11.1 Overview of financial situation: Programme Budget 2016-17

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In focus

WHO faces a funding shortfall in the present biennium, around US$400m. PB16-17 is funded to around 90% of budgeted expenditure (A70/6).

The options in the short term include:

- increasingly urgent appeals to member states and other donors;
- cutting back on expenditure in the remaining months of the biennium;
- borrowing against contributions in future years.

The IEOAC (PBAC25/2) urged the Secretariat to undertake scenario planning to explore the impact on programmes of the projected funding shortfall. How many staff would need to be retrenched (in the remaining six months) to ensure WHO did not have an operational debt at the end of the biennium?

The options in the longer term, in particular PB18-19 (see Item 11.2 on this agenda) include:

- increasing assessed contributions (a figure of 10% is being talked about);
- budget cutbacks;
- increases in voluntary contributions and contributors (hopefully increasing flexible core contributions).

A70/6 provides a useful overview; see also the PB web portal.

Background

PB16-17 is framed by GPW12, 2014–2019, which was set out in A66/6 and approved through WHA66.1. GPW12 uses six broad 'categories of work' (para 144) and 30 'programme areas' within categories.

See A68/7 for the proposed PB16-17 and Resolution WHA68.1 which endorsed it. See PHM comment on PB16-17 at WHA68 and WHA69.

See A68/INF/7 for more info on budget process. For further information about the financing dialogue see: ttp://www.who.int/about/finances-accountability/funding/financing-dialogue/en/. See A69/47 for detail regarding 'budget space allocation'. See also PHM 2016 comment on strategic budget space allocation.

It is useful to review the discussion of PB16-17 at EB140 in Jan 2017 in (EB140/PSR8):

- The UK delegate advised that "*While her Government remained committed to the principle of zero budget growth across the entire United Nations system, it would support the proposed increase in assessed contributions on the understanding that such an increase neither represented a change in policy nor set a precedent*" and "*she urged other Member States to agree to the proposed increase in assessed contributions*";
- The US was less positive: "*Expectations of funding levels must be more realistic. Budgeting should not be aspirational. The Secretariat and Member States must consider whether programmes that were chronically underfinanced were being budgeted for, and funded, in a sustainable manner*" (in other words, if the donors will not support certain programs don't include them in the budget!);
- Thailand reiterated its support for a 10% increase in assessed contributions;
- Bhutan and Brazil noted that a 10% increase in ACs would be 'difficult';
- Several MSs supported the call by the IEOAC for scenario planning;
- Several MSs called for increased VCs and in some cases for less earmarking;

PHM comment

WHO's total budget is ridiculously small in comparison with the needs it faces and its outcomes potential.

With the freeze on assessed contributions comes donor dependence and tight earmarking. As the US delegate implied during the EB140 debate (see above) WHO is being forced to shape its budget in accordance with donor preferences.

Donor dependence and frantic 'resource mobilisation' also create major organisational dysfunctions: first, the divisive competition for donor attention across programs and regions and second, the loss of organisational coherence as the accountability of middle managers is directed to their donors rather than the organisational leadership.

PHM urges: lift the freeze, and increase and untie the VCs.

Debate at WHA70

See PSR for Committee A for 3rd meeting

Third meeting of Committee A, from 0900 Wed 24 May

Item 11.1 Overview of financial situation: Programme budget 2016–2017

The Chairman opened agenda item 11, subitem 11.1 and drew the Committee's attention to the relevant documents A70/6 and A70/58. Comments were invited from the floor.

The Committee noted the report, thus closing the subitem.

Chair: Vice-chair changed from one person from Mauritius to another person from Mauritius. Congratulate new DG.
11.1 & 11.2 taken together (A70/6 & A70/58).
PBAC Report contained in A70/58.

Lebanon- on behalf of EMRO. We are concerned about the lowest funding gaps and the contingency fund of 100million has balance at only 17. We need to find mechanism to find solution to funding gaps. Also see that the fund is utilised well. We need to decentralise the funding and financial issues to improve the situation.

Nigeria: On behalf of 47 African states. Note that though WHO wants to increase funding through engagement with new contributions, WHO should set targets for this with timelines. While developing value-for-money, believe that reduction in cost should not compromise quality of programs, support quality-based funding. Support increase of ACs by 3%. Recommend WHO focus/redirect funding to high-impact interventions: health emergencies, HIV, SDH, … polio. Welcome avenues from traditional and non-traditional financing and urge to consider PSES and philanthropies.

