

Proposed programme budget 2016–2017

Process, costing and financing

1. As requested by the Member States during and following the 136th session of the Executive Board, the present document provides further information on the process followed by the Secretariat in preparing the Proposed programme budget 2016–2017, particularly the way in which feedback received from Member States has been taken into account. The document also provides further details on the programmatic emphasis and its impact on the development of the budget, together with a detailed explanation of the proposed budget increases in support of a fully financed programme budget for the biennium 2016–2017.
2. The Proposed programme budget 2016–2017 has been developed with the engagement of the three levels of the Organization and on the basis of rigorous consultations with Member States. Country, regional and global priorities – whether agreed through the bottom-up process, required by governing bodies resolutions or identified by the lessons learnt in the implementation of the Programme budget 2014–2015, particularly during the outbreak of Ebola virus disease – have all been taken into account.
3. During the biennium 2016–2017, the Organization will be focusing on a number of priorities that stem from the Twelfth General Programme of Work, 2014–2019. The Secretariat's activities in the biennium will focus on the following: global health security, preparedness and surveillance and humanitarian response in emergencies; more resilient, integrated health systems; scaling-up of prevention and control interventions against noncommunicable diseases; the post-2015 development agenda; and emerging priorities, such as antimicrobial resistance and hepatitis.
4. The Director-General is proposing a total budget of US\$ 4384.9 million for the biennium 2016–2017. Of this total, US\$ 3194.3 is for categories 1–6. This proposal represents an 8% budget increase in those categories compared with the Programme budget 2014–2015. For ease of reference, a detailed breakdown of the Proposed programme budget 2016–2017 is provided in the Annex.

HIGHLIGHTS BY CATEGORY

5. For **category 1**, the biennium will see increased emphasis on making a strong push towards malaria elimination and on making good progress in rolling out new interventions in the prevention and control of hepatitis. The additional budget for hepatitis will allow the Secretariat to provide intensified support to 20 countries for developing national plans for hepatitis prevention and control, and will expand the Secretariat's capacity to support efforts in 41 countries to scale up activities for malaria elimination. This will further support the expansion of efforts to contain artemisinin resistance in the Greater Mekong subregion. A separate output and deliverables for hepatitis (output 1.1.2) and deliverables for the additional work on malaria (outputs 1.3.1 and 1.3.2) have been included in the Proposed programme budget. A strategic shift will also be made towards upstream work for tuberculosis and vaccine-preventable diseases.

6. For **category 2**, the Secretariat will push for the further scaling-up of interventions for the prevention and control of noncommunicable diseases, while maintaining the momentum gained in tobacco control. Further expansion of the work on violence and injuries, nutrition and mental health, especially dementia, will also be made. The budget increase proposed in this category allows for the following: implementation of the work plan for 2016–2017 of the WHO Global Coordinating Mechanism on NCDs; intensification of support to countries to meet time-bound commitments for 2015 and 2016 on noncommunicable diseases; and the establishment of the Global Dementia Observatory. The specific deliverables from the additional emphasis in these areas have been included in the Proposed programme budget (outputs 2.1.3, 2.1.4, and 2.2.2).

7. For **category 3**, the work will focus on pursuing the unfinished business of ending preventable maternal, newborn and child deaths; as part of this effort, the Secretariat will intensify support to 50 countries on establishing plans and specific targets. Improving the synergies with other programme areas of ageing, health and gender, equity and human rights, and social determinants of health, will also receive increased emphasis. Work to tackle the health impacts of environmental risks, particularly climate change and air pollution, will receive additional emphasis in the biennium 2016–2017. In this category, additional outputs have been included for adolescent health and development (3.1.5), and for research on human reproduction (3.1.6).

