

# **Sustainable financing: WHO investment round**

## **Report by the Director-General**

### **BACKGROUND**

1. Even before the coronavirus disease (COVID-19) pandemic, it was apparent that the world's directing and coordinating authority on international health work needed sustainable financing in order for Member States to address the evolving global health threats, ranging from those rooted in climate change and social and financial conditions to emerging infectious diseases. The COVID-19 pandemic served as a reminder that the sustainable financing of WHO is a prerequisite for the Organization to discharge its constitutional mandate fully and effectively. In resolution WHA73.1 (2020) the Health Assembly called on Member States, *inter alia*, "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" (paragraph 7 (15)).

2. In decision EB148(12) (2021), the Executive Board established a time-bound, results-oriented Working Group on Sustainable Financing, which looked at how to enable WHO to have the robust structures and capacities needed to fulfil its core functions as defined in the Constitution. In decision WHA75(8) (2022), the Health Assembly adopted the Working Group's recommendations, which included a request for the Secretariat to explore the feasibility of a replenishment mechanism to broaden further the financing base and raise voluntary contributions.

3. In decision WHA76(19) (2023), the Health Assembly urged Member States and other donors to ensure the full financing of the base budget segment of the Fourteenth General Programme of Work (GPW 14) and requested the Director-General to proceed with the planning of a WHO investment round and prepare a report for consideration by the Executive Board at its 154th session, through the Programme, Budget and Administration Committee, with a full plan that includes modalities and anticipated costs and efficiencies. In the same decision, the Health Assembly also requested the Director-General to develop both an evaluation element and a target funding envelope for the investment round, the latter based on the base segment to deliver GPW 14.

4. In line with decision WHA76(19), the Secretariat has developed the investment round plan, in consultation with Member States, and proposed next steps.

### **Purpose and vision for success**

5. Spurred by the need to accelerate progress towards the health-related Sustainable Development Goals in the face of a changing world, which has profound implications for health and well-being, the WHO investment round aims to safeguard the global political momentum for health in order to rally stakeholders behind the GPW 14 and move the Organization's finances towards more predictability and flexibility.

6. The WHO investment round is a key component of the Secretariat's resource mobilization approach to ensure full financing of the base budget of the GPW 14. It will be carried out in line with the principles established by the Working Group on Sustainable Financing<sup>1</sup> and is complementary to the other efforts of the Member State-led journey towards establishing the sustainable financing of WHO, including agreements on further increases in assessed contributions as well as the implementation of reforms.

7. The WHO investment round 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 the systems and capacities needed to fulfil its core functions in support of its Member States in order to implement the GPW 14.

8. The success of the WHO investment round will not be measured solely by the funding raised but will also take into account predictability, flexibility, broadening of the donor base and increased efficiency. The overall financial commitment will look at the amount of funding available for the GPW 14 base budget across outputs and the three levels of the Organization, leaving no pockets of poverty.

9. With regard to predictability, important markers will be the funding that is available through voluntary contributions at the beginning of the four-year period of the GPW 14 (baseline for the period 2020–2023: 17%) and the number of contributors pledging for the full four-year period (baseline for 2020–2023: seven).

10. With regard to flexibility, the indicator will be the percentage of available voluntary flexible funding for the base budget for the four-year period (baseline for 2020–2023: 16%).

11. Finally, the number of contributors that increase the amount of their contributions will demonstrate not only the broadening of the donor base but also the commitment of existing donors. The number of donors accepting harmonized reporting (baseline for 2020–2023: nine) is important in view of the potential of such reporting for reducing the current inefficiencies.

12. The evaluation of progress against these indicators will be conducted and reported once all pledges and agreements have been finalized. This evaluation (as well as the lessons learned) will be considered prior to the consideration of additional investment rounds.

## **Modalities**

13. As requested in decision WHA76(19), the main investment round event will take place in the fourth quarter of 2024. The Secretariat will work with Member States co-hosts from all regions to organize an event attended by Heads of State and Government. The event, which will provide an opportunity for all Member States and other contributors to participate, virtually or in person, and to make financial pledges to the GPW 14 base budget.

