Item 23.1 Matters emanating from the Working Group on Sustainable Financing

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In focus

[EB152/33: Report of the Agile Member States Task Group on Strengthening WHO Budgetary, Programmatic and Financing Governance](#)

In EB152/33 the Member States Task Group reports on the strengthening of WHO's budgetary, programmatic and financing governance to address governance challenges relating to transparency, efficiency, accountability and compliance. The Board will be invited to discuss the report and to provide recommendations as needed.

Note that for all of the TG's 'long term recommendations' further work is proposed for both the Secretariat and Member States but the report does not resolve whether the next set of actions on behalf of Member States should be carried by the Chair of the PBAC or by the co-facilitators of the Agile Task Group.

[EB152/34: Secretariat implementation plan on reform](#)

Complementary to the report of the Member States Task Group mandated by the Executive Board at its 151st session, the Secretariat's implementation plan on reform, mandated through decision WHA75(8) (2022) on sustainable financing, will be presented. The implementation plan includes progress to date on reforms as well as a preliminary timeline and the resources required for the implementation of additional reforms, including but not limited to budgetary, programmatic, finance, governance and accountability reforms within the remit of the Secretariat. The Board will be invited to endorse the implementation plan.

[EB152/35: Sustainable financing: feasibility of a replenishment mechanism, including options for consideration](#)

The report will provide an assessment of the feasibility of a potential WHO replenishment as requested by the Health Assembly in decision WHA75(8) (2022) on Sustainable financing, endorsing the recommendations of the Member State Working Group on Sustainable Financing (Appendix 2 to document A75/9). This report outlines the Secretariat's review of the feasibility of a WHO replenishment in line with the six principles adopted in decision [WHA75(8)](#) (2022). The

review included consultation with Member States through the work of the Agile Member State Task Group and benchmarking of a set of replenishments within and beyond the global health arena. The Board will be invited to discuss the report and provide further guidance.

Background

The inadequacy, inflexibility, unpredictability, and inefficiency of WHO financing has been a recurring but unresolved question before the governing bodies. See Tracker links to previous discussions of WHO financing.

(A previous round of discussion might be dated from WHA64 (May 2011) and the Secretariat paper A64/4. Dr Chan's proposal for an increase in ACs was knocked back and there was a new focus for several years on the 'funding dialogue'.)

The present round of discussion might be dated from WHA71 (May 2018) with the Secretariat report A71/30 which sets out very clearly the inadequacies of WHO financing and the basic issues of the frozen ACs and tightly ear-marked VCs. The Secretariat outlined a range of steps it was taking to address the issues. See PBAC comment on this report in A71/46 (May 2018).

In October 2020 (in A73/37) the PBAC "expressed concern that the issue of insufficient flexible and sustainable funding was a recurrent theme at its meetings. The gap between the expectations of Member States and the funding they were prepared to contribute was highlighted."

The dire state of WHO finances was thrust into the spotlight with the Covid pandemic and the various reports which commented on the inadequacy of WHO funding in the face of the pandemic. See IOAC for WHEP May 2021 report (in A74/16); IHR Review Committee on the Covid response in May 2021 (A74/9 Add.1); and the Main Report of the Independent Panel.

The other critical funding uncertainty arises from polio transition (see EB152/19, Item 13.2 on this agenda). With the winding down of the Global Polio Eradication Initiative (GPEI) very significant numbers of staff will either be retrenched or will have to be employed by WHO through the base segment of the budget. It is not clear how many donors will be willing to transfer their funding streams from GPEI to WHO.

In Jan 2021 the EB reviewed a report by the DG on 'Sustainable Financing' (EB148/26). The report again set out the details of WHO's financing situation and outlined the challenges this imposed on WHO's work. The Secretariat invited the Board to consider setting up a Member State Working Group which could review the financial situation and options and in EB148(12) the EB established the Working Group on Sustainable Financing (see index page for WGSF).