8. For **category 4**, the focus will be on building resilient, integrated health systems. The Secretariat will be working closely with 30 countries that are developing and implementing their national health plans. Innovations in the areas of health care delivery, transformational education, prequalification, development of medicines, vaccines and other health technologies will be given emphasis. The additional budget proposed in this category will be crucial for meeting the huge demands for technical assistance in health system strengthening in support of universal health coverage (outputs 4.1.1 and 4.1.2), work on noncommunicable diseases, the unfinished agenda of the Millennium Development Goals and for preparedness and response to outbreak and emergencies. It will also allow the Secretariat to work on strengthening regulatory systems for the control of antimicrobial resistance and on galvanizing research and development for vaccines, treatments and diagnostics for outbreaks. Deliverables from the Secretariat's work on antimicrobial resistance (outputs 4.3.1, 4.3.3 and 4.4.4) in this category have been included in relevant programme areas.

9. **Category 5** will be a critical focus for the biennium 2016–2017, capitalizing on the lessons learnt from the recent outbreak of Ebola virus disease. The biennium will see reforms in the ways of working of the Secretariat in this area with significant improvements expected in leadership, coordination and communication across the three levels of the Organization in order to mount a more effective response. A significant increase in the budget is proposed for this category, which would be dedicated for implementing reforms in line with resolution EBSS3.R1 on Ebola. At each of its levels, the Organization's staff capacity will be significantly strengthened with the appropriate skills and expertise. Among other things, this will restore critical staff capacity in order to meet the increasing demand by Member States for technical support in meeting national core capacity requirements under the International Health Regulations (2005). The budget increase proposed is also crucial for enabling the Organization to support the implementation of the global action plan on antimicrobial resistance, including providing intensified support in 29 countries and establishing global surveillance of antimicrobial resistance. The Organization's work and intended results in this area have been described in the relevant programme areas, especially in this category where a separate output, targets and deliverables have been described clearly (outputs 5.2.3, 5.4.1 and 5.4.2).

10. For **category 6**, the main focus will be on maintaining continuity while making further improvements in certain areas as requested by Member States. Work on enhancements includes strengthening transparency, accountability, risk management and evaluation and corporate learning. The changes will be system-wide. The request for a budget increase in category 6 is mainly due to further investments in support of strengthening internal control, including at country and regional levels, full implementation of the evaluation policy and framework, and strengthening risk management and accountability. A large part of the increases has been proposed for the African Region (US\$ 15 million). The additional work on further strengthening accountability, transparency, risk management and evaluation, has been reflected clearly in the outputs and deliverables. The indicators have been further tightened for better measurement and reporting of the Secretariat's progress in these areas (outputs 6.2.1, 6.2.2, 6.2.3, 6.4.2, 6.4.3).

COSTING THE OUTPUTS

11. The programmatic priorities set out above have shaped the Proposed programme budget. The budget represents the resources required to deliver the results committed to by the Secretariat, which have been defined based on agreed roles and responsibilities within the programme areas and categories. Ensuring that the budget is meeting the needs of each major office, category and programme area, while avoiding drastic changes that will disrupt critical continuing activities, has been a major undertaking.

12. In order to do this, the process was laid out so that assessment of priorities and the resources required to deliver them took into consideration country, regional and global contributions, as well as the costing of the governing body resolutions. The following outlines the features that were introduced in the process to determine and validate the cost for delivering the outputs.

- The level of the Programme budget 2014–2015 was used as a starting point for planning and budgeting to ensure continuity and realistic expectations of implementation.

- Resource requirements were determined through an iterative process with the involvement of all budget centres across the three levels of the Organization. As part of an iterative process, the priority results were identified and agreed, following which the contributions of each of the levels were defined. The resource requirements (namely, staff and activities) were then costed using existing standardized approaches.
- The early roll-out of human resources planning at budget centre level provided opportunities for it to be aligned with priorities and staff capacity maximized. This is helping to refine the costing of the staff requirements to deliver the outputs.
- The analysis of these human resource needs was then used to validate the work that is proposed and make sure that the budgets reflect the needs and efficiencies that have been identified at the level of budget centre, major office and category.
- The initial costing of staff and activities requirements by outputs has been consolidated using data from this initial budget centre planning which will be further validated during the full roll-out of operational planning. The initial costing of requirements by output is available on the WHO website.¹

13. The early communication of resource requirements, especially those for staff, and the costing of resolutions that are expected to be adopted by the Health Assembly through the Member States consultations has further clarified the budget gaps, continuing from and building on the work done in preparing the Programme budget 2014–2015.