14. The co-hosting Member States will support the investment round by showing global and regional leadership at a high political level in support of global health and the investment round by:

- (a) assisting in building momentum with other regional and global leaders;
- (b) advocating for the investment round in relevant regional and international forums;

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<sup>1</sup> See decision WHA75(8).

- (c) helping to convene stakeholders and partners for the investment round event.

15. An investment case is under development to present a compelling, evidence-based rationale for investing in WHO. Rooted in the GPW 14 and WHO's results framework, the investment case will demonstrate the return on investment and the impact of WHO's work. The target audience of the investment case consists of governments, including ministers of health, finance and foreign affairs; parliamentarians; philanthropies; the private sector; and non-health specialists.

16. The investment case will make a qualitative and quantitative case for the value added by WHO. It will build on existing global modelling efforts and investment cases to quantify the lives saved as a result of WHO activities, as well as the economic benefits. Where necessary to undertake new modelling work, leading academics and global consortia will be used. Economic experts will be consulted on the methodology. Deep dives and examples showcasing the Organization's activities will illustrate WHO's role and work at the global and country levels and will highlight areas of focus.

### **Financial elements and resource mobilization approach**

17. The participation in the investment round will be fully voluntary and every pledge to the base budget of the GPW 14 will count. This will include current multi-year agreements beyond 2024 and any commitments for the period from January 2025 to end-2028, irrespective of the date or length of a given agreement. More concretely, this means that for agreements already signed, the amounts covering the period from January 2025 to end-2028 will be considered as contributions towards the investment round. Equally, contributors that are unable to commit for the full four-year period but whose contribution covers the GPW 14 base segment will be counted.

18. The investment round will build on the Secretariat's existing resource mobilization strategy; will rely on its strong relations with sovereign donors as a mainstay; will expand longer-term, consolidated outcome-based collaboration with philanthropic and foundations partners; and will continue engagement with the private sector, in line with the Framework of Engagement with Non-State Actors and facilitated by the WHO Foundation.

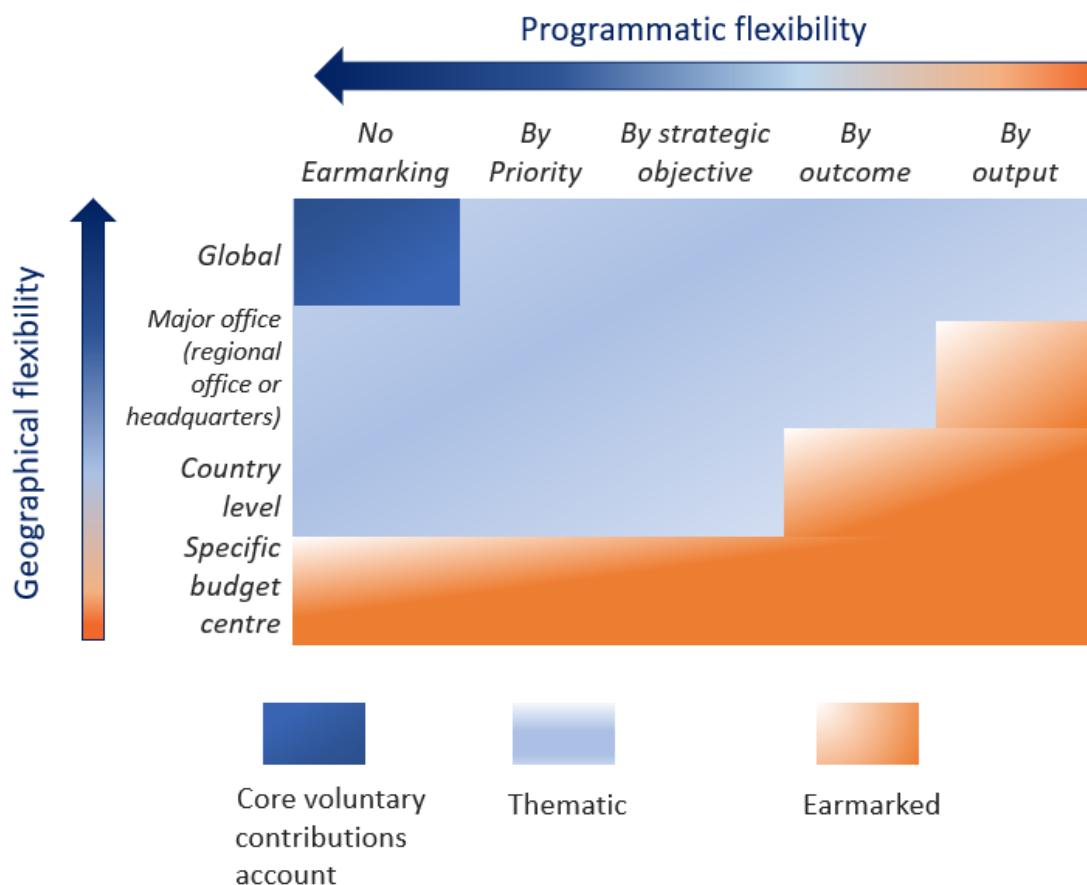
19. The Secretariat will draw on existing capacity within the three levels of the Organization and will intensify internal coordination and coherence in the area of resource mobilization. Active outreach by leadership and technical teams will be complemented by outreach through existing networks with civil society, young people and other stakeholders at external meetings and strategic dialogues and in other appropriate forums.

