Meeting report of the Working Group on Sustainable Financing

1. The Working Group on Sustainable Financing held its third meeting, virtually, from 23 to 25 June 2021 and was chaired by Mr Björn Kümmel of Germany with the following Vice-Chairs: Mr Iddrisu Yakubu of Ghana, Mr Raúl Vargas Juárez of Mexico, Ms Mouna Mcharek Hadji of Tunisia, Ms Meutia Hasan of Indonesia, and Ms Bronwyn Field of Australia. The session was attended by 82 Member States and one regional economic integration organization.

2. The Working Group commenced its work with a presentation from the Chair of the Independent Expert Oversight Advisory Committee (IEOAC), who underscored the urgent need to address WHO financing. The Working Group was reminded of the recommendations of the Independent Panel for Pandemic Preparedness and Response (IPPPR), which were to establish WHO’s financial independence based on fully unearmarked resources, increase Member States’ assessed contributions (ACs) to two-thirds of the budget for the WHO base programme and have an organized replenishment process for the remainder of the budget.

3. The IEOAC Chair presented two working scenarios to demonstrate the IPPPR recommendations in practice, namely by taking either a fast approach (achieving the target in 2022/2023) or a slow approach (achieving the target in 2026/2027). The benefits for every Member State of reforming WHO financing were emphasized, including aligning resources and the programme budget; improving the quality of WHO’s performance; safeguarding WHO from undue influence; and significantly increasing efficiency. The Working Group was invited to consider the proposal and scenarios presented.

4. The Head of the Secretariat of the IPPPR then elaborated on the IPPPR recommendations. The main challenges facing WHO due to its current financing model were presented, including issues related to high transaction costs, the quality of WHO’s performance, staffing, and the integrity and independence of the Organization’s work. Ideas for potential guiding principles were also shared, including in terms of governing bodies taking responsibility for strategy, programmatic priorities and financing; all Member States having an equal voice; integrity and independence; low transaction costs; and strong accountability for results and resources.

5. Dr Matshidiso Moeti, WHO Regional Director for Africa, addressed the Working Group and emphasized the impact that sustainable financing would have on African countries, including the positive return on investment. There would be many benefits to increasing the availability of flexible funds in the Region, which would directly impact the Organization’s ability to target efforts in countries where they were needed most.

6. A rich discussion focusing on technical issues followed the presentations from the representatives of the IEOAC and IPPPR and the WHO Regional Director for Africa. In reference to the scenarios presented by the IEOAC Chair, the need to ensure full compliance with the United Nations scale of assessment was highlighted. It was mentioned that “pockets of poverty” resulted directly from
insufficient sustainable financing and the overdependence on voluntary contributions (VCs), which would be reduced if sustainable financing was increased.

7. During the discussion, the IPPPR representative explained that selecting two-thirds as the proportion of the base budget to be funded by ACs was based on the principle of a major reform of WHO’s financing and on the principle that the majority of the Organization’s funding should come from Member States. The discussion highlighted that the principle of WHO’s integrated budget should be upheld and fully and sustainably financed. It was emphasized that an increase in sustainable financing would lead to a reduction in transaction costs and would contribute to efficiency gains. It was suggested that accountability, transparency and enabling functions fully depended on sustainable financing and one of the returns on investment would be a stronger and more accountable WHO. The Working Group recalled the successful replenishment models of Gavi, the Vaccine Alliance, and the Global Fund to Fight AIDS, Tuberculosis and Malaria, and noted that a prospective WHO replenishment model would need to be based on the principles of flexibility and predictable mid- to long-term VCs.

8. Dr Mike Ryan, Executive Director, WHO Health Emergencies Programme, addressed the Working Group and presented the financing mechanisms for the Programme and some of the challenges in financing it. The increased reliance on specified contributions was discussed as well as the high degree to which emergency operations were delivered by the core programme, which was constrained by the lack of flexible financing. Overall, the current financing of the WHO Health Emergencies Programme prevented the full potential of the Programme from being reached.

9. Dr Mariângela Batista Galvão Simão, Assistant Director-General, Access to Medicines and Health Products, addressed the Working Group and described several benefits of sustainable financing for technical work related to access to medicines and health products. Improving sustainable financing would enable technical staff to focus their attention on their technical work and make the best use of their highly specialized technical skills as they currently needed to dedicate a significant part of their time to fundraising and the management of hundreds of small donor agreements. It was emphasized that sustainable financing would support the Organization’s integrity, impartiality and independence.

