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# Financing and implementation of the Programme budget 2018–2019 and outlook on financing of the Programme budget 2020–2021

## Report by the Director-General

1. In May 2017, the Seventieth World Health Assembly adopted resolution WHA70.5, approving a total Programme budget of US$ 4421.5 million for the financial period 2018–2019, comprised of a base programme component (US$ 3400.3 million) and a component covering both polio eradication and the special programmes – namely, the Special Programme for Research and Training in Tropical Diseases, and the Special Programme of Research, Development and Research Training in Human Reproduction – (US$ 1021.2 million).

2. Humanitarian response plans and other appeals, covered in previous programme budgets under the programme area "Outbreak and crisis response", being event-driven, did not have a predetermined budget at the time of approval of the Programme budget 2018–2019. As at 30 September 2019, based on the level of operations, US$ 1303.3 million of the budget has been allocated to the segment on humanitarian response plans and other appeals.

3. The budget segment for base programmes is financed by assessed contributions of US$ 956.9 million and voluntary contributions of US$ 2443.4 million. Work on polio eradication, humanitarian response plans and other appeals, and the special programmes is being financed predominantly from voluntary contributions.

4. Pursuant to requests in resolution WHA70.5, this report describes the overall status of the financing of the Programme budget 2018–2019 and the progress made towards improving the predictability and alignment of financing, including planned measures to tackle remaining challenges.

## OVERALL FINANCING STATUS IN THE BIENNIUM 2018–2019, AS AT 30 SEPTEMBER 2019

5. The level of financing of the Programme budget 2018–2019 as at 30 September 2019 is shown in Table 1.

**Table 1. Programme budget 2018–2019 and its financing, including projections and expenditure, by segment, as at 30 September 2019**

| Segment | Approved Programme budget 2018–2019 (US$ millions) | Financing (US$ millions) | Financing as % of approved budget | Expenditure (US$ millions) | Expenditure as % of approved budget |
|---|---|---|---|---|---|
| Base programmes | 3400.3 | 3604.7 | 106% | 2549.4 | 75% |
| Polio | 902.8 | 1247.4 | 138% | 843.7 | 93% |
| Humanitarian response plans and other appeals | | 1395.3 | | 955.9 | |
| Special programmes | 118.4 | 156.1 | 132% | 85.6 | 72% |
| **Total** | **4421.5** | **6403.5** | | **4434.6** | |

6. The financing shown in Table 1 includes US$ 292 million in projected voluntary contributions. Excluding projections, but accounting for funds currently undistributed to either major office or category, available funding for the base programmes in 2018–2019 stands at 103%, which corresponds to a 9% increase in financing of the Programme budget compared with the last report to the World Health Assembly.[1]

7. As shown in Tables 2 and 3, the current high level of base budget financing masks uneven financing across the Organization. Even if pipeline voluntary contributions are factored in, that imbalance remains.

8. At the end of the third quarter of 2019, all major offices except the Americas had more than 90% of their approved base Programme budget financed and headquarters and the South-East Asian Region were the best financed (Table 2). Once projected voluntary contributions have materialized, the Eastern Mediterranean and European Region will also have close to 100% of their base programmes financed.

9. Compared to the same time in the previous biennium, i.e. the third quarter of 2017, there has been a significant improvement in the level of financing of all major offices in terms of both the variance among major offices and the level of approved Programme budget financing. Although the level of flexible funds continues to be insufficient to allow for full alignment of financial resources with the Programme budget (by major office and programme area), the experience of the 2018–2019 biennium has demonstrated that (1) strategic resource allocation is an effective way of financing major offices and (2) through strategic dialogue with partners, the Organization has mobilized a higher quality of resources.

10. Category 1 (Communicable diseases), category 4 (Health systems) and category 6 (Corporate services/enabling functions) continue to be the best funded categories (Table 3). Category 2 (Noncommunicable diseases) and category E (WHO Health Emergencies Programme) are the least funded categories and will remain so even if all projections materialize. However, although the best and least funded categories remain the same, the unevenness in the financing of categories and programme areas is much smaller compared to the previous biennium.

