

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

1. The twenty-first meeting of the Programme, Budget and Administration Committee was held in Geneva from 21 to 23 January 2015 under the chairmanship of Dr Ren Minghui (China).¹ The Committee agreed that Mr Khaga Raj Adhikari (Nepal), the new member of the Executive Board and the Programme, Budget and Administration Committee, should be the Vice-Chairman, to replace the previous Vice-Chairman from Nepal. The Committee adopted its agenda.²

Agenda item 2 Matters for review by and/or recommendation to the Executive Board

2.1 Implementation and financing of Programme budget 2014-2015: update (Document EB136/33 Rev.1)

2. The Secretariat introduced the update on the implementation and financing of the Programme budget 2014–2015, highlighting the high level of funding of the Programme budget, the more flexible approach to programme budget financing and enhanced budget management, while noting that issues remained with the misalignment of funding to some programme areas in the Programme budget.

3. The Committee expressed its appreciation of the improvements made, both in the level of financing and in alignment. The Committee urged the Secretariat to do more in order to achieve full alignment.

4. The Committee sought clarifications on the plans for the financing dialogue for the Programme budget 2016–2017 given that the dialogue had helped to achieve the improved level of financing for the Programme budget 2014–2015.

5. The Committee recognized that the mid-term review will be presented to the Sixty-eighth World Health Assembly in May 2015 and emphasized the need for it to provide more information, particularly on progress and challenges in delivery of expected results as well as on the impact of the Ebola virus disease outbreak on the work of other technical programmes and overall funding.

6. The impact of Health Assembly resolutions on the Programme budget 2014–2015 was also noted. Further monitoring and analysis were required to ensure proper alignment.

¹ The list of participants is available in document EBPBAC21/DIV./1.

² Document EBPBAC21/1.

7. Furthermore, the Committee recognized the vulnerability of programmes, particularly in view of the difficulty of forecasting the economic conditions that would prevail in the coming biennium.

The Committee recommended that the Executive Board note the report by the Secretariat contained in document EB136/33 Rev.1.

2.2 Proposed programme budget 2016–2017 (Documents EB136/34 and EB136/INF./3)

8. The Committee acknowledged the corporate approach, the robust process and the efforts the Secretariat had made in developing the draft Proposed programme budget 2016–2017 to engage the three levels of the Organization through the category and programme area networks.

9. The Committee advised that, in future, the draft Proposed programme budget should be released at an earlier date in order to allow Member States to study it in more detail.

10. The Committee also requested that, when finalizing the Proposed programme budget 2016–2017 for submission to the Sixty-eighth World Health Assembly, the Secretariat should take into account the lessons learnt from the outbreak of Ebola virus disease in West Africa, the budget requirements of resolutions proposed for adoption by the Health Assembly and the proposed post-2015 sustainable development goals. In addition, the Proposed programme budget should more accurately reflect the measurement of results through budgeted outputs, improved indicators and means of verification. The Committee emphasized the importance of having a Programme budget which was based on programmatic priorities, with particular attention paid to technical support to countries, and which could be realistically financed and implemented.

11. The Committee expressed the need for flexibility in, and transparent management of, the budgets for the UNICEF/UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases and the UNDP/UNFPA/UNICEF/WHO/World Bank Special Programme of Research, Development and Research Training in Human Reproduction, which have their own governance mechanisms, and the budget for the Outbreak and crisis response component, which will continue to be event-driven.

12. The Committee took note of the three budget scenarios for the biennium 2016–2017 put forward by the Secretariat. Member States were not expressly unwilling to consider the scenarios that included increases to the Proposed programme budget 2016–2017, but stressed the need for more time in order to consult widely and seek the appropriate approach.

13. The Secretariat indicated that in finalizing the document for submission to the Health Assembly it would establish a web-based platform for Member States to share comments on the draft Proposed programme budget 2016–2017. The document would be submitted by the end of April 2015 at the latest in order to give Member States sufficient time for review.

14. The Committee made proposals for the handling of the discussions of this item at the forthcoming session of the Executive Board.

2.3 Strategic budget space allocation (Document EB136/35)

15. The Committee considered the report of the Member States Working Group on Strategic Budget Space Allocation, and expressed its appreciation to the Chair and the members of the Working Group

for all their good work, as mandated by the Executive Board.¹ It was noted that the recommendations made by the Working Group on each of the operational segments of the strategic budget space allocation had been reached by consensus. It was acknowledged that the Working Group had fulfilled its mandate by providing the Board with its recommendations, which had been reached through a robust methodology. The Committee also thanked the Secretariat for its support to the Working Group.

