

A WATERSHED FOR WHO

Finance & Governance



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WHO Investment Rounds: A Replenishment Approach

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From responding to health emergencies and developing standards for genomic surveillance, to regulating trans-fats and monitoring the use of e-cigarettes, WHO has a broad mandate and myriad tasks to fulfill.

Yet for all its vast responsibilities, WHO is cash-poor. Its [core budget](#) for 2022 and 2023 was around US\$4.4 billion—smaller than that of many big hospitals. [Note that the base segment of the Programme budget is \$4.4 billion – without taking into account budget for special programmes, emergencies and polio eradication.]

Financing the WHO will be a key agenda item at next week’s World Health Assembly. Here’s why it’s such an important issue.

The challenge for WHO is that only 14% of its funding is fully flexible, [according to a report](#) filed for this year’s WHA. These funds largely come from membership fees paid by countries known as assessed contributions, which are flexible in nature and are used to cover the organization’s core budget. The rest of WHO’s funds are mostly “voluntary” support from countries and donors that are earmarked for specific programs. (Some parts of the core voluntary contributions are also flexible to an extent.)

WHO faces another budget hurdle: While it runs on a 2-year budget cycle, some funding is for periods shorter than 2 years. This introduces lots of unpredictability in its operations—even in critical areas such as health emergencies, noncommunicable diseases, mental health, and nutrition to name just a few areas. These chronically underfunded areas are known in WHO parlance as “persisting pockets of poverty.”

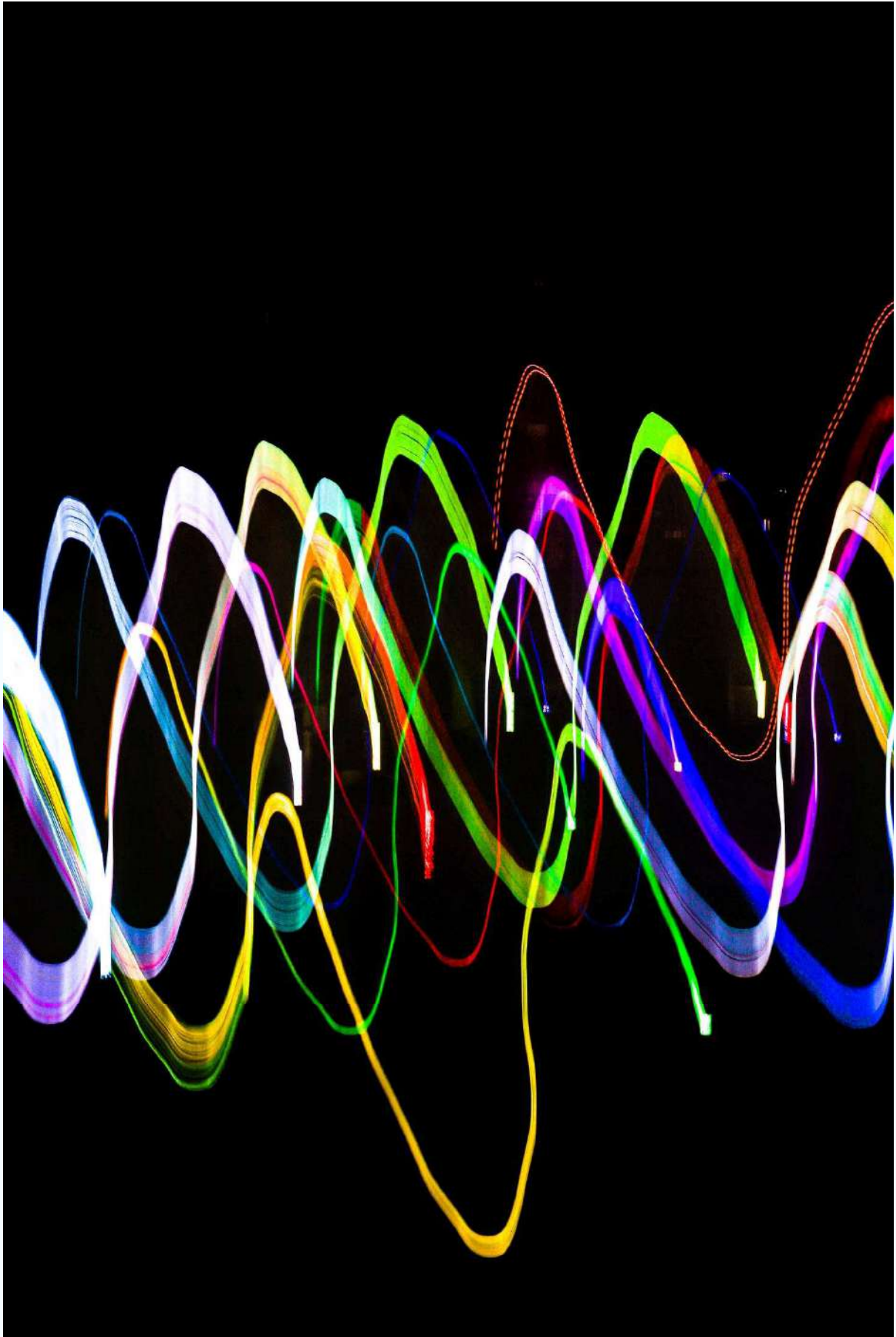


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Over the last 2 years, WHO member states have discussed [sustainable financing](#). In May 2022, they agreed in principle to increasing assessed contributions so they would cover 50% of the core budget by 2030–2031 at the latest. This has shifted budget planning. The proposed program budget 2024–2025, for example, assumes a 20% increase in assessed contributions, [per a recent WHO financing report](#).)

