

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

1. The twenty-third meeting of the Programme, Budget and Administration Committee was held in Geneva on 21 and 22 January 2016 under the chairmanship of Mrs Kathryn Tyson (United Kingdom of Great Britain and Northern Ireland) and Dr Phusit Prakongsai (Thailand).¹ The Committee adopted its agenda² with the deletion of item 2.3 as there were no proposed amendments to the Financial Regulations and Financial Rules.

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

2.1 WHO reform

- **Overview of reform implementation** (Document EB138/5)

2. The Secretariat briefed the Committee on the implementation of reform, highlighting the increasing shift in its reporting from reform processes to results. The Committee commented that reform continued in the right direction and would strengthen the Organization.

3. Welcoming the shift to reporting on results, the Committee underscored the importance of reporting likewise on the Organization's contribution to improved health outcomes as the ultimate objective of WHO reform.

4. While recognizing the importance of emergency reform, Member States cautioned that the development of the emergency programme should not divert the Organization's focus from the ongoing reform process or other areas of WHO's core work.

5. The Committee emphasized the need to deepen, strengthen and accelerate reform implementation. Member States welcomed the commitment of the Secretariat to implementing the International Aid Transparency Initiative requirements and expressed interest in the forthcoming stakeholder perception survey.

The Committee recommended that the Executive Board note the report by the Secretariat.

¹ The list of participants is available in document EBPBAC23/DIV./1.

² Document EBPBAC23/1.

- **Member State consultative process on governance reform** (Document EB138/6)

6. The Committee expressed its appreciation to the Chairperson of the Second Open Member States Meeting on Governance Reform (Geneva, 10 and 11 December 2015). It focused its discussion on proposals for the process to take forward the work of the Member State consultative process.

7. The Chairperson of the Second Open Member States Meeting on Governance Reform expressed disagreement with the Committee's decision to include in its agenda the issue of governance reform, stating that it was the view of the Chairperson that it was contrary to the mandate contained in decision EB136(16) (2015), which requested the Member States consultative process to report directly to the 138th session of the Executive Board under a separate agenda item.

The Committee agreed to recommend that the Executive Board at its 138th session consider the proposed process set out below.

- **The Board at its current session would convene a drafting group to agree recommendations on which consensus could be reached during that session for submission to the Sixty-ninth World Health Assembly for its consideration.**
- **For recommendations that require more time for discussion and agreement, including some that might benefit from consideration by regional committees, the Board could establish an inclusive Member States process that would submit a report to the Sixty-ninth World Health Assembly for its consideration.**

- **Framework of engagement with non-State actors** (Document EB138/7)

8. The Committee considered the report by the Director-General transmitting to the Executive Board the report of the Open-ended Intergovernmental Meeting on the draft framework of engagement with non-State actors. The Committee's deliberations focused on the request made to the Executive Board by the Chairman of the Open-ended Intergovernmental Meeting, namely, that the Executive Board at its 138th session extend the mandate of the Meeting so that it may resume its work for a final session between the 138th session of the Executive Board and the Sixty-ninth World Health Assembly.

9. The Committee expressed its appreciation to the delegation of Argentina for having chaired the Open-ended Intergovernmental Meetings and the series of informal consultations on the framework of engagement with non-State actors. It stressed that the draft framework should be finalized, and requested the Secretariat to prepare an objective, balanced analysis of the implications of implementing the framework, with inputs from headquarters and the regional and country offices.

