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Overview of the implementation of programme budget 2014–2015 in the WHO European Region

This document prepared by the Secretariat presents an overview of the implementation of programme budget 2014–2015 by the WHO Regional Office for Europe. The document is part of the Regional Office for Europe's commitment to its governing bodies to provide transparency and accountability and is intended to enable Member States to execute the functions of oversight and provision of strategic direction for the Regional Office. The information provided in this document serves as background for discussions on topics related to WHO reform at the 65th session of the Regional Committee.

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Contents

Introduction

1. The aim of this document is to provide a brief but comprehensive overview of issues related to the implementation and delivery of programmatic outputs by the WHO Regional Office for Europe under programme budget 2014–2015 (PB 2014–2015). It serves two purposes: to provide background information for discussions on topics related to WHO reform at the 65th session of the Regional Committee in September 2015 and to ensure that the Regional Office is accountable to its governing bodies.

2. The current status of PB 2014–2015 of the Regional Office may be characterized as: realistic budget levels, solid funding and delayed implementation. The background for this is detailed below, and the Secretariat is working to ensure that programmatic implementation picks up speed considerably during the remaining months of the 2014–2015 biennium.

Implementation of PB 2014–2015

Changes in budget levels for the European Region

3. In May 2013, the Sixty-sixth World Health Assembly approved PB 2014–2015 in resolution WHA66.2 before operational planning, during which every output and deliverable was costed, could be completed. As a result, during the 2014–2015 biennium, the following adjustments were made to the programme budget:

- After operational planning for PB 2014–2015 was completed, programme area budgets were adjusted to reflect detailed costings, while budgets by category were kept at the levels approved in resolution WHA66.2 (referred to as the WHA-approved budget).
- At the end of 2014, budget ceiling increases and decreases were made in all technical categories based on updated funding and implementation projections.
- Three ad hoc budget increase requests were submitted and approved for the outbreak and crisis response programme area of category 5 for crisis response operations being carried out by the Regional Office for Europe: operations in Turkey related to the situation in the Syrian Arab Republic, specifically, those of the Gaziantep field office in southern Turkey; and the humanitarian crisis response related to the situation in Ukraine. Two of the budget increases have been fully implemented and are reflected in this document; the third one (approximately US$ 6 million) is in the process of being implemented. As large-scale outbreaks or crises requiring a response cannot be planned for, their budget is being rapidly adjusted based on the scale of operations and available funding.

4. The above-mentioned adjustments to programme areas and categories have resulted in a current allocated budget of US$ 247 million for PB 2014–2015 for the Regional Office, a 10% increase over the WHA-approved budget of US$ 225 million. As can be seen in Table 1, the adjustments have resulted in better alignment between funding and budgets, with a similar proportion of funding available against budgets for all categories.

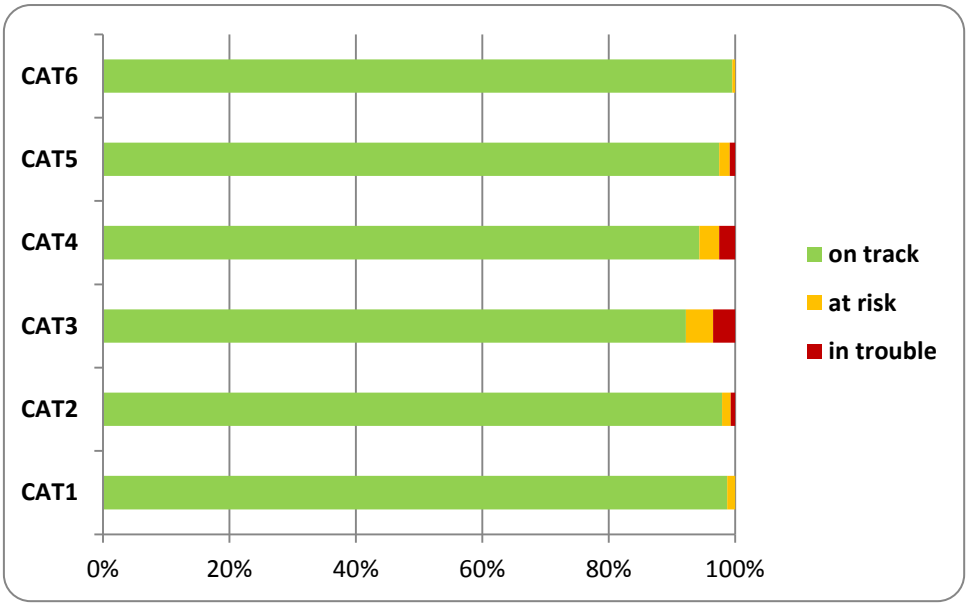
Table 1. Implementation and funding of PB 2014–2015 by category, as at 31 July 2015