16. The Committee discussed the proposed methodology for strategic budget space allocation. It agreed that the principles underpinning the methodology were sound, and recognized the need for flexibility and a transparent and clear method for determining budget space allocation.

17. The Committee also reached consensus on the Working Group's recommendations for operational segments 2 (Provision of global and regional goods), 3 (Administration and management) and 4 (Response to emergency events). However, the Committee sought clarification on how these proposals will be financed.

18. Although there was recognition that the technical work underlying the methodology for segment 1 (Technical cooperation at country level) was robust, some Member States questioned whether the indicators used were the most appropriate ones, and whether the data associated with the indicators were in some cases outdated and therefore did not actually reflect current realities and crises in certain regions. Some Member States suggested further work to refine the indicators, while others expressed the view that the technical work already undertaken was sufficient to provide the basis for an informed decision on budget space allocation.

The Committee recommended that the Executive Board accept the recommendations of the Working Group for operational segments 2, 3 and 4 and request the Secretariat to submit a plan of implementation for those segments to the Executive Board through the Programme, Budget and Administration Committee at its meeting in May 2015.

The Committee agreed to recommend that the Executive Board discuss segment 1 further at its 136th session, and recommended that a briefing session for Member States on the subject be held during that session of the Board.

2.5 WHO reform

- **Framework of engagement with non-State actors** (Documents EB136/5 and EB136/INF./2)

19. The Committee welcomed the report by the Secretariat on the draft framework of engagement with non-State actors contained in document EB136/5 and the information on regional committee debates contained in document EB136/INF./2, and recognized that WHO's engagement with non-State actors is an important part of the governance reform.

20. The Committee noted the progress made since the Sixty-seventh World Health Assembly and the discussions at the regional committees, with comments, amendments and inputs provided by Member States taken into consideration.

¹ See decision EB134(4).

21. Some Member States wished the Committee to recommend through the Executive Board that the Health Assembly approve the draft framework in its current form; however, others indicated that they had additional amendments, comments and input to give on the current draft.

22. Conflict of interest and its management, as well as transparency, were identified by several Member States as the most important aspects of the framework of engagement. The progress that had been made in the draft framework was noted; however, work needed to continue on the development of a clear policy on conflict of interest. The Secretariat indicated that it welcomed concrete proposals and suggestions on how to avoid and manage conflict of interest.

23. The policy of not accepting secondments from non-State actors was supported by some Member States and challenged by others.

24. Further clarifications and discussions, among other things, were requested on the criteria applied for classifying some nongovernmental organizations as international business associations, and also on the use of funds provided by non-State actors to support the salary of WHO staff members or posts, as well as the kind of meetings in which the non-State actors would participate.

25. The Committee welcomed the improvement made by the Secretariat with regard to the readability of the framework of engagement. However, it suggested that further revisions and refinements should be made to the framework in order to further facilitate readability.

26. Several delegations proposed to initiate a process to review, amend and improve the draft framework of engagement with non-State actors, including, *inter alia*, provisions on conflict of interest, with a view to reaching agreement on the framework at the Sixty-eighth World Health Assembly.

The Committee recommended that the Executive Board note the report by the Secretariat contained in document EB136/5 and continue the discussion of this item.

• **Overview of reform implementation** (Document EB136/7)

27. The Committee welcomed the report of the Secretariat and its focus on the impact of the outbreak of Ebola virus disease on the WHO reform agenda. It requested the Secretariat to provide information at the next meeting of the Programme, Budget and Administration Committee in May 2015 on the impact of the Ebola response on the Programme budget 2014–2015 in terms of finance, staff and results.

28. Progress made in the different areas of reform was noted. The reported progress of governance reforms, however, needs to be seen more realistically. Several Member States proposed the establishment of an open-ended working group of Member States in order to accelerate progress and enhance coherence in the governance reforms.

29. The Committee noted the need for greater clarity on the outputs and indicators. The Chair of the Independent Expert Oversight Advisory Committee emphasized that sufficient capacity and funding were prerequisites for reform implementation in Category 6 (Corporate services/enabling functions).

30. Member States identified areas where additional efforts are needed, including WHO performance in countries, alignment of the three levels of the Organization, internal and strategic communication, and the strengthening of a culture of evaluation.