Japan- recognises the reforms in financial matters. We hope tedros carries the reforms . decide to add a operational function on . we approve the supplementary budget and the increase in 3%. Raise some issues: 1 - prioritization: the budget has 46million on health emergencies and AMR… 2 - effectiveness and efficiency: it does not mean that NCD and mental health are not important. Second Ministers of MS face similar problems and overcome through efficiency of the programmes. Third, accountability and transparency, we support the emergency programme and ask the WHo to present tangible progress. Strong determination to support WHO. Japan is committed to support new DG

UK: WHO budget web portal = best practice in UN system. Financing dialogue and better alignment to priorities welcomed. Final part of financing chain still missing: clear articulation of results/impact, which is important for MS confidence and therefore securing funds. Yes, WHO is primarily a norms and standard-setting organization, therefore impact is more difficult to show, but WHO can do more. And in the competitive multilateral context it needs to do so to get the funding it seeks. Want to know if next iteration of web portal will map spending to output and results.

Simon Wright: [UK is supporting the 3% increase we understand, they supported the 10% at the EB]

Australia: recognises the efforts for sustainable financing. The reforms give mS confidence to give money. We acknowledge the issues faced by WHO. we welcome the WHO to come out on what programmes they are going to scale down and a scenario for future. Results should be Shared about proposed programmes.Model for mobilising resources should be shared. Australia would allocate voluntary resources to programmes which need resources.

Monaco: Congratulate progress re predictability and transparency, WHO needs to make more progress on other pillars, especially diversification of donor base. Note funding gap re NCDs, even more problematic since has been identified as absolute priority for next biennium budget. Need to find ways to address this. Request that this urgent issue be discussed during the next financing dialogue. Financing is one of the main challenges WHO will be faced with. Don't think that ACs will be a miracle solution, need improved efficacy and transparency... Count on Dr. Tedros to meet expectations on this.

Mexico: express that in january meetings of EB our delegation spoke about funding gaps. There should be analysis and diagnostics to understand the reasons for it. We feel that WHO should limit activities which are not viable. Optimise the austerity measures. Mexico recognises the issues and also the lack of funding and ask for . find other financing alternatives. Complying with increase is significant effort

Brazil: On behalf of Americas. Concerns re financing gap for 2016-17 and mismatch between goals and actual resources for different areas. … Refined version of 2018-19 budget provides more clarity on costing etc. and alignment with SDGs. Recognize budget for Americas has been adjusted upwards. … program for AMR. Region is very concerned with inadequate funding for NCDs, violence and food safety. [data on deaths due to NCDs]. These issues were prioritized through a bottom-up process. They will actively participate in budget project for 2020-2025 to support better alignment with region.

Germany (get statement): we do everything on our side to close the gap through voluntary funds. The situation remains of concern for current biennial and even more for future. The secretariat is cutting down on activities to bridge the gap, we want to know which programmes will be stopped and their public health outcomes. Germany wants to know the essential for covering most necessary programmes . germany was strong to increase 10% , which was not agreed. Alignment remains , CBC-a (you mean cvc?) funding has been going down, we need priorities where in we know the outcomes to give voluntary funds. we request resource mobilisation is implemented and practised

Egypt (get statement): Aligned with statement by Lebanon on behalf of EMRO. Echo Germany. Highlight alarming signs noticed in reports:
1 - decrease in overall flexible funding

2 - decrease in core voluntary funding
3 - funding shortfall for 2016-17 biennium while already halfway through
Financing dialogue not best method, calling for open-ended inter-governmental process to address the financial situation as a whole. Prioritization is double-edged sword. Since the budget is determined by a bottom-up approach, prioritization would have a negative impact on some countries. This is a very serious issue. Remind that Egypt was in favour of increasing ACs to 10% based on the recommendations of the HLP. Would like to refer to the fact that the contingency fund was recommended to be increased to 300 million, haven't even reached 100 million. Very alarming, need new process and urge new DG to address this.

Indonesia: agree with proposal to increase 3%, we understand , other ways also should be seen to increase the funds by prioritisation. The budget should be used effectively on timely manner. The priorities should be set according to the necessity and FENSA should be taken into consideration.

Rep of Korea: Appreciates work on budget and increasing transparency and accountability. WHO has made continued efforts to expand donor base: 40 new contributors. However, concern that only 5 out of 40 are retained. It is essential to keep new contributors in the long run for enhancing the predictability of the WHO budget. Need a new contributors retention mechanism. Has the Secretariat analysed why not maintained? If so share with MS. And share strategy to keep new contributors in the long-term. Korean innovative funding plan: levied money on air tickets to create funds.