PROPOSED INCREASE IN THE PROGRAMME BUDGET 2016–2017

14. The Director-General is proposing an increase of US\$ 236.6 million in the Programme budget 2016–2017 to cover the additional resources required in categories 1–6. The proposed increase, which is only being proposed after the advantages of budget shifts and synergies between programmes have been exploited, tackles WHO's need for increased investment in key strategic programmatic areas through the biennium 2016–2017 in response to three principal factors. The first is the application of the lessons learnt from the Ebola crisis. The outbreak revealed the consequences of weak health systems, and laid bare the impact at WHO of staff and budget cuts. In response, the Proposed programme budget is intended to strengthen WHO's core capacities in preparedness, surveillance and response to ensure that the Organization can effectively prevent, detect and respond to disease outbreaks and other health emergencies, as a component of resilient health systems. The second is work to meet the needs anticipated in the emerging post-2015 agenda, with a focus on universal health coverage – enhancing WHO's contribution to reproductive, maternal, newborn, child and adolescent health; accelerating progress towards malaria elimination; and expanding work on prevention and control of noncommunicable diseases. The third is the effort to tackle emerging needs and priorities, including antimicrobial resistance, hepatitis, ageing and health, and dementia.

¹ See <http://www.who.int/about/finances-accountability/budget/en/> (accessed on 4 May 2015).

15. In an effort to close financing gaps, work within the categories will continue to be reorganized and gains from efficiency measures maximized. However, delivering the results expected in all areas where expansion and scale-up are needed requires additional resources. It will not be possible to meet resource needs fully without increasing the budget.

16. Over the years, inflation has been steadily reducing the ability of the Organization to fulfil its increasing mandates and expand its activities in response. According to the IMF,¹ in the period 2010–2017, the projected cumulative global inflation rate is 30.4%, with an annual average of 3.8%.

EFFICIENCY MEASURES

17. In recent years, the Organization has further improved efficiency and has introduced efficiency measures as part of its programme of reform. Improvements in planning, which include orienting the work of the Organization in line with a focused set of priorities, are not only geared towards organizational effectiveness but also have a positive impact on efficiency, as they maximize results for the available resources of the Organization.

18. As the Organization is mandated to do more while having to sustain many ongoing activities, maintaining budget discipline has meant finding efficiencies throughout the system. The Secretariat has controlled its costs and, in some offices and programmes, reduced costs. Staff and other personnel costs account for a large part of the budget. In recent years, efforts to reduce the number of staff and re-prioritize staff positions have yielded cost savings. For example, staff and personnel costs as a percentage of total expenditure have steadily reduced, falling from 47% in 2012 to 41% in 2014. Additional enhancements in planning for the biennium 2016–2017 are expected to yield efficiency gains, by ensuring that staff capacity is better aligned with agreed priorities and that staff with the right skills and expertise are in the right places.

19. The timing of planning for staffing in different offices has been advanced. The early human resources planning for the biennium 2016–2017 shows the gains that can be achieved by providing the opportunity to align human resources plans with the priorities during programme budget development. The following have been observed: (i) an increase in the number of staff in country offices, with a decrease in the number of staff in regional offices in all regions for category 6; (ii) in the European Region, a reduction in the budget for staff by around 20% with a doubling of the budget for staff at the country level; and (iii) in the African Region, the number of regional office staff for category 6 will be reduced, while there will be a significant increase in the number of staff in country offices. Professionalization of administrative positions in both country and regional offices is planned for 2016–2017.

20. The Secretariat continues to capitalize on previous efficiency measures, namely, offshoring non-core functions to the Global Service Centre. More non-core functions are planned to be moved to lower-cost duty stations, which will lead to efficiency gains over time.

¹ <https://www.imf.org/external/pubs/ft/weo/2015/01/weodata/index.aspx> (accessed 11 May 2015).

21. Outsourcing of certain functions has also lead to significant efficiency savings; the sums involved could be reinvested in order to finance the expansion of existing activities or the addition of new ones. For example, the outsourcing some of the functions in operational support services in the area of building management at headquarters yielded savings of US\$ 9 million that were reinvested to improve fixed asset and inventory management, which in turn produces further efficiency savings.

