Sustainable Financing

The attached White Paper has been developed by the WHO Secretariat for consultations with Member States on the WHO Investment Round. The purpose of this Paper is to outline key elements of the plan for the Investment Round as a basis for Member States to provide inputs through written comments.
Introduction

1. The coronavirus disease (COVID-19) pandemic served as powerful reminder that sustainable financing of WHO is a prerequisite for the Organization to discharge its constitutional mandate fully and effectively. Resolution WHA73.1, adopted in May 2020, requested Member States “to provide sustainable funding to the Organization to ensure that it can respond fully to public health needs in the global response to COVID-19, leaving no one behind”.

2. In January 2021, the Executive Board, through its decision EB148(12), set up a time-bound, result-oriented Working Group on Sustainable Financing (WGSF) which focused on enabling WHO to have the robust structures and capacities needed to fulfil its core functions as defined in the Constitution. The WHA in May 2022, adopted the Working Group’s recommendations through its decision WHA75(8) including a request for the Secretariat to explore a replenishment mechanism to raise voluntary contributions.

3. In May 2023, the WHA adopted decision WHA76(19) which urged Member States and other donors to ensure the full financing of the base budget segment of the 14th General Programme of Work (GPW14) and requested the Director General to proceed with the planning of a WHO Investment Round and prepare a report for consideration by the 154th Executive Board, through the Programme Budget and Administration Committee, with a full plan that includes modalities and anticipated costs and efficiencies. The decision further requests the Director General to develop both an evaluation element and a target envelope for the Investment Round, the latter based on the base segment of the budget required to deliver GPW14. This plan is being developed in consultation with Member States, including through Regional Committees and dedicated virtual consultations in the lead up to EB154.

4. The purpose of this paper is to outline key elements of the plan for the Investment Round as a basis for Member States to provide input through written comments.

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3. [https://apps.who.int/gb/ebwha/pdf_files/WHA75-REC1/A75_REC1_Interactive_en.pdf#page=1](https://apps.who.int/gb/ebwha/pdf_files/WHA75-REC1/A75_REC1_Interactive_en.pdf#page=1)
**Purpose and Vision for Success**

5. The WHO Investment Round is a key component of the Secretariat’s resource mobilization approach to ensure full financing of the base budget of GPW14. The Investment Round will be carried out in line with the principles established by the Working Group on Sustainable Financing (WHA75.8) and is complementary to other efforts of the Member State-led journey towards the sustainable financing of WHO, including agreements on further increases in assessed contributions as well as the implementation of the reforms.

6. The WHO Investment Round will safeguard political momentum for global health and for a strong WHO after the COVID-19 pandemic and will rally stakeholders around the GPW14. It seeks to secure predictable funding as the foundation for a stable workforce, increase flexible funding to reduce the persistent pockets of poverty, and enable WHO to sustain and further develop systems and capacities needed to fulfil its core functions in support of its Member States to implement GPW14.

**Proposed modalities for the Investment Round**

7. This Investment Round will be developed in line with WHO’s DNA and culture as a Member State organization. It will be underpinned by GPW14, which is being developed and co-created with Member States.

8. The participation will be fully voluntary. Every pledge to the base budget will count. This will include current multi-year agreements beyond 2025 and any commitments for the period of January 2025 to end 2028, independent of the date of agreement or length of the agreement.

9. In line with the purpose and vision for success of the Investment Round, the secretariat is proposing adjustments to: a) the definition of thematic flexible funding; b) allocation mechanism; and c) reporting of funds.

   a. The definition of thematic flexible funding will be expanded to create greater programmatic and geographic flexibility, thereby making it easier for contributors to pledge flexible rather than earmarked funding. The table below represents the current proposal for this new approach.
b. The allocation mechanisms for fully flexible and thematic flexible funding will be further optimized, to facilitate timely implementation and maximize impact against GPW priorities, especially at the country level.

c. On the reporting requirements, the Secretariat will work to decrease transaction costs and inefficiencies. This can be achieved through corporate reporting using a standardized report template agreed in advance with donors, as already included in the Secretariat Implementation Plan. The pooling of funds, without detailed accounting for individual donors, would also be an effective instrument to reduce transaction costs, and has been used in the past for example during COVID-19.

10. The Investment Round builds on the Secretariat’s existing resource mobilization strategy and will rely on its strong relations with sovereign donors as a mainstay, expand longer-term, consolidated outcome-based collaboration with philanthropic and foundation partners, and continue engagement with the private sector, fully in line with FENSA and facilitated by the WHO Foundation. The Secretariat will draw on existing capacity from within the three levels of the Organization and will leverage outreach to contributors using existing meetings, strategic dialogues and other appropriate fora.

