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ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

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UPDATE ON WHO REFORM

Introduction

1. In January 2014, the progress report on World Health Organization (WHO) Reform by the WHO Secretariat to the Executive Board (EB) summarized the results of the second stage of a two-stage external evaluation of the reform. The evaluation assessed the readiness of WHO to implement the reform agenda and identified the conditions necessary to enable successful implementation. The Secretariat's responses to the key findings and recommendations of the report are summarized below.
2. In addition, the Secretariat reported on recent progress in each of the three broad areas of WHO reform—programmatic, governance, and managerial—and the main challenges that will be addressed in 2014-2015.
3. This report to the Subcommittee on Program, Budget, and Administration summarizes the report of the WHO Secretariat and makes reference to areas that are most relevant to the WHO Regional Office for the Americas (AMRO), and to the Pan American Health Organization (PAHO).

Response to the Stage-Two Evaluation of WHO Reform

4. The Independent Evaluation Team (IET) has made the following four recommendations in response to the second stage of the independent evaluation of WHO reform.
 5. **Recommendation 1. Ownership and accountability of Member States.** This focuses on the dual responsibility of Member States and the Secretariat for the success of the reform process, as Member States' decisions and actions related to the management of WHO's governance processes will ultimately determine the success of its reform.
 6. **Recommendation 2. Improve benefit management through a stronger theory of change of the reform.** A clearer reform "theory of change" will enable the
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identification of priorities, distinguishing critical steps from supporting, non-transformational activities. In addition, a monitoring framework for the reform will be developed, with indicators at the outcome and output levels, and baselines and target performance levels for each indicator. This effort is intended to rebalance the focus from deliverables and outputs toward outcomes and impact of reform.

7. Importantly, these efforts will also assist in guiding reform activities to areas where benefits are the greatest. Revised timelines for implementation of reform initiatives based on their strategic contribution to reform objectives will be reflected in the revised reform implementation plan that will be presented to WHO's governing bodies in May 2014.

8. **Recommendation 3. Realign change and communication activities based on a thorough organizational impact assessment.** This recommendation identifies essential determinants of success in the operationalization and institutionalization of WHO's reform. These include a targeted change management approach appropriate for the level and type of impacts generated through reform; a core internal change network to operationalize reform across the Organization; and a comprehensive communications and engagement strategy specific to external and internal stakeholders.

9. In addition, the Independent Evaluation Team noted the absence of explicit change management activities that directly target Member States, beyond their engagement in reform through existing governance processes. A survey is proposed to map Member States' opinions and interests in order to strengthen country engagement in advance of meetings of WHO's governing bodies with a view to addressing emerging issues that could impact the success of reform.

10. **Recommendation 4. Strengthen reform program management.** The shift from policy development to implementation necessitates strengthened short- and long-term planning and coordination of reform activities. At the managerial level, the Secretariat will move to build its capacity in program management. At the operational level, a reform program management and monitoring Web-based tool would be developed to allow for strengthened performance management of reform progress. The tool would include the revised results and risk frameworks, timelines, milestones, and budget and expenditure data.

Recent Achievements and Areas of Focus for the 2014-2015 Biennium

11. The WHO reform has been under way for three years. The high-level objectives are improved health outcomes, enhanced WHO leadership in global health, and organizational excellence.

12. Individual elements of the reform are proceeding at a varied pace, with some areas advancing faster than others. For the 2014-2015 biennium, reform efforts will focus on areas of greatest benefit to the Organization and on taking a strategic approach to change management to institutionalize reforms that have been adopted.

Programmatic Reforms

13. Significant programmatic reforms include approval by Member States of the Twelfth General Programme of Work (GPW) and the 2014-2015 Programme Budget (PB) in its entirety for all sources of funding. Past practice had been to approve only the Regular Budget portion of the PB, which accounts for one quarter of the US\$ 3.977 billion budget. The change expands institutional accountability by giving Member States oversight of the full scope of the Organization's resources that are needed to deliver the programmatic results set forth in the GPW and PB.

14. The development of the Programme Budget 2016-2017 will focus on strengthening country engagement in bottom-up planning and on budgeting processes that will align available resources with country priorities and with results across the three levels of the Organization. The process that AMRO used to engage countries in the development of the PAHO Program and Budget for 2014-2015 has been shared with WHO as a potential model to follow.

