

Follow-up to the financing dialogue

Independent evaluation

Report by the Director-General

1. In line with decision WHA66(8) and the modalities described in document A66/48, the Director-General has the honour to transmit to the Sixty-seventh World Health Assembly an independent evaluation of the financing dialogue, prepared by an external consultant (see Annex).

ACTION BY THE HEALTH ASSEMBLY

2. The Health Assembly is invited to note the report and provide guidance on the future of the financing dialogue.

ANNEX

***WHO Financing
Dialogue
Evaluation***
Final report



Disclaimer

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Ref: Financing dialogue Evaluation
Attn: Mr David Webb, Director
Office of Internal Oversight Services
World Health Organization
20, Avenue Appia
CH-1211 Geneva 27
Switzerland**

Geneva, 17 April 2014

Dear David,

The PwC team is pleased to provide you with our report on the Financing Dialogue Evaluation (“the evaluation”) of the World Health Organization (“WHO”).

We prepared this report in accordance with our contract dated 19 February 2014 and the terms and conditions included herein. We conducted the evaluation between February and April 2014. During this time, the PwC team organised 26 interviews including 12 with WHO senior management, 11 with Member State representatives and with non-State contributors, including one foundation and two global health organizations. We complemented the interviews with a thorough desk review and a review and analysis of WHO’s financial situation and donor contributions for the biennium 2012-13 and 2014-15. We also conducted an online survey of about 230 Member States and non-State contributors that were invited to attend the Financing Dialogue.

We remain at your disposal for any further information or clarification on this document and look forward to hearing from you.

Yours faithfully,

PricewaterhouseCoopers SA

A handwritten signature in grey ink, appearing to read 'Gill Sivyer', written over a light grey horizontal line.

Gill Sivyer
Engagement Leader

A handwritten signature in grey ink, appearing to read 'Josephine Pallandt', written over a light grey horizontal line.

Josephine Pallandt
Engagement Manager

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Glossary

AC	Assessed contributions
AMRO	WHO Regional Office for the Americas
AFRO	WHO Regional Office for Africa
CVC	Core Voluntary Contribution
DDG	Deputy Director-General
DG	Director General
DGO	Director General's office
EB	Executive Board
EMG	Evaluation Management Group
EMRO	WHO Eastern Mediterranean Region
EURO	WHO European Region
GPG	Global Policy Group
IOS	Internal Oversight Services
MDG	Millennium Development Goals
MoH	Ministry of Health
NCDs	Non-communicable diseases
PAHO	Pan American Health Organization
PB	Programme Budget (WHO)
PBAC	Programme, Budget and Administration Committee of the Executive Board
PRP	Planning Resource Coordination and Performance Monitoring
RBM	Results Based Management
RC	Regional Committee
RD	Regional Director
RfP	Request for proposal
RM	Resource Mobilisation
RO	Regional Office
SEARO	WHO South-East Asia region
SO	Strategic Objective
ToR	Terms of Reference
UNAIDS	Joint United Nations Programme on HIV/AIDS
VC	Voluntary contributions
WHA	World Health Assembly
WHO	World Health Organization
WPRO	WHO Western Pacific region

1. Executive Summary

The evaluation of the financing dialogue was requested at the 66th World Health Assembly by Member States and PwC led and completed it between February and April 2014.

The main objective of the evaluation was **to assess whether the financing dialogue and related resource mobilization experiences improved the five principles** namely alignment, predictability, flexibility and transparency of WHO's financing and whether it broadened WHO's contributor base.

The evaluation approach included **26 in-depth interviews, a thorough desk review and an on-line non-attributable survey** of all financing dialogue invitees. The evaluation focussed on an assessment of the financing dialogue process, the achievement of its five principles and the way forward for the financing dialogue.

The financing dialogue **process is an integrated series of events and activities** that included a strategic planning and preparation phase, two milestone financing dialogue meetings, bilateral meetings, mission briefings and Regional Committee discussions.

The total costs of the financing dialogue process are an estimated USD 935,967.

Major positive outcomes of the dialogue process assessment were:

- **The overall strategy for the financing dialogue resonated well with contributors expectations.** 98% of the survey respondents want WHO to be transparent about the budgeting process and 93% want to see improved transparency in WHO funding process.
- The creation of a new public debate between Member States and non-state Actors on financing is a **significant step forward for WHO's reform journey.**
- Overall the financing dialogue process was a success, **96% of the survey respondents confirmed it should continue**

Important lessons learned from the financing dialogue process were:

- The financing dialogue was hampered by **not being anchored in an organisation wide resource mobilization vision** and strategy
- The set up and ways of proceeding were **too similar to a regular WHO governing body meeting.** The current format did not create an adequate distinction and prospective donors were not invited yet.

A full assessment of the impact of the application of the **financing dialogue principles** on the financing of the PB 2014-15 can only be undertaken at the end of 2015, as three months into the 2014-2015 PB is not sufficient to observe organisational changes in the way WHO is financed.

Nevertheless, **major positive outcomes** to date are the following:

- **The financing dialogue reinforces the new PB as an important resource mobilisation tool.** The new level of detail in the transition PB 2014-15 creates an incentive to align funding to the budget overall. 44% of respondents are committed or consider aligning their funding fully to the PB.
- **More predictable funding at the start of the 2014-15 biennium.** The level of predictable funding reached 69% at the start of this new biennium which has not been achieved in previous biennia (61% and 52% respectively).
- **Around 25% of the total PB funding was projected prior to the second financing dialogue.** The financing dialogue was not positioned as a pledging conference but a dialogue process. Nevertheless a large group of key donors provided projections increasing the predictability of WHO's financing.
- **Web portal highlight of the financing dialogue.** 85% survey respondents confirmed that the web portal provides transparency on WHO's financing which did not exist previously. And 55% of the survey respondents consider that the web portal provides them with more confidence the way WHO manages its funding. The **web portal also catalyses internal transparency and accountability.**

- **Introduction of firm measures to avoid misalignment of incoming funds.** Funds may be turned down by WHO should alternative solutions to alignment be conclusive. Internal new measures are taken to use 20% of ACs and CVCs in a strategic manner.
- Strong commitment to broaden the donor base **aiming for a greater proportion of Member States to carry the funding responsibility.** Priority will be given to Member States, followed by grant making foundations, philanthropists, the private sector, NGOs, High Net Worth Individuals and finally the general public.

There is an overwhelming support for the financing dialogue to continue with 96% of survey respondents in favour of the process. However, to ensure that the financing dialogue continues to make an impact, WHO needs to ensure that it aims to:

- **integrate the financing dialogue in a strategic framework that defines more clearly WHO's mission, strategy, mission and mandate.**
- be embedded in a **centrally coordinated resource mobilization approach** which leverages existing funding successes across the Organization.
- benefit from investments **to increase resource mobilization capacity** including personal engagement by senior management in funding activities.
- **identify the purpose and function of each meeting** further including reconsidering the format and length of the financing dialogue meetings.
- **broaden the audience including prospective donors and scientists** to provide their inputs in the discussion around the major health challenges and the key role that WHO will continue to play.

2. Introduction

In 2010, in the midst of the global financial crisis, the Director-General (DG) convened an informal consultation on the future financing of the WHO. The DG's initiative was a response to Member States' concerns on how WHO could better align its objectives to available funding and how it could secure funding in the future. This consultation resulted in a report¹ to the Executive Board (EB 128) in January 2011 and paved the way to an ambitious Member States' driven reform programme that would first address WHO's organisational performance and then its financing.