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4 [https://www.who.int/about/governance/member-states-portal/tracking-secretariat-implementation-plan-(sip)-actions]
11. The Investment Round will be hosted by at least six co-hosts, one per region, and will take place in Quarter 4 of 2024 as previously agreed. The event will provide an opportunity for all Member States to participate, virtually or in person. Regional co-hosts would help champion the Investment Round and advocate for sustainable financing for WHO.

12. An investment case is under development to present a compelling, evidence-based rationale for investing in WHO. Rooted in GPW14 and WHO’s result framework, the investment case will demonstrate the return on investment and impact of WHO’s work.

**Cost, efficiencies and effectiveness**

13. The efficiency analysis and benchmarking carried out as per Member States’ request demonstrates that WHO’s resource mobilization approach is already lean, the cost for an Investment Round will be reasonable, and the potential for organizational efficiencies and increased effectiveness is significant.

14. An external benchmarking review has shown that WHO’s dedicated resource mobilization team is lean relative to comparator agencies, and notably so in view of the fact that resource mobilization in WHO benefits from neither a structure of national committees nor significant external support for the resource mobilization effort.

15. Based on the benchmarking exercise, the cost of the Investment Round is anticipated to be US$ 2 million to US$ 3 million, plus operational costs (for which the Secretariat will mostly draw on internal resources).

16. The efficiencies stem from two main sources, namely workforce stabilization and talent retention driven by greater predictability of funding, and time savings of technical staff currently spent on donor proposals, reporting, grant management and short-term contracting. The model developed to calculate efficiencies has three scenarios depending on the scale of success of the Investment Round (in terms of improving predictability, flexibility, easing reporting requirements) and in all three scenarios, the expected efficiency savings range from US$ 15 million to US$ 40 million, and outweigh the expected additional costs of the Investment Round.

17. The efficiencies resulting from the Investment Round will be even larger, if we consider the opportunity to refocus the technical workforce on its core mission as a result of the time freed up to deliver core technical work and engage in substantive discussions with Member States.
18. The indicative financial envelope of GPW14 for the period 2025-2028 is currently under development. The overall estimated budget for GPW14 is around US$ 11.1 Billion. This would result in funding needs for the GPW14 base budget of US$ 7.1 billion (net of PSC), deducting assessed contributions (assumptions as per decision WHA75.8), and enabling functions. The below figure provides an overview of the current estimates.

19. Once the GPW14 is discussed by the Executive Board in January 2024 and the Results Framework (outcome and outputs) is finalized, the Secretariat will run a high-level budgeting process to provide more refined indicative envelopes by outcomes (and where possible, by Outputs) to be ready for consideration at the World Health Assembly in May 2024.

20. While these high-level budget envelopes will not replace the subsequent Programme Budgets in 2026/2027 and 2028/2029, they will guide these Programme Budgets and will enable contributors to make informed commitments at the Investment Round later in 2024.
Proposed metrics for evaluation of the Investment Round

21. The proposed evaluation metrics focus on predictability and flexibility of funding. The current proposal is outlined in the below list.

1. POLITICAL COMMITMENT TO WHO DEMONSTRATED THROUGH PARTICIPATION IN THE IR
2. FUNDING AVAILABLE AT THE BEGINNING OF A 4-YEAR PERIOD
3. NUMBER OF DONORS THAT PLEDGE FOR THE FULL 4 YEAR PERIOD
4. NUMBER OF DONORS THAT INCREASE THEIR CONTRIBUTION
5. PERCENTAGE OF FLEXIBLE AND THEMATIC VC FUNDING OF THE BASE BUDGET FOR A 4-YEAR PERIOD
6. PERCENTAGE OF DONORS THAT ACCEPT HARMONIZATION OF REPORTING REQUIREMENTS

22. For the Investment Round, the secretariat is using a dynamic risk management approach, regularly assessing risks, and applying the appropriate mitigation measures. Risks are weighted for probability and impact and will inform WHO’s corporate risk framework. At the moment, the most probable and high-impact risk is that the Investment Round may not significantly improve financial predictability and flexibility. The mitigation measures include implementing a clear communication plan highlighting the reform progress, return on investment and effectiveness gained through predictable and flexible funding, working on the definitions of flexible funding as outlined above, and working with Member States toward meeting the evaluation indicators in the list above.

Next Steps

23. Member States are invited to provide written comments on this paper by 27 October 2023.

24. Regional consultations are ongoing. The next global Member States consultation will be held on 3 November.

25. Feedback will be incorporated in the plan for submission to the EB in January 2024.