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## **Overview of financial situation: Programme budget 2016–2017**

### **Report by the Secretariat**

1. In May 2015, the Sixty-eighth World Health Assembly adopted resolution WHA68.1, approving a total Programme budget of US\$ 4385 million for the biennium 2016–2017, comprising a base programme component (US\$ 3194 million) and a component on polio eradication, outbreak and crisis response, tropical disease research and research in human reproduction (US\$ 1191 million).
2. Subsequently, in May 2016, the Sixty-ninth World Health Assembly adopted decision WHA69(9), approving an increase of US\$ 160 million for the Programme budget 2016–2017, to fund the new WHO Health Emergencies Programme. This increase was made in the base programme component of the Programme budget and brings the total budget for that component to US\$ 3354 million; accordingly, WHO's revised total Programme budget for the biennium 2016–2017 stands at US\$ 4545 million.
3. The budget segment for base programmes is to be financed by US\$ 929 million in assessed contributions and US\$ 2425 million in voluntary contributions, representing a 13.4% increase over the Programme budget 2014–2015. The funding requirements for polio eradication, outbreak and crisis response, tropical disease research and research in human reproduction will be financed solely from voluntary contributions.
4. This report describes the overall status of the financing of the Programme budget 2016–2017, the progress made towards improving the financing for WHO during the course of the biennium, and planned measures to tackle remaining challenges.

### **OVERALL FINANCING STATUS IN 2016–2017**

5. As at the end of March 2017, the budget segment for base programmes was financed at 86% (or at 93% if projections are included), with a financing gap of US\$ 456 million (US\$ 225 million including projections). This gap was attributable to three factors: an overall increase of US\$ 396.6 million in the base programme segment, due in part to the new WHO Health Emergencies Programme; a decrease in the overall level of flexible funding; and a lower level of specified voluntary contributions.
6. The Director-General has already taken several measures to ensure that the increased Programme budget will be fully financed, including convening an extraordinary Financing Dialogue meeting on 31 October 2016. The objectives of the meeting were: to examine the financing of the overall Programme budget 2016–2017, highlighting programme areas that remain underfunded; to provide an update on the WHO Health Emergencies Programme, including results achieved and the

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

7. The WHO Secretariat has also increased its fundraising efforts, seeking additional funding from Member States and other contributors, and has taken cost-saving measures, including reducing travel expenditure and minimizing salary costs by limiting recruitment. Several financing commitments were undertaken following the Financing Dialogue, which have helped reduce the funding gap, although these have thus far not been enough to achieve the full financing of the Programme budget 2016–2017.

## **OVERALL PROGRESS IN IMPROVING WHO FINANCING SINCE THE REFORM**

8. As indicated in previous reports, the level of predictability in the financing of the programme budget in advance of implementation has improved incrementally since the introduction of the financing reform. This is also true for the current biennium as WHO started with a predictability of 83% on 1 January 2016, a rate higher than in previous bienniums. However, a significant funding shortfall remains midway through the biennium, which is having a negative impact on implementation rates. While alignment of financing to categories and programme areas has improved since the introduction of the reform, this has been mainly due to the strategic approach to the allocation of flexible resources; several categories and programme areas remain significantly underfunded. Moreover, the level of revenue received in core voluntary contributions has decreased significantly over recent years, from US\$ 116 million in 2014, to US\$ 103 million in 2015, to just over US\$ 81 million in 2016, further constraining the flexible resources that enable the Director-General to align funding with priorities.

9. The Secretariat has made significant progress in increasing the transparency of the Organization, not only through WHO's programme budget web portal,<sup>1</sup> which continues to be regularly upgraded, but also by joining the International Aid Transparency Initiative. Furthermore, WHO's contributor base has broadened since the financial reform, with more than 40 new contributors providing at least US\$ 500 000 since 2012–2013. Only five of these new contributors, however, have maintained their contributions each biennium since 2012, and only 20% of their funding went towards the base programme.

## **TACKLING THE REMAINING CHALLENGES IN THE BIENNIUM 2016–2017 AND BEYOND**

### **Outcome of the discussions of the Executive Board**

10. The financing of WHO was the subject of constructive discussions during the meetings of the Programme, Budget and Administration Committee and the Executive Board in January 2017. Member States shared their concerns about the current situation and recognized that both they and the Secretariat had a shared responsibility in ensuring the full financing and implementation of the programme budget. The significant and persistent imbalance between assessed and voluntary contributions and the decrease in core voluntary contributions were acknowledged as critical issues. There was strong agreement on the need to continue to seek cost-saving measures, emphasize

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<sup>1</sup> See <http://extranet.who.int/programmebudget/> (accessed 25 April 2017).

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efficiency and prioritization on the parts of Member States and the Secretariat alike, and increase the cost-effectiveness of WHO programmes.

11. With regard to resource mobilization, Member States offered several constructive suggestions, including the implementation of a strategy on resource mobilization using creative approaches that involve regional and country offices, raising new funding by engaging non-State actors in accordance with the Framework of Engagement with Non-State Actors, employing innovative financing approaches and improving coordination of budgeting within the United Nations system.

### **Bridging the current financing gap**

12. In order to achieve a fully financed Programme budget 2016–2017, efforts are needed from the Secretariat and contributors alike.

13. The Secretariat has made substantial efforts to find the most efficient ways to deliver its work and will continue to do so. Steps taken to date, which include outsourcing services and moving some administrative functions to lower cost locations, have been helpful and could be further developed with a holistic approach including measures in technical programmes. To this end, the Secretariat is currently developing a value-for-money plan, which will provide a conceptual framework to ensure cost-effectiveness in WHO.

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

### **Coordinating resource mobilization across WHO**

15. Efforts to mobilize additional resources are continuing. The Secretariat commissioned a review of bilateral consultations between WHO and contributors following the Financing Dialogue in 2015,<sup>1</sup> and further work is underway to optimize WHO's approach to and model for resource mobilization. While these measures may not address the shortfalls for the current biennium, they will lay a stronger foundation for the future financing of the Organization.

### **ACTION BY THE HEALTH ASSEMBLY**

16. The Health Assembly is invited to note the report.

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<sup>1</sup> <http://www.who.int/about/finances-accountability/evaluation/who-bilat-cons-review-seeq.pdf?ua=1> (accessed 2 May 2017).