



**World Health
Organization**

Member States consultation on WHO resource allocation mechanisms

Geneva, 15 April 2024

Short glossary of terms and abbreviations

- **3L:** Three levels of the organization: HQ, RO, CO
- **3L ODT:** Output Delivery teams across the three levels of the organization
- **AC:** Assessed Contributions (Member States quotas)
- **Budget Centre (BC):** at country level, country offices; at regional and Headquarter levels, department/divisions
- **CO:** Country office
- **CVCA:** Core voluntary contributions account, the most flexible type of voluntary contribution in WHO
- **RD:** Regional Directors
- **DG:** Director General
- **Flexible funds (FF):** AC+PSC+CVCA
- **GPG:** Global Policy Group (DG+ 6 RDs)
- **MO:** Major Office (WHO has 7 MO: 6RO plus HQ)
- **PSC:** programme support costs charged to voluntary contributions
- **Product/Service:** main deliverables needed to deliver commitments with Member States and contribute to delivery of Programme budget 2024-2025
- **RO:** Regional Offices
- **HQ:** Headquarters
- **RAC:** Resource Allocation Committee
- **Top Task:** Name assigned in WHO system to Product/Service
- **VC:** voluntary contributions
- **WHA:** World Health Assembly


WHO Strategic priorities and outcomes 2024-2025

- 1. One billion more people benefiting from universal health coverage**
 - 1.1. Improved access to quality essential health services
 - 1.2. Reduced number of people suffering financial hardships
 - 1.3. Improved access to essential medicines, vaccines, diagnostics and devices for primary health care
- 2. One billion more people better protected from health emergencies**
 - 2.1. Countries prepared for health emergencies
 - 2.2. Epidemics and pandemics prevented
 - 2.3. Health emergencies rapidly detected and responded to
- 3. One billion more people enjoying better health and well-being**
 - 3.1. Safe and equitable societies through addressing health determinants
 - 3.2. Supportive and empowering societies through addressing health risk factors
 - 3.3. Healthy environments to promote health and sustainable societies
- 4. More effective and efficient WHO providing better support to countries**
 - 4.1. Strengthened country capacity in data and innovation
 - 4.2. Strengthened leadership governance and advocacy for health
 - 4.3. Financial human and administrative resources managed in an efficient effective results-oriented and transparent manner

Addressing Member States comments on AMSTG consultation

T6 of AMSTG

Secretariat considers this as achieved, while recognizes that it is permanent in progress, due to nature of request

T6. Strengthening MS consultation on PB prioritization, resource allocation		
R ■ ■ ■	Further improve the results-based budget planning process with MS, including improved transparency, information-sharing on programme budget prioritization and discussion of financing the priorities as well as improved equity in resource allocations across all levels and major offices of WHO.	
F ■ ■ ■	The Chair of the EB or the Task Group co-facilitators, in consultation with MS, are to outline existing practice and to identify possible options for strengthening consultations with MS on the prioritization process and on resource allocation when preparing the draft programme budget, as well as for presentation of the results of the prioritization exercise to the PBAC for the consideration of EB154 in January 2024.	 SEC <input checked="" type="checkbox"/> MS considered (document EB154/33 , paragraphs 17–22) that the broad raft of measures already taken are sufficient to address the transparency requests raised in T6.
L ■ ■ ■	Request WHO guidance on current practices and/or limitations for possible new approaches	SEC <input checked="" type="checkbox"/> MS considered (document EB154/33 , paragraphs 17–22) that the broad raft of measures already taken are sufficient to address the transparency requests raised in T6.

How has the Secretariat addressed this request?

Formal and
informal
consultations

Digital PB platform

Improved allocation
of resources
towards Regions
and countries

Increased
transparency of
planning and
implementation

PB Explainers
developed

Resource allocation
mechanisms fully in
place

Improving linkage between prioritization and PB:

2024-2025 Fully Achieved

- Results incorporated in PB 24-25
- Information publicly available at PB digital platform:
<https://www.who.int/about/accountability/budget/programme-budget-digital-platform-2024-2025>

2026-2027 In progress

- Prioritization for the new results framework of GPW14 has been launched. One consultation expected for entire GPW14
- Regional offices in preparations to initiate consultations with Member States

Towards a more equitable allocation of resources

Highly dependent on flexibility on resources

4%

% of Base Programmes financed by AC increase

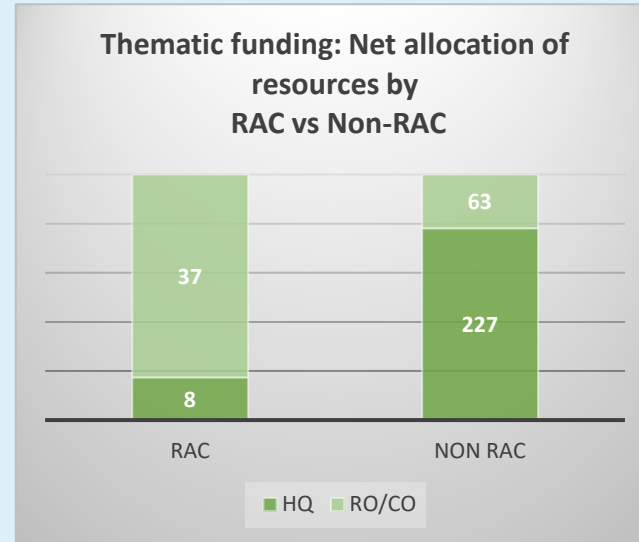
37%

% of Base Programmes financed with flexible funds (including AC increase)



Thematic Funds 22-23:

