

# The future of financing for WHO



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World Health  
Organization

REGIONAL OFFICE FOR  
**Europe**

Regional Committee for Europe  
Sixtieth session

Moscow, 13–16 September 2010





## EUROPE

### Regional Committee for Europe Sixtieth session

Moscow, 13–16 September 2010

Provisional agenda item 6(e)

EUR/RC60/18  
23 July 2010  
101655  
ORIGINAL: ENGLISH

### The future of financing for WHO

The future of financing for WHO is of particular relevance to European Member States, in view of the active role they play in the policy debates and overall development of the Organization – not to mention the extent of their contribution to the overall budget of WHO.

The issue is being placed on the agendas of all Regional Committee sessions in 2010. A wide-ranging “Note for Regional Committees” has been prepared by the Director-General’s Office in that regard and is attached to the present paper. Recognizing that it will not be possible for each Regional Committee to properly discuss the full range of issues presented in the attached Note, the Director-General has invited each Regional Director to customize it to suit each region’s particular needs.

The present paper reflects the Regional Director’s views on what constitutes the key issues linked to the future of financing for WHO so far as the European Region is concerned, notably the Region’s core functions and priorities, as well as issues related to their adequate and sustained funding.

The views and opinions of the Regional Committee on these issues, or on other related issues set out in the attached Note, will be referred to the Director-General for inclusion in a report to be submitted to the Executive Board at its 128th session in January 2011, synthesizing *inter alia* the input from all Regional Committees in 2010.



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## Introduction

1. In January 2010, an informal consultation was convened by the Director-General on “The future of financing for WHO”, bringing together senior officials and ministers from ministries of health, development cooperation, finance and foreign affairs, speaking in their personal capacity.
2. Two key issues underpinned the debate:
  - how to better align the priorities agreed by WHO’s governing bodies with the monies available to finance them; and
  - how to ensure greater predictability and stability of financing, and thus lay the foundation for more realistic planning and effective management.
3. The strategic conversation at that meeting represented the start of a wider process involving all Member States of the Organization through a web-based consultation, which is still ongoing. A formal report on the subject will be presented to the Executive Board in January 2011, but a key milestone in preparing such a paper will be input from all six Regional Committees in September 2010.

## Issues and questions

4. For the purpose of the discussions in the Regional Committees, a “Note for Regional Committees” has been prepared by the Director-General’s Office and is attached for information (Annex 1). The Note is based on the issues and questions raised in the initial consultation, on early responses to the web questionnaire, as well as on informal discussions held between staff of the Director-General’s Office and representatives of a number of Member States during the Sixty-third World Health Assembly and the 126th session of the Executive Board.
5. Eighteen strategic questions are put forward in the attached Note, grouped under eight main headings of (a) WHO’s core business, (b) Health and development, (c) Partnerships, (d) WHO country support, (e) Technical collaboration, (f) Implications for WHO governance, (g) Priority setting and communication, and (h) Implications for financing.
6. While the Note thus provides a wide-ranging overview of key issues raised by Member States in the course of the above consultations, it will be nearly impossible to properly address the full range of all 18 strategic questions in the limited time available during the Regional Committee session.
7. In recognition of this fact, the Director-General has invited each Regional Director to customize the generic paper attached to suit each region’s particular needs. The Regional Director’s views on a limited number of key issues, which in her opinion would be of particular relevance to the European Region and where the feedback of the Regional Committee would be highly welcome, are set out below.

## European Member States' contribution to the financing of WHO

8. In general, the future financing of the Organization is of particular relevance to the European Region in view of the active role that European Member States play in WHO's policy debates and overall development – not to mention the extent of their contribution to the overall financing of the Organization.

9. As an illustration, and using figures from the 2008–2009 biennium, European Member States collectively contributed 53% of WHO's overall voluntary contributions received from Member States. While voluntary funds to the Organization come from a variety of sources – intergovernmental bodies, foundations, the private sector and nongovernmental organizations (NGOs) – contributions from Member States amounted to 52% of the total, or US\$ 1 436 million in 2008–2009. Of this amount, European Member States accounted for US\$ 763 million (53%).<sup>1</sup>

10. In terms of assessed contributions, European Member States account for an additional US\$ 406 million, or 43% of the global total.