15. A new model for resource allocation will be presented at the World Health Assembly in May 2014 with a view to applying it in the 2016-2017 Programme Budget. A working group made up of Member States from the Programme, Budget and Administration Committee (PBAC) will meet in the meantime to develop the model. Each region and office will be represented in the group. This is of interest to PAHO Member States insofar as the Region is receiving less than it would have had the allocation formula adopted in 2006 been implemented. Any new methodology must be fair, transparent, and based on the three pillars of robust bottom-up planning, realistic costing of outputs, and clear roles and functions across the three levels of the Organization.

16. The role of category networks will be further defined and strengthened in the upcoming biennium. AMRO will actively participate in and contribute to these networks, whose duties will include defining programmatic goals and approaches, targeting interventions, and allocating resources.

17. Greater attention will be given to improving and expanding programmatic evaluation and strengthening performance monitoring and assessment. The intention is to better measure the attainment of the results for which WHO is accountable and to demonstrate how WHO's contribution is linked to achievements in health outcomes and impacts.

Governance Reforms

18. Regarding internal governance mechanisms, progress has been made in efforts to strengthen reporting from the regional committees to the Executive Board and align governance processes across the regional committees. Steps have also been taken to give

greater support to enhance Member States' engagement in WHO's governing bodies, such as through more timely and easier access to documents.

19. There is a need to streamline meetings of the governing bodies by setting clear boundaries with respect to the nature and number of agenda items and making governing body debates more disciplined. Such efforts will help ensure and enhance strategic decision-making at these meetings.

20. Furthermore, the Executive Board considered principles and procedures for WHO's engagement with external stakeholders in order to develop a more encompassing policy of engagement. Member States also established a framework to guide WHO's engagement with hosted health partnerships, including a regular review of all partnerships by the Programme, Budget and Administration Committee.

21. WHO's role in promoting coherence in global health remains a priority of governance reform. This involves positioning and promoting health in a range of global, regional, and national processes, such as the post-2015 development agenda. WHO should take a prominent leadership position in priority areas such as universal health coverage.

Managerial Reforms

22. Some managerial reforms are already being implemented, while others are still being analyzed and developed.

23. There has been notable progress in financing reforms. WHO's financing dialogue yielded important gains toward improving the predictability, alignment, flexibility, and transparency of WHO's financing. It was reported at the Executive Board that the PB 2014-2015 was nearly 70% funded at the start of the biennium, with commitments for funding beyond 90%. As a comparison, PAHO starts the biennium with less than half of its budget for Voluntary Contributions (VC) funded.

24. Further work in financing reforms will involve coordinating resource mobilization Organization-wide, so that fund-raising will be done to fill gaps in under-resourced Categories and Program Areas. Efforts will also be made to broaden WHO's contributor base. Although AMRO receives voluntary contributions mobilized by WHO, PAHO separately mobilizes resources for the PAHO Program and Budget. In the 2012-2013 biennium PAHO was not able to fully fund its budget for VC, so it too will strengthen resource mobilization and seek new donors to its programs.

25. A Programme Budget Web portal has been developed to track resource flows and results delivery. Member States will have access to the portal, making WHO finances and performance more transparent. PAHO will look into developing a similar portal for its managers and Member States, which should be facilitated by the consolidation of financial and management information within the PASB Management Information System (PMIS). WHO has also established a Compliance, Risk Management and Ethics Office to develop an Organization-wide approach to risk management. PAHO already has

an Ethics Office, and a Risk Management Officer, and will be taking steps to incorporate risk management more fully into its programs and operations.

26. Managerial reform initiatives also include preparation of an Organization-wide evaluation work plan and evaluation registry platform, and the finalization and roll-out of a WHO communications strategy in mid-2014. AMRO has been contributing to both of these efforts. Ongoing human resources reforms include streamlined recruitment and selection processes, enhanced staff learning and development, and improved performance management and administration of justice. A new human resources model for WHO will need to be aligned with the reforms in other areas, and with programmatic needs and fiscal realities.