The Independent Panel had recommended that WHO´s financial independence required fully unearmarked resources, with an increase of Member States fees to 2/3 of the budget for the WHO base programme and for an organized replenishment process for the remainder of the budget (see Main Report pp48-49). It appears that the WG gave full consideration to the

recommendations of the Independent Panel, although it settled on a staged increase to target of 50% of the base segment of the programme budget for 22/23. See the report of the 3rd meeting of the WG in EB/WGSF3/3. See also 'Rationale for increase in assessed contributions' (EB/WGSF/7/INF./1). See footnote 2, page 6 of the WG Report to WHA75 in A76/9.

The WG was asked to submit its final report to EB150 but was not able to achieve consensus including around the 50% target (compare the bracket text for para 39(f) in EB150/30 to the final text at para 39(e) in A75/9). The WG was given an extension of time (EB150(2)) and in A75/9 reported to WHA75 in May 2022. This final report conveyed the recommendations of the WG (paras 38-41). The recommendations deal with a number of issues including the proposal (para 40) to set up an 'agile Member States task group on strengthening WHO budgetary, programmatic and financing governance' and a proposed request to the Secretariat to investigate the possibility of a replenishment mechanism (para 39(f)).

The recommendations of the WG were adopted in WHA75(8) and the Secretariat asked to implement.
- EB152/33 conveys the report of the Agile Member States Task Group. See also the index page for the Agile MS TG. The TG recommendations are structured around transparency, accountability, compliance and efficiency.
- EB152/35 conveys the Secretariat's report on the feasibility of and options for a replenishment mechanism.
- EB152/34 conveys the report of the Secretariat on the recommendations of the WG addressed to it other than the replenishment mechanism. This report is structured as an implementation plan for reform (and a report on actions completed).

PHM Comment

Recommendations of Agile Task Group

The recommendations of the TG are generally sensible but the Secretariat should be asked to comment on the TG's recommendations.

The 'first actions for Member States' all require further work but the TG has not resolved whether these 'first actions' should be carried by the Chair of the EB or the Chair of the PBAC or the co-facilitators of the Task Group. The EB will need to resolve this.

The Secretariat's Implementation Plan

The Secretariat advises that its Implementation Plan (presented in EB152/34) takes into account the suggestions canvassed in the WG and in the TG discussions.

The implementation plan comprises 98 actions across the seven thematic categories of which 38 actions have already been implemented and the remaining 60 actions are in progress or will begin in the next year. The EB should endorse the plan.

Feasibility of a replenishment mechanism and options for consideration

The proposal for a replenishment model came from the Independent Panel. See the [background paper on WHO](#) produced for the Independent Panel for more detail. The Panel appears to assume that replenishment would only accept un-earmarked donations.

The WG proposed that ACs be increased (over 6-7 years) to 50% of the 22/23 base segment and that a replenishment mechanism be explored to cover the remaining funds required. The WG identified six principles which should be realised in such a mechanism. The present report explores feasibility in relation to those principles.

Neither the Independent Panel nor the WG nor the Secretariat articulate clearly the case for a replenishment model, nor the risks. It might attract more donors; might provide greater predictability; might provide increased flexibility. Or not.

There appears to be an assumption that more forward looking replenishment might encourage donors to provide more flexible funding (even un-earmarked) but there is no evidence at this stage regarding this assumption. Donors have been urged to untie their grants repeatedly but have refused under the 'funding dialogue' model.

There is a worrying reference in the Independent Panel's background paper which suggests that participation in a replenishment model (as with the Bretton Woods organisations) might have implications for member state sovereignty.

PHM urges caution in relation to this proposal. If replenishment is to be taken further the Secretariat should be asked to provide more evidence regarding donor recruitment (or attrition), and the flexibility of revenues under replenishment.

The elephant in the room

The funding crisis of WHO has been created as part of a wider project directed to restricting the influence on global health of the countries of the Global South.

The freeze on ACs and tight earmarking of donor funds are directed to ensuring that funding is not available to enable the WHO Secretariat to implement resolutions (adopted in the Assembly) which run counter to the interests of the rich countries and philanthropies.

This chokehold on WHO funding sits beside the policy of multi-stakeholderism; transferring out of WHO functions where the majority of countries in the Assembly cannot be trusted to look after the interests of the rich countries and philanthropies.

Notes of discussion