Geneva, 15 April 2024

Member States consultation on WHO resource allocation mechanisms
Short glossary of terms and abbreviations

- **3L**: Three levels of the organization: HQ, RO, CO
- **3L ODT**: Output Delivery teams across the three levels of the organization
- **AC**: Assessed Contributions (Member States quotas)
- **Budget Centre (BC)**: at country level, country offices; at regional and Headquarter levels, department/divisions
- **CO**: Country office
- **CVCA**: Core voluntary contributions account, the most flexible type of voluntary contribution in WHO
- **RD**: Regional Directors
- **DG**: Director General
- **Flexible funds (FF)**: AC+PSC+CVCA
- **GPG**: Global Policy Group (DG+ 6 RDs)
- **MO**: Major Office (WHO has 7 MO: 6RO plus HQ)
- **PSC**: programme support costs charged to voluntary contributions
- **Product/Service**: main deliverables needed to deliver commitments with Member States and contribute to delivery of Programme budget 2024-2025
- **RO**: Regional Offices
- **HQ**: Headquarters
- **RAC**: Resource Allocation Committee
- **Top Task**: Name assigned in WHO system to Product/Service
- **VC**: voluntary contributions
- **WHA**: World Health Assembly

**WHO Strategic priorities and outcomes 2024-2025**

1. **One billion more people benefiting from universal health coverage**
   - 1.1. Improved access to quality essential health services
   - 1.2. Reduced number of people suffering financial hardships
   - 1.3. Improved access to essential medicines, vaccines, diagnostics and devices for primary health care

2. **One billion more people better protected from health emergencies**
   - 2.1. Countries prepared for health emergencies
   - 2.2. Epidemics and pandemics prevented
   - 2.3. Health emergencies rapidly detected and responded to

3. **One billion more people enjoying better health and well-being**
   - 3.1. Safe and equitable societies through addressing health determinants
   - 3.2. Supportive and empowering societies through addressing health risk factors
   - 3.3. Healthy environments to promote health and sustainable societies

4. **More effective and efficient WHO providing better support to countries**
   - 4.1. Strengthened country capacity in data and innovation
   - 4.2. Strengthened leadership governance and advocacy for health
   - 4.3. Financial human and administrative resources managed in an efficient effective results-oriented and transparent manner
Addressing Member States comments on AMSTG consultation
Secretariat considers this as achieved, while recognizes that it is permanent in progress, due to nature of request

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<tr>
<th><strong>T6. Strengthening MS consultation on PB prioritization, resource allocation</strong></th>
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<td><strong>R</strong></td>
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**SEC**: MS considered (document EB154/33, paragraphs 17–22) that the broad raft of measures already taken are sufficient to address the transparency requests raised in T6.
How has the Secretariat addressed this request?

- Formal and informal consultations
- Digital PB platform
- Improved allocation of resources towards Regions and countries
- Increased transparency of planning and implementation
- PB Explainers developed
- Resource allocation mechanisms fully in place
Improving linkage between prioritization and PB:

2024-2025  Fully Achieved
- Results incorporated in PB 24-25
- Information publicly available at PB digital platform: https://www.who.int/about/accountability/budget/programme-budget-digital-platform-2024-2025

2026-2027  In progress
- Prioritization for the new results framework of GPW14 has been launched. One consultation expected for entire GPW14
- Regional offices in preparations to initiate consultations with Member States
Towards a more equitable allocation of resources

Highly dependent on flexibility on resources

4% % of Base Programmes financed by AC increase

37% % of Base Programmes financed with flexible funds (including AC increase)

Thematic Funds 22-23:
RAC prioritizes allocation towards RO/CO as a principle

Flexible Funds 24-25:
Regional Offices Allocation of Flexible Funds grew 22% against 11% of HQ

The degree of success of the Secretariat heavily depends on the quality of funds it receives. The more flexible funds, the more it can reallocate towards Regional and Country offices, while still protecting core functions within HQ.
Programme Budget and its Financing Mechanisms
**One Programme budget, many components**

**Total Programme Budget 2024-2025**

**Composed of 4 Budget Segments**

- **Base programmes**
  - $4,968.2 m

- **Polio Eradication**
  - $694.3 m

- **Special programmes**
  - $171.7 m

- **Emergency Operations and appeals**
  - $1,000.0 m

**The budget segments are divided across 3 functional levels and 7 major offices**

- **Country level, base**
  - ($2,439.8 m)

- **Regional Level, base**
  - ($1,059.7 m)

- **Headquarters, base**
  - ($1,468.6 m)

**Expected to be financed with different types of funds, ruled by different allocation mechanisms**

- **Flexible funds**
  - **AC**
    - $1,148.3 m
  - **CVCA**
    - $284 m
  - **AS**
    - $600 m

- **Voluntary contributions**
  - (Thematic, Designated, Specified)
    - $4,817.9 m
Main mechanisms for Resource Allocation in WHO

