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# **2014 Ebola virus disease outbreak and follow-up to the special session of the Executive Board on Ebola: options for a contingency fund to support WHO's emergency response capacity**

## **Report by the Director-General**

1. Pursuant to the request in resolution EBSS3.R1, this report provides options on the size, scope, sustainability, operations, sources of financing and accountability mechanisms for a contingency fund. The options consider possible internal sources of funding from within WHO's existing Programme budget and take into account other relevant financing mechanisms and emergency funds already in operation or being considered, at regional and global levels. These options have been developed on the basis of consultations with Member States, and take into account the first report of the Ebola Interim Assessment Panel.<sup>1</sup>

### **BACKGROUND**

2. When Ebola virus disease was first confirmed in West Africa, WHO's only sources of financing for an early, rapid response were regular budget lines and the modest bridge financing already in place for emergency responses. WHO issued its first appeal to underwrite its Ebola response on 27 March 2014, and a second on 10 April 2014. In response, donors contributed US\$ 7 006 230, although processing requirements meant that funds were available on 5 June 2014. Additionally concerning is that most of the funds were highly specified, which inhibited the ability to match funding to need as the crisis evolved. It may be that early access to adequate flexible funds would have mitigated the adverse health consequences in this and other emergencies, and in turn reduced long-term costs to the countries, the Organization and their partners.

3. Article 58 of WHO's Constitution stipulates that a special fund to be used at the discretion of the Executive Board shall be established to meet emergencies and unforeseen contingencies. There have been several attempts to establish such a fund, including the Executive Board Special Fund, established in 1954 and last used in 1977, and the Public Health Emergency Fund, established in 2009 in response to the 2009 H1N1 influenza pandemic. The Public Health Emergency Fund has been used to support early response on several occasions, including the current Ebola virus disease outbreak. However, the Fund is not self-sustaining and, as at 31 December 2014, the balance was US\$ 86 000.

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<sup>1</sup> Document A68/25.

4. In 2011, the Review Committee on the Functioning of the International Health Regulations (2005) in relation to Pandemic (H1N1) 2009 recommended the creation of a public-health emergency fund of at least US\$ 100 million, to be held in trust in a location and form that would be readily accessible to WHO. It recommended that the fund support surge capacity, rather than the purchase of materials, and be released in part or whole during a declared Public Health Emergency of International Concern. Although the Health Assembly urged Member States to support the implementation of the recommendations of the Review Committee, it was decided to look to Programme budget to support WHO's emergency response work rather than creating a separate fund.

5. The Ebola virus disease outbreak in West Africa concretized the need for a contingency fund to support WHO's ability to carry out its core functions in the context of an emergency. The Executive Board agreed in principle in resolution EBSS3.R1 to establish such a fund. As WHO undertakes reform of its emergency capacities to fulfil its constitutional mandate, one of the keys to ensuring that it is able to respond effectively and rapidly to emergencies with health consequences will be appropriate financing. A contingency fund should be operated under agreed principles and be fit for purpose, with appropriate size, scope, sustainability, operations, sources of financing and accountability mechanisms.

## GUIDING PRINCIPLES OF A CONTINGENCY FUND

6. A set of principles, which harmonize with the principles that have emerged from WHO's financing dialogue, should guide WHO's contingency fund. The first of these is *flexibility*. To eliminate the possibility of the priorities of an emergency response being driven by restrictions on funds rather than articulated and measured need, the resources in a contingency fund would ideally be fully flexible. Where flexibility is impossible, it may be considered that earmarking should be discussed and agreed with the Organization, to ensure *alignment* with its operational plan for a given response.

7. A contingency fund should be *sustainable*, to provide predictable funds, in line with the financing dialogue. Ideally, a broad contribution base would exist, to ensure reliable replenishment of the fund's capital and/or draw down funds. At the moment, 20 donors provide more than 80% of WHO's funding. The vulnerability inherent in this situation makes broadening the donor base across the Organization, and in particular to support its emergency response capacities, essential.