Against this background WHO management embarked on a financing dialogues process, a full overview of which including governance, objectives and key events is set out in **Annex 1**.

The evaluation of the financing dialogue was requested at the 66th World Health Assembly by Member States. PwC was selected to conduct the independent evaluation which took place between February and April 2014. The evaluation results will be presented to the 67th session of the WHO in May 2014. In line with the Terms of Reference for this evaluation (see for full details, **Annex 2**), the objectives were to address the following questions:

- Has the financing dialogue and related resource mobilization experiences improved the alignment, predictability, flexibility and transparency of WHO's financing and broadened the contributor base?
 - What are the strengths and weaknesses of the mechanism and the lessons learnt regarding resource mobilization experiences?
- Is the current approach to the financing dialogue and resource mobilization experiences still relevant and should the mechanism be considered for the Programme Budget 2016–2017?
 - What did it cost?
 - How can the financing dialogue be enhanced or improved?

The evaluation was conducted in close collaboration with the WHO Secretariat, including the head of the office of Independent Oversight Services, who commissioned the evaluation. The PwC team have taken care to ensure the evaluation builds on the findings of the Stage 2 evaluation of the WHO reform, specifically those related to the financing dialogue. Additional details of the evaluation methodology are available in **Annex 3**.

The evaluation approach included:

- **26 in-depth interviews.** We undertook a total of 26 interviews face-to-face or by telephone including with 12 WHO members of senior management (HQ and regional offices), 11 Member States representatives (Ministry of Health, Ministry of Foreign Affairs, Geneva-based missions and Development Aid Agencies) and non-State contributors including one foundation and two global health organizations. The list of interviewees' details is presented in **Annex 4**.
- **Review an analysis of financing dialogue materials.** We reviewed all materials issued in preparation of the financing dialogue and the reports and minutes of the major events and activities which took place between June and November 2013. A non-exhaustive list of reports reviewed is presented in **Annex 5**.
- **Attendance at both financing dialogue meetings.** We observed both financing dialogue meetings as part of the Stage 2 evaluation activities.

¹ The future of financing for WHO, Report by the Director-General, Executive Board, 128th Session, 15 December 2010.

- **Review and analysis of WHO's financial situation** and donor contributions for the biennium 2012-13 and 2014-15.
- **Survey of invitees to the financing dialogue.** An online and anonymous survey was distributed to assess the perception of Member States and non-State contributors on the effectiveness and impact of financing dialogue and their resource mobilisation experience.² The survey ran for two weeks between 21 March and 4 April 2014 and was available in English, French and Spanish. A total of 47 participants completed the survey in its entirety, resulting in a response rate of 20%. The detailed survey results are presented in **Annex 6**.

In terms of limitations the scope of the interviews allowed 4% of all Member States and 4% of all non-State contributors to be interviewed. However, we ensured that findings from interviews were triangulated with survey and desk review results. The findings and recommendations we present in this evaluation report need to be considered in light of the above limitation.

The remainder of this report is set out as follows:

- Section 3: *The financing dialogue process*
- Section 4: *The financing dialogue principles*
- Section 5: *Recommendations*

² The Survey invitees included Member States representatives from Missions, Capital and development agencies as well as non-State contributors, including foundations, UN agencies and health partnerships providing more than 1 million USD in contribution.

3. The financing dialogue process

The financing dialogue process was an integrated series of events and activities that included:

- **A strategic planning and preparation phase** which set the framework for the FD process, including the five guiding principles.
- **Two milestone financing dialogue meetings** which took place on 24 June and 25-26 November 2013 with participation from Member States and non-State Actors including foundations, UN agencies, and global health partnerships.
- **Bilateral meetings** between the Secretariat and 19 Member States and non-State Actors³ between the June and November meetings.
- **Mission briefings** convening Member States with Geneva-based missions to enhance their understanding of the financing dialogue’s objectives.
- **Regional Committee** meetings which took place between September and October 2013 and where the financing dialogue was discussed.

Figure 1 below shows where the financing dialogue process fits within the Programme Budget 2014-15 cycle.

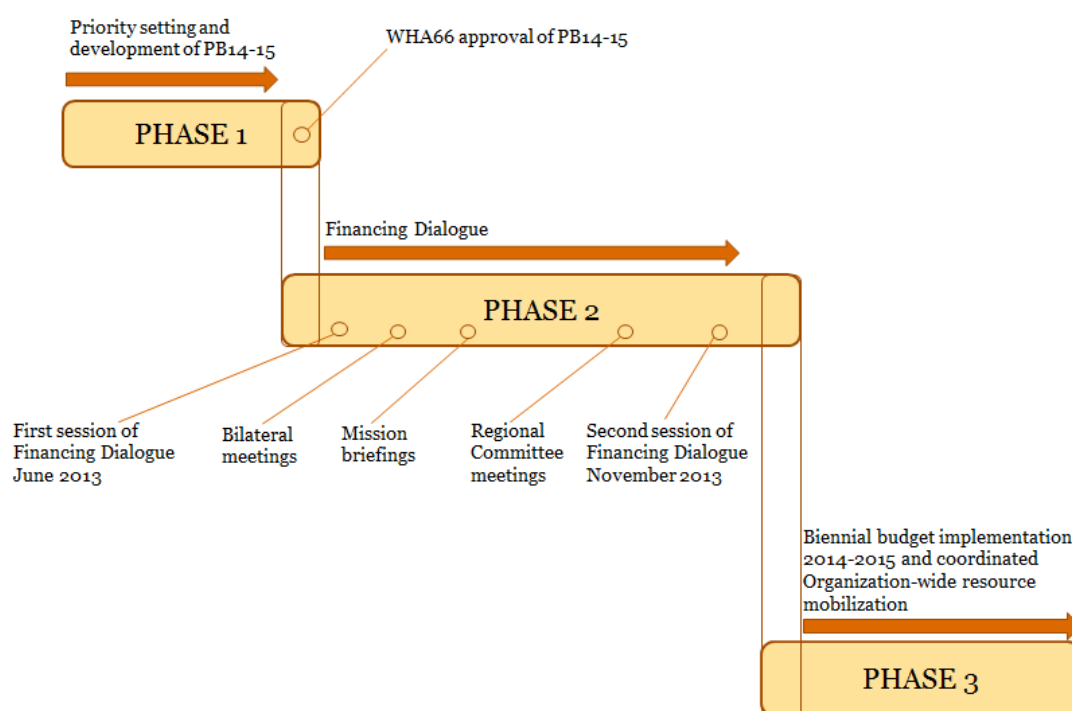
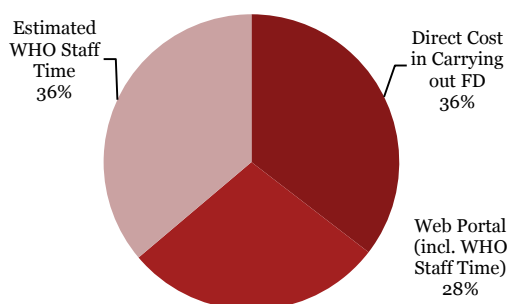


Figure 1: The financing dialogue process

³ Financing dialogue bilateral discussions were conducted with the following contributors: Netherlands, Australia, Switzerland, United States, Japan, Luxembourg, Finland, Norway, Republic of Korea, Germany, China, Malaysia, United Kingdom, European Commission, Canada, Bill & Melinda Gates Foundation, Sweden, South Africa.



The total costs of the financing dialogue process is estimated at USD 935,967⁴. This represents direct costs related to organizing the dialogue sessions (36%), costs to design and create the web portal (28%), and estimated WHO staff time allocation to the financing dialogue process (36%). This is illustrated in the Figure 2 to the left.

