
Implementation of the Programme budget: management and alignment of resources

1. The Programme, Budget and Administration Committee at its tenth meeting in May 2009 reviewed the Secretariat's interim report on the implementation of the Programme budget 2008–2009. Although it welcomed the report, the Committee expressed concern on several issues, including the apparent disparity in available funding and extent of implementation; it also noted the relatively well-resourced situation at headquarters and the under-resourced situation in most regional offices, in particular the Regional Office for Africa.¹
2. In its response to the Committee, the Secretariat outlined some of the efforts being undertaken to allay these concerns, including working with donors to secure additional flexible funding; working to better allocate available resources and manage the core voluntary contributions account; making better use of the Global Management System; conducting further work towards achieving the goal of a 70%–30% distribution of resources between the regions and headquarters; and strengthening staff capacity in regional and country offices.
3. This document provides further details on current and planned activities to deal with the disparities both in available funding and in the extent of technical implementation across different strategic objectives, major offices and budget segments.
4. The apparent disparities referred to above are caused by a complex combination of factors. These range from long-established practices in programming and management to the growing proportion of WHO's overall funding constituted by specified voluntary contributions, and the changing nature of the contributions concerned. The introduction of the Global Management System provides WHO for the first time with the potential to achieve the technical and financial integration that is needed across the Organization in order to ensure full implementation of a results-based management framework. The disparities noted by the Programme, Budget and Administration Committee have been present ever since voluntary contributions began to increase in proportion; in the past, however, structures and tools were not available to analyse and highlight the magnitude and causes of such disparities.

¹ Document A62/43.

DEALING WITH DISPARITIES ACROSS STRATEGIC OBJECTIVES AND WHO LOCATIONS

5. The **Advisory Group on Financial Resources** has existed for a number of years and is composed of Directors of Programme Management, Deputy Regional Directors and Assistant Directors-General. The Advisory Group is a forum that provides corporate technical, as well as financial, oversight. In particular, during the last year the introduction of the Global Management System has enabled the Advisory Group to improve the analysis of resource availability, implementation and results. These analyses are contributing to the improved alignment of resources, enabling resource gaps between regions and headquarters and across strategic objectives to be tackled more efficiently. Associated with the Advisory Group on Financial Resources and reporting to it, the **strategic objective networks**, in which the seven major offices of the Organization are represented, play a vital role in operational planning and monitoring as well as in identifying needs and priorities for funding from corporate resources. Continuing work to fine-tune roles and responsibilities should allow the Advisory Group and the strategic objective networks to achieve their full potential.

6. In addition, during the biennium 2008–2009, WHO started managing the Programme budget in **three segments** – namely, WHO base programmes, special programmes and collaborative arrangements, and outbreak and crisis response – in order to provide more transparency and enable efficient management of the budget and resource coordination. These budget segments have been formalized in the Programme budget 2010–2011, and robust tools for tracking resources and expenditures have been developed and are being implemented. The three segments have very different budget, financing and internal dynamics.

7. The *WHO base programmes budget segment* concerns the core business of WHO and is the segment on which the Organization should be measured and judged – for example, in relation to strategic profiles (such as the 70%–30% principle) and the balancing of financing and implementation across strategic objectives and locations. Corporate resources, in other words the assessed contributions and the core voluntary contributions account funds, are primarily applied in this segment. The base programmes segment is staff intensive with 50% of the expenditures going towards staff costs. This clearly reflects the nature of the Secretariat's work, which involves the development and promulgation of norms and the provision of technical support.

8. The *special programmes and collaborative arrangements budget segment* covers a range of programmes and arrangements in which collaboration with partners goes far beyond financing. In contrast to the largely normative and standard-setting activities concerned by the base programmes segment, the special programmes and collaborative arrangements segment has a much larger component of operational activities, and thus a smaller proportion of the total expenditures concerns staff costs (about 25%). The special programmes and collaborative arrangements segment is in general well-funded and has a high level of budget implementation.

9. An even higher proportion of operational activities is found in the *outbreak and crisis response budget segment*. Here, only 20% of the total expenditures are for staffing, with the remaining 80% going towards activities. The response nature of activities in this segment is illustrated by a high turnover of available resources. The special programmes and collaborative arrangements and the outbreak and crisis response budget segments are almost exclusively financed from specified voluntary contributions.

10. The **core voluntary contributions account funds** still only amount to less than 6% of the resources available; however, they constitute a powerful instrument for fostering greater integration

across the Organization, which is a prerequisite for results-based management and for reducing disparities in funding and technical implementation. The core voluntary contributions account mechanism has now been in operation for about 18 months, during which time good progress has been made. Nevertheless, it will probably take two or three more years, as well as more resources, before the mechanism is fully stabilized and can be assessed on its ability to align funding and enhance delivery across WHO.

