

## **Meeting report of the Working Group on Sustainable Financing**

1. The Working Group on Sustainable Financing held its fourth meeting in a virtual format, from 27–29 September 2021. 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 Shafaq Mokawar of Sudan (in replacement of Ms Mouna Mcharek Hadiji of Tunisia).<sup>1</sup> The session was attended by 90 Member States and one regional economic integration organization.

2. In his opening remarks, the WHO Director-General, Dr Tedros Adhanom Ghebreyesus, highlighted the challenges that WHO faces with the current financing model and why the work of this Working Group is important for the future of the Organization. He stated that WHO's reliance on voluntary contributions to fund over 80% of the approved programme budget threatens its ability to deliver the impartial and world-class normative work that Member States expect. With over 2000 awards with different reporting requirements, the constant fundraising and contribution management efforts divert attention and resources away from technical work, which the Chair of the Independent Expert Oversight Advisory Committee identified as the main source of inefficiency. Several reviews of the global response to the coronavirus disease (COVID-19) pandemic and of WHO's performance have pointed to the funding issues, including detailed recommendations from the Independent Panel for Pandemic Preparedness and Response. The Director-General affirmed that investing in WHO now can go a long way towards avoiding the trillions of dollars lost during a pandemic, and a significant funding shift that involves all Member States and comes from all Member States can truly move the Organization forward.

3. As part of his opening remarks, the Chair proposed that the fifth meeting of the Working Group should be held during the second week of December 2021. He also made references to the linkages of the work of the Working Group on Sustainable Financing with several recent financing initiatives. Within WHO, the Working Group on Sustainable Financing's mandate also has linkages with the Working Group on Strengthening WHO Preparedness and Response to Health Emergencies, as well as WHO's governance. These linkages highlight the high expectations and wider implications of the work of the Working Group on Sustainable Financing.

4. The Secretariat briefed the Working Group on the feedback from the two “deep dive” working sessions on the approaches to prioritize the base budget, in line with the request from the report of the third meeting of the Working Group. The Secretariat pointed out that the discussion on prioritization is challenging because the development of each programme budget is conducted using a bottom-up approach, which starts from priority-setting at the country level, followed by the regional level, and

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<sup>1</sup> Mr Travis Power, representing Ms Bronwyn Field of Australia.

subsequently at the global level. In that regard, the final budget is already a product/result of a detailed prioritization process at the three levels of the Organization.

5. Reflecting on the Secretariat's briefing, the Chair proposed to the Working Group that it request the Secretariat to provide a more transparent presentation of the priority-setting process undertaken as a part of the development of the programme budget. This was supported by Member States. Several Member States also pointed out the need to consider the budget development process vis-à-vis any new initiatives proposed by the Secretariat, namely how they are being budgeted and included into the budget and the governance issues related to this. In conclusion, it was proposed that the Secretariat should be tasked to present transparently the priority-setting process as part of the development of the next programme budget and this should form part of the Working Group's recommendations to the Executive Board.

6. The Vice-Chairs and the Chair then briefed the Working Group on the outcomes of the regional committee discussions on sustainable financing from the four regional committees that have met to date, namely the regional committees for Africa, the Americas, Europe, and South-East Asia. It was underlined that the feedback from the Eastern Mediterranean and the Western Pacific regional committees would be taken on board in the discussions for preparing the final report. The regional committees had been requested to provide their feedback based on the five questions which appear in the report of the third meeting of the Working Group, as contained in paragraph 27 of document EB/WGSF/3/3.

7. As requested by several Member States both in the Working Group and at the regional committees, the WHO Comptroller was invited to the meeting to explain the mandate and scope of the United Nations Committee on Contributions and the methodology behind the scale of assessment. This presentation was highly appreciated.

8. Many Member States noted that assessed contributions represent a very good return on investment to WHO and that not many other investments have such a considerable return. Several Member States took the floor with many expressing strong support for recommending an increase of assessed contributions. There was also a broad consensus among these Member States that any possible increase should be gradual, also taking into consideration the capacity to pay so as to allow Member States to prepare, discuss internally and have a proper forecast; although some Member States highlighted the need not to further delay the first step of an increase. Further clarifications were sought about the details of a possible increase in assessed contributions; this needs to be further discussed and agreed by the Working Group.

9. There were also Member States that expressed concern at a possible increase of assessed contributions, including those who indicated that they might not be in a position to increase their contributions, especially considering the fiscal challenges brought about by the COVID-19 pandemic. Some Member States urged the Working Group to explore all available mechanisms, including the WHO cost recovery model, increased core voluntary contributions and models of other funds and programmes that do not rely on assessed contributions.