The Committee recommended that the Executive Board note the report contained in document EB136/7.

2.9 Human resources: update (Document EB136/45)

31. The Committee welcomed the update and the progress made in the area of human resources reform.

32. The Committee supported the work done on the proposed global mobility scheme and requested that it should be applicable across the Organization.

33. Following the explanation concerning the relation between WHO and PAHO, concern was raised regarding the inapplicability of the provisions of the global mobility policy to PAHO. The legal status of PAHO was explained by the Secretariat and it was indicated that an information document would be prepared for the Executive Board at its 136th session, outlining the legal status, financing implications and collaborative mechanisms. In the interim, WHO and AMRO/PAHO were keen to explore how they would cooperate in implementing the global mobility policy.

34. The new framework on performance management was welcomed by the Committee, in particular, the policies on recognizing and rewarding excellence and on managing underperformance. Agreeing with the Secretariat that performance should be linked to results, as this link will improve accountability, the Committee emphasized the need for continuous staff development in order to improve performance. Furthermore, the need to adequately staff the human resources department in charge of the new mobility policy was stressed by the Committee.

35. An enhanced effort to improve geographical representation, diversity and gender balance was requested by the Committee, especially for underrepresented countries. The Committee further requested that for future reports, the Secretariat provide data aggregated by sex. A Member State proposed that where an appointment is announced, the gender of the person being appointed also be disclosed.

36. The Committee requested data on the use of non-staff contractual modalities and a more detailed breakdown of staff and non-staff costs. The Secretariat was also requested to provide details of the indemnity costs linked to the Global Polio Eradication Initiative in future updates.

37. The Secretariat confirmed its commitment to implementing the human resources strategy in full. It informed the Committee that it will review lessons learnt from the Ebola virus disease crisis and initiate enhancements in its human resources practices in order to ensure rapid deployment in emergency situations. The Committee emphasized that the enhanced roles of human resources managers at all levels of the Organization will require additional resources.

The Committee recommended that the Executive Board note the report contained in document EB136/45.

2.11 Amendments to the Staff Regulations and Staff Rules (Documents EB136/47 and EB136/47 Add.1)

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

The Committee recommended that the Executive Board adopt the five draft resolutions contained in document EB136/47.

2.4 Draft financial strategy for WHO (Document EB136/36)

39. The Secretariat introduced the draft financial strategy for WHO and explained that the document presented a framework, which is the first step in the development of a more comprehensive strategy.

40. The Committee expressed its appreciation of the document and requested that more detail, including the implementation plan, be included in the version to be presented at the Committee's meeting in May 2015. In particular, the revised version should: include an overarching statement outlining the strategic vision of the Organization; reconfirm results-based management as a fundamental principle; and identify appropriate indicators, including a clearer definition of efficiency targets.

The Committee recommended that the Executive Board note the report by the Secretariat contained in document EB136/36.

2.6 Scale of assessments for 2016–2017 (Document EB136/37)

41. The Committee considered the report by the Director-General outlining the proposed scale of assessments for the financial period 2016–2017. The proposed scale reflected the application of the latest available United Nations scale, adopted in December 2012 for the period 2013–2015. The scale proposed for 2016–2017 is unchanged from the scale currently in use by WHO.

The Committee recommended that the Executive Board adopt the draft resolution contained in document EB136/37.

2.7 Evaluation (Document EB136/38)

42. The Secretariat introduced the report on evaluation, and presented the salient features of the recently developed framework for strengthening evaluation and organizational learning. Key action areas of the framework and proposed future steps were highlighted.

43. The Committee welcomed the continued efforts to institutionalize a culture of evaluation. It encouraged the Secretariat to move forward on implementing the proposed framework and to report on progress as part of its annual report on evaluation to be submitted to the Executive Board at its 137th session. The Committee requested that the annual report provide an update on the evaluations being conducted as part of the Organization-wide evaluation work plan for 2014–2015.

44. The Committee further requested that coordination of evaluation work across the Organization be improved and that particular attention be paid to evaluations at country level in order to both ensure quality and support effective results-based management. The Committee encouraged the Secretariat to ensure that future reporting to the governing bodies on evaluation findings be undertaken by the area responsible for evaluation and organizational learning, as well as by other units carrying out evaluations in their respective areas, as that would promote the culture of evaluation across the Organization.

The Committee recommended that the Board note the report by the Secretariat contained in document EB136/38.