27. The success of reform will ultimately be judged by WHO's performance at country level. Effective implementation of reforms at regional and country levels will consolidate interrelated programmatic and managerial reforms. Such reforms include programming and operational planning, financial management, strengthening the technical performance of staff, and revised approaches to human resource management. The focus of this work will be to enhance country-level performance, with a revised country cooperation strategy framework aligned with country needs and priorities. This focus will help ensure that the technical and policy support work of the Organization is delivered effectively and meets the needs of Member States.

Action by the Subcommittee on Program, Budget, and Administration

28. The Subcommittee is invited to take note of this report and offer any comments it may have.

Bibliography

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http://apps.who.int/gb/ebwha/pdf_files/EB134/B134_39-en.pdf
2. World Health Organization. Our reform story [Internet]. Geneva: WHO; 2014 [cited 2014 February 3]. Available from:
http://www.who.int/about/who_reform/who_reform_story.pdf.

Annexes

- A. WHO Reform: Reform Implementation Plan and Report (Document [EB134/5](#))
- B. Financing Dialogue, Report of the Secretariat (Document [EB134/9](#))

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WHO reform: reform implementation plan and report

Report by the Secretariat

1. In November 2011, the Executive Board commissioned a two-stage evaluation of WHO.¹ The first stage assessed the completeness, comprehensiveness and adequacy of WHO reform proposals, and the second stage was designed to assess progress with reform and the readiness of WHO to implement the reform agenda, and to identify the necessary conditions for success.
2. Previous reports on WHO reform to the Executive Board have included a detailed analysis of progress against outputs and outcomes in the different areas of reform (programmatic, governance, managerial and change management). As the second stage evaluation includes a detailed assessment of progress in these areas, this report highlights some of the key achievements in reform over the past year, notes some of the challenges that will guide the key focus of reform during 2014–2015, and responds to the key findings and recommendations of the second stage evaluation of reform.²

KEY ACHIEVEMENTS AND FOCUS FOR THE 2014–2015 BIENNIUM

3. Three years into WHO reform, the agenda for reform continues to be anchored in programmatic reforms to achieve improved health outcomes, governance reforms to enhance WHO's leadership role in global health, and managerial reforms in pursuit of Organizational excellence.
4. Reforms are proceeding in stepwise fashion, with some areas advancing at a faster pace than others. As the reform process shifts from upstream work on policy analysis to downstream implementation, two major themes will guide reform efforts over the 2014–2015 biennium: focusing reform efforts on areas of greatest benefit to the Organization; and institutionalizing the change being catalysed by reform through a more strategic approach to change management.

Programmatic reforms

5. Programmatic reforms have been marked by Member State approval of the Twelfth General Programme of Work, and the Programme budget 2014–2015 in its entirety. The programme budget has been repositioned as the primary tool for institutional accountability and transparency. In addition to driving alignment of work across the three levels of WHO, the programme budget facilitates

¹ See decision EBSS2(3) Managerial reforms.

² See document EB134/39 for the final report.

Member State oversight of the full scope of the Organization's resources, from all sources, that are needed to support achievement of agreed programmatic results.

6. Further improvements to programme budget development will focus over the coming months on strengthening country engagement in bottom-up planning, and internalizing more robust budgeting processes in order to align country priorities and Organizational results across the three levels with available resources.¹

7. Work to clearly define and strengthen the role of category networks will continue in the upcoming biennium. The focus will be on aligning managerial and technical structures across the three levels of the Organization towards achievement of programmatic objectives, building on reforms in planning for 2016–2017, as well as strengthening priority functions such as programmatic evaluation and technical excellence.

8. Performance monitoring and assessment will be strengthened and will include a clear account of how attainment of the results for which WHO is accountable will be measured and a demonstration of how WHO's contribution is linked to achievements in health outcomes and impacts.

Governance reforms

9. In terms of internal governance mechanisms, progress has been made in enhancing the oversight role of the Programme, Budget and Administration Committee of the Executive Board, strengthened reporting from the regional committees to the Executive Board, and aligned governance processes across the regional committees.

10. The Secretariat is taking steps to improve support to Member States for engagement in WHO's governing bodies, including measures to improve electronic access to governing body proceedings and documentation.²

11. Member State agreement on the nature and number of agenda items, management of resolutions, and discipline of governing body debates will be critical in ensuring achievement of envisioned reforms in strategic decision-making. Further proposals in this area are presented in document EB134/6.