Category	% funds available of WHA-approved PB	% funds available of allocated PB	% implementation of WHA-approved PB	% implementation of allocated PB	% implementation of available funds
1	118%	85%	77%	56%	65%
2	72%	81%	46%	51%	64%
3	76%	80%	53%	56%	70%
4	92%	85%	64%	59%	70%
5	111%	84%	73%	56%	66%
6	95%	95%	67%	67%	71%
Sub-total Base budget	**92%**	**86%**	**63%**	**59%**	**68%**
Sub-total Emergencies	**230%**	**125%**	**104%**	**57%**	**45%**
Total European Region	**97%**	**89%**	**64%**	**59%**	**66%**

Overview of technical implementation

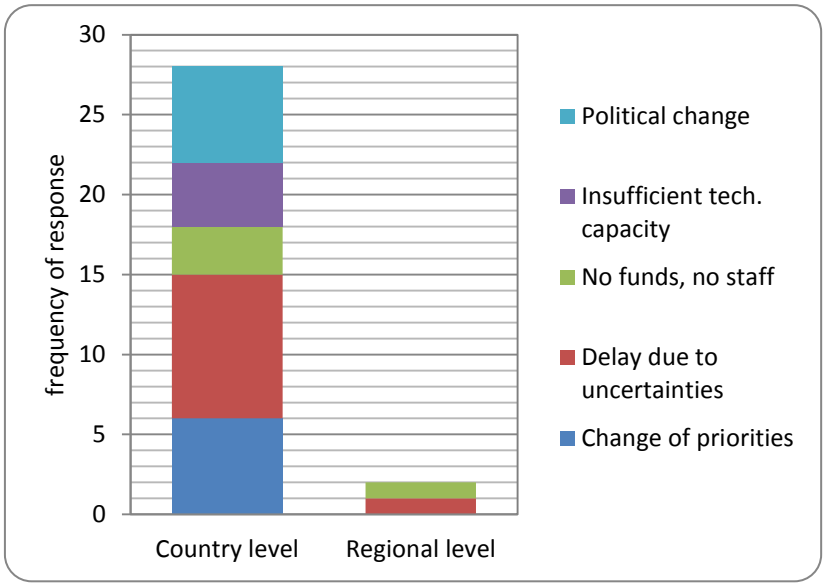
5. For the 2014–2015 biennium, the Regional Office has a portfolio of 983 outputs, that is, outputs for the global PB 2014–2015 that are specified at the regional and country levels. Achievement of outputs is monitored and analysed at the regional level through reviews at six-month intervals. In the 18-month assessment, 91% of outputs were reported to be "on track", 2% were "at risk" and 7% "in trouble" (see Fig. 1).

Fig. 1. Overview of technical implementation, results of the 18-month self-assessment review, as at 30 June 2015



6. As seen in Fig. 2, the main challenges continue to be political changes in countries, changes in priorities, and delays due to both internal and external factors, such as delayed arrival of corporate funds at the start of the biennium and the revision of contractual arrangements for European Commission (EC) funding in the wake of changes in the EC's financial regulations, resulting in delays in signing donor agreements.

Fig. 2. Summary of main impediments to successful implementation



7. Category 3 has the highest percentage of outputs "at risk" and "in trouble" and the main issue for this category for the European Region is that the pace of resource mobilization has been slower than expected throughout the biennium, partly owing to uncertainties in relation to funding from the EC. Programme areas 3.4 (Social determinants of health) and 3.5 (Health and the environment) are highly dependent on voluntary contributions (VC) raised by the programmes themselves and these VC funds are for the most part highly specified.