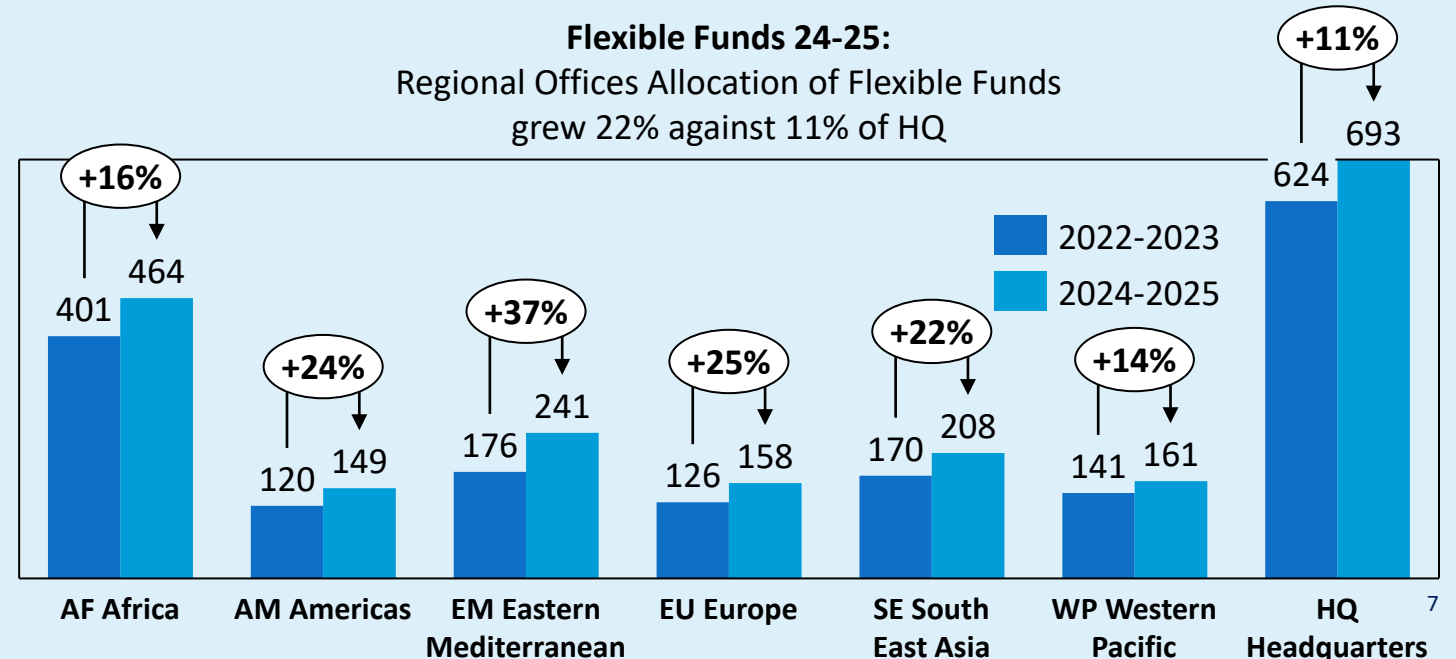
RAC prioritizes allocation towards RO/CO as a principle



The degree of success of the Secretariat heavily depends on the quality of funds it receives. The more flexible funds, the more it can reallocate towards Regional and Country offices, while still protecting core functions within HQ

Flexible Funds 24-25:

Regional Offices Allocation of Flexible Funds grew 22% against 11% of HQ





**World Health
Organization**

Programme Budget and its Financing Mechanisms

One Programme budget, many components

Total Programme Budget 2024-2025

Composed of 4 Budget Segments

Base programmes
\$4,968.2 m

Polio
Eradication
\$694.3 m

Special
programm
es
\$171.7 m

Emergency Operations and
appeals
\$1,000.0 m

The budget segments are divided across 3 functional levels and 7 major offices

Country level, base (\$2,439.8 m)

Regional Level, base (\$1,059.7 m)

Headquarters, base (\$1,468.6 m)

Polio
Eradication
\$694.3 m

Special
program
mes
\$171.7 m

Emergency Operations and
appeals
\$1,000.0 m

Expected to be financed with different types of funds, ruled by different allocation mechanisms

Flexible funds

AC
\$1,148.3 m

CVCA
\$284 m

AS
\$600 m

Voluntary contributions
(Thematic, Designated, Specified)
\$4,817.9 m

Main mechanisms for Resource Allocation in WHO

Flexible Funds

Thematic funding (Resource Allocation Mechanism)

Earmarked Voluntary Contributions (designated, specified)



Flexible Funds

Consisting of:

- Assessed Contributions (AC)
- Core Voluntary Contributions (CVCA)
- Programme Support Costs (AS)