20. In line with the purpose and vision for success of the investment round, the Secretariat proposes adjustments to (a) the definition of thematic flexible funding; (b) the allocation mechanism; and (c) the reporting of funds, as follows:

- (a) The investment round will be designed to promote greater flexibility in funding, both geographically and programmatically. 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. Table 1 provides an overview of what will be considered flexible funding using the GPW 13 results framework. This framework may have to be readjusted once the GPW 14 results structure is finalized. The highest level of flexible funding remains funding for the core voluntary funding account, which is fully unearmarked and allows strategic allocation and corporate reporting. Thematic flexible funding can be provided combining both programmatic and geographical flexibility, as indicated in

Table 1. In addition to the thematic flexibility already established under the GPW 13, it will allow provision of flexible funds to outputs (e.g., noncommunicable disease preparedness) and at country level (e.g., for small island developing States and Sahel countries). It is expected that this will facilitate contributors’ transition from earmarked to more flexible funding.

**Table 1. Thematic flexible funding: geographic and programmatic flexibility**



(b) The allocation mechanisms for thematic flexible funding will build on the transparent and participatory processes of the Resource Allocation Committee, which is an internal group spanning the three levels of the Organization that monitors resource requirements and the allocation of funds against the approved budget. The Committee’s operations are being reviewed and will be further optimized to facilitate timely implementation and maximize impact against the GPW 14 priorities, especially at the country level.

(c) With regard to reporting requirements, the Secretariat will work with Member States and other partners to reduce the individual reporting burden and thereby decrease transaction costs and inefficiencies. This can be achieved by improving corporate reporting in order to better respond to the needs of partners and also by using a standardized report template agreed in advance with partners, as already included in the Secretariat implementation plan.<sup>1</sup> In the first

<sup>1</sup> See [https://www.who.int/about/governance/member-states-portal/tracking-secretariat-implementation-plan-\(sip\)-actions](https://www.who.int/about/governance/member-states-portal/tracking-secretariat-implementation-plan-(sip)-actions) (accessed 24 November 2023).

half of 2024, the Secretariat will solicit ideas/suggestions and inputs from Member States and other partners to further improve global corporate reporting.

21. The financial envelope of the GPW 14 for the period 2025–2028 is an estimation of the funding that WHO will need for the period 2025–2028 and is currently under development. The investment round will focus on the base segment of the GPW 14 and will not include the GPW 14 budget segments for special programmes, polio eradication, and emergency operations and appeals.

