Evaluation Report of Stage 1 of Reform Proposals of WHO

Report of External Auditor
27 February to 30 March, 2012
### Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>2</td>
</tr>
<tr>
<td>Chapter 1: Introduction, scope and methodology of evaluation</td>
<td>7</td>
</tr>
<tr>
<td>Chapter 2: Identification of challenges</td>
<td>13</td>
</tr>
<tr>
<td>Chapter 3: Formulation of reform strategy: Alternatives and Consultations</td>
<td>25</td>
</tr>
<tr>
<td>Chapter 4: Evaluation of Reform Proposal</td>
<td>35</td>
</tr>
<tr>
<td>Chapter 5: Recommendations and proposed ToR for 2nd stage evaluation</td>
<td>58</td>
</tr>
<tr>
<td>Annex 1: List of abbreviations</td>
<td>63</td>
</tr>
<tr>
<td>Annex 2: List of documents used in the report</td>
<td>66</td>
</tr>
</tbody>
</table>
Executive Summary

World Health Organization (WHO) has initiated a reform process to help it adapt to the changing complexity of public health and to fulfil, more effectively, its role as the world's leading public health agency. The reform process began to consider financing challenges being faced by WHO but soon encompassed organization-wide reforms in the areas of governance, financing and human resources. Since May 2011, reform proposals have been discussed, debated and deliberated upon internally before being presented as concept papers for further consultation and discussion. The papers, revised on the basis of consultations, were presented to a special session of the Executive Board on the reform proposals. The special session of Executive Board on the reform proposals approved reform proposals in many areas along with request for further amplification in other areas. Thus, the reform process of WHO is still a work in progress.

The special session of the Executive Board which considered the reform proposals also decided to proceed with an independent evaluation to provide input into the reform process through a two-stage approach, the first stage consisting of a review of existing information with a focus on financing challenges for the organization, staffing issues, and internal governance of WHO by Member States, following up where possible to produce more information in response to questions arising from the Executive Board at its special session and proposed that the first stage evaluation be completed in time for the 65th World Health Assembly. The first stage of evaluation was also to suggest the scope of the second phase of evaluation.

The responsibility of conducting the first stage evaluation has been entrusted to the Comptroller and Auditor General of India, the current external auditors of WHO. The first stage evaluation of the reform proposals, based on existing information, took place from 27th February to 30th March, 2011 and sought to come to an understanding about the completeness, comprehensiveness and adequacy of the reform proposals formulated by WHO Secretariat in the areas of finance, human resources and governance, as contained in the relevant documents. The evaluation also analyzed areas where more information may be required to be produced in response to questions arising from the Executive Board at its special session and proposed a roadmap for the stage-two evaluation.

Evaluation of the reform proposals shows that WHO has methodically approached the challenge of adapting to new realities of global health governance and reduced financial independence. Identification of challenges facing WHO was done on basis of information available internally as well as externally. Challenges in areas like external governance, organizational effectiveness, accountability and transparency were well articulated internally. Though the reform process started due to constraints faced by WHO in the area of funding, it was dynamic enough to expand to other areas, specially priority setting, where WHO is facing challenges in implementing its mandate. In case of most of the challenges, alternatives were considered at various stages before these were frozen, either as a conscious policy or as part of natural progress of deliberations. WHO also consciously followed an inclusive process of deliberations and the documentation demonstrated that a
wide range of consultations were done at various levels and at different times regarding the reform proposals.

With respect to potential of the reform proposals to effectively meet the identified challenges, the evaluation found that WHO had responded adequately to challenges pointed out by stakeholders in the area of internal governance by using a Member States driven consultative process to re-set its priorities and programme areas. Issues regarding strengthening of governing bodies and resource mobilization in the area of internal governance however, need further amplification. With respect to financial challenges, evaluation confirmed that WHO's reform proposal had addressed constraints to financial resources in a comprehensive manner to ensure predictability of finances and aligning its programmes to available resources. It had also addressed other financial challenges like organization-wide resource mobilization, financing of administration and management costs, creating contingency fund for public health emergencies etc., adequately. However, more work is required in areas of ensuring flexibility of finances and proofing WHO from currency rate fluctuations. Further, as voluntary contributions are a major source of funding for WHO programmes, it is important to have a well designed organization-wide resource mobilization strategy for the next General Programme of Work.

With respect to managerial reforms, the evaluation found that most of the areas of concern in human resources policies had been considered and WHO had proposed concrete steps in the area of results based management linked to programmatic priorities set. Challenges relating to accountability and transparency had also been addressed by WHO but further detailing on its response to challenges in organizational effectiveness and increasing synergy between the layers of governance would be required. This area of reform is the driver of the whole reform process and unless proposals deal with challenges in this area, the reforms in other areas of governance as well as in accountability and transparency would not yield results. In the area of global health governance, the evaluation found that WHO started out with broad ambitions regarding the challenges it wanted to address. But further work would be required as the proposals finally put before special session of Executive Board and taken forward were very few.

Evaluation of the process followed during formulation of the reform proposals indicated that WHO needs to take forward the reform process by drawing up a road map in the areas approved and agreed to by the special session of Executive Board like it has done in the case of priority setting. Also, enablers and challenges which might affect the implementation of change strategy and its various components have to be consciously considered and appropriate strategies should be designed, either to take support or mitigate the risk factors. Outcomes expected from the proposed challenges need to be identified along with measurable performance indicators. Defining outcomes and their relevant indicators would help WHO in detailing their reform proposals. Identification of resources for implementing the reform proposals was yet to be done by WHO; an indicative plan giving the requirement of resources would help the appropriate authorities in taking informed decisions.
Some of the significant recommendations made after evaluating the reform proposal are:

- Linkages among governing bodies at HQ and regional offices have to be carefully created, as these would have far reaching impact on organizational coherence and would provide the organization with a strategic focus.

