

WHO budgeting and financing

A historical overview

1. This document aims to provide a brief historical overview¹ of WHO budgeting and financing for the consideration of the Working Group on Sustainable Financing, which was established by the Executive Board at its 148th session.²

PROBLEM DEFINITION

2. The current WHO financing situation should be considered through a historical lens. Since its establishment in 1948, the scope of WHO and the deliverables expected from it have increased dramatically. External factors, such as demographic and economic expansion, have driven the increased demand for what WHO can and must provide. WHO has evolved from a predominantly research and norms-driven body to an organization that also considers the development perspective and assumes a position of proactive leadership on global health issues, including the international response to outbreaks, crises and emergencies. Together with the United Nations system, it has moved from having a vertical, disease-driven outlook to a more holistic approach to public health, focusing on the entire spectrum of the health sector and promoting broader community engagement at all levels.

3. Increasing levels of resources for health outside of WHO have provided greater opportunities for financing, but not necessarily in a way that contributes to alignment with budget priorities or promotes sustainability. This has led to a marked reliance on a growth in voluntary contributions, most of which, while generous and greatly appreciated, cannot be considered sustainable in terms of their predictability.

4. The issue of WHO's financing, therefore, sits at a complex intersection between three major dimensions:

- **Governance** – the Organization is governed by the governing bodies, including the World Health Assembly, the Executive Board and its Programme, Budget and Administration Committee, and the Regional Committees. However, many of the largest non-State donors are not part of that decision-making process and the Secretariat can only implement programmes to the extent to which they are financed. This makes high-level decisions on prioritization and allocation of resources difficult.
- **Budget and prioritization** – it is important to understand that the WHO programme budget is not like a government budget. In the programme budget, the governing bodies approve the results to be achieved, the priorities to focus on, and the resources that will be required to achieve them.

¹ An informal background document summarizing key past events, trends and developments relating to WHO financing was made available to Member States prior to the first meeting of the Working Group on Sustainable Financing.

² Decision EB148(12) (2021).

The budget is, therefore, not fully funded in advance: only assessed contributions offer a certain degree of predictability. The rest depends on willing donors and how well their contributions are aligned with the programmatic priorities as expressed by budget levels. This can result in the total amount of resources available exceeding the total of the approved budget, while several programmes are left underfunded. These gaps in financing are referred to as pockets of poverty.

- **Nature of resources** – the programme budget as approved is financed through a combination of assessed **contributions**, voluntary contributions (earmarked to varying degrees), and programme support costs (namely overheads charged on top of any voluntary contribution),¹ all with different qualities, restrictions and opportunities. More than 80% of the total resources comprise voluntary contributions from public and private donors who naturally decide whether to contribute, and if so, what amount and under which conditions. This leads to pockets of poverty owing to donor earmarking by result and/or organizational structure.

PRIORITIZATION AND SUSTAINABLE FINANCING

5. Sustainable financing is not simply concerned with the level of financing required at any one point. At the heart of the issue are the two interlinked questions of prioritization and how to ensure that what is called for can be adequately funded.

6. WHO Member States and the Secretariat spend considerable amounts of time and effort discussing WHO's priorities. Priorities are defined by the general programme of work at a strategic level, by the programme budget at a more detailed level, and by various governing bodies' decisions and resolutions at a governance level. The main question is how to ensure that these priorities are financed in a sufficiently sustainable manner to ensure that WHO can deliver results.

7. There are several key considerations to take into account in this regard:

- Setting priorities is not a realistic exercise if it is done by one party while financed by another at the latter's discretion.
- As a result, the setting of priorities in a meaningful manner must be accompanied by a discussion as to how these should be financed in a realistic manner that can be determined by those setting the priorities.
- If the above logic is sound, but there are reservations concerning the level of financing that can be committed, an agreement has to be found as to what level of prioritization will be accompanied by adequate resources and what it will entail, including the question of what may have to be considered, at best, a secondary priority if not adequately resourced.

8. Member States and the Secretariat have attempted both to improve the setting of WHO's priorities and the management of the programme budget and its financing over the years.

9. Faced with the tension between a reliance on largely unpredictable voluntary contributions and increasing financing requirements, the WHO Secretariat convened an informal consultation on the future of WHO financing in January 2010.² Although initially intended as a discussion about the financing of

¹ See document EB148/26 for more details about flexible funding.

² https://www.who.int/dg/future_financing/en/ (accessed 23 March 2021).

WHO, more fundamental questions were raised about the role of WHO and the nature of its core activities in the rapidly changing environment of global health. The main findings of that consultation included that WHO needed to:

- capitalize more effectively on its leadership position in global health;
- retain the flexibility and capacity to adapt to a changing environment and new challenges; and
- reconsider the diversity of its current activities and select fewer priorities.

10. These points remain as valid today as they were a decade ago.

11. Attempts by Member States and the Secretariat have improved the budgeting of WHO, including through the implementation of results-based management, the transition to a fully integrated budget and the conducting of internal managerial reforms. Efforts to increase sustainable financing have also met with a certain degree of success, for example with the establishment of the core voluntary contributions account, the holding of WHO financing dialogues and the introduction of thematic funding. However, the two approaches have rarely been coordinated. It remains the case that the governing bodies decide on priorities in the approved programme budget, but that the financing of that budget relies predominantly on the donor community, whose collective priorities are often not aligned.

12. If commitments to priorities and financing can be determined and agreed upon at the same time, WHO will be well placed to deliver what is demanded of it.

HISTORICAL OVERVIEW

13. Past events, trends and developments aimed at improving the sustainability of WHO financing have influenced WHO's budget over time, particularly in terms of priority-setting, and have led to a considerable budget increase. The principal factors influencing WHO's budget, its priorities and its financing can be best considered from the following four angles:

- External factors
- Changes in available resources for international health
- Member States' attempts to strengthen the budget of WHO
- Member States' attempts to improve the financing of WHO

CONCLUSION

14. The coronavirus disease (COVID-19) pandemic has clearly demonstrated that the need for a robust, capable and agile WHO has not disappeared but rather has become more urgent. The world requires strong global leadership not only to respond to health crises but also to maintain and expand the public health gains that have been achieved since 1948. To ensure that WHO can move forward and retain the full confidence of its Member States in respect of its ability to deliver results, three critical questions must be answered:

- What are the key priorities, as defined by the governing bodies, that WHO must be able to fulfil under any circumstances?
- What level of resources is required to ensure that the Organization can deliver on those priorities?
- What is the most sustainable approach to guarantee the availability of those resources?

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