## Core functions and priorities

11. Within the overall umbrella of WHO's functions as defined in Article 2 of the Constitution, “to act as the directing and coordinating authority on international health work”, Member States have collectively agreed to six core functions for the Organization, as set out in the Eleventh General Programme of Work 2006–2015:

- providing leadership on matters critical to health and engaging in partnership where joint action is needed;
- shaping the research agenda and stimulating the generation, translation and dissemination of valuable knowledge;
- setting norms and standards, and promoting and monitoring their implementation;
- articulating ethical and evidence-based policy options;
- providing technical support, catalysing change, and building sustainable institutional capacity; and
- monitoring the health situation and assessing health trends.

12. Based on the above, there was general agreement at the January 2010 consultation convened by the Director-General that normative and standard-setting work across the whole range of public health issues was central to maintaining WHO's role as the world's technical health authority, in accordance with Article 2 of the Constitution.

13. Similarly, there was also consensus around WHO's role in relation to surveillance and response to international health threats, within the framework of the International Health Regulations – reinforced by the Organization's performance in response to the outbreaks of severe acute respiratory syndrome (SARS) and avian influenza and the pandemic (H1N1) 2009.

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<sup>1</sup> Needless to say, the overall contribution from Europe is significantly higher if funds from Europe-based foundations, private sector organizations and NGOs are added.



14. On other aspects of WHO's core business, opinions have been more diverse, pointing to the need for clear priority-setting, including an assessment of whether WHO should indeed always be active in all health-related issues.

15. While it is clear that WHO's strengths lie in its impartiality, neutral status, nearly universal membership and strong "convening powers", it is, in the Regional Director's opinion, equally true that the Organization must be more selective in its priority-setting than is sometimes the case today. This is particularly true in the European Region, where a strong institutional base with considerable expertise exists, and where national counterparts and well-established international partners may sometimes be better equipped to deal with some issues than WHO.

16. In the Regional Director's opinion, the following functions and priorities are particularly important for WHO in the European Region:

#### **Functions**

- normative and standard-setting role (*all countries*);
- articulating evidence-based policy options, in order to support national decision-making processes across the whole range of public health/health systems issues, including health and social determinants (*all countries*);
- partnerships (*all countries*);
- technical cooperation and support to Member States in capacity-strengthening and strategic development, including acting as a facilitator for country-to-country learning (*countries in which the Regional office has technical cooperation programmes*).

#### **Priorities**

- noncommunicable diseases (NCDs), lifestyle-related conditions and social determinants of health;
- infectious diseases and related issues (poliomyelitis eradication, measles/rubella and malaria elimination; multidrug-resistant tuberculosis (MDR-TB); HIV/AIDS; antimicrobial resistance/health care acquired infections);
- maternal and child health;
- health systems development (health care delivery and key public health functions), with a special focus on prevention;
- environment and health.

17. The Regional Committee's views are sought on the above core functions and priorities of the European Region.

### **Country support**

18. WHO has to be relevant to all of its Member States, but the nature of its work and how it interacts with each country may need to differ, depending on the level of development and particular needs of the country concerned.

19. A flexible but effective approach to the Regional Office's country support has to be developed and further discussed, both with the Standing Committee and with the Regional Committee, and the Regional Director has therefore initiated a process to review WHO's country work and country presence in the Region. The outcome of that review, including a

renewed country strategy, will be presented to the SCRC during the first half of 2011 and subsequently placed on the agenda of the sixty-first session of the Regional Committee in September 2011.

20. In her view, the most important role that WHO can play is to support governments in developing and updating their health policy and strategies, and to initiate and support policy dialogues on priority health issues. That function is relevant for all countries of the Region. WHO should also support countries in translating the decisions of the global and regional governing bodies of the Organization into national action and simultaneously address the priorities of the country. In countries with considerable donor input and development aid, such policy dialogues can furthermore be used as a vehicle for all partners and stakeholders to align their work, and to ensure that their contributions are mutually supportive, coordinated by the government and facilitated by WHO.