- Accountability and responsibility structures for three layers of governance would need to be redesigned, keeping in view, the new programmatic approach, resource allocation mechanism and country focus on programme planning and delivery. A robust result based management system and an effective performance management and development system could provide the requisite links.

- Country focus strategies need a detailed action plan interlinking various aspects of proposed changes along with structural and procedural support.

- Wide ranging changes require acceptance at various levels. An advocacy plan, to explain the implications of the change strategy, identification of change agents and a detailed change management plan would be required to implement the plan of action, after the approvals are received from the requisite authorities.

- The reform proposal is still a work in progress. However, it is of paramount importance that desired outputs, outcomes and impact are identified, indicators to measure these are designed and a monitoring and feedback mechanism is put in place.

- The organization is proposing a comprehensive reform programme, which involves action on a large number of fronts. It is recommended that a prioritization plan may be prepared to allow smooth and gradual shift.

- The success of the reform proposal, in parts, would be dependent on carrying out of changes in HR policies. Given the fact that HR policies do have inbuilt rigidities, WHO may have to resort to innovative solutions. It is recommended that best practices in similarly placed organizations may be considered.

- The success of any change strategy is directly correlated to understanding of its gains by the stakeholders. It is suggested that a regular communication should be maintained with all concerned on the progress of the reform proposal, which would help in creating the right environment for implementation.

- The proposed reform proposal has highly interdependent components, the success of the process would require that this interdependence is recognized and woven in the implementation strategy.

The evaluation also proposed the scope, approach and key questions for the second stage of evaluation. According to the decision taken in 130th Executive Board meeting, certain proposals are to be brought before the Executive Board in its 131st session and before World Health Assembly in its 65th session. The second stage evaluation should be undertaken only
after these proposals have been considered by these governing bodies. This might help in deciding the exact scope of evaluation to be undertaken.
CHAPTER 1

Introduction, scope and methodology of evaluation

Introduction

1. World Health Organization (WHO) is the directing and coordinating authority for health within the United Nations system. It is responsible for providing leadership on global health matters, shaping the health research agenda, setting norms and standards, articulating evidence-based policy options, providing technical support to countries and monitoring and assessing health trends. The Constitution of WHO, adopted in July 1946, came into force in April 1948 and the first World Health Assembly opened in Geneva in June 1948. The Constitution defines the objective of WHO as "the attainment by all people of the highest possible level of health".

2. WHO has its own separate constitutive document, its own governing bodies, its own membership, and its own budget. The three organs of WHO are World Health Assembly (WHA), Executive Board (EB) and Secretariat. WHA is the supreme governing body of WHO. It meets annually and is attended by delegates from all Member States and Associate Members. The main function of the WHA is to determine the policies of WHO. The EB consists of 34 persons who are technically qualified in the field of health and who have been designated by 34 Member States. These Member States are elected by WHA, one third of EB being renewed each year. EB must meet at least twice a year and its main function is to give effect to the decisions and policies of WHA and to act as its executive organ. The Secretariat comprises the Director-General and the staff of WHO. The Constitution provides that the Director-General (DG), subject to the authority of EB, is the chief technical and administrative officer of the Organization.

3. WHO fulfils its objectives through functions consisting of (i) providing leadership on matters critical to health and engaging in partnerships where joint action is needed (ii) shaping the research agenda and stimulating the generation, translation and dissemination of valuable knowledge (iii) setting norms and standards and promoting and monitoring their implementation (iv) articulating ethical and evidence-based policy options (v) providing technical support, catalyzing change & building sustainable institutional capacity (vi) monitoring the health situation & assessing health trends. WHO and its Member States work with many partners, including UN agencies, donors, non-governmental organizations, WHO collaborating centers and the private sector.

4. About 8000 people from more than 150 countries work for WHO in 147 country offices, six regional offices and in Head Quarters at Geneva, Switzerland. The Headquarters of WHO is based in Geneva while regional offices are in Africa (AFRO, based in Brazzaville,
Congo), America (AMRO based in Washington, USA), Eastern Mediterranean region (EMRO based in Cairo, Egypt), Europe (EURO based in Copenhagen, Denmark), South East Asia (SEARO based in New Delhi, India), Western Pacific (WPRO based in Manila, Philippines). All the 147 countries where WHO functions fall within these regions and are headed by Country Heads. While the Regional Committee’s main functions are formulating regional policies & programmes and supervising activities of the Regional Office, the role of a WHO country office is to respond to requests from the host country to support policy-making on sustainable health development, taking a holistic health-system approach. This includes providing guidance, building up local relationships to implement technical cooperation, standards & agreements, and, during crises, ensuring that public health measures are coordinated and in place.

5. In addition to medical doctors, public health specialists, scientists and epidemiologists, WHO staff include people trained to manage administrative, financial, and information systems, as well as experts in the fields of health statistics, economics and emergency relief. Funding for WHO comes from two sources: assessed contributions which are derived from the assessments paid by Member States and voluntary contributions, which are funds provided by donors to further support the results to be delivered.

6. In recent past, the Member-States and partners have felt the need for an effective World Health Organization. Evolving epidemiological and demographic trends in health, complex global health architecture, and changing expectations and demands on WHO have revealed the need for fundamental reforms in the Organization. The environment in which WHO works requires change in the content and technical focus of the Organization’s agenda, new ways of working, and clarity on WHO’s role in relation to other global actors.

7. WHO has recently initiated a reform process to help it adapt to the changing complexity of public health governance. WHO’s programme of reform will allow for the Organization to fulfill more effectively its role as the world’s leading public health agency and create a more flexible WHO - better equipped to respond to the global health needs of the 21st century. The reform process has three overall objectives:

- Improved health outcomes, with WHO meeting the expectations of its Member States and partners in addressing agreed global health priorities, focused on the actions and areas where the Organization has a unique function or comparative advantage, and financed in a way that facilitates this focus.

- Greater coherence in global health, with WHO playing a leading role in enabling the many different actors to play an active and effective role in contributing to the health of all people.

