Sustainable financing

Biennium 2020–2021 and the COVID-19 pandemic have underscored the need for a strong, credible and independent World Health Organization in the global public health arena, and revealed the mismatch between what the world expects of WHO and what it is able to deliver with the current resources and capacity it has at its disposal. Sustainability in financing is thus a key challenge for the Organization, that must be addressed as part of the lessons learnt from the ongoing COVID-19 pandemic.

The Executive Board at its 148th Session vide Decision EB148(12), decided to establish a time-bound and result-oriented Working Group on Sustainable Financing, open to all Member States, to enable WHO to have the robust structures and capacities needed to fulfil its core functions. The Working Group has held three meetings till date, on 29–31 March 2021, 28–30 April 2021, and 23–25 June 2021. An interim report of the Working Group was submitted to the Seventy-fourth World Health Assembly through the Thirty-fourth Meeting of the Programme Budget and Administration Committee (PBAC).

The Working Group, while noting that WHO’s oversight bodies and other independent reviews have called for a radical change in the way the Organization is funded, has agreed that any increase in sustainable financing, including Assessed Contributions, should be allocated equitably, and that the allocation process should take into account the specificities of different regions and countries.

There was broad consensus among the Working Group that its future recommendations should take several governance issues raised during deliberations into account, specifically regarding the costing of resolutions and decisions, as well as budget review and approval processes.

In addition, the Working Group has reached out for inputs from the Regional Committees requesting them to consider five questions and share their feedback at the next Working Group Meeting to be held in the last quarter of the year.
A Working Paper along with the questions requested to be considered by the Regional Committee were presented to the Fourteenth Meeting of the Subcommittee on Policy and Programme Development and Management (SPPDM) for its review and recommendations. The SPPDM Meeting, recognizing the importance of adopting a sustainable financing model to support a strong, credible and independent World Health Organization, expressed interest in issuing a “Regional One Voice” (ROV) to respond to the five questions placed to the Regional Committees by the Working Group on Sustainable Financing.

Member States held an informal discussion on 3 August 2021 that was led by Indonesia as Vice-Chair of the Working Group on Sustainable Financing. Member States recognized the importance of adopting a sustainable funding model that enables WHO to plan and allocate its resources to fulfil its main functions and achieve its targets.

Member States discussed and provided their inputs to the five questions presented by the Working Group and requested Indonesia to prepare a Zero Draft of the “Regional One Voice” based on the outcomes of the informal discussions. The draft Regional One Voice Statement will be shared with Member States for their review and inputs and finalization before the Regional Committee Session.

The Seventy-fourth Session of the WHO Regional Committee for South-East Asia is requested to consider:

1) the updated Working Paper including the outcome of the informal discussions among Member States of the South-East Asia Region held on 3 August 2021; and

2) the final draft of the “Regional One Voice” statement, which will be presented to the Regional Committee by Indonesia.
Introduction

1. The Biennium 2020–2021 has underscored more eloquently than ever the need for a strong, credible and independent World Health Organization functioning at the global level. The COVID-19 pandemic has highlighted the mismatch between what the world expects of WHO and what it is able to deliver with the current resources and capacity it has at its disposal. Sustainable financing is thus a key challenge for the Organization that must be addressed as part of the lessons learnt from the current COVID-19 pandemic.

2. Sustainable financing is defined as predictable (similar to Assessed Contributions), reliable (where WHO can reliably count on these funds), for the duration of a Programme Budget (at least covering the approved Programme Budget), flexible (allowing full alignment with the approved Programme Budget) and with no limitations and dependency on few contributors. Ensuring sustainable financing will enable WHO to have the robust structures and capacities needed to fulfil its core functions as defined in the Constitution.

3. The WHO Executive Board at its 148th Session vide Decision EB148(12) decided to establish a time-bound and result-oriented Working Group on Sustainable Financing, open to all Member States, to enable WHO to have the robust structures and capacities in place that are needed to fulfil its core functions.

4. The Working Group on Sustainable Financing is mandated to develop a high-level, systemic approach to identify the essential functions of WHO that should be funded in a sustainable manner and recommend the appropriate sources for their funding. The final report with recommendations of the Working Group will be submitted to the Seventy-fifth World Health Assembly in May 2022, through the Executive Board at its 150th Session in January 2022.

5. The Working Group has held three meetings till date, on 29–31 March 2021, 28–30 April 2021, and 23–25 June 2021. An interim report of the Working Group on the discussions held during the first two meetings was submitted to the Seventy-fourth World Health Assembly held in May 2021 through the Thirty-fourth Meeting of the Programme Budget and Administration Committee. The interim report highlighted a common understanding of the challenges WHO is facing with its current financing model.

