

Financing of Programme budget 2016–2017

Report by the Secretariat

1. The Executive Board at its 138th session considered and noted an earlier version of this report.¹ One figure in the report, concerning predictability in the financing of the programme budget, has been updated (see paragraph 8).
2. In May 2015, the Sixty-eighth World Health Assembly approved a budget of US\$ 4384.9 million for the financial period 2016–2017.² This comprises a “base” budget for the WHO’s six main categories of work of US\$ 3194.3 million, to be financed by US\$ 929.0 million in assessed contributions and US\$ 2265.3 million in voluntary contributions, which represents an increase of 8% over the Programme budget 2014–2015. The amount of US\$ 1190.6 million budgeted for outbreak and crisis response, polio eradication, tropical disease research and research in human reproduction (presented separately from the base budget) will be financed solely by voluntary contributions.
3. Financing the programme budget has been consistently challenged by lack of transparency, unpredictability and non-alignment of resources, excessive earmarking of voluntary contributions, and increased vulnerability due to growing dependence on a few voluntary contributors. In order to address these issues, the Sixty-sixth World Health Assembly decided to establish a financing dialogue.³
4. This report describes progress in improving the financing of WHO and the status of the financing of the Programme budget 2016–2017 following the recent financing dialogue as well as efforts to tackle the remaining challenges.
5. The recent financing dialogue (Geneva, 5 and 6 November 2015) brought together representatives of Member States, bilateral and multilateral donors, and several non-State actors. Participants welcomed the progress made in funding the Organization and the steps being taken to strengthen accountability. There was general recognition that, although the funding outlook for 2016–2017 was encouraging, the mid-term perspective was more worrying.

¹ See EB138/42 and summary records of the Executive Board at its 138th session, fourteenth meeting, section 2 (document EB138/2016/REC/2).

² Resolution WHA68.1 (2015).

³ The financing dialogue was launched on 24 June 2013 pursuant to decision WHA66(8) (2013). For further information, see <http://www.who.int/about/finances-accountability/funding/financing-dialogue/en/> (accessed 29 December 2015).

PROGRESS IN IMPROVING THE FINANCING OF WHO

Transparency

6. The purpose of the revised programme budget web portal is to increase transparency and accountability in respect of WHO financing. It offers much more detailed information on sources of financing and flows of resources through to the country level. Information on quarterly trends in funding, the implementation of the programme of work and all deliverables, available and projected funding, financial flows including financial implementation rates, and results achieved can now be easily accessed for each of the six categories of work, 30 programme areas, seven major offices and about 150 country offices, and by contributor (group and individual). Work to improve further the reporting and presentation of results within the portal is ongoing.

7. The Director-General has announced her commitment that WHO will join the International Aid Transparency Initiative (IATI) by the end of 2016. In order to do so, an information disclosure policy is under development. A road map for implementation, including a clear evaluation of the resources needed, is currently under development.

Predictability

8. The level of predictability in the financing of the programme budget in advance of implementation has improved since the introduction of the financing dialogue. At the start of the biennium 2012–2013, 62% of the base budget was assured. This figure increased to 77% for the biennium 2014–2015 and 83% for the biennium 2016–2017.

Flexibility

9. The level of flexible voluntary contributions that WHO receives, primarily through the core voluntary contribution account, has remained relatively stable over time (about US\$ 250 million per biennium).

Alignment

10. The alignment of financing across the programme budget continues to present challenges for the Organization. The situation for the biennium 2016–2017 promises to be similar to that for 2014–2015, given the high proportion of earmarked voluntary contributions. For the Programme budget 2014–2015, following consultations with the Global Policy Group, the Director-General adopted a strategic approach to the allocation of flexible resources in several tranches, based on systematic analyses of financing shortfalls, in order to ensure that all programmes were operational. That approach led to a high level of alignment at the category level.

Reduced vulnerability

11. WHO's contributor base has broadened slowly but steadily over the past 10 years. However, the Organization still relies on 20 contributors for about 76% of its funding. That figure was 80% for the biennium 2014–2015.

TACKLING THE REMAINING CHALLENGES

12. The Secretariat intends to adopt a four-pillar strategy to deal with the remaining challenges in financing, as described below.

Coordinating resource mobilization across the whole Organization

13. The establishment of a Department for Coordinated Resource Mobilization within the Director-General's Office has facilitated the work of an Organization-wide resource mobilization network, bringing together resource mobilization focal points from each region and different clusters in headquarters. This structural change has, inter alia, facilitated improvements in the coordination of resource mobilization efforts across the Organization, including bilateral meetings with contributors.

14. In 2016, an end-to-end resource mobilization process from negotiations through to agreements, monitoring and reporting will be established. Detailed contributor profiles will better capture tailored information on potential contributors, enabling contributor-specific instructions for resource mobilization efforts. This will be facilitated by an Organization-wide electronic tool that will be fully integrated with the tool used for the registry of non-State actors.

Reporting reform

15. An estimated 3000 financial and technical reports are submitted to contributors annually. Systems to establish quality control of these reports and linkages to the programme budget outputs need to be established. Reporting to contributors will be streamlined through an end-to-end reporting policy supported by the above-mentioned electronic tool and strengthened accountability. This should lead to improvements in the quality and timeliness of the reports submitted to contributors and provide an incentive to decrease their numbers. Furthermore, all other aspects of reporting from country offices, regions and programmes will be reviewed and streamlined, and the information contained in the reports will feature more systematically on the programme budget web portal.

16. As a next step and for the first time, a single financial and programmatic report will be presented to the Health Assembly in 2016. The Director-General's annual financial report and audited financial statements and programme budget implementation reports will be combined into a joint report in order to establish a clear link between funds and measurable results.

More strategic use of flexible funds

17. In line with the reforms endorsed by Member States, flexible voluntary contributions are being used strategically in order to ensure the full financing of the programme budget across programmes and across the three levels of the Organization. As part of continued efforts to improve WHO's financing, the Secretariat will continue to work with contributors in order to maximize the flexibility of the financing received, for example, by enabling funding to be allocated more broadly – to programme areas within a technical category, rather than to a specific programme area in that category. In support of this, the Secretariat will explore incentives for contributors to provide more flexible funding.

Broadening the contributor base

18. During the Executive Board's discussions at its 138th session, concern was expressed regarding the funding of WHO's emergency reforms and new health emergency plans. Board members also referred to the comments made by its Programme, budget and Administration Committee,¹ which had urged the Secretariat to continue strengthening resource-mobilization efforts. In order to reduce the vulnerability of its financing, further efforts are needed to broaden WHO's contributor base. Work to explore new avenues of financing from traditional and non-traditional donors, including development banks and intergovernmental organizations, will be further enhanced.

ACTION BY THE HEALTH ASSEMBLY

19. The Health Assembly is invited to note the report.

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¹ See document EB138/3.