The direct cost included the cost of catering, administrative staff, interpretation of sessions in 6 languages, preparation of communication material in 6 languages, and travel costs. A summary of the costs shows:

Figure 2: Cost breakdown of the FD

Direct Costs

June 2013 Meeting Expenses	\$ 87,173
November 2013 Meeting Expenses	\$ 188,272
Dedicated Project Management Staff	\$ 158,710
Cost of Creating a Web Portal	\$ 220,662

Indirect Costs

Estimates of WHO staff time	\$ 281,150
Total Costs of Implementing the financing dialogue	\$ 935,967

Table 1: Total costs of implementing the financing dialogue

A more detailed breakdown is included in Annex 7.

In the next section we set out the strengths and weaknesses of the financing dialogue process.

Strengths of the financing dialogue process

Visioning and strategic focus

- **Overall the FD process was a success with 96% of the survey respondents saying that it should continue.** The same strong message came through from the interviewees who praised WHO for taking a strategic approach towards financing the PB.
- **The strategic intent of the financing dialogue process was clear.** All 9 contributors, whom we interviewed, were clear that the financing dialogue meetings were not pledging conferences. 97% of survey respondents find that the purpose and objectives of the financing dialogue are clearly communicated. Three indicated that there was scope for improvement, but recognised that this was a new process.
- **The five key principles of the financing dialogue are clearly understood by most survey respondents.** In terms of clarity of purpose, 97% of the survey respondents find that the purpose and objectives of the financing dialogue are clearly communicated. The financing dialogue brochure summarising the 190 pages of text of the Programme Budget has also been cited by some interviewees to have contributed to a better understanding of the key elements of the funding situation. Out of the five principles, transparency scores as the most important driver for the financing dialogue meetings. And importantly, the survey also shows that 72% of the respondents did not expect the financing dialogue to be a pledging conference.

⁴ WHO, working document, Financing dialogue cost allocation, PRP, March 2014.

- **The overall strategy for the financing dialogue resonated well with contributor’s expectations.** 98% of the respondents to the online survey want WHO to be transparent about the budgeting process and 93% want to see improved transparency in WHO funding process as shown in Figure 3 below:

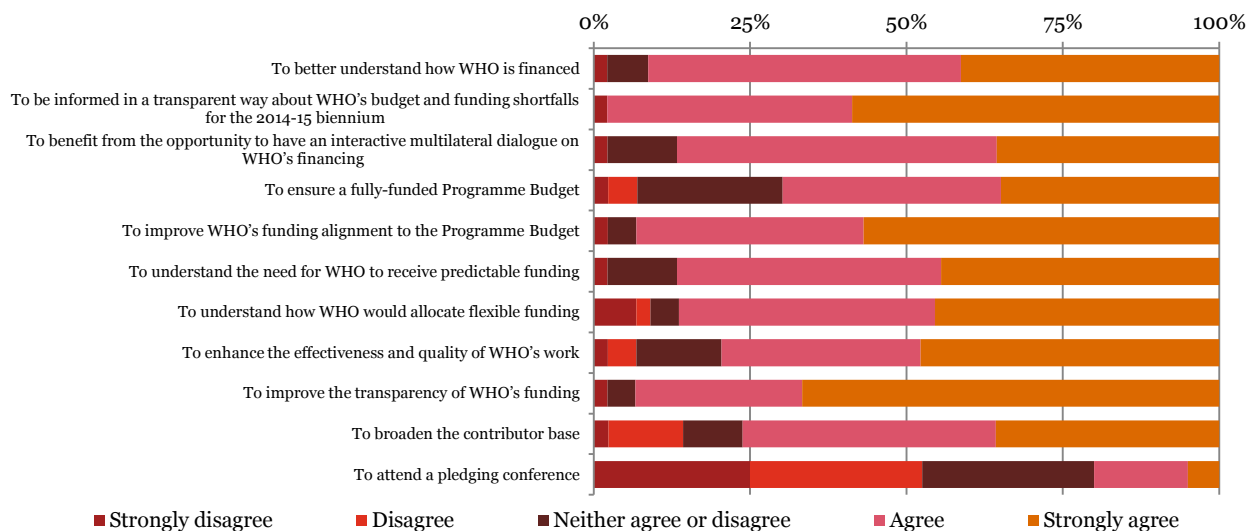


Figure 3: Survey respondent’s expectations from FD

Stakeholder engagement

- **WHO senior management and Member States’ fully buy-in to the concept of the financing dialogue.** The DG’s report to the Executive Board 128th session in December 2010, ‘The future of financing for WHO’⁵; several rounds of donor consultations led by a special envoy; and a number of other key governing body meetings about proposals for better financing have cumulated in the endorsement by the Executive Board of the financing dialogue at its 132nd session in January 2013. A two year process of strategic assessment and validation has enabled the secretariat to a shared understanding of the aims of the initial financing dialogue process at senior management levels of WHO.
- **The financing dialogue is seen as adding significant value and bringing together all Member States and other contributors to focus on WHO’s financing.** Both Member States and non-State Actors highly value the initiative to move towards a transparent process for dialogue amongst all donors. The financing dialogue is unique in the UN, and WHO is setting a precedent which others are watching closely. The creation of a new public debate between Member States and non-state Actors on financing is a significant step forward for WHO’s reform journey.
- **The financing dialogue meetings were intentionally not pledging conferences.** Against that background, it is significant that for the first time projections with a total of almost 25%⁶ of the PB were shared with WHO, ahead of the November financing dialogue meeting. This was a direct outcome of the bilateral meetings which took place between the June and November financing dialogue meetings. However, these projections were made by 18 Member States and non-State Actors only, meaning that other potential contributors did not yet provide projections.

⁵ WHO, The future of financing for WHO, Report by the Director-General, Executive Board, 128th Session, 15 December 2010.

⁶ WHO, working document, Funding projections, by contributor and by category, USD, as at 22 November 2013. Projected funds are either (1) firm projections provided by contributors, but not yet available to WHO. These funds are typically subject to final approval (e.g. Parliament, Board) (2) approved contributions that are in final signing stage, and, (3) signed agreements finalized but not yet recorded by WHO and therefore not yet showing as available. The total value of projections made at the financing dialogue were USD 935'981'714.

- **The dialogue process improved between the June and November meetings.** There has been a significant improvement around the communication of the purpose and objectives of the FD from 79% in June to 97% in November. In June, 30% of respondents thought the level of timeliness, adequacy and level of details of documents provided could improve; in November this dropped to 15%.
- **The FD process was assisted by the bilateral meetings.** From the survey, 92% of the respondents thought that the bilateral meetings were well organised. 75% agreed that the bilateral meetings added value to the FD process, however, none of the survey respondents found the bilateral meetings more useful than the FD meetings. Although only two out of 9 contributors indicated in interviews that they found the technical inputs valuable, 93% of survey respondents indicated that they valued the technical inputs from WHO departments. Our findings are illustrated below in Figure 4