[1] Document A72/34.

**Table 2. Financing of base Programme budget 2018–2019, including projections and expenditure, by major office, as at 30 September 2019**

| Major offices | Approved Programme budget 2018–2019 (US$ millions) | Financing (US$ millions) | Financing as % of approved budget | Financing including projections (US$ millions) | Financing including projections as % of approved budget | Expenditure (US$ millions) | Expenditure as % of approved Programme budget |
|---|---|---|---|---|---|---|---|
| Africa | 834.1 | 791.7 | 95% | 792.2 | 95% | 582.9 | 70% |
| The Americas | 190.1 | 136.5 | 72% | 136.5 | 72% | 116.1 | 61% |
| South-East Asia | 288.8 | 295.4 | 102% | 299.2 | 104% | 219.2 | 76% |
| Europe | 256.4 | 247.4 | 96% | 247.7 | 97% | 190.1 | 74% |
| Eastern Mediterranean | 336.0 | 329.2 | 98% | 330.9 | 98% | 229.7 | 68% |
| Western Pacific | 281.3 | 256.2 | 91% | 264.7 | 94% | 198.5 | 71% |
| Headquarters | 1 213.6 | 1 419.9 | 117% | 1 444.2 | 119% | 1 012.9 | 83% |
| Undistributed | | 42.1 | | 89.4 | | | |
| **Total** | **3 400.3** | **3 518.4** | **103%** | **3 604.7** | **106%** | **2 549.4** | **75%** |

**Table 3. Base Programme budget 2018–2019 and its financing, including projections and expenditure, by category, as at 30 September 2019**

| Category | Approved Programme budget 2018–2019 (US$ millions) | Financing (US$ millions) | Financing as % of approved budget | Financing including projections (US$ millions) | Financing including projections as % of approved budget | Expenditure (US$ millions) | Expenditure as % of approved budget |
|---|---|---|---|---|---|---|---|
| 1. Communicable diseases | 805.4 | 981.2 | 122% | 990.8 | 123% | 667.8 | 83% |
| 2. Noncommunicable diseases | 351.4 | 306.2 | 87% | 314.1 | 89% | 219.9 | 63% |
| 3. Promoting health through the life course | 384.3 | 347.6 | 90% | 359.0 | 93% | 245.4 | 64% |
| 4. Health systems | 589.5 | 657.2 | 111% | 666.6 | 113% | 468.8 | 80% |
| E. Health Emergencies Programme | 554.2 | 470.5 | 85% | 476.7 | 86% | 361.0 | 65% |
| 6. Corporate services/ enabling functions | 715.5 | 715.0 | 100% | 715.8 | 100% | 586.5 | 82% |
| Undistributed | | 40.7 | | 81.7 | | | |
| **Total** | **3 400.3** | **3 518.4** | **103%** | **3 604.7** | **106%** | **2 549.4** | **75%** |

11. For the current last quarter of the 2018–2019 biennium, all major offices, categories and programme areas are making an estimate of what activities will be fully implemented before the end of the biennium. Based on those estimates, funds will be transferred to 2020–2021 whenever donor agreements allow, which will allow timely financing of new workplans and a smooth start of the new biennium. Therefore, the final financing of the Programme budget 2018–2019 that will be reported to the World Health Assembly in May 2020 is expected to be lower than the financing presented in this document.

## PROGRAMME BUDGET 2018–2019: UPDATE ON IMPLEMENTATION

12. As at 30 September 2019, the implementation rate for the base programme segment was 75% (Table 1), which is lower than the rate expected at this time in the current biennium but higher than the rate at the same time in the previous biennium (69%). The Programme budget utilization rate of the current biennium is projected to reach about 90%. Every effort is being made to increase that projected rate and to deliver fully on the commitments expressed in the Programme budget. Implementation of the approved base Programme budget across major offices is similar to the overall implementation rate and the implementation of available financing is quite consistent and on target for all offices, indicating that implementation plans are aligned with available and projected funding. Category 1 (Communicable diseases), category 4 (Health systems) and category 6 (Corporate services/enabling areas) have the highest implementation rates of all categories. The implementation level for polio eradication is fully on target at this stage of the biennium, while the implementation rate for special programmes is lower than the average.