The Committee recommended that the Executive Board:

- **endorse the request of the Open-ended Intergovernmental Meeting to extend its mandate, so that it may resume its work for a final session from 25 to 27 April 2016, in order to submit a consensus text of the draft framework and a draft resolution to the Sixty-ninth World Health Assembly through the Programme, Budget and Administration Committee; and**

- **request the Secretariat to present an objective and balanced report on the implications for WHO of the implementation of the framework, well in advance of the final session.**

2.2 Financing of Programme budget 2016–2017 (Document EB138/42)

10. The Committee recognized the Secretariat's efforts to improve the implementation of the financing dialogue principles, in particular those on predictability and transparency, through the revised programme budget web portal. It welcomed the four-pillar strategy to address the remaining challenges. Noting that earmarking of voluntary contributions is not the only factor responsible for the misalignment between funding and programme needs, the Committee urged the Secretariat to continue strengthening resource-mobilization efforts; it also stressed the importance of using flexible funding strategically so as to achieve a fully funded Programme budget. The Committee supported unified programmatic and financial reporting as a means to link the use of funds with the results achieved. Finally, the Committee requested information on the financing of the new health emergency programme.

11. The Secretariat, responding to the concerns of the Committee on the slowness of work to broaden the contributor base, highlighted efforts to strengthen resource mobilization, in order to accelerate progress in that area. The Secretariat informed the Committee that a paper on the new emergency programme would be available for the forthcoming Executive Board session and that discussions on its financing would follow once Member States had had the opportunity to review its content.

The Committee recommended that the Executive Board note the report by the Secretariat.

2.4 Evaluation: update and proposed work plan for 2016–2017 (Document EB138/44)

12. The Secretariat introduced the report on evaluation, presenting the salient points from the proposed biennial Organization-wide evaluation workplan 2016–2017.

13. The Committee welcomed the continued efforts to establish a culture of evaluation and supported the proposed evaluation workplan. It suggested three priority areas for corporate evaluations for the period 2016–2017: (i) the Secretariat's contribution to the health-related Millennium Development Goals; (ii) leadership and management: evaluation of WHO reform, third stage; and (iii) the implementation of WHO's evaluation policy through the United Nations Evaluation Group peer review. The Committee encouraged the Secretariat to ensure that the Organization learns from completed evaluations, with evaluation findings and recommendations informing the Organization's planning and decision-making processes.

14. The Committee proposed that evaluations should be discussed at regional committees, in order to allow wider deliberation of the decentralized evaluations from each region; it also requested regular reports on the implementation of evaluation recommendations, including details of management actions and the tracking of the different stages of continuing evaluations. The Committee encouraged the Secretariat to undertake joint evaluations with Member States and to provide support to national capacity building for evaluation. The Secretariat was further requested to ensure complementarity across the Organization's various accountability systems, including those at headquarters and in regional and country offices.

15. The Secretariat informed the Committee that, as part of the annual report on evaluation, it will report on progress to the Executive Board at its 139th session.

The Committee recommended that the Executive Board note the report by the Secretariat and approve the proposed biennial evaluation workplan set out therein.

2.5 Real estate: update on the Geneva buildings renovation strategy (Document EB138/45)

16. The Committee considered the report by the Director-General on the Geneva buildings renovation strategy and asked the Secretariat to provide further information in respect of a number of items.

17. With regard to project governance, the Committee requested increased clarity on the role and responsibilities of the proposed Member State advisory body and the lines of accountability between the board of that body and the project board. The Committee further requested that the draft resolution be amended to clarify the frequency of reporting intervals by the Director-General to Member States.

18. In respect of financing and related issues, several Member States requested that the draft resolution be amended to include increased certainty on the availability of the sustainable funding mechanism for the Real Estate Fund. Clarity was also requested in relation to future maintenance and repair liabilities and the capacity of the Real Estate Fund to support such costs.

19. A number of Member States proposed an amendment to the resolution requiring the Secretariat to request specific authority from the Health Assembly should the total costs of the new building and renovated main building exceed 250 million Swiss francs by more than 10%. The Secretariat was requested to provide clarity regarding the renovation strategy and value of the land parcel identified for sale on completion of the construction projects.

20. Regarding the ability of the proposed new building to adapt to fluctuating staff numbers and conferencing needs, the Committee endorsed the approach proposed by the Secretariat but requested clarity on the anticipated capacity of the renovated facilities to meet future needs and on their compliance with accessibility norms and standards.

