



# WORLD HEALTH ORGANIZATION

**EXECUTIVE BOARD**  
**104th Session**  
**Provisional agenda item 5**

**EB104/3**  
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## **Extrabudgetary resources: policy framework**

### **Report by the Secretariat**

#### **BACKGROUND**

1. WHO's Executive Board has regularly provided guidance to the Organization on the mobilization and management of extrabudgetary resources. Because of the lack of growth of assessed contributions to the regular budget, additional resources are increasingly needed for WHO to fulfil its mandate and address the priorities set by the Board and the Health Assembly.
2. A working group was established by the Executive Board at its May 1997 session to review the issue of extrabudgetary resources.<sup>1</sup> The resulting report by the ad hoc working group<sup>2</sup> was discussed by the Board at its 102nd session in May 1998, and its main conclusions were endorsed. In decision EB102(2), the Board requested the Director-General to draw up a policy document based on the report of the ad hoc working group for its consideration in 1999.
3. The Executive Board also requested the Director-General to convene a meeting with government representatives from departments and agencies which deal with development assistance funds, together with representatives of potential recipients.

#### **ISSUES**

4. The attached policy document (see Annex) addresses processes for and approaches to resource mobilization and extrabudgetary resources. Because of the importance for WHO of securing a regular flow of additional resources, its implementation cannot be delayed. A revised document taking into account comments made by the Board will be presented at its January 2000 session, and for consideration by the Fifty-third World Health Assembly in 2000.

#### **ACTION BY THE EXECUTIVE BOARD**

5. The Executive Board is invited to comment on the attached policy document on resource mobilization. The broad directions in the document will guide the Organization's approaches to resource mobilization.

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<sup>1</sup> See document EB100/1997/REC/1, p. 69.

<sup>2</sup> Document EB102/8.

## ANNEX

### RESOURCE MOBILIZATION: A CORPORATE STRATEGY

#### BASIC OBJECTIVES

1. Health is an essential component of human development. The Director-General has identified four global challenges in health:

C the need to focus on delivering a limited number of highly cost-effective interventions that can sharply reduce the burden of excess mortality and morbidity suffered by the poor;

C the need to proactively counter threats to health resulting from economic crises, unhealthy environments, risky behaviour or microbial evolution;

C the need to develop health systems that respond, for everyone, to health needs;

C the need to expand the knowledge base.

2. In order to address these challenges, there is a need to improve mobilization, allocation and utilization of resources. WHO can play an important role in all three. To a large extent, WHO's technical work is about better utilization of resources. The new cluster on Evidence and information for policy is responsible for providing information on resource flows, where gaps exist, and how resources can be better allocated to address the challenges. More resources could be mobilized if WHO were a better advocate. To carry out this work, WHO must also secure its own resource base.

3. Thus, the basic objectives are:

C to increase the levels of investment in the global challenges in world health;

C to ensure that such investments will be allocated and used according to the best available evidence;

C to secure the resource requirements for the implementation of WHO's own work aimed at meeting the global challenges.

#### STRATEGIC APPROACH

4. All resource mobilization carried out by the Organization needs to be based on the concept of one single and coherent WHO under the guidance of its governing bodies. In this context, it will be important to link resource mobilization to the time-line process of the regular budget and the Director-General's activities (strategic presentations, round tables, visits to agencies and countries) to achieve coherent presentation, allocation and execution of funds within WHO.

5. Resource mobilization activities need to be planned with and incorporated into the work of all clusters, regions, departments, and country offices of WHO, as these contribute substantially to the achievement of WHO's objectives and priorities. However, they must also be responsive to the policies, agendas and preferences of various donors, and allow for enough flexibility to take advantage of new funding opportunities

when they arise. The cluster on External relations and governing bodies is responsible both for coordinating resource mobilization within WHO and for organizing an adequate response to donors' opportunities and constraints. It must also ensure that the needs of smaller programmes are addressed.

6. The development of partnerships that create an atmosphere of shared responsibilities and outcomes will be a key feature of the approach.

