

11.5 Strategic resource allocation

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In focus at WHA67

The processes through which WHO's expenditure budget is developed were considered at EB134 (based on [EB134/10](#)) and it was decided to set up a working group and also to ask the PBAC to finalise advice to the WHA.

The Assembly will consider [A67/9](#) which is a report from the 20th PBAC meeting 14-16 May 2014 and which includes a report from the Working Group on Strategic Resource Allocation appointed at EB134. The WG met face to face during 23-24 April 2014 and a report arising out of this meeting was submitted to the PBAC20. [A67/9](#) includes the report of the WG plus the advice of the PBAC.

The road map, following the PBAC consideration, looks like this:

- report to the Assembly through the PBAC - May 2014;
- DG to rec to EB135 that the membership of the WG be extended - May 2014;
- revise the paper based on input from the PBAC – June 2014;
- 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;
- face-to-face meeting of the Working Group to review the models developed and provide guidance to the Secretariat – following the Regional Committee sessions;
- briefing to Member States ahead of the Executive Board in January 2015;
- the Secretariat presents a draft proposal on the new strategic resource allocation to the Programme, Budget and Administration Committee – January 2015.

Background

WHO's expenditure budgeting has been widely criticised (most recently by the IET in [EB134/39](#)) for lack of transparency and wide inconsistencies between policy priorities and expenditures.

Decision [WHA66\(9\)](#) requested the Director-General to propose a new strategic resource allocation methodology, starting with the programme budget for 2016–2017, utilizing a robust, bottom-up planning process, realistic costing of outputs, and based on clear roles and

responsibilities across the three levels of WHO. The Secretariat's submitted a paper to the EB in January ([EB134/10](#)) which reported on progress and sought broad guidance for further work by the Secretariat.

The paper circulated for the EB ([EB134/10](#)) reviews the three proposed 'pillars' underpinning strategic resource allocation (SRA): bottom up budgeting, costing of outputs, clarity of responsibilities between levels and then identifies four 'broad operational segments' to be funded (country cooperation, global public goods, administration and management, and emergencies) and explores some considerations specific to resource allocation to these 'segments'.

The PBAC and the EB judged that EB134/10 needed further development before WHA67 and in [EB134\(4\)](#) a working group was mandated to consider SRA further and an extra day was scheduled for the PBAC in May to finalise advice to the Assembly.

[A67/9](#) includes the report of the WG plus the advice of the PBAC.

Notes from EB134 debate [here](#).

PHM Comment

The document [EB134/10](#) did not touch upon the sequence of choices involved in expenditure budgeting; at what levels in which hierarchies the comparative merits of bottom up expenditure proposals are to be determined and aggregated and then transmitted for higher level consideration.

The paper did not touch upon the relationships between regions and directorates and how these will work together in developing and evaluating expenditure proposals.

The identification of the different 'operational segments' implies that somehow funding will be allocated within segments; the paper did not speak to how allocations across 'segments' might be determined. There was no consideration of how 'segments' map onto 'categories'.

The dependence of the WHO on (tied) donors' contributions remains the central issue. Despite the freeze on assessed contributions MSs should increase their voluntary contributions, but these should be untied. The WHO should be deciding of the allocation of financial resources based on priorities defined by the WHA.

The practice of allowing donors and MSs alike to choose the programs they are interested to fund, has created unhealthy competition between programs, units, departments and clusters. Competitive fund raising has led to competition for visibility between programs - units, departments and divisions - which distorts resource allocation and acts as a barrier to collaboration and rational resource allocation.

This situation is in turn used by donors to insert and push their own agendas into the WHO, further distorting its priorities.

Notes from discussion at WHA67

Documents

- [A67/9](#)

Egypt: On behalf of EMR, support new resource allocation methodology. Priority should be given to strengthening the technical support at country level. EMR is waiting for suggested changes to increase the allocation for the country level support.

Thailand: appreciate hard work of Sect on Str Res All; concerned about strategy for developing strategy; current criteria unclear, too many indicators, lead to complex and difficult project prioritisation since all linked to the indicators; also the ability and accurate data in the report; difficult to be obtained; will need estimations and assumption in relation to programs; stakeholder engagement and how and when to fund programs

Norway: on behalf of nordic countries; support strategic use of resources; PBAC proposed to move towards language of Strategic Budget Space Allocation rather than resource allocation, which is welcomed. report circulated too late for proper comment. but support principles. strategic allocation needs different factors for different sectors and target. need clear system for assessment of results.

Colombia: Recognize the importance of the resource allocation in WHO reform. Promoting accountability. We earlier criticize the mechanisms of resource allocations. We anticipate mechanisms to cut costs. We need transitional mechanisms that work inline with the new architecture. Resource allocation based on results.