Overview of funding and financial implementation

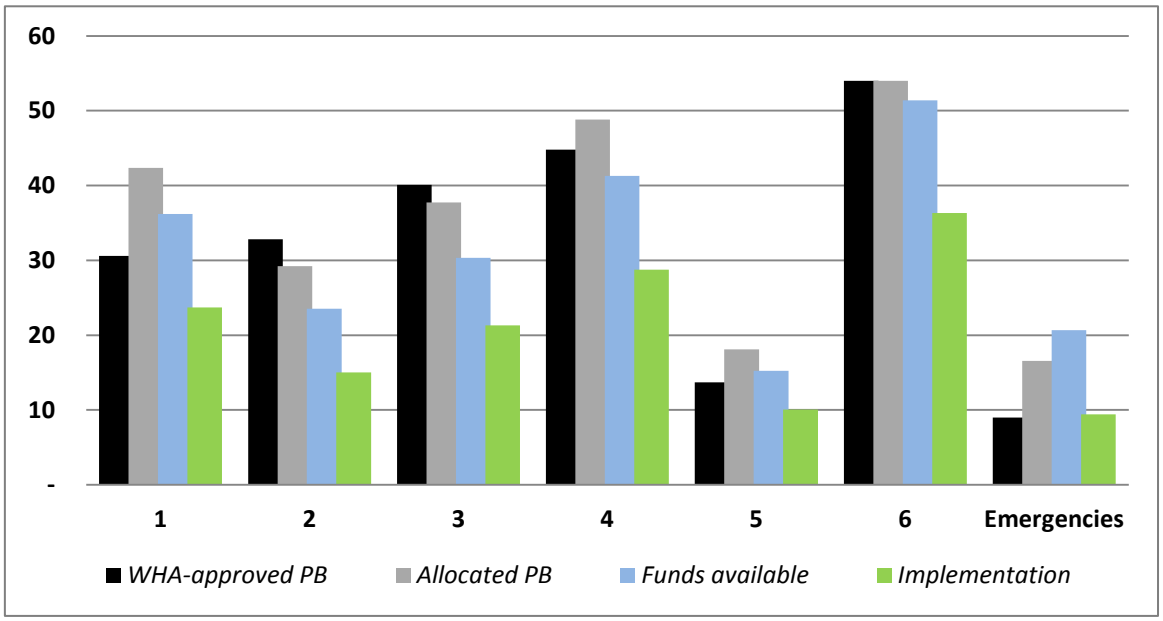
By category

8. The Regional Office's WHA-approved budget for 2014–2015 was US$ 225 million. Distribution of the budget by category is shown in Table 2 and Fig. 3. As noted above, the European Region's WHA-approved budget has been adjusted by an increase of US$ 22 million (10%), resulting in a total budget of US$ 247 million. This new budget level is referred to as the allocated PB 2014–2015.

Table 2. Levels of WHA-approved and allocated PB 2014–2015 for the WHO Regional Office for Europe, as at August 2015 (US$ millions)

Category	WHA-approved PB 2014–2015	Allocated PB 2014–2015	Increase/decrease	
1	30.6	42.3	11.7	38%
2	32.8	29.2	(-3.6)	-11%
3	40.1	37.7	(-2.4)	-6%
4	44.8	48.8	4.0	9%
5	13.7	18.1	4.4	32%
6	54.0	54.0	–	0%
Emergencies	9.0	16.6	7.6	84%
TOTAL	**225.0**	**246.8**	**21.8**	**10%**

Fig. 3. WHA-approved and allocated PB 2014–2015: available resources and implementation by category, as at 31 July 2015 (US$ millions)



9. At the end of July 2015, the allocated PB 2014–2015 for the Regional Office was funded at 89%. Implementation of the allocated PB was at 59%, below the expected implementation, which for this time in the biennium should be approximately 80%. Various factors have delayed implementation, including: timing of resource availability at the start of the biennium resulting in a low implementation rate in the first two months of the biennium; insufficient technical capacity especially at the country level; redirection of staff to the Ebola emergency response; budget ceiling restrictions; impact of a weak euro, affecting the euro to US dollar exchange rate (budget and expenditures are expressed in US dollars while regional expenditures are to a great extent in euros); and other administrative issues, such as procurement delays. The issue of slow initial implementation is of concern to the Secretariat, which is enacting a number of measures to boost implementation during the remaining months of 2015.

10. Analysis of funding by category shows that the allocated PB for all technical categories is evenly funded at between 80% and 85% (Table 3). Implementation of the allocated PB is also even across categories (Table 3). More detailed analysis of funding and implementation by programme area within categories is presented in the next section.