China:thank DG and secretariat for the positive results in execution of programmes. The gap remains for emergency and NCDs. we hope that who will raise funds with current and future donors. We need to use these for priorities. We support reforms and support increasing the contributions as it gives WHo independence. We support increase in 3%.

Russia: Welcomes transparency re funding including on country level, especially work on budget portal. However, efforts aimed at raising new funds from MS and new donors are important. Increased ACs should not be the main mechanism to address funding gaps. Need to prioritize analysis of results of programs etc. in future. Need to optimize funding and look at best practices.

Bangladesh: appreciates initiatives to close gap for 16-17. We are happy to know that most of the fund- 80% is used on 10 programmes. While staff matters are dealing with them is important, they need to look into other areas as well.We congratulate the efforts in oct 2016. The WHA69 on FENSA was good as it gives scope for more funds without loosing its credibility.

New Zealand: Supports concerns raised by Germany, Egypt etc. Welcome alignment with SDGs, however clear struggle to finance, as per PBAC report. Discussed stopping programs etc - should be discussed at EB in Jan 2018. Urge WHA to take PBAC concerns into account when considering new items for WHO programs, as adding items will only make

problem worse. Need new DG to consider prioritization, cost-savings, and reconsidering scope of WHO … comparative strategic advantage.

Chair: reminder that we are on 11.1 and will discuss 11.2 later.

USA: we agree with new zealand and with brazil. We commend chan on the work with funding. We appreciate the reforms to make WHO operate efficiently. We believe that secretariat has that broadening the donor base will help the organisation. Transparency is critical. There have been efforts to improve the web portal the results chain is important. We thank organisation on this matter. We look forward to fully fund the organisation.

Iraq: Addressing 11.2 so will discuss later.

Algeria: Addressing 11.2 so will come back later.

Togo: Addressing 11.2 so will come back later.

Chair: no additional countries

Dr. Hans Trietsen (?): Thank MS for interventions/comments/issues raised. Start by recognizing areas where find agreement:

- Improve efficiency and effectiveness through cost savings by taking one step further to look at VfM (will have more comprehensive paper on this that will be presented and discussed at EB in JAn 2018)
- Prioritization, yes key issue, will come back to that.
- Want to recognize what several MS (US, Korea etc.) have said about importance of broadening donor base and strategy to keep and maintain support by new donors - Tedros mentioned this will be one of his first actions
- Web portal: will come back to UK's comments - will try to provide as much information and do analysis as much as possible - not just enough to have transparency to see how can improve further.
- More specific issues:
    - Not fully funded for 2016-17: good news and bad news:
    - Good news is that we have improved since 2016, now over 90% funded: one of the reasons why improved since Dec 2016 is that we have additional funding in the WHO Health Emergencies program.
    - Bad news is that this funding is not aligned to the program budget: we have over- and under-funded areas - most obvious is NCDs and he'll come back to that.
- Egypt comment on prioritization: it is key and (as he said several times in PBAC), there is a complex mechanism re how WHO, as a complex org, is setting priorities, not just about planning, but resolutions adopt here have immediate financial implications, but also have emergencies, then also have emerging PH priorities like AMR, and finally in PH not a time horizon of 2-year biennium, PH needs long-term investments. All these mechanisms for prioritization need to be put together. Re Egypt's question, this is a corporate approach: through global policy group etc.

networks - look at both prioritization and resource allocation. Need to take more corporate approaches so can see fully-funded at all levels.

- Germany question re what will happen if not fully funded, not easy to answer. Already taking action in areas where see this. One country asked if programs will be stopped, we will not stop, but where under-funded need to hold back on recruitments (new and to fill vacancies) and re-prioritization.
- At same time, point is not just to postpone - if not improving financing in future, we will have the same discussion in 2018-19, so appreciate MS who raised key issue that this needs to be discussed and need to look forward to EB 2018 to look at this and how can finance in the future.
- NCDs was rightly raised by many countries- we will not be fully funded at NCDs . you all say that this is priority. The internationally it is priority, MS and donors do not fund NCDs. why should we work on it if you don't give money. We have to be realistic and there is flexibility wherein 5% can be interchanged. The answer is we need to put the money where our mouth is. What we will do as germany asked is, we might have to hold back on implementation and technical support at country level until the funds are provided.
- UK- we need to much more on results and reporting. We need to see that it is reflected in the web portal and improve this portal and improve outcome indicators.

Chair: WHA invited to note the report. Agenda item is now closed.

Action

Report noted