

REGIONAL COMMITTEE

Provisional Agenda item 7.4

*Seventy-fifth Session  
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### **Sustainable financing**

The COVID-19 pandemic highlighted the mismatch between what the world expects of WHO and what it is able to deliver with the available resources, highlighting the need for a sustainable financing model for a strong, credible and independent Organization.

The WHO Executive Board at its 148th session established the Working Group on Sustainable Financing to enable WHO to have the structures and capacities in place that are required to fulfil its constitutional core functions. The Working Group met seven times between March 2021 and April 2022 with more than 100 Member States participating.

To further ensure inclusivity and representation, the Working Group requested inputs from all Regional Committees and written recommendations from all Member States.

Following its Seventh Meeting in April 2022, the Working Group submitted its final report with its recommendations to the World Health Assembly, through the Thirty-sixth Programme Budget and Administration Committee. The report was then considered at the Seventy-fifth World Health Assembly in May 2022.

The World Health Assembly, through its Decision WHA75(8), adopted the recommendations of the Working Group and requested the WHO Director-General to implement them.

Member States and the Secretariat are currently working on the implementation of the recommendations of the Working Group for Sustainable Financing including:

- Preparation of Budget proposals considering an increase in assessed contributions to reach a level of 50% of the 2022–2023 Base Budget to be sustainably funded, through a phased approach as described in Decision WHA75(8).
- A working group to explore the feasibility of a replenishment mechanism to broaden WHO's financing base, in line with FENSA and the principles outlined in Decision WHA75(8).
- The establishment of a Member States task group on strengthening WHO budgetary, programmatic and financing governance.

The Secretariat presented a summary of the recommendations of the WGSF to the Fifteenth Meeting of the Subcommittee on Policy and Programme Development and Management (SPPDM) for its consideration and review. The SPPDM Meeting discussed the recommendations and suggested the following actions.

**Actions by Member States**

- Continue commitment and collaboration with the Secretariat for the successful implementation of the recommendations of the Working Group on Sustainable Financing.
- Participate actively in the Agile Member State Task Group for strengthening WHO's budgetary, programmatic and financing governance.

**Actions by WHO**

- Inform Member States regularly about the developments at the Agile Member State Task Group.

The views and recommendations of the SPPDM Meeting are being submitted to the Seventy-fifth Session of the WHO Regional Committee for South-East Asia for its review and further guidance.

## Introduction

1. The COVID-19 pandemic has highlighted the mismatch between what the world expects of WHO and what it is able to deliver with the resources at its disposal, highlighting the need for a sustainable financing model for the Organization to ensure that it remains strong, credible and independent.
2. The Working Group defined Sustainable financing as predictable (similar to assessed contributions), reliable (WHO can count on these funds), flexible (allowing full alignment with the approved Programme Budget), and available for at least for the duration of a Programme Budget.
3. Ensuring sustainable financing will enable WHO to have the robust independent structures and capacities needed to fulfil its core functions as mandated in its Constitution.
4. The WHO Executive Board at its 148th Session (vide Decision EB148(12)) established the Working Group on Sustainable Financing (WGSF), open to all Member States, to enable the Organization to have the robust structures and capacities needed to fulfil its core functions as enumerated in its Constitution: (a) to develop a high-level, systemic approach to identify the essential functions of WHO that should be funded in a sustainable manner; (b) to assess the level of costing of the essential functions identified in (a); (c) to identify and recommend the appropriate sources for their funding and options to improve sustainable financing and alignment in support of the essential functions, including possibilities for cost-saving and efficiencies; and (d) undertake any additional work, as appropriate, to enable sustainable financing.
5. The Working Group was chaired by Mr Björn Kümmel of Germany, and supported by the Vice-Chairs: Mr Iddrisu 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.
6. The WGSF has recorded robust participation for Member States, with approximately 100 Member States participating in each meeting.
7. The Working Group on Sustainable Financing met in Geneva on seven occasions, from 29 to 31 March 2021, from 28 to 30 April 2021, from 23 to 25 June 2021, from 27 to 29 September 2021, from 13 to 15 December 2021, from 10 to 11 March 2022 and from 25 to 27 April 2022.
8. During its seven sessions, the WGSF discussed a broad range of issues related to the funding model of WHO. During the discussions the Group:
  - a. Considered a historical view of WHO's financing, looking at the evolution of the assessed contributions (ACs) versus the increased proportion of voluntary contributions (VCs) along with the Budget increase, that resulted in mostly earmarked funds and chronically underfunded areas.

- b. Listened to presentations and reports from oversight bodies and other independent reviews<sup>1</sup> which call for a radical change in the way the Organization is funded.
  - c. Discussed the definition of sustainable financing.
  - d. Discussed options for developing a high-level, systematic approach to identify the essential functions that should be funded in a sustainable manner.<sup>2</sup>
  - e. Examined existing governmental mechanisms that allow some Member States to fund other global health actors for longer-term periods, with flexibility.
  - f. Benefited from the experience of important health partners such as GAVI and the Global Fund on their respective financing models.
  - g. Discussed the possibility of a replenishment mechanism for WHO.
  - h. Discussed in detail the calculations of Programme Support Costs (PSC).
  - i. Organized “deep dive” working sessions to provide further explanations of the options to sustainable financing.
  - j. Received the WHO Comptroller’s explanation of the mandate and scope of the UN Committee on Contributions and the methodology behind the scale of assessment.
  - k. Noted high-level interventions from renowned health advocates<sup>3</sup> and technical interventions from high-level officials of the Secretariat<sup>4</sup>
  - l. Discussed in elaborate detail the recommendations for the adoption measures needed to enable the sustainable financing of WHO.
9. To ensure inclusivity and representation, the Working Group requested the inputs from all Regional Committees<sup>5</sup> and welcomed written recommendations from all Member States.

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<sup>1</sup> Including but not limited to the Independent Panel for Pandemic Preparedness and Response (IPPPR); the Independent Oversight and Advisory Committee for the WHO Health Emergencies Programme (IOAC); the Global Preparedness Monitoring Board (GPMB) and the Chair of the Independent Expert Oversight and Advisory Committee (IEOAC).

<sup>2</sup> The options included: (1) considering entire base segment to be essential; (2) defining essential functions based on their content or purpose; (3) defining essential functions based on principles established by the WG; and (4) a numerical approach. It was also noted that some approaches could be blended or combined.

<sup>3</sup> The list of high-level health advocates included Dr Patrick Amoth, Chair of the EB; the Rt. Hon. Helen Clark, Co-Chair of the IPPPR; the Rt. Hon. Gordon Brown, WHO Ambassador for Global Health Financing; H.E. Mr Elhadj As Sy, Co-Chair of the WHO/WB Global Preparedness Monitoring Board; Senior Minister Tharman Shanmugaratnam, Co-Chair of the G20 High Level Independent Panel on financing the global commons for pandemic preparedness and response; Mr Christof Maetze, Chair of the IEOAC; and Dr Felicity Harvey, Co-Chair of the IOAC for the WHE Programme.

<sup>4</sup> The list included statements by the six WHO Regional Directors, WHO Representatives from India, Iraq, Nigeria, the Republic of Moldova and the South Pacific Office, Dr Mike Ryan, Executive Director, WHE, Dr Mariângela Batista Galvão Simão, Assistant Director-General, Ms Jane Ellison, Executive Director for External Relations and Governance, Mr Imre Hollo, Director for Strategic Planning and Budget at WHO headquarters.

<sup>5</sup> The WGSF submitted the following five questions to 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?

10. The WHO Director-General, Dr Tedros Adhanom Ghebreyesus, participated in the meetings of the WGSF and reiterated the need of a strengthened, empowered and sustainably financed WHO at the centre of the global health architecture. He also commended the Member States' agreement that the current financing model is neither fit for purpose nor sustainable and their commitment to take measures to address the sustainability of WHO's financing.

11. Following its Seventh Meeting in April 2022, the WGSF submitted its final report with its recommendations to the Seventy-fifth World Health Assembly, through the Thirty-sixth Programme Budget and Administration Committee.

12. In summary, the recommendations of the Working Group on Sustainable Finance included:

- (1) Strengthening governance, transparency, accountability, efficiency and compliance through initiatives such as (i) increased Governing Bodies oversight of all initiatives; (ii) more transparent budget priority setting, linking budgeting and governance processes; (iii) strengthen role of PBAC in the budgeting process; and (iv) reforms to enable Member States exercise enhanced visibility and oversight across the Organization.
- (2) Working towards funding the Base Segment of the Programme Budget in a fully flexible manner.
- (3) Requesting Member States and other donors to provide unearmarked voluntary contribution to WHO.
- (4) Increasing Assessed Contributions (AC) with aspiration to reach a level of 50% of the 2022–2023 base budget (\*prior to the WHA-approved increase) by the biennium 2030–31, while aiming to achieve this by the biennium 2028–29.
- (5) Exploring the feasibility of a replenishment mechanism for WHO that is Member State-driven, that addresses the need for flexibility and accountability, avoids competition within and outside WHO, and aligns with the Governing Bodies of WHO.
- (6) Improving the fair and equitable allocation of resources to fully fund all Programme Budget outcomes.
- (7) Establishing an Agile Member State Task Group (AMSTG) on WHO budgetary, programmatic and financing governance to revert to the EB with recommendations for long-term improvements in these areas.

13. The Seventy-fifth World Health Assembly, through its Decision WHA75(8), adopted the recommendations of the WGSF and requested the WHO Director-General to put in place measures to ensure the implementation of those recommendations.

14. The 151st session of the Executive Board established the AMSTG, open to all Member States, on strengthening WHO budgetary, programmatic and financing governance. The AMSTG is expected to analyze challenges in governance for transparency, efficiency, accountability and compliance, and come up with long-term recommendations. Its deliberations will also be reflected in the Secretariat's proposals for reforms to be implemented in 2024–2025. In the report of the WGSF, Member States stressed that this reform agenda is closely linked to making continued progress on the increase in assessed contributions beyond the suggested initial 20% increase towards the aspirational level. The WGSF report recommended that this should form part of the Programme Budget 2024–2025 without pre-conditions.

### **Current situation, response and challenges**

15. Member States and the Secretariat are currently working on the implementation of the recommendations of the Working Group for Sustainable Financing including:

- (1) Preparation of Budget proposals considering a gradual increase of assessed contributions with an aspiration to cover 50% of the 2022–2023 Base Budget by the biennium 2030–2031, with an initial Budget proposal reflecting a 20% increase of assessed contributions for the biennium 2022–2023, to be presented to Member States as part of the Proposed Programme Budget 2024–2025, submitted for approval to the Seventy-sixth World Health Assembly in May 2023.
- (2) A Working Group has been formed within the Secretariat to explore the feasibility of a replenishment mechanism to broaden further the financing base, in the view of presenting relevant options at the Seventy-sixth World Health Assembly, and in line with the FENSA and the principles outlined in Decision WHA75(8).
- (3) The AMSTG held its first meeting on 12–13 July 2022. The meeting agreed on its methods of work, the Task group co-facilitators (Australia and Eswatini), timeline and deliverables and considered the general overview of the challenges in WHO budgetary, programmatic and financing governance under the themes: governance for transparency, accountability, compliance and efficiency. The AMSTG will have their next meeting in Sept/Oct 2022.

16. Member States may require certain domestic decisions and procedures (parliamentary approvals, budgetary provisions, government decisions, etc.) to be in place at the time of adopting a decision on WHO's revised Programme Budgets or the adoption of a replenishment mechanism.

17. The Secretariat will be responsible to keep the Regional Committee and individual Member States informed about the discussions and progress towards the implementation of the recommendations of the Working Group on Sustainable Financing.

## **The way forward**

18. Member States are required to participate in the AMSTG on strengthening WHO budgetary, programmatic and financing governance.
19. The WHO Secretariat is required to prepare Budget proposals considering the increase of assessed contributions and present them to the Governing Bodies as specified in the Decision WHA75(8).
20. The WHO Secretariat is exploring the feasibility of a replenishment mechanism, in consultation with Member States and taking into consideration FENSA, in line with the principles specified in Decision WHA75(8).

## **Conclusions**

21. Member States, through the Working Group on Sustainable Financing, have agreed that the status quo of WHO's financing is unacceptable and this calls for reform.
22. A financing model of WHO is about financial sustainability as much as strengthening and empowering WHO to play the role expected at the centre of the global health architecture. The recommendations of the Working Group outline a pathway for the measures that need to be taken to strengthen WHO.
23. Joint efforts by the Member States and the Secretariat are required to bring the recommendations of the Working Group on Sustainable Financing to fruition.