- An Organization that pursues excellence; one that is effective, efficient, responsive, objective, transparent and accountable.

8. The reform process began to provide solutions to financing challenges being faced by WHO but soon encompassed organization-wide reforms in the areas of governance, financing and human resources. These challenges culminated in a paper called “The Future
of Financing for WHO” presented to the 64th WHA in May 2011 which discussed about reforms in areas of organizational effectiveness, results based management & accountability, human resources, WHO’s effectiveness at the country level, strengthening WHO’s role in global health governance, apart from financing issues. Following the mandate by the 64th WHA and 129th EB to take forward the development of the reform agenda, the WHO Task Force on Reform was established. The Reform Task Force (“Task Force”) was responsible for developing proposals for WHO’s managerial reforms which were discussed by the Global Policy Group (GPG) prior to the submission of a final package of proposals for consideration at a special session of the EB in November 2011. The Task Force comprised 25 members and included staff from each of the three levels of the Organization with varying professional expertise and experience. The 129th EB also decided to establish a transparent, Member-State driven and inclusive consultative process on WHO reform, based on existing mechanisms and requested 3 concept papers on the areas of reform. These were to be presented to a special session of EB, after consultation with Member states, which was convened specially to discuss the reform process. The special session of the EB held in November 2011 examined the proposals in the 3 concept papers and asked the DG to take forward the process of priority setting for WHO in a special meeting of Member States in February 2012. The special session of EB also requested the Director General to take forward some reform proposals in the area of governance and managerial reforms and to present some clarifications and detailed proposal in related areas, with timelines and cost implications, for the consideration of the 130th EB to be held in May, 2012. Hence, the process of reform is under consideration of Member States and still is work in progress.

### Objectives of the evaluation exercise

9. The special session of the EB also decided to proceed with an independent evaluation to provide input into the reform process through a two-stage approach, the first stage of which will consist of a review of existing information with a focus on financing challenges for the Organization, staffing issues, and internal governance of WHO by Member States, following up where possible to produce more information in response to questions arising from the EB at its special session and proposed that the first stage evaluation be completed in time for the 65th WHA. The first stage evaluation was entrusted to Comptroller and Auditor General of India, the current external auditor of WHO. The evaluation was conducted during the period 26th February 2012 to 30th March 2012 by Meenakshi Sharma, Nameeta Prasad, Rajkumar and Dharmendra Kumar on behalf of the External Auditor.

10. The Terms of Reference for the first stage evaluation aims to answer these main questions:

i. Does the WHO secretariat reform process identify issues relating to financial challenges to organization, staffing and internal governance of WHO by member-States, specifically:

   a. To what extent is the WHO reform process addressing relevant aspects of WHO’s structure and internal procedures, as well as functions and long-term
expected results and how to be able to measure the desired outcome, including advising on relevant indicators?

b. Does the existing information provide sufficient detail for assessing whether WHO’s managerial reforms will enable WHO to function more effectively and efficiently?

c. To what extent does the available information consider alternatives, potential best practices, and lessons learnt in other Organizations in order to meet the expectations of Member States concerning the strengthening of priority areas within the WHO Secretariat?

d. Does additional information need to be collated in order to identify the challenges facing WHO? If so, what type of information and in which areas?

ii. What scope should the second stage of the external evaluation have in order to inform the Secretariat’s work in response to Member States’ expectations concerning the coherence between, and functioning of, the Organization’s three levels?

**Scope**

11. **Context of the evaluation:** WHO has embarked upon an ambitious project of reforms. As the global leader in health governance, the organization is facing the challenge of meeting higher expectations of Member States along with almost stationary committed funds in form of assessed contributions, and enhanced voluntary contributions from Member States as well as other donors with varying levels of conditionality. The reform proposal was initiated to overcome its difficulties of available financing for its priorities, but was expanded to include other areas of governance to improve efficiency and effectiveness of WHO operations.

12. There are also other issues which have been drawing the attention of the Member States, like capability of WHO in meeting its mandate, and efficiency and effectiveness of WHO implementing offices in delivering the intended services. An efficient resource allocation model, an appropriate human resource policy, an effective result based management structure and accountability mechanism are imperatives for achieving these desired results. The proposed reform proposal and the present evaluation have to be seen in the above perspective.

13. **Scope of the Evaluation:** The scope of this evaluation is to assess the completeness, comprehensiveness and relevance of the reform proposals formulated by WHO Secretariat in the areas of finance, human resources and governance as contained in the relevant documents. The evaluation is based on reviewing and assessing currently available information in reform proposal related documents and discussions with members of reform task force. The evaluation focuses on documentation prepared for EB 128, WHA 64, EB129, EB Special Session on reforms (EBSS), EB 130 and meeting of Member States on priority setting, relating to reform proposal. The evaluation also analyses the areas where more information may be required to be produced in response to questions arising from the
Executive Board at its special session. It also proposes a roadmap for the stage-two evaluation.

**Methodology**

14. Methodology adopted for the evaluation can be summarized as below:

- **Systems based evaluation:** The evaluation has been conducted taking reform proposal as a whole, emphasizing on inter-linkages among components of reform proposal, their alignment and internal consistency.

- **Thematic review:** It is a thematic review of programmatic areas, financial and human resource challenges and internal governance issues and managerial response for managing the change.

- **Sufficiency and relevance of information:** Information available in various versions of reforms proposal and background material for reforms proposal have been examined for sufficiency and relevance. Discussions with key persons involved in preparation of reform proposal have been held to appreciate the process.