21. Partnership in this sense is a key function of WHO. It will however be discussed as a separate agenda item at the present session of the Regional Committee and therefore does not need to be further elaborated in this paper.

### **Financing of core functions**

22. In the day-to-day management of the Organization, the core functions of the Organization are translated into 13 strategic objectives (SOs), used in successive biennial programme budgets. These SOs provide the framework for all planning, implementation, expenditure control and performance assessment, and in that regard the following is worth noting.

23. Of voluntary contributions actually spent in 2008–2009 – reflecting the earmarking of such donations – 40% (US\$ 1 187 million) was spent on communicable diseases (SO1) alone. Furthermore, the combined expenditures on 3 of the 13 SOs, i.e. SO1 (communicable diseases), SO2 (HIV/AIDS, tuberculosis and malaria) and SO5 (emergencies and disasters) together accounted for over two thirds of the total voluntary contributions received (68% or US\$ 1 993 million).

24. In contrast, chronic and noncommunicable conditions (SO3) – key priorities for the European Region – received only 1.5% of the overall global voluntary funding (US\$ 46 million), while the social and economic determinants of health (SO7) received even less (US\$ 18.7 million globally, or 0.6%). Even health systems development (SO10) – a global priority – received only 6% of total voluntary contributions (US\$ 186 million).

25. It is clear that there may be a variety of reasons for such extreme variations in voluntary funding of what has collectively been agreed to be the Organization's strategic areas of concentration. One reason is most certainly the fact that the Organization's performance in surveillance and response to communicable diseases and health security is widely recognized and needed, as these are truly cross-border health threats. Member States may be less aware of or convinced about the competitive advantage of the Organization in other areas.

26. Other reasons may be found in communication and public information: it is a fact that WHO has never been particularly good at communicating its work, its achievements or its added value to a wider audience in Member States – compared to other organizations such as UNICEF or the Save the Children fund.

## **Recommendation by the Regional Director**

27. It is of course entirely up to the Regional Committee to decide for itself which topics it would prefer to discuss from among all the issues and questions in the attached Note.

28. From the Regional Director's perspective however, and since a selection must be made in view of the limited time available, there are three basic issues where the Regional Committee's guidance would be particularly welcome.

- (a) Within WHO's core functions and priorities, which ones are seen by European Member States as being of particular relevance to the work of the Regional Office in the years ahead?
- (b) What must the Regional Office do, in terms of skill mix and ways of doing business, in order to secure adequate funding for its work in those core functions identified under (a) above?
- (c) What can the Regional Office do to better communicate the relevance and impact of its work to a wider European audience, including demonstrating convincingly how it adds value to the health and development budgets of donor countries?

29. The views and opinions of the Regional Committee on the above questions, as well as on any other issue referred to in the attached Note that the Committee wishes to discuss, will subsequently be referred to the Director-General for inclusion in the report on the future of financing for WHO that will be submitted to the Executive Board at its 128th session in January 2011.

## **Annex**

### **The future of financing for WHO**

#### *Note for Regional Committees – 2010*

#### **Background**

In January 2010, the Director-General convened an informal discussion on the future of financing for WHO. The consultation was not a decision-making meeting but the beginning of a strategic conversation: identifying key issues in relation to WHO's work at global, regional and country level; acknowledging differences of opinion where they exist; and charting a way forward that will bring the debate into the more formal ambit of WHO's governing bodies. Over the course of two days, participants reviewed the changing landscape for global health – acknowledging the growing number of actors involved, the consequent risks of fragmentation and duplication of effort, the competing demands on WHO's resources, and the way that current approaches to financing WHO influence priority-setting.

It was agreed that a formal report on issues raised at the consultation would be presented by the Secretariat to the Executive Board in January 2011. This report will be informed by the views of Member States by means of a web-based consultation and discussions during the 2010 session of Regional Committees<sup>2</sup>.

