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Guiding principles for strategic resource allocation

INTRODUCTION

1. Based on the Secretariat's report on resolution WHA51.31, the Fifty-seventh World Health Assembly requested the Director-General to develop guiding principles and criteria for the strategic allocation of resources across the Organization, to be submitted to the Executive Board at its 115th session. The decision states:

“The Fifty-seventh World Health Assembly, after considering the report on regular budget allocations to regions, noting the recommendations contained in paragraph 21, decided to request the Director-General to draw up, in consultation with Member States and regions, guiding principles, based on objective criteria, to be applied in the allocation of funds from all sources, taking into account equity, efficiency and performance, and support to countries in greatest need, in particular least developed countries, which would be considered by the Executive Board at its 115th session.”

(Decision WHA57(10) 22 May 2004)

2. The development of principles and criteria to guide the strategic allocation of resources is a task that requires the collaboration and participation of all levels of the Organization as well as of Member States, through ongoing consultations.

3. The present document builds on comments made by some Member States on the draft guiding principles. It also reflects further consultations and discussions, namely through a WHO Secretariat working group with regional and headquarters participation. It further elaborates on the draft guiding principles, as well as on the process around the strategic use of resources.

4. This work is being carried out in conjunction with other key managerial processes. The Eleventh General Programme of Work, currently under development, which will guide the work of the Organization for the period 2006-2015, and the results-based management framework, including a proposed strategic plan, will also be closely tied to the strategic allocation of resources. New ways of working between and across different levels of the Organization, including development of “one country strategy, plan and budget” and decentralization, are also key inputs into this work. Finally, Organization-wide efforts to increase effectiveness and efficiency will all support and benefit from the more effective use of resources.

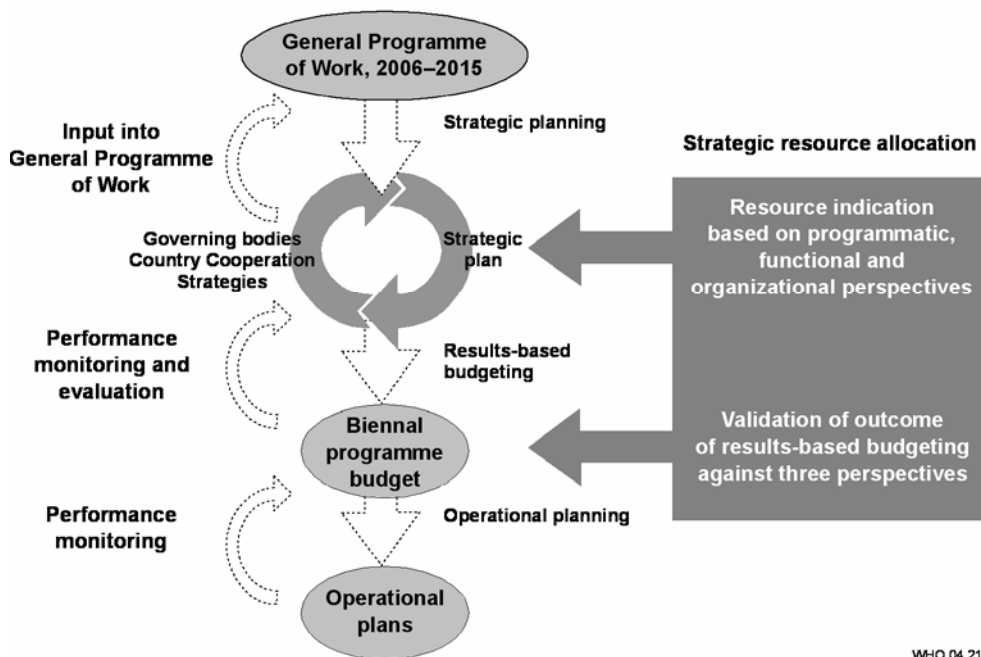
5. Developing guiding principles for strategic resource allocation is an opportunity to further strengthen the Organization's results-based management approach. The correct balance must be struck between a results-based budgeting approach and the development of strategic resource allocation

principles and criteria. While the two approaches are not necessarily mutually exclusive and may even be complementary, care must be taken not to revert to a resource-based approach, whereby resources are allocated in isolation from the strategic direction and objectives of the Organization.