21. With due regard to the clarifications requested by Member States, the Secretariat undertook to prepare an introductory presentation for discussion by the Executive Board at its 138th session, addressing the financial, technical and governance-related issues raised by Member States.

The Committee recommended that the Executive Board adopt the following amended draft resolution:

The Executive Board,

Having considered the report of the Director-General on real estate: update on the Geneva buildings renovation strategy;¹

Noting the favourable business case for the Geneva buildings renovation strategy, the critical need to address failing infrastructure at WHO headquarters and the sustainable financing mechanism established to fund the strategy;

Noting the status of negotiations with the Swiss authorities for the construction of a building in Geneva to replace existing temporary and provisional buildings and to provide additional space in order to facilitate the renovation of the main building,

1. REQUESTS the Director-General to establish a Member States Advisory Committee to provide guidance, monitoring and oversight, to the WHO headquarters renovation project;

2. RECOMMENDS to the Sixty-ninth World Health Assembly the following draft decision:

The Sixty-ninth World Health Assembly, having considered the report of the Director-General on real estate: update on the Geneva buildings renovation strategy, decided:

(1) to reiterate its appreciation to the Swiss Confederation and to the Republic and Canton of Geneva for the continued expression of their hospitality;

(2) to adopt the Geneva buildings renovation strategy, as described in the report on real estate: update on the Geneva buildings renovation strategy;

(3) to authorize the Director-General to proceed with the **renovation (110 million Swiss francs) and construction of a new building (140 million Swiss francs)** at WHO headquarters in Geneva **at with a total cost** ~~currently estimated at 140 000 000 of 250 million~~ Swiss francs, on the understanding that if during the evolution of the design period, the likely total cost of the **building project** was to increase by more than 10%, further authority would be sought from the **World Health Assembly**;

(4) **to authorize the Director-General** to accept the full 50-year, interest-free loan of 140 million Swiss francs from the Swiss federal authorities, subject to their final approval in December 2016;

(5) to approve the use of the Real Estate Fund for the **cost of renovations and the** repayment over a 50-year period of the interest-free loan if provided by the Swiss authorities with effect from the first year of the completion of the building;

¹ Document EB138/45.

(6) to request the Director-General:

(a) **to ensure the allocation of US\$ 25 million per biennium to the Real Estate Fund;**

(b) to report at ~~appropriate intervals~~ **least every two years** to the Executive Board and the World Health Assembly on progress in the construction of the new accommodation and on related construction costs.

2.6 Hosted health partnerships (Documents EB138/47, EB138/47 Add.1 and EB138/47 Add.2)

22. The Committee welcomed the report by the Secretariat on hosted health partnerships and the reviews of the Global Health Workforce Alliance and the Partnership for Maternal, Newborn and Child Health.

23. The Committee was informed that further details on partnerships and collaborative arrangements other than hosted partnerships would be made available with the roll-out of the register of non-State actors.

24. The Committee stressed the importance of managing conflict of interest through appropriate due diligence, both under the current policies and procedures and in the future under the framework of engagement with non-State actors. It welcomed the work of the Secretariat in developing generic hosting terms in consultation with the hosted partnerships.

25. With respect to the proposed approach to cost recovery, the Committee welcomed the principles of fairness, transparency and simplicity that were being applied.

26. The Committee was provided with further details of the current approach to ad hoc cost recovery, which had been established over time and was therefore different for each partnership. Furthermore, it received assurances that the new approach had been developed in consultation with the partnerships, and that the plan was to roll it out in consultation with the relevant partnership boards to ensure that there was no major financial impact on the hosted partnerships concerned.

27. The Committee received assurances that hosted partnerships were already producing separate accounting reports and that the harmonization of the format of their budgets and accounts would enable minimum standards to be observed and would not create any additional burden or delays.

The Committee recommended that the Executive Board note the reports by the Secretariat.