## FLEXIBLE FUNDS: LEVEL AND UTILIZATION

13. As requested by the Seventy-second World Health Assembly, in this document the Secretariat provides a short update on the use of flexible funds in 2018–2019.

14. Flexible funding consists of three types of funds that provide the Director-General with the ability to allocate funding strategically, based on priorities set out in the Programme budget, including:

- assessed contributions;
- programme support costs; and
- core voluntary contributions.

15. The full biennial flexible funds envelopes are communicated to all major offices before the start of the biennium in order to:

- ensure more predictable and sustainable planning of staff and activities;
- support better priority-setting in finalizing human resource plans;
- improve and streamline the management of flexible funds during the biennium; and
- promote transparent allocation across all major offices.

16. As the level of flexible funds from one biennium to the next does not change significantly, the major office envelopes remain relatively stable, with some adjustments based on priorities expressed in the general programme of work or the programme budget. Prior to allocation, biennial envelopes are discussed by the Global Policy Group.

17. The strategic allocation of flexible funds at the regional level between regional offices and countries is managed by regional directors. At headquarters, the Director-General decides the allocation among divisions. However, the following common corporate principles apply across all major offices:

- flexible funds are used to ensure operational capacity for staff costs and critical activities within the approved programme budget;

- the distribution of funds within regions and headquarters follows the principles of strategic allocation in order to ensure an equitable balance of the funding of programme areas across all categories at the beginning of the biennium;

- flexible funds utilization is closely monitored during the biennium to ensure that (1) funds are shifted towards underfunded priority areas and away from the areas that benefit from other sources of funds and (2) funds are implemented in timely fashion; and

- flexible funds may be used as catalytic funds in priority areas to attract other resources, although the use of flexible funds to subsidize projects that are meant to be fully funded by voluntary contributions is discouraged.

18. As at 30 September 2019, WHO has allocated US$ 1548.6 million of flexible funds for implementation (Table 4). Although not all assessed contributions for 2018–2019 have been received from Member States, the full amount of assessed contributions, as stated in World Health Assembly resolution WHA70.5, has been operationalized.

**Table 4. Summary of flexible funds made available for implementation in 2018–2019, as at 30 September 2019**

| Flexible fund type | Available funding (US$ millions) | Expenditure (US$ millions) |
|---|---|---|
| Assessed contributions | 956.9 | 803.7 |
| Core voluntary contributions | 147.3 | 89.6 |
| Programme support costs | 444.4 | 329.2 |
| **Total** | **1 548.6** | **1 222.5** |

19. Tables 5–7 show the division of available financing between flexible funds and voluntary contributions, by major office, category and programme area. While the reliance on flexible funding of the Regional Office for the Americas is at 76%, the reliance of other major offices remains within the range of 39–51%.

**Table 5. Base programmes financing, by fund type and major office, as at 30 September 2019**

| Major offices | Flexible funds | Voluntary contributions |
|---|---|---|
| Africa | 39% | 61% |
| The Americas | 76% | 24% |
| South-East Asia | 51% | 49% |
| Europe | 41% | 59% |
| Eastern Mediterranean | 46% | 54% |
| Western Pacific | 43% | 57% |
| Headquarters | 39% | 61% |
| **Total** | **42%** | **58%** |

20. Apart from category 6 (Corporate services/enabling functions), which, as expected, is almost fully financed by flexible funds, category 2 (Noncommunicable diseases) receives the second highest share of flexible funds (Table 6). The data of Table 6 and 7 show that donor interest remains highly focused on disease-specific areas of work, especially communicable diseases: category 1 and its programme areas have the highest percentage of their approved programme budget funded by voluntary contributions. As a result and in accordance with the strategic resource allocation methodology, those areas receive the least amount of flexible funds.

