Sustainable financing

This Working Paper provides an update on progress over the issues emanating from the Working Group on Sustainable Financing. The Working Group was established by Decision EB148(12) to enable WHO to have the robust structures and capacities needed to fulfil its core functions as defined in the Constitution:

The World Health Assembly (2022) adopted the recommendations of the Working Group including, among others, (i) an increase of assessed contributions to contribute to financial sustainability of WHO with its aspiration to reach a level of 50% of the 2022–2023 Base Budget by the biennium 2030–2031, while aiming to achieve this by the biennium 2028–2029, with a targeted first increase of 20%, (ii) to explore the feasibility of a replenishment mechanism to broaden further the financing base and (iii) to establish an Agile Member States Task Group (AMSTG) on strengthening WHO budgetary, programmatic and financing governance to analyse challenges in governance for transparency, efficiency, accountability and compliance, and come up with recommendations.

The Seventy-sixth World Health Assembly adopted the Programme Budget 2024–2025 with the inclusion of a 20% increase in assessed contributions. This constitutes the first step of the agreed gradual increase in assessed contributions to reach a level of sustainable financing of 50% of the 2022–2023 Base Budget.

The World Health Assembly discussed the progress and adopted the recommendations of the Agile Member States Task Group on budgetary, programmatic and financing governance reforms around the areas of transparency, accountability, compliance and efficiency. In addition, the report on the Secretariat Implementation Plan on Reform was adopted.

The Health Assembly also requested the Director-General to proceed with the planning of a WHO Investment Round, with a full plan that includes modalities and anticipated costs and efficiencies, and 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.
Following this decision, the Secretariat has shared a White Paper for consultation with Member States on the Investment Round, outlining key elements of the plan for the Investment Round as a basis for Member States to provide inputs and comments.

The White Paper describes the purpose, vision for success, proposed modalities, cost efficiencies and effectiveness, funding envelope, and the proposed metrics for evaluation of the Investment Round, and outlines the next steps in the process.

The Regional Committee offers an opportunity for Member States to discuss and provide individual or collective inputs and comments to the White Paper and to the overall plan for the implementation of the Investment round.

This agenda item was presented to the SPPDM Meeting. The SPPDM Meeting discussed it and recommended the following actions:

**Actions by Member States**

1. Engage in future discussions on the subsequent gradual increase of Assessed Contributions.
2. Actively engage in consultations on the Investment Round and implementation of the reforms as laid out by the AMSTG.
3. Provide inputs to the Secretariat Plan for the WHO Investment Round.

**Actions by WHO**

1. Implement the actions set out in the AMSTG report and the Secretariat’s Implementation Plan on reform.
2. Ensure communication with Member States in the implementation of reforms and development of the Plan for the WHO Investment Round.
3. Incorporate the inputs for the Seventy-sixth Session of the South-East Asia Regional Committee into the Secretariat Plan for the WHO Investment Round.

The Working Paper and the SPPDM Meeting’s recommendations are presented to the Regional Committee for its review and consideration.
Introduction

1. The WHO Executive Board established the Sustainable Financing Working Group aiming to find a sustainable financial model for the Organization. After prolonged deliberations, the Working Group agreed to (i) boost sustainable, predictable and fully, or at least thematic, flexible funding; (ii) a gradual increase in Member States’ assessed contributions; (iii) cover WHO’s core Programme Budget with fully flexible funds; (iv) strengthen governance, transparency, accountability and compliance; (v) explore the feasibility of a replenishment mechanism for WHO; and (vi) establish an Agile Member States Task Group to build on budgetary oversight and accountability initiatives. These recommendations were submitted to and approved by the World Health Assembly in May 2022.

2. Member States agreed to a gradual increase in assessed contributions to contribute to financial sustainability of WHO with an aspiration to reach a level of 50% of the 2022–2023 Base Budget by the biennium 2030–2031, while aiming to achieve this by the biennium 2028–2029, with an initial first increase of 20% in assessed contributions for the biennium 2022–2023, as part of the Proposed Programme Budget 2024–2025.

3. The Secretariat was requested to explore the feasibility of a replenishment mechanism to broaden further the financing base, in consultation with Member States, and taking into consideration the Framework of Engagement with non-State Actors (FENSA).