12. In terms of WHO's engagement with external stakeholders, Member States have outlined principles for a policy framework for engagement with non-State actors. The Executive Board will discuss proposals to develop a more encompassing policy and operational procedures of engagement.³

13. Member States have provided direction to strengthen WHO's engagement with hosted health partnerships; systematic partnership reviews by the Programme, Budget and Administration Committee will proceed on the basis of an agreed framework.⁴

¹ See document EB134/10 on strategic resource allocation.

² See document EB134/6 on options for improved decision-making by the governing bodies.

³ See document EB134/8 on a framework of engagement with non-State actors.

⁴ See document EB134/42 on hosted health partnerships.

14. WHO's role in promoting coherence in global health will continue to warrant a sharp focus. Strengthened efforts to position and promote health in a range of global, regional and national processes, for example, the post-2015 development agenda, and in highlighting governance issues implicit in WHO's leadership priorities, for example universal health coverage, will enhance WHO's effectiveness in its health governance role.

Managerial reforms

15. Managerial reforms have progressed to varying extent – although some have advanced to detailed implementation, others remain at the stage of policy analysis.

16. The greatest progress has been made in financing reforms. WHO's first financing dialogue process has yielded important shifts towards improving the predictability, alignment, flexibility and transparency of WHO's financing.¹

17. Further work in financing reforms will be directed towards strengthening Organization-wide, coordinated resource mobilization and to expanding WHO's contributor base. Solutions to WHO's challenges in financing administrative and management costs will also continue to be explored.² Approaches will build on continued implementation of cost-saving initiatives which, over the 2012–2013 biennium, are projected to reduce administrative and management costs by 10%.

18. The programme budget web portal facilitates unprecedented access in tracking Organizational resource flows and results delivery. Reforms to strengthen WHO's internal management controls, including a new management dashboard and internal control framework,³ also provide new directions to enhance institutional transparency, accountability and stewardship of resources across the three levels of WHO. The recent establishment of a Compliance, Risk Management and Ethics unit is driving a more strategic Organization-wide approach to risk management. Next steps in these areas include the finalization and implementation of a revised accountability framework, as well as a more focused approach to implementation and change management in order to ensure the sustainability and integration of these changes throughout the Organization.

19. Initiatives to strengthen WHO's culture of evaluation and strategic communications have been marked by the preparation of an Organization-wide evaluation work plan, and a strengthened coordinated approach to communications across major offices. Additional work in these reform areas will include the scaling up of an Organization-wide evaluation registry platform, and the finalization and roll-out of a WHO communications strategy in mid-2014. The development of a more streamlined Organizational approach to information management will be an important area of reform in 2014–2015, in relation to organization and communication of technical and non-technical data.⁴

20. Several managerial reform areas, although still in early stages of development, are now better positioned to accelerate in view of progress made in interrelated areas. Human resources reforms, for example, need to be aligned with programmatic needs and fiscal realities. Elements of human resource reforms have progressed, including streamlined recruitment and selection processes, enhanced staff learning and development, and improved performance management and administration of justice.

¹ See document EB134/9 on the financing dialogue.

² See document EB134/11 on financing of administrative and management costs.

³ See document EBPBAC19/3 on WHO's internal management control framework.

⁴ See document EB134/7 on streamlining national reporting and communication with Member States.

However, reforms in other areas which have driven greater clarity of Organizational priorities, and financing directions aligned with the longer-term programmatic nature of WHO's work, will now form the basis for broader changes to WHO's human resources model.¹

21. The success of reform will ultimately be judged by WHO's performance at country level. Effective implementation of reforms at regional and country level will consolidate interrelated programmatic and managerial reforms, including programming and operational planning, financial management, strengthening the technical performance of staff, and revised approaches to human resource management. The focus of this work will be to enhance country level performance, with a revised country cooperation strategy framework aligned with country needs and priorities, ensuring that the technical and policy support work of the Organization is delivered effectively, meeting the needs of Member States.

RESPONSE TO THE STAGE-TWO EVALUATION OF WHO REFORM

22. In line with the decision of the Executive Board at its 132nd session,² the second stage of the independent evaluation of WHO focused on the Organization's preparedness to implement the reform agenda fully.³ The advice in this regard provided by the Independent Evaluation Team (IET) is structured around four recommendations, which are discussed in more detail below.

