

Sustainable financing: report of the Working Group

Report by the Director-General

The Director-General has the honour to transmit to the Seventy-fifth World Health Assembly the report of the seventh meeting of the Working Group on Sustainable Financing (see Annex), which met in a hybrid format, from 25 to 27 April 2022.

ANNEX

REPORT OF THE SEVENTH MEETING OF THE WORKING GROUP ON SUSTAINABLE FINANCING

1. The Working Group on Sustainable Financing held its seventh meeting in a hybrid format, from 25 to 27 April 2022. The meeting was chaired by Mr Björn Kümmel of Germany with the following Vice-Chairs: Mr Iddrisu Yakubu of Ghana, Ms Meutia Hasan of Indonesia, Mr Raúl Vargas Juárez of Mexico, and Ms Fatima Ezzahra Rachidi of Morocco.¹
2. As part of his opening remarks, the WHO Director-General, Dr Tedros Adhanom Ghebreyesus, recognized that although Member States have expressed a spectrum of opinions on how best to reset the course of WHO's financing, there was also broad agreement among Member States that the current system was neither fit for purpose nor sustainable. He therefore urged Member States to consider a proposal to increase assessed contributions to cover at least 50% of the base segment of WHO's programme budget. The Director-General highlighted how such an increase would represent a significant return on investment for Member States. He referred to the new WHO investment case, "A Healthy Return", which illustrates how investment in WHO produces an economic return of US\$ 35 for every US\$ 1 invested. The Director-General also emphasized the readiness of the Secretariat to work with the proposed agile Member State task group to build on various budgetary oversight and accountability initiatives already being implemented as part of the WHO transformation.
3. Following the adoption of the agenda and the programme of work, the meeting focused on the negotiations to finalize the outstanding recommendations of the Working Group to the Seventy-fifth World Health Assembly,² through the thirty-sixth meeting of Programme Budget and Administration Committee of the Executive Board. The agreed text of the recommendations is appended to this report, together with a draft decision for consideration by the Seventy-fifth World Health Assembly.³
4. In his closing remarks, the Chair thanked the Member States, Bureau members and the Secretariat for the collective work and closed the meeting.

¹ Mr Jose Acacio, representing Ms Bronwyn Field of Australia.

² See document EB/WGSF/7/3.

³ See Appendix 2 and Appendix 1, respectively.

Appendix 1

DRAFT DECISION

The Seventy-fifth World Health Assembly, having considered the report of the Working Group on Sustainable Financing, including its associated recommendations,¹

Decided:

- (1) to adopt the recommendations of the Working Group on Sustainable Financing, contained in Appendix 2 to the report of the Working Group on Sustainable Financing; and
- (2) to request the Director-General to put in place measures to ensure the implementation of these recommendations.

¹ Document A75/9.

Appendix 2

RECOMMENDATIONS OF THE WORKING GROUP ON SUSTAINABLE FINANCING TO THE SEVENTY-FIFTH WORLD HEALTH ASSEMBLY

38. The Working Group on Sustainable Financing:
- (a) Recognized that now more than ever, in the context of coronavirus disease (COVID-19), the current funding model including the budgeting process for WHO is unsustainable and limits the Organization's ability to make an impact where it is most needed, at the country and regional levels, and the status quo is unacceptable;
 - (b) Considered the recommendations of various independent review panels and committees with regard to the financing of WHO, including, inter-alia, those of the Independent Panel for Pandemic Preparedness and Response, the Global Preparedness Monitoring Board, the Independent Expert Oversight Advisory Committee, the Independent Oversight and Advisory Committee for the WHO Health Emergencies Programme and the Review Committee on the Functioning of the International Health Regulations (2005) during the COVID-19 Response;
 - (c) Noted the mutual reliance on WHO for the ongoing delivery of normative global health policy and technical advice, and that all Member States have an interest in seeing a WHO that benefits from sustainable, flexible and predictable funding;
 - (d) Stressed that Member States as a collective must match their willingness to fund the Organization with the demands that they place on it;
 - (e) Stressed that any increase in Member States' assessed contributions needs to be accompanied by appropriate governance reforms, to be agreed by Member States, together with the further strengthening of transparency, efficiency, accountability and compliance within the Organization;
 - (f) Acknowledged that many Member States face severe financial challenges, including those accentuated by the COVID-19 pandemic, which may hinder their capacity to fulfil their financial obligations, sometimes despite existing mechanisms;
 - (g) Highlighted the need for coordination between the Working Group on Sustainable Financing and the Working Group on Strengthening WHO Preparedness and Response to Health Emergencies; and
 - (h) Recognized that initiatives are currently under way to expand funding for the global health architecture, and emphasized the importance of linking these efforts to the critical need to enhancing WHO financing.
39. Based on the above-mentioned premises, the Working Group developed the following recommendations:
- (a) that governance, transparency, accountability, efficiency and compliance be strengthened through a number of initiatives including, but not necessarily limited to:

- (i) mechanisms to be put in place for robust oversight with sufficient time by the World Health Assembly, the Executive Board and the Programme, Budget and Administration Committee of the Executive Board of all initiatives in terms of results, potential overlaps with existing initiatives, a time frame for implementation, and associated costs, financing and reporting, particularly where presented in the form of resolutions or decisions for approval;
 - (ii) a more transparent presentation from the Secretariat of programme budget priority-setting through all three levels of the Organization to assist Member States with the preparation, evaluation and approval of the programme budget and budgeting for specific initiatives, including discipline within the Secretariat and Member States in committing to new activities. Budgeting processes should be better linked with governance processes;
 - (iii) strengthening the role of the Programme, Budget and Administration Committee, to make it more effective, robust and transparent, and more engaged with the Secretariat during the budgeting process and potentially through additional deliberations;
 - (iv) specific reforms that may be undertaken by the Secretariat, that are within its remit, and would enable Member States to exercise enhanced visibility and oversight across the Organization.
- (b) that the base segment of the programme budget should be fully flexibly funded;
- (c) that the Health Assembly request Member States and other donors to strive to provide WHO with fully unearmarked voluntary contributions for the financing of WHO's base programme segment, in accordance with the Framework of Engagement with Non-State Actors, as appropriate, as a prerequisite for securing WHO's financial independence and increasing efficiency of the Organization;
- (d) that the Secretariat and Member States continue their efforts to boost funding for WHO which:
- (i) is fully flexible or at least thematic in nature, as well as sustainable and predictable;
 - (ii) encompasses increased support from donors in developed and developing countries;
 - (iii) is able to consolidate support from multiple sizes of donors;
 - (iv) explores new, agile and underutilized sources of funding, such as those from the private sector, in accordance with the Framework of Engagement with Non-State Actors.
- (e) that the Seventy-fifth World Health Assembly, recognizing the important role of assessed contributions in sustainably financing the Organization, requests the Secretariat to develop budget proposals, through the regular budget cycle, for an increase of assessed contributions to contribute to financial sustainability of WHO and with its aspiration to reach a level of 50% of the

2022–2023 base budget¹ by the biennium 2030–2031, while aiming to achieve this by the biennium 2028–2029:

(i) further requests the Secretariat to develop, and, in the light of the principle in paragraph 38(e), submit concurrently with the first proposed increase in assessed contributions to the Seventy-sixth World Health Assembly through the thirty-seventh meeting of the Programme, Budget and Administration Committee, the 152nd session of the Executive Board and the thirty-eighth meeting of Programme, Budget and Administration Committee, an implementation plan on reform. This implementation plan should include progress to date on reforms as well as a preliminary timeline and required resources for implementation for additional reforms, including but not limited to budgetary, programmatic, finance, governance and accountability reforms within the remit of the Secretariat. The Secretariat commits to enact these reforms as soon as possible; to identify a clear set of deliverables for the biennium 2024–2025; and to report on these regularly. The Executive Board at its 152nd session, through the thirty-seventh meeting of the Programme, Budget and Administration Committee, will endorse the implementation plan, which may be informed by discussions in the Member State task group recommended in paragraph 40;

(ii) requests the Secretariat to develop a budget proposal with a targeted first increase of 20%² of the assessed contributions assessment for the biennium 2022–2023, which would be presented to Member States for consideration as part of the Proposed programme budget 2024–2025, submitted for approval to the Seventy-sixth World Health Assembly, through the thirty-seventh meeting of the Programme, Budget and Administration Committee, the 152nd session of the Executive Board and the thirty-eighth meeting of Programme, Budget and Administration Committee.