4. The Agile Member States Task Group on Strengthening WHO’s Budgetary, Programmatic and Financing Governance was established to analyse challenges in governance to transparency, efficiency, accountability and compliance, and come up with recommendations.

Current situation, response and challenges

5. Increase in assessed contributions: The Programme Budget 2024–2025 was adopted by the World Health Assembly (A76/4 Add.2), including a 20% increase in assessed contributions. The initial 20% increase in assessed contributions was agreed by Member States as a first step to eventually reach a level of increase of 50% of the 2022–2023 Base Budget by the biennium 2030–2031 or earlier. Member States agreed on a gradual increase adjusted to their financial realities, particularly in the aftermath of the COVID-19 pandemic. Subsequent discussions among Member States will be required to adopt the next increase to achieve the agreed targets.

6. WHO Investment Round: Based on the expressed wish of Member States to differentiate the WHO replenishment mechanism from those of other major health actors, the Secretariat suggested the term “WHO Investment Round”, which has been adopted in documentations. Following the Director-General’s report on the Feasibility of a replenishment mechanism, including options for consideration, the World Health Assembly requested the Director-General: (i) to proceed with the planning of a WHO Investment Round for the last quarter of 2024, (ii) to draft a GPW14 effective from 2025 with (iii) a target funding envelope for the WHO Investment Round, and (iv) to include an evaluation element in the planning of the WHO Investment Round prior to consideration of additional investment rounds.
7. Vide Decision WHA76(19), the Secretariat is requested to provide regular updates to and receive advice from Member States and present a report with a full plan for the Investment Round that includes modalities and anticipated costs and efficiencies (including staffing adjustments) for undertaking this exercise, for consideration and approval of concrete next steps by the Executive Board at its 154th Session, through the Programme, Budget and Administration Committee (PBAC) at its Thirty-ninth Meeting, and to submit an updated report to the Seventy-seventh World Health Assembly in May 2024, through the Fortieth Meeting of the Programme, Budget and Administration Committee.

8. The Secretariat has shared a White Paper for consultation with Member States on the Investment Round, outlining key elements of the plan for the Investment Round as a basis for Member States to provide input and comments.

9. The White Paper describes the following elements of the Investment Round:

- Purpose and Vision for Success: A key component of the Secretariat’s efforts to ensure full financing of the base budget of GPW14, it seeks to secure predictable funding as the foundation for a stable workforce, to reduce pockets of poverty, and enable WHO to fulfil its core functions in support of its Member States to implement GPW14.

- Proposed modalities: It will be member State driven, underpinned by the Member-State developed GPW14, fully voluntary and will include every pledge to the base budget.

- The Investment Round builds on the Secretariat’s strong relations with sovereign donors and the efforts to expand collaboration with other non-State partners, fully in line with FENSA and with support by WHO Foundation.

- At least six co-hosts, one per region, would help champion the Investment Round and advocate for sustainable financing for WHO.

- The investment case, currently under development, will present a compelling, evidence-based rationale for investing in WHO.

- Cost, efficiencies and effectiveness will be the result of a lean mechanism that reduces transaction costs while enabling a more efficient management of financial and human resources.

- The funding envelope will be determined to support the still estimated 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.

- A set of proposed metrics for evaluation of the Investment Round will support Member States in making informed decisions about future rounds.

- A dynamic risk management approach will be used to assessing risks, and applying the appropriate mitigation measures.

10. The AMSTG reforms: The reforms are covered in two complementary reports: (i) The report from the Agile Member States Task Group (AMSTG) on Strengthening WHO’s Budgetary, Programmatic and Financing Governance, and (ii) the Secretariat Implementation Plan for Reform.
11. The Seventy-sixth World Health Assembly adopted in May 2023 the eleven recommendations from the report of the AMSTG around the areas of transparency, accountability, compliance and efficiency.