Last year, the World Health Assembly, adopted the recommendations of the Working Group and asked the Secretariat 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”. The feasibility of a replenishment approach is in response to this request.

The decision to pursue a replenishment approach, flows from a set of [recommendations](#) from the [Working Group of Sustainable Financing](#). This was followed up by a more focused efforts deliberating on financing and governance matters at WHO, through the [Agile Member States Task Group](#) on Strengthening WHO's Budgetary, Programmatic and Financing Governance.

Christoph Benn, Director for Global Health Diplomacy at the Joep Lange Institute in Geneva told us, “I very much welcome the WHO initiative to launch a formal WHO Investment Round. WHO needs increased, sustainable and very importantly predictable funding to fulfil its multiple central roles in global health. The current funding is completely insufficient and is covering only a small part of the core budget making it very difficult for the organization to plan its activities and attract the professional staff they need. The agreed increases in assessed contributions are a welcome step in the right direction but needs to be complemented by a concerted effort to reach out to all member states to commit to predictable contributions over and above their ACs to cover the full program budget that WHO needs in the next few years. WHO will have a unique opportunity to leverage the trust it enjoys with member states to work towards a pledging moment in 2024 gradually moving away from multiple small grants to predictable multi-year commitments.” Benn, was a member of the inaugural board of the Global fund to fight AIDS,

Tuberculosis, and Malaria in 2002 and also served as its Director of External Relations during from 2003-2018

The principles to guide a replenishment process for WHO, recognizes the uniqueness of WHO's role in global health. According to what was agreed by member states during these deliberations last year, "any WHO replenishment mechanism, with relevant rules of procedure, should be based on the following principles: (i) is Member State-driven and approved by the Health Assembly and open to all donors that comply with the Framework of Engagement with Non-State Actors; (ii) addresses both WHO needs for flexibility and donor needs to show accountability for results to their own constituents; (iii) ensures efficiency and no competition between different parts of WHO; (iv) aligns with the defined needs of WHO as approved by its governing bodies and is oriented to prioritize the financing needs of the base budget in all its components; (v) aligns with the global health architecture avoiding competition with other global actors; (vi) aligns with resolutions and decisions of the Health Assembly."

A NEW APPROACH

The WHA will consider a new way for the organization to raise money for its myriad activities. Some argue the new approach could be a game-changer that will give WHO greater spending latitude on its own priorities. Others worry it will impinge on countries' ability to set the agenda, opening the door for greater say from private actors.

Next week, the WHA will [consider](#) the new fundraising strategy, a replenishment mechanism similar to those of The Global Fund and Gavi – The Vaccine Alliance, while taking into account WHO's unique role in global health as a member-state driven organization. This approach would involve a multiyear commitment from new donors to finance the WHO's core program budget. The proposal calls for a pledging event in 2024 for the 2024-2028 WHO budget.

It is understood that the replenishment funds would raise voluntary contributions for parts of the WHO's budget not covered by assessed contributions. Sources told us that funds from replenishment would cover

work by country offices, regional offices and headquarters across all strategic priorities.

Typically, the base segment of the WHO budget caters to the realization of the General Programme of Work that entails the following Triple Billion targets: 1 billion more people benefitting from universal health coverage; 1 billion more people better protected from health emergencies; 1 billion more people enjoying better health and well-being; as well as a pillar on more effective and efficient WHO providing better support to countries.

As a reference, costs associated with the current General Programme of Work supported by the core WHO budget were pegged at US\$12–14 billion over 4 to 6 years, health financing experts in Geneva say.

THE REPLENISHMENT PROPOSAL:

What is being proposed is the following: a multiyear commitment from new donors to full-financing the base segment of the WHO's program budget (WHO programme budget is composed of base, polio eradication and emergencies segments). The basis for this ask will be a new General Programme of Work.

To underscore the unique nature of WHO, as the UN's only technical agency, the nomenclature suggested for this financing mechanism is "WHO investment rounds". As a member state driven organization, countries sign off on WHO's General Programme of Work and its programme budget. A pledging event is being proposed for 2024 – the first WHO investment round will cover a period between 2024-2028 according to the documents that will be considered by the Assembly next week. Also envisioned is an investors forum to catalyse the process of raising finances.