6. Over the past few months a proposal for a renewed results-based management framework has been developed, with the aim of achieving a more strategic approach to planning, and at simplifying key processes. It would include an Organization-wide strategic plan that would build on the Eleventh General Programme of Work, the Country Cooperation Strategies, and governing body resolutions. Developed through a thorough consultative process and endorsed by the governing bodies, it would provide direction to the Organization over six years, or three biennial programme budgets. It will thus serve to support, strengthen and provide continuity to the biennial programme budget.

7. The following diagram depicts these different processes and instruments, related to the strategic allocation of resources.

Strategic allocation of resources: processes



8. A key component of any results-based management framework is the ability to monitor performance over time and evaluate the impact of programmes. WHO’s monitoring capability and accountability will be strengthened by the proposed renewed framework, as planning processes will be better articulated, leading to a more efficient preparation of the programme budget. It is in this context that factors of performance and efficiency must be addressed, through WHO’s performance assessment reporting and other monitoring and evaluation mechanisms.

STRATEGIC RESOURCE ALLOCATION: GUIDING PRINCIPLES AND PERSPECTIVES

9. Draft guiding principles have been developed to support the strategic allocation of resources across the Organization. Through an online based consultation process some Member States have expressed general support for the draft guiding principles. As they serve to guide the work going forward, the revised seven draft guiding principles are enunciated below.¹

Principle 1

Strategic coordination and allocation of resources should be first and foremost driven by strategic planning and results-based budgeting, with expected results determined after an Organization-wide planning process, and budgets prepared in a bottom-up manner from estimated requirements of resources to deliver those expected results.

Principle 2

The budget should encompass all WHO's financial resources. Resource requirements should be considered in an integrated manner, including income from all sources of funding as part of one Organization-wide budget.

Principle 3

The planning process should be guided by WHO's long-term strategic direction, including regional and country specificities, and findings from Country Cooperation Strategies analysis. Strategic resource allocation perspectives (programmatic, functional and organizational) will serve to inform this process.

Principle 4

Relative resource indications should be defined for the full strategic planning period. The resource indication should be sufficiently broad, and favour flexibility over rigidity.

Principle 5

Past performance of specific programmes or offices should be taken into account in the process. To ensure that well-performing programmes or offices are rewarded, the performance assessment reports for the previous budgeting cycle or cycles will be considered. Programmes or offices that have not been able to deliver expected results will be scrutinized in order to understand better the shortcomings and provide adequate support.

¹ See document EB115/CD/1.

Principle 6

Three complementary perspectives should be considered when defining ranges for strategic allocation of resources.

- (a) The **programmatic perspective** reflects the Organization's priorities in terms of substantive programme delivery. It is a response to the question "what are the goals and objectives WHO wants to achieve?". These goals and objectives are set out in the General Programme of Work, Executive Board and Health Assembly resolutions, and other global commitments such as the Millennium Development Goals.
- (b) The **functional perspective** responds to the question "how can WHO best meet its goals and objectives?". It refers to the core functions of the Organization, such as normative work and technical cooperation, and how WHO should balance these functions to deliver most efficiently its strategic objectives and global expected results.
- (c) The **organizational perspective** relates to WHO offices in countries, regions and headquarters. It provides an answer to the question "where in the Organization is the work best and most effectively performed?". Resources should be directed to where the work is being done.

Principle 7

The outcome of the strategic planning process and results-based budgeting must be validated against the strategic resource allocation perspectives and criteria.

Some adjustment may be needed, including the scaling up or down of expected results. An iterative, transparent and consultative process is crucial to ensure the integrity and credibility of the results-based budgeting approach.

The actual allocation of resources against the target ranges will be periodically monitored. Although actual allocations may vary or deviate from the targets within parts of a strategic planning cycle, they should balance out over the full period. In case of substantial variation, target ranges may be revised to reflect exceptional changes in circumstance.