By programme area

11. The six categories of PB 2014–2015 are divided into 30 programme areas. Table 3 summarizes the financial situation by programme area.

12. Table 3 shows that 22 of the 30 programme areas have already secured over 80% of their funding for their allocated budgets, a positive development in comparison with the situation in previous bienniums. Despite this overall positive trend, programme areas 1.4 (Neglected tropical diseases), 2.3 (Violence and injuries) and 2.5 (Nutrition) continue to be the least funded programme areas in the European Region, at 51%, 63% and 57%, respectively, which is significantly lower than the next lowest funded programme area 3.5 (Health and the environment), which is funded at 74%.

13. In terms of shortfalls in US dollars, programme areas 1.2 (Tuberculosis) and 3.5 (Health and the environment) have shortfalls above US$ 4 million. While in programme area 1.2 the projected VC will substantially decrease the gap, programme area 3.5 will close the gap only by 30% if projections materialize. This is in line with the earlier assessment that a low level of VC funding impedes technical implementation in these programmes.

14. Programme areas 1.3 (Malaria), 1.5 (Vaccine-preventable diseases), 2.2 (Mental health and substance abuse), 4.4 (Health information), 6.4 (Management and administration) and 6.5 (Strategic communication) stand out with a higher than average implementation of 66% or above.

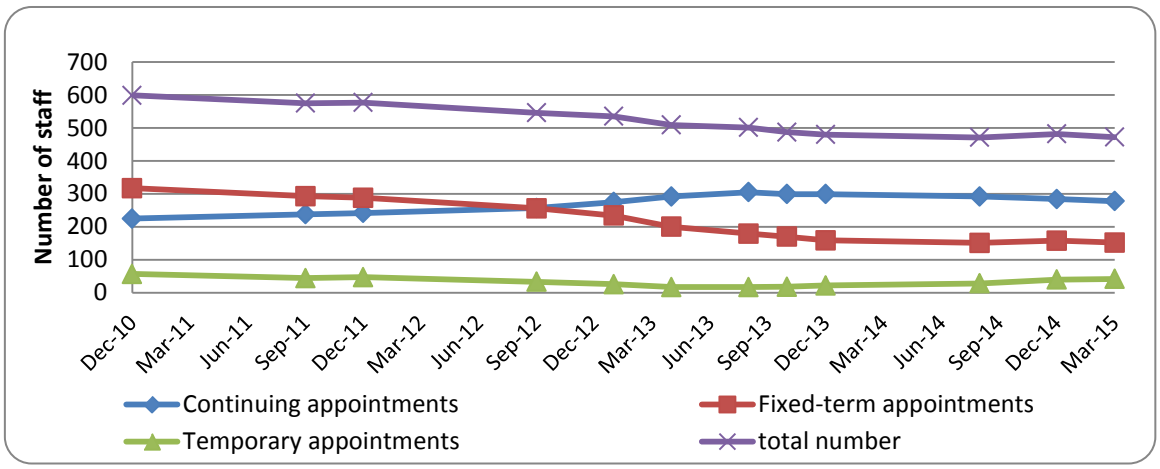
Table 3. PB 2014–2015 by programme area: budget, available resources and implementation, as at 31 July 2015 (US$ 000)