2.8 Real estate: update on the Geneva buildings renovation strategy (Document EB136/39)

45. The Committee encouraged the Secretariat to continue to share information on the renovation project in a transparent manner. Committee members emphasized the importance of Member States' oversight of the design and implementation of the project.

46. The Committee requested more detail in the description and technical specifications of the new building, the rationale behind the scope of the building project and provisions for security of the site. It indicated that the Secretariat needed to present the cost of, and financing mechanisms for, the entire project, including mechanisms relating to the repayment of the loan from the Swiss authorities, and the cost of the new building throughout its life. The Committee requested the Secretariat to provide a detailed project timeline as well as a proposed governance structure that involved Member States.

47. Member States sought clarification on the potential impact of the renovation project on the level of assessed contributions and emphasized that they did not want to see an increase.

48. The Committee encouraged the Secretariat actively to seek and share lessons learnt from similar projects within the United Nations system. Experiences and lessons learnt in managing contingencies and unforeseen requirements were of particular importance. Consideration should also be given to expanding common use of facilities and services within the United Nations system in Geneva.

49. The Secretariat indicated that the renovation project would be financed through the Real Estate Fund. However, the approved financing mechanism for the Fund would be reflected in the Proposed programme budget 2016–2017.

50. The Secretariat confirmed the importance of a robust governance structure, including the participation of Member States, and indicated that a proposed structure would be included in the updated report that would be submitted to the Sixty-eighth World Health Assembly, in May 2015, through the Committee at its twenty-second meeting. The update would also include more detailed technical and financial information about the project. A briefing for Member States on the project would be organized during the next meeting of the Committee.

51. The Secretariat explained that a full and comprehensive technical and financial report, with a detailed project plan and timeline addressing the observations of Member States, would be submitted for approval to the Sixty-ninth World Health Assembly in 2016. The comprehensive report will be based on an evaluation and full assessment of the cost for the proposed new building design, and on the findings of a comprehensive study into the renovation of the main building. These studies will be conducted after the best design has been selected. The comprehensive report will be presented to the Executive Board in January 2016.

The Committee recommended that the Executive Board note the report by the Director-General contained in document EB136/39.

2.10 Report of the International Civil Service Commission (Document EB136/46)

52. The Committee considered the report by the Secretariat contained in document EB136/46.

53. It emphasized the importance of geographical representation and gender parity as two key elements of diversity and the need for WHO to improve in both areas.

54. The Secretariat confirmed its commitment to improving gender parity and geographical distribution as they remain high corporate priorities in the context of the Organization's human resources strategy and will be monitored through the relevant indicators in the Programme budget 2016–2017.

The Committee recommended that the Executive Board take note of the report contained in document EB136/46.

Agenda item 3 Matters for information or action by the Committee

3.1 Report of the Independent Expert Oversight Advisory Committee (Document EBPBAC21/2)

55. The Chairman of the Independent Expert Oversight Advisory Committee introduced the Advisory Committee's interim report covering its past two meetings, held in July and October 2014. He drew attention to the Advisory Committee's previous recommendations regarding the internal audit, external audit, risk register, internal control framework, WHO reform and the challenges currently posed in respect of the use of resources, as a result of the outbreak of Ebola virus disease.

56. The Independent Expert Oversight Advisory Committee had noted that the risk register, the audit universe and the internal control framework should be fully aligned, and encouraged strong coordination between those areas. With regard to the internal control framework, compliance units should be established in all the regions in a harmonious and comparable manner and should be managed within a consistent and consolidated approach under a framework established centrally. The Advisory Committee highlighted the need for adequate investment in Category 6 of the Programme budget (Corporate services/enabling functions) in the context of accountability and internal control.

57. The Chairman of the Independent Expert Oversight Advisory Committee also emphasized the challenges faced in the area of governance reform, and urged the governing bodies to evaluate their governance processes and procedures in order to be more effective. He urged the Organization, at an appropriate time in the future, to carry out a separate assessment of the response to the Ebola virus disease crisis and the lessons learnt. The robustness of the Organization's control and accountability mechanisms and their capacity to function effectively under stress should also be assessed.

58. The Committee acknowledged the excellent support and guidance being provided by the Independent Expert Oversight Advisory Committee, and appreciated that Committee's focus on the Organization's risk register and whistle-blower protection policy.