6. The recommendations made by the high-level panels including the Independent Panel for Pandemic Preparedness and Response (IPPPR), Independent Expert Oversight Advisory Committee (IEOAC), Independent Oversight Advisory Committee (IOAC), IHR Review Committee on the Functioning of the International Health Regulations (2005) during the COVID-19 Response, and the Global Preparedness Monitoring Board (GPMB) were also presented to the Health Assembly through PBAC of the Executive Board. The panels recommended:

   a. to establish WHO’s financial independence based on fully unearmarked funding and resourcing, and equipping WHO country offices sufficiently to respond to the technical requests from the governments;
b. to consider defining cost items to be financed sustainably and also a substantial increase in the share of Assessed Contributions in overall WHO financing in line with the previous year’s global GDP growth;

c. to increase WHO Core Flexible Funds for financing preparedness activities and enabling it to lead an effective, coordinated, multisectoral and evidence-based global effort; and

d. to make a global call for sustained investment in prevention and preparedness, commensurate with the scale of a pandemic threat.

7. The Working Group noted that the WHO Oversight Bodies and the independent reviews have called for a radical change in the way the Organization is funded. The Group also agreed that any increase in sustainable financing, including Assessed Contributions, should be allocated equitably, and that the allocation process should take account of the specificities of different regions and countries. Member States suggested that the Organization seek new sources of sustainable funding and not focus only on an increase in Assessed Contributions. With the objective of ensuring that essential functions are financed through sustainable funding sources, several approaches had been developed and shared with Member States to prioritize those functions within WHO’s Base Programme (Annex 1).

Third Meeting of Working Group on Sustainable Financing

8. The Third Meeting of the Working Group on Sustainable Financing (on 23–25 June 2021) was chaired by Mr Björn Kümmerl of Germany with the following Vice-Chairs: Mr Idrissu Yakubu of Ghana, Mr Raúl Vargas Juárez of Mexico, Ms Mouna Mcharek Hadiji of Tunisia, Ms Meutia Hasan of Indonesia, and Ms Bronwyn Field of Australia.

9. The Organization expressed its commitment to accountability and transparency with the following key highlights, which are in progress already:

- complete redesigning of the Programme Budget process to become “bottom-up” and output-focused;
- an entirely new results framework developed closely with Member States and regular delivery stocktakes to aid in reaching targets;
- WHO’s innovative Programme Budget portal providing precise details with quarterly updates of the Organization’s Budget, financing and implementation progress, and yearly detailed programmatic reviews;
- completely new approach for reporting to Governing Bodies using redesigned results reports which emphasize impact at the country level; and
- the “balanced Score Card”, enabling the assessment of the Secretariat’s performance.

10. The Working Group congratulated the Secretariat for all such initiatives that contribute to the 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 any prospective Secretariat initiatives should be first discussed with the Executive Board for inputs, including for according due consideration to their cost and proposed financing mechanisms.
11. The Working Group also acknowledged that the issue of sustainable financing includes more than just an increase of the Assessed Contributions by Member States. The need to clearly articulate WHO's comparative advantage vis-à-vis other global health actors was highlighted. The Working Group further discussed:

- the benefits of a reformed way of financing WHO, including aligning resources and the Programme Budget; improving the quality of WHO’s performance; safeguarding WHO from undue influence; and significantly gaining efficiency;
- the need to ensure full compliance with the United Nations’ scale of assessment;
- the need for clear setting of outdated priorities and stricter Budget rules so that activities could be prioritized or deprioritized more easily based on need;
- the possible linkage of the budgeting processes with governance processes (e.g. approval of resolutions, decisions and their accompanying costing); and
- the main challenges faced by WHO due to its current financing model, including issues related to high transaction costs, quality of WHO’s performance, staffing, and the integrity and independence of the Organization's work.

12. During the Third Meeting, 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’ fees (Assessed Contributions) to two thirds of the Budget for the WHO Base Programme, and have an organized replenishment process for the remainder of the Budget.

13. The IEOAC Chair presented two working scenarios to demonstrate the IPPPR recommendations in practice, by taking either a fast approach (achieving the target in 2022–2023) or a slow approach (achieving the target in 2026–2027).

14. During the Third Meeting, the Working Group also 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 Voluntary Contributions.

15. Many Working Group members raised questions about a potential replenishment model for WHO and how it may work in practice and how attractive it would be for donors given WHO's broad mandate as compared to GAVI and the Global Fund where such models have been successful. Overall Member States also expressed interest in a replenishment model, especially in combination with increasing AC core funding, noting that replenishments would need to be focused and linked back to results.

16. The Working Group suggested that budgeting processes should be better linked with governance processes (e.g. approval of resolutions, decisions and their accompanying costings).
17. The Working Group requested more clarity on essential functions and core elements that will represent a consensus view of the most urgent elements to be funded sustainably. The potential risk of liquidity in case Member States could not pay needs to be considered. Some Member States indicated that setting a dollar value on potential efficiency gains would be useful, especially for discussions with ministries outside of the health sphere (e.g. finance ministries) that will need to be engaged with on the idea of an AC increase.