This note provides a framework for discussions during the 2010 Regional Committees. The issues and questions below are drawn from the initial consultation, early responses to the web questionnaire, and informal discussions with Member States at the Sixty-third World Health Assembly and 126<sup>th</sup> session of the Executive Board.

#### **1. WHO's core business**

- Questions about the way WHO is financed cannot be tackled without prior discussion of priorities and the changing nature of WHO's core business. At the initial consultation, normative and standard-setting work was generally seen as being core business and central to maintaining WHO's role as the world's technical authority on health issues. Similarly, there was a consensus around WHO's role in relation to surveillance and response to international health threats. On other aspects of WHO's core business opinions were more diverse.
- There are many different perspectives on how priorities in global health should be defined, and thus on where the boundaries of WHO's work should be drawn. Questions arise about WHO's role in relation to the social determinants of health and the links between health and other areas of global and national policy including trade, security, intellectual property, the environment, economics, education, human rights and foreign affairs.

*While health is indisputably central to human development, many of the social, economic and environmental determinants of ill-health lie beyond the control of the traditional health sector. What should be the extent and nature of WHO's involvement in addressing the broader determinants of health?*

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<sup>2</sup> The web consultation began in April 2010 and will continue until the paper for the 128<sup>th</sup> session of the Executive Board is prepared. The full meeting report and the questionnaire used in the web consultation are to be found at [http://www.who.int/dg/future\\_financing/en/index.html](http://www.who.int/dg/future_financing/en/index.html)

- The negotiation of treaties and international agreements such as the Framework Convention on Tobacco Control, the International Health Regulations, the Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property, and the Code of Conduct on Health Worker Recruitment have a major influence on global public health. The demand for WHO to facilitate intergovernmental negotiations which set out rules, responsibilities and commitments appears to be increasing. Given the sensitive nature of the issues, negotiations can be time- and resource-intensive, and reaching common ground can be elusive.

*What are the implications for WHO's staffing, skill mix and ways of doing business if this trend continues?*

- In the face of more, and more unpredictable, crises that impact on health, there is a general consensus that WHO should continue to be engaged in humanitarian action. WHO's role in coordinating the health cluster in declared emergencies is generally accepted, but it can be strengthened. There is also a view that WHO should act as the world's health conscience – drawing the attention of political leaders and their populations to the major drivers of health and disease, including the impact of conflict.

*What is WHO's comparative advantage in the domain of humanitarian action, given the role of other international and nongovernmental organizations? How can work in this area be made more effective?*

## **2. Health and development**

- In low- and middle-income countries, governments seek to improve health outcomes with limited resources. They are too often faced with a proliferation of partners that compete for national resources, provide conflicting advice and influence priority-setting in different directions. In relation to health security and humanitarian action, governance/coordination arrangements are reasonably well-established. In the more crowded domain of health and development, this is not the case.
- It is also the domain of WHO's work where the views of Member States are most divergent. Some urge WHO to withdraw from the development field altogether, in favour of more normative work. Others suggest that WHO should situate itself as one among other actors – based on a clear understanding of comparative advantage. Others again insist that WHO be more assertive in coordinating other actors and thereby help to reduce growing fragmentation.
- International resources for health have increased significantly, but at the price of greater fragmentation. The incentives that influence the structure and functioning of the international system too often favour high-profile, issue-specific initiatives. Coordinating bodies tend to take on a life of their own, competing for funds with those they wish to coordinate. Small secretariats tend to grow, and mandates expand in proportion. The net result is that the countries that are most in need of external support are often those that have to bear the greatest transaction costs in managing a diverse network of partners.
- While better coordination at global level is necessary and urgent, it will be insufficient without the development of national policies, strategies and plans around which development partners can align their support (see section 4 below).

*What should be WHO's objectives in relation to the governance of health and development at a global or regional level, and how might they best be achieved?*

### 3. Partnerships

- At *global level*, it is useful to distinguish between partnerships established primarily to raise and channel funds and those concerned primarily with advocacy. In relation to the former, the issue is one of clarity of role: ensuring that standards and protocols developed by WHO are used in the development and implementation of proposals, and that financing organizations do not establish competing normative capacity.