No “strings” attached

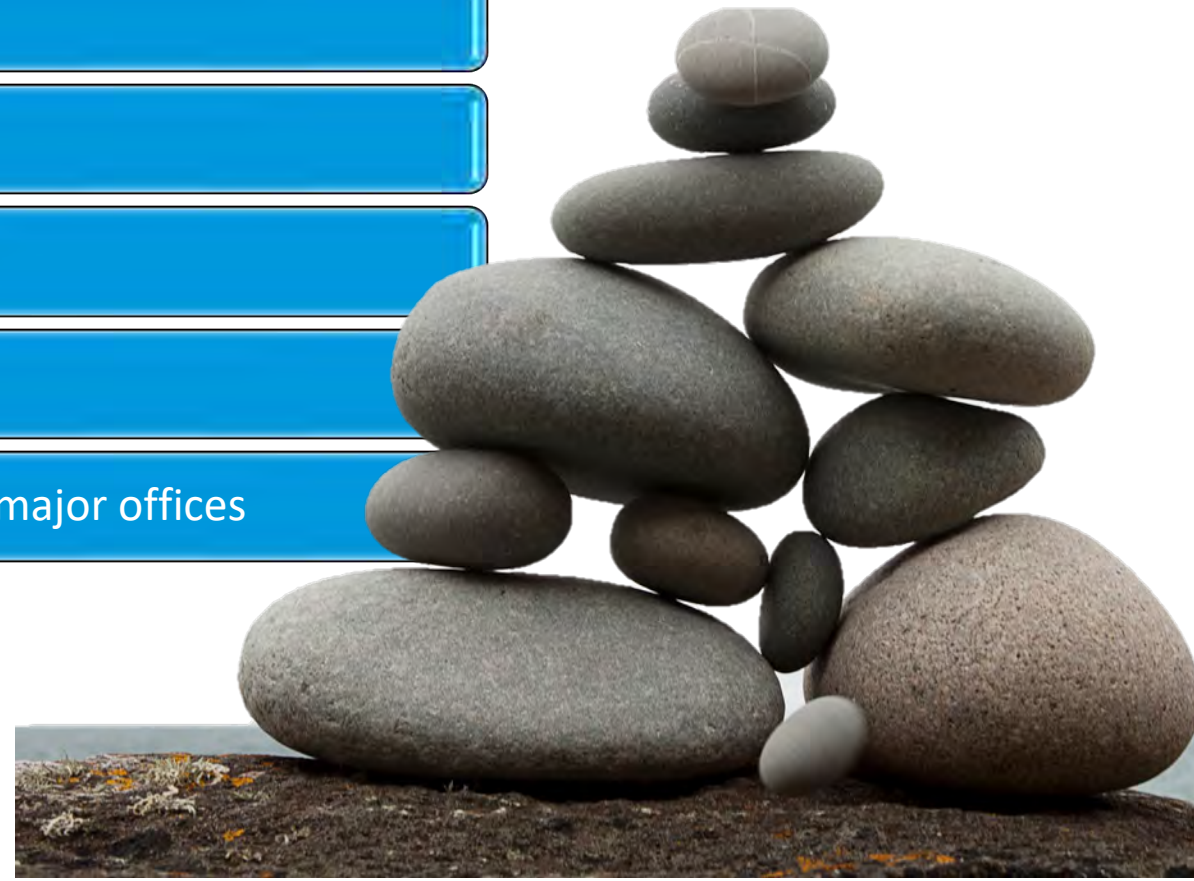
Used for activities/salaries

Strategically reprogrammable, if new funds arrive

To cover entire base budget (under certain guidelines)

Allocation decided by DG in consultation with GPG to seven major offices

- Regional offices: RDs decision to allocate; they may delegate to WRs
- In HQ: DG’s decision to allocate



A revised approach to allocation of flexible resources

Allocation of flexible funds until now:

- By Major Office, decision of the DG in consultation with Global Policy Group
- By Regional, country levels, decision of Regional Director
- Within country level, decision of WHO Representative
- Besides the original allocation, transfers towards RO/CO also occur across the biennium
- Largely finance staff costs
- **63%** utilized at Regional and Country level in 2022-2023

Revised approach, still decentralized but more focused:

- The allocation of the **increase in assessed contributions** will be directly related to **high priority outputs**, with particular emphasis on country level and on those prioritized outputs that traditionally present large financial gaps.
- Strong focus on strengthening technical capacity at the country level
- Increase in cost of enabling functions must be minimal and focused on the prioritized areas of transparency, accountability and risk management (including PRSEAH), and at least partially offset by efficiencies
- At least 50% of the increase to be allocated to the country level
- Retaining **flexibility** of these funds is key

Estimated Flexible Funds for 2024-2025

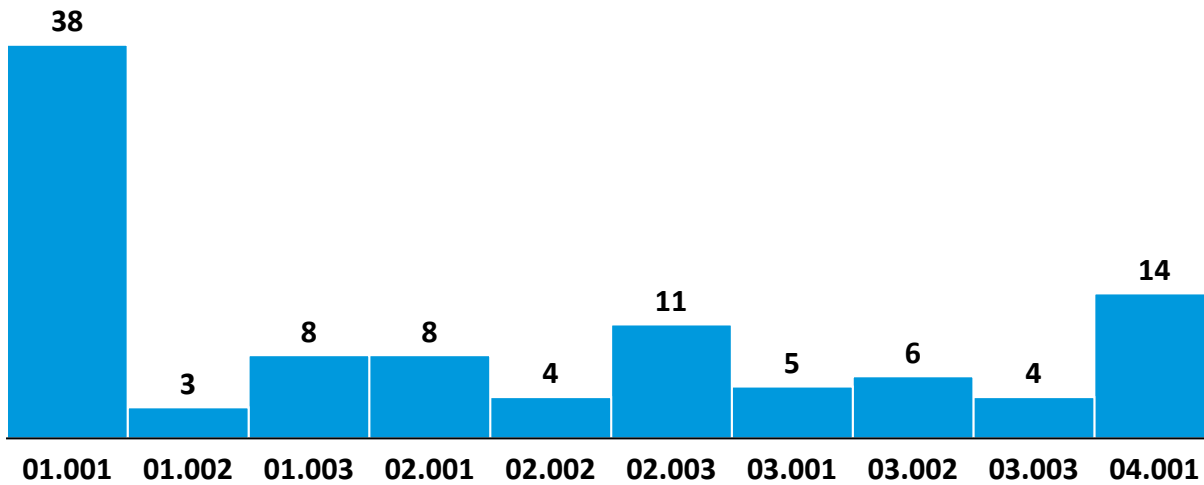
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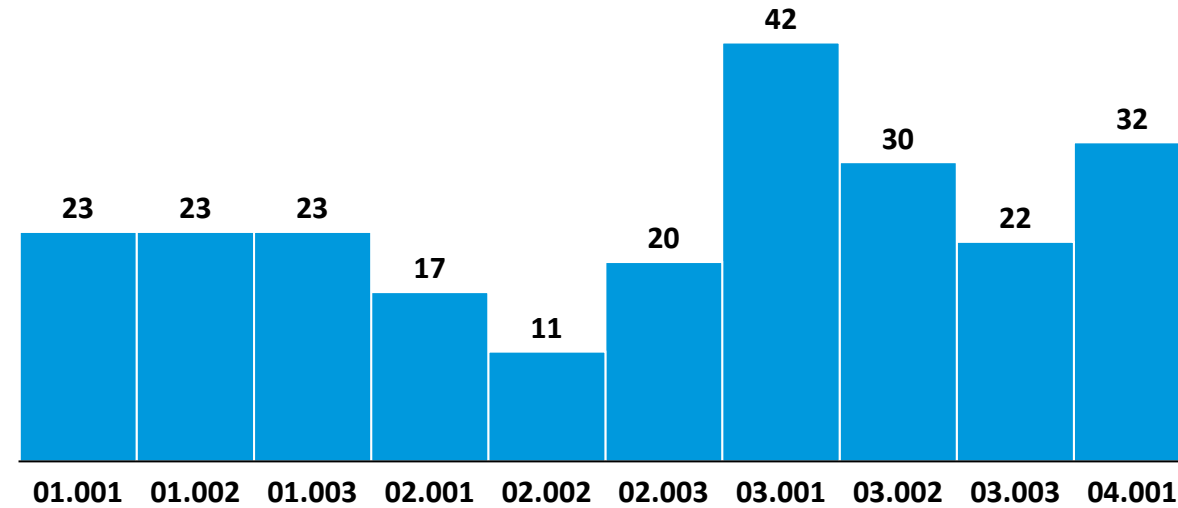
The final allocation of flexible funds is the sum of multiple decentralized decisions...