18. The following four questions were presented to the Working Group for consideration:

i. Do Member States share the view that at least 50% of the Programme Budget should be funded by the Assessed Contributions to ensure WHO’s integrity and safeguard its independence?

ii. Do Member States share the view of the Independent Panel for Pandemic Preparedness and Response that unearmarked flexible contributions should fully fund the entire Base Programme Budget?

iii. If an increase in Assessed Contributions were to be agreed upon by Member States, from what time could such an increase take effect? and

iv. Do Member States agree 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 Working Group, while expressing broad support for sustainably financing WHO’s Base Programme Budget, agreed that further consultations with the national counterparts would be required before definitive answers could be provided.

20. The Working Group agreed to a proposal to consider which areas or functions can be de-prioritized in advance of the next Working Group meeting.

21. In response to Member States’ requests at the previous Working Group meetings, the Secretariat presented the revised “Approach 2b” (with higher-level technical details and the cost of various elements), which defines essential functions based on their content or purpose. The revised “Approach 2b” includes country support across all technical areas, noncommunicable diseases, and social determinants of health.

22. The Working Group expressed appreciation for receiving information regarding Approach 2b with a high degree of granularity and noted that additional time will be required to explore all the details. The Group called the Secretariat to organize “deep dive” working sessions on Approach 2b that will accommodate participants from different time zones.

23. There was broad consensus among the Working Group that its future recommendations should take several governance issues raised during deliberations into account, specifically regarding the costing of resolutions and decisions, as well as budget review and approval processes. A proposal was also made to organize additional sessions for the Governing Bodies (i.e. additional meeting of the Programme Budget and Administration Committee) to discuss budget issues since substantive debates are required to enable feedback and guidance on such matters.
24. The Working Group has agreed to request the Regional Committees to consider the following questions:

i. Does the Regional Committee share the vision that WHO should be at least 50% funded by the Assessed Contributions in order to ensure integrity and safeguard independence of WHO?

ii. Does the Regional Committee share the view of the Independent Panel for Pandemic Preparedness and Response that the entire Base Budget should be fully funded by unearmarked flexible contributions?

iii. Would the Regional Committee support that the Seventy-fifth World Health Assembly to be held in May 2022 agree on the way forward for an increase in Assessed Contributions and adopt an incremental implementation schedule?

iv. Does the Regional Committee agree on IPPPR’s recommendation for a replenishment mechanism to cover the remaining part of the Base Budget both by Member States and non-State Actors?

v. What are the best practices and lessons learnt for prioritization in the regions?

25. The conclusions of the discussions held at the Regional Committee sessions will be presented to the Working Group at their next meeting scheduled for the last quarter of the year. The Working Group will discuss the feedback from the Regional Committees and the learnings and outcomes of the “deep dive” working sessions.

Fourteenth Meeting of the Subcommittee on Policy and Programme Development and Management (SPPDM)

26. The Working Paper along with the questions requested to be considered by the Regional Committee were presented to the Fourteenth Meeting of the Subcommittee on Policy and Programme Development and Management (SPPDM) for its review and recommendations. The SPPDM Meeting, recognizing the importance of adopting a sustainable financing model to support a strong, credible and independent World Health Organization, expressed interest in issuing a “Regional One Voice (ROV)” to respond to the five questions placed to the Regional Committees by the Working Group on Sustainable Financing.

27. Member States of the South-East Asia Region recognized the importance of adopting a sustainable funding model that enables WHO to plan and allocate its resources to fulfil its main functions and achieve its targets.

28. It was also recognized that the broader spectrum of current health issues and the increased scope of WHO’s work requires an increased investment through sustainable financing for WHO. As a result, Member States agreed that an increase in the Member States’ Assessed Contributions may be an inevitable consequence in order to achieve sustainable funding for WHO. However, it was strongly recommended that the Global Working Group on Sustainable Financing should be mindful of the difficult financial situation in the Member States of WHO owing to the burdens posed on their economies due to the ongoing COVID-19 pandemic and the consequent economic contraction.
29. Member States, while appreciating the initiatives taken by the Secretariat in developing the web-based tools for mobilizing resources and bringing in transparency measures for their review (such as the Contributors Engagement Management System and the new Resource Mobilization Strategy), highlighted the importance of exploring other means to increase the sustainability of the funding through effective implementation of the available budget and by improving mechanisms to raise funds among non-State Actors.

30. Member States also agreed to convene an informal discussion on 3 August 2021 and requested the Secretariat’s support in facilitating it.