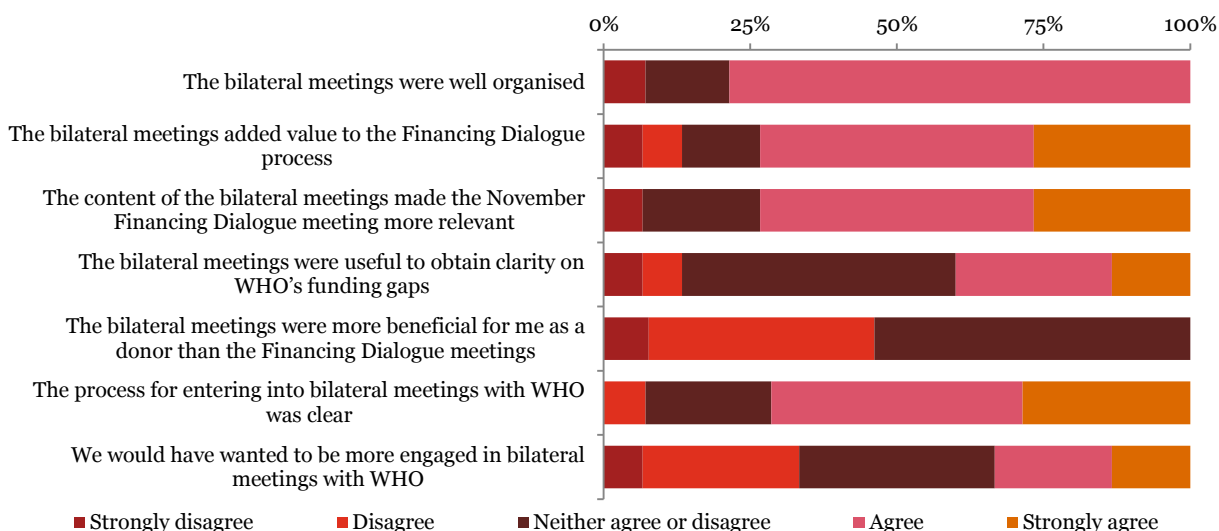


Figure 4: Findings from the bilateral meetings

Project Management

- **Dedicated programme leader for the FD process.** Project management capacity for the financing dialogue process was initially provided by the Director-General’s Office (DGO) but prior to the first financing dialogue meeting transferred to PRP. PRP appointed a financing dialogue project manager in June 2013 but this was only three weeks prior to the first financing dialogue meeting.

Behavioural and process changes

- **The web portal is a catalyst for greater transparency.** Member States regard the web portal as a significant step forward to create more transparency on funding gaps and resource allocation challenges. Equally important, internally the portal serves as a change agent in its own right. The portal is triggering managerial, behaviour and process changes within WHO that should lead to more accurate planning, improved resource allocation and better financial management.
- **For the first time the PB was used as a strategic RM tool.** In contrast to the past, the transition 2014-15, was approved for the first time in its entirety by Member States. The PB is likely to become a major fundraising tool in its own right, which will be reinforced by the financing dialogue process. WHO will now seek funds to fund fully the PB which in turn will result in further structural improvements for the period 2016-17 and beyond.

Lessons learned from the financing dialogue process

Visioning and strategic focus

- **The financing dialogue was not anchored in an organization wide resource mobilization vision and strategy.** WHO continues to have a fragmented approach towards raising funds in all three levels of the Organization. The One WHO resource mobilisation approach has not been harmonised with the FD process.
- **The financing dialogue only one of the solutions to bring about organisational reforms at WHO.** The key principles of the FD are not harmonised with other elements including bottom-up planning, Results Based Management (RBM), and the definition of costs and allocation of resources.

Project management

- **The web portal needs to mature.** Three out of nine contributors indicated that the web portal is still generic and additional granularity is needed. Furthermore, four of them indicated that the web portal needs to provide accurate information in order to build trust in the process. We acknowledge that the portal was considered a big success of the FD process, however, a lot of work remains to ensure accuracy, timeliness, and relevance of information. Annex 8 to this report provides more details on the portal assessment.
- **The financing dialogue terminology is not clear.** There is a misunderstanding about what the term financing dialogue refers to. Many interviewees are not clear on whether the financing dialogue refers to both dialogue meetings or also to the other resource mobilisation activities which took place in between the two financing dialogue meetings.

Stakeholder Engagement

- **Strong focus on existing and current donors.** From our interviews we got a strong sense from emerging economies that the dialogue failed to engage them in a way that explores jointly their ability to increase contributions to WHO. Three out of 9 contributors confirmed that non-Member State donors were not sufficiently engaged. The dialogue focused on WHO's traditional donors and needs to be more interactive in the future. 70% of all survey respondents indicated that they would like the FD to be expanded to include potential new donors.
- **Some stakeholders felt excluded from the bilateral meeting process.** While the Secretariat invited in writing all Member States the opportunity for a bilateral meeting, nearly one third of survey respondents indicated that they would like to be more engaged in bilateral meetings with WHO.

Format

- **The set up and ways of proceeding were too similar to a regular WHO governing body meeting.** The financing dialogue is not a governing body meeting but the format did not create an adequate distinction. The meeting room was the same one used for governance meetings; and as often happens at those meetings a number of written statements were read out during the financing dialogue meetings.

4. The financing dialogue principles

This section analyses the impact of the financing dialogue against the four guiding principles that were agreed to underpin the financing dialogue process:

- addressing alignment
- predictability
- flexibility
- transparency
- broadening the contributor’s base.

The financing dialogue process was launched as a new initiative and is in its formative stages. Therefore it is important to view it as a **starting point of a longer journey** towards improving WHO’s financing mechanism. It is too early to definitely evaluate the successes of the FD. The second key meeting was concluded in November 2013 and four out of 9 contributors interviewed indicated that it is too early to say whether the FD was a success. We expect to see the impact of the FDs as the biennium continues and WHO tracks receipts of donor monies and updates the over and underfunding for the Categories. Against this background management will be able to understand the impact of the FD on WHO’s funding and make informed decisions.

Our survey findings in Figure 5 below show the impact of the FD on respondent’s ability to support the principles.

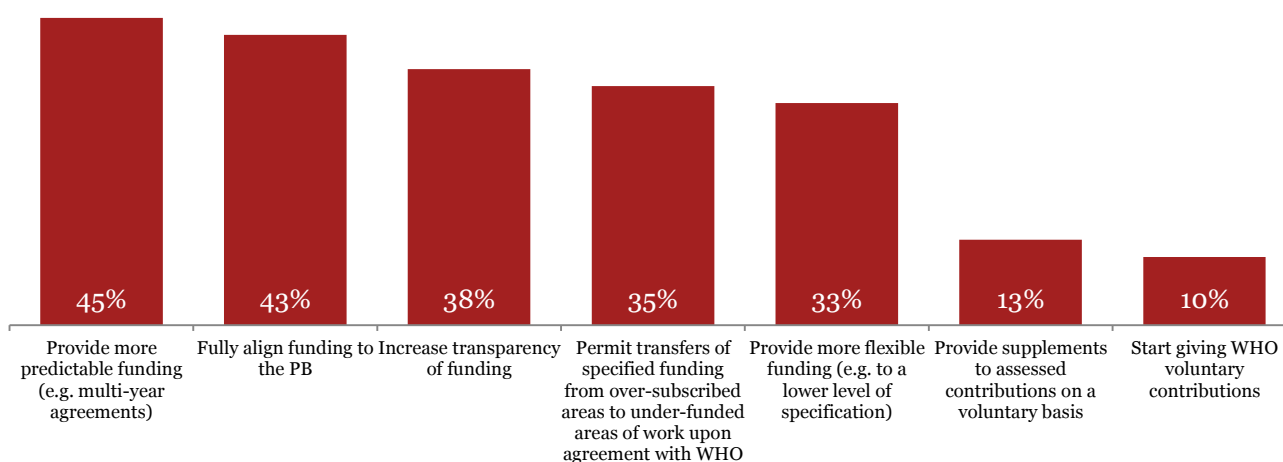


Figure 5: Impact of the FD process

We set out below our assessment of the impact of the FD on each of the principles, as of April 2014.