As a % of total flexible funds



... But the size of flexible funds is not enough to green the heatmap

As a % of each outcome's approved budget



Global outcomes	Africa	The Americas	Eastern Mediterranean	Europe	South-East Asia	Western Pacific	Headquarters	Total
1.1 Improved access to quality essential health services	90%	69%	100%	109%	99%	88%	147%	106%
1.2 Reduced number of people suffering financial hardship	28%	61%	28%	96%	58%	48%	115%	61%
1.3 Improved access to essential medicines, vaccines, diagnostics and devices for primary health care	43%	55%	92%	67%	79%	61%	135%	93%
2.1 Countries prepared for health emergencies	58%	41%	77%	69%	43%	41%	74%	55%
2.2 Epidemics and pandemics prevented	149%	29%	44%	68%	56%	20%	84%	88%
2.3 Health emergencies rapidly detected and responded to	57%	32%	87%	51%	58%	38%	74%	65%
3.1 Safe and equitable societies through addressing health determinants	40%	102%	100%	72%	92%	58%	195%	98%
3.2 Supportive and empowering societies through addressing health risk factors	11%	46%	59%	144%	76%	64%	133%	78%
3.3 Healthy environments to promote health and sustainable societies	25%	38%	48%	62%	69%	58%	85%	61%
4.1 Strengthened country capacity in data and innovation	64%	71%	70%	60%	65%	39%	77%	61%
4.2 Strengthened leadership, governance and advocacy for health	65%	99%	92%	96%	79%	104%	121%	95%
4.3 Financial, human, and administrative resources managed in an efficient, effective, results-oriented and transparent manner	113%	88%	102%	115%	108%	105%	97%	103%
Total as of 31 Dec 2023 (provisional)	76%	60%	72%	91%	85%	68%	111%	86%

Main mechanisms for Resource Allocation in WHO

Flexible Funds

Thematic funding (Resource Allocation Mechanism)