The replenishment proposal emphasizes immediacy and urgency in launching this process. The document prepared by the secretariat suggests:

"Recognizing that some global health funds are already planning to hold replenishment activities in 2025, and in keeping with the principles adopted by Health Assembly, the pledging event for the first WHO investment round would be held in the second half of 2024. In addition to avoiding competition

with the replenishment plans of other organizations, starting immediately underlines the urgency of the health-related Sustainable Development Goals and accelerates progress towards the Member States' goal of sustainable financing of WHO. Together with the expected increases in assessed contributions, the first WHO investment round would facilitate early and full implementation of the draft Fourteenth General Programme of Work. This timing would require a decision by the Seventy-sixth World Health Assembly for the Secretariat to proceed immediately with a WHO replenishment mechanism, the development of that proposed General Programme of Work as the strategy on which the first WHO investment round would be based, the elaboration of an associated investment case, the design and operationalization of the round itself, and the establishment of an investors' forum."

THE SIZE OF THE ASK: THE NEW GENERAL PROGRAMME OF WORK

The replenishment proposal suggests:

"...The target funding envelope for the first WHO investment round would be based on the financing envelope for the four-year period of the Fourteenth General Programme of Work while accounting for the expected increases in assessed contributions during that period, maintaining the existing financing flows for special programmes and optimizing complementary WHO financing mechanisms for health emergencies and outbreaks, including WHO's Contingency Fund for Emergencies and its annual Health Emergency Appeal. Specifically, the target funding envelope will be comprised of the four-year base budget for the Fourteenth General Programme of Work, less the anticipated increases in assessed contributions. In parallel, a WHO investment case will be developed to provide a prospectus of the programmatic returns from investing in the Fourteenth General Programme of Work."

AN INVESTORS' FORUM

To raise funds, WHO is calling for investors' forum to support the first WHO investment round.

“The forum would initially bring together WHO’s financial contributors, including Member States and non-State actors, to discuss the draft Fourteenth General Programme of Work strategy and results, and to understand and build support for the funding envelope. Following the first pledging event, the forum would provide an annual opportunity to review the status of implementation of the Fourteenth General Programme of Work, showcase the results achieved with the investments that had been made to date, and discuss the future financing situation. The WHO investors’ forum would also provide an opportunity to share experiences and lessons in order to further improve the quality and sustainability of WHO’s financing. Furthermore, the forum could provide a mechanism for Member States and other major contributors to have a more detailed discussion on specific topics with staff members from the three levels of the Organization.”

The plan is to leverage the WHO Foundation to raise resources. The document says: “With respect to contributions to the first WHO investment round from the private sector, corporations and high-net-worth individuals, these could be mobilized and managed by the WHO Foundation. The WHO Foundation could in turn represent the interests of such contributors in the WHO investors forum.”

The proposal takes cognizance of funding constraints of not only member states, but also non-state actors.

It suggests:

“With respect to existing and potential non-State actor contributors to WHO, Member States noted that several philanthropic foundations and global health funds have limited mandates which constrain their ability to provide fully-flexible funds. Consequently, longer-term pledges to thematic areas of interest could allow such non-State actors to contribute within the constraints of their mandates. Furthermore, the establishment of a WHO investors’ forum could provide an opportunity for non-State actor contributors to engage with Member States and the Secretariat more substantively during the development of the Fourteenth General Programme of Work and its financing envelope, and subsequently in reviewing the status of its implementation and the impact of their contributions.”

ALLOCATION OF FUNDS

The replenishment proposal says, “On the allocation of flexible funds, the primary aim will continue to be the full implementation of the Programme budget approved by Member States. In effect, this means having appropriate levels of financing of all major offices and programmes (“greening the programme budget heatmap”) as much as possible given the available funds. In the event that this is not fully feasible, the allocation of funds will be prioritized in line with the new allocation strategy outlined in the Programme budget 2024–2025 whereby resources will be strategically directed towards Member State-directed high-priority outputs, with key outputs at the country level to be funded first.”

ACTIONS FROM THE WHA

The proposal seeks an endorsement from the World Health Assembly next week, so that WHO can proceed with a first WHO investment round for the period 2025–2028 with a pledging event in the second half of 2024; urges countries and partners to support the first WHO investment round “with the aim of ensuring the full financing of the base budget segment of the financing envelope of the Fourteenth General Programme of Work, 2025–2028”.

It also requests the DG to develop the target funding envelope for the first WHO investment round, establish a road map for implementing the first WHO investment round, culminating in a pledging event to be held in the second half of 2024, and to convene a WHO investors’ forum. The DG is also being asked to consult with countries to develop the draft Fourteenth General Programme of Work, 2025–2028. (This is expected to replace Thirteenth General Programme of Work, 2019–2025 one year early.)

RISKS?

The benefits of the replenishment mechanism include much-needed resources for WHO, but the downsides are that it would come from a select group of donors. Critics fear this could mean that non-state donors could eventually secure a spot in the formal governance processes of WHO, which has been the exclusive domain for member states.

When the proposal for a replenishment mechanism was first pitched at the WHO's Executive Board meeting earlier this year, countries didn't register any serious objections. Many are loathe to pay more to WHO.

Even so, countries such as the US, among others have emphasized the need for efficiency and streamlining WHO financing. ([Matters emanating from the Working Group on Sustainable Financing \[Secretariat implementation plan on reform\]](#): WHO)