Alignment

Financing dialogue principle # 1: Member States and other funders to commit to allocating funding in a way that is fully aligned with the approved Programme Budget.

Background

The alignment of funds with the programmes and priorities set out in WHO’s PB has been a major financial challenge for the Organization. To align funds fully would require Member States and other contributors to

provide earmarked funding in line with WHO's priorities and for the Secretariat to decline funding which is not in line with the PB.

Historically, WHO has had over and under-funding of its PB at the level of SO/categories as well as within SO/categories and across programmes and regions. For example at the start of the 2010-11 biennium there were funding shortfalls from the start that were most acute for the SO 9⁷ (30% funded), while at the start of the 2012-13 biennium SO 5⁸ was funded at only 37%⁹. In other cases the fund received exceeded the requirement. To address underfunding technical departments, regional and country offices have often been independently and actively raising funds to cover gaps in their programmes but also to raise funds for activities that are beyond the budget. As a result, the resource mobilisation is not aligned with the PB.

The positive impact of the financing dialogue

There are a number of encouraging developments resulting from the financing dialogue process on the alignment of funds as follows:

Strategic allocation of Assessed Contributions (AC) and Core Voluntary Contributions (CVC). For the first time the Director-General has decided to withhold 20% of AC. These funds, together with CVC will be strategically distributed to ensure that further alignment can be achieved.

The financing dialogue enhances the new PB as an important resource mobilisation tool. The new level of detail on the budget across the three levels of the Organization in the transitional PB 2014-15 creates an incentive to align funding to the budget overall. It also provides clarity on what Member States can expect WHO to deliver on and contributes to a stronger framework for accountability.

The financing dialogue has fostered commitment to align funding to the PB. The PB is considered an essential financial tool that will incentivise donors to align their funding to the categories of work and programme areas. Participants in the dialogue meetings acknowledged that earmarking is acceptable if directed towards PB funding gaps. Furthermore, 93% of survey respondents had a key expectation that the FD will improve the WHO's funding alignment to the PB; and 44% are committed to or are considering aligning their funding fully to the PB. Nevertheless, a Secretariat analysis at the end of February 2014 indicated that 8 out of 25 programmes (excluding Category 6 and emergencies) still had USD 50+ million in shortfall¹⁰.

Announcement of firm measures to avoid misalignment of incoming funds. The proposed 4 step approach by the Director-General encourages donors to re-allocate funding from over to under-allocated areas and eventually may result in turning down funding, should alternative solutions be conclusive. This new approach does require a new process to ensure a more disciplined implementation of WHO resource mobilisation policy. From the survey we found that 35% of the respondents would consider transfer of specified funding from over to underfunded allocated areas of work.

Contributors are exchanging views outside the financing dialogue process on better aligning their funding to WHO. We have understood from two sources that the financing dialogue process has catalysed a small group of contributors to discuss amongst themselves on how to better align their collective funding to WHO.

Lessons learned

Management needs to ensure their communications properly convey their key messages. For example, current messages about the PB being 69% funded (as at 31 December 2013) do not reflect WHO's

⁷ SO 9 is Nutrition and Food Safety

⁸ SO 5 is Emergencies and Disasters

⁹ WHO, PRP, working document, biennial starting values 2010 through 2015, 31 March 2014.

¹⁰ Programme Area Funding based on GSM data and Projections (28 February 2014), USD

continued funding vulnerability and have given some staff the impression that WHO is well on the way to being fully funded. In reality several key categories of work and programme areas remain heavily under-funded.

Sharing information about over and underfunding, both internally and externally, will improve alignment. 68% of the survey respondents indicated that the financing dialogue is generating a discussion within their organisation on how to align their funding with WHO's PB. 3 out of nine contributors interviewed also indicated that the financing dialogue process is helping them better coordinate internally and consolidate their funding to WHO.

Predictability and Flexibility

Financing dialogue principle # 2 and 3: Member States and other funders to commit to striving for increased predictability and flexibility of their funding, to enhance the quality and effectiveness of operational planning.

Background

Traditionally the available funds at the start of the PB have been around 50%¹¹ which has created significant challenges for WHO. Around 50% of WHO's total budget is needed for human resources, but this does not account for any additional staffing which may be required if the PB becomes fully funded. The goal of the financing dialogue was therefore to push the level of predictability of financing to around 70%.

Over the last three biennia the proportion of VC continued to increase amounting to an expected 77% for the PB 2014-15. VCs are largely earmarked by donors and so cannot be used in a flexible manner including the transfer from one programme to another, or to cover staff costs. For example during the PB 2012-13 only 26% of voluntary contributions were used to cover staff costs¹². This situation creates on-going challenges for WHO in particular regarding medium term planning of activities and the management of its human resources.

Positive impact of the financing dialogue

More predictable funding at the start of the 2014-15 biennium. The level of predictable funding in early 2014 was 69% compared to 61% in early 2012 and 52% in early 2010¹³. It is too early to prove causality, but it is likely that the further increase in early funding is due to financing dialogue activities. Indeed, 45% of survey respondents indicated that they are considering providing more predictable funding to WHO, for example through multi-year agreements.

First time that some donors publicly announced full portfolio of funding to WHO. The financing dialogue served as a catalyst for some donors to consolidate their budgets in advance of the November 2013 meeting and to be in the position to announce organization or country wide commitments to WHO. Important contributors announced increased funding for CVCs and VCs and a large non-State actor announced an increase of its un-earmarked funding for the PB 2014-15. However, four out of 9 contributors interviewed confirmed that the FD process would not automatically lead to an increase of their funding.

Around 25% of the total PB was pledged prior to the second financing dialogue meeting in November. The financing dialogue was not positioned as a pledging conference but rather as a dialogue process. Nevertheless a large group of key donors provided projections increasing the predictability of WHO's financing.

¹¹ WHO's Budget, What's behind the numbers and how is it financed?, Launch of WHO's Financing dialogue Executive Board Room, WHO, Geneva, 24 June 2013.

¹² WHO's Budget, What's behind the numbers and how is it financed?, Launch of WHO's Financing dialogue Executive Board Room, WHO, Geneva, 24 June 2013.

¹³ WHO management report on Biennial Starting Values 2010 through 2015; received 04 April 2014.

The financing dialogue process provided an open forum to discuss contributor's appetite for flexible funding. The financing dialogue meetings included discussions on the willingness and ability of Member States and non-State actors to move away from specified/earmarked funding and consider un-earmarked funding including core voluntary contributions or less stringent earmarking. 35% of survey respondents said that they would consider transfer of funds between underfunded and overfunded work areas. Further, 33% would consider providing more flexible funding, for example at a SO level. Several EU countries confirmed during both dialogue meetings their intention to move further in the direction of increasing flexible funding. From our interviews 3 out of 9 contributors indicated that they were ready to provide flexible funding.

Some interest in topping up the AC. Supplements to AC on a voluntary basis could ensure a larger and sustainable financial base for WHO and address predictability in a more structured manner. 13% of respondents to the survey suggested they would consider supplementing the AC on a voluntary basis. However, only one out of 9 contributors interviewed suggested an overall increase of AC for all Member States.

First step to reallocate earmarked voluntary contributions from over to underfunded areas. One major contributor announced that it would introduce a clause in its grant agreement that allows the reallocation of earmarked funds from over to under-subscribed areas, in alignment with WHO's PB. This is the first time such a clause will be integrated in a grant agreement from a Member State. From the interviews we found that only 2 out of nine contributors are currently ready to carry out this reallocation.