22. Efforts to improve internal control and accountability also produce secondary benefits in terms of making the maximum use of the resources entrusted to the Organization. The internal control and accountability framework puts in place mechanisms that ensure compliance with policies and procedures, thus leading to efficiencies. At this point, it is not possible to quantify the efficiency gains over time but as an example, the initial investments in category 6 in the African Region for deploying administrative officers to strengthen administration and management will yield much bigger returns as the Region accounts for about one third of the Organization's budget.

23. The strengthened policy and control framework for direct financial cooperation, which includes improving the planning, monitoring and reporting of its use, will yield significant efficiency gains in the next bienniums. The appropriate use of this mechanism will free up funds to be applied in support of better and more efficient delivery mechanisms for achieving better results. Efficiency benchmarks on the use of direct financial cooperation will be established during the operational planning for the biennium 2016–2017.

24. New strategies in procurement and information technology hold the promise of achieving longer-term efficiency gains with the initial investments to be made in the biennium 2016–2017. Examples of measures that are already bearing fruit include joint tenders with other United Nations agencies for large contracts for similar services and the increasing use of virtual communication to replace more costly face-to-face meetings. New information technology tools currently under development will not only enhance connectivity, but will also offer a huge potential for improving operational decision-making, leading in turn to a more effective and efficient use of resources.

FINANCING

25. The 8% increase in the Proposed programme budget 2016–2017 is realistic in terms of the capacity of the Organization both to mobilize its financing and to implement the additional activities proposed.

26. Financing reforms introduced for the Programme budget 2014–2015 have increased the alignment and predictability of funding, and have also enabled more strategic allocation of flexible resources to ensure a fully financed programme budget throughout the biennium.

27. The financing dialogue that was introduced for the biennium 2014–2015 has allowed the Organization to progress towards the objectives of alignment, transparency and predictability. Further efforts in coordinated resource mobilization, the strategic use of the flexible funding and greater transparency achieved through the programme budget web portal will help the Organization to achieve a fully financed programme budget.

