financing dialogue

10. The proposed financing dialogue aims to increase the predictability and transparency of WHO's financing before the implementation of the biennial budget begins. It is a transparent mechanism to allow contributors to enhance the alignment of resources with outputs agreed by Member States, as outlined in the programme budget. It is intended to contribute to the full funding of WHO's programme budget for 2014–2015.¹

Structure of financing dialogue and participation in financing dialogue meetings

11. The financing dialogue will occur after the Health Assembly approves WHO's programme budget and is marked by two dedicated meetings, tentatively scheduled for 24 June 2013 and 25–26 November 2013. All Member States will be invited to participate in the meetings. In addition, non-State partners who contribute more than US\$ 1 million to WHO will be invited (with the exception of private sector commercial enterprises). Participation will be either in-person or via a webstream. The Chairman of the Programme, Budget and Administration Committee will facilitate the discussions of the meetings of the financing dialogue. It is intended that both meetings will encourage dialogue among participants on how best to ensure the financing of the Organization.

First meeting: Launch session of the financing dialogue

12. The first financing discussion has the objective of providing participants with information on the funding needs of the Organization. The meeting will review the planned work of the programme budget for 2014–2015 and provide additional information on what funding is already available for it. This first meeting will also provide participants additional information related to the structure of the second meeting of the financing dialogue, and the methods to monitor progress in contributions to the Organization during the interim period.

Second meeting of the financing dialogue

13. The second meeting of the financing dialogue has the objective of increasing the predictability and alignment of WHO's financing. The agenda of the meeting will include programmatic detailing of what WHO intends to achieve and where, and will showcase the work of the different levels and different parts of the Organization. The second meeting will highlight financing commitments made to date and identify funding shortfalls in relation to the programme budget. Additional information arising from WHO's operational planning process will also be provided.

14. It is proposed that, during the second meeting of the financing dialogue, the Director-General will provide a provisional indication of the distribution of flexible monies available to the Organization towards the full funding of each category of work and major office at the beginning of the biennium, based on a detailed analysis of alignment of available resources with the programme budget.

15. The second meeting will enable Member States and non-State contributors to WHO to discuss information provided by the Secretariat in relation to programmatic activities and associated costs. The meeting will also feature a dialogue among Member States and non-State contributors to WHO, to

¹ The financing dialogue may not necessarily include discussions concerning the emergencies component of the proposed programme budget for 2014–2015.

examine existing resource deficits with the aim of identifying joint solutions towards the full funding of WHO's programme budget. The aim is to formulate a concrete approach to address remaining shortfalls. This will inform the development of an income and financing plan for review and guidance by WHO's governing bodies in 2014 (see the section on the role of WHO's governing bodies).

Interim period between meetings of the financing dialogue

16. The period in between the two meetings will comprise discussions between potential contributors and the Secretariat, with a view to articulating commitments in financing for presentation to the November 2013 meeting of the financing dialogue. These discussions will build on established WHO channels and mechanisms, and will be based on a clear picture of the Organization's funding needs. WHO's operational planning process to take place during this period will also inform the discussions of the second financing dialogue, as described.

The Sixty-sixth World Health Assembly DECIDES:

To establish a financing dialogue, convened by the Director-General and facilitated by the Chairman of the Programme, Budget and Administration Committee, on the financing of the programme budget, with the first financing dialogue on the proposed programme budget 2014-2015 to take place in 2013, in accordance with the modalities described in this paper.

Strategic allocation of WHO's resources

17. Historically, allocation of resources in WHO has been a challenging endeavour. The different models employed throughout the Organization's existence have met with varying degrees of success.

18. In view of experience to date, it is recognized that an Organizational approach to resource allocation must aim to ensure a 'fair allocation' of resources to WHO's major offices, accommodate all WHO's financial resources, both assessed contributions and voluntary contributions, and address primary concerns of what the assessed contributions will be used for and when the allocation of the assessed contribution per Regional Office will be known.