The financing dialogue, together with the reform process, has led an important non-State actor to consider programme financing with less earmarking. Non-State actor funding has traditionally been provided to WHO through ear marking. WHO's largest non-State contributor announced at the November meeting that it provided 15 million USD of un-earmarked funds for reform-related activities for the period 2012-13 which is likely to increase to 20 million USD in 2014-15. The same non-State contributor is also exploring ways to move from project to programme based funding support.

Lessons learned

The financing dialogue process needs to be supported by the successful completion of WHO reforms. The survey indicates the need to improve organisational efficiency and that delivery of results is hampering the efforts to convince contributors to increase the value and predictability of their funding. 90% of survey respondents think that WHO needs to demonstrate organisational efficiency to attract more funding.

WHO needs to tailor the FD process for different types of contributors. The financing dialogue is not a pledging conference; however, at the key meetings some contributors may wish to make a public pledging statement. From stakeholder engagement perspectives, WHO should be aware of this need and provide an appropriate moment for such contributors.

Need to demonstrate results to attract more flexible funding for WHO. WHO is aiming to improve its reputation and thereby to increase donor confidence. 93% of all survey respondents responded that the demonstration of results is the key element WHO needs to improve for donors to improve the flexibility of their funding.

Transparency

Financing dialogue principle # 4: Member States and other funders to commit to making public their funding allocations, to allow for a shared understanding of available income against budget category, programme and major office.

Background

From the start of the reforms Member States and non-State actors have urged WHO to provide more transparency on its funding gaps and how management allocates resources. The financing dialogue process heralded a complete change in communication and reporting style to one that is more open, accessible and accountable.

Positive impact of the financing dialogue

The FD process has created a positive expectation amongst contributors that it can be open and transparent. Member States and non-State actors highly appreciate the move towards a transparent process in dialogue amongst all donors. 87% of survey respondents think that the financing dialogue process is providing greater transparency in WHO around funding, and 70% have more confidence that WHO will be able to demonstrate accountability as a result of the FD. 7 out of 9 contributors stated in the interviews that they welcome transparency and they expect more of it in the future.

The web portal is an ideal tool for strengthening the financing dialogue process. The majority of survey respondents welcomed the web portal as a new tool that displays type and level of funding contributed. A total of 90% survey respondents (see Figure 6, below) confirmed that the web portal provides transparency on WHO’s financing which did not exist before the financing dialogue. Also, a total of 55% of the survey respondents consider that the web portal provides them with more confidence the way WHO manages its funding. In the interviews, 6 out of 9 contributors responded that the web portal is a success. However, less than 50% of the survey respondents considered that the web portal will influence their funding decisions.

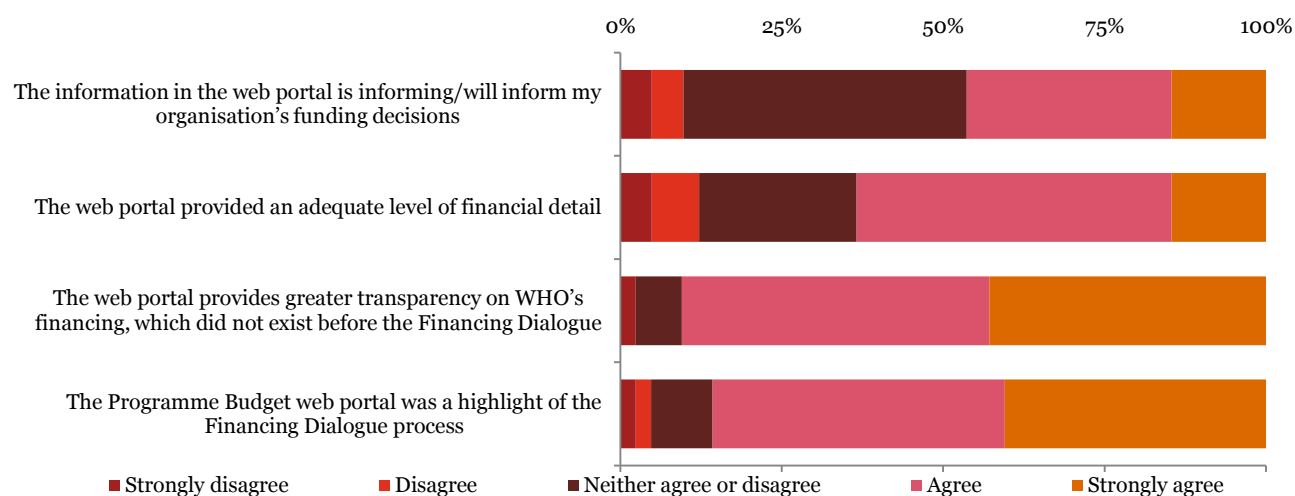


Figure 6: Survey respondents' views on the Web Portal

Significant transparency on funding projections. The financing dialogue project team was able to log a total of 18 projections¹⁴ by contributor and category including five from non-State actors. Projected funds included firm projections pending parliamentary or Board approval; approved contributions but in final stages of signing an agreement; or signed agreements but not yet recorded by WHO. The total of logged funding projections prior to the second financing dialogue meeting amounted to a total USD 935 million¹⁵. This is the first time such information was made available prior to the start of a new PB.

¹⁴ The 18 contributors who made projections at the financing dialogue include: BMGF, Norway, Rotary International, the GAVI Alliance, Sweden, UK, Netherlands, UNITAID, Belgium, Luxembourg, Germany, Republic of Korea, European Commission, Denmark, Finland, China (People’s Republic of), France, Nippon Foundation.

¹⁵ WHO, working document, Funding projections, by contributor and by category, USD, as at 22 November 2013. The total value of projections made at the financing dialogue were USD 935'981'714.

The financing dialogue has encouraged WHO donors to speak with a single voice. The majority of survey respondents (55%) confirmed that the financing dialogue is supporting their internal coordination of funding to WHO. Interviews also reaffirmed that donors are starting to be engaged internally in discussions on the number and type of grant agreements its Ministries and aid agency or agencies hold with WHO in different departments and offices across the three levels of the organization.

Lessons learned

Further commitments by CVCA donors is dependent on assurance of strategic use of CVCA funding. Some CVCA contributors are concerned that their funding is used as a ‘gap filler for funding administrative and management costs’¹⁶. Until CVCA donors consider that their contributions are used in the most strategic manner, WHO will have difficulty to attract further CVCA funding.

Up to date, accurate and transparent information is the single most important element to convince contributors that WHO is serious about their reforms. The financing dialogue survey shows that 98% of respondents wish for the financing dialogue process to focus on informing contributors in a transparent way about WHO’s budget and funding shortfalls. 91% wish to see the transparency of WHO’s funding improve, and 89% like to see an improvement in WHO’s funding alignment to the PB.

Insufficient, inaccurate and untimely information on the portal is more damaging than not having any information at all. Several contributors that we interviewed commented on the fact that they would appreciate for the portal to include more detailed and live data. Further, one respondent spoke about how inaccurate information on the portal could have caused their organisation embarrassment.

Need for further development of the functions of the web portal. Six out of 9 contributors that we interviewed confirmed the success of the web portal, however they expressed the need for more details on funding gaps. A total of 42% of survey respondents also consider that the level of financial detail in the web portal is not adequate. There are also calls for the portal to become a resource management tool, where donors can see the flow of funds, from financing to disbursement to results including featuring success stories.