10. The Working Group turned its discussion to the potential advantages of sustainable financing, with specific consideration for the IPPPR proposal. Many Member States took the floor to emphasize the potential benefits, such as retaining talented staff because of availability of predictable funds; ensuring a better balance among programmes and regional offices; avoiding competition for funds between the different departments and levels of the Organization; enabling technical staff to focus on their technical work; and reducing transaction costs for both Member States and the Secretariat. Overall, there was consensus among the Working Group that increasing sustainable financing would benefit everyone.

11. The Working Group turned its attention to the potential challenges foreseen in the context of implementing a proposal like the one recommended by the IPPPR. The Working Group was invited to consider what else Member States would need from the Secretariat in order to agree on a substantial AC increase as recommended by the IPPPR. In that regard, the Working Group indicated the need to understand how the increased funds would be directed within WHO and clarity around what would be funded through ACs compared to funding from a replenishment process. The need to support all of WHO, including regional and country offices, to focus on impact at the country level was emphasized. Some Working Group members suggested that a potential AC increase be introduced incrementally and highlighted the need to consider such an increase within the broader United Nations context, while recognizing that a long transition period might continue to risk the sustainable financing of WHO. Some Member States suggested that anchoring ACs to gross domestic product might not be the most suitable approach but recognized the need to moderate any further growth in a way that reflects prevailing
economic conditions and priorities. Some Member States also indicated that with budgetary discussions already under way, an AC increase in 2022 might not be feasible and highlighted the benefits of alignment with WHO budget cycles. It was also emphasized that challenges included the funding mechanisms available at the national level as well as Member States’ legislative reporting requirements for their financial contributions to WHO.

12. The Working Group discussed the need for the final report to capture the governance issues that would need to be addressed, including clear sunsetting of outdated priorities and stricter budget rules so that activities could be prioritized or deprioritized more easily based on need. It was also suggested that budgeting processes should be better linked with governance processes, in particular consideration and approval of the lifetime cost implications for resolutions and decisions prior to their adoption, and expanded deliberation of the Programme, Budget and Administration Committee of the Executive Board.

13. The Working Group requested more clarity on the essential functions and core elements that would represent a consensus view on the functions to be in urgent need of sustainable financing. The potential liquidity risk in case Member States could not pay needed to be considered, including in relation to the current liquidity risks facing the Secretariat. Some Member States indicated that providing an estimate of potential efficiency gains in United States dollars and lessons learned from the pandemic and other health interventions, including accountability framework with proper key performance indicators would be useful, especially for discussions with ministries outside of the health sphere (e.g. finance ministries) whose engagement would need to be sought on the idea of an AC increase. Others raised concerns about official development assistance funding not being incentivized.

14. The Working Group acknowledged that the issue of sustainable financing included more than just an AC increase and that other options and innovative ideas should be explored, one of which was the recommendation of the IPPPR, with one-third of the budget being financed through a replenishment mechanism. The need to clearly articulate WHO’s comparative advantage vis-à-vis other global health actors was highlighted.

15. Some Working Group members raised questions about a potential replenishment model for WHO and how it might work in practice. Some Member States also questioned how attractive such a model might be for donors given WHO’s mandate and its broad scope of work (compared to Gavi and the Global Fund where such models have been successful). However, there was broad consensus that the replenishment model should be explored further in combination with increasing AC core funding, noting that replenishments would need to be focused and linked back to results.

16. Ms Jane Ellison, Executive Director for External Relations and Governance, addressed the Working Group and emphasized the Secretariat’s commitment to accountability and transparency, which had been key investment areas in recent years. Some examples included the complete redesign of the programme budget process to be bottom-up and output-focused; an entirely new results framework developed closely with the Member States; and regular delivery stocktakes to aid in reaching targets. In addition, the innovative WHO Programme Budget Portal provided precise details, with quarterly updates of the Organization’s budget, financing and implementation progress and yearly detailed programmatic reviews. There was also a completely new approach for reporting to the governing bodies using redesigned results reports that emphasized impact at the country level.

17. Furthermore, the use of the balanced scorecard, which was developed together with the Member States, had enabled the assessment of the Secretariat’s performance. The triple billion showcase was another new initiative that evolved from Member States’ feedback on the need to report back more holistically. Overall, it was emphasized that the Organization took its commitment to accountability and
transparency extremely seriously and remained open to understanding in more detail what more would be appreciated by Member States. Concerning governance, WHO drew strength from being a Member State organization and was the most inclusive when looking across the global health landscape. As a result, a stronger WHO would mean a stronger voice for all countries and increasing accountability and transparency would only contribute to that further.