10. Strategic resource allocation is first and foremost a consultative process. These principles should lead to a more effective use of resources, validation of the outcome of results-based budgeting and priority in resource allocation to countries in greatest need. In short: *doing the right things, in the right way, and in the right place.*

11. The three perspectives outlined in Principle 6 are at the heart of the strategic resource allocation approach. The **programmatic** perspective is applied within the strategic planning processes, providing both a guiding framework for programme development and a tool for validating the consistency of results with the mandates of the Organization. Flowing from this, the **functional** perspective comes into play to further develop strategic objectives, by ensuring decentralization is put into effect whenever this would increase effectiveness and/or efficiency, and that the optimal strategic approaches are applied. The **organizational** perspective will include indicative resource envelopes for each level of the Organization, which will inform strategic planning and serve as a cross-check against the

outcome of results-based budgeting to ensure equity and solidarity, in support of countries in greatest need.

12. Strategic resource allocation should take into account all of these equally important perspectives, which are further detailed below. They should be seen in relation to one another, as they are interdependent.

PROGRAMMATIC PERSPECTIVE

13. The programmatic perspective is about “doing the right thing”, ensuring that there is a clear strategic direction and that the Organization is giving itself the means to implement that direction through the most effective use of its resources.

14. Strategic objectives, to be outlined in the proposed strategic plan, would serve as the starting point, and would be determined through a transparent and consultative Organization-wide process. They could be reviewed during subsequent biennial programme budgeting cycles to take into account changing circumstances and emerging needs. The strategic plan would include four to eight high-level goals and 15 to 20 strategic objectives, whose delivery would be supported by strategic approaches.

15. In order to identify strategic objectives, a number of key dimensions and criteria need to be considered. These have been articulated in a number of different ways in the past, and it is useful to build on this work.¹ Some criteria identified include:

potential to have impact;

major health problem of global importance and relevance;

comparative advantage of WHO, building on the objectives and core functions of the Organization;

needs of Member States identified by epidemiological surveys and disease burden; and

major requests from Member States, mandated through discussions, decisions and resolutions.

16. Depending on the nature of the strategic objectives and approaches, and on a functional analysis, relative resource needs will be determined. The assumption is that the different nature of strategic objectives, approaches and related functions may have different cost implications. This resource indication would serve to guide and cross-check the results-based budgeting process.

17. The key to efficient and effective use of resources will be to find the right balance to ensure *all* of WHO’s strategic objectives can be appropriately resourced. A high level of resources in one programme should not be seen as compensation for other programmes with insufficient resources.

¹ *Tenth Programme of Work 2002-2005*, p. 6, paragraph. 13; EBPDC3/7, *Priority-setting in WHO*, 20 November 1996, pp. .2-3, paragraphs 4-6; EUR/RC43/4, *Programme Budget Priorities 1996-1997*, pp. .3-4, paragraph. 13.

FUNCTIONAL PERSPECTIVE

18. The functional perspective is key to ensuring things are done “in the right way”.
19. This is linked to the programmatic perspective in so far as each strategic objective can be met by a mix of different functions which are outlined in WHO’s Constitution, Health Assembly resolutions and the Tenth General Programme of Work. There is a need to review these as part of the formulation of the Eleventh General Programme of Work.
20. The functional perspective is also, and perhaps more importantly, closely tied to the organizational perspective. Although all functions are performed to a greater or lesser degree at all levels, the different levels of the Organization play a different role.
21. As part of the strategic planning process, an assessment would need to be made for each strategic objective in order to determine the relative importance of different functions and roles at the different levels of the Organization in maximizing effectiveness and efficiency. Although broad, these indications would help inform and validate the results-based budgeting process.
22. A basic principle should be to carry out functions closest to where the action is being taken.

ORGANIZATIONAL PERSPECTIVE

23. The organizational perspective serves to ensure we do the right thing “in the right place”. Resources must be made available at all levels of the Organization, reflecting where the work can most efficiently be done and drawing on the complementary strengths of the three levels of the Organization.
24. For this perspective, it would be useful to develop a mechanism to appraise and analyse the outcome of results-based budgeting to ensure that there is an alignment between the strategic objectives, the functional analysis and the level of the Organization where the work will be carried out.
25. Building and learning from experience of other similar mechanisms, a few general principles should be ensured in its development for WHO:

any approach to the effective use of resources across the Organization should be firmly rooted in the principles of equity and solidarity in support to countries in greatest need, in particular least developed countries;

it must be based on criteria that can be applied to appraise the rational use of funds from all sources as part of an integrated and Organization-wide budget, which includes assessed contributions, miscellaneous income, and voluntary contributions. The different nature of these funds, however, may need to be taken into account in the mechanism;

there will be a preliminary indication of resource ranges to be allocated to each of the three levels. This must, however, in no way be seen as pre-empting the results-based budgeting process by predetermining resource allocations.