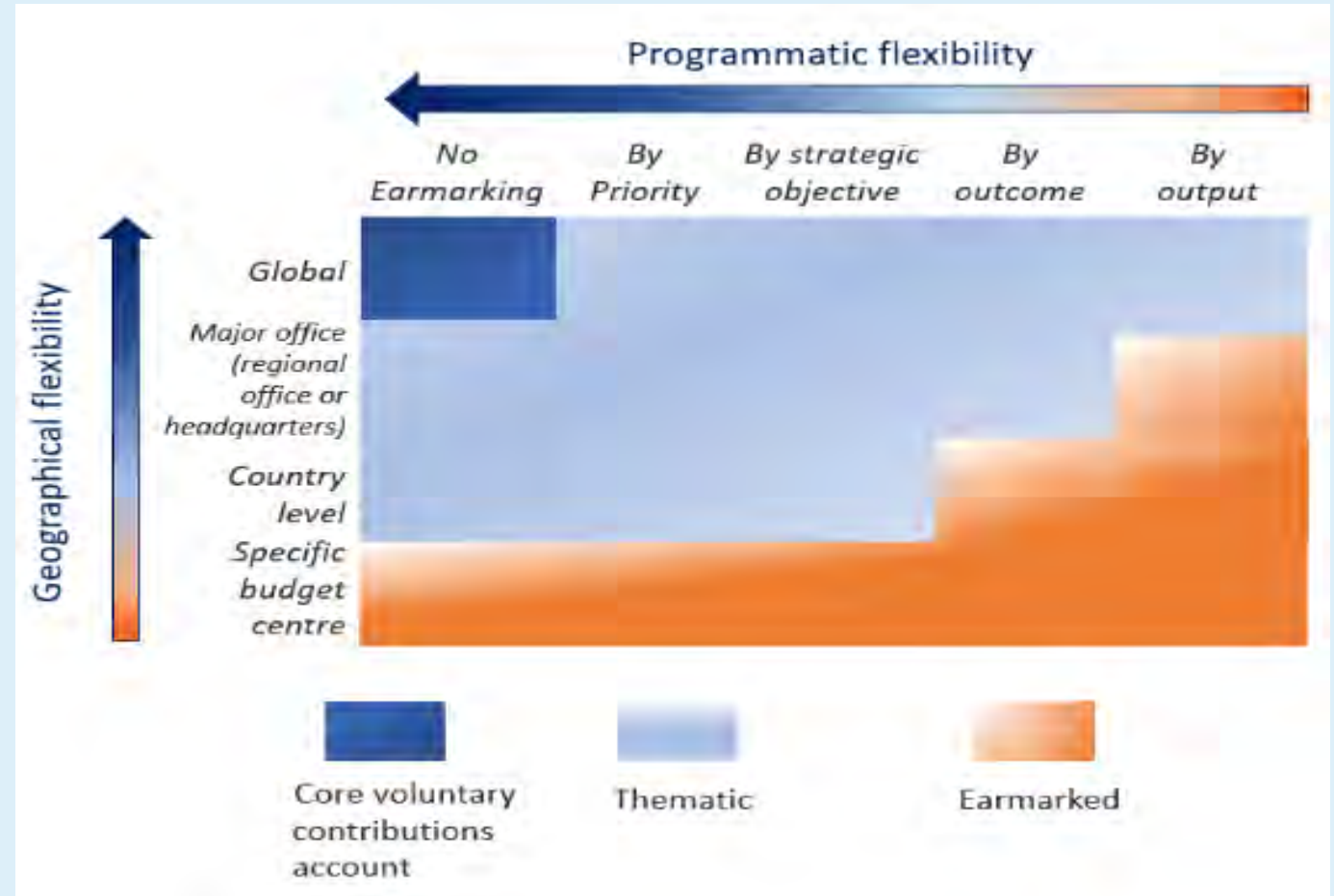
Earmarked Voluntary Contributions



WHO financing: Different types of Voluntary Contributions (VCs)

- As per Sustainable Financing Working Group discussions, the aim is that **partners move towards** increasing the flexibility and predictability of VCs, according to their own possibilities.
- **CVCA** is the only type of Voluntary Contribution that is fully flexible. It is then managed through the **Flexible Fund allocation Mechanism**, and allocated to technical outcomes (1.1 to 4.1)
- **Thematic funding** refers to a wide range of voluntary contributions, now managed through the **Resource Allocations Committee**
- **New definition of thematic** is proposed under investment round
- **Earmarked VCs** are managed by responsible managers as per conditions mutually agreed with donor

Geographic and programmatic flexibility of voluntary contributions



Increasing flexibility of VCs is a journey!

Main characteristics across different types of VCs?

Core Voluntary Contributions (CVCA)

- **Allocated** as part of flexible funds
- **Fully flexible** for salaries and activities
- Generally allocated **to technical outcomes only** (i.e. no PRSEAH)
- **Corporate reporting** only
- Donor **cannot set specific topics**
- Principles of **strategic resource allocation** apply
- **Pooled** and considered fully spent immediately. **Separate Financial report for specific donor is NOT possible**
- **Acknowledged only as per cash received**

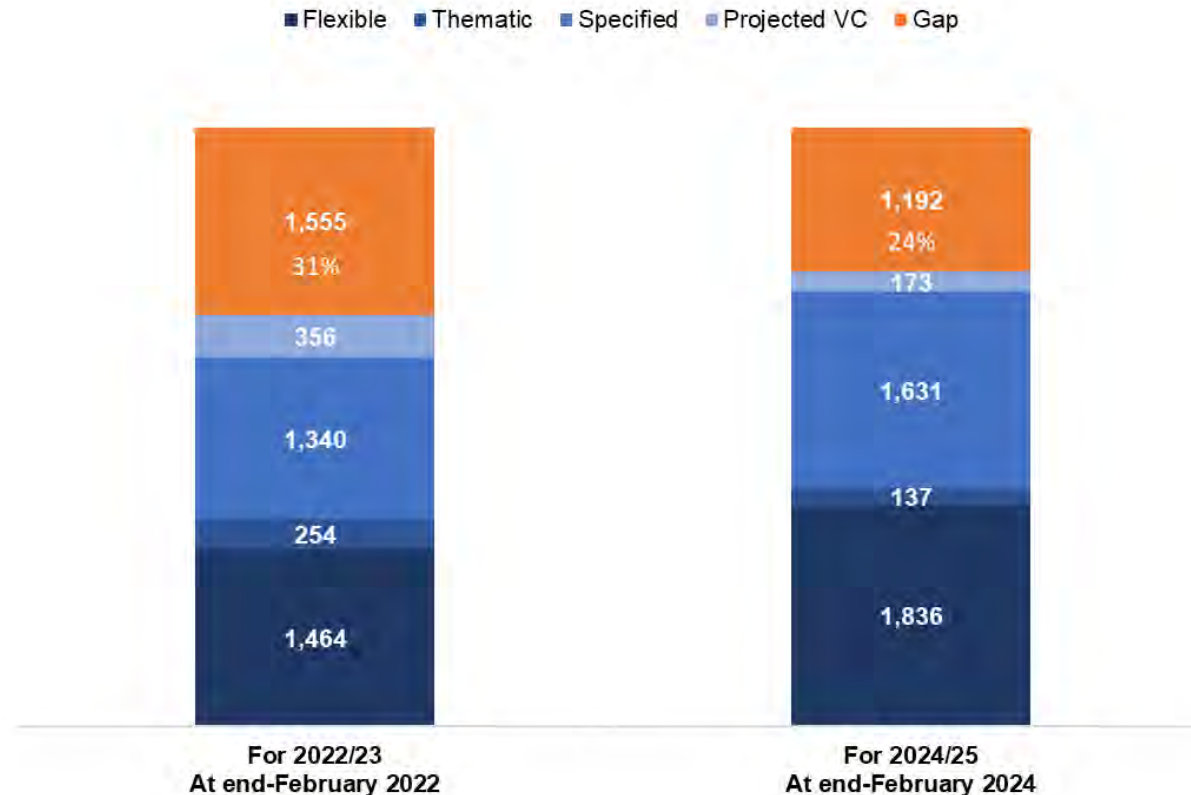
Thematic funding

- Now allocated via the **Resource Allocation Committee mechanism (RAC)**
- **Fully flexible** for salaries and activities
- No detailed project presented to donor a priori
- Generally allocated **to technical outcomes only** (unless donor agrees otherwise)
- Donor **may set some conditions on priorities, outcomes or topics**, that are considered in the allocation
- **Corporate reporting** preferred but donor reporting may be possible
- Allocation affected by timing of arrival of cash
- **Individual awards created.** Implementation as teams use funds.
- **Financial report for specific donor IS possible**