Recommendation 1. Ownership and accountability of Member States

23. The first recommendation focuses on the dual responsibility of Member States and the Secretariat for the success of the reform process, as Member State decisions and actions related to the management of WHO's governance processes will ultimately determine the success of its reform.

24. The Independent Evaluation Team noted that reform risk management is already under way, and an initial formulation of a reform risk management framework across work areas has been reviewed by the Independent Expert Oversight Advisory Committee (IEOAC). This will be integrated within an Organization-wide approach to strategic risk management in WHO, and, as recommended, will differentiate between the risk management responsibilities of the Secretariat and the Member States. A strengthened project management approach to reform implementation will also facilitate more effective risk management, including the training of staff, and development of a broader risk management architecture (systems, rules, procedures, guidelines, etc.).

Recommendation 2. Improve benefit management through a stronger theory of change of reform

25. Currently, progress on reform is reported to WHO's governing bodies and advisory committees on the basis of a high-level monitoring and implementation framework,⁴ which is constructed around a results chain for reform. The Independent Evaluation Team confirmed that the robustness of the reform results chain is paramount in order to support effective monitoring and achievement of desired

¹ See document EB134/INF./2 on the revised human resources strategy.

² Decision EB132(14).

³ See document EB134/39.

⁴ Decision WHA65(9).

outcomes and impacts, and that regular reporting through such a framework fosters a degree of transparency and Member State oversight of progress in reform.

26. In its current form the reform results framework identifies actions to be taken, but does not delineate the consequences and pathways leading to Organizational change. In order to implement this recommendation, a strengthened theory of change and results chain for reform will be developed. This clearer reform “theory-of-change” will facilitate improved management of reform and lead to identification of more appropriate indicators for monitoring change. It will also enable the identification of priorities, distinguishing critical steps from supporting, non-transformational activities.

27. Whilst remaining coherent with the WHO results chain, and building on the existing reform monitoring framework that was endorsed by Member States, this exercise will also ensure that relevant and logical linkages are defined and mapped between the different and interdependent levels of the results chain. On the basis of these newly defined linkages, a revised reform implementation plan will be presented to WHO’s governing bodies in May 2014.

28. The Independent Evaluation Team has used an analytical framework for this evaluation that is built on best practices for transformation programmes. The five-stage framework, which describes the entire life cycle of change in relation to each reform output (assess and strategize; design; construct; implement; operate and review), will be integrated into the revised WHO reform implementation plan. Incorporating this framework will provide a consistent scaffold for planning and delivery of reform activities, and rebalance the focus from deliverables and outputs towards outcomes and impact of reform.

29. In addition, a monitoring framework for the key performance indicators of reform will be developed. A limited set of such indicators will be identified at the outcome and output level, aligned with the theory-of-change framework, with baselines and target performance levels for each indicator.

30. These efforts will also assist in guiding reform activities to areas where benefits are the greatest. Revised timelines for implementation of reform initiatives based on their strategic contribution to reform objectives will be reflected in the revised reform implementation plan. The revised implementation plan will be integrated into an electronic platform that will be used for planning, monitoring and reporting on reform.

Recommendation 3. Realigning change and communication activities based on a thorough organizational impact assessment

31. Important determinants of success in the operationalization and institutionalization of WHO’s reform include a targeted change management approach appropriate for the level and type of impacts generated through reform; a core internal change network to operationalize reform across the Organization; and a comprehensive communications and engagement strategy specific to external and internal stakeholders. The second stage evaluation demonstrates that although some progress has been made, aspects of these success factors require strengthening in order to ensure the sustainability of reform initiatives.

32. The Secretariat will conduct a consolidated impact and preparedness assessment in order to identify the impacts that reform initiatives will have on various stakeholder groups, and the needs related to each reform initiative across each level of the Organization. These will form the basis for planning change and communication management interventions. The framework suggested by the

evaluation report provides a suitable approach to identify prerequisites for change and classify impacts based on structures, roles, skills and capabilities, and culture and behaviours.

33. The assessment will guide the planning and development of requisite training, tools, and resources so that affected staff can be better equipped to implement reform activities. Reform-related training for staff will be scaled up through staff development and learning mechanisms, and reform-related processes and systems will be regularly reviewed to identify barriers to implementation. Although these initiatives are anticipated to be undertaken in relation to each individual reform area, they will leverage interdependencies, where they exist, in order to maximize efficiencies.

