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## **Proposals to improve WHO's financing**

### **Report by the Secretariat**

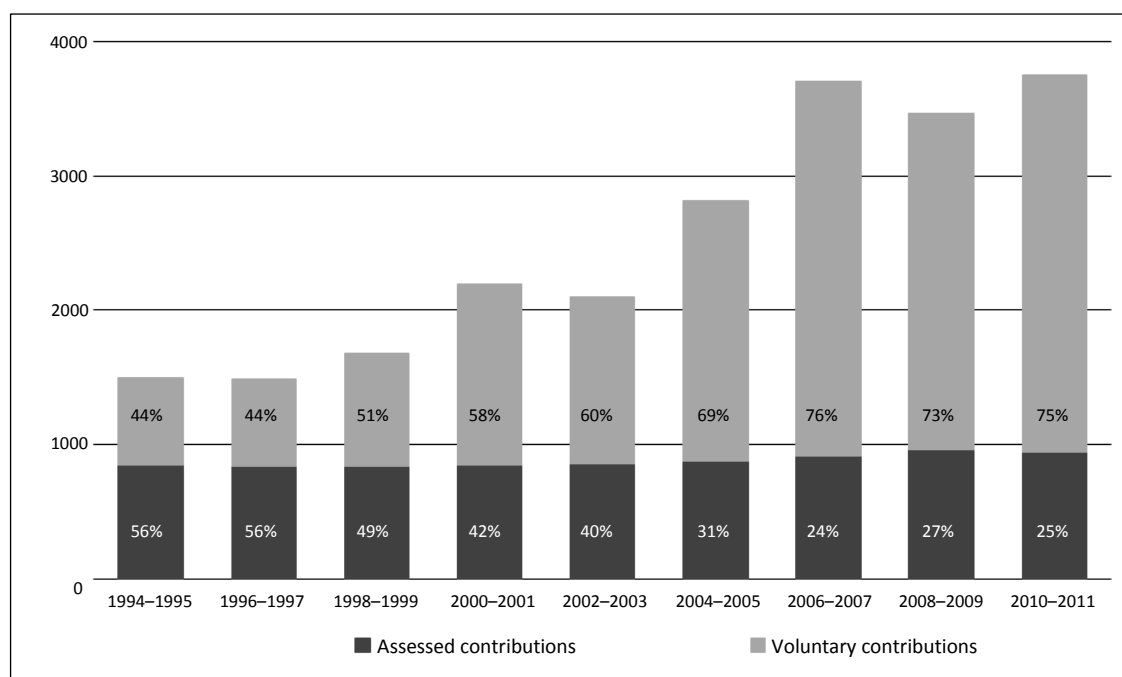
1. From the outset of WHO's reform, two key issues have framed the discussion concerning the financing of WHO: how best to align the priorities agreed by WHO's governing bodies with the monies available to finance them; and, how to ensure greater predictability and stability of financing to promote more realistic results-based planning, effective resource management, and increased transparency and accountability. Although improved financing underpins the optimal execution of WHO's work, particularly at country level, it is also recognized that enhanced Organizational performance is a means to improve WHO's financing.
2. This paper has been prepared in response to the Executive Board's decision at its 131st session,<sup>1</sup> for consideration by the Programme, Budget and Administration Committee of the Executive Board at the extraordinary meeting focusing on WHO's financing in December 2012. The aim of this paper is to present proposals to improve the financing of WHO.

### **CURRENT CHALLENGES**

3. WHO's financing has undergone a major transformation over the past decades. Although WHO's programme budget was originally funded solely by assessed contributions, the Organization is now financed by a mix of assessed and voluntary contributions that are provided by both State and non-State actors. WHO's budget has also grown substantially in the last decades, including an increase from US\$ 1647 million for the biennium 1998–1999 to US\$ 3959 million for the biennium 2012–2013. The majority of WHO's programme budget is presently financed by voluntary contributions. Assessed contributions, which have remained relatively constant over this same period, now comprise only 25% of WHO's total income (Figure 1).
4. WHO's current financing situation results in a number of challenges that diminish the Organization's ability to deliver the expected outputs and to respond rapidly to emerging health issues: (i) misalignment/mismatch between the programme budget and its funding; (ii) unpredictability of financing; (iii) transparency of financing and efficiency of resource management; (iv) vulnerability of WHO; and (v) inflexibility of financing.