10. Member States underlined the importance of further governance reform that should accompany any increase in assessed contributions, together with the further strengthening of transparency, efficiency and accountability, for example through the more transparent presentation of priority-setting and budgeting for special initiatives. Another example of transparency given was reporting to Member States showing how flexible funding has been used to address structural issues of the Organization or pockets of poverty, that is financing, at a more granular level.

11. Several interventions touched upon the replenishment model. While there were concerns raised about how a replenishment model could be applied to WHO, there was willingness to explore this option further.

12. The Chair briefed the Working Group on the informal consultations with Member State donors and foundations as well as with representatives of GAVI, the Vaccine Alliance, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the World Bank on a replenishment model, having approached those actors as agreed at the third meeting of the Working Group. Several Member States took the floor and expressed support for further exploring a replenishment model, stressing that there are still uncertainties and questions. Many questions relate to the different governance structures of those health actors who currently run replenishments and how a replenishment can be aligned with the WHO governance. Broadly, Member States would like to further explore the applicability of identified possible replenishment models to WHO, while acknowledging the value of further tailoring a model to match WHO's mandate and broad scope, as well as WHO's governance where priority-setting and decision-making are and should remain a prerogative of Member States.

13. The Working Group considered the structure, process and content for the development of the final report to be presented to the 150th session of the Executive Board (through the thirty-fifth meeting of the Programme, Budget and Administration Committee). There was broad agreement with the proposal by the Secretariat that the structure and content of the report should contain five main segments, as follows:

- introduction comprising the background, mandate and scope of the Working Group;
- underlying challenges to be addressed by the Working Group;
- summary of the work of the Working Group;
- feedback summary from all the regional committees;
- recommendations of the Working Group to the Executive Board.

14. In addition, suggestions were made to improve the structure such as including an analysis of the underlying challenges, providing a pathway for the Executive Board to arrive at a possible decision or resolution and an annex detailing the levels of assessed contributions by Member States under different scenarios and other budgetary data as might be required to support Member States to make decisions. The point was also raised by several Member States that the Working Group's recommendations would need to be able to be communicated clearly to other parts of national governments, including foreign affairs and finance ministries, and possibly even top levels of leadership, as well as raising the issue at fora involving foreign affairs ministries, finance ministries and top leaders.

15. In terms of the process for the development of the final report, the Working Group agreed that Member States would be invited to provide written proposals of recommendations to a designated email address by 29 October 2021. After this, the Bureau will prepare a zero draft of the report, which will be shared for written comments ahead of the fifth meeting of the Working Group in December. Member States stressed the need to have a zero draft report shared as soon as possible to allow broad interministerial consultations before the fifth meeting.

16. Pertaining to the recommendations to be included in the final report of the Working Group, Member States took the floor to share some preliminary ideas. Based on the interventions, the Chair suggested seven non-exhaustive main themes for possible recommendations emerging from the discussions, namely:

- Strengthening and increasing the overall transparency and accountability of the budgeting process of the Organization, including with respect to priority-setting. This should include transparency on priority-setting at the three levels of the Organization.
- The base budget should be flexibly funded.
- An increase in assessed contributions, through a stepwise approach and within an agreed time frame. Any increase would need to be balanced between ambition and realism, taking into account fiscal constraints in Member States.
- A recommendation to explore possibilities for a replenishment mechanism aligned with WHO governance.
- Governance issues/reform, including control by Member States over deliverables and initiatives, as well as costing of resolutions and decisions.
- Intensified and immediate work on easing earmarking of contributions and possibly broadening the donor base.
- Pathway for the Executive Board decision-making and implementation.

17. Member States appreciated the attempt at grouping the recommendations and several comments were made in support of the Working Group and its mandate. One delegation highlighted that the COVID-19 pandemic continues to limit the participation of many delegations in the discussions, while the Chair pointed out that the high number of participants to every meeting of the Working Group highlighted the inclusivity of the process. There was consensus that the grouping of themes would represent a non-exhaustive list of possible options for sustainable financing of WHO for the consideration of Member States. Several comments and questions were made in response to the main themes proposed by the Chair. The Chair welcomed the robust debate and acknowledged that the recommendations were not mutually exclusive but should work as a package. He highlighted that consensus would be sought during the consideration of the final report and encouraged Member States to continue to provide their proposals until 29 October 2021. He also stressed the point that it was not necessary at this point for Member States to take a binding decision but rather to provide the Executive Board with a package of recommendations, which it would then be able to debate.

18. The Working Group agreed that its fifth meeting would be held from 13–15 December 2021.

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