(iii) in considering further proposals for increases in assessed contributions, Member States will assess progress towards the implementation of, inter alia, budgetary, programmatic, finance, governance and accountability deliverables within the remit of the Secretariat, which would take place as per programme budget cycles with the corresponding programme budget resolutions. These discussions would take into account, as appropriate, the progress of other global health financial mechanisms.

¹ The baseline will be fixed to the base segment of the approved Programme budget 2022–2023 (resolution WHA74.3 (2021)) in order to provide certainty to Member States. This is without prejudice to the adoption of subsequent scales of assessment by the Health Assembly.

² This increase will bring the level of assessed contributions to 26% of the base segment of the approved Programme budget 2022–2023.

The Table below provides increases over three bienniums for illustrative purposes, based on the Bureau proposal.

Biennium	Total assessed contributions	Increase over current level of assessment	% of base budget 2022–2023
2022–2023	956.9	baseline	22%
2024–2025	1 148.3	20%	26%
2026–2027	1 550.2	35%	36%
2028–2029	2182	40%	50%

(f) that the Health Assembly request the Secretariat to explore the feasibility of a replenishment mechanism to broaden further the financing base, in consultation with Member States and taking into consideration the Framework of Engagement with Non-State Actors; and to present a report that includes relevant options for Member States to consider, to the Seventy-sixth World Health Assembly, through the 152nd session of Executive Board and the thirty-seventh meeting of the Programme, Budget and Administration Committee in January 2023. The replenishment mechanism, with relevant rules of procedure, would be based on the following principles:

- (i) is Member State-driven and approved by the Health Assembly and open to all donors that comply with the Framework of Engagement with Non-State Actors;
- (ii) addresses both WHO needs for flexibility and donor needs to show accountability for results to their own constituents;
- (iii) ensures efficiency and no competition between different parts of WHO;
- (iv) aligns with the defined needs of WHO as approved by its governing bodies and is oriented to prioritize the financing needs of the base budget in all its components;
- (v) aligns with the global health architecture avoiding competition with other global actors;
- (vi) aligns with resolutions and decisions of the Health Assembly.

(g) that the Secretariat improve the mechanism for the fair and equitable allocation and reallocation of resources to fully fund all programme budget outcomes across all major offices and across the three levels of the Organization in order to address the chronically underfunded areas; and that it inform Member States regularly about its progress through the Programme, Budget and Administration Committee;

40. The Working Group on Sustainable Financing also recommends the establishment of an agile Member States task group on strengthening WHO budgetary, programmatic and financing governance¹ to analyse challenges in governance for transparency, efficiency, accountability and compliance, and come up with recommendations, which would report to the Seventy-sixth World Health Assembly, through the 152nd session of the Executive Board and the thirty-seventh meeting of the Programme, Budget and Administration Committee in January 2023, to recommend long-term improvements. The establishment of the Task Group, open to all Member States,² should be taken up during the 151st session of the Executive Board.

¹ The following were identified as possible elements for the task group: including, but not limited to, the role of governing bodies to prioritize topics for inclusion on the provisional agenda of the Health Assembly; enhancing transparency, improving the budgeting process for WHO based on best practices used in the United Nations system, including how the budget is presented; the costing of resolutions and decisions and other initiatives using a results-based approach; the use of guidelines and thresholds for earmarking and deadlines for achieving the thresholds; exploring inclusion of non-State contributors in accordance with the Framework of Engagement with Non-State Actors; efficiency gains; guidelines for ensuring equity in resource allocation to all levels and departments of WHO; and standardizing reporting procedures for small donors.

² And regional economic integration organizations, as appropriate.

41. The Working Group further recommends that the Health Assembly request the Secretariat to explore possible revision and adjustments in the recovery of programme support costs with a view to covering the full cost of the activities undertaken within programmes financed through voluntary contributions, building upon the review¹ of WHO's programme support costs that was conducted in 2013.

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¹ See document EBPBAC18/3.