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<sup>1</sup> See decision EB131(10).

**Figure 1. Trends in assessed and voluntary contributions to WHO, 1994–2011 (US\$ million)**

5. While the initial discussions on the financing of WHO focused on the importance of flexibility, further analysis demonstrates that if the first four challenges are adequately addressed, the need for flexible funding is significantly reduced. Given the experience of the last decade, however, some flexibility in funding will need to remain in order to ensure WHO's ability to respond rapidly to emerging health issues, to new decisions/resolutions by WHO's governing bodies that carry financial implications, and to unforeseen health emergencies.

### **Misalignment between WHO's programme budget and available resources**

6. WHO's financing situation creates a disconnect between the expected outputs reflected in the programme budget and the resources available to finance them. A high reliance on voluntary contributions results in a situation where the programmes that are attractive to donors tend to be well-financed, but other programmes are left under-resourced. Misalignment between the programme budget and available resources also results in an imbalance of funding amongst different programmes, generating deficits in vital areas of WHO's work. For example, the work towards reducing child mortality rates and improving maternal health was underfunded by 23% in the 2010–2011 biennium, despite the importance of this work in achieving Millennium Development Goals 4 and 5. Misalignment hinders WHO's ability to distribute resources where they are required (e.g. between technical cooperation and normative work, staff and activity costs, and between the programmatic work and administrative/enabling functions).

### **Unpredictability of WHO's financing**

7. Voluntary contributions vary not only in the degree to which they are earmarked for specific activities, but also in the degree to which assurances vary in predictability and timing. WHO is a knowledge-based institution; having a large proportion of its income in the form of specified voluntary funds leads to a lack of stability in the delivery of its expected outputs. WHO's normative function and

technical cooperation with countries is predicated on the expertise of its staff. A lack of predictable income adversely affects management of staff employment contracts (at the beginning of the biennium only some 44% of the Programme budget 2012–2013 was financed with a reasonable degree of certainty). Additionally, the majority of funding received is designated for short-term projects, with a small proportion stemming from multi-year agreements. This significantly restricts the planning horizon for the Organization, increases the difficulty of effective and efficient resource management and implementation, and compromises WHO's ability to provide adequate long-term support to countries when addressing their national health needs.

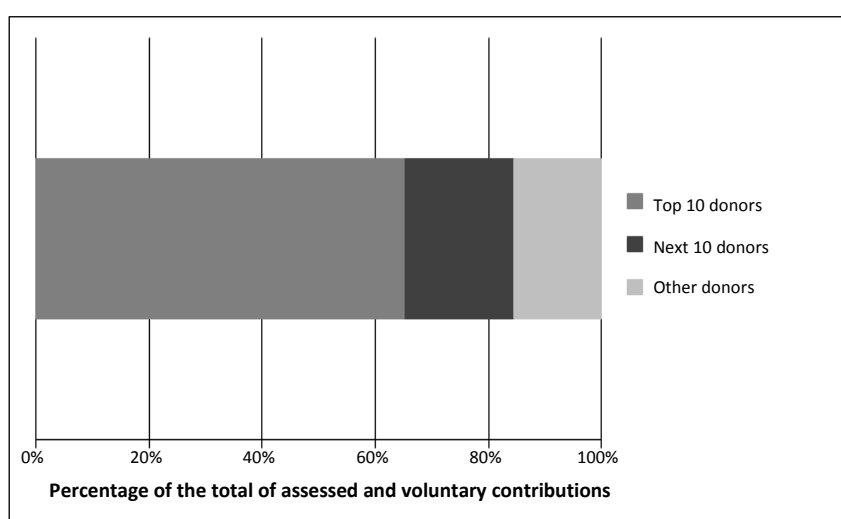
### Transparency of financing and efficiency of resource management

8. WHO's current resource management and resource mobilization practices restrict the maximization of efficiencies and limit the transparency and accountability of financing. In addition, management of earmarked and specified voluntary income increases overhead costs and reduces efficiency. Senior staff spend a considerable amount of time mobilizing resources. Competition between programmes and major offices to mobilize funds presents challenges to coordinate and target resource mobilization effectively, leading to duplication of efforts. This lack of coordination and coherence in mobilization of resources also has implications for effective resource management, impedes efforts to improve Organizational efficiency and collaboration between programmes, and impairs the ability of the Organization to ensure maximal transparency and coordinated reporting on resource use.

