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EB156 Item 23.1 Financing and implementation of the Programme budget 2024–2025

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In focus

The Director-General reports on the financing and implementation of the Programme budget 2024–2025 (in EB156/26 Rev.1) . The Board isinvited to note the report and provide further guidance.

In line with decision WHA69(8) (2016), an information document (EB156/INF./1) is posted which contains the preliminary findings of the 2025 country presence report, highlighting progress in strengthening WHO country offices.

Background

Tracker links to previous EB &/or WHA discussions of PB24-25

PHM Comment

WHO's financial crisis continues, albeit slightly ameliorated by the increase in ACs. The VCs remain mostly tightly ear-marked. The withdrawal of the US will leave a $768m hole in a total budget of $6834.

The report notes that the four strategic priorities guiding the base segment are not attracting as much funding as each other – the bias towards disease-specific and health systems programs continues. Technical priorities 2 and 3 have "only minimal projected voluntary contributions".

The heat map (Fig 7, needs to be read with reference to Annex 1) depicts the particularly parlous state of reduced financial hardship (SP1.2); countries prepared for emergencies (SP2.1); emergency detection and response (SP2.3); risk factors (SP3.2); and country data capacity (SP4.1).

Expenditure is up, which is a good thing as it suggests that the efforts of the Secretariat to increase flexible and predictable funds has a positive effect. Having said that, the decline in

thematic (from $310m to $183m) and projected (from $243 to $182m) VCs is a concern. The message is that donors need to increase the quantity and quality of their VCs.

In 20/21 the DG

> "stated that WHO's reliance on voluntary contributions to fund over 80% of the approved programme budget threatens its ability to deliver the impartial and world-class normative work that Member States expect. With over 2000 awards with different reporting requirements, the constant fundraising and contribution management efforts divert attention and resources away from technical work, which the Chair of the Independent Expert Oversight Advisory Committee identified as the main source of inefficiency" WGSF/4/3, 27 Sept 2021

Donor dependence encourages departments to compete for donor attention (which fragments the coherence of the Secretariat's work). Seeking funds from private sector entities increases the risk of conflicts of interest. The new 'Mental health and social connection' project (Item 8) appears to have been shaped around the interest of the global IT sector in promoting digital interventions to reduce loneliness (see PHM Comment on Item 8).

It's a concern that staff costs are not increasing at a comparable rate to expenditure as this suggests staff are having to do more with fewer resources.

WHO has failed to broaden the donor base. This aim is understandable but optimistic. It is not surprising to learn that the share of funding to the base budget from the top 10 contributors has increased (from 62 to 63%). Obviously, this links to KPI 7 of the report. As the US is the biggest provider of flexible funds (as ACs), if it withdraws then these flexible funds will need to be found from other donors. It's not just the quantity that would be lost but the quality too. This quote from the report is worth noting: "Losing any major donor would create a significant funding gap for the specific outcomes that are dependent on these funds, which the Secretariat would not be able to fill due to limited sustainable and flexible financing".

An increase in flexible funds has come directly from the increase in ACs and indirectly from the PSC from increased VCs from the previous period. There are two problems here: one is that Trump withdrawing may have a domino effect that results in other MS walking away from their commitment to further increase their ACs; another is that the VCs are decreasing, meaning that this experience of increased PSC may not be repeated in the future. The report quantifies the gap in VCs - $564m. This will make it harder to fully fund the base segment. The report notes that there were high hopes for the Investment Round, but these have not been met (less than $2bn of the $7bn have been raised so far).

The greening of the heatmap is another point for optimism – it is nice to see an improvement! But these improvements could again be short lived with Trump's decision to withdraw – we could easily see a return to the left image in Fig 7 as a result of this decision.

The new system of KPIs is useful. KPI4 on the perception of impartiality is really about the concentration of relatively few donors. It is not really a measure of impartiality. Publishing who funds dubious projects like Social connection might be more useful. KPI8 on the transaction costs of multiple small grants is useful.

EB156/INF./1 provides a general overview of country presence. The formal report to be presented to WHA78 will be more useful. The comment on 'Collaborative engagements beyond the health sector' (para 7(e)) is disappointing.

> "Despite these efforts, 45% of country offices (including 38% of country offices that have not collaborated beyond the health sector) faced challenges in partnering and collaborating with other sectors. These challenges included a lack of resources (for 74% of countries), limited understanding of WHO's mandate to work across sectors (for 67%) and the lack of an institutional culture of working beyond the health sector (for 57%)."

Notes of discussion