8. To ensure that a contingency fund responds to unmet need it must be *complementary* to existing and planned financial mechanisms to which WHO does or will have access. A contingency fund should add to or merge with, rather than duplicate, existing funds. These include:

(a) WHO's Rapid Response Account, established in 2009 to finance WHO's rapid response to humanitarian emergencies in accord with WHO's emergency response framework performance standards and emergency standard operating procedures. The Rapid Response Account is a revolving fund, initially funded with US\$ 1.2 million from the United Kingdom of Great Britain and Northern Ireland, and has since been supported by other donors;

(b) WHO-Nuclear Threat Initiative Emergency Outbreak Response Fund, established in 2002 by the Nuclear Threat Initiative, a charity in the United States of America, and WHO to ensure rapid deployment of WHO and Global Outbreak Alert and Response Network experts to respond to infectious disease outbreaks, naturally occurring events or biological weapons;

(c) regional funds, including the emergency funds that have been established in the African Region, Region of the Americas and the South-East Asia Region, the development funds in the European and Western Pacific regions (comprising set aside amounts from the respective regional programme budgets), and the fund due to be created in the Eastern Mediterranean Region; and

(d) external funds including, but not limited to, the United Nations Central Emergency Response Fund, the United States Centers for Disease Control and Prevention's CDC Foundation's Global Disaster Response Fund, the IMF's Catastrophe Containment and Relief Trust, and the pandemic emergency facility being considered by the World Bank to provide surge financing in the event of an emergency.

9. To create and maintain confidence in the Organization and donor willingness to contribute to a contingency fund, there must be standards for **accountability** and **transparency** in how it is operated. In order to enhance transparency, the design of a contingency fund should err on the side of **simplicity**.

10. To be effective, a contingency fund designed to support emergency response must be **adequate**, **available** and rapidly (i.e., within hours) **accessible** when needed, with a minimum number of steps for authorization and disbursement. Funds should not be geographically limited, but instead be **globally** available to optimize the speed of worldwide and/or interregional response. This universality also ensures that the potential donor base will be as inclusive as possible. The clear goal of a WHO contingency fund should be its early use to **prevent**, whenever possible, a given event escalating into a Public Health Emergency of International Concern or Grade 3 emergency.

## OPTIONS

11. WHO has explored options regarding the size, scope, sustainability, operations, sources of financing and accountability mechanisms of a contingency fund.<sup>1</sup>

### Size

12. Given the history of WHO's emergency response work,<sup>2</sup> the minimum balance of the WHO contingency fund should correspond to the projected cost of the Organization mounting a vigorous and enhanced response to up to five Grade 2 or higher emergencies concurrently, each for the first six months. This value can be derived from both historical spending, and projected increased costs of enhanced WHO emergency capacity, deployment of the Director-General's proposed plan for a global health emergency workforce<sup>3</sup> and a more aggressive approach to early phase disease outbreak containment and control.

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<sup>1</sup> In accord with the request of the Executive Board, each of these parameters has been discussed by Member States; to facilitate this, the Secretariat has shared the materials developed during this report's writing publicly at [http://www.who.int/about/who\\_reform/emergency-capacities/en/](http://www.who.int/about/who_reform/emergency-capacities/en/) (accessed 30 April 2015).

<sup>2</sup> See document A68/23.

<sup>3</sup> See document A68/27.

13. WHO spent US\$ 15 million during the first three weeks of the response to the H1N1 (2009) pandemic. In the first six months of its response to the Ebola outbreak in West Africa, WHO's appeals for funding raised US\$ 26 918 620.

14. Although not limited to the first months of response, the budgeted (but largely unfunded) costs of WHO's response to Grade 3 emergencies other than the Ebola virus disease outbreak are also informative. In April 2015, WHO's appeals for these emergencies totalled US\$ 283.9 million.<sup>1</sup>

15. Taken as a whole, these experiences reflect well on the recommendation of the Review Committee on the Functioning of the International Health Regulations (2005) in relation to Pandemic (H1N1) 2009, which called for a US\$ 100 million fund.<sup>2</sup> With funding at this level and adequate non-financial capacities in place, WHO could more reliably and effectively mount responses to emergencies with health consequences when they take place, even when there is more than one at a time, thereby mitigating escalation whenever possible.