### Vulnerability of WHO due to the current financing situation

9. The bulk of WHO's current financing stems from the ongoing commitments and support of a small group of State and non-State donors. The top 10 donors to WHO contribute over 60% of the Organization's income (Figure 2). A downturn in the economic situation of even one of these donors, with a resulting reduced ability to contribute sustainably, would have serious financial consequences for the Organization. Although there is value in having a funding base that includes both assessed and voluntary contributions, the limited range of donors providing these contributions exacerbates WHO's financial risk and increases susceptibility to swings in income.

**Figure 2. Contributions to WHO ranked by donors, 2010–2011 (assessed and voluntary contributions combined)**



## **Inflexibility of financing**

10. The majority of voluntary contributions to WHO are highly specified, being earmarked to specific projects or programmes. Over 90% of the total amount of voluntary contributions received in the 2010–2011 biennium were earmarked to specific projects, programmes or use in specific locations, or were linked to a specific set of expected results or deliverables. The inflexibility of the majority of WHO's funding restricts WHO's ability to shift resources in a timely manner to confront emerging public health needs and emergencies, or to respond swiftly to new decisions/resolutions by WHO's governing bodies. Limited opportunities to redistribute specified resources exacerbates the misalignment of available resources with the programme budget, and creates a situation where some programmes are relatively well resourced while other, critical areas of WHO's work, face profound shortfalls.

## **AIMS, ASSUMPTIONS, AND CHARACTERISTICS OF IMPROVED FINANCING**

11. The overarching goal towards improving financing for WHO is to ensure the **full funding of an approved programme budget** that is costed, realistic, and driven by the priorities and expected outputs agreed by Member States.

12. The assumption that WHO's **budget will remain stable over the next two to three bienniums** underpins all proposals outlined in this document. The budget envelope to be presented in the draft general programme of work for 2014–2019 is in the order of US\$ 12 billion, with this overall envelope being distributed more or less equally across the three bienniums.

13. It is also assumed that the Organization will **continue to be financed from a mix of the current sources** of funding (i.e. WHO's income will be a mix of both assessed and voluntary contributions, with voluntary contributions coming from both State and non-State donors).

14. The proposals presented focus on improving the matching of funding with Organizational priorities and enhancing the quality of funding received. In addition, they aim to strengthen the efficient use of those funds throughout the resource management cycle. Quality funding to WHO is defined here as possessing five characteristics: it is aligned with the programme budget; predictable; transparent; broad-based; and flexible.

## **Characteristics of improved financing for WHO**

15. **Alignment of all funds with a realistic and results-based programme budget.** Alignment of funds with the programme budget means that contributions by donors are matched with the priorities and expected outputs agreed by Member States.

16. **Predictability** of financing. This means that the Organization is assured of resources at the beginning of the programme budget period. The aim is progressively to increase predictability of financing of the entire programme budget in advance of implementation.

17. **Transparency** of financing. Transparency in this context suggests that all interested parties can readily examine what funding has been provided, who has provided it, what it is being spent on, and what it aims to achieve.

18. High quality funding is **drawn from a broad base of contributors**. The aim here is to expand the donor base in order to achieve a wider constituency of donors and a greater sharing of resource burden.

19. High-quality funding is **flexible**. It permits WHO to allocate resources according to the approved programme budget in order to ensure that all programmes are well positioned to achieve the expected outputs. Flexible funding also enables WHO to easily re-programme funds and shift resources where and when needed during a biennium (i.e. to address challenges in implementation or respond rapidly to emerging health challenges).

## PROPOSALS TO IMPROVE WHO'S FINANCING

### Assessed contributions

20. A programme budget that is largely financed from funds possessing the “improved” characteristics outlined above would resolve many of the current financing challenges. Of the current sources of WHO's funding, the assessed contributions most closely reflect the qualities described above. Several Member States have acknowledged that an increase in the level of assessed contributions in the short-term would be difficult to achieve. It is therefore proposed that the possibility of an increase in assessed contributions be explored in the longer-term.

21. However, several other Member States have expressed a willingness to increase their levels of assessed contributions in the short- to medium-term. It is therefore proposed that mechanisms be explored to facilitate the receipt of supplementary assessed contributions from those Member States that are able to provide them.