22. The overall estimated base budget for the GPW 14 builds on the base segment of the Programme budget 2024–2025, with additional financial requirement for emerging priorities, such as strengthening country offices, polio transition, accountability, data and innovation. The indicative financial envelope for the GPW 14 for the period 2025–2028 is about US\$ 11.2 billion (Table 2). This would result in funding needs for the GPW 14 base budget of US\$ 7.1 billion (net of programme support costs), deducting assessed contributions (2030–2031 assumption as per Health Assembly decision WHA75(8)).

**Table 2. Indicative financial envelope for GPW 14 base segment (US\$ million)**

	2025	2026	2027	2028	Total
Programme budget 2024–2025: base	2 484	2 484	2 484	2 484	9 936
Country strengthening		193.5	193.5	193.5	581
Strengthening accountability		50	50	50	150
Polio transition			157.5	157.5	315
Strengthening data and innovation			75	75	150
<b>GPW 14 Envelope</b>					<b>11 132</b>
Assessed Contributions (AC)	(574.2)	(775.1)	(775.1)	(933.1)	(3 057)
Programme Support Costs (PSC)					(938)
<b>Base budget need (net of PSC)</b>					<b>7 137</b>

23. Once the GPW 14 is discussed by the Executive Board in January 2024 and the results framework (outcome and outputs) is finalized, the Secretariat will conduct 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 Seventy-seventh World Health Assembly in May 2024. While these high-level budget envelopes will not replace the subsequent Programme budgets for the bienniums 2026–2027 and 2028–2029, they will guide those budget processes and enable contributors to make informed commitments at the investment round later in 2024.

### Anticipated costs and efficiencies

24. As requested in Health Assembly decision WHA75(8), a cost and efficiency analysis was carried out looking at the costs and expected benefits of the investment round, which found that even conservative estimates of benefits will outweigh the costs.

25. In terms of costs, the analysis concluded that WHO's resource mobilization capacities are already lean and that the additional cost for an investment round will be reasonable, and that the potential for organizational efficiencies and increased effectiveness is significant.

26. An external benchmarking review, which included relevant United Nations organizations and global health institutions, found that WHO's dedicated resource mobilization team is lean relative to comparator agencies, especially given that resource mobilization in WHO benefits from neither a structure of national committees nor significant external support for the resource mobilization effort. WHO has about 87 dedicated staff across the three levels of the Organization for resource mobilization and holds regular meetings thereon, including monthly external relations network meetings.

27. According to the Secretariat's plans, the cost of the main investment round event is anticipated to range from US\$ 800 000 to US\$ 1.5 million. Other costs include the costs of regional events, communication and resource mobilization materials and campaigns, and additional costs for the coordination of the investment round, which would amount to US\$ 1.8 million to US\$ 3.1 million. The investment case will be developed with an anticipated cost of US\$ 650 000 to US\$ 950 000, which brings the overall financial needs to a range of US\$ 3.25 million to US\$ 5.55 million.

28. The efficiencies of the investment round approach stem from the following main areas: the freeing up of staff time spent on funding proposal negotiations and writing; the reduced administrative (human resources, finance) burden of grant management and reporting resulting from more streamlined and better harmonized reporting; and maintaining a lean resource mobilization approach.

29. 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 and easing reporting requirements. The expected efficiency savings range from US\$ 15 million to US\$ 40 million, depending on each scenario. In all three scenarios, the expected benefits outweigh the additional costs of the investment round.

30. The efficiencies resulting from the investment round will be even larger given the other non-quantified benefits that will result from the workforce stabilization and talent retention driven by the increased predictability of funding and the opportunity to refocus the technical workforce on its core mission, as a result of the time redirected to delivering core technical work and engaging in substantive discussions with Member States.