## Scope

16. The scope of the proposed fund must be broad enough to allow WHO to be an effective responder, while ensuring that it remains a contingency fund, which by definition is not intended to cover all emergency response activities. In light of organizational experience, the intent of resolution EBSS3.R1 and the proposed guiding principles for the contingency fund, a reasonable scope would include all emergencies with health consequences graded at 2 and above.

17. The fund should be available during the first phase of WHO's response to an emergency, regardless of where it takes place. To be useful, the fund should support all aspects of WHO's response work, including mobilization of the proposed global health emergency workforce and response-related preparedness and surveillance in areas at high risk.

18. However, to ensure that appropriate allocation of core funds are provided to WHO's emergency programme across all levels of the Organization, the breadth of a fund's scope must be balanced. The contingency fund should ensure that WHO is not hindered in its response capacity by lack of immediately available funds, but once appeal or other funding is available and adequate, the contingency fund should no longer support the response effort. Moreover, the contingency fund should not be drawn on to the exclusion of complementary regional facilities, where those exist.

19. Similarly, although a contingency fund should support any spending category (e.g., personnel, related logistics and supplies, and travel) when it is being used, it is not intended to finance bulk procurement or stockpiling of supplies. Nor is a contingency fund of this type intended to fund substantive research and development, which requires greater financial investment than contemplated and active and long-term partnership.

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<sup>1</sup> Central African Republic: US\$ 15 million; Iraq US\$ 120.3 million; South Sudan: US\$ 16.8 million; and Syrian Arab Republic: US\$ 131.6 million.

<sup>2</sup> Resolution WHA64.1.

## **Sustainability**

20. Sustainability is one of the most important features of a contingency fund, as demonstrated by the quick exhaustion and lack of replenishment of funds in earlier mechanisms. The most successful of WHO's current emergency funding mechanisms are WHO-Nuclear Threat Initiative Emergency Outbreak Response Fund and the WHO Rapid Response Account. Both are revolving funds for which the expectation is that funds drawn down will be reimbursed, as and when possible, through appeals funding or, with donor concurrence, with any grant funds remaining following a response effort.

21. With a view to ensuring that a contingency fund is sustainable and will provide adequate support to WHO's emergency response over time, a WHO contingency fund should similarly be revolving, providing funds to WHO offices in the form of reimbursable loans. These loans can be potentially forgivable at the end of each biennium in the case of lack of appeal or other funding, including the Programme budget, adequate to repay the amount received. Funds from appeals and external emergency finance mechanisms can also serve as sources of replenishment as these contributions become available.

22. As an extra precaution, long-term donor agreements (e.g., 10–20 years) could also be sought to ensure a minimum balance for the fund. Such agreements would both ensure a minimum balance and provide a guaranteed income stream to borrow against, in the event of a major catastrophic emergency necessitating surge financing above and beyond the balance available.

## **Operations**

23. Operationalizing and accessing a contingency must be easy enough to allow for rapid response, but require enough checks and balances to comply with the guiding principles of accountability and transparency. As noted earlier, the Rapid Response Account for humanitarian emergencies and the Nuclear Threat Initiative Fund for disease outbreak response are both considered successful funding mechanisms, although they currently operate with modest balances (about US\$ 1 million and less than US\$ 500 000, respectively). Disbursements are made for graded emergencies on the decision of the relevant WHO departmental directors in consultation with the regional and country offices. Justification is required, but there is minimal bureaucracy as the aim is to provide rapid funding for immediate response.

24. To promote simplicity, the contingency fund should replace existent but disused funds within WHO headquarters. To ensure that the lessons from the Nuclear Threat Initiative Fund and the Rapid Response Account are captured, the contingency fund should absorb them, while keeping their straightforward operational model.

