

# Item 22.2 Matters emanating from the Working Group on Sustainable Financing

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## In focus

[A76/7 Rev.1](#) (para 25) advises that: EB152 noted the report of the Agile Member States Task Group on Strengthening WHO's Budgetary, Programmatic and Financing Governance (published in [EB152/33](#)). In [EB152\(15\)](#) the Board decided, inter alia, to request the Director-General to give effect to those recommendations of the Task Group where actions were proposed ahead of their consideration by the Seventy-sixth World Health Assembly. The Board also recommended to the Health Assembly the adoption of the recommendations of the Agile Member States Task Group for longer term action contained in the [Appendix to the report](#).

The main focus of Assembly consideration is likely to be the Secretariat's Implementation Plan ([A76/31](#)). This is a revised version of [EB152/34](#) which was presented to EB152 in [EB152/34](#). The revisions include updating Annex 2 (actions completed) and removing Action Item 17.

The Assembly will also consider [A76/32](#) on the feasibility of a replenishment mechanism as proposed by the WGSF.

## 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](#).

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 [A76/14](#), Item 15.4 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 recommended an organized replenishment process for the remainder of the budget (see [Main Report pp 48-49](#)). 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.

The Agile MS TG was appointed and reported to the EB in [EB152/33](#). See also the docs page for [Agile MS TG](#).

Key points in the [Agile MSTG report](#):

- Timeliness of translated Secretariat reports to MS before GB meetings;
- Adequate and accessible data in appropriate detail for MS;

- Clear explanations of costing methods, budget development and expenditures;
- Full consideration of cost implications in formulating and adopting resolutions and decisions;
- Concern regarding the creation of new initiatives or senior posts without full consideration by GBs;
- The availability of an up-to-date organigram and staff contact information (for MS);
- Applying full administrative costs for managing VCs to be fully included in program support costs;
- Standardising donor accounting reports, particularly for smaller donors;
- Impact reporting; and
- Transparency of budget development.

Also additional Task Group recommendations for longer term improvements included:

- Limiting significant new initiatives beyond approved PB and resolutions/decisions;
- Improved processes for developing resolutions and decisions;
- Stronger role of EB in oversight of Secretariat operations;
- Review monitoring of operations;
- Improved transparency in relation to senior level appointments.

Decision [EB152\(15\)](#) endorsed the implementation by the Director-General of those recommendations of the Task Group where actions were proposed ahead of their consideration by the Seventy-sixth World Health Assembly (as set out in [A76/31](#)). Note particularly:

- Action Item 22 regarding the barriers to the alignment of expenditure with budget priorities which arise from tightly earmarked donor funds;
- Action Item 25 which proposes to use machine translation of the summary records of GB meetings. Note there may be scope for wider use of machine transcription also.
- Action Item 30 on the costing of resolutions. There is an implication in the TG report that resolutions should not be passed if they cannot be shown to fall within the PB envelope.

[A76/32](#) discusses the proposed replenishment mechanism. The report reviews the six principles identified by the WGSF as fundamental to a replenishment mechanism. The overarching goal would be full financing, with full predictability and flexibility, of the base segment of the Programme budget. The proposal envisages increasing flexibility, predictability and adequacy as a consequence of encouraging multi-year commitments (aligned with GPW14) from donors.

## PHM Comment

### The Secretariat's implementation plan

The implementation plan comprises generally sensible responses to the TG recommendations (albeit overly bureaucratic in some instances). It includes some overdue reforms; for example, see the surprising note under Action Item 14 in [A76/31](#) ("*CCS [country cooperation strategy]*")

*priorities have yet to be systematically linked with global strategic and operational planning processes“).*

Many of the TG recommendations appear to have been directed, at least in part, to constraining new financial commitments and thereby reducing any pressures for a further increase in ACs). However, the Secretariat points out that other mechanisms are in place to prioritise expenditures.

Note the question proposed by the Secretariat to the Assembly in para 23 of [A76/31](#): “*With respect to implementation of the Secretariat implementation plan on reform, what strategies should be employed to mitigate risks associated with limited human and financial capacity?*” Apparently not considered by the AMSTG!

There are some surprising aspects. Note in particular the deletion of Action Item 17 from [EB152/34](#) after the discussion in EB152. Any kind of peer review of MS performance raises sensitivities for many MS.

## **The proposed replenishment mechanism**

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; and might provide increased flexibility. Or not.

There is no assurance (or grounds for assurance) that the mechanism will not exacerbate the problem of competition (within the Secretariat) for donor funds.

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.

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.

## **Investors' forum**

Para 18 (of [A76/32](#)) proposes a WHO investors' forum which will discuss the draft GPW! Is this still a MS organisation? See further para 22 and para 26 (the WHO Foundation to represent the interests of private sector entities in the Investors' Forum).

## **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 were 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 their 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 the commercial interests of their philanthropies.

## **Notes of discussion**