## **Risk management**

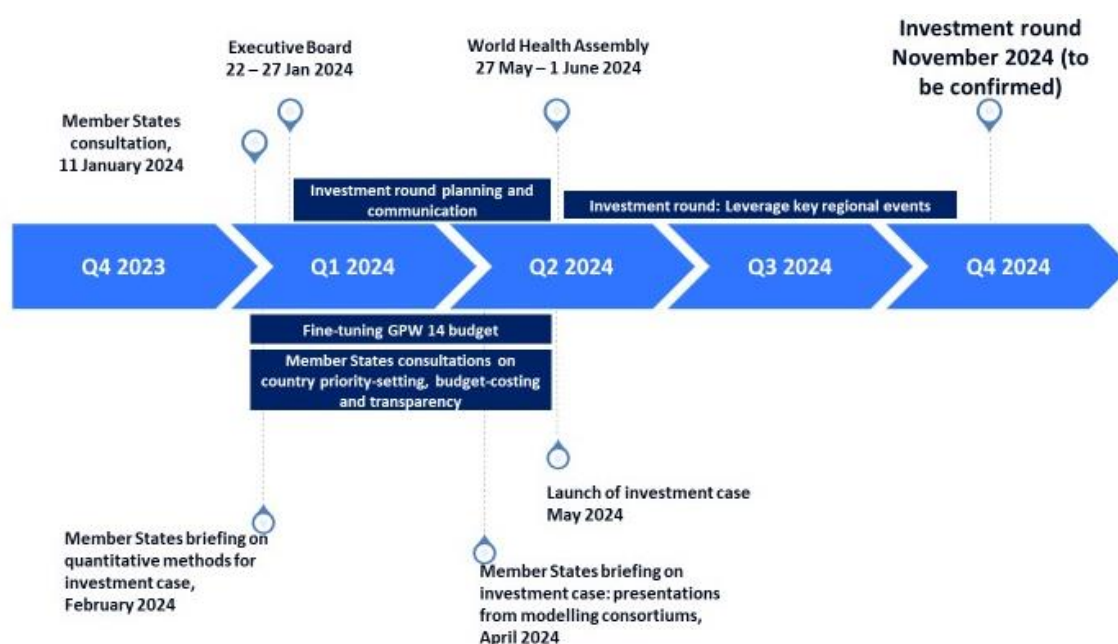
31. For the investment round, the Secretariat is using a dynamic risk management approach, regularly assessing risks, and applying the appropriate mitigation measures. The risks are weighted for probability and impact and will inform WHO's corporate risk framework.

32. The three risks with the greatest impact and probability are: (a) the financial risk of not meeting the target; (b) the reputational risk of the investment round being portrayed as a failure; and (c) the structural risk of WHO's resource mobilization approach not being optimized for an investment round. The mitigation measures for these risks include: having a clear set of indicators for success beyond simply the total amount raised; leveraging the unique strength of WHO's resource mobilization approach; and having a strong results framework and investment case with a clear communication plan.

## Next steps

33. The Secretariat proposes the following next steps:
- fine-tuning of the GPW 14 base budget segment for consideration by the Seventy-seventh World Health Assembly;
  - finalization of the investment case in view of a planned launch in May;
  - collaboration with the regional co-hosts to leverage existing global and regional events to create momentum and outreach for the investment round; and
  - organization of the final investment round event in the fourth quarter of 2024.
34. The timeline below provides an overview of related events through end-2024.

**Table 3. Timeline of investment round events through end-2024**



## ACTION BY THE EXECUTIVE BOARD

35. The Executive Board is invited to consider the following draft decision:

The Executive Board, having considered the report on sustainable financing: WHO investment round,<sup>1</sup>

<sup>1</sup> Document EB154/29 Rev.1.

Decided:

- (1) to approve the full plan for the investment round and the next steps as outlined in the report;
- (2) to request the Director-General:
  - (a) to report to the Seventy-seventh World Health Assembly, through the fortieth meeting of the Programme, Budget and Administration Committee of the Executive Board, on the progress of the investment round;
  - (b) to provide a report to the Seventy-eighth World Health Assembly, through the forty-second meeting of the Programme, Budget and Administration Committee of the Executive Board, on the outcome of the investment round.

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