11. In addition, following review and refinement of the **indicators and targets** for the Organization-wide expected results of the Programme budget 2010–2011, a database is being established for the indicators that relate to country achievements (about 70% of all indicators). The database will allow for closer monitoring, together with better application of financial and technical resources and support to those areas at risk of not meeting targets. The potential of this work will be gradually realized as the Global Management System is introduced in more locations, which will provide the strategic objective networks with increasingly accurate information on technical implementation across the Organization.

PREPARATIONS FOR A COMPREHENSIVE AND CONCRETE ACTION PLAN TO FURTHER REDUCE DISPARITIES

12. Every organization has a small number of key mechanisms for influencing outcomes across its structure. The challenge is to identify the most powerful ones and use them to achieve the desired effects. The analytical work and the continuing discussions within the Advisory Group on Financial Resources suggest that the three mechanisms with the greatest potential to further reduce disparities concern (i) the Programme budget, (ii) resources and (iii) staffing.

13. The Director-General realigned the **Programme budget** on the basis of comments made by the Programme, Budget and Administration Committee at its ninth meeting and the Executive Board at its 124th session in January 2009;¹ she then presented the final version of the Programme budget 2010–2011 to the Sixty-second World Health Assembly in May 2009.² However, further improvement is required before the programme budget can realize its full potential as an essential corporate instrument for steering the development of WHO. The preparation of the Programme budget 2012–2013 will take as its starting point the current levels of operation, and corporate strategic choices are under review as appropriate. The Programme budget 2012–2013 will, however, continue to respect the Organization's core functions and the demand for technical cooperation as outlined in the country cooperation strategies. In addition, priorities identified at country-level will inform the development of the Programme budget 2012–2013 and the next Medium-term strategic plan, and will thus further consolidate the alignment of resources across the Organization and respond better to Member States' needs. These choices might lead to a modification in headquarters' share of the realigned budget.

14. The feasibility of an **action plan for managing resources** more effectively is being explored. The plan has three elements, which are set out below. The *first element* concerns the establishment and enforcement of a corporate policy of ensuring that all specified voluntary contributions contribute appropriately to all direct and indirect costs associated with the results that they finance – in other

¹ See document EB124/2009/REC/2, summary record of the sixth meeting, section 1.

² The most recent version of the Proposed programme budget 2010–2011 is available on the Internet at the following address: http://apps.who.int/gb/e/e_amtsp3.html

words, full cost-recovery. A particular focus should be on covering all associated staff costs. It is expected that this will ease the pressure on the more flexible funds, freeing them to finance deliverables that are genuinely difficult to fund from specified voluntary contributions and to facilitate the correction of funding disparities across the strategic objectives. The *second element* relates to managing the assessed contributions as a resource at the level of the major offices, rather than as a budget (as is currently the case). This will not only simplify daily operations but also significantly increase the power of the assessed contributions to adjust for any disparities caused by funding by highly-specified voluntary contributions. However, the release of the assessed contributions' full potential will only be possible if the appropriation sections are defined at a higher level than is currently the case. Finally, although the core voluntary contributions account is likely to remain relatively small in the next biennium compared with both specified funds and assessed contributions, it nevertheless has great potential for the management of resources. The *third element* is thus to exploit that potential to foster collaboration and tackle and overcome critical bottlenecks in delivering the Organization-wide expected results.

15. Adjusting the **staffing profile** is probably the most powerful of the three key mechanisms outlined here. As a technical agency, around half the costs in respect of WHO base programmes relate to staffing. Therefore, any shifts in staffing from one level of the Organization to another will have an immediate effect on the expenditure profile of WHO. However, mechanisms to adjust staffing are also the most complex to implement. The Secretariat continues to review the relevant options actively.

16. In addition, an Organization-wide working group on cost recovery is currently looking at the managerial and administrative functions, considering them in the light of goals that include efficiency, cost-containment and using bench-marking to set standards and identify best practices.

TIME LINES

17. Efforts are thus under way to correct the disparities in available funding and in the extent of technical implementation across different strategic objectives, major offices and budget segments, while a comprehensive plan of action is being developed. However, as the plan will have significant implications for management at all levels, more analysis, time and internal discussion will be required. The Secretariat therefore proposes to present a report to the Programme, Budget and Administrative Committee at its twelfth meeting in May 2010 to update the Committee on relevant developments. This update will include an outline of follow-up activities to be implemented over the bienniums 2010–2011 and 2012–2013, together with appropriate milestones.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

18. The Programme, Budget and Administration Committee is invited to note this report.

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