ANNEX

Proposed programme budget 2016–2017, in US\$ million

Categories and programme areas	Africa			The Americas			South-East Asia		
	Country offices	Regional Office	Total	Country offices	Regional Office	Total	Country offices	Regional Office	Total
1. Communicable diseases									
1.1 HIV and hepatitis	38.3	10.2	48.5	3.3	3.8	7.1	8.1	4.5	12.6
1.2 Tuberculosis	24.2	5.0	29.2	1.0	0.6	1.6	16.9	3.4	20.3
1.3 Malaria	30.4	14.4	44.8	0.4	1.2	1.6	6.1	5.1	11.2
1.4 Neglected tropical diseases	25.4	8.1	33.5	4.0	2.2	6.2	4.1	7.4	11.5
1.5 Vaccine-preventable diseases	96.1	31.9	128.0	5.9	5.4	11.3	21.2	6.0	27.2
Category 1 total	214.4	69.6	284.0	14.6	13.2	27.8	56.4	26.4	82.8
2. Noncommunicable diseases									
2.1 Noncommunicable diseases	29.1	18.2	47.3	12.7	5.6	18.3	11.5	5.3	16.8
2.2 Mental health and substance abuse	3.6	2.3	5.9	2.1	1.2	3.3	1.4	0.7	2.1
2.3 Violence and injuries	1.2	0.9	2.1	1.8	0.9	2.7	1.1	0.9	2.0
2.4 Disabilities and rehabilitation	0.4	0.8	1.2	0.7	0.4	1.1	0.6	0.2	0.8
2.5 Nutrition	5.1	0.2	5.3	2.3	1.2	3.5	1.5	1.1	2.6
Category 2 total	39.4	22.4	61.8	19.6	9.3	28.9	16.1	8.2	24.3
3. Promoting health through the life-course									
3.1 Reproductive, maternal, newborn, child and adolescent health	60.9	14.3	75.2	10.2	4.2	14.4	15.3	4.8	20.1
3.2 Ageing and health	1.1	0.6	1.7	0.7	0.4	1.1	0.9	0.6	1.5
3.3 Gender, equity and human rights mainstreaming	1.3	1.0	2.3	1.4	0.7	2.1	0.8	1.0	1.8
3.4 Social determinants of health	7.5	2.7	10.2	2.7	1.6	4.3	1.2	1.7	2.9
3.5 Health and the environment	9.6	6.2	15.8	8.5	4.8	13.3	5.4	3.4	8.8
Category 3 total	80.4	24.8	105.2	23.5	11.7	35.2	23.6	11.5	35.1
4. Health systems									
4.1 National health policies, strategies and plans	15.5	5.5	21.0	11.0	5.1	16.1	17.4	3.4	20.8
4.2 Integrated people-centred health services	22.5	12.5	35.0	4.1	2.2	6.3	11.9	5.3	17.2
4.3 Access to medicines and other health technologies and strengthening regulatory capacity	10.7	5.9	16.6	3.8	2.4	6.2	9.2	3.9	13.1
4.4 Health systems information and evidence	9.7	6.7	16.4	3.0	3.2	6.2	4.5	5.5	10.0
Category 4 total	58.4	30.6	89.0	21.9	12.9	34.8	43.0	18.1	61.1
5. Preparedness, surveillance and response									
5.1 Alert and response capacities	10.4	4.4	14.8	5.9	3.0	8.9	3.0	4.2	7.2
5.2 Epidemic- and pandemic-prone diseases	5.1	2.2	7.3	2.7	2.2	4.9	4.5	1.7	6.2
5.3 Emergency risk and crisis management	30.5	6.5	37.0	3.4	1.1	4.5	6.6	2.2	8.8
5.4 Food safety	3.2	2.0	5.2	6.2	1.0	7.2	0.7	0.3	1.0
Category 5 total	49.2	15.1	64.3	18.2	7.3	25.5	14.8	8.4	23.2
6. Corporate services/enabling functions									
6.1 Leadership and governance	33.9	13.3	47.2	4.3	3.0	7.3	9.3	6.7	16.0
6.2 Transparency, accountability and risk management		7.3	7.3	1.4	0.8	2.2	0.9	0.5	1.4
6.3 Strategic planning, resource coordination and reporting		5.7	5.7		0.6	0.6	2.0	1.7	3.7
6.4 Management and administration	48.2	33.9	82.1	5.2	6.6	11.8	16.3	17.3	33.6
6.5 Strategic communications		4.1	4.1	1.7	2.3	4.0	0.9	0.8	1.7
Category 6 total	82.1	64.3	146.4	12.6	13.3	25.9	29.4	27.0	56.4
Total categories 1–6	523.9	226.8	750.7	110.4	67.7	178.1	183.3	99.6	282.9
Tropical disease research		-	-					-	-
Research in human reproduction		-	-					-	-
Polio	359.3	13.0	372.3	0.8	0.4	1.2	63.5	13.5	77.0
Subtotal	359.3	13.0	372.3	0.8	0.4	1.2	63.5	13.5	77.0
Outbreak and crisis response	31.6	7.7	39.3	4.9	2.7	7.6	5.1	0.1	5.2
Subtotal	31.6	7.7	39.3	4.9	2.7	7.6	5.1	0.1	5.2
Grand total	914.8	247.5	1 162.3	116.1	70.8	186.9	251.9	113.2	365.1

