

16A. Strategic Budget Space Allocation

Comment

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In focus at WP RC65

Regional Committees are requested by the WHA to provide comment on the issue of 'strategic budget space allocation' (introduced on page 3 of [WPR/RC65/11](#)); see Annex 4 (from page 35) of [WPR/RC65/11](#).

Background

One of the key elements which has been raised repeatedly in the discussions of WHO Reform has been the seeming irrationality of expenditure patterns in relation to needs, priorities and achievable outcomes. This is in part a consequence of the competition between clusters, departments and regions for donor funding.

Part of responding to this has been the decision to adopt a programme budget and then seek to fund it through the Financing Dialogue with the expectation that budgeted line items will not be exceeded, even if donors wish to give in total more than the budget projection. However, this does not guarantee that budget projections will be funded.

A further element of the reform program is the development of a more rigorous approach to resource allocation in the context of the expenditure budget. In view of the fact that full funding of all line items cannot be guaranteed the PBAC has suggested that this be referred to as strategic *budget space* allocation. This accommodates the reality that in some degree programmes and regions will be allocated empty 'budget space' owing to the gross insufficiency of assessed contributions and the reluctance of the donors to fund some important line items.

A Working Group was established under the PBAC which submitted an interim report, [A67/9](#), which was considered by the PBAC and the WHA (PHM note of the WHA67 discussion, [here](#)) and a further iteration was produced taking into account PBAC comments.

This version is now distributed to Regional Committees for their consideration (Annex 4 (from page 35) of [WPR/RC65/11](#)). The Working Group has set out a roadmap for developing the new methodology for strategic budget space allocation:

- present the revised paper to Regional Committees for input and further guidance – September–October 2014;
- in parallel, the Secretariat develops 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;
- provide update on the draft proposal to Member States – mid-December;
- the Secretariat presents a draft proposal on the new strategic budget space allocation to the Programme, Budget and Administration Committee – January 2015.

It was decided at EB135 to maintain the membership of the WG until it had finished its work, notwithstanding the new membership of the EB and the PBAC (noted [here](#)).

The WG proposes six principles to guide strategic budget space allocation:

- based on needs and evidence: strategic allocation of resources supports those countries in greatest need and should be 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: resource allocations among geographical or functional segments should be done in accordance with objective and generally accepted and consistently applied criteria;
- accountability and transparency should be central to planning and allocation of resources and to reporting on the use of those resources;
- clear roles and functions at all three levels of the Organization will support decisions on allocation of tasks and resources and strengthen accountability;
- efficiency and effectiveness: how and where best to allocate resources in order to achieve significant impact and value for investment should be critical considerations in planning and strategic resource allocation;
- performance improvement should be considered as an incentive in resource allocation, to encourage delivery of results and achievement of outcomes.

It proposes to consider budget space allocation in relation to four 'segments':

- technical cooperation at the country level
- provision of global and regional goods: mandatory/long term and emerging needs
- administration and management
- emergency response.

The Committee suggested different criteria and rules for allocating within these four segments. The Committee did not address the allocation across 'segments' as opposed to within segments. There was no consideration of how 'segments' map onto 'categories' and 'programmes' as defined in the GPW12.

The Committee's report was published for WHA delegates quite late and several Member States commented on this. Several delegates warned against an algorithmic approach to resource allocation emphasising that senior management needs a degree of flexibility. See [PHM report of discussion at WHA67](#).

The Secretariat paper conveying the draft Programme Budget for 2016-17 ([here](#)) outlines the methodology used to build this draft Budget (see paras 3-9 from page 2). The methodology used bears little relation to that proposed by the PBAC Committee.

PHM Comment

The Committee proposes a further shake up with respect to terminology. Under GPW11 resources were allocated by 'strategic objectives'. Under GPW12, WHO moved to 'categories' and 'programmes' and now the Committee proposes moving to 'segments' which do not map easily onto 'categories'! The transaction costs of these kinds of changes are considerable and would require some confidence that they carried real benefits.

At this stage we think that the methodology used by the Secretariat for PB16-17 appears more practical than the very limited proposal now being considered.

Overshadowing the challenge of budgeting methodology is the overwhelming problem of donor dependence associated with the freeze on assessed contributions. With this comes competition between clusters, departments and regions for donor attention. The funding dialogue, and the strategy of treating line items in the budget as a fixed ceiling regardless of donor willingness, will not solve the divisive effects of competition for donors since clusters and regions still face the possibility of budgeted line items being under-funded.

PHM urges the Regional Committee to be cautious in encouraging the PBAC process which could lead to more churning but less progress.

We urge the Member States to commit to a significant increase over the current level of assessed contributions. We urge the donor states to untie their voluntary contributions.

Notes from WP RC65 Debate