### Voluntary contributions

22. It is in the voluntary contributions that there is the greatest potential to improve the quality of funding received by WHO. The four proposals outlined below are designed to shift the nature of voluntary contributions towards the five characteristics described above; the proposals may also influence the use of assessed contributions.

**(A) To ensure the alignment of available resources with the Organization's agreed priorities and expected outputs, it is proposed that the programme budget, *in its entirety*, be approved by the World Health Assembly.**

23. The categories and criteria for priority-setting defined by Member States<sup>1</sup> provide both strategic direction for WHO and an organizing framework for development of WHO's priorities and expected outputs. A programme budget that is based on universally agreed priorities and expected outputs, and that has been scrutinized and approved by the World Health Assembly, is a prerequisite for enhancing trust and transparency before the process of financing begins.

24. The programme budget is WHO's core organizational instrument through which, inter alia, to: articulate WHO's results chain; strengthen operational planning; coordinate resource mobilization;

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<sup>1</sup> See document WHA65/40, Annex, which contains the report by the Chairman of the meeting of Member States on programmes and priority setting in February 2012.

develop strategic communication; guide resource allocation; systematically and comprehensively monitor resources and performance; and enhance accountability.

25. Funding that is closely matched to a realistic and credible programme budget is critical to ensure the translation of the Member State-led priority-setting process into operational activity and results. The approval of the programme budget in its entirety by the Health Assembly would allow existing and potential donors to relate their financing directly to the budget. This would pre-empt an imbalance of available resources across programmes, and would ensure the availability of adequate financing for WHO's technical cooperation and normative work, between staff and activity costs, and between the Organization's programmatic work and administrative/enabling functions.

26. The approval of the programme budget by the Health Assembly would represent an important shift from current practice, in which only the proportion of the budget financed from assessed contributions is approved. Although the legal obligation for funding by Member States would remain limited to assessed contributions,<sup>1</sup> the change would demonstrate a greater responsibility being taken by Member States for alignment of financing against the budget's programmatic priorities, and increased accountability of the Director-General for its implementation.

**(B) To increase the predictability of resources at the beginning of a biennium, it is proposed to establish a structured and transparent financing dialogue.**

27. The approved programme budget would serve as the central instrument for a structured, transparent engagement with potential financiers. The proposed financing dialogue aims to increase the predictability of WHO's financing before the start of the biennial budget's implementation. The financial dialogue would be open to all interested parties, contributors and non-contributors alike. The establishment of the Organizational priorities and expected outputs reflected in the programme budget would remain the exclusive prerogative of Member States.

28. The proposed dialogue would enable potential contributors, both State and non-State, to obtain a clear picture of the funding requirements and associated funding gaps of the Organization. It would provide a structured and transparent process through which to commit resources towards financing of the approved programme budget, and facilitate a more strategic use of assessed contributions. The proposed financial dialogue would also provide a transparent process through which to explore a potential reprogramming of specified funds, where required, in advance of finalizing funding commitments. Donors would be encouraged to provide multi-year funding, in line with the scope of WHO's general programme of work, at a level that facilitates flexibility for WHO to respond to emerging health challenges as required. The combination of rigorous priority-setting and a dialogue to better align contributions across the programme budget offers a way to increase the predictability of funding and enhance the matching of resources with expected outputs. In addition, longer-term funding allows for strengthened planning processes and a reorientation of human resources from project management to technical work.

29. It is proposed that the dialogue begin after the approval of the programme budget by the World Health Assembly in May, followed by a preliminary meeting of Member States and other donors in June or July. This meeting, convened by the Chairman of the Programme, Budget and Administration Committee, would provide information on assured resources and funding gaps for the subsequent biennium. Following the initial meeting, coordinated bilateral discussions between the Secretariat and

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<sup>1</sup> Under Article 56 of the Constitution of the World Health Organization.

donors would explore which areas of WHO's work have assured financing. In October, a meeting of all donors (and interested parties) would be convened, in which the Secretariat could report back on the funds committed to date. A structured dialogue with donors at this October meeting would aim to identify joint solutions to address funding gaps and potential reprogramming of funds from over-resourced to under-resourced areas, where possible. Following the October dialogue – and proceeding under the assumption that a large portion of the programme budget would be assured by this stage – any remaining financing gaps would then become targets for focused resource mobilization. The Secretariat by this point would be better positioned to refuse monies offered outside of the parameters of the agreed programme budget. A detailed assessment of lessons learnt will be used to guide the adjustment of future financing dialogues. Further details concerning the logistics of the proposed financing dialogue are provided in the Annex. The Annex also includes a description of the first proposed dialogue to be held in 2013, as part of a three-phase mechanism towards financing the programme budget.