7. In order to enhance the mobilization, allocation and utilization of resources for the global health challenges, WHO needs to develop a comprehensive advocacy and promotion package to be derived from its technical work, resource needs analysis and evidence base, and advocacy experience. This package needs to be communicated to its target audience through the media, telecommunications and publications. An important instrument is the annual World health report.

## **THE CURRENT SITUATION**

8. Regarding fund-raising for WHO, most programmes raise funds using senior-level and technical staff to interact with donors. This interaction is effective, costing in most cases no more than about 5% of the resources generated, and has resulted in the doubling of available resources over the past eight years. Donor countries in particular have supported this approach, which includes a series of meetings (meetings of interested parties, annual review meetings, etc.) allowing them to gain a good understanding of specific programmes.

9. The positive features of this achievement will be preserved, as it is essential for the Organization to take advantage of existing experience, talents and contacts. However, the present approach is uncoordinated and several issues can now be more forcefully addressed:

- C the management of resources should be more transparent in order to improve efficiency and accountability;
- C the identity of WHO should be more strongly asserted in its resource mobilization activities, even for specific, disease-oriented programmes;
- C potential irritation among donors should be avoided by closer coordination of funding requests from various sources, and by minimizing competition within WHO. Many donors are keen to explore more strategic approaches to their resource allocation within WHO;
- C professional follow-up should be implemented, especially with private sector donors, to counteract the unduly high drop-out rate (close to 60%);
- C reporting mechanisms should be streamlined, to avoid multiplication of formats and reduce time spent on reporting, and to improve accountability;
- C the base of contributions should be broadened to minimize the risk of resource gaps.

## ELEMENTS OF THE STRATEGY

### 1. A streamlined biennial cycle for resource mobilization

10. A streamlined biennial cycle for extrabudgetary resources related to the budgetary cycle of the regular budget, is the most important instrument to implement the new strategy. This cycle would have the following elements:

- C technical reviews by cluster and regional office to assess outputs and value for money;
- C meetings of interested parties to advise the Director-General and the governing bodies;
- C discussions on strategic directions, priorities, budgetary framework and decisions on extrabudgetary funding.

The Appendix sets out a two-year cycle of resource management for extrabudgetary resources and regular budget funds, for illustrative purposes.

### 2. Improved resource allocation to WHO

11. A new voluntary fund structure would permit four levels of funding:

- (1) Director-General: Thematic voluntary funds (e.g. health and poverty; threats to health; health sector development; expanding the knowledge base). Some donors may also want country trust funds. Distribution of these funds by the Director-General.
- (2) Cross-cluster projects: Cabinet projects, e.g. Roll Back Malaria, Tobacco Free Initiative; other projects with focal points (e.g. HIV/AIDS). Allocation of funds by project manager or Executive Director designated as focal point based on work plans approved in Cabinet.
- (3) Clusters and regional offices: Allocation of funds based on budget document and work plan approved in Cabinet.
- (4) Departments/programmes and country offices. Allocation of funds based on work plans approved by Executive Directors and Regional Directors.

12. At each level, the minimum level of earmarking will be encouraged, to facilitate a more effective use of resources.

### 3. Encouragement of long-term pledges

13. Achieving greater predictability of extrabudgetary resources is one important element in improving the flow of funds and the approach to resource mobilization. Governments will be encouraged to make multi-year commitments to WHO. In the event that their legislative and budgetary procedures do not allow for such commitments, they will be encouraged to pledge intended contributions over a period of two to three years, and to provide a schedule for the communication of their firm pledges as early as possible. A database of pledges will be maintained for use by donors and throughout WHO.

#### **4. Role of meetings of interested parties**

14. Most programmes which are heavily dependent on extrabudgetary resources have opted to hold such meetings every year. They are usually preceded by a technical review by external experts that advises the meeting of interested parties on technical content and outputs. In special programmes, these meetings play a constitutional role based on the memorandum of understanding. The organization of these meetings for whole clusters in 1999 has been received positively by participants.