26. The organizational perspective should be consistent with the other two perspectives. The indicative resource envelope for each level should reflect the overall strategic direction, objectives,

approaches and related functions to be carried out, and could be drawn up along the lines set out below.

27. Resources allocated at country level could comprise two components:

an equal **engagement** component for all countries, that is resources needed to ensure a basic level of in-country support to Member States, which would represent a smaller share of the total country resources;

a **needs-based** component that takes into account health needs, socioeconomic status, and a population factor, based on the strategic direction and objectives.

28. Indicators used should be reliable, comparable, regularly updated, and available to all Member States, implying that appropriate proxies may be used until more robust and relevant health and socioeconomic indicators are available. Increased efforts are required to ensure rapid progress is made in terms of indicator reliability.

29. There should be a core component to cover regional functions, which is relatively uniform for each region. All regional offices should carry out some functions on behalf of the Member States in the region, regardless of their level of relative need. The regional functions must be considered in relation to the functions being performed at headquarters and country levels. An additional needs-based component would be factored in to reflect regional specificities.

30. Resource envelopes for a specific region would thus be made up of the sum of resources allocated to countries in that region and resources for the regional office. This should be presented as a range. The subsequent breakdown within regions would be defined by the regions, in accordance with respective regional policies established by the regional committees and in line with the overall vision and policies of the Organization. Organization-wide benchmarks need to be established to ensure consistency and equity among countries across regions, including a country core presence, which may require a progressive approach over time.

31. The appropriate indicative and relative level of resources for headquarters must be determined in light of the programmatic perspective and in relation to the functions being performed at regional and country levels. Headquarters' global role must be considered in the context of decentralization, while ensuring the sustainability of WHO's global normative role.

STRATEGIC RESOURCE ALLOCATION: THE PROCESS

32. The successful strategic allocation of resources will require a robust transparent consultative process. It must be linked into the results-based management framework, including the six-year strategic planning process. Steps to be taken are outlined below:

Step 1: As part of the strategic planning process, goals and strategic objectives would be defined. Relative resource needs for each strategic objective would be indicated. This, in itself is an Organization-wide consultative process over several months, and builds on the formulation of the Eleventh General Programme of Work.

Step 2: Each strategic objective would be analysed to assess broadly at which organizational level the main focus of the action should take pace for the strategic planning period. This

analysis of the roles of the three levels, as well as the relative and indicative resource allocation envelopes based on the organizational perspective will be clearly communicated throughout the Organization.

Step 3: Based on strategic objectives and bearing in mind the strategic resources indications, the biennial proposed programme budget would then be developed using a results-based approach. This would probably imply several iterations and Organizational-wide consultations.

Step 4: The outcome of results-based budgeting would be validated against the three perspectives – programmatic, functional and organizational – and the directions articulated in Steps 1 and 2.

Step 5: Further review may be required to ensure alignment of the results with the strategic direction and objectives; a degree of continuity with current allocations will need to be ensured.

Step 6: Following a participatory process throughout the Secretariat, a proposal for the strategic allocation of resources would be submitted by the Director-General to the regional committees for comment and, through the Executive Board, to the Health Assembly.

NEXT STEPS

33. Following comments made by the Executive Board, at its current session, a new draft of the guiding principles and approach will be prepared for submission to the Executive Board at its 116th session.

34. If approved, the guiding principles and approach would be applied to the subsequent strategic planning process. Building on the General Programme of Work, to be presented to the regional committees in September 2005, a strategic plan and Proposed programme budget for 2008-2009 would be developed. It would then be submitted to the regional committees for comment in September 2006, and for approval of the Health Assembly in May 2007.

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