
Financing of the programme budget

Overview of financial implementation of Programme budget 2016–2017 and financing outlook for the biennium 2018–2019

Report by the Director-General

SUMMARY

1. The document provides an overview of the financial situation of WHO's programme budget for the biennium 2016–2017 and an outlook for the biennium 2018–2019, based on the figures available as at 30 September 2017.¹ Figures are provided for the two main components of the Programme budget, namely: (a) "base" programmes; and (b) poliomyelitis (polio), outbreak and crisis response and special programmes. The key points highlighted in the document are as follows:

- the Health Assembly approved the Programme budget 2016–2017 at a level of US\$ 4385 million,² and approved an increase to US\$ 4545 million in 2016;³
- financing for most of the Programme budget is dependent on voluntary contributions, whose timing and alignment do not always facilitate the most effective implementation; overall, 85% of financing in 2016–2017 comes from voluntary contributions;
- overall financing for 2016–2017 stands at 98% for base programmes, although for some programmes the financing level is significantly lower (e.g. noncommunicable diseases (74%) and the new WHO Health Emergencies Programme (79%));
- the revised programme budget for polio and for outbreak and crisis response is significantly higher than the initial budget, reflecting the fact that these programmes are event-driven;
- the projected full-biennium financial implementation (expenditure) is US\$ 4432 million.

¹ Further information is available on the WHO web portal (<http://open.who.int/>, accessed 24 November 2017).

² See resolution WHA68.1 (2015).

³ See decision WHA69(9) (2016).

2. The Programme budget 2018–2019 highlights include details on the following:
 - the World Health Assembly approved the programme budget for the biennium 2018–2019 at a level of US\$ 4422 million;¹
 - the current projected financing for the biennium 2018–2019 is US\$ 3180 million.²
3. In order to sustain progress in WHO's enhanced emergency response operations and align funding more effectively with approved Programme budget priorities, more predictable and flexible financing is needed. This is a priority of the Director-General's transformation agenda.

PROGRAMME BUDGET 2016–2017

Budget update

4. In May 2015, the Sixty-eighth World Health Assembly adopted resolution WHA68.1, approving a total of US\$ 4385 million for the Programme budget 2016–2017. The budget comprised 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) separate from the base programme.

5. 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 for the new WHO Health Emergencies Programme. This increase was made in the base programme component of the Programme budget and brought the total Programme budget for base programmes to US\$ 3354 million; accordingly, WHO's revised total Programme budget for 2016–2017 is US\$ 4545 million (see Table).

Financing update

6. The overall projected financing of the Programme budget is US\$ 6026 million, comprising US\$ 3272 million for the base programmes and US\$ 2754 million for polio and outbreak and crisis response (see Table). This financing is made up of US\$ 5097 million in voluntary contributions (85% of total), and US\$ 929 million in assessed contributions (15% of total).

¹ See resolution WHA70.5 (2016).

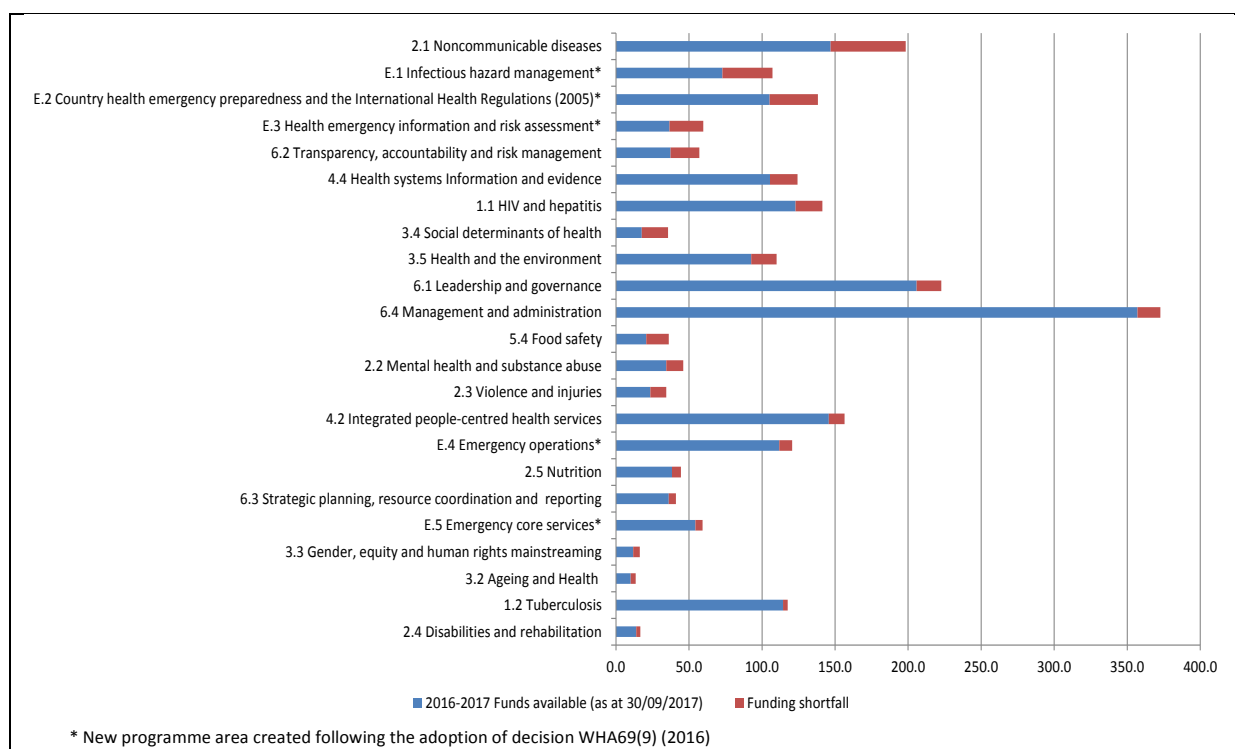
² Excludes US\$ 538 million for outbreak and crisis response, for which no budget was established.