- **Evaluation parameters used are:**
  
i. Have the internal and external challenges being faced by the organization been identified in view of the following factors:
    - ✓ WHO leadership role
    - ✓ Financing and Human resources
    - ✓ Meeting of strategic objectives
    - ✓ Perception of stakeholders
    - ✓ Efficiency and effectiveness of the organization in delivering results
  
  ii. Extent of consultations with internal and external stakeholders - sufficiency and relevance

  iii. Consideration of alternatives to reach the most feasible solution

  iv. Does the existing information provide sufficient details for assessing whether the proposed reform proposal will enable WHO to function more effectively and efficiently in view of
    - ✓ WHO mandate, aspiration and leadership
    - ✓ Resources available to WHO- Political, financial, human and managerial
v. Do the reform proposals:

✓ Respond adequately to the challenges identified by WHO
✓ Can be implemented considering the organizational structure and procedures
✓ Can lead to identifiable and measurable outputs and create intended outcomes
✓ Are internally consistent and aligned to organisational goals

15. The draft evaluation report was discussed with the management on 29th March, 2012 and the feedback provided by the management had been suitably reflected in the final report.

Scope limitation

16. The evaluation is limited to available information related to reform proposal as decided in the terms of reference of the evaluation. No new information has been collected during the conduct of the evaluation. Information made available to the evaluation team till 22nd March 2012 has been utilized for the purpose of evaluation.

17. The External Auditor wishes to acknowledge the cooperation of WHO in providing necessary information and reports for evaluation. We would also like to acknowledge inputs provided by the management during discussions.
CHAPTER 2

Identification of challenges

18. The first step in any change process to be introduced from business as usual is to clearly define the reasons for considering change. Clear articulation of challenges being faced by the organization helps it in formulating an organizational response to the challenges which is planned and clearly-thought out.

19. As part of our evaluation, we studied whether WHO analyzed, appropriately and sufficiently, the challenges faced by it in various areas like financing, governance, human resources etc. The identification of major challenges would have an impact on completeness of the reform process. The areas of challenges as identified and being worked upon by the organization, can be grouped thematically, for the purpose of analysis, as below:

- Internal governance
- Financing Challenges
- Managerial Reforms
- Global Health Governance

Evaluation of the reform process is discussed thematically below.

Identification of areas of challenges

Internal Governance

20. Internal governance can broadly be defined as the system of structure, policies, processes and rules created by an organization to be followed by persons responsible for conducting operations of the organization. It includes the reasons for which the organization operates and the roles various stakeholders play in pursuing and achieving those goals. WHO has identified following issues in the area of internal governance as articulated in the reform process:

- Priority setting
- Strengthening of Governing Bodies
- Resource allocation mechanism

Priority setting

21. The need for reforms in WHO has been expressed quite widely in the last decade and it gained urgency in 2008, after the financial crisis hit the global markets.
22. Multilateral Organization Performance Assessment Network (MOPAN) review of WHO in January 2011 pointed out potential areas for improvement including one on “improving its results frameworks at the corporate level, defining outcomes and outputs and clearer, more specific indicators”. ‘Ensuring maximum value for money for UK aid through multilateral organizations’, a Multilateral Aid Review carried out in March 2011 also identified weakness in WHO’s Strategic and Performance Management, among others. Reports and articles in journals like Nature, British Medical Journal etc., have pointed out general challenges facing WHO.

23. The paper “Future of financing of WHO” which was a report of informal discussions held in January 2010 stated that questions about the way WHO is financed cannot be tackled without prior discussion of priorities and the changing nature of WHO’s core business and value-added. WHO’s capacity to anticipate and respond to new trends in global health is good, but is not matched by its capacity to set priorities”. Further articulation of challenges relating to priority setting facing WHO happened in May 2011, where the paper “the Future of Financing for WHO” presented to 64th WHA stated that, “at the end of this decade, WHO finds itself overcommitted, overextended, and in need of specific reforms. Priority-setting is neither sufficiently selective nor strategically focused. Given the large number of agencies now active in health, duplication of effort and fragmented responses abound, creating an unprecedented need for greater coherence and more effective coordination.” The Task Force Report of June 2011 also stated that “the emerging needs and new demands WHO faces warrant the need for a revised strategic direction of its longer term pursuit” and this was linked to management reforms.

**Strengthening of Governing Bodies**

24. Strengthening of governing bodies has been proposed as an area of reform to streamline and provide an even more effective Member States driven governance structure. It also proposes to provide WHO with greater coherence between layers of the organization. In May 2011, Nature magazine in an article titled ‘WHO Needs to Change’ stated that “WHO itself is a fragmented organization with cumbersome governance” and also stated “bureaucracy and politicization is also a major problem”. CMJ in September 2011 stated that “for decades, the WHO has come under widespread criticism for having become an unwieldy, top-heavy, bureaucratic monstrosity that does many things poorly and few things well and WHO has been accused of suffering from such deficiencies as weak leadership and petty corruption”.

25. The identification of this challenge took place in WHO in June 2011 when one of the concept papers on Governance of WHO\(^1\) identified “need for better alignment between the global and regional governing bodies”. The paper further stated that “the main issue is the achievement of greater coherence between the regional and the global governing bodies, with better coordination of the respective agenda promoting complementarity and synergy and avoiding duplication of debate”. The Global Policy Group meetings held in September 2011 further fleshed out these identified challenges. It outlined certain challenges affecting functioning of WHA that “there is no formal mechanism for aligning the WHA agenda with

\(^1\) Prepared for submission to EBSS
global health and WHA agenda contains too many items, especially in light of the clear preference of Member States for short sessions”. It also identifies the challenges facing EB as “(a) owing to the significant amount of work involved in preparing the agenda and work of the WHA, the EB is not able to exercise fully its executive and oversight role (b) lack of agreed mid-term priorities affects the ability of the EB to function effectively as the gatekeeper of the strategic focus of the WHA’s agenda (c) EB faces a dilemma between the openness and inclusiveness of its methods of work and its need to perform executive and oversight functions (d) governing bodies do not effectively oversee the managerial and fiscal soundness of the Secretariat’s work and are not adequately involved in evaluation of the work of WHO”.