34. A consultative process of developing the consolidated impact assessment for reform, in addition to the planning processes described below, will provide a platform for renewed engagement with critical change agents. This engagement will assist in the examination of reforms' expected impact, the definition of key messaging for staff and external partners, and the identification of accountability for reform implementation activities. Engagement of this sort will also help to address deficiencies in change capacity, facilitate quality assurance adjustments to implementation where required, and identify emerging risks to implementation.

35. Similarly, communication interventions based on the impact assessment will be refined, expanded, and regularly updated. Implementation of a consolidated reform communication strategy will be accelerated, building on current communication activities. Information will be tailored to recipient audiences, and communication plans will be aligned to a more comprehensive and strategic change management approach to reform.

36. The Independent Evaluation Team noted the absence of explicit change management activities that directly target Member States, beyond Member States' engagement in reform through existing governance processes. The Team has proposed that the Secretariat conduct a stakeholder mapping of Member States' opinions and interests in this regard. This mapping could then be used as a basis for strengthened engagement with Member States in advance of meetings of WHO's governing bodies with a view to addressing emerging issues that could impact the success of reform.

Recommendation 4. Strengthening reform programme management

37. The shift from policy development to implementation necessitates strengthened short- and long-term planning and coordination of reform activities. At the managerial level, the Secretariat will move to build its capacity in programme management. Comprehensive project management training will be provided to staff responsible for, and supporting, reform implementation. This will include training for all additional tools and resources to be employed to strengthen reform implementation, as well as foundational and project management training to guide project completion and post-project evaluation.

38. At the operational level, a reform programme management and monitoring web-based tool will be developed, piloted and rolled out across reform initiatives to support detailed planning, monitoring and reporting of progress in reform. This tool will:

- facilitate the development of detailed project plans for reform deliverables, incorporating timelines, milestones and budgetary requirements;
- enable tracking of resource expenditures within each reform area;
- integrate the revised results framework and indicators for reform, allowing for strengthened performance management of reform progress;

- incorporate a risk framework to signal barriers to implementation;
- adapt existing information technology systems but will be tailored to meet the needs of the reform programme;
- provide transparent and real-time tracking of reform progress for Member States.

39. Planning and budgeting processes for reform will be revised in line with the five-stage framework in order to ensure uniform coordination and resource management across reform initiatives. As the cost of reform activities are planned for within the approved 2014–2015 Programme budget, operational plans will ensure that reform-specific products are identified across, and aligned with, 2014–2015 biennial work plans. This will enable continuous and efficient monitoring and reporting of reform progress towards outcome and impact targets, the status and progress of reform activities through the tracking of outputs and deliverables, and resource expenditures against estimated budgets.

ACTION BY THE EXECUTIVE BOARD

40. The Board is requested to note this report.

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Financing Dialogue

Report by the Secretariat

1. By decision WHA66(8) the World Health Assembly established a financing dialogue on the financing of the programme budget. The Financing Dialogue aims to ensure a match between WHO's results and deliverables, as agreed in the Member State-approved programme budget, and the resources available to finance them, with the ultimate objective of enhancing the quality and effectiveness of WHO's work. It is designed to improve the alignment, predictability, flexibility and transparency of WHO's funding and to reduce its vulnerability.

PROGRESS TO DATE

2. The Director-General convened the launch of the Financing Dialogue on 24 June 2013. The meeting, attended by 256 participants from 87 Member States and 20 non-State partner organizations, resulted in specific commitments related to improving the alignment, predictability, flexibility and transparency of WHO funding and to broadening the contributor base and continuing the discussion. The commitment to respect the priorities set by the World Health Assembly was strongly reaffirmed. Meeting participants endorsed a prototype of a web portal that WHO has developed in response to Member States' calls for increased transparency and accountability around WHO's financing. The portal is being designed to provide access to up-to-date results and programmatic, budgetary, financial and monitoring information. The Secretariat committed itself to responding to Member States' calls for a more coordinated approach to resource mobilization and income planning across all levels of the Organization.