59. The Committee shared the concerns of the Independent Expert Oversight Advisory Committee about the recurrence of control weaknesses, often in the same areas, that had been identified in reports by the Office of Internal Oversight Services on WHO country offices, and about the Office's low frequency of review of medium- and high-risk countries. The Secretariat informed the Committee about the risk assessment methodology used to define audit priorities, which it had shared with the Independent Expert Oversight Advisory Committee. The priorities were translated into an annual audit plan focusing on significant areas of weaknesses.

60. The Committee concurred that the compliance units at all levels of the Organization needed to work in a coherent, consistent and harmonious manner under a central framework. It requested the Secretariat to provide an update on progress made in harmonizing those units and functions to the Sixty-eighth World Health Assembly.

The Committee noted the report of the Independent Expert Oversight Advisory Committee contained in document EBPBAC21/2.

3.2 Report on information technology (Document EBPBAC21/3)

61. The Committee welcomed the report by the Secretariat. It requested a more detailed costing of the various elements of the Organization's strategy for information technology and telecommunications.

62. The Committee noted that the Secretariat is committed to improving information technology to ensure that this remains a strategic enabler of the Organization and will work towards providing access to relevant data.

The Committee noted the report on information technology contained in document EBPBAC21/3.

3.3 Internal control framework: implementation update, including proposals on direct financial cooperation (Document EBPBAC21/4)

63. The Committee welcomed the update on the progress made in implementing the internal control framework, and the plans to apply it across all levels of the Organization. It stressed the need for consistent and comprehensive implementation, and looked forward to further updates, including on the new procurement strategy that will incorporate the United Nations system-wide green procurement principles.

64. The Committee further welcomed the introduction of the "accountability compact" as a tool to strengthen the delegation of authority from the Director-General to Assistant Directors-General. Clarification was requested on whether this could be extended to include delegation of authority from the Director-General to the Regional Directors.

65. Appreciation was expressed for the improvements in timely reporting in respect of direct financial cooperation, which has been brought about by WHO offices withholding further payments where reports are outstanding.

66. The proposals for improving assurance activities were supported by the Committee, including the related financing arrangements.

The Committee noted the report by the Secretariat contained in document EBPBAC21/4.

3.4 Report of the Office of Compliance, Risk Management and Ethics (Document EBPBAC21/5)

67. The Committee considered the first report of the Office of Compliance, Risk Management and Ethics, which presented a preliminary analysis of the first iteration of the risk register.

68. With respect to compliance, the Committee welcomed the administrative and programme reviews that had been carried out, and requested that plans for a comprehensive roll-out of such reviews be made. The work of the Secretariat to foster the development of a network of compliance units across WHO regions was noted and encouraged.

69. In relation to risk management, the Committee acknowledged the dynamic nature of risk registers and the complexity of maintaining effective ones, and requested the Secretariat to ensure adequate analysis, escalation and mitigation. The Committee further requested that updates on the corporate risk register be shared with the governing bodies in order for Member States to contribute to the risk management process.

70. The Committee noted the role of the Office of Compliance, Risk Management and Ethics, as facilitator of the risk management process, particularly with respect to cross-cutting risks that require coherent mitigation strategies, developed by the different stakeholders of the reform process.

71. The Committee further noted and appreciated the ongoing initiatives in oversight functions as part of the WHO reform efforts, covering the areas of internal audit, external audit, the internal control framework, compliance/risk and evaluation. The Committee reiterated the need to take forward those initiatives in a coherent manner, and to ensure coordination both internally and with other, external entities at the country level, as appropriate.

72. Concerning ethics, the Committee welcomed the Secretariat's update on the whistle-blower protection policy and requested that the Office's role in ethics training across the Organization be enhanced. The Committee noted the new policy on declarations of interest for experts, and requested that the scope of such declarations from staff members be broadened beyond the requirements of current practice.

The Committee noted the report of the Office of Compliance, Risk Management and Ethics contained in document EBPBAC21/5.

3.5 Reports of the Joint Inspection Unit (Document EBPBAC21/6)

73. The representative of the Joint Inspection Unit (JIU) expressed satisfaction at the working relationship between WHO and the JIU, and the Organization's high acceptance and implementation rates of JIU recommendations.

74. Referring to the study by the JIU on the use of non-staff contractors in the field, the Committee requested the Secretariat to re-examine the rules governing the use of non-staff as part of its forthcoming review of WHO's non-staff contracts.

The Committee noted the report by the Secretariat contained in document EBPBAC21/6.

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

75. The Committee adopted its report.

= = =