**Table 6. Base programmes financing, by fund type and category, as at 30 September 2019**

| Categories | Flexible funds | Voluntary contributions |
|---|---|---|
| 1. Communicable diseases | 14% | 86% |
| 2. Noncommunicable diseases | 45% | 55% |
| 3. Promoting health through the life course | 37% | 63% |
| 4. Health systems | 33% | 67% |
| E. Health Emergencies Programme | 37% | 63% |
| 6. Corporate services/enabling functions | 95% | 5% |
| **Total** | **42%** | **58%** |

21. The WHO Programme Budget Portal[1] provides additional details on the levels of financing, utilization and funding flows of the flexible funds.

**Table 7. Base programmes financing, by fund type and programme area, as at 30 September 2019**

| Programme areas | Flexible funds | Voluntary contributions |
|---|---|---|
| 1.1 HIV and hepatitis | 23% | 77% |
| 1.2 Tuberculosis | 16% | 84% |
| 1.3 Malaria | 23% | 77% |
| 1.4 Neglected tropical diseases | 22% | 78% |
| 1.5 Vaccine-preventable diseases | 6% | 94% |
| 1.6 Antimicrobial resistance | 23% | 77% |
| 2.1 Noncommunicable diseases | 44% | 56% |
| 2.2 Mental health and substance abuse | 41% | 59% |
| 2.3 Violence and injuries | 48% | 52% |
| 2.4 Disability and rehabilitation | 35% | 65% |
| 2.5 Nutrition | 50% | 50% |
| 2.6 Food safety | 58% | 42% |
| 3.1 Reproductive, maternal, newborn, child and adolescent health | 36% | 64% |
| 3.2 Ageing and health | 62% | 38% |
| 3.5 Health and the environment | 32% | 68% |

[1] http://open.who.int/2018–19/home.

| Programme areas | Flexible funds | Voluntary contributions |
|---|---|---|
| 3.6 Equity, social determinants, gender equality and human rights | 51% | 49% |
| 4.1 National health policies, strategies and plans | 30% | 70% |
| 4.2 Integrated people-centred health services | 34% | 66% |
| 4.3 Access to medicines and health technologies, and strengthening regulatory capacity | 21% | 79% |
| 4.4 Health systems Information and evidence | 53% | 47% |
| 12.1 Infectious hazard management | 25% | 75% |
| 12.2 Country health emergency preparedness and the International Health Regulations (2005) | 26% | 74% |
| 12.3 Health emergency information and risk assessment | 38% | 62% |
| 12.4 Emergency operations | 40% | 60% |
| 12.5 Emergency core services | 63% | 37% |
| 6.1 Leadership and governance | 93% | 7% |
| 6.2 Transparency, accountability and risk management | 92% | 8% |
| 6.3 Strategic planning, resource coordination and reporting | 78% | 22% |
| 6.4 Management and administration | 97% | 3% |
| 6.5 Strategic Communications | 97% | 3% |
| **Total** | **42%** | **58%** |