**(C) To increase the transparency and accountability of WHO's financing with a view to minimizing inefficiencies, it is proposed to strengthen WHO's coordination of resource mobilization, resource management, internal financial controls, and reporting.**

30. ***Coordination of Organization-wide resource mobilization.*** The resource mobilization architecture is being strengthened in order to ensure better coordination across all three levels of the Organization. The current decentralized structure will be developed into a networked model, with a clearly defined resource mobilization cycle (assessing, positioning, mobilizing, allocating and delivering). Resource mobilization will still be conducted at all levels of the Organization, however, a coordinated approach will be implemented, and all staff resource mobilization efforts will be directed towards achieving full funding of the approved programme budget. The resource mobilization plan of action that will be developed following the financing dialogue will unite all three levels of the Organization around a common resource mobilization agenda under the leadership of the Director-General and the regional directors. The plan will be developed with the participation of all levels of the Organization, and will be based on actionable information on donor preferences, with clearly defined roles and responsibilities. The Organization will conduct quarterly monitoring on progress towards filling the remaining funding gaps.

31. ***Resource management.*** Improved resource management structures are being established with a particular focus on strong oversight over fundraising proposals and agreement negotiation. The new procedures will ensure that all new proposals submitted to donors are consistent with the approved programme budget and that all costs are included in the budget. Once agreements are signed, resource allocation, guided by a division of labour across the three levels of the Organization, will be carefully monitored to ensure that it matches the programme budget and signed agreements. Stringent controls will be implemented to ensure that reports are submitted on time. In order to improve the financing of administration and management costs and improve efficiency, a WHO-commissioned study on administration and management cost recovery will be presented to the Programme, Budget and Administration Committee in January 2013.

32. ***Internal financial controls.*** The internal control framework is being strengthened in line with the managerial stream of WHO reform. The framework encompasses all processes that have financial consequences for WHO. The control framework comprises several components including measures taken to address the internal environment and staff training, risk management, compliance requirements and risk responses, and monitoring. Initiatives being advanced as part of the internal control framework include the definition of standard operating procedures for all administrative processes including the definition of control check points, development of a management dashboard

that will transparently show management-related information across the Organization, and the establishment of a risk and compliance unit in the Office of the Director-General.

**33. Reporting.** Strengthened monitoring and reporting will be an ongoing effort throughout the development and implementation of the programme budget and will have two clear goals. The first is to ensure effective monitoring and reporting of implementation to Member States and to each donor, and the second is careful monitoring of financing flows to ensure that resource mobilization focuses on the unfunded gaps in the approved programme budget. While the emphasis will be on Organization-wide reporting, WHO will continue to provide individual reports to donors as needed, all of which will be available on a dedicated section of the WHO web site. Strengthened reporting will aim to increase the availability of information to all, and will eventually include regular updates and or real-time reporting of: pledges and funds available, which are disaggregated by funding source, donor, etc.; and expenditures, which are disaggregated by relevant variables. Reporting processes will also be closely linked to WHO's financial reports and programme budget performance assessments.

**(D) To decrease WHO's vulnerability to potential swings in financing due to a small number of donors, it is proposed that avenues be explored to broaden WHO's donor base.**

34. It is proposed that WHO intensify efforts to pursue new avenues of funding to broaden the current donor base. Strategies to mobilize resources from several sources will be developed and implemented. All new funding sources to be explored will be carefully reviewed to ensure that the desired characteristics of funding described in this paper are met, and that all potential new funding is subject to systematic due diligence screening and examination of conflicts of interest.

35. The first area to be explored will be those Member States that are currently making only a small – or no – voluntary contribution. Several Member States have made special efforts in the recent past to support projects implemented by United Nations agencies. These emerging donors are also potential partners for resourcing WHO's work, and efforts will be focused on documenting and monitoring trends and identifying opportunities to expand their voluntary contributions.

36. Another stream to be pursued is major international philanthropic foundations, reaching out in particular to new philanthropic initiatives globally and to those that do not yet have an established funding profile in global health.

37. Following the development and endorsement by Member States of a new private sector engagement policy as part of WHO reform, new approaches to mobilizing resources from the business sector will be explored.