Voluntary Contributions Earmarked

- **Managed** and allocated by **Award Manager**
- As a rule, **not flexible. Ruled by conditions agreed** with donor, including geographic limitations, and activities-salaries conditions
- **Detailed project presented** to donor a priori
- Mostly for **technical outcomes** (with very few exceptions)
- **Specific donor reporting** usually required and numerous
- Allocation affected by timing of arrival of cash.
- **Individual awards created.** Implementation as teams use funds.
- **Financial report for specific donor IS possible**
- Does not allow to support funding gaps that are not part of the agreement

Voluntary Contributions Specified still finance the majority of the Programme Budget 2024-2025



- 63% is expected to be financed with voluntary contributions of all types.
- Unless projections change, the entirety of the gap would be financed with VCS
- There is already US\$1.6B VCS currently financing the Programme budget
- While appreciated, they still pose a challenge for strategic allocation due to their earmarking

Main mechanisms for Resource Allocation in WHO

Flexible Funds

Thematic funding (Resource Allocation Mechanism)

Earmarked Voluntary Contributions



Why the RAC?

- Main goal of GPW13 – **impact at country level**
- At the same time, persistent **uneven financing levels** of Programme budget results and Major Offices
- Commitment to Regional and country offices, as well as Member states to improve allocation of resources across levels
- Lessons learnt from many previous allocation mechanisms (e.g. AGFR) RAC established in late 2021
- Thematic funding mobilized in headquarters **mostly stayed in headquarters.**

Global outcomes	Africa	The Americas	Eastern Mediterranean	Europe	South-East Asia	Western Pacific	Headquarters	Total
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RAC Composition

Members:

- 4 Executive Director/Assistant Director General to represent each base programme Strategic Priorities (HQ)
- 2 Director of Programme Management (Regions)
- 1 Director of Administration and Finance (Region)
- 1 Regional Emergency Director (Region)
- **New:** 2 WHO Representatives (country level)

Chair:

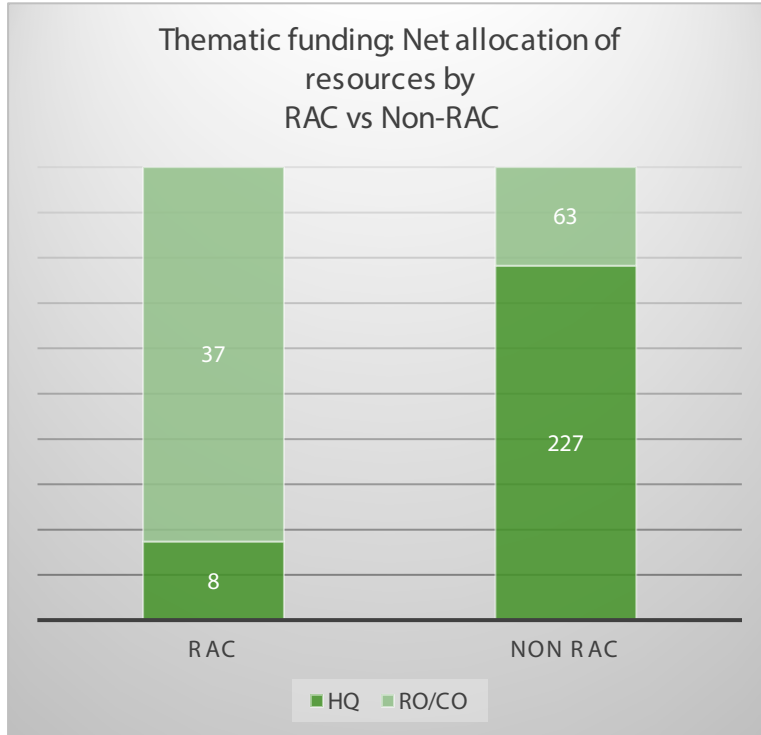
- Assistant Director General for Business Operations (Raul Thomas)

Secretariat:

- Department of Planning, Resource Coordination and Performance Monitoring (PRP)
- Department of Coordinated Resource Mobilization (CRM)



Allocation of thematic funding PB22-23



Only USD **53 M (gross)** of USD **326 M** that we report to MS in thematic funding went through the RAC

