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## **Predictability, flexibility and sustainability of WHO's financing**

The objective of the “break-out” group discussions at the current session of the Regional Committee is to generate structured input into the extraordinary session of the WHO Executive Board's Programme, Budget and Administration Committee (PBAC) in Geneva on 6–7 December 2012, and, through the PBAC, to the Board at its 132nd session.

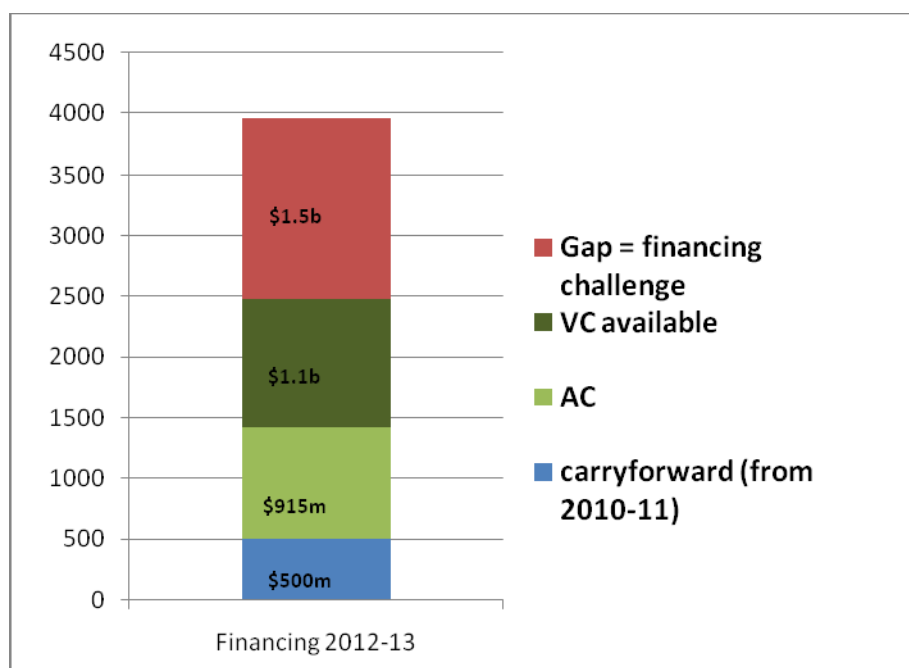
A summary report of the break-out groups' deliberations and the subsequent plenary discussion will be prepared for submittal to the office of the Director-General at WHO headquarters, in addition to the regular report of the Regional Committee session. The summary report will serve as an information document and as a resource paper for members of the PBAC.



## Background

1. Reforming the way WHO is financed has been the major driver of the current reform. While reform has become broader and now touches upon virtually all aspects of WHO's operations, financing issues remain at the core of the questions which the Member States and the Secretariat will still need to address.
2. Of the financial issues at hand, (i) the predictability of funding, (ii) its flexibility and (iii) funding priorities as defined by Member States at the World Health Assembly are among the most important.
3. In terms of predictability, the situation is not as bad as generally considered, as summarized below.

Fig 1.  
Programme budget 2012–2013: preliminary financing of approved budget,  
all offices, all segments, as at 1 January 2012



4. Fig.1 shows that on 1 January 2012, already US\$ 2.5 billion (or 62.5%) was available and allocated.
5. The other key issue linked to WHO financing relates to the flexibility of funds. The total resources available for implementation of base programmes in 2010–2011 amounted to US\$ 2 472 million.

Fig 2.  
Resources available for implementation of base programmes, 2010–2011

<b>Available resources</b>		
Assessed contributions	934	} 55%
CVCA	235	
AS/PSC (Exp)	196	
Other VC	1,107	} 45%
<b>Total</b>	<b>2,472</b>	<b>100%</b>

6. This means that 55% of the expenditures on base programmes could be covered by funds controlled by the Secretariat, which are flexible, reasonably predictable and sustainable, in that there is not much change from one biennium to the next.

7. So, 62.5 % of the funds are predictable and 55% are actually flexible. In spite of that relatively positive outlook at the macro level, there are significant imbalances in resourcing and implementation across strategic objectives and major offices, as well as frequent difficulties in financing staff costs.

8. With regard to WHO's donors, there were 416 different contributors of voluntary funds to WHO (each providing US\$ 10 000 or more) in 2010–2011. However, three contributors – the Bill and Melinda Gates Foundation, the United States and the United Kingdom – provided 40% (US\$ 1.2 billion) of all the voluntary contributions. It took an additional 15 contributors to provide the next 40% of resources, i.e. up to US\$ 2.3 billion. Further, 13 contributors provided the next 10%, i.e. up to US\$ 2.6 billion).