Europe			Eastern Mediterranean			Western Pacific			Headquarters	Total
Country offices	Regional Office	Total	Country offices	Regional Office	Total	Country offices	Regional Office	Total		
1.9	5.0	6.9	4.3	2.9	7.2	7.8	5.2	13.0	46.0	141.3
8.0	2.8	10.8	5.7	2.0	7.7	8.1	5.7	13.8	34.1	117.5
0.2	2.9	3.1	4.6	3.4	8.0	10.2	6.6	16.8	36.0	121.5
-	0.6	0.6	2.2	0.8	3.0	3.2	3.2	6.4	43.0	104.2
3.6	8.8	12.4	18.2	6.2	24.4	13.0	10.6	23.6	53.6	280.5
13.7	20.1	33.8	35.0	15.3	50.3	42.3	31.3	73.6	212.7	765.0
9.7	9.5	19.2	11.0	5.0	16.0	13.7	10.9	24.6	56.1	198.3
2.8	2.4	5.2	3.0	2.2	5.2	3.6	2.0	5.6	18.7	46.0
1.9	5.0	6.9	2.6	0.4	3.0	1.2	1.6	2.8	14.9	34.4
0.4	0.1	0.5	0.5	0.3	0.8	1.1	1.2	2.3	10.0	16.7
0.3	1.8	2.1	2.5	0.7	3.2	3.6	1.9	5.5	22.3	44.5
15.1	18.8	33.9	19.6	8.6	28.2	23.2	17.6	40.8	122.0	339.9
3.0	3.5	6.5	13.7	4.7	18.4	9.2	3.0	12.2	59.5	206.3
0.4	1.0	1.4	0.6	0.3	0.9	1.3	0.9	2.2	4.7	13.5
0.1	0.9	1.0	0.8	0.3	1.1	1.5	0.2	1.7	6.3	16.3
2.0	5.9	7.9	2.4	0.6	3.0	0.5	0.4	0.9	6.4	35.6
4.1	17.4	21.5	2.6	3.4	6.0	6.2	3.1	9.3	35.3	110.0
9.6	28.7	38.3	20.1	9.3	29.4	18.7	7.6	26.3	112.2	381.7
5.2	9.8	15.0	9.4	2.8	12.2	13.1	3.9	17.0	40.0	142.1
6.3	9.1	15.4	14.7	7.1	21.8	8.8	6.1	14.9	45.9	156.5
1.1	6.0	7.1	7.1	4.6	11.7	7.3	3.9	11.2	105.7	171.6
2.7	8.0	10.7	5.5	6.4	11.9	5.4	5.4	10.8	58.3	124.3
15.3	32.9	48.2	36.7	20.9	57.6	34.6	19.3	53.9	249.9	594.5
3.2	5.0	8.2	6.9	1.7	8.6	9.2	6.0	15.2	50.6	113.5
2.5	5.5	8.0	7.5	2.9	10.4	7.8	4.9	12.7	56.6	106.1
1.7	2.4	4.1	23.8	5.1	28.9	1.2	2.2	3.4	35.9	122.6
0.3	0.7	1.0	0.5	1.1	1.6	1.4	1.3	2.7	18.8	37.5
7.7	13.6	21.3	38.7	10.8	49.5	19.6	14.4	34.0	161.9	379.7
20.1	13.0	33.1	14.0	6.9	20.9	10.4	5.1	15.5	82.7	222.7
0.4	2.4	2.8	0.8	2.7	3.5	0.4	2.0	2.4	37.5	57.1
1.2	3.4	4.6	1.0	3.1	4.1	2.8	4.5	7.3	15.0	41.0
7.1	9.3	16.4	33.7	12.4	46.1	9.9	10.2	20.1	162.6	372.7
0.9	2.1	3.0	0.2	2.8	3.0	0.8	3.1	3.9	20.3	40.0
29.7	30.2	59.9	49.7	27.9	77.6	24.3	24.9	49.2	318.1	733.5
91.1	144.3	235.4	199.8	92.8	292.6	162.7	115.1	277.8	1 176.8	3 194.3
	-	-		-	-		-	-	48.7	48.7
	-	-		-	-		-	-	42.9	42.9
1.4	6.0	7.4	173.3	7.0	180.3	0.8	2.1	2.9	253.4	894.5
1.4	6.0	7.4	173.3	7.0	180.3	0.8	2.1	2.9	345.0	986.1
0.7	2.3	3.0	123.7	6.6	130.3	4.8	0.1	4.9	14.2	204.5
0.7	2.3	3.0	123.7	6.6	130.3	4.8	0.1	4.9	14.2	204.5
93.2	152.6	245.8	496.8	106.4	603.2	168.3	117.3	285.6	1 536.0	4 384.9

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