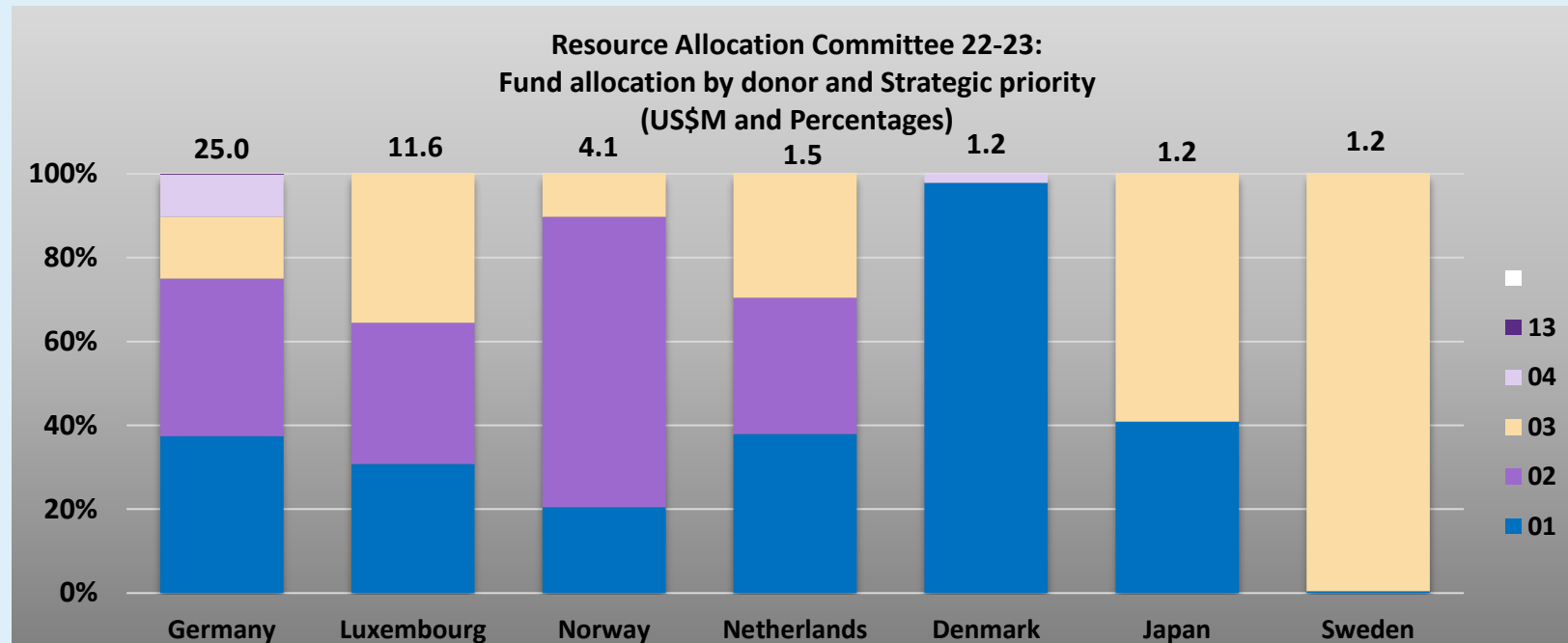
Why RAC works?

- The percentage has been inverted: most of the thematic funds managed by the RAC are at Regional/Country level
- Decision on how to use the funds is not dictated by Headquarters, instead, it is discussed by the global network and responds to regional and country needs
- Funds have been allocated throughout the biennia, as opposed to when it is closer to expire.
- Teams started to understand the process and its value added: improved trust on it
- RAC has been adapting to dynamically improve the process as it has moved forward.

RAC was established as an innovative, transparent and democratic/participatory instrument to improve allocation across 3L.

Main donors to the RAC in 2022-2023

- In 2022-202, **US\$ 53M** were thematic funds with enough flexibility to be managed by the RAC
- Funds were allocated respecting donor conditions on Strategic Priority / outcome topics
- Funds were allocated after they arrived
- Funds have been mostly spent (still closing commitments)

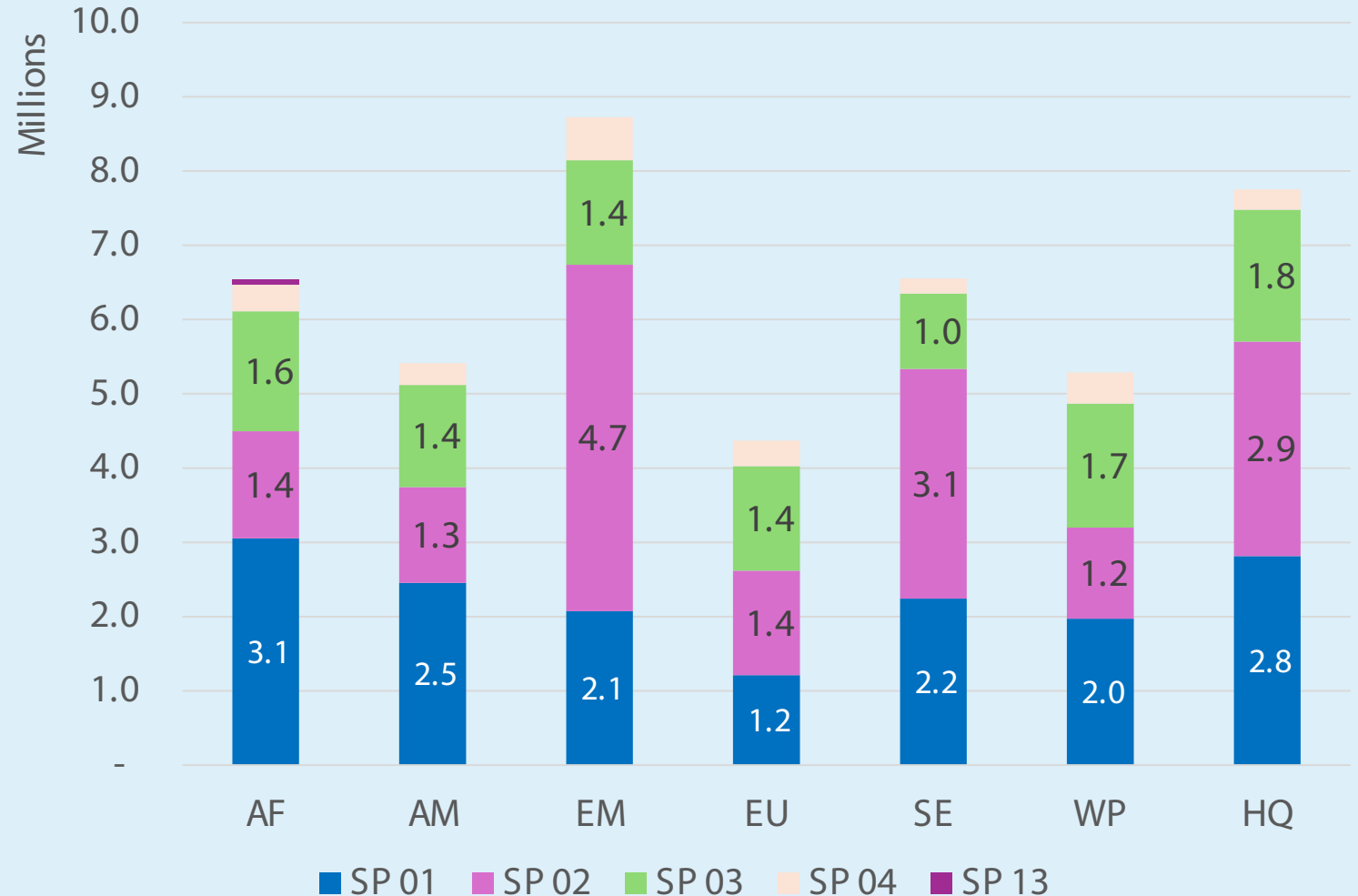


Allocation to Major Offices

- After RAC approved amounts by output (to separate interests of RAC members from allocations)
- RAC guideline, 80% RO/CO, 20% HQ
- Decision on allocation by Major Office is taken by 3L Output Delivery Teams.
- In Year 2: pockets of poverty, allocation situation, implementation were considered for reallocation