38. Mechanisms to facilitate contributions by individuals and solidarity funding will be explored, building on the experience of other United Nations funds and programmes that have successfully developed national fundraising programmes using a variety of mechanisms and campaigns.

## Conclusion

39. The proposals presented in this paper to improve WHO's financing situation are summarized below. It should be noted that each proposal addresses, as its primary focus, a distinct challenge presented by WHO's current financing situation.

- Proposal 1 – The entire programme budget is approved by the Health Assembly in order to ensure the alignment of available resources with agreed priorities and expected outputs.



- Proposal 2 – Mechanisms are explored to facilitate receipt of supplementary assessed contributions in the short term and achieve an increase in assessed contributions in the long term.
- Proposal 3 – Financial dialogue is established and multi-year funding that is in line with the general programme of work is sought.
- Proposal 4 – The coordination of resource mobilization, resource management, internal financial controls, and reporting is strengthened.
- Proposal 5 – Avenues to broaden WHO's donor base are explored.

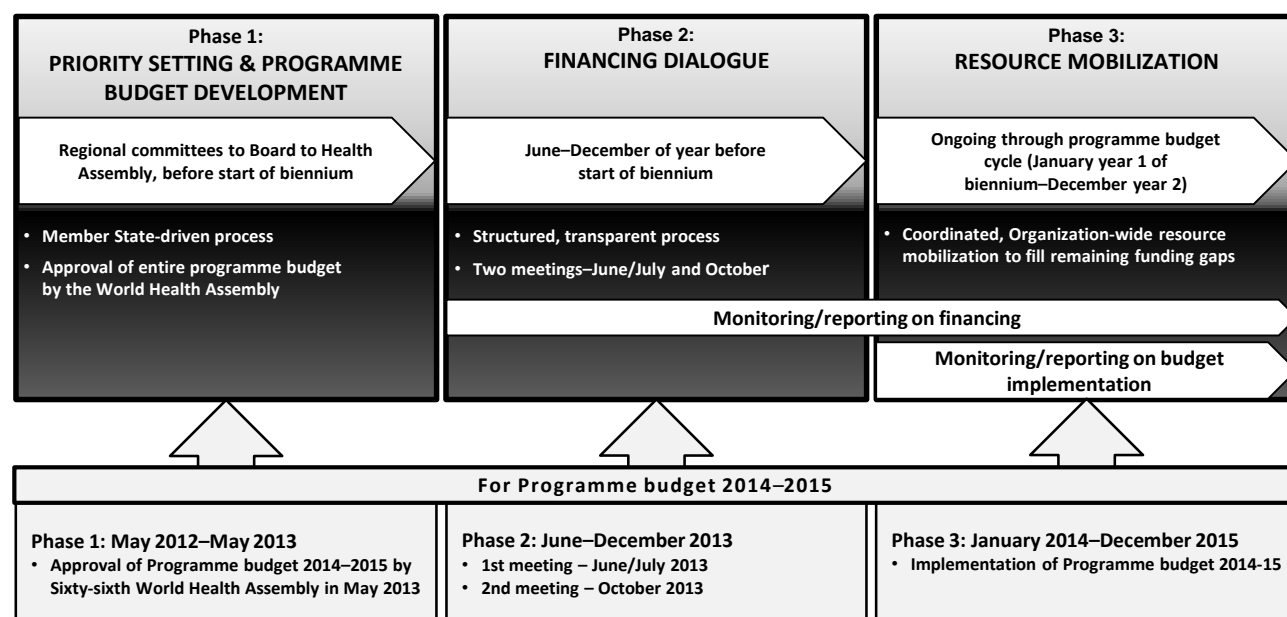
#### **ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE**

##### **40. The Committee may wish to:**

- note the principles concerning WHO's financing outlined in paragraphs 11–14
- propose to the Board that it recommend the approval of the entire programme budget by the Health Assembly
- propose to the Board that it recommend endorsement by the Health Assembly of the proposals related to assessed contributions outlined in paragraphs 20–21
- propose to the Board that it recommend the approval by the Health Assembly of the establishment of a financing dialogue to be implemented for the financing of subsequent programme budgets, with the first financing dialogue to take place in 2013
- note the changes to the resource mobilization and resource management policy and procedures and invite the Secretariat to include updates on implementation in the general management reports presented to the Committee on an annual basis
- welcome and encourage the work by the Secretariat to broaden WHO's donor base.