Table. Programme budget 2016–2017: summary of financing and expenditure (including projections) (US\$ million)

Programme budget 2016–2017				
Components	Approved	Revised	Available financing (as at 30 September 2017)	Projected implementation
Base	3194	3354	3272	2614 ^a
Polio, outbreak and crisis response, special programmes	1191	1191	2754	1818
Total	4385	4545	6026	4432

^a See paragraph 9 for information on financial implementation.

7. While the overall funding situation is positive, certain programme areas and major offices remain underfunded: the largest gaps are in noncommunicable diseases and the Health Emergencies Programme (see Fig. 1 for details, ranked by programme areas with largest gaps) along with funding shortfalls in the regional offices for the Americas, Europe and the Eastern Mediterranean, which are due to the high level of specified funding. Furthermore, the level of funding of core voluntary contributions decreased in 2016–2017 to US\$ 184 million, a reduction of US\$ 67 million compared with the previous biennium, leaving fewer flexible funds available to the Organization to fill gaps in underfinanced and priority programmes.

Fig. 1. Programme areas facing financial shortfalls (as at 30 September 2017) (US\$ million)¹

¹ In this figure, programme areas are ranked in terms of respective funding gap (decreasing order).

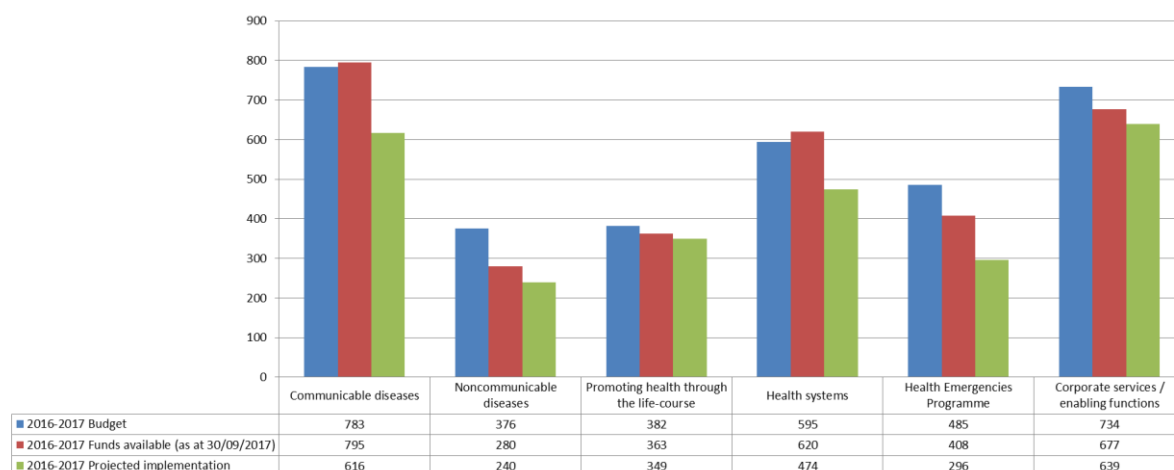
8. Available financing for polio and for outbreak and crisis response and special programmes is projected at US\$ 2754 million (of which US\$ 1397 million is for polio), substantially higher than the figure of US\$ 1191 million listed in the Programme budget approved in decision WHA69(9). The higher amount is justified by the event-driven nature of much of this work: for polio, the Programme budget has increased due, notably, to re-emergence of wild poliovirus in Nigeria and subsequent intensification of activities in neighbouring countries; and also because transmission of wild poliovirus has not yet been interrupted in Afghanistan and Pakistan so that budgets and expenditures in those countries could not begin to be scaled down as planned. For the work on outbreak and crisis response, there were a number of significant emergency response efforts, notably in the Democratic Republic of the Congo, Iraq, Somalia, South Sudan, the Syrian Arab Republic and Yemen. Additional financing was received for these and other events, including funding for the Contingency Fund for Emergencies, which was used in a number of these responses.