Programme area	WHA-approved PB	Allocated PB	Funds available (*awards budgeted + to be budgeted*)	Unfunded allocated PB	Implem.	% Funds available of alloc. PB	% Implem. alloc. PB	% Implem. available funds
1.001 HIV	5,800	7,166	6,472	-693	4,392	90%	61%	68%
1.002 TUB	11,000	18,794	14,647	-4,147	8,488	78%	45%	58%
1.003 MAL	1,100	1,325	1,067	-258	924	81%	70%	87%
1.004 NTD	400	701	359	-342	154	51%	22%	43%
1.005 VPD	12,300	14,349	13,640	-709	9,730	95%	68%	71%
sub-total Cat 1	**30,600**	**42,334**	**36,185**	**-6,149**	**23,688**	**85%**	**56%**	**65%**
2.001 NCD	16,400	15,501	13,638	-1,863	7,182	88%	46%	53%
2.002 MHS	7,200	4,936	4,239	-697	3,291	86%	67%	78%
2.003 VIP	6,700	5,215	3,306	-1,909	2,923	63%	56%	88%
2.004 DIS	500	967	888	-79	595	92%	62%	67%
2.005 NUT	2,000	2,584	1,483	-1,101	1,044	57%	40%	70%
sub-total Cat 2	**32,800**	**29,202**	**23,554**	**-5,648**	**15,036**	**81%**	**51%**	**64%**
3.001 RMC	7,000	6,712	6,435	-277	4,396	96%	66%	68%
3.002 AGE	1,500	1,500	1,198	-302	748	80%	50%	62%
3.003 GER	1,300	1,129	989	-140	623	88%	55%	63%
3.004 SDH	7,600	7,498	6,276	-1,222	4,097	84%	55%	65%
3.005 HEN	22,700	20,909	15,430	-5,479	11,452	74%	55%	74%
sub-total Cat 3	**40,100**	**37,748**	**30,328**	**-7,420**	**21,317**	**80%**	**56%**	**70%**
4.001 NHP	17,600	17,789	15,103	-2,685	10,197	85%	57%	68%
4.002 IPH	11,700	16,575	12,614	-3,961	8,956	76%	54%	71%
4.003 AMT	7,000	4,685	4,204	-482	2,810	90%	60%	67%
4.004 HSI	8,500	9,780	9,353	-427	6,784	96%	69%	73%
sub-total Cat 4	**44,800**	**48,829**	**41,274**	**-7,555**	**28,748**	**85%**	**59%**	**70%**
5.001 ARC	7,500	6,317	5,945	-372	4,092	94%	65%	69%
5.002 EPD	1,400	6,935	5,252	-1,684	3,529	76%	51%	67%
5.003 ERM	3,400	3,606	3,100	-506	1,815	86%	50%	59%
5.004 FOS	1,400	1,225	942	-284	628	77%	51%	67%
sub-total Cat 5	**13,700**	**18,084**	**15,238**	**-2,845**	**10,064**	**84%**	**56%**	**66%**
6.001 GOV	25,300	28,861	26,957	-1,905	18,833	93%	65%	70%
6.002 TAR	1,100	2,310	1,961	-348	1,414	85%	61%	72%
6.003 SPR	3,400	3,530	2,999	-531	2,014	85%	57%	67%
6.004 ADM	21,400	14,871	15,247	376	11,009	103%	74%	72%
6.005 COM	2,800	4,428	4,223	-205	3,065	95%	69%	73%
sub-total Cat 6	**54,000**	**54,000**	**51,386**	**-2,614**	**36,334**	**95%**	**67%**	**71%**
sub-total Base	**216,000**	**230,198**	**197,966**	**-32,232**	**135,186**	**86%**	**59%**	**68%**
5.005 POL	4,000	6,933	6,121	-812	3,400	88%	49%	56%
5.006 OCR	5,000	9,645	14,550	4,905	6,004	151%	62%	41%
sub-total Emergencie	**9,000**	**16,578**	**20,671**	**4,093**	**9,404**	**125%**	**57%**	**45%**
TOTAL PB 2014-2015	**225,000**	**246,776**	**218,636**	**-28,139**	**144,590**	**89%**	**59%**	**66%**