2.7 Human resources: annual report (Documents EB138/51 and EB138/51 Add.1)

28. The Committee welcomed the progress made in the implementation of the human resources strategy. It noted the promulgation of the geographical mobility policy, and the Secretariat's flexible approach to its implementation. It emphasized the importance of applying the policy in a fair and transparent manner, in consultation with staff, and of ensuring technical experience, including through appropriate incentives, at the three levels of the Organization.

29. With regard to the cost implications of the policy, the Committee was informed that the relevant costs have been taken into account in the Programme budget 2016–2017. The Committee encouraged the Secretariat to evaluate and monitor the application of the mobility policy and to report on its impact both on programme delivery and on the staff concerned before it becomes mandatory.

30. The Committee reiterated its call for improved gender balance and geographical distribution at the three levels of the Organization and in all grades. In this regard, the Committee requested that particular attention be paid to increasing the proportion of women as Heads of WHO Country Offices in a fair and transparent manner.

31. The Committee welcomed measures undertaken for the assessment, performance management and evaluation of Heads of WHO Country Offices. The Secretariat clarified that selections for such positions are now almost entirely made with candidates from the relevant dedicated global roster.

The Committee recommended that the Executive Board note the reports by the Secretariat.

2.8 Report of the International Civil Service Commission (Document EB138/52)

32. In considering the report by the Secretariat, the Committee welcomed United Nations General Assembly resolution 70/244 on the United Nations common system, in particular the elements relating to the comprehensive review of the common system compensation package for staff in the professional and higher categories, and the increase, as of 1 January 2018, in the mandatory age of separation to age 65 for staff appointed prior to 1 January 2014.

33. The Secretariat indicated that while the report projected annual savings in salary and entitlements across the United Nations common system, the resolution included increases in entitlements not presented in the report, mostly notably a single parent allowance of 6% of net remuneration, meaning that the projections will require adjustment in due course. Furthermore, the figures in the report are subject to changes in staff numbers, and immediate savings will not be realized in the light of implementation costs in the form of information technology enhancements and transitional costs on staff entitlements. Accordingly, the costs savings arising from the changes, particularly those in the eligibility period for step increments, will only be realized in the long term.

34. The Secretariat further stated that it will prepare for forthcoming sessions of the governing bodies the necessary amendments to the Staff Regulations and Staff Rules in order to implement the change to the compensation package and mandatory age of separation.

The Committee recommended that the Executive Board note the report by the Secretariat.

2.9 Amendments to the Staff Regulations and Staff Rules (Documents EB138/54 and EB138/54 Add.1)

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

36. The Secretariat confirmed that the amendments concerning the base salary of staff in the professional and higher categories, and the base salaries of staff in ungraded posts and of the Director-General, with commensurately reduced post adjustment multiplier points, were proposed on a “no loss, no gain” basis. The Secretariat also confirmed that the amendments only concern salaries, and not related entitlements and allowances.

37. The Committee welcomed the progress made in reforming the internal justice system, and noted the emphasis placed on preventive efforts through the informal resolution of disputes. The Secretariat informed the Committee that the implementation of the Staff Regulations and Staff Rules concerning the internal justice system would come into effect upon the entry into force of the Organization’s internal justice policies, planned for the fourth quarter of 2016.

38. With respect to document EB138/54 Add.1, the Secretariat confirmed that it is exploring ways to establish and manage the new internal justice functions across the Organization in a more cost-efficient way in order to reduce the actual cost of the system, and avoid negative financial implications for the approved Programme budget 2016–2017. The Secretariat further indicated that it will report on developments in this regard at the next sessions of the governing bodies.

The Committee recommended that the Executive Board adopt the five draft resolutions contained in document EB138/54.

Agenda item 3. Matters for information or action by the Committee

3.1 WHO internship programme: update (Document EBPBAC23/2)

39. The Committee welcomed the report by the Secretariat. The Committee requested that additional information on the national origins of interns and the location of internships be provided in future reports. The Committee encouraged the Secretariat to ensure adequate internship opportunities at regional and country levels. Although the Secretariat received encouragement to consider options for providing financial support to interns, Member States acknowledged the challenging budgetary implications of such support and some questioned its feasibility.