18. The Working Group was then invited to consider four questions: (i) whether Member States shared the view that at least 50% of the programme budget should be funded by ACs to ensure WHO’s integrity and safeguard its independence; (ii) whether Member States shared the view of the IPPPR that unearmarked flexible contributions should fully fund the entire base programme budget; (iii) if an increase to ACs were to be agreed upon by Member States, from when such an increase should take effect; and (iv) whether Member States agreed to explore the replenishment model as a type of funding mechanism (that would include Member States and non-State actors) to cover the remaining portion of the base programme budget.

19. The four questions prompted a rich discussion and many Working Group members took the floor to share their initial reactions, noting that further consultations within national governments would be required before definitive answers could be provided. However, it was clear from the interventions of many delegations that for them maintaining WHO’s current financing model was not an acceptable conclusion for the Working Group.

20. The Working Group expressed broad support for sustainably financing WHO’s base programme budget. Many Member States supported the flexible financing of the entire base programme budget or core functions as otherwise defined, as a matter of principle, at some point in the future. Many Member States also expressed support for an AC increase but noted that a range of options for the overall percentage could be put forward for consideration. Member States noted that any increase would need to be implemented gradually over time and that further consultations would be required to fully explore possibilities in that regard. Some Member States recognized the severe fiscal constraints associated with the coronavirus disease (COVID-19) pandemic and recalled the need for WHO to work with its available resources and current level of funding.

21. The Working Group expressed broad support to explore what a replenishment model could look like for WHO, as proposed by the IPPPR, to ensure that donors would be willing to give contributions through such a platform and that no key donors would be lost if such a model were introduced, and to consider other key questions such as which parts of WHO activity would be best funded via such a model. However, some Member States were uncertain about the viability of a replenishment model for WHO but remained open to further discussions in that regard. With that in mind, the Working Group recognized the merit in consulting with key non-State donors on a replenishment model.

22. Many Working Group members also reflected further on transparency and accountability and expressed gratitude to the Secretariat for the various initiatives to progress in those areas. It was recognized that such efforts contribute to Member States’ ability to move towards the provision of more flexible funding to WHO. However, to improve accountability and transparency further, it was reiterated that the Executive Board should be consulted on prospective Secretariat initiatives and that due consideration be given to their costing and proposed financing.

23. There was broad consensus among the Working Group that its future recommendations should take several governance issues raised during deliberations into account. The following issues were raised in that context, namely the approval of lifetime cost implications of resolutions and decisions prior to their adoption, as well as budget review and approval processes including reprioritization. A proposal was also made to organize additional sessions for the governing bodies (e.g. an additional, dedicated
meeting of the Programme, Budget and Administration Committee) to discuss budget issues since substantive debates were required to enable feedback and guidance on such matters.

24. In response to Member States’ requests at a previous Working Group meeting, the Secretariat provided a presentation on the details of a revised approach 2b, which defined essential functions based on their content or purpose. The revised approach 2b included country support across all technical areas, noncommunicable diseases, and social determinants of health. The Secretariat explained the higher-level technical details of approach 2b and presented the costs of the various elements. The Working Group members were invited to consult the accompanying spreadsheet to explore all related details further.

25. Many Working Group members expressed their appreciation for receiving information regarding approach 2b with a high degree of granularity, noting that additional time would be required to explore all the details. The Secretariat proposed a practical, informal working session to go through the information with interested Working Group members to understand the details thoroughly. Clarification was provided on what was meant by country support, by referring to the definitions provided in the Thirteenth General Programme of Work\(^1\) and the Programme budget 2020–2021 under each output. A proposal was made to overlay the heatmap onto approach 2b to direct the allocation of resources and attain equitable financing of all functions.

26. The Working Group agreed to a proposal for the Secretariat to organize “deep dive” working sessions, structured to accommodate different time zones, in order to provide further explanations of approach 2b.

27. The Working Group agreed to transmit the following five questions to the Member States of the Regional Committees for their consideration:

   (i) Do the Member States share the view that WHO’s base segment of the programme budget should be at least 50% funded by ACs in order to ensure integrity and safeguard the independence of WHO?

   (ii) Do the Member States share the view of the IPPPR that the entire base budget should be fully funded by unearmarked flexible contributions?

   (iii) Would Member States support the Seventy-fifth World Health Assembly agreeing on the way forward for AC increase and adopting an incremental implementation schedule?

   (iv) Do the Member States agree to explore the IPPPR recommendation for a replenishment model to cover the remaining part of the base segment of the programme budget both by Member States and non-State actors?

   (v) What are the best practices and lessons learned for prioritization in the regions?

28. The Working Group concluded its substantive discussion and noted that it would meet again later in 2021 to discuss what was learned through the “deep dive” working sessions and the feedback from Regional Committees.