26. In the area of regional governance, the challenges identified were “weak linkages between global and regional governance. Focus should be on aligning strategic decisions of regional and global governing bodies and that outcomes of the WHA and the EB are incorporated into Regional Committee discussions, but Regional Committee discussions are not incorporated into the agenda and discussions of the EB.” In the area of support provided by Secretariat, the challenges identified in this paper were “not all Member States have the time and resources to adequately prepare and participate in the Governing Bodies meetings and documentation is not always available on time.”

Resource allocation mechanism

27. Resource allocation to various layers of governance is a complex process in WHO due to its present financing methods and service delivery mechanisms. As funds reach the Organization, they must be efficiently, rationally and transparently channelled to where they are most needed, ensuring funding across programmes and offices. From a corporate perspective, WHO’s ability to guide this gets limited by the degree of specificity of Voluntary Contributions (VC) which is almost three-fourths of the total funds. The specified conditions in voluntary contributions could range from a liberal definition to a very tied allocation.

28. The current resource allocation mechanism is linked to a 'validation mechanism' that assesses the distribution of funds between major offices, including HQ. For regions these are based on a set of criteria that are now regarded as not sufficiently fair, rational or transparent. It also proposes a "70/30" split between regions and HQ which has not been objectively verified. The approved Programme Budget (PB) establishes the total Base budget and VC ceilings by outcome and by level of the organization. These figures represent what Member States have approved for budgeting and that WHO hopes to make available for achieving the expected results detailed in the approved PB document. Work plans are developed according to those figures and ceilings. The PB is largely aspirational and no longer functions adequately as an accountability mechanism.

29. IOS evaluation of WHO’s resource coordination and mobilization functions has reported dissatisfaction in the Organization (HQ-RO-CO) with WHO’s current resource allocation mechanisms, in particular the timing of Core Voluntary Contribution Account

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2 Work Stream Output 2: Accountability for Results and Resources VERSION_07.09.2011
(CVCA) distribution and the transparency of allocation criteria\(^3\). The task force on reforms identified that the increased focus on results has had the unintended consequence of delinking results from a realistic assessment of resources.

30. **WHO has recognized the challenges in the area of internal governance in a comprehensive manner along with challenges in the field of resource allocation. Strengthening and aligning the functioning of governing bodies would support the overall reform agenda.** Hence, the emphasis on this area seems to be appropriate. Resource allocation is interlinked with internal procedures, and it impacts the effectiveness of current results based monitoring and accountability structures. As such, recognizing this challenge is a step in desired direction.

**Financing challenges**

31. ‘Financing the Future of WHO’ has been the vision line of reform process undertaken by WHO from January 2010 onwards. Financing and Future are the keywords in the current reform scenario also. The challenges became graver due to global financial crisis during 2008-09. The kind of funding available to WHO became matter of concern. WHO acknowledged these challenges and started a thought process which has later taken the shape of present reform proposal. Major issues in this area can be enumerated as below:

- Predictability of financing and flexibility of Income
- Resource Mobilization
- Administration and Management Costs and financial controls
- Other Financial Issues

**Making WHO’s financing more predictable**

32. WHO, while deliberating on the future of its financing\(^4\), recognized a set of attributes that should underpin the overall approach to financing. These were predictability, alignment, flexibility, harmonization of practice among donors and a strong link to results. It was also recognized that the WHO Secretariat needs to boost the confidence of its donors in order to adopt these attributes. Predictable finance means funds will accrue to WHO as per expectations. Flexible finance means that WHO has discretion to expend funds without being restricted by any specific terms and conditions.

33. The biggest challenge in financing emanates from the composition and nature of contributions. Except part of General Fund financed by Assessed Contributions (AC) i.e., about 25%, most of the funding is in the form of Voluntary Contributions (VC). Larger part of VC is specified, which restricts WHO’s ability to align resources with its agreed priorities. Other than the flexibility available to WHO for spending on its priorities, the problem of

\(^3\) Internal Oversight Services Evaluation Report No. 09/816 on Resource Mobilization Function at WHO, May 2010

\(^4\) The Future of Financing for WHO: Report of an informal consultation convened by the Director General, 12-13 January 2010
unpredictability of VC also poses a challenge to WHO in planning and achieving its objectives.

34. AC is highly stable and predictable but least likely to be increased by the Member States in current scenario. The financial crisis and shift in global development priorities has serious implications for WHO’s financing; a 2009 analysis on the risk of reduction in core contributions from the top 15 Member State donors (88% of all 2008 Member State contributions) showed that the risk of cuts was high for three of the top donors, medium for five, and low for seven. Notwithstanding this, VCs have increased three fold between 2000 and 2011. WHO has been able to retain or increase the VCs from its top 20 donors.

35. Joint Inspection Unit (JIU) of United Nations conducted a study (2007) on ‘Voluntary Contribution in United Nations System Organisations - Impact on programme delivery and resource utilization strategies’ in which it also identified the challenge of having VCs for specific purposes and rendering VCs in the hands of UN organizations as inflexible.

36. At present, WHO’s staff costs are more than 50% of the programme budget which is largely financed by AC and partly by VC. This fact also adds to the financial stress being felt by the organization. The reasonably predictable income with WHO at the beginning of biennium was around 45%. However, flexible finance available with WHO is around 35% of the total (25% AC and 10% CVCA). This leaves very little discretion with WHO to plan and expend on the priorities identified by it as well as on the activities falling under its core functions. WHO also lacks sufficiently flexible voluntary contributions to re-programme funds if there is an imbalance in contributions, and to move money around quickly to address emerging needs and priorities.

37. The other aspects linked with flexibility of finances are:

I. More effective use of aid - how to better align the priorities agreed by WHO’s Governing Bodies with the monies available to finance them.

II. Harmony between 'what countries want for their money' with 'what WHO is best positioned to deliver'. The amount of money allocated to a programme or a problem should not be a symbol of the importance of the programme or the size of the problem. Instead, the amount should be governed by WHO’s capacity to deliver results. The document review conducted by MOPAN noted that while WHO has made progress in linking financial resources to results, its practice is still less than adequate.