By staff and activity cost

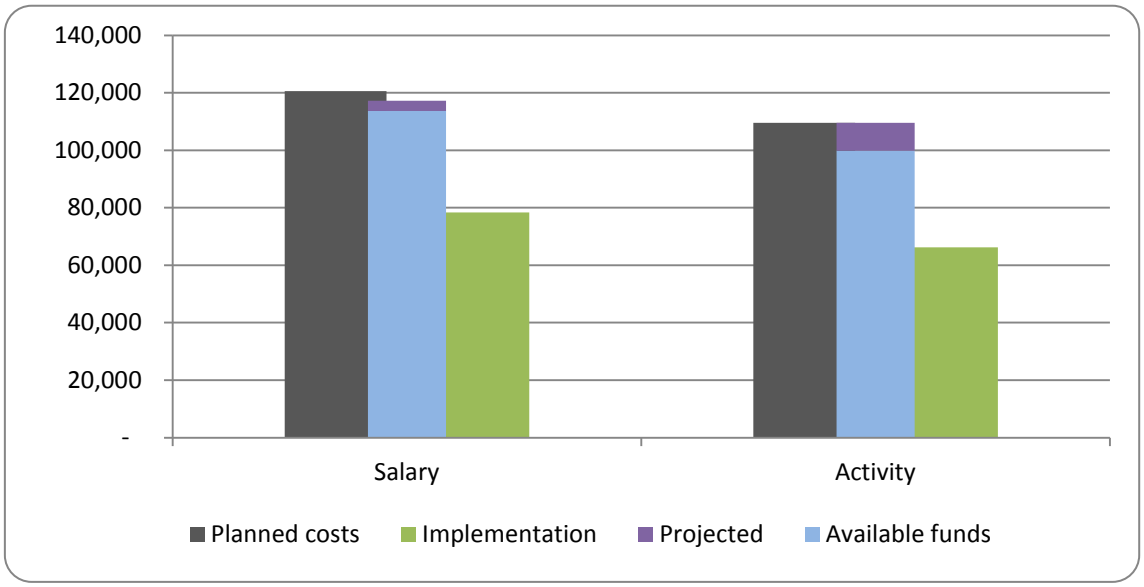
15. The overall spending on staff costs constitutes 55% of total expenditures to date, which is about 10% less than the 2012–2013 biennium when the Regional Office started to implement its sustainability plan. Lower expenditures on staff costs are directly related to a decrease in overall levels of staff, including temporary staff. As at March 2015, the Regional Office for Europe had a total of 472 staff compared to 509 in March 2013 (Fig. 4). Lower expenditures on staff costs have also led to a lower monthly implementation rate, as the Regional Office has been gradually building higher activity implementation to match the decrease in staff cost expenditures.

Fig. 4. Evolution of staff levels in the WHO Regional Office for Europe by type of contract from December 2010 to March 2015



16. Currently, 94% of planned costs for salaries are covered through available funds. If projected VC are considered, planned costs are potentially funded at 97%, with the funding gap for staff costs estimated to be about US$ 2.3 million (Fig. 5). Approximately 57% (US$ 1.3 million) of this shortfall is in programme area 3.5 (Health and the environment) as a result of decreased funding for this programme area and tightly earmarked funds, which are predominantly used only for activities. This gap will be closed with corporate funds, but this area will have to be carefully reviewed for the 2016–2017 biennium. The remaining shortfall is for vacant and/or new positions.

Fig. 5. Funding of staff salaries and activities, including projected VC, as at 31 July 2015 (US$ 000)



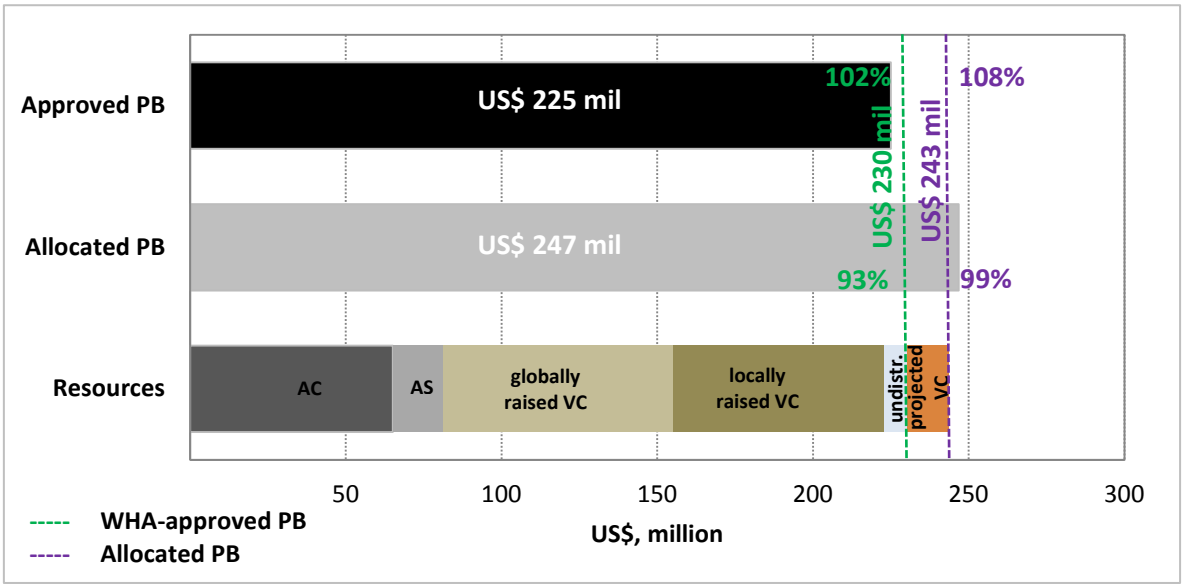
17. Planned costs for activities are currently funded at 91% or at 100% if projected VC are included. The 60% rate of implementation of activities is below linear expectation for this time in the biennium, which normally would be 80%; implementation of available funds for activities is 66%. As a result of several measures enacted to boost implementation during the remaining months of 2015, the Regional Office is seeing signs of an improving implementation rate: projected implementation of activities through the end of the biennium has increased by 5% since May 2015. The situation is being regularly monitored and followed up.