<table>
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<th>Flexible Funds</th>
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<tr>
<td>Thematic funding (Resource Allocation Mechanism)</td>
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<tr>
<td>Earmarked Voluntary Contributions (designated, specified)</td>
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</table>
Flexible Funds

Consisting of:

- Assessed Contributions (AC)
- Core Voluntary Contributions (CVCA)
- Programme Support Costs (AS)

No “strings” attached

Used for activities/salaries

Strategically reprogrammable, if new funds arrive

To cover entire base budget (under certain guidelines)

Allocation decided by DG in consultation with GPG to seven major offices

- Regional offices: RDs decision to allocate; they may delegate to WRs
- In HQ: DG’s decision to allocate
A revised approach to allocation of flexible resources

Allocation of flexible funds until now:

- By Major Office, decision of the DG in consultation with Global Policy Group
- By Regional, country levels, decision of Regional Director
- Within country level, decision of WHO Representative
- Besides the original allocation, transfers towards RO/CO also occur across the biennium
- Largely finance staff costs
- 63% utilized at Regional and Country level in 2022-2023

Revised approach, still decentralized but more focused:

- The allocation of the increase in assessed contributions will be directly related to high priority outputs, with particular emphasis on country level and on those prioritized outputs that traditionally present large financial gaps.
- Strong focus on strengthening technical capacity at the country level
- Increase in cost of enabling functions must be minimal and focused on the prioritized areas of transparency, accountability and risk management (including PRSEAH), and at least partially offset by efficiencies
- At least 50% of the increase to be allocated to the country level
- Retaining flexibility of these funds is key

Estimated Flexible Funds for 2024-2025

- AC $1,148.3 m
- CVCA $284 m
- AS $600 m
The final allocation of flexible funds is the sum of multiple decentralized decisions...

... But the size of flexible funds is not enough to green the heatmap

As a % of total flexible funds

As a % of each outcome’s approved budget
Main mechanisms for Resource Allocation in WHO

- Flexible Funds
- Thematic funding (Resource Allocation Mechanism)
- Earmarked Voluntary Contributions
WHO financing: Different types of Voluntary Contributions (VCs)

- As per Sustainable Financing Working Group discussions, the aim is that **partners move towards** increasing the flexibility and predictability of VCs, according to their own possibilities.
- **CVCA** is the only type of Voluntary Contribution that is fully flexible. It is then managed through the **Flexible Fund allocation Mechanism**, and allocated to technical outcomes (1.1 to 4.1)
- **Thematic funding** refers to a wide range of voluntary contributions, now managed through the **Resource Allocations Committee**
- **New definition of thematic** is proposed under investment round
- **Earmarked VCs** are managed by responsible managers as per conditions mutually agreed with donor

**Increasing flexibility of VCs is a journey!**
## Main characteristics across different types of VCs?

<table>
<thead>
<tr>
<th>Core Voluntary Contributions (CVCA)</th>
<th>Thematic funding</th>
<th>Voluntary Contributions Earmarked</th>
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<tbody>
<tr>
<td><strong>Allocated</strong> as part of flexible funds</td>
<td><strong>Now allocated via the Resource Allocation Committee</strong> mechanism (RAC)</td>
<td><strong>Managed</strong> and allocated by Award Manager</td>
</tr>
<tr>
<td><strong>Fully flexible</strong> for salaries and activities</td>
<td><strong>Fully flexible</strong> for salaries and activities</td>
<td>As a rule, <strong>not flexible. Ruled by conditions agreed</strong> with donor, including geographic limitations, and activities-salaries conditions</td>
</tr>
<tr>
<td>Generally allocated <strong>to technical outcomes only</strong> (i.e. no PRSEAH)</td>
<td><strong>No detailed project presented to donor a priori</strong></td>
<td><strong>Detailed project presented</strong> to donor a priori</td>
</tr>
<tr>
<td><strong>Corporate reporting</strong> only</td>
<td><strong>Generally allocated</strong> to technical outcomes only (unless donor agrees otherwise)</td>
<td><strong>Mostly for technical outcomes</strong> (with very few exceptions)</td>
</tr>
<tr>
<td><strong>Donor cannot set specific topics</strong></td>
<td><strong>Donor may set some conditions on priorities, outcomes or topics,</strong> that are considered in the allocation</td>
<td><strong>Specific donor reporting</strong> usually required and numerous</td>
</tr>
<tr>
<td><strong>Principles of strategic resource allocation</strong> apply</td>
<td><strong>Corporate reporting</strong> preferred but donor reporting may be possible</td>
<td><strong>Allocation affected by timing of arrival of cash.</strong></td>
</tr>
<tr>
<td><strong>Pooled</strong> and considered fully spent immediately. <strong>Separate Financial report for specific donor</strong> is NOT possible</td>
<td><strong>Allocation affected by timing of arrival of cash.</strong></td>
<td><strong>Individual awards created.</strong> Implementation as teams use funds.</td>
</tr>
<tr>
<td><strong>Acknowledged only as per cash received</strong></td>
<td><strong>Individual awards created.</strong> Implementation as teams use funds.</td>
<td><strong>Financial report for specific donor IS possible</strong></td>
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- **Financial report for specific donor IS possible**
- **Does not allow to support funding gaps that are not part of the agreement**
Voluntary Contributions Specified still finance the majority of the Programme Budget 2024-2025