Broadening the contributor’s base

Financing dialogue principle # 5: Member States and other funders to commit to reducing WHO’s dependency on a small number of major donors to the organization and to broaden its contributor base.

Background

WHO’s top twenty donors contribute 80% of the organization’s voluntary contributions. This has made WHO very vulnerable to changes in donors’ priorities, and to political and economic developments. Specific programmes that are attractive to top donors tend to be well- funded, while other programmes are left under-funded. Also, the way in which resources were mobilized in WHO contributed to fragmentation and misalignment of financing across the organization.

The survey shows that contributors are concerned that WHO’s resource mobilisation is fragmented and lacks strategic direction and coordination. 7 out of nine contributors that we interviewed informed us that they look forward to WHO improving its resource mobilisation (RM) approach and developing its RM strategy. Contributors want to be approached in a coordinated manner.

Our survey clearly illustrates that WHO needs to demonstrate clear results and achieve organisational efficiency if they are to attract more funding from contributors (see Figure 7, below).

¹⁶ WHO, working document, notes for the record of the November 2013 financing dialogue meeting, 25-26 November 2013.

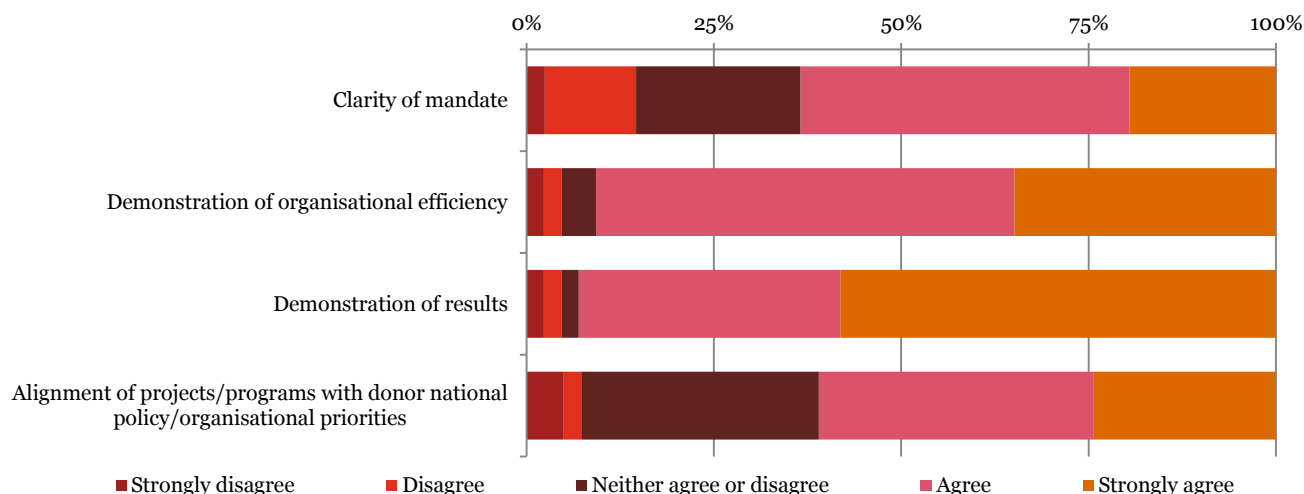


Figure 7: Respondents’ views on what WHO needs to do to attract more funding

Positive impact of the financing dialogue

Member States agree that their peers should be the ones to expand the contributor base. The November session of the financing dialogue meeting showed that participants are concerned about the risk of depending on a limited pool of VC donors. They also see the need to broaden the donor base aiming for a greater proportion of Member States to carry the funding responsibility. The survey confirmed that 81% of respondent think that Member States should be considered the top source of funding for WHO. Respondents ranked the other organisations as major contributors to WHO in the following order: grant making foundations, philanthropists, private sector, NGOs, High Net Worth Individuals and finally the general public.

Large majority of current financing dialogue participants are in favour of inviting prospective non-State donors to the financing dialogue meetings. The group of current non-State donors invited to the financing dialogue meetings were donors providing more than USD 1 million (excluding the commercial private sector), while no prospective non-State donors were invited to the financing dialogue meetings. The survey shows that 70% of respondents are in favour of opening the future financing dialogue meetings to potential non-State donors. The reasons given for extending participation are to understand better new non-State donors’ interests and to showcase the work of WHO.

Lessons learned

Middle income countries have the potential to become major contributors to the WHO. Although this group is diverse, they do have some funding commonalities. They face internal challenges to provide VCs which are administrative, organisational or political in nature; for example, the absence of a newly set-up development agency. These challenges curtail their ability to provide VCs to WHO in an efficient way.

WHO could better leverage their regional and country office to mobilise resources within a centrally coordinated RM strategy. WHO should continue to find ways to integrate and consider regional and country offices’ experiences and relationships with donors. This would be within the context of a coordinated organization wide view on how to broaden the donor base. Four out of 9 contributors that we interviewed suggested that WHO could make much better use of regional level input in the preparation and conduct of the financing dialogue.

5. Recommendations

WHO has put in place an initial process for the financing dialogue that is regarded by its contributors as a concrete step forward to resolve some of the pressing financing challenges it faces. The financing dialogue process underpins WHO's commitment to transparency and accountability and has created greater levels of donor confidence in WHO. Most importantly, it has contributed to making some significant first steps to better funding of the Programme Budget.

The novelty of a dialogue amongst Member States and non-State Actors, the launch of the web portal and the bilateral meetings have significantly contributed to the initial success of the financing dialogue process. However, to ensure that the financing dialogue continues to attract WHO contributors and prospective donors to invest more time in the process, a range of additional measures for improvement are required to sustain its success.

Most importantly, to ensure that the financing dialogue continues to make an impact, WHO needs to ensure that it:

- Is integrated in an agreed strategic framework that defines more clearly WHO's mission, strategy, mission and mandate.
- Is embedded in a centrally coordinated resource mobilisation approach which leverages existing funding successes across the Organization.
- Benefits from investments to increase resource mobilisation capacity including personal engagement by senior management in funding activities.
- Identifies the purpose of each financing dialogue meeting and supporting activity further and change the format and length of the financing dialogue meetings.
- Broadens the audience including prospective donors and scientists to provide their inputs in the discussion around the major health challenges and the key role that WHO will continue to play.

Below we set out recommendations and actions for a successful continuation of the financing dialogue process. We also indicate the priority and estimated costs for each proposed action.

1. Recommendation: Align and present WHO's resource requirements in line with global health priorities

Context

The content of the current financing dialogue was centred around the WHO's funding gaps rather than on a statement of WHO's role and mandate in the wider global health landscape. WHO needs to be pro-active and carve out its comparative advantage and enabling functions. Positioning the request for resources for WHO in the global public health context will send a message that the financing dialogue's goal is to achieve results and high impact throughout the global health architecture and not only to fund the WHO's Organization goals.

Actions	Priority	Costs
WHO to undertake a global needs assessment in key areas of action (e.g. PQP polio, communicable diseases, non-communicable diseases) and demonstrate to contributors how WHO intends to address these needs.	High	Low

2. Recommendation: Extend the time horizon of the financing dialogue from short term (2 years) to the medium term (6 years).

Context

Most of WHO's strategic activities including global health policies, outbreak monitoring and control, emergency health and accident and violence prevention require multi-year planning. The financing dialogue needs to consider a longer horizon beyond the next PB in order to secure more predictable funding for the medium term.