## OUTLOOK ON FINANCING OF THE PROGRAMME BUDGET 2020–2021

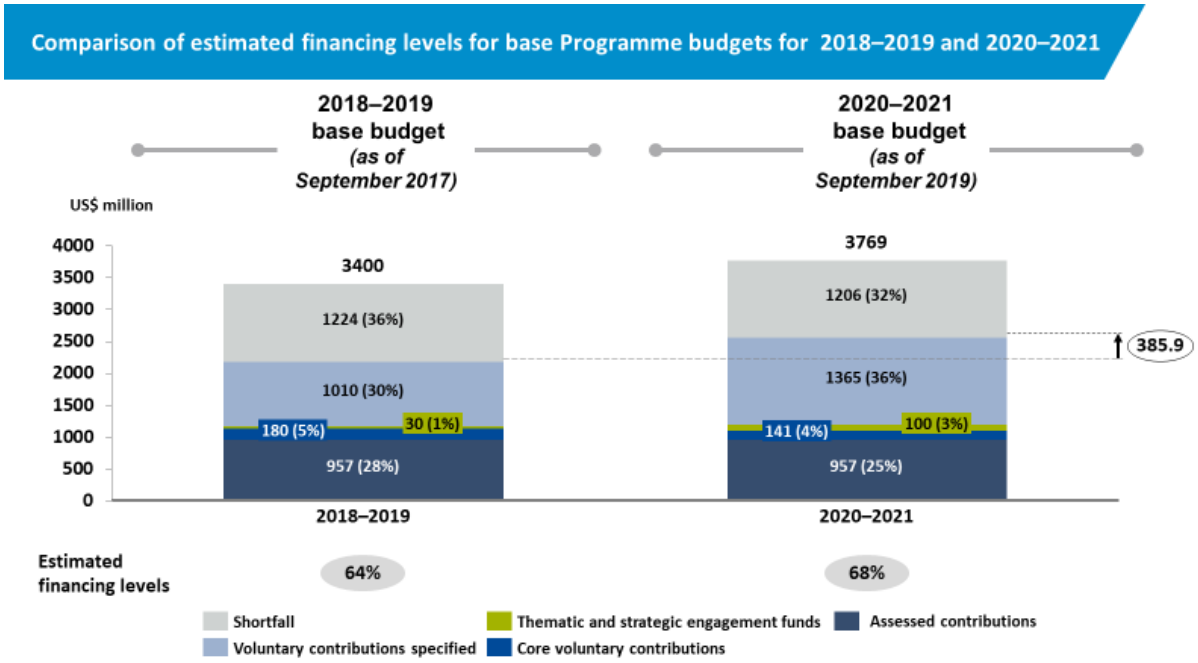
22. In May 2019, the Seventy-second World Health Assembly approved a budget of US$ 5840.4 million for the financial period 2020–2021, comprised of a base component of US$ 3768.7 million – representing an 11% increase compared to the Programme budget 2018–2019 – and to be financed by assessed contributions of US$ 956.9 million and voluntary contributions of US$ 2811.8 million. The amount of US$ 1071.7 million budgeted for polio eradication, tropical disease research and research in human reproduction will be financed solely by voluntary contributions, as well as the WHO Emergency operations and appeals section, which has been reintroduced as a budget line in the Programme budget 2020–2021 to ensure that WHO has sufficient capacity to respond in that area.

23. As shown in the Figure, there is an increase of US$ 385.9 million in available funding (including projections) for the base Programme budget 2020–2021 as at 30 September 2019 compared with the available funding for the base Programme budget 2018–2019 as at 30 September 2017. That increase in financing is encouraging and aligns with the expectation of financing the base Programme budget for 2020–2021.

24. As noted in paragraph 9 above, the quality of funding has improved in 2018–2019 compared to 2016–2017, which allows for better financing across the major offices and programme areas. That trend should continue in the Programme budget 2020–2021 because the Organization is projecting higher levels of thematic and strategic engagement funds and contributors are providing less specified contributions that can be aligned with both high-level programme budget results (outcomes and outputs) and with major offices. However, there is concern over WHO's reliance on its top 15 contributors, which provide more than 70% of the total base programme budget financing. It is therefore imperative that financing be maintained at the current level by the top 15 contributors. WHO will continue to increase

its resource mobilization efforts to ensure that the contributor base is expanded so that the expected financing of Programme budget 2020–2021 is achieved.

**Fig. Comparison of estimated financing levels for base Programme budgets 2018–2019 and 2020–2021 (US$ million)**




## ACTION BY THE EXECUTIVE BOARD

25. The Executive Board is invited to note the report.

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