19. The 2014–2015 programme budget is a transitional budget; the allocation has been informed by Member States' expectation of a realistic budget based on past trends of income and expenditures as well as agreed organizational deliverables reflecting programmatic shifts in emphasis grounded in health priorities. As a transitional budget, it is important that the Secretariat report regularly to WHO's governing bodies on income and expenditure for their oversight and guidance on course correction, if appropriate.

20. It is recognized that assessed contributions are the most flexible resources available to the Organization and need to be used strategically. It is also recognized, however, that a divergence that is too drastic from previous allocation may create serious risks for existing, long-term programmatic and staffing commitments.

21. With the shift towards a realistic limit on the programme budget, a new WHO resource allocation methodology is required. WHO needs a transparent, well-coordinated resource mobilization mechanism, with fair allocation of resources that are used and managed effectively and produce desired results. It is intended that resource allocation be rooted in the principles of transparency, equity and support of countries in greatest need, while following a clear definition of resource needs reflecting WHO priorities. Such allocation will be grounded in a robust bottom-up planning process

and realistic bottom-up costing of outputs based on clear roles and responsibilities across the three levels of WHO. In addition, due consideration will continue to be given to performance, the core functions of the Organization, and the areas within WHO that work is best and most effectively performed. The new allocation mechanism will be developed and used for the programme budget to be proposed for 2016–2017.

Role of WHO's governing bodies in the full funding of WHO's programme budget

22. The oversight role of WHO's governing bodies in relation to the financing of WHO's programme budget can be viewed in the context of the three discernible phases of WHO's financing cycle:¹ priority-setting and programme budget development; the financing dialogue period; and subsequent targeted, coordinated Organization-wide resource mobilization (Figure).

23. In the **first phase**, priorities for the Organization will be approved by the governing bodies, beginning with the regional committees, through the January session of the Executive Board, and ending with the World Health Assembly's approval of the programme budget in the year prior to budget implementation.

24. The **second phase**, which begins once the Health Assembly has approved the programme budget, brings Member States together with WHO's non-State contributors in a joint and transparent financing dialogue to align resources to the programme budget and ensure greater predictability at the beginning of budget implementation.

25. In relation to the financing dialogue specifically, the Programme, Budget and Administration Committee and the January session of the Executive Board of the first year of the biennium will consider and provide guidance to the Director-General on the outcome of the financing dialogue to be presented as part of a broader Organizational income, financing and resource mobilization plan. WHO's governing bodies will also review the Director-General's use of the different sources of monies available to the Organization towards full funding of each category of work and major office at the beginning of the biennium.