*How should WHO seek to define a clear division of labour based on its comparative advantage in relation to funding partnerships such as GAVI and the Global Fund?*

- The role of global partnerships that see their role primarily in terms of advocacy and/or policy coordination is more controversial. One view holds that such partnerships risk duplicating the convening and coordinating role of WHO, and that demands by partnerships for human and financial resources can undermine the capacity of the Organization in which they are hosted. The alternative view – equally strongly expressed – is that some global health issues require a response that is both rapid and focused and that engages stakeholders – as equal partners – who are not automatically part of WHO’s normal constituency.

*What are the potential advantages and/or drawbacks of partnerships hosted by WHO? How should they evolve in the future?*

- While WHO’s natural partner at *country level* is the ministry of health, there is a need to embrace other ministries (particularly of finance and foreign affairs) as well as to be more effective in forming a wider network of relationships with those who influence and inform national health policy in central or local government, in parliaments, civil society and the private sector.
- There is evidence that the approach of “delivering as one” across the United Nations system can have positive results. WHO has been urged to continue with its support for United Nations reform, accepting the authority of others when it is appropriate to do so or proactively seeking a lead role where this can add value. An alternative view suggests that the benefits of working as part of an integrated UN country team are far from guaranteed. Proponents of this view would prefer that WHO revert to a situation where specialized agencies stick to dealing with their own natural counterparts at country level.

*How can WHO more effectively develop effective partnerships at country level, while remaining the key supporter of the ministry of health and playing an active role in the United Nations country team and the wider network of development partners?*

### 4. WHO country support

- As an organization of Member States, WHO should be of demonstrable value to *all* countries, with support geared to their particular needs and circumstances. In some countries, support is provided through a physical presence and a WHO country office, but in others it is not.

*What criteria should be used to ensure a good match between the level of WHO support and a country’s development needs? In what way can effective support be ensured in Member States with no country office? How can the idea of phasing out the need for a country office be made attractive to the countries concerned?*

- Robust national policies and strategies, developed and owned by national authorities, are the bedrock around which harmonization and alignment can take place. In countries where WHO is physically present along with many other development partners, the primary role is not one of coordination but of *facilitation*. In line with the Paris Declaration and the Accra Action Agenda, articulating national policies, strategies and

plans is a country responsibility<sup>3</sup>. The role of WHO is firstly to assist national authorities as they seek to coordinate development partners and ensure alignment with national priorities. Secondly, the role of WHO is to improve the *quality* of national strategies and not act as the referee in determining their content.

*In countries with many development partners, how can WHO become more effective in supporting national authorities as they seek to coordinate development partners?*

- Despite codes of practice and memoranda of understanding to guide behaviour, indiscipline among partners remains rife. Incentives for the staff of development partners, including WHO, need to be aligned with the principles of the Paris Declaration to make a real difference.

*What does WHO itself need to do in order to be more compliant with the objectives of the Paris Declaration and the Accra Agenda for Action?*

## 5. Technical collaboration

- Technical collaboration and support to countries has been and remains one of WHO's core functions – from the Constitution to the Medium-Term Strategic Plan 2008–2013. It is therefore of concern when the consultation pointed out that this is the area in which WHO's performance most needs to be improved.

*In what areas of technical support provided by WHO is improvement most needed, and how can this be brought about?*

- It was also suggested that WHO should focus its technical support at a more strategic and less operational level. This kind of support may require different staff profiles in country offices – specifically, fewer people with greater breadth of experience. It will also pose a challenge in terms of how to measure the outcome of such strategic support.
- The demand for technical support has been greatly increased by the need for countries to prepare proposals for submission to global health initiatives. This has prompted suggestions that WHO should consider new approaches to the way in which it provides technical support. Rather than seeing itself solely as a provider of technical support – responding to country requests to assist in proposal development and implementation – WHO should consider acting as a “broker”, helping national authorities to access the best people and institutions; ensuring the quality of services provided; and building the requisite capacity in governments to manage the process themselves.