The Committee noted the report by the Secretariat.

3.2 Report of the Independent Expert Oversight Advisory Committee (Document EBPBAC23/3)

40. The Chairman of the Independent Expert Oversight Advisory Committee introduced the Advisory Committee’s interim report covering its past two meetings in July and October 2015. He welcomed the progress made in the Regional Office for Africa to strengthen accountability and the internal control framework, and recommended that this work continue across the Organization. He noted that this demonstrated management’s clear focus on internal control.

41. The Advisory Committee noted that a number of outstanding recommendations remained to be addressed by management, but welcomed the reduction in the overall number of open recommendations. In particular, policy changes in WHO’s management of direct financial cooperation had led to a significant overall improvement in outstanding direct financial cooperation reports, with the number of overdue reports dropping from 15% in December 2013 to less than 3% currently.

42. The Advisory Committee noted that three of the top five risks identified in the bottom-up approach relate to the financing of WHO's operations, especially in regions where funding for polio will cease in a few years. It looked forward to receiving information from senior management on strategic approaches to addressing the risks identified.

43. With respect to WHO's response to the outbreak of the Ebola virus disease, the Advisory Committee pressed for a prompt shift from diagnosis to implementation and recommended that priority be given to developing a preliminary structure for emergencies and outbreaks.

44. The Committee acknowledged the excellent support and guidance provided by the Independent Expert Oversight Advisory Committee over the years, and appreciated the measures undertaken by the Secretariat in strengthening compliance and the internal control framework across the three levels of the Organization, and in reducing the number of outstanding audit recommendations.

45. The Committee stressed that the risk register is a tool that should be used to develop mitigation measures and to reconcile the risks identified thorough the bottom-up approach with the top-down strategic vision. Furthermore, regarding the projected conclusion of the polio programme in the next four years, the Committee shared the concern of the Independent Expert Oversight Advisory Committee with respect to the impact on and implication for WHO's operations, both in terms of financing and staffing. The Secretariat was requested by the Advisory Committee to provide an update to the Executive Board at its session in May 2016 on the steps being taken by WHO to manage those challenges. At its next meeting in April 2016, the Advisory Committee will be reviewing the financial implications of the strategy for the polio end-game period.

46. The Committee welcomed the updates provided by Regional Directors on the measures undertaken in the respective regions concerning compliance, implementation of audit recommendations, and the status of pending direct financial cooperation reports, and urged the Regional Directors to continue with such updates in the future.

The Committee noted the report of the Independent Expert Oversight Advisory Committee.

3.3 Annual report on compliance, risk management and ethics (Document EBPBAC23/4)

47. The Secretariat introduced its annual report on compliance, risk management and ethics for the Committee's consideration.

48. With regard to compliance, the Committee welcomed the ongoing roll-out of the internal control framework and related tools throughout the Organization and commended the Secretariat's efforts to better harmonize compliance functions across the Organization.

49. Welcoming the adoption of the risk management policy and noting the progress in the implementation of the risk register, the Committee requested the Secretariat to report regularly through a dashboard on progress made in implementing the risk management policy. The Committee expressed support for the approach of embedding risk management in the Organization's operational processes (such as planning, performance assessment and budgeting) as well as in its accountability and internal control frameworks. The Committee further underscored the importance of relevant training and awareness raising within the Organization.

50. Concerning ethics, the Committee welcomed the implementation of the policy on whistleblowing and protection against retaliation, which it emphasized was important in fostering a culture in which staff members felt comfortable reporting alleged wrongdoing. The Committee commended the establishment of an independent whistleblower hotline. Member States encouraged the review of the Organization's Code of Ethics and Professional Conduct as a key element in enabling WHO to uphold exemplary ethical standards.

The Committee noted the report by the Secretariat.

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

51. The Committee adopted its report.

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