Financial implementation update

9. The financial implementation (expenditure) for 2016–2017 is estimated at US\$ 4432 million, comprising US\$ 2614 million (compared with the budget of US\$ 3354 million approved at the Sixty-ninth World Health Assembly) for base programmes and US\$ 1818 million (compared with the budget of US\$ 1191 million approved at the Sixty-ninth World Health Assembly) for polio and for outbreak and crisis response and special programmes. For both categories, and in particular for polio and outbreak and crisis response, the financial implementation is less than the available financing. This is because for base programmes, financing is not fully aligned with the budget, and some contributions arrive too late in the biennium for activities to be substantially implemented. Greater predictability is needed to minimize the impact of such delays on programme implementation. For polio and outbreak and crisis response, the same factors apply, but in addition, the event-driven nature of the work means that the timing of work depends on the individual responses and on the appeals to raise the funding for such responses.

10. Fig. 2 below presents the budget, funding available, and projected financial implementation to the end of the biennium for base programmes, by category. It clearly shows that the amount of financial implementation is correlated with the availability of financing – those categories with higher levels of financing tend to achieve higher implementation. The largest shortfalls occur in category 2 (noncommunicable diseases) and the WHO Health Emergencies Programme.

Fig. 2. Base Programme budget 2016–2017: Programme budget,^a available funds and financial implementation, by category (US\$ million, including projections)



^a As approved by the World Health Assembly.

OVERALL FINANCIAL OUTLOOK FOR THE BIENNIUM 2018–2019

11. In May 2017, the Seventieth World Health Assembly approved a budget of US\$ 4422 million for the financial period 2018–2019.¹ This comprises a base component, covering the six main WHO categories of work, amounting to US\$ 3400 million, to be financed by US\$ 957 million in assessed contributions and US\$ 2443 million in voluntary contributions. The base component of the Programme budget was increased by US\$ 46 million or 1%, compared with the 2016–2017 Programme budget. The amount of US\$ 1021 million budgeted for polio eradication, tropical disease research and research in human reproduction (presented separately from the base component) will be financed solely by voluntary contributions, as well as the WHO outbreak response work; separate budgets will be prepared for these components, based on response needs.

12. The estimated level of financing for the Programme budget 2018–2019, based on current information (which includes the estimated carry-forward for 2018–2019 and projected funding) is US\$ 3180 million.² This amount excludes US\$ 538 million for outbreak and crisis response, for which separate budgets will be established. Excluding projections, available funding is expected to be at a similar level to that at the opening of the last biennium.

13. Less positively, it is currently estimated that the level of core voluntary contributions will reduce further, which negatively impacts the Organization's flexibility in the context of the forthcoming work on reprioritization.

14. The WHO financing dialogue has been recognized as an innovation which has gone some way to improving alignment of specified voluntary contributions and improved predictability. Furthermore, the transparency of WHO financing and the application of financing has been enhanced through the

¹ See resolution WHA70.5.

² Updated information will be communicated at the time of the twenty-seventh meeting of the Programme, Budget and Administration Committee and will be made available later on the WHO web portal at <http://open.who.int/>.

Programme budget web portal, which provides regularly updated financial information. A full report on the Programme budget 2016–2017 and financing will be presented at the Seventy-first World Health Assembly.

Financing campaign

15. Building on lessons learned, the Director-General’s transformation initiative aims to take the work started with the financing dialogue to a higher level, and transform it into a high-level process for which a WHO investment and advocacy case will be developed. Tailored engagement and communication plans will be rolled out with Member States, civil society, champions and other partners. This work will be supported by a series of events, to be elaborated further during 2018.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

16. The Committee is invited to note the report.

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