3. Between the June launch and the follow-up meeting on 25–26 November 2013, discussion on the Financing Dialogue continued at Regional Committee sessions, in briefings with Geneva-based missions and during bilateral meetings with 19 of WHO's largest providers of voluntary contributions. The specific objectives of the follow-up meeting were to: (i) review progress since June 2013 towards full funding of the Programme budget 2014–2015; (ii) identify areas of underfunding in view of expressed financing commitments/intentions; and (iii) identify solutions to address areas of underfunding and improve the quality of WHO's funding. Two hundred and sixty-six participants from 92 Member States and 14 non-State partner organizations participated in the meeting in person or via webcast. The meeting was chaired by Dr Dirk Cuyppers, Chairman of the Programme, Budget and Administration Committee of the Executive Board. Mr Keshav Desiraju (India), Dr Anders Nordström (Sweden) and Dr Nils Daulaire (United States of America) moderated sessions, and Dr Chris Elias (Bill & Melinda Gates Foundation) and H.E. Ambassador Elissa Golberg (Canada) were discussants.

4. Following a report by the Director-General on actions taken since the June meeting and a short orientation to the new programme budget web portal, the Assistant Director-General, General Management presented the current financial situation for 2014–2015 and participants discussed opportunities to concretize solutions to address the remaining funding challenges. The second day of the meeting was devoted to review and discussion of issues identified as being of interest to Member

States and other contributors: financing of administration and management; coordinated resource mobilization; reporting on results; and evaluating the Financing Dialogue.

5. **Predictability.** The overall level of funding of the Programme budget 2014–2015, as at 31 October 2013, is better than at the same time in the previous biennium, with 61% of required funding available compared with 51% as at 31 October 2011. For the first time, as a direct result of the Financing Dialogue, 18 Member States and other contributors shared firm funding projections totalling US\$ 935 million, which will assist in programme planning, deepen the understanding of where the residual shortfalls will be and help in the allocation of flexible resources. Available and projected funds thus total 85% of the programme budget. It was noted that expected voluntary contributions from several Member States and other contributors were not yet included in the projections. Continued dialogue with these partners is expected during the next several months, which is likely to result in the budget being fully funded in terms of the total amount. The importance of extending the financing discussion beyond a narrow, two-year window was stressed, and the need for a stronger link to the six-year General Programme of Work was highlighted.

6. **Alignment and flexibility.** This overall strong financial picture, however, masks serious shortfalls in some programmes and the problem of aligning resources as between staff and activity costs: achieving full alignment of funding will be the Organization's biggest financing challenge. The Director-General, in consultation with the regional directors, has allocated 80% of assessed contributions, to ensure that each category of work has funding for operational continuity at the beginning of the biennium. Several Member States expressed their willingness, in the event that a programme to which they are providing funding becomes oversubscribed, to consider reallocating their funds to underfunded areas. The steps to be taken in a situation in which a contributor wishes to provide funds to a fully funded area were presented:

- (i) the option of the new funds being provided for the fully funded area but reprogrammed as a multi-biennial grant, thus also available for the next biennium, would be explored;
- (ii) the option of the contributor allocating the new funds to an underfunded area would be explored;
- (iii) a discussion with other contributors to the fully funded area would take place, to explore their willingness to reallocate their funding to an underfunded area, thus making room for the new contribution (the possibility of proactively reflecting openness to this eventuality via a clause in memoranda of understanding between contributors and WHO was suggested);
- (iv) if no other solution could be found, as a last resort, the offer of a contribution to a fully funded area would be turned down.

Meeting participants called for additional detail on the allocation of available and projected funding, which will contribute to a better understanding of the most vulnerable areas of work and facilitate actions to address these vulnerabilities.

7. **Transparency.** The initial release of the new programme budget web portal was warmly welcomed, and the portal was seen as having the potential to be a powerful tool for accountability and transparency. Its potential to provide critical inputs to well-informed decisions about voluntary contributions and to offer easy access to reporting on results and expenditures was noted. Meeting participants asked to be consulted on the further development of the web portal.