12. Member States presented a set of recommendations, identifying the responsibilities of Member States and the Secretariat in the implementation of the recommendations, structured along the following categories as follows:

| Transparency | • Establish a consistent and transparent approach to the establishment of new initiatives and programmes, i
   • Improve the process of costing resolutions and decisions,
   • Strengthen the role of the Executive Board and its Programme, Budget and Administration Committee in their budgetary oversight,
   • Improve the WHO Results Framework and the monitoring of its performance,
   • Improve transparency in the creation and filling of senior-level positions at WHO, with periodic reporting to Member States. |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Accountability| • Improve the information available to Member States on the WHO organigram, including the contact details of technical units.
   • Reform the WHO ethics function.
   • Reform the WHO Office of Internal Oversight Services. |
| Compliance   | • Improve the timeliness of delivery of governing bodies documents and information to Member States. |
| Efficiency   | • Revise the cost recovery scheme for voluntary contributions.
   • Develop guidelines, principles and thresholds on earmarking of voluntary contributions, with a view to increasing their flexibility and establishing deadlines for achieving the thresholds. |


14. The Secretariat’s Implementation Plan on Reform was mandated by Decision WHA75(8) (2022) on sustainable financing. In May 2023, the World Health Assembly adopted the Secretariat report on reform. The actions contained in the implementation plan are grouped in seven thematic categories arranged in alphabetical order, as follows: (i) accountability function and systems; (ii) country-level impact; (iii) financing; (iv) governance; (v) human resources; (vi) Programme Budget; and (vii) resource mobilization.

15. The Implementation Plan contains 96 actions across the seven thematic categories. Between January 2023 and March 2023, at the time of the Secretariat’s Report to the World Health Assembly, 42 actions had already been implemented.
16. Pursuant to the changes requested by the Programme, Budget and Administration Committee at its Thirty-seventh Meeting, the Secretariat Plan for Reform presented to the Seventy-sixth World Health Assembly included the following updates:

➢ The Secretariat has published its new three-year Strategy on preventing and responding to sexual misconduct, 2023–2025, and will ensure alignment, coherence and consistency between the Implementation Plan and the three-year PRSEAH Strategy and its new monitoring and evaluation framework.

➢ Regarding the request to add timelines for relevant actions in the Implementation Plan that go beyond 2025, the Secretariat will continuously adjust timelines for respective actions, and will identify those that will not be achieved by end 2025 in due course.

➢ The Secretariat will engage Member States to prioritize the actions contained in the Implementation Plan.

➢ To enhance country-level impact and strengthen country offices, the Action for Results Group comprising WHO Country Representatives developed a plan of action detailing concrete steps for implementation, with clear timeframes, roles and responsibilities and monitoring indicators.

➢ With regard to the monitoring of the Implementation Plan, the Secretariat is committed to providing visible information on progress and to demonstrating the agility of and momentum behind its plan. A tracking platform has been established to visualize the status of implementation of the reforms. The platform is available to Member States on the “Member State” portal of WHO’s website.


The way forward

18. To implement the decisions of the World Health Assembly on sustainable financing, and move forward the reforms adopted as a result of the discussions in the Agile Member States Task Group, the SPPDM Meeting recommended the following actions to be taken by Member States and WHO:

Actions by Member States

(1) Engage in future discussions on the subsequent gradual increase of assessed contributions.

(2) Actively engage in consultations on the Investment Round and implementation of the reforms as laid out by the AMSTG.

(3) Provide inputs to the Secretariat Plan for the WHO Investment Round.
**Actions by WHO**

1. Implement the actions set out in the AMSTG report and the Secretariat’s Implementation Plan on reform.
2. Ensure communication with Member States in the implementation of reforms and development of the Plan for the WHO Investment Round.
3. Incorporate the inputs for the Seventy-sixth Session of the South-East Asia Regional Committee into the Secretariat Plan for the WHO Investment Round.

**Conclusions**

19. The World Health Assembly has taken effective measures to ensure a sustainable financing model for WHO.

20. The initial 20% increase to the assessed contributions has been included in the Programme Budget 2024–2025 adopted by the Seventy-sixth World Health Assembly. This is the core measure to ensure a sustainable financing model for WHO. Additional increases need to be agreed upon and adopted by the World Health Assembly.

21. To complement the increase in assessed contributions, the Secretariat is consulting Member States to define the main parameters of the WHO Investment Round. Member States are requested to provide input and comments to the White Paper on the Investment Round.

22. The Reform Agenda is progressing. Member States and the Secretariat will continue working together to implement the agreed reforms. The Secretariat will engage with Member States in the implementation and monitoring of the reforms. Member States can track the progress of implementation through the dashboards available at the Governing Bodies website [https://apps.who.int/gb/gov/].