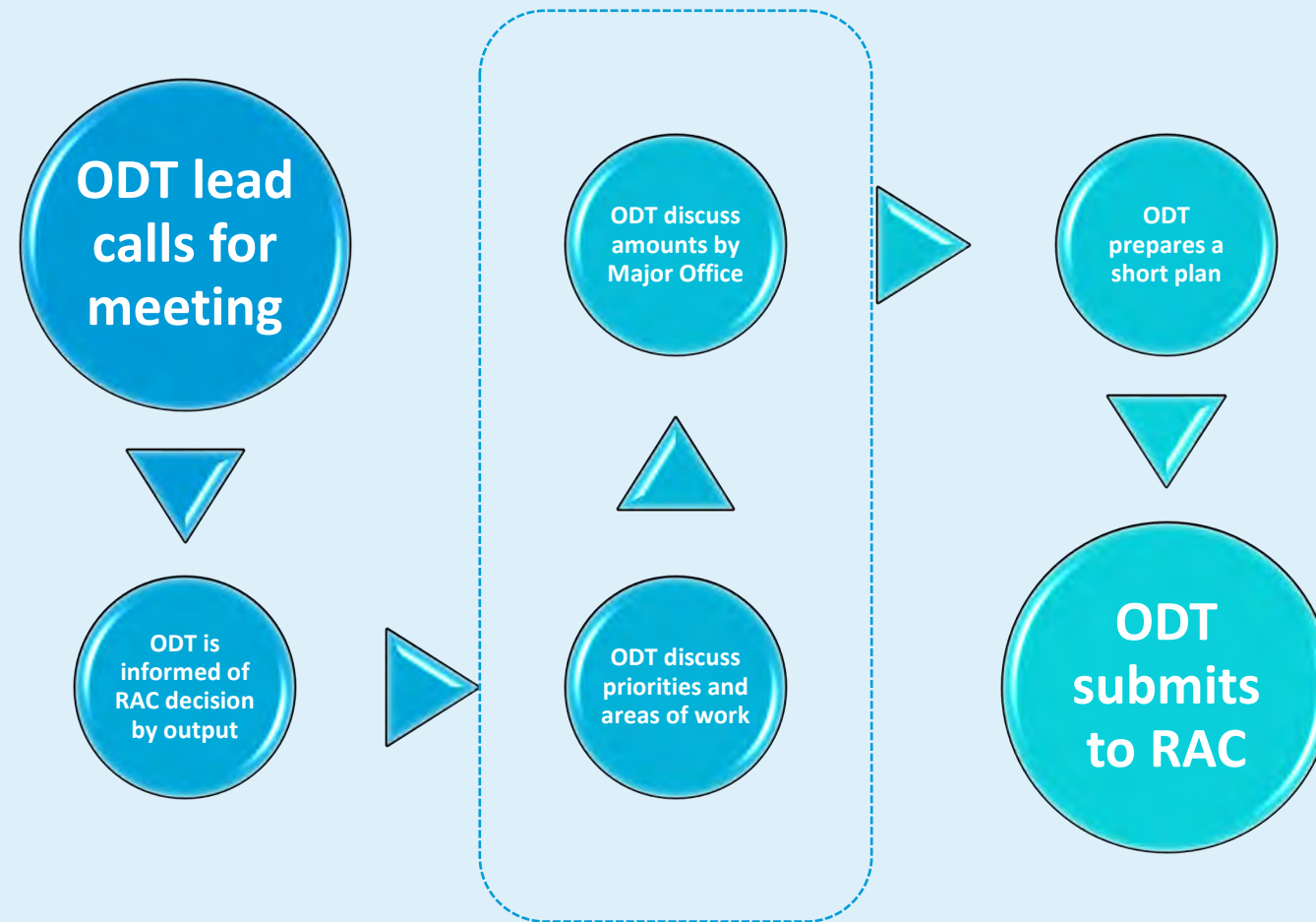


Resource Allocation Committee 22-23: Expenditure by Strategic Priority and Major Office (all donors)



17% Remained in HQ

How does a typical ODT “decision” meeting take place?



In 24-25:

- High priority outputs to be considered
- A formula for allocation on year 1 to be used, focusing on country first

Main Challenges

- Misunderstanding of thematic funding (sometimes really earmarked VCs)
- Earmarking of thematic funds: to benefit the 3L vs to support HQ led activities
- Timeliness of funds received
- Change management: not “fully flexible” funds
- Amount of thematic funds received: effort vs returns.

Programme Budget 2024-2025: Financing gap vs current RAC projection US\$ Billion



Financing gap 2024-2025
1.2

■ Financing gap 2024-2025 ■ Current RAC projection

Way Forward

- More credibility and understanding of the process
- Revised, expedited process to facilitate approvals
- More strategic process, better connected with operational planning
- Even more transparency and timeliness in flow of information
- Regional roles and responsibilities better defined for teams involved
- High level monitoring and oversight strengthened
- Recognition that it involves more actors, therefore takes a bit more time.



Thank you!

How does the Resource Allocation Mechanism works?