**Informal discussions on “Regional One Voice” on Sustainable Financing**

31. On 3 August 2021, eight Member States of the SEA Region held an informal discussion as a first step towards drafting a “Regional One Voice” to respond to the five questions from the Working Group on Sustainable Financing to the Regional Committees. The delegates were welcomed by Dr Jos Vandelaer, WHO Regional Emergency Director, on behalf of the Regional Director.

32. Ms Elizabeth Sarah Aryaputri, Assistant Deputy Director for Multilateral Cooperation, Bureau of International Cooperation in the Ministry of Health, Government of the Republic of Indonesia, representing Indonesia as Vice-Chair of the Working Group, led the discussions.

33. At the request of the Chair, the Secretariat delivered a presentation to the Member States, briefing them on the progress of the discussions of the Global Working Group on Sustainable Financing, highlighting some of the main issues raised during the discussions, and introducing the five questions of the Working Group to the Regional Committees.

34. Member States agreed that at least 50% of WHO’s financing should be sustainable. However, more detailed information on the basis of the 50% calculation and better understanding of the allocations to the regions and countries was requested. It was stressed that achieving the 50% benchmark for sustainable financing will require the Secretariat to find diverse sources of flexible funding (including Assessed Contributions, Voluntary Contributions and engagement with non-State Actors) for funding the balance 50%.

35. It was strongly recommended that an increase in the Accessed Contributions of Member States should be planned through a phased approach, taking into consideration the stability, sustainability and independence of the countries in the Region that are now exposed to a great degree of vulnerability due to the COVID-19 pandemic. Member States would support the incremental implementation schedule, with a transition period adapted to the situation in the countries and regions and following an analysis of the consequences of and challenges to such an increase. However, there is the need to seek global consensus on the incremental approach to be adopted.
36. On the possibility of adopting a replenishment model to cover the remaining (unfunded) part of the Base Budget, Member States noted and appreciated the Secretariat’s efforts for increased engagement with non-State actors for supporting WHO’s programme, as their role is inevitable in a replenishment model, if adopted.

37. In response to identifying the best practices and lessons learnt in the Region, Member States valued and highlighted the consultation on GPW13 Outcome prioritization considering the country level priorities in line with the Regional Flagship Programmes, and further appreciated the support of the Regional Office in ensuring that approximately 80% of the budget and resources are allocated to these priorities at the country level. Member States commended the bottom-up approach and consultative process used in the Region for planning during the biennium.

38. Member States requested Indonesia to prepare a Zero Draft of the “Regional One Voice” based on the outcomes of the informal discussions, and share the same with other Member States for their review and comments.

39. Indonesia agreed to prepare a Zero Draft of the “Regional One Voice” based on the outcomes of the informal discussions, to be shared with other Member States for their review and comments. The final draft of the “Regional One Voice” statement will be presented to the Seventy-fourth Session of the Regional Committee for its consideration and approval.
Annex 1

Funding options for consideration of the Working Group on Sustainable Financing

Option 1 — Considering the entire Base Segment to be essential as it covers the Core Work of WHO, reflects the decisions and resolutions of the Governing Bodies and the Member States’ priorities, approved by the World Health Assembly after extensive Member State consultation.

Option 2 — Defining essential functions based on their content or purpose, with two options for this content-based approach:


**Option 2b:** Devising a must-have list of WHO essential functions which could include: (i) functions that support countries in preventing, detecting and responding to disease outbreaks and that coordinate international assistance; (ii) functions that fulfil Member States’ expectations to deliver normative functions (public health goods); (iii) functions that are essential to maintaining and strengthening public health in countries, including those to maintain a polio-free world (immunization, surveillance, laboratory networks and services); (iv) functions that advance research and innovation for global health; and (v) enabling functions that provide greater focus on transparency and accountability to mitigate severe corporate risks.

Option 3 — Defining essential functions based on principles established by the Working Group that could include: (i) functions that are essential for WHO to fulfil its mandate and its unique role (norms and standards, technical support to countries); (ii) functions where it is critical for WHO to remain impartial, namely functions that should not rely on large levels of donor funding (research, regulations); (iii) functions that are critical to maintaining a sustainable, well-managed and well-functioning WHO (enabling functions); and (iv) functions that are essential to ensuring that WHO is properly led and fully able to respond to the requirements of its Member States as the lead agency for health in the United Nations System (Governance functions).

Option 4 — Adopting a numerical approach in lieu of prioritized functions, focusing on the percentage of flexible funding needed to ensure that the objectives of Member States are met, with two options for this numerical approach:

**Option 4a:** Determining a required percentage of sustainable funding for the Base Budget, which could be an agreed critical percentage of the Base Budget that should be funded sustainably so as to ensure alignment between the governance, financing and oversight of the approved Programme Budget.

**Option 4b:** Avoiding an over-reliance on Voluntary Contributions, by limiting the share of donor funding of every Programme Budget outcome to a certain critical percentage.