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5 Work Stream Output 3.1 (VERSION 05.08.2011): A Revised WHO Financing framework
6 Work Stream Output 3: (a) Revised Corporate Resource Mobilization Strategy; (b) Expanded Donor Base; (c) Revised Financing Framework; and (d) New Corporate Communications Strategy and Framework. (VERSION_06.09.2011
8 EXECUTIVE BOARD (EBSS/2/2) Special session on WHO reform 15 October 2011 Provisional agenda item 3
9 The Future of Financing for WHO: Report of an informal consultation convened by the Director General, 12-13 January 2010
10 Multilateral Organization Performance Assessment Network (MOPAN) Survey report, January 2011
Organization-wide Resource Mobilization

38. At a time when government budgets are under pressure, WHO would need to attract new donors and explore new avenues of funding, including foundations and private and commercial sector\textsuperscript{11}. The current resource mobilization strategy is being carried out in silos; the approach is fragmented and uncoordinated. The lack of clearly defined priorities and approaches to donors makes it difficult for some parts of the Organization to take advantage of resource mobilization opportunities. A communication strategy is also not in place to support resource mobilization. Thus, a need was felt for WHO to have a revised corporate resource mobilization strategy and a financing framework, with whose support, it would be possible to make WHO's financing more predictable, flexible and sustainable. This will in turn enable better alignment of funding to WHO's priorities and strengthen how WHO operates\textsuperscript{12}.

39. JIU in its 2007 Report on 'Voluntary Contribution in United Nations System Organizations - Impact on programme delivery and resource utilization strategies' stated that 'some organizations have made considerable progress in developing strategies for resource mobilization. Further, JIU recommended that ' the legislative bodies of United Nations system organizations that have not already done so should request their respective executive heads to develop a corporate resource mobilization strategy for the consideration and approval of the legislative bodies\textsuperscript{13}.

40. Office of Internal Oversight Services (IOS) also pointed out in May 2010 that the lack of an Organization-wide Resource Mobilization strategy and spelling out priorities and approaches to different donor categories reduces the Organization's ability to take advantage of new resource mobilization opportunities and limit the coherence of overall resource mobilization efforts

Administration and Management Cost and financial controls: Financing of Administration and Management Costs

41. The cost of administering projects funded out of voluntary funds is not being recovered fully; to that extent these costs are not adequately financed. A key income stream currently used to underwrite these costs is through a programme support cost levy on VC. However, while the official rate of programme support cost is 13%, earnings effectively average just below 7%. A supplementary income stream derives from the component of post occupancy charges. Even the combination of these two streams is still insufficient to finance the budgeted administrative costs.

Strengthening financial controls

\textsuperscript{11} BMJ, 2011
\textsuperscript{12} Work Stream Output 3: (A) Revised Corporate Resource Mobilization Strategy; (B) Expanded Donor Base; (C) Revised Financing Framework; and (D) New Corporate Communications Strategy and Framework (VERSION_06.09.2011)
42. Director General in her report to EBSS stated that 'although many financial controls exist, the current approach does not systematically assess risks and is not always consistently applied across the Organization'. MOPAN Survey indicated that WHO was recognized for its internal and external audit, anti-corruption policies, and implementation of risk-management strategies. Its practices in financial accountability were rated adequate by survey respondents and strong overall by the document review.

43. It is also felt that if new monies are raised from "innovative" sources, how they can be used in ways which increase rationality and accountability rather than adding additional layers of complexity. This indicates a need for strengthening financial controls.

**Other Financial issues: Contingency Fund for Public Health Emergencies**

44. WHO’s role in public health and humanitarian emergency risk management and control, inclusive of the International Health Regulations (2005), is unique in the world. As recommended by the International Health Regulations Review Committee, WHO needs to establish a contingency fund for public-health emergencies.

**Other Financial issues: Currency rate fluctuation**

45. WHO’s financing faces another challenge posed by the mismatch between currencies of expenditure and currencies of income, which can carry significant financial risks in an environment of rapidly fluctuating exchange rates. More than three-fourths of income between the years 2010 & 2011 has been received in US dollars whereas only 21.4% expenditure has been incurred in this currency during the same period. Around 45% expenditure is incurred in Swiss Franc and Euro, both of which have appreciated against US Dollar. In fact, US dollar has weakened against all major cost currencies for WHO operations. As a result, there has been a significant decline in the purchasing power of most currencies of expenditure of WHO.

**Other Financial issues: Financial crisis**

46. The challenge of global financial crisis of 2008-09 was recognized by WHO and deliberated upon. The need was felt to reduce its impact on the countries at all levels of development. If unemployment continues to rise, safety nets for social protection fail, savings and pension funds erode and public spending drops, people’s health will suffer. In countries where recession is accompanied by devaluation of domestic currencies, the price of imported medicines, raw materials and medical equipment will rise - increasing the overall cost of health care to governments and patients. WHO will be monitoring financial flows for health from governments and donors and looking carefully for signs that costs are...
rising or that people are being excluded from receiving care. Aid will play a key role in providing a boost that many low-income countries cannot finance alone\(^\text{18}\).

47. **Predictability and flexibility of finances are the major challenges facing WHO.** Availability of predictable and more flexible funding would support WHO in performing its functions more effectively. Making donors agree to provide predictable and flexible finance requires a lot of changes in governance like setting of priorities, increasing organizational effectiveness, rightsizing staff strength and its purposeful deployment, increasing accountability and transparency, efficient cost management and effective financial controls. WHO has already identified these as equally challenging tasks and included in the proposed reform proposals. Focusing on organization–wide resource mobilization is imperative as a coordinated approach is required to achieve desired results. Strengthening financial controls is important in the context of providing a long term solution to servicing projects and ensuring accountability. An enterprise wide Risk Management System would support this cause. In the on-going global financial crisis, the possibility of shrinking health budget needs to be recognised upfront, especially while preparing country cooperation strategies and new resource allocation mechanism.