## ANNEX

1. This Annex outlines a three-phase predictable financing mechanism – priority-setting and programme budget development; financing; and resource mobilization for unfunded gaps – together with ongoing complementary monitoring and reporting (see Figure 3), which aim to increase the predictability of WHO's funding and ensure full funding of an approved programme budget.
2. Priority-setting during the first phase remains the prerogative of Member States and is conducted through the governing bodies, beginning with the regional committees and ending with the World Health Assembly's approval of the programme budget. The second phase, which begins once the Health Assembly has approved the programme budget, brings Member States together with WHO's non-State contributors in a joint and transparent financing dialogue to align resources to the programme budget and ensure greater predictability at the beginning of budget implementation. A third phase of coordinated resource mobilization is aimed at filling remaining funding gaps, and is conducted throughout the course of the biennium. Real time monitoring and reporting of funds received, allocated and distributed, as well information on expenditures and resource gaps complements this process.

**Figure 3. Predictable financing mechanism****GOVERNING PRINCIPLES**

3. The approach to financing is guided by the following principles:
  - (a) Member States, through WHO's governing bodies, are responsible for determining Organizational priorities.

- (b) WHO's funding needs are based on a realistic, results-based programme budget that reflects priorities and expected outputs approved by the World Health Assembly.
- (c) A broad donor base comprising State and non-State contributors provides flexible and multi-year funding aligned to the programme budget.
- (d) Greater transparency in financing and resource mobilization leads to increased predictability and enhanced alignment of resources with the programme budget, facilitating more efficient and effective delivery of expected outputs by WHO.

## **A PREDICTABLE FINANCING MECHANISM TO FUND THE PROGRAMME BUDGET**

### **Phase 1. Priority-setting and programme budget development**

- 4. WHO's priorities for a particular biennium are presented in the biennial programme budget. That budget is informed by the strategic direction contained in a general programme of work which, in turn, is influenced by the objectives and functions set out in the WHO Constitution.
- 5. As part of the WHO programmatic reform, the Sixty-fifth World Health Assembly endorsed the categories and criteria for programmes and priority setting that were derived from the Member State-driven priority-setting process. These will guide the development of the next and future general programmes of work and programme budgets.
- 6. The first phase of the financing mechanism, priority-setting and programme budget development, employs these categories and criteria to develop a proposed programme budget, which includes both WHO's expected programmatic outputs and associated draft budget figures, for presentation to the regional committees.<sup>1</sup> Based on the feedback received, a revised draft is presented to the Executive Board and then further revised for submission to the Health Assembly for approval. Upon approval of the entire programme budget, the financing phase (phase 2) begins.

### **Phase 2. Financing dialogue**

#### *Overview*

- 7. The financial dialogue is the second phase of WHO's predictable financing mechanism. The financing dialogue provides a structured and transparent process through which State and non-State donors can commit resources towards the financing of the approved programme budget. It facilitates a greater degree of predictability of assured funding to WHO at the beginning of the biennium, and offers a multilateral and transparent approach in order to improve the alignment of contributions across the programme budget, by matching assured resources with priorities and expected outputs.

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<sup>1</sup> Exceptionally, the 2012 regional committees did not receive associated budget figures.

### ***Participation***

8. All Member States may participate in the process of the financial dialogue whether or not they provide voluntary funds. Representatives will be nominated by Member States, ideally being drawn from both health ministries and other relevant government sectors (e.g. development agencies). In addition, potential non-State contributors to WHO will be invited to participate.

### ***Process and timeline***

9. The WHO financing dialogue will begin once the proposed programme budget has been approved. The dialogue will be marked by two financing discussions by potential contributors to WHO convened by the Director-General and facilitated by the chair of the Programme, Budget and Administration Committee. These discussions will be held in Geneva with the first being scheduled for late June/early July and the second for mid-October.

10. The first financing discussion, a one-day preliminary meeting, will aim to ensure that all partners have clear information on funding needs, including where funding is already available, and what areas of the programme budget are unfunded. This first meeting will also provide a preliminary indication of potential matching of donor intent to funding needs. Although it is hoped that many donors will be able to make contributions earmarked only at a higher-level (e.g. level of category), it is recognized that, for many donors, funding will be provided on the basis of more detailed proposals. These proposals will be developed in the period following the first preliminary meeting.