Resource situation

Financial resources for the WHO Regional Office for Europe

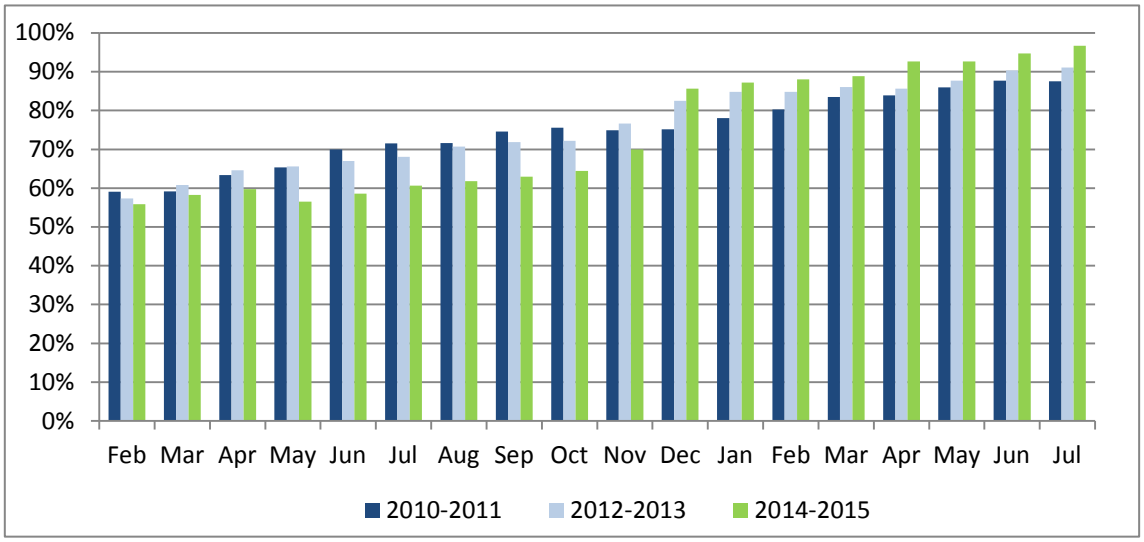
18. At the end of March 2015, the allocated PB 2014–2015 for the Regional Office was funded at 93%, including undistributed funds, or at 99% if projected VC were included (Fig. 6). About 45% of the Regional Office's financial resources are fully or highly flexible funds. Of these, assessed contributions (AC) make up 65%, the core voluntary contributions account (CVCA) 24% and administrative support (AS) funds 11%. The other 55% of the Regional Office's financial resources consists of VC that are highly specified for a project, country or disease or a combination of the three. These VC are mobilized either globally and distributed to major offices by WHO headquarters or by the Regional Office and country offices. VC provided at the regional level are often less predictable than multiyear agreements and grants agreed at the global level.

Fig. 6. PB 2014–2015: funding and breakdown of available resources by type, as at 31 July 2015



19. Fig. 7 shows the timing of the receipt of funds and compares the 2014–2015 biennium to the two previous bienniums. For the current biennium, funds have been available much later than in the two previous bienniums, which can be partly accounted for by the delayed release of corporate resources in 2014–2015. The large tranches of corporate funds received in December 2014 and April 2015 have pushed funding levels proportionally higher than they had been in recent bienniums. As at July 2015, the Regional Office had received approximately US$ 5 million more AC and US$ 6 million more CVCA than at the equivalent time in the two previous bienniums.