15. Another option would be to arrange an “open house” week where interested parties could seek the information they need through plenary meetings, poster displays and parallel sessions. If the “open house” were linked to the Health Assembly, it could secure wide and high-level representation from developing countries. A third option, consisting of holding meetings of interested parties every second year in a consolidated cluster format, could also be considered.

16. Donors attach great significance to a strong presence from recipient countries, which is constitutional for some programmes. Meetings of interested parties should bring together a representative sample of Member States to discuss the programmes. In general, these meetings provide a forum to ensure the technical policy directions and accountability that secure long-term funding. They also inform the Director-General on strategies, resource flows and management.

#### **5. Bilateral donor meetings**

17. These meetings currently take place throughout the year and are partly policy oriented and partly technically oriented. It is believed that there should be a sharper distinction between meetings of interested parties and bilateral meetings, the latter focusing on overall policies. They should be concentrated during a particular time of the year, which would allow WHO to aim for an early indication of financial commitments. Such time-frames have slipped in recent years. Some donors would prefer meetings with a number of donors at the same time. This would have the advantage of consolidating policy directions. It is proposed to hold annual discussions, though not necessarily meetings with bilateral donors, concentrated in October and November.

#### **6. Streamlined reporting mechanism**

18. A unified system for reporting on the use of extrabudgetary resources will be explored by WHO in 1999 in consultation with donors. The aim is to provide a single financial reporting format, and a standard approach for performance narratives.

#### **7. Streamlined proposal framework**

19. Funding proposals by WHO clusters, departments and regional offices must meet standards of excellence. Mechanisms for achieving and maintaining a high quality of streamlined proposals will be developed. Proposals will correspond to priorities in work plans and budgets, reflect the corporate image, and contribute to the achievement of key objectives of WHO.

#### **8. Unified strategy through consolidated work plans**

20. To support joint implementation, a consolidated resource mobilization work plan based on activity proposals developed by clusters and regional offices will be developed.

## **9. Improved transparency and communication throughout the Organization**

21. It is crucial for information on resource mobilization activities and interaction with donors to be shared and easily accessible. Examples of important information include contacts with donors, visits to capitals, travel reports, funding requests and proposals, pledges made, and income received. The necessary tools and mechanisms will be developed to facilitate information-sharing. Provision of information will be the responsibility of all WHO clusters and regional offices.

## **10. Development of a database with government donor profiles**

22. A donor profile database will allow staff responsible for resource mobilization to take advantage of appropriate information, including aid policies and primary cooperation areas, names and addresses of contacts in various ministries, and updated information on policy-makers (e.g. parliamentarians, ministers, cooperation agency heads). This database will also include foundations and private donors. A donor profile database will be designed, maintained and made accessible to staff involved in resource mobilization through the WHO Intranet.

**Appendix**

**A TWO-YEAR CYCLE OF RESOURCE MANAGEMENT**

**1. Extrabudgetary resources**

<b>March/April 1999</b>	<b>June 1999</b>	<b>October/November 1999</b>	<b>December 1999</b>	<b>March/April 2000</b>	<b>June 2000</b>	<b>October/November 2000</b>	<b>December 2000</b>
Technical reviews, department level	Meetings of interested parties: managerial review	Bilateral/multilateral discussions with donors on policy directions	Decision by donors about funding for 2000	Technical reviews, cluster and regional office level	Overall review of WHO activities to advise Director-General on budget priorities and levels for next budget period (2002-2003)	Bilateral/multilateral discussion on budget framework, priorities and levels for the next budget period	Decisions on budget levels for 2001; pledges for funding for 2002-2003

**2. Regular budget funds**

<b>May 1999</b>	<b>January 2000</b>	<b>September 2000</b>	<b>December 2000</b>	<b>January 2001</b>	<b>May 2001</b>
Executive Board discusses process and policy orientation	Executive Board recommends policy orientation	Regional committees' review of regional components	Director-General submits proposed programme budget 2002-2003	Executive Board provides recommendations on budget to Health Assembly	Health Assembly approves 2002-2003 budget