WHO Reform:

Strategic Resource Allocation

At the Sixty-sixth World Health Assembly in May 2013, Member States requested the Director-General to propose a new Strategic Resource Allocation methodology in WHO, starting with the development of the Programme Budget 2016–2017.

The 134th Session of the Executive Board in January 2014 endorsed the proposal of the Director-General to establish a Working Group on Strategic Resource Allocation to provide guidance to the Secretariat in developing further the proposal for a new Strategic Resource Allocation methodology.

Since then, a Working Group comprising Member States (one each selected to represent each of the regions) was formed to provide guidance to the Secretariat in developing the first draft of the proposal for a new methodology for Strategic Resource Allocation.

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

**Action by Member States**

(1) Member States should provide timely inputs and follow-up on questionnaires and other communications to Maldives, member from the South-East Asia Region, on the Working Group on Strategic Resource Allocation.

**Actions by the WHO Regional Office**

(1) The Regional Office should facilitate a meeting on the sidelines whenever the information from the Working Group on Strategic Resource Allocation is available. Given the complexity and strategic importance of Strategic Resource Allocation, the Secretariat is to facilitate a face-to-face inter-sessional meeting when the information from the Working Group is available. This meeting could take place in conjunction with the meeting suggested under Agenda item 2.1 (Framework of engagement with non-State actors).

(2) Communication on the Strategic Resource Allocation methodology should be facilitated among Member States.

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

1. At the Sixty-sixth World Health Assembly in May 2013, Member States requested the Director-General to propose, for consideration by the Sixty-seventh World Health Assembly, in consultation with Member States, a new Strategic Resource Allocation methodology in WHO, starting with the development of the Programme Budget for 2016–2017.

2. At its 134th Session, the Executive Board endorsed the proposal by the Director-General to establish a Working Group on Strategic Resource Allocation to provide guidance to the Secretariat in further developing the proposal for a new Strategic Resource Allocation methodology.

3. The Working Group, established in line with the Executive Board’s decision, is made up of six members of the Programme, Budget and Administration Committee (Belgium, Cameroon, Egypt, Malaysia, Maldives and Mexico). On 17 February 2014, the Working Group first agreed on its terms of reference through a teleconference, which were: to provide guidance to the Secretariat in developing a proposal for a new Strategic Resource Allocation methodology and facilitate discussion on its finalization at the extended meeting of the Programme, Budget and Administration Committee (PBAC).

4. On 23–24 April 2014, the Working Group had a face-to-face meeting to discuss and provide initial guidance to the Secretariat on the scope, principles and criteria for a new Strategic Resource Allocation methodology. This face-to-face meeting, therefore, provided the opportunity to develop a common understanding of some of the key principles and criteria, and the planning and budgeting processes, as well as key terminology.

5. During the meeting, it was recognized that the development of a new Strategic Resource Allocation methodology in WHO is quite complex and interdependent with many other WHO Reform initiatives that are currently underway, such as work on “bottom-up planning”, identification and costing of outputs and deliverables, the roles and functions of the three levels of the Organization, and review of the financing of administrative and management costs.

6. Working Group members emphasized the importance of ensuring that the development of the Strategic Resource Allocation methodology is informed by the work of these initiatives and vice versa, and that it is viable and applicable at all three levels of the Organization. They, therefore, agreed that it may not be fully developed in time for the finalization of the Programme Budget for 2016–2017.

7. Based on the outcome of the discussion at the face-to-face meeting, the Working Group requested the Secretariat to develop a paper for further discussion by members of the Programme, Budget and Administration Committee at its meeting in May 2014. This paper accordingly highlighted the scope, guiding principles and criteria discussed by the members of the Working Group with regard to the distribution of resources within each operational segment.
Scope

8. The Strategic Resource Allocation methodology should be applied to allocate both Assessed and Voluntary Contributions in an integrated manner and in support of the Organization’s one workplan and one budget (Programme Budget).

Guiding principles

9. The following overarching principles could guide the development and implementation of the new Strategic Resource Allocation methodology:

- need- and evidence-based strategic allocation of resources supporting those countries in greatest need, and based on epidemiological data, including research findings and scientifically-validated data, as well as objectively measurable benchmarks;
- results-based management, including robust bottom-up planning and realistic costing of outputs and deliverables;
- fairness and equity in resource allocation among geographical or functional segments in accordance with the objectives and generally accepted and consistently applied criteria;
- accountability and transparency that is central to the planning and allocation of resources and reporting on the use of those resources;
- clear roles and functions at all three levels of the Organization to support decisions on allocation of tasks and resources and strengthen accountability;
- efficiency and effectiveness on how and where best to allocate resources in order to achieve significant impact and value for investment, these being critical considerations in planning and strategic resource allocation;
- performance improvement considered as an incentive in resource allocation to encourage delivery of results and achievement of outcomes.

Criteria by operational segment

10. For the purpose of developing a Strategic Resource Allocation methodology, the work of WHO has been divided into four operational segments (EB134/10). For each operational segment, provisional criteria and approaches for Strategic Resource Allocation are proposed for further discussion and consideration.

Segment 1: Technical cooperation at the country level

- This segment relates to functions and activities at the country level, where the benefits are experienced directly by individual countries. Activities could include building country capacity, providing technical support, conducting policy dialogue, adapting guidelines and strengthening systems to collect, analyse and disseminate data.
To allocate resources strategically in support of this segment, it is proposed to take into consideration the following criteria to determine the profile of each country:

- human development index + immunization coverage (such as with the final dose of diphtheria, pertussis and tetanus vaccine: Millennium Development Goal 4) + proxy indicators for technical categories in the Twelfth General Programme of Work, 2014–2019 [such as inequity, disability-adjusted life years lost to communicable diseases (Millennium Development Goal 6) and noncommunicable diseases, proportion of births attended by skilled health personnel (Millennium Development Goal 5), and capacity to implement the International Health Regulations (2005)];
  - weighted by a population factor; and
  - aggregated at regional level.