25. Using the Emergency Response Framework grading system as the trigger for drawing down the contingency fund provides a transparent, common and rapid mechanism for allowing immediate action against known performance standards. This approach accommodates the declaration of a Public Health Emergency of International Concern under the International Health Regulations (2005), which are automatically graded as 3, without requiring the emergency to escalate to that level or tying a release of funds to an Emergency Committee process. The Emergency Response Framework has been developed to be coherent within the international emergency response system, including the Inter-Agency Standing Committee, and to operate in coordination with the Office for the Coordination of Humanitarian Affairs, when appropriate.

## Sources of financing

26. Although assessed contributions meet the guiding principles for the contingency fund, consultations with Member States have indicated that there would be significant difficulties in reaching agreement on additional and substantial assessed contributions to finance the contingency fund. Given these concerns, the WHO contingency fund will be financed through voluntary contributions. To ensure sustainability, contributions will come from a broad range of sources, including traditional bilateral donors, humanitarian and health emergency donors, foundations, charities and philanthropies. Contributions may be in the form of funds that remain with the donor, but can be withdrawn when the Organization needs them, provided that agreement can be reached on appropriate indications for disbursement, consistent with the principles and purpose of the contingency fund.

27. Consistent with the ongoing discussions on WHO's approach to non-State actor engagement, private sector contributions may be sought within the policies of WHO. Sectors that would be particularly negatively impacted by an emergency with health consequences or which have operations in high-risk areas may have an interest in contributing.

## Accountability

28. A key to WHO's ability to respond to emergencies is its integrity. Countries invite the Organization and its experts in to support local responders, look to WHO for technical and normative guidance, and work in partnership in developing strategic and operational plans. Part of this integrity is full accountability for expenditures. As noted earlier, robust accountability structures also increase confidence in donors, which may commensurately increase opportunities for funding.

29. To ensure accountability and transparency, the fund would be subject to WHO's Financial Regulations and Financial Rules and would be under the delegated authority of the Director-General, while including built-in flexibility to allow for rapid access. WHO's governing bodies will provide oversight and will have full access to the contingency fund's financial, implementation and performance data.

30. Once the contingency fund is operational, any and all spending will be closely matched to verifiable outcomes or to the results of sound modelling exercises (for example, estimations of deaths averted) to provide stakeholders with the best possible data on impact. These data will be disseminated through reports to the WHO governing bodies, articles in appropriate publications and corporate communications with the general public. Resource mobilization professionals will use this information to make the case for further investment in a contingency fund. The Global Fund to Fight AIDS, Tuberculosis and Malaria provides a good model for this approach.

31. In response to Member State calls for increased transparency and accountability around WHO's financing, the Secretariat is developing a web portal to track and report on how contingency funds are sourced, programmed and spent.

## CONCLUSION

32. In order to meet the need for available, flexible funding in the early days of WHO's response to an emergency with health consequences, and particularly in anticipation of WHO having greater capacity to mount enhanced, more vigorous responses, it is proposed that a WHO contingency fund be

established. The fund will bridge the gap between the start of an emergency and the point at which WHO has adequate funds as a result of appeals.

33. Given the difficulties of assessing the risk of escalation at the time of the first appeal, it is proposed that the bridge funding extend for a period of three to six months from the start of an emergency of Grade 2 or higher. A minimum balance of US\$ 100 million is proposed for the contingency fund, based on the recommendations of the Review Committee on the Functioning of the International Health Regulations (2005) in relation to Pandemic (H1N1) 2009 whose implementation was urged by the Health Assembly in resolution WHA64.1 in 2011. It is proposed that disbursement be at the discretion of the Director-General or his/her delegate and that the fund follow WHO's established rules and regulations with adjustments necessary for rapid access. The fund's performance will be reported to the governing bodies and disseminated externally, to enhance transparency and meet the standards of other similar funding structures.

34. The purpose of the proposed WHO contingency fund is to finance reliably and quickly WHO's initial response to emergencies with health consequences, which will save lives, alleviate suffering, provide medical care to those in need, enable preparedness and surveillance in surrounding areas at high risk and, whenever possible, quickly address factors that could lead to escalation of a given emergency.

#### **ACTION BY THE HEALTH ASSEMBLY**

35. The Health Assembly is invited to adopt the draft decision in document A68/51 establishing a contingency fund with the described parameters.

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