Towards improving the alignment, predictability, flexibility and transparency of WHO’s funding and reducing its vulnerability
Report issued to 66th WHA May 2013

*Three main recommendations:*

1. Definitions of A & M
2. Proposals on improved budgeting and tracking
3. Financing of A & M

- New definitions
- Amended budgeting
- Streamlined financing approach

Aim of session: To get feedback on the proposals
**Problem Statement**

<table>
<thead>
<tr>
<th>Definition</th>
<th>Definition of A&amp;M is unclear</th>
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</thead>
<tbody>
<tr>
<td><strong>Budgeting</strong></td>
<td>A&amp;M is separate from programatic budgeting</td>
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<tr>
<td></td>
<td>- Not reflecting all costs for delivery of programs</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td>Too many separate financing sources, resulting in fragmentation</td>
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<td></td>
<td>- Currently not sustainable, fully transparent, nor covering long-term capital needs</td>
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</table>
**Infrastructure & Administrative Support**

Staff and activity costs comprising:

**Infrastructure**
- Buildings, Utilities, IT, Security, transport

**Administrative Support**
- Finance, HR, Procurement processing, other Admin Staff at CO, RO & HQ

US$ 580 million
(15% of WHO budget)

**Stewardship & Governance**

Staff and activity costs comprising:

**Strategic Management**
- Leadership at all levels of the Organization

**General Management**
- Planning, Finance, HR corporate services at HQ, RO

**Governing Bodies (HQ, RO)**
- Leg, Oversight, Compliance, HQ, RO

US$ 460 million
(11% of WHO budget)
Administration and Management

US$ 1,040 million

- ITT: 34%
- Buildings & Common Services: 11%
- Admin. Support: 10%
- Strategic management, leadership: 19%
- General Management (incl. GSC): 17%
- Legal, Compliance, Audit and Oversight: 6%
- Governing bodies, (WHA, EB, RCs): 4%

FINANCING DIALOGUE
Investing in the World’s Health Organization
Capital Master Plan (CMP)

New building cost estimated at US$210 m for next 15 years

- Avg. US$ 25 m per biennium, based on CMP
- Covers major renovation & expected future loan repayments on new building
- Currently US $15 m per biennium from post occupancy charge (POC)
- Represents about 1.5% of insured value
- Real Estate Fund financed from POC, ad hoc transfers from AC
## Programme Support Cost Rates

<table>
<thead>
<tr>
<th>Category</th>
<th>PSC Rate</th>
<th>12-13 Revenue (through Sep. 13, in US$ million)</th>
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</thead>
<tbody>
<tr>
<td>WHA 34.17</td>
<td>13%</td>
<td>1,100</td>
</tr>
<tr>
<td>Emergencies (incl. Polio)&lt;sup&gt;1&lt;/sup&gt;</td>
<td>7%</td>
<td>1,200</td>
</tr>
<tr>
<td>EC; UN agencies&lt;sup&gt;1&lt;/sup&gt;</td>
<td>7%</td>
<td>400</td>
</tr>
<tr>
<td>Stop TB</td>
<td>7%</td>
<td>400</td>
</tr>
<tr>
<td>GAVI for IVB</td>
<td>7%</td>
<td>200</td>
</tr>
<tr>
<td>Reimbursable Procurement&lt;sup&gt;3&lt;/sup&gt;</td>
<td>3%</td>
<td>16</td>
</tr>
<tr>
<td>Emergency Procurement&lt;sup&gt;3&lt;/sup&gt;</td>
<td>0%</td>
<td>100</td>
</tr>
</tbody>
</table>

1. Includes funds provided by EC, UN agencies for emergencies
2. EC, UN, Emergency by UN-wide agreements to which WHO is signatory
3. Procurement rates by WHA resolution
WHO budgets A&M:

- Category 6
- *Program specific within category 1-5*

**NOW**

WHO to budget A&M within category 1-5:

*Integrated budgeting allows full cost recovery*

- *Implications for donor contribution budgets to include full allocation of A & M costs*
A&M Costs as part of categories 1-5

A&M (replaces Category 6)
Now

Multiple pools of financing: AC, VC, PSC\(^1\), POC\(^2\), REF\(^3\)

.....leads to transparency & fairness questions

Future

2 sources of financing: VC and AC

- A & M allocation for all projects, regardless of funding source
- Capital funding

…but how to change?

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1 PSC = Programme support cost  |  2 POC = Post occupancy charge  |  3 REF = Real estate fund
### Administration & Management Financing Roadmap

**2014 - 2015:** no change

**2016 - 2017:** phase out POC?

**Longer term:** full integration of A&M into program financing?

Sources will remain AC and VC: integration of A & M requires new WHO budgeting template for implementation & donor proposal template.