Germany: mechanism for strat budget space alloc v important; complex, no easy answer to a mechanism which is fair for everybody; over the past two decades there were two major methods; first in 1998 and then 2006; both outcome of MS discussion, and very rational but neither were ever comprehensively implemented; opposition from the offices that were to lose funding; challenge is very sensitive; our belief in an algorithm that everyone agrees is valid and fair is very limited

Iraq: support draft resolution but resource allocation ought to be based on epidemiological and population profile of a country.

Russian Fed: Thank you. Welcomes the results of the working group to develop a proposal for the resource allocation. The second segment for the global, and regional levels is balanced The fourth segment: reserve fund should be considered for the relief.

Mexico: on behalf of Americas; endorse statement made by Uruguay; a priority issue in WHO reform; need a robust methodology; given complexity, recognises WG has established priorities; complex; urge focus on the three pillars; will continue to participate; note report of PBAC

switzerland: thanks for new methodology for resource allocation. complex subject. agree with guiding principles. should not allocate to segments yet. we have to learn from the past, address challenges from today and future. based on effective needs. regarding segment 1, responsibility has been transferred to MS. national and investment plans should be added to strategy. regarding second segment, WHO needs to have a clear picture on global context, not the case. if agree to new approach, also need to agree that total resources will be allocated to specific project lines. flexibility remains key. Switzerland endorses new way of doing business and proposed next steps

Mongolia: Welcomes the report. Congratulates for the focus not only on the countries but on the poor population within the country. Refer to the address of Madam DG. Request explicit indicators for the distribution related to groups within country.

Australia: welcomes report; likes the principles; don't want to see a binding algorithm; as managers of the org the DG and RDs need flexibility; in that context we support the principles

Cameroon: on behalf of AFRO; executive board in Jan prepared methodology and WG was created; notes the way WG worked; this is key to the process. need transparency and accountability. As we are facing health care financing challenges Afro will review this issue in depth in next regional meeting. criteria must ensure proper resource allocation. secretariat should support each country. encourages sec to continue this important work. notes map for way forward and wants it to go forward swiftly,

US: Support the resource allocation methodology (transparent, balanced allocation). The document is a start. More resource mobilization including the regional level. Supports the way forward. New methodology to be adopted during the next WHA.

Vietnam: small questions Section 3 admin and mgt; we think that the org should focus on cost effective mgt and admin of WHO by attempt to reduce admin and mgt cost; put a ceiling on mgt cost to allow more for programs; need to speak about measles as well as polio

Turquie: complex issue, need good understanding of national ways of working. approval of budget by WHA66 is important change and will have impact on priority setting. but need flexible funding. better division of labour between three level of the organisation is important. welcomes scope and guiding principles laid down. introduction of new terms such as 'segment', might be useful, but leads to confusion. request to include current figures for each segment and expected changes. learnings of funding attitude by donors and from financing dialogue should be reflected in document. document should be improved and submitted in next EB to feed into process of next budget.

Maldives: Appreciate the leadership of the WHO and the work of the MSs. Use of realistic costing will be adopted in the preparation for budget 2016-2017. Ensure that the methodology is ready to be adopted during the upcoming WHA.

China: supports the methodology; appreciate the three pillars and 7 principles; increased transparency and impr planning; looking for more information regarding PB 16/17

Secretariat: appreciate views expressed by MS. thanks to working group that provided guidance. this is a complex issue. pointed out by many, Thailand, Germany, etc. complex because of mandate and expectations. WHO has huge agenda and how to strategically allocate budget space and resources is an issue. this is not only about how resources are distributed across the organisation, but also among issues. agree with Germany that need to look at past experiences. but when looked at it in 98 and 2006. these are different contexts in terms of socio economic development, and in public health. intentions were not always put to action. but this is an evolving process that we need to continue. Norway expressed that we move towards budget space allocation because it is closer to what we are talking about. but several countries, including Norway and Switzerland, said this can't be seen in isolation. it is also about resources management and results-based management; this process is linked to other reforms that are taking place. this adds to complexity.

Predictability vs flexibility. agree with Australia. not about a mathematical algorithm. but need a methodology which is a consensus and guides budget space allocation. but when we prepare budget every two years, its in advance, and we don't know what will be the situation at the end of the biennial, so need flexibility. balance between predictability, based on methodology, along with flexibility. we heard you on this.

Regarding methodology, Turquie spoke about looking at different variables in this. to see what the outcomes would be; to test how realistic it is; can be tested on budget 14-15. to see if it is realistic. then for budget 16-17 even if methodology is not finalised, we will apply what has been a consensus and agreement to this budget. apply the parts where there is an agreement. Mongolia raised the important issue of middle income countries and how WHO can support them, those beyond strategic budget allocation. we are now looking at post 2015 agenda. it will give lots of obligations to MS. countries that just upgraded to middle income countries are very vulnerable at the economic income level. WHO needs to factor it in its methodology. not only on regional priority, but also on technical support.

Chair: Assembly notes the report