Fig. 7. Percentage of allocated PB funds received during the first 18 months of the biennium in 2010–2011, 2012–2013, and 2014–2015



Summary and conclusions

20. Eighteen months into the 2014–2015 biennium, the following observations can be made.

– Based on funding availability and implementation projections, PB 2014–2015 for the Regional Office for Europe has been adjusted, resulting in an allocated PB 10% higher than the WHA-approved PB. This change is due to a combination of increases and decreases in budget levels in all five technical categories (category 6 remains at the WHA-approved level).

– The Regional Office continues the 2014–2015 biennium on a solid financial foundation. The current level of funding for the allocated PB is even among technical categories 1 to 5, partly due to the budget adjustments described above. The financing of programme areas is improving, with relatively few poorly funded programme areas.

– The Regional Office has been allocated 9% more of the AC and CVCA funds available at the global level compared with the same time in the previous biennium. These flexible corporate funds have enabled the Regional Office to use resources more strategically and to fund salaries and activities in underfunded and

priority areas, better reflecting the concept of a “fully funded budget” that the Organization is working towards.

– As at July 2015, the implementation of the allocated PB in the European Region is somewhat below expectations. The Regional Office has introduced several measures to improve this situation by the end of 2015 and there are clear signs of an improving implementation rate.

– The Regional Office is seeing the direct consequences of the sustainability plan launched in the previous biennium, with staff costs reduced by 10% and no salary gap.

Annex: Glossary of terms and abbreviations

Administrative support funds (AS): part of programme support costs, can be used to fund only category 6.

Allocated budget: the budget as revised and approved by the WHO Director-General, subsequent to World Health Assembly approval.

Assessed contributions (AC): regular contributions made by all Member States, calculated on the basis of an assessment key determined by the United Nations. When the World Health Assembly endorses the appropriation resolution, it decides how AC should be used. In past programme budgets, this was at the level of strategic objectives, with 13 appropriation sections. In the current programme budget, it is by category and programme area.

Base programmes: the part of the programme budget for which WHO has full, exclusive managerial control.

Biennial collaborative agreements (BCAs): agreements between WHO and Member States in the European Region that outline the focus of work during the biennium.

Core voluntary contributions account (CVCA): a mechanism to receive, allocate and manage resources provided to WHO by donors and which are flexible at the programme budget (across categories 1–5) or category level.

Corporate resources: resources that can be managed by the Organization with a high degree of flexibility, including allocating, spending, according priority and filling budget financing gaps; they include AC, AS, CVCA and POC funds.

European Observatory on Health Systems and Policies (OBS): a collaborative arrangement within the programme budget's special programme and collaborative arrangements segment located in Brussels, Belgium.

Geographically dispersed office (GDO): part of the Regional Office with a specific technical focus and located outside Copenhagen, Denmark.

Global Management System (GSM): the enterprise resource planning system used by WHO; the software provider is Oracle.

Health impact: the final achievement of the value chain, defined as improvements in both the level and the distribution of health in European populations.

Human resources (HR): the HR plan links results with staff and resources.

Millennium Development Goals (MDGs): United Nations development goals with an agreed deadline of 2015 for their achievement.

Output: an element in the value chain representing deliverables by the Secretariat, such as guidelines, norms and standards, policy options, capacity-building packages and technical advice, required by Member States to achieve a health impact.

Post occupancy charge (POC): included in the staff costs charged to each project or workplan to recover any direct costs associated with project staff that are not otherwise covered; this is a WHO-wide charge that is applied to all salaries. In order to avoid double-counting, the POC is applied outside the PB.

Priority outcome: element in the value chain deemed to be a priority by Member States. The measure of achievement of a priority outcome is "the number of Member States that have …".

Programme budget (PB): the biennial WHO programme budget as presented to the World Health Assembly before the start of the biennium; budget envelopes are often adjusted during the biennium, resulting in the so-called "allocated budget".

Secretariat: the staff and organizational, managerial and physical structures of WHO.

Specified voluntary contributions (VCS): VC that are closely earmarked by the contributor as for what and how they can be used.

Value chain: describes and illustrates the transformation of inputs (money, staff, information, etc.) into public health impacts, expressed in terms of the overarching goal of improving the level and distribution of health in the European population.

Voluntary contributions (VC): are those other than AS, CVCA and OBS.

WHO collaborating centre (WHO CC): there are 285 officially designated centres in the European Region, of which 112 are designated by the Regional Office and the remainder by WHO headquarters or other regions.

World Health Organization (WHO): the term is used to cover the Member States and the Secretariat.

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