11. The basic reference documents for the initial meeting will be the approved programme budget as well as information related to expected outputs and costs. In addition, detailed information will be presented on assured income and funds available (i.e. assessed contributions, multi-year agreements) and funding gaps for the biennium.

12. There will be a four-month period of bilateral discussions among donors and the Secretariat between the first meeting and a second meeting of donors to be held in October. In this interim period, there will be coordinated discussions between donors and the Secretariat in order to identify donor commitments to funding the programme budget. These discussions will build on established WHO channels and mechanisms, and will be based on a clear picture of the Organization's funding needs. Donors will be encouraged to make commitments for the period of the programme budget, or, in the case of some donors, as part of longer, multi-year framework agreements. Flexible funding remains the ideal, however, specified commitments, where they are made, will be mapped against categories and against WHO's programmatic areas of work.

13. Following four months of dialogue, the second financing meeting will be held in October. The Secretariat will present commitments made and remaining funding gaps in a Member-State led structured dialogue to identify joint solutions. Member States will be requested to send high-level representatives from relevant sectors. The discussion will examine the possibility of reprogramming funds from over-resourced to under-resourced areas where possible. The Director-General will provide an indication of the allocation of assessed contributions towards full financing of the programme budget, based on a detailed analyses of funding shortfalls.

14. The outcome of the October meeting will be a financing plan that maps contributions towards the programme budget which will be presented to the Executive Board in January. This plan will also identify any remaining funding shortfalls.

### Phase 3. Resource mobilization

15. Phase 3 of the predictable financing mechanism is targeted resource mobilization activities to fill any remaining gaps pursuant to the financing dialogue. The Secretariat will continue resource mobilization efforts during the programme budget cycle in order to fill such gaps, as part of the ongoing engagement with donors and partners. A coordinated, Organization-wide resource mobilization plan of action will be developed to be implemented under the leadership of the Director-General and the regional directors.

### MONITORING AND REPORTING

16. An important new aspect of the predictable financing mechanism will be transparent, electronic reporting on funds available and funding gaps against the programme budget. Timely and frequently updated information on income, resource commitments, and remaining gaps, disaggregated by funding source, donor, and other relevant variables will be made available online through a dedicated section of the WHO web site. This increases transparency in terms of how State and non-State financiers fund the overall programme budget, and also provides a platform for reporting on resources received (monitoring whether donor commitments are met), resources allocated, and results achieved (the outcome of joint financing).

17. Reporting to the governing bodies will follow the same cyclical process as described above. In January, the Programme, Budget and Administration Committee, and the Board will receive a report by the Secretariat outlining the assured resources, commitments against the programme budget, and remaining funding gaps resulting from the financing dialogue (as of the December before the start of implementation of the biennial budget).

18. In the first year of the biennium (i.e. the first year of budget implementation), a progress report will be presented to the Programme, Budget and Administration Committee in May on the income received, pledges outstanding, remaining gaps, and initial expenditures related to budget implementation. This report will be further enhanced and presented to the Committee at its meeting in January of the second year of the biennium. In May of that same year (i.e. the second year of budget implementation), the reporting to the Committee will be extended to cover income, pledges outstanding and gaps, expenditures and initial results from one year of implementation.

19. Following the completion of the biennium, the magnitude of any remaining funding gaps will be clear, as will the degree of alignment between priorities and funding that has been achieved by the new process. This information will be presented to the governing bodies in May of the following year and will be complemented by an assessment of the results achieved over the previous biennium.

### TIMELINE FOR FINANCING THE PROGRAMME BUDGET 2014–2015

20. As Figure 3 shows, the inaugural WHO financing dialogue will begin once the Sixty-sixth World Health Assembly has approved the proposed programme budget for the biennium 2014–2015. The first meeting will be held in June/July 2013 and the second in October 2013. An initial evaluation will be presented to the Programme, Budget and Administration Committee in January 2014 with further reporting to the Committee in May 2014, January 2015 and May 2015. An assessment of the effectiveness of the mechanism and the lessons learnt, with a comprehensive review of the financing mechanism, will be presented to the Sixty-eighth World Health Assembly in May 2015 for consideration and further guidance. The financial dialogue for the programme budget for the biennium 2016–2017 (approved by the Sixty-eighth World Health Assembly) will be held during the third and fourth quarters of 2015 and will be adjusted on the basis of guidance received from the Sixty-eighth World Health Assembly.

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