- 63% is expected to be financed with voluntary contributions of all types.
- Unless projections change, the entirety of the gap would be financed with VCS.
- There is already US$1.6B VCS currently financing the Programme budget.
- While appreciated, they still pose a challenge for strategic allocation due to their earmarking.
Main mechanisms for Resource Allocation in WHO

- Flexible Funds
- Thematic funding (Resource Allocation Mechanism)
- Earmarked Voluntary Contributions
Why the RAC?

- Main goal of GPW13 – **impact at country level**
- At the same time, persistent **uneven financing levels** of Programme budget results and Major Offices
- Commitment to Regional and country offices, as well as Member states to improve allocation of resources across levels
- Lessons learnt from many previous allocation mechanisms (e.g. AGFR) RAC established in late 2021
- Thematic funding mobilized in headquarters **mostly stayed in headquarters**.
RAC Composition

Members:
- 4 Executive Director/Assistant Director General to represent each base programme Strategic Priorities (HQ)
- 2 Director of Programme Management (Regions)
- 1 Director of Administration and Finance (Region)
- 1 Regional Emergency Director (Region)
- **New:** 2 WHO Representatives (country level)

Chair:
- Assistant Director General for Business Operations (Raul Thomas)

Secretariat:
- Department of Planning, Resource Coordination and Performance Monitoring (PRP)
- Department of Coordinated Resource Mobilization (CRM)
Why RAC works?

- The percentage has been inverted: most of the thematic funds managed by the RAC are at Regional/Country level
- Decision on how to use the funds is not dictated by Headquarters, instead, it is discussed by the global network and responds to regional and country needs
- Funds have been allocated throughout the biennia, as opposed to when it is closer to expire.
- Teams started to understand the process and its value added: improved trust on it
- RAC has been adapting to dynamically improve the process as it has moved forward.

RAC was established as an innovative, transparent and democratic/participatory instrument to improve allocation across 3L.

Only USD 53 M (gross) of USD 326 M that we report to MS in thematic funding went through the RAC.
Main donors to the RAC in 2022-2023

- In 2022-202, **US$ 53M** were thematic funds with enough flexibility to be managed by the RAC
- Funds were allocated respecting donor conditions on Strategic Priority / outcome topics
- Funds were allocated after they arrived
- Funds have been mostly spent (still closing commitments)
Allocation to Major Offices

- After RAC approved amounts by output (to separate interests of RAC members from allocations)
- RAC guideline, 80% RO/CO, 20% HQ
- Decision on allocation by Major Office is taken by 3L Output Delivery Teams.
- In Year 2: pockets of poverty, allocation situation, implementation were considered for reallocation
How does a typical ODT “decision” meeting take place?

In 24-25:
- High priority outputs to be considered
- A formula for allocation on year 1 to be used, focusing on country first
Main Challenges

- Misunderstanding of thematic funding (sometimes really earmarked VCs)
- Earmarking of thematic funds: to benefit the 3L vs to support HQ led activities
- Timeliness of funds received
- Change management: not “fully flexible” funds
- Amount of thematic funds received: effort vs returns.

Programme Budget 2024-2025:
Financing gap vs current RAC projection
US$ Billion

Financing gap 2024-2025
1.2

- Financing gap 2024-2025
- Current RAC projection
Way Forward

• More credibility and understanding of the process
• Revised, expedited process to facilitate approvals
• More strategic process, better connected with operational planning
• Even more transparency and timeliness in flow of information
• Regional roles and responsibilities better defined for teams involved
• High level monitoring and oversight strengthened
• Recognition that it involves more actors, therefore takes a bit more time.
Thank you!
How does the Resource Allocation Mechanism works?

- **RAC Secretariat**
  - Gets Thematic fund projections
  - Presents allocation proposal to RAC

- **RAC**
  - Approves proposed allocation by output
  - Defines and Launches process
  - Discusses priorities and allocation across 7 MOs
  - Defines information gathering
  - Receive information from ODT, prepare and revert.
  - Coordinate w/ Planning MO teams

- **Output Delivery teams (ODTs)**
  - Review, consolidate, submit to RAC
  - Approves proposals
  - Approves release of funding that is available

- **Technical teams: 7 MO**
  - Monitors and reports back to RAC
  - Reviews progress, moves on lessons learned, releases new funding as it arrives

- **World Health Organization**
  - Implements RAC decisions.
  - Communicates
  - Implements funding

- **World Health Organization**
  - Implements funding

- **World Health Organization**
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- **World Health Organization**
  - Implements RAC decisions.