*Should WHO place more emphasis on new approaches to technical collaboration: for instance, by acting less as a provider and more as a broker; organizing exchanges of experience between countries; and/or facilitating south-south collaboration?*

## 6. Implications for WHO governance

- There was a broad consensus at the informal January 2010 consultation that the issues raised need to be addressed proactively and with real intent to bring about change, albeit without recourse to changing WHO's Constitution.
- It was also agreed that national governments are no longer the only or even the most influential actors in shaping global health policy: a wider range of actors now play a role, including civil society organizations, philanthropic foundations, patient groups, private companies, trade associations and many others.

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<sup>3</sup> A separate, but linked, discussion of WHO's role in relation to the development and implementation of national policies, strategies and plans will also be discussed at several Regional Committees.

- Given the increasingly prominent role of philanthropic foundations and public/private partnerships, neither are national governments the only significant financiers of WHO.

*Should the governance of WHO should reflect this reality and become more inclusive of other stakeholders, including civil society and the private sector? If so, what would be the best way of making this happen?*

## **7. Priority-setting and communication**

- Underpinning all of the issues discussed so far lies the question of how WHO sets priorities. This issue is particularly acute at a time when resources are scarce and the need for consolidation is paramount. Questions then arise about the *means* by which priorities are set; the extent to which priorities respond to country needs (and how these needs are determined); and the framework within which strategic choices are made (between strategic objectives; between headquarters, Regions and countries; between normative and technical collaboration, and between different domains such as humanitarian action, health and development, health security, etc.).

*Given the competing demands facing the Organization, what criteria and/or mechanisms should be used to define overall priorities? In which areas is WHO's role indispensable, as opposed to being complementary to the roles of others?*

- Health remains politically prominent as a global issue and a national concern for both developed and developing countries. However, the priorities for the Organization are determined, WHO has high brand value and social capital, and trust in the Organization is one of its biggest assets. That said, there is a continuing need to persuade parliaments, and their constituents, of the value of WHO – both in terms of achievements and value for money. Good public communications, especially in donor countries, combined with effective country-level performance, are key to influencing decision-makers.

*How can WHO better communicate the relevance and impact of its work to a wider audience, including demonstrating convincingly how it adds value to development budgets of donor countries?*

## **8. Implications for financing: not more but better**

- The way in which WHO is financed is a key determinant of how the Organization performs and how, de facto, priorities are determined. The difficulties inherent in the current situation, where less than 20% of income comes from assessed contributions, while the majority of voluntary contributions are highly earmarked, are well understood. Better alignment between resources and agreed priorities is critical, yet it is hard to achieve given the present division of income. Equally, however, there is little prospect that assessed contributions will increase to past levels. New approaches are therefore needed.
- To redress the current situation, changes are needed both on the part of donors and on the part of the Secretariat. From the donor side predictability is key, to facilitate realistic planning and provide the security needed for management reform. In addition, it is important to avoid situations where, because of an insistence by voluntary donors on artificially low overhead rates in the form of project supports costs, assessed contributions end up being used to subsidize any shortfalls. Contributions should thus be based on the principle of full cost recovery.

*What more can be done by donors to increase the predictability and flexibility of funding to WHO?*

- The Secretariat too needs to change. Increasing donor support for more, and more flexible, funding will only result from greater clarity of purpose, tighter priorities,



greater efficiency, excellence in delivery, timely reporting and the capacity to communicate effectively about how and where results are being achieved.

*What can the Secretariat do to make it easier for donors to provide funds in a way that permit greater alignment with agreed priorities?*

- While maximizing the use of existing sources of finance and increasing the efficiency with which those funds are used, WHO has also been urged to innovate – both in terms of widening the current network of donors and by exploring new processes for raising funds that would help increase flexibility and predictability.

*How might WHO most effectively explore new processes for mobilizing resources and new sources of funds?*