Actions

Actions	Priority	Costs
Leverage the global needs assessment results to develop an estimation of the medium term of financing needs for discussion.	Medium	Low

3. Recommendation: Embed the financing dialogue in WHO's resource mobilisation strategy.

Context

The financing dialogue process could have been more effective if the WHO's resource mobilisation was not fragmented. A carefully coordinated approach to each donor during the financing dialogue process, without losing the expertise and passion that the technical and regional staff brings to the process.

Actions

Actions	Priority	Costs
WHO to undertake all an assessment of all on-going resource mobilisation activities and create a WHO single RM strategy.	High	Medium

4. Recommendation: Make the necessary investments to improve the brand and increase visibility

Context

Demonstration of results is critical to improve the flexibility of funding. WHO needs to invest in its brand and the way it communicates its results. The financing dialogue can become more powerful with more visually compelling communications around the impact of WHO in countries and regions.

Actions

Actions	Priority	Costs
WHO is to invest in strategic communication advice and learn from other UN agencies that are strong in outreach.	High	High

5. Recommendation: Provide transparency on strategic allocation of CVCA funding

Context

It will remain difficult to attract CVCA funding without taking away the concern that CVCA funding is used to fill funding gaps in the PB. WHO has moved to a results-based budget but needs to provide more transparency on allocation of resources.

Actions

Actions	Priority	Costs
Determine needs based resource allocation processes and provide transparency on use of CVCA funding.	High	Low

6. Recommendation: Undertake an evaluation of the web portal and take action to improve so that the portal maximises its impact

Context

The web portal was launched as a communication tool for stakeholder information. WHO needs to assess its role, functions and related risks to ensure the portal displays the right balance between level of detail of information and meeting donor understanding of the results their investments will bring.

Actions	Priority	Costs
WHO to undertake an evaluation of the web portal to inform the strategic use of the portal in the medium and long term.	High	Low

7. Recommendation: Invest in staff capacity to be able to execute a RM strategy and to leverage the full potential of the financing dialogue

Context

WHO already maintains good relations with senior government officials but should leverage these relationships for the benefit of the financing dialogue process. Also, top and potential donors require a tailored approach with regular visits to the country, full engagement with senior government officials and in-depth knowledge of the country's health agenda.

Actions	Priority	Costs
Secretariat to appoint a resource mobilisation Director in HQ who needs to build up a dedicated resource mobilisation team.	High	Medium

8. Recommendation: Undertake a mid-term review of the financing dialogue halfway through the biennium

Context

A mid-term review will help continue the momentum generated by the financing dialogue and evaluate the actual financing of the PB half way down the cycle. It will also determine actions required to fully fund the PB, should gaps remain. The results of the review need to be discussed during a one day Mid-Term Financing dialogue which can be hosted by one of the top donors to WHO. Another aim for the Mid Term Dialogue meeting is to agree on critical needs for WHO to engage in so that this donor view can be taken into account by the WHO governing bodies when defining and approving the next PB.

Actions	Priority	Costs
WHO undertakes a bi-annual Mid Term review and organises a bi-annual Mid Term dialogue in November half way its PB cycle.	High	Medium

9. Recommendation: Make the financing dialogue more inclusive, interactive and focussed.

Context

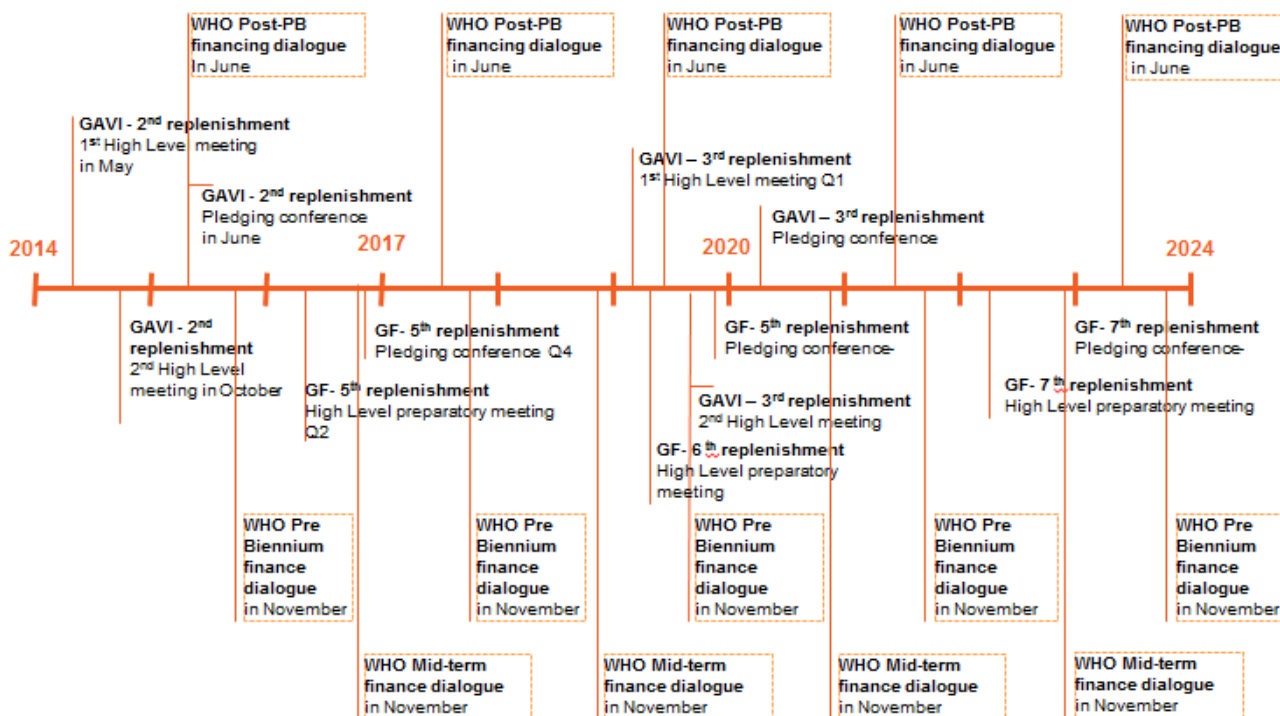
One of the key purposes of the financing dialogue is to foster a debate of the effective use of resources underpinned by sound scientific evidence. The dialogue requires a more informal setting and a broader audience including non-traditional donors, regional technical staff and scientists. The debate should be centred on how to achieve results. To be more focused the financing dialogue’s length needs to be 2 days in June during the Post PB financing dialogue and 1 day in November for the Pre Biennium financing dialogue to reflect the respective need for extensive discussions around results and the need to provide transparency around projections and remaining funding gaps. Please see below for a simulated timeline of the way forward.

Actions

Actions	Priority	Costs
WHO to design and implement a more interactive format and carefully identify keynote speakers, from Member States, WHO regions and academia and to tailor the length of the dialogues to their needs.	High	Medium

The graph below show a tentative timeline for WHO financing dialogue meetings.

We also included GAVI and Global Fund timelines to avoid major overlaps. These are based on the assumptions that the existing cycles will continue. GAVI first 5 years replenishment cycle runs from 2011 to 2015. The Global Fund has a 3 years replenishment cycle and has now entered its fourth one (2014-2016).



Conclusion

The financing dialogue process, which was the first of its kind organised by WHO, was well received by Member States and non-State actors alike. The majority of participants regarded information sharing and greater transparency in WHO funds allocation as the major highlights. The web portal added yet another layer of openness and increased accountability.

The financing dialogue is seen by many within the context of the broader WHO reform, with the objective of transforming the Organization to become more results oriented, transparent and accountable.

WHO needs to ensure that they capitalise on the momentum of success and implement changes to further enhance the process.

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