8. **Vulnerability.** The vulnerability inherent in the current situation, where WHO relies on just 20 contributors for 80% of all voluntary contributions, was highlighted (11 of these are non-Member State contributors, with several relying on the same small pool of Member States for funding). Member States were called upon collectively to ensure that the agreed priorities are financed, and the Secretariat was encouraged to provide contributor benchmarking information (e.g. relating to the flexibility of funding and to ratios of voluntary to assessed contributions), thereby creating incentives for Member States to improve the quality and increase the quantity of their financial contributions. Middle-income countries were encouraged to play a larger role in providing voluntary contributions. Supplements to assessed contributions on a voluntary basis were flagged as a potentially useful mechanism for some Member States to use to increase their funding of WHO. The support for WHO's Financing Dialogue in the communiqué issued by health ministers meeting in Cape Town, South Africa, in November 2013 following the Fifth BRICS¹ Summit was noted. The imperative need to conclude the framework for engaging with non-State actors, in order to facilitate expansion of the contributor base beyond Member States, was highlighted, particularly in light of the growing demands for international health-related financing.

9. **Financing of administration and management.** The complexity of administration and management financing at WHO was broadly acknowledged. The need for WHO to keep the cost of administration and management low and to demonstrate value for money was underscored by several meeting participants, and the commitment was expressed to fully fund administration costs – if their value to programmes could be clearly communicated and cost-effectiveness could be demonstrated. There was broad support for the move towards an integrated budget financed by assessed and voluntary contributions. There was also support for the real costs of WHO's programme administration and management to be attributed separately to each of the categories of work, with these costs being built into all voluntary contribution agreements, replacing existing service charges. There were however several calls to keep stewardship and governance as a separate category, noting that these costs are relatively fixed compared with the more variable costs associated with most programmatic work.

10. **Coordination of resource mobilization.** There was strong support for the framework that the WHO Regional Director for Europe presented on behalf of the Secretariat for a coordinated resource mobilization approach to fill the remaining programme budget funding shortfalls. Several participants noted that the new approach will require significant changes in behaviour by both the Secretariat and Member States and other contributors.

11. **Reporting on results.** Meeting participants endorsed the Secretariat's vision for improving the clarity, timeliness, impartiality and coherence of its reporting and reducing its transaction costs. Several meeting participants underscored the fact that high-quality, effective reporting was central to stakeholder confidence in the Organization, while others noted that better reporting will lead to better implementation. Participants welcomed the news that future iterations of the web portal over the next two years will provide deeper levels of detail on WHO's use of funds and deliverables, and emphasized the importance of this enhancement.

12. **Evaluating the Financing Dialogue.** There was concurrence with the proposed focus and modalities of the evaluation of the Financing Dialogue and resource mobilization experiences called for by the Sixty-sixth World Health Assembly, which will be presented to the Sixty-seventh World Health Assembly in 2014. The possibility of the need for a second phase of evaluation was suggested, to allow for full accounting of the impact and results of the Financing Dialogue.

¹ Brazil, Russian Federation, India, China, South Africa

OUTCOMES

13. In his closing remarks the Chairman highlighted several actions that the Secretariat will take in follow-up to the meeting:

- (a) conduct further alignment analysis of the 61% available funding, and projected funding, to better understand shortfalls;
- (b) carry out coordinated, Organization-wide resource mobilization to address shortfalls;
 - (i) hold Financing Dialogue bilateral discussions with those contributors who have not yet committed funding;
 - (ii) expand efforts to broaden the contributor base, in the first instance among Member States, in particular middle-income countries, but also with philanthropic foundations;
 - (iii) provide comparative analysis of contributions;
 - (iv) explore other ways to improve funding quality, e.g. by encouraging supplements to assessed contributions on a voluntary basis and providing incentives for contributors of core voluntary funds;
- (c) promote a longer-term view of organizational financing to ensure funding for the first six months of the next biennium, by linking to the six-year General Programme of Work;
- (d) continue the Financing Dialogue with all Member States and other contributors, to ensure a common understanding of residual shortfalls and resulting implications for programme implementation and to inform financing decisions;
- (e) invite feedback from Member States and other contributors on the initial release of the web portal, to assist in its further development;
- (f) continue the discussion of administration and management financing at meetings of the Organization's governing bodies in January 2014;
- (g) strengthen the robustness, timeliness and transparency of reporting, and better define WHO's contributions to results;
- (h) evaluate the Financing Dialogue and resource mobilization experience;
- (i) update Member States on progress towards each of the above commitments during meetings of the Organization's governing bodies in 2014.

ACTION BY THE EXECUTIVE BOARD

14. The Board is invited to note this report.

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