- This will enable the allocation to be distributed across the six WHO regions, based on the total allocation to the countries in each region. The allocation of resources to support technical cooperation at the country level will then be based on bottom-up planning, taking the following into account:
  - needs and priorities of the individual country;
  - alignment with the country cooperation strategy and national investment plan;
  - comparative advantages of WHO; and
  - alignment with the priorities identified in the Twelfth General Programme of Work 2014–2019.

- This constitutes an objective and transparent approach to the determination of resource allocation. It also supports the principle of aligning resource allocation with the needs, priorities and results identified through the Twelfth General Programme of Work 2014–2019 and bottom-up planning. This, therefore, means that the allocation to a country office may not always be consistent with the allocation determined, purely on the basis of health and development parameters.

**Segment 2: Provision of global and regional goods**

- This segment covers the functions and programmes performed by WHO headquarters and regional offices for the benefit of all Member States and in support of the entire Organization. Examples of deliverables include WHO norms and standards, policies and guidelines, analyses, and the management and dissemination of health information.

- There are two categories of programmes or functions in this segment: (i) mandatory functions and long-term commitments whose costs are relatively fixed or predetermined based on an agreed approach (such as the Codex Alimentarius Commission), and (ii) other functions and activities that are driven more by needs and
emerging priorities. It will, therefore, be necessary to have two different approaches for allocating resources within this segment.

- For mandatory functions or long-term commitments, resources have to be based on current and historical patterns, taking into consideration continuous performance improvement and cost-efficiency. For other functions or priorities, resources would be based on assessment and identification of global and regional health needs and priorities, taking account of the following criteria:
  - priorities identified in the Twelfth General Programme of Work 2014–2019;
  - needs and priorities of countries;
  - resolutions adopted by WHO’s Governing Bodies;
  - comparative advantages of WHO;
  - roles and functions of the three levels of the Organization (with consideration for efficiency and effectiveness);
  - realistic costing of outputs and deliverables; and
  - a project management approach.

**Segment 3: Administration and management**

- This segment relates to the functions required to run the Organization. Administrative and management costs can be subsumed under two general categories:
  - **Stewardship and governance**: All the corporate services and enabling functions, comprising leadership, general management and governance;
  - **Infrastructure and administrative support**: Running costs of the premises, maintenance, information technology, security and other administration support services. (Most of these costs are within category 6 of the General Programme of Work 2014–2019, but some fall within the technical categories 1 to 5.)

- A review and discussion on the budgeting and financing of administration and management costs is ongoing with Member States. This review includes how best to align the costs of administration and management to programme delivery and finance them, building in cost-efficiency measures. Recognizing that the current approach is based on historical patterns and that there is a high fixed cost component, notably for stewardship and governance (for example, the costs of governing body meetings and governance structures, or senior management staffing across the Organization), the Working Group emphasized that it is essential to take the following criteria into consideration when allocating resources:
  - minimum requirements for ensuring the effective functioning of the Organization under its Constitution and within its control framework; and
  - cost-efficiency and effectiveness in alignment with audit recommendations.
Segment 4: Emergency response

- This operational segment covers outbreak and crisis response and poliomyelitis eradication. Owing to the nature of outbreak and crisis response, which is governed by acute events, the resource requirements are normally significant but difficult to predict during the budget planning process. Poliomyelitis eradication is currently considered to be a programmatic emergency for global public health, and as such, there needs to be flexibility for budget increases at short notice in order to accommodate programmatic needs related to poliomyelitis.

- Given the event-driven and location-specific nature of this segment, any new methodology developed for segments 1 to 3 may not apply. It is proposed that this segment should be further discussed and considered by the Working Group.

11. The Working Group presented its initial deliberations on the scope, principles and criteria for a new Strategic Resource Allocation methodology at the Twentieth Meeting of the Programme Budget and Administrative Committee in May 2014. It also presented proposed criteria for the four operational segments for discussion and comments by the Committee.

12. Member States welcomed the report, including the roadmap, and expressed appreciation for the efforts made by the Working Group. The Committee requested that the Secretariat prepare additional information and clarification of various elements, including details of the composition of the various segments. It requested that details of the distribution of functions and allocations of Programme Budget 2014–2015 among the four operational segments be provided as supplementary information for the regional committees in order to reflect the unique programme features in the regions for their further inputs and consideration.

13. The Committee also proposed to modify the title of the initiative from “Strategic Resource Allocation” to “Strategic Budget Space Allocation”.

Way forward

14. In order to complete the development of a proposal for a Strategic Resource Allocation methodology that is informed by other critical reform initiatives, the following steps and timelines are proposed to be taken by the Secretariat:

- present the revised paper to regional committees for inputs and further guidance: September–October 2014;
- in parallel, develop different models by applying the principles and criteria: June 2014 onwards;
- hold a face-to-face meeting of the Working Group to review the models developed and provide guidance to the Secretariat following the regional committee sessions;
- present a draft proposal on the new Strategic Resource Allocation methodology to the Programme, Budget and Administration Committee in January 2015.
Regional perspective

15. During the operational planning for 2014–2015 as well as for 2016–2017, the Regional Office for South-East Asia had developed a “technical prioritization matrix” of the technical programme areas to further enhance its technical focus. For 2016–2017, it is expected that at least 80% of the Programme Budget will be allocated to these priority programme areas.

16. It is very important for Member States of the South-East Asia Region to take note of the progress made by the Working Group, specifically on the process followed and proposals that provide guidance on the development of Strategic Resource Allocation methodology.