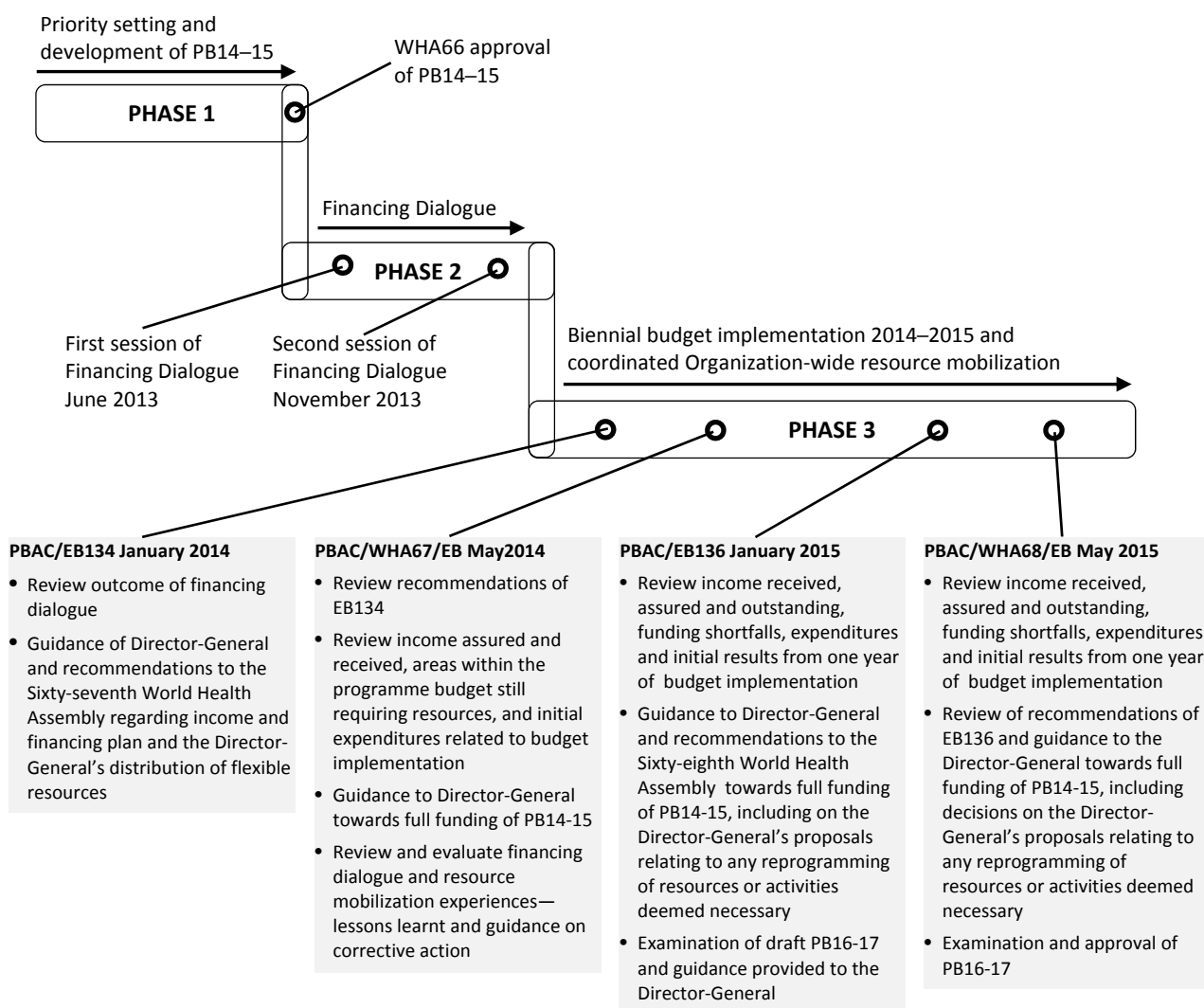
26. The **third phase**, coordinated Organization-wide resource mobilization, will proceed throughout the course of biennial budget implementation. This phase is aimed at targeting areas requiring further funding pursuant to the financing dialogue. The Secretariat will continue resource mobilization efforts during the programme budget cycle in order to address such shortfalls, as part of the ongoing engagement with partners. A coordinated, Organization-wide resource mobilization plan of action will be developed to be implemented under the leadership of the Director-General and the Regional Directors for review by WHO's governing bodies.

27. During this third phase, and further to the recommendations of the Executive Board in January, the World Health Assembly in May of the first year of the biennium will review and provide guidance to the Director-General relating to income assured and received, areas within the programme budget still requiring resources, and initial expenditures related to budget implementation. An evaluation of the financing dialogue and resource mobilization experiences will be presented to the Health Assembly in 2014 for Member State review and guidance on any corrective action, where appropriate, in advance of proceeding with the financing process for the proposed programme budget 2016–2017.

¹ As noted in EBPBAC/EXO2/2.

28. The information presented to WHO's governing bodies in the second year of the biennium will be extended to cover income received, assured and outstanding, funding shortfalls, expenditures and the initial results from one year of implementation. The governing bodies will be invited to provide guidance on the Director-General's proposals relating to any reprogramming of resources or activities deemed necessary, in view of the progress towards programme budget implementation, new mandates received and World Health Assembly resolutions with associated financial implications or emerging public health needs.

Figure: Role of WHO's governing bodies towards the full funding of WHO's programme budget



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