9. This means that only 31 contributors provide 90% of all the voluntary funds. Of these, in addition to the European Union, 12 are individual Member States of WHO in the European Region, 6 are members of other WHO regions, and 11 are United Nations bodies, funds or private foundations. If one looks over the years, one will find that these contributors are quite stable, with the Gates Foundation steadily climbing the ladder and now at the top. These contributors provide by and large similar amounts for similar purposes biennium after biennium – so large parts of the Organization's voluntary contributions (VCs) is also quite predictable.

10. Of the 14 Member State contributors to the Core Voluntary Contributions Account (CVCA), all but one (Australia) are from Europe. Collectively, these 14 Member States provide 32% of their funding through the CVCA mechanism, while more than two thirds of their contributions remain specified. The level of CVCA has not changed in the last biennium and we have probably reached a plateau – unless something changes externally or internally.

11. The Organization's programme budget is not approved by the World Health Assembly, which only takes note of it. However, Member States' assessed contributions are appropriated by the Health Assembly in "sections" in the appropriation resolution that it adopts. The number of sections has varied over time – currently it is by the 13 strategic objectives. However, the appropriation resolution only relates to assessed contributions, or what in the past was referred to as the regular budget. The appropriation resolution is therefore adopted without knowledge of the overall funding situation.

12. The appropriations (by sections) are then split by the Director-General among the seven major offices (again without knowing/considering the total funding situation), and finally allocations are made by each major office to individual budget centres, including country offices and programmes.

13. These splitting and allocation processes are mostly historically driven by an inherent “right to” perspective, and the assessed contributions end up early in the biennium parcelled out in hundreds of small envelopes that are vigorously protected by their “owners”. Thus, the way that the assessed contributions are governed and managed results in their adding to, rather than reducing, the resource imbalances across the programme budget.

## Arrangement of the “break-out” groups

14. In order to provide input and guidance to the extraordinary meeting of the Executive Board’s Programme, Budget and Administration Committee, scheduled for 6–7 December 2012, there will be two break-out groups at the current session of the Regional Committee, both discussing issues related to the above situation.

15. Various options were considered in this regard, and other themes were also considered for inclusion, as indeed reflected in document EUR/RC62/14 (paragraph 58). However, due to the heavy agenda of the Regional Committee and the time pressure to conclude all business within four days, only 1.5 hours could be set aside for the working groups on reform. As the issue of the predictability, flexibility and sustainability of WHO’s financing remains at the top of the agenda of most European Member States, it was felt preferable to concentrate on this key issue, rather than fragment the discussion into other topics, with the additional time this would have necessitated.

16. Member States are free to choose which group to attend, and there will be full interpretation services in both groups.

17. **Group A**, which will meet in the Plenary Hall, will be chaired by Udo Scholten (Germany), with Maksut Kulzhanov (Kazakhstan) as rapporteur. This group will be supported by Erik Blas and Hans Kluge (Secretariat).

18. **Group B**, which will meet in the Pinto Room, will be chaired by Björn-Inge Larsen (Norway), with Dessislava Dimitrova (Bulgaria) as rapporteur. This Group will be supported by Imre Hollo and Helge Larsen (Secretariat).

## Issues

19. The following issues are only suggestions, put forward by the Regional Office Secretariat with the purpose of stimulating the discussion in the break-out groups. Member States are of course free to raise any other issue they deem relevant in relation to the funding background described above:

- To the extent that large portions of voluntary contributions can in fact be predicted, based on key donors’ past performance, would a mapping of expected funds against recipient programmes be useful for Member States?
- What would it take for the providers of specified voluntary contributions to indicate (before the programme budget is passed by the World Health Assembly) how much and where their resources will land?
- What would it take for contributors to the Core Voluntary Contributions Account (CVCA) to provide a larger part (or all) of their resources through this or a similar mechanism?

- As part of Member States' governance of WHO, should predicted funding streams – which would be likely but not certain – be included in a future programme budget approval resolution?
- To what extent would a shifting of the financial year further improve the overall predictability of WHO's voluntary funding?
- What would be the negative consequences of implementing such a shift?
- What practical options exist for increasing Member States' assessed contributions?
- What would it take for the Member States to allow the Secretariat to flexibly manage the assessed contributions, so as to ensure a balanced funding across all categories?