**Managerial reforms**

48. Managerial reforms encompass a whole spectrum of reforms which seek to enhance and improve the effectiveness of WHO. Proposals under the broad rubric of managerial reforms are discussed under these main headings:

- Human resources policies
- Organizational and managerial effectiveness

**Human Resources Policies**

49. Though, clear articulation of challenges in the area of human resource management happened in EBSS held in November 2011, but these issues were on the radar of WHO for a long time. In 2001, JIU report\(^\text{19}\) pointed out that WHO was characterized by an ageing staff in a top-heavy structure and the diversity of this staff, either in terms of gender or geographical distribution, had been uneven. It was suggested that the reform of human resources management should proceed expeditiously, defining a new role of central service vis-à-vis regional offices and clusters, providing the organization with an integrated, functioning and up-to-date human resources information system. The report suggested further improvements in the recruitment process and performance management to alleviate some of the problems that have led to the excessive reliance of the Organization on short-term staff. Preparing an inventory of skills presently available at all levels of the Organization, updating, computerization and utilization of rosters regularly in consultation with relevant technical units, and instituting a genuine rotation system among its professional staff were some of the other recommendations.

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\(^{18}\) The Financial Crisis and Global Health: WHO Statement to the Special Session of the Human Rights Council, Geneva February 2009

\(^{19}\) Joint Inspection Unit Report on Review of Management and administration in the World Health Organization, 2001 (JIU/REP/2001/S)
50. MOPAN review\textsuperscript{20} of WHO in January 2011 pointed out potential areas for improvement in many areas including HR. In this review, WHO received the lowest ratings from survey respondents on indicators related to human resource management. MOPAN members rated WHO as inadequate on its performance assessment system and the transparency of its staff performance and recruitment system (merit-based selection was a particular concern). The document review also found that WHO has the components of a performance-based human resource system, suggesting that there may be a gap between policy and practice.

51. Within the organization also, there was the recognition that there are possibilities of improvement in this area. Building work ethics within WHO that is based on competence and pride in achieving results for health, streamlining administrative procedures, and improving human resource planning were areas identified by WHO.

52. In the provisional agenda item 5 of EB 128/21, December 2010\textsuperscript{21} it was stated WHO’s strength lies in its staff. There are, however, several challenges to be met if the Organization’s aim to attract and retain the best professionals in global health is to be realized. A fundamental problem is that the bulk of WHO’s current financing is highly specified and neither long-term, predictable nor flexible. This financing model hampers the Organization’s ability to develop and maintain a workforce that can respond quickly when new challenges arise or when new skills are required. Most of the staff has the expectations of career-long employment. WHO is increasingly faced with technical demands for the highest level of skills in specialized fields, where the rate of change in knowledge and expertise is rapid. The internal discussions identified problems of current workforce model that does not distinguish between functions linked to predictable long-term funding from project functions linked to short-term voluntary funding, need for high-performing culture based on excellence and accountability and the need for a framework for mobility and rotation. It was noted that HR policy had a strategic role to play in aligning human resources to organizational needs. The reform Task force proposed the following areas for consideration in shaping the HR agenda: staffing model; workforce planning approach; recruitment process re-engineering; performance management and development approach.

\textit{Organizational and managerial effectiveness}

53. Challenges in terms of organizational and managerial efficiency being faced by WHO were most effectively articulated by MOPAN in January 2011 which identified issues like providing direction for results, corporate focus on results, use of performance information, linking aid management to performance, presenting performance information and monitoring external results as potential areas for improvement. The “Multilateral Aid Review ensuring maximum value for money for UK aid through multilateral organizations” of March 2011 also pointed out challenges being faced by WHO in this area. It stated that WHO “needs to improve its strategic focus and delivery at country level, as well as results reporting, cost consciousness, financial management and transparency”. The report characterized WHO’s organizational strengths as “weak” and identified specific challenges in

\textsuperscript{20} MOPAN COMMON APPROACH World Health Organization (WHO) 2010
\textsuperscript{21} The future of financing for WHO, Report by the DG, provisional agenda item 5, EB 128/21
areas like lack of systems in place to review organization effectiveness, lack of clear results chain, confusing processes with outputs, does not have a formal system to follow up on evaluations etc. It also listed areas like contribution to results, strategic and performance management, transparency and accountability as weaknesses.

54. The paper “The future of financing for WHO” also discussed challenges facing WHO relating to managerial reforms. The First Report of the Task force of June 2011 in fact, identified in detail, challenges in organizational effectiveness, results-based planning and accountability structures. It identified issues like lack of clarity on the division of labour, current top-down, supply-led planning approach not being relevant and effective to WHO’s work at country office level, need to change the current culture where soft rules prevail over established policies etc. It further identified challenges like complexity of current planning framework, its being unrealistic, time-consuming and poorly understood, current budget plans not reflecting linkages of resources to the organization’s strategic directions and outputs.

55. The Task force on reforms in September 2011 stated that “emerging needs and new demands WHO faces warrant the need for a revised strategic direction of its longer term pursuit. This has to be accompanied by an improved way of organizing WHO’s work - ensuring that the multiple layers of the Secretariat deliver as one WHO”. It also identified certain problems facing WHO in this area like lack of a unified organization-wide managerial process, lack of synergy between the different levels of the Secretariat, unclear division of labour on the targets, lack of delegation of powers etc. This task force also identified challenges in corporate communications strategy and framework and stated that “today, WHO appears fragmented - an expert in multiple fields, but unable to project a coherent sense of the Organization and its achievements, and at times unclear in its overall direction and function. Many key constituencies no longer know what to expect from WHO.” The Task Force also identified accountability for results and resources as one of the challenges and specifically dwelled in issues like limited oversight and audit capacity of WHO, lack of clear, validated performance results, weakness in current control mechanisms etc. All this thinking in the area of management reforms coalesced in the concept paper on the reform process called for by the 129th EB.

56. With respect to managerial reforms, we are of the opinion that there are significant challenges for WHO in the area of human resources and these challenges have been articulated by WHO, in various fora. Similarly, significant challenges exist for WHO in the area of managerial and organizational effectiveness and these challenges were highlighted by external sources and also identified by WHO. As such, identification of challenges was comprehensive, on the basis of which WHO took forward the process of reforms in these areas.

Global heath governance

57. There has been widespread recognition of the fact that WHO faces a range of challenges in the area of external governance. The Council on Foreign Relations in May 2010 brought out a paper on Global Heath Challenges and in this paper, identified some
challenges facing global health governance, though not WHO’s global health governance per se.

58. On the other hand, the MOPAN report of January 2011 and Multilateral Aid Review “Ensuring maximum value for money for UK aid through multilateral organizations” carried out in March 2011 did not identify any governance related challenges. In fact the Multilateral Aid Review found that “partners are well represented in governance mechanisms” and “WHO works well with partner governments”. It also stated that “WHO provides global leadership and convening power on development and humanitarian health matters which is critical on delivery of MDG, especially MDG 4, 5 and 6”.

59. There has been a strong recognition internally of the fact that WHO is facing challenges in its global health governance. Note for Global Health Governance, prepared for H8\(^\text{22}\) in June 2009 stated that “nation states are no longer the only players: a wider range of actors now have a role in global health governance. These include civil society organizations, philanthropic foundations, patient groups, private companies, trade associations and many others” and related this concern to impact on efficient delivery of health services to people.

60. The global health challenges facing WHO were articulated in details in the paper “The future of financing for WHO” like crowded environment for health and development, partnerships at global level and country level, technical collaboration etc., and their implications for governance and financing. The concept paper on World Health Forum, prepared at the request of the 129\(^\text{th}\) EB in June 2011 was a recognition of the challenges to external governance facing WHO and specifically, it stated that “Increased investment in health over the last decade has resulted in significant improvements in health outcomes, an increasingly complex institutional environment and a growing number of organizations involved in global health. While the growing prominence of health in international affairs is welcome, there is a need to promote greater coherence and to provide an opportunity for a more inclusive dialogue between the many different actors involved. The paper “WHO reform for a healthy future: an overview” prepared in July 2011 which was an overview of the WHO reform agenda that is now in development stated “global health community has greatly expanded, such that there are now a large number of players with overlapping roles and responsibilities. In 1948 WHO was the only global health organization; now it is one of many. This proliferation of initiatives has led to a lack of coherence in global health”. Thus, internally too, there was a lot of recognition of the challenges facing WHO in the area of external governance.

61. We are of the view that there was identification, externally and internally, of the challenges facing WHO in the area of global health governance; as such, inclusion of external governance as one element of its reform process was justified.

\(^{22}\) Health 8 (H8) is an informal group of eight health-related organizations, WHO, UNICEF, UNFPA, UNAIDS, GFATM, GAVI, Bill and Melinda Gates Foundation, and the World Bank created in mid-2007 to stimulate a global sense of urgency for reaching the health-related MDGs.
Conclusion

62. The process of identification of areas of challenges has been a gradual one. Starting with immediate challenge of dealing with unpredictable financing and rising expectations of Member States, the process expanded into a comprehensive reform proposal for WHO organization. On the one hand, this progression has the benefit of considering all aspects of functioning of the organization; on the other hand, it could have the risks of overreaching its objectives, with resultant costs and effort. The sets of challenges identified are wide-ranging and acknowledge most of the concerns raised by member states and other stakeholders. We are of the view that a systemic approach has been adopted to identify the risks being faced by the organization in effectively achieving its mandate.
CHAPTER 3

Formulation of reform strategy: Alternatives and Consultation

Consideration of Alternatives

63. Formulating a change strategy to meet identified challenges requires identification of a range of options which can meet the challenge, evaluation of each option on criteria like cost, resource availability, implementation challenges etc., and arriving at the option which not only meets the identified challenge but is also cost-effective for the organization. Thus, evaluation of options or consideration of alternatives is essential for arriving at the best solution for the identified challenge.

64. As part of our evaluation, we studied whether WHO identified alternatives and firmed up the reform proposal on the basis of discussion on various alternatives regarding their merits as well their cost-benefit analysis. We also evaluated whether WHO had consulted its various stakeholders to arrive at the proposals of reforms. The results of our evaluation in this area are presented under these categories:

- Internal governance
- Financing Challenges
- Managerial Reforms
- Global Health Governance

Internal Governance

Priority setting

65. 12 working papers\textsuperscript{23} were prepared by the reform team in August 2011 in the areas of Organizational Effectiveness and Alignment, Results Based Management and Accountability, Financing, Resource Mobilization & Strategic Communications and Human Resources. Some of these papers expressed the problem statement and listed alternative plans of action to address the problem statement. There was no separate concept paper for programmes and priority setting so the link between alternatives and final proposal did not exist in the case of programmes and priority setting area of reforms, though one of the papers linked improved ways of operating by WHO as essential for achieving the core business of WHO. The GPG discussion report on programmatic reforms prepared in November 2011 listed specific actions to be taken by WHO corresponding to its focus areas.

\textsuperscript{23} Organizational Effectiveness and Alignment (Improving a WHO corporate operating model, An organization-wide framework for knowledge and quality management, Results Based Management and Accountability (Results-based Management Framework, Accountability and Transparency Framework, Evaluation Framework), Financing, Resource Mobilization and Strategic Communications (WHO Financing Framework, Revised corporate resource mobilization strategy and expanded resource base, Strategic Communication), Human Resources (A revised WHO Staffing Model, Workforce Planning Mechanisms, A WHO Staff Sourcing process, High performing culture and enhanced performance management)
Strengthening of Governing Bodies

66. The concept paper prepared in June 2011 on Governance at the direction of 129th EB, summarized issues related to governance like need for better alignment between the global and regional governing bodies, better sequencing of the different governing body meetings and more active engