WHO reform:

Follow-up of the Financing Dialogue

The Director-General launched WHO’s Financing Dialogue with Member States in June 2013. The Financing Dialogue aims to ensure a match between WHO’s results and deliverables, as agreed in the Member State-approved Programme Budget, and the resources available to finance them, with the ultimate objective of enhancing the quality and effectiveness of WHO’s work. It is designed to improve the alignment, predictability, flexibility and transparency of WHO’s funding and to reduce its vulnerability.

The attached working paper provides the updates and follow-up on the financing dialogue.

The High-Level Preparatory (HLP) Meeting held in the Regional Office in New Delhi from 14 to 17 July 2014 reviewed the attached working paper and made the following recommendations:

**Action by Member States**

1. Member States should continue to engage in the Financing Dialogue, voice opinions and suggest improvements as the process moves forward

**Action by the WHO Regional Office**

1. More information on the findings of the evaluation of the Financing Dialogue should be incorporated in the working paper for the Sixty-seventh Session of the Regional Committee

The revised working paper and HLP meeting recommendations are submitted to the Sixty-seventh Session of the Regional Committee for consideration.
Background

1. The Sixty-sixth World Health Assembly established a Financing Dialogue on the financing of the Programme Budget by decision WHA66(8). The ultimate objective of the Financing Dialogue is to enhance the quality and effectiveness of WHO’s work.

2. The Director-General launched WHO’s Financing Dialogue with Member States on 24 June 2013. The Financing Dialogue aims to ensure a match between WHO’s results and deliverables, as agreed in the Member State-approved Programme Budget, and the resources available to finance them. It is expected to improve the alignment, predictability, flexibility and transparency of WHO’s funding and reduce its vulnerability.

3. The financing dialogue, attended by 256 participants from 87 Member States and 20 non-State partner organizations, resulted in specific commitments related to improving the alignment, predictability, flexibility and transparency of WHO funding, broadening the contributor base and continuing the discussion. Participants endorsed a prototype of a web portal that WHO had developed in response to the call by Member States for increased transparency and accountability around WHO’s financing.

4. The second Financing Dialogue was held on 25–26 November 2013 in Geneva.

5. Between the June 2013 launch and the follow-up meeting in November 2013, discussions on the Financing Dialogue continued at regional committee sessions, in HQ briefings with Geneva-based missions and during bilateral meetings with 19 of WHO’s largest providers of voluntary contributions. The specific objectives of the follow-up meeting were to: (i) review progress since June 2013 towards full funding of Programme Budget 2014–2015; (ii) identify areas of underfunding in view of expressed financing commitments/intentions; and (iii) find solutions to address areas of underfunding and improve the quality of WHO’s funding.

6. During the second Financing Dialogue meeting, WHO presented the current financing situation as of 31 October 2013 relative to the Programme Budget 2012–2013 addressing the predictability of funding; discussed the issues of misalignment and flexibility across the category and the programme areas; reviewed the aspect of transparency by looking at the new release of the Programme Budget web portal; and considered the aspect of financing vulnerability that is derived from just 20 contributors providing 80% of WHO’s voluntary contributions.

7. In respect of predictability of funding, the October meeting forecast that available and projected funding totalled 85% of the 2014–2015 Programme Budget. Further, the importance of extending the Financing Dialogue beyond a narrow, two-year window was stressed, and the need for a stronger link to the six-year General Programme of Work highlighted.

8. With regard to the area of alignment and flexibility, it was shown that the overall healthy forecast of funding compared to budget, in fact masks significant shortfalls in a good number of programme areas, illustrating the challenge of better alignment of resources to staff and activities.
9. With respect to transparency, the Programme Budget web portal was warmly welcomed as a powerful tool for accountability and transparency, with potential to provide critical inputs to well-informed decisions about voluntary contributions and easy access to reporting on results and expenditures.

10. Four other topics were discussed:

- **Financing administration and management**: There was support for the real costs of WHO's programme administration and management to be accounted and attributed separately to each of the categories of work, with these costs being built into all voluntary contribution agreements, replacing existing service charges. There were several calls to keep stewardship and governance (Category 6) as a separate category, noting that these costs are relatively fixed, compared with the more variable costs associated with programmatic work.

- **Coordination of resource mobilization**: There was strong support for the development of a more coordinated approach, noting that this would require behavioural change both by the Secretariat and the contributor base.

- **Reporting on results**: It was noted that high quality, effective and timely reporting is a central need for maintaining and/or growing stakeholder confidence in WHO. The Secretariat’s vision in improving this area was endorsed.

- **Evaluating the Financing Dialogue**: An external evaluation of the Financing Dialogue was presented to the Sixty-seventh World Health Assembly in 2014.

**Outcomes**

11. The actions which stemmed from the dialogue were:

- conduct further alignment analysis of the 61% available and projected funding, to better understand shortfalls;
- carry out coordinated, Organization-wide resource mobilization to address shortfalls;
- promote a longer-term view of organizational financing to ensure funding for the first six months of the next biennium, by linking to the six-year General Programme of Work;
- continue the Financing Dialogue with all Member States and other contributors, to ensure a common understanding of residual shortfalls and resulting implications for programme implementation and inform financing decisions;
- invite feedback from Member States and other contributors on the initial release of the web portal, to assist in its further development;
- continue the discussion of administration and management financing at meetings of the Organization’s governing bodies in January 2014;
• strengthen the robustness, timeliness and transparency of reporting, and better define WHO’s contributions to results;
• evaluate the Financing Dialogue and resource mobilization experience; and
• update Member States on progress towards each of the above commitments during meetings of the Organization’s governing bodies in 2014.

Evaluation

12. The evaluation of the Financing Dialogue was requested at the Sixty-sixth World Health Assembly by Member States and PricewaterhouseCoopers SA (PwC) led and completed it between February and April 2014.

13. The main objective of the evaluation was to assess whether the Financing Dialogue and related resource mobilization experiences improved the principles, namely alignment, predictability, flexibility and transparency of WHO’s financing and whether it broadened WHO’s contributor base.

14. The evaluation methodology included 26 in-depth interviews, a thorough desk review and an online non-attributable survey of all Financing Dialogue invitees. The evaluation focused on an assessment of the Financing Dialogue process, the achievement of its principles and the way forward for the financing dialogue.

15. The Financing Dialogue process is an integrated series of events and activities that includes a strategic planning and preparation phase, two milestone Financing Dialogue meetings, bilateral meetings, mission briefings and Regional Committee discussions.

16. Major positive outcomes of the dialogue process assessment were as follows.

• The overall strategy for the Financing Dialogue resonated well with the expectations of contributors. Of the survey, 98% respondents wanted WHO to be transparent about the budgeting process while 93% wanted to see greater transparency in WHO funding process.
• The creation of a new public debate between Member States and non-State actors on financing is a significant step forward for WHO’s reform journey.
• Overall, the Financing Dialogue process was a success, with 96% of the survey respondents confirming that it should continue.

17. Important lessons learned from the Financing Dialogue process were as follows.

• The Financing Dialogue was hampered by not being anchored in an Organization-wide resource mobilization vision and strategy.
• The set-up and ways of proceeding were too similar to a regular WHO governing body meeting. The current format did not create an adequate distinction and prospective donors were not invited yet.
18. A full assessment of the impact of the application of the Financing Dialogue principles on the financing of the Programme Budget 2014–2015 can only be undertaken at the end of 2015, as three months of implementation is not sufficient to observe organizational changes in the way WHO is financed.

19. Nevertheless, major positive outcomes to date are as follows.

- The Financing Dialogue reinforces the new Programme Budget as an important resource mobilization tool. The new level of detail in the transition Programme Budget 2014–2015 creates an incentive to align funding to the budget overall.
- It has led to availability of more predictable funding at the start of the 2014–2015 biennium. The level of predictable funding reached 69% at the start of this new biennium which has not been achieved in previous biennia (61% and 52% respectively).
- Around 25% of the total Programme Budget funding was projected prior to the second financing dialogue. The Financing Dialogue was not positioned as a pledging conference, but as a dialogue process. Nevertheless, a large group of key donors provided projections, increasing the predictability of WHO’s financing.
- Of the respondents, 85% confirmed that the web portal provides transparency on WHO’s financing which did not exist previously; and 55% of the survey respondents consider that the web portal makes them more confident about the way WHO manages its funding. The web portal also catalyses internal transparency and accountability.
- Firm measures have been introduced to avoid misalignment of incoming funds. Funds may be turned down by WHO, should alternative solutions to alignment be conclusive.
- There is strong commitment to broaden the donor base, aiming for a greater proportion of Member States to carry the funding responsibility. Priority will be given to Member States, followed by grant-making foundations, philanthropists, the private sector, NGOs, high net-worth individuals and finally the general public.

20. There is an overwhelming support for the Financing Dialogue to continue. However, to ensure that it continues to make an impact, WHO needs to ensure that it aims to:

- integrate the Financing Dialogue in a strategic framework that defines more clearly WHO’s mission, strategy, mission and mandate;
- be embedded in a centrally-coordinated resource mobilization approach which leverages existing funding successes across the Organization;
- benefit from investments to increase resource mobilization capacity, including personal engagement by senior management in funding activities;
- identify the purpose and function of each Financing Dialogue meeting further, including reconsidering the format and duration; and
- broaden the audience, including prospective donors and scientists to provide their inputs.
Specific comments on issues that have developed since then

- On 1 January 2014, 69% of funding of the Programme Budget 2014–2015 was available, compared with 61% at the start of the previous biennium. The financing picture has further improved. A financing status update of the Organization reflects that available and projected funds total to 85% of the Programme Budget.

Regional perspective on the Financing Dialogue

- Continuation of the voicing of support to the concept of the Financing Dialogue from Member States of the South-East Asia Region.

- The Financing Dialogue, coupled with the integrated fully approved Programme Budget 2014–2015, will lead to a need to think more holistically across the countries of the Region, in the context of a reduced overall budget space available to receive voluntary contribution funds.

- The overall reduction of Programme Budget for the Regional Office has threatened its ability to provide effective technical backstopping for Member States.

- In the context of predictability of funding, SEAR appears to be aligned in a similar situation to the broader WHO situation, in terms of future funding available, when known funding, and forecast funding is projected for 2014–2015. The most visible issue that currently appears in forecasts is a higher degree of unpredictable financing at the regional level, rather than at the country level for 2014–2015.

- In the context of alignment and flexibility, SEAR has a tendency to attract large amounts of voluntary funds under the Communicable Diseases (Category 1) and Health Systems Strengthening (Category 4) areas of work.

- In the context of better defining WHO’s contributions to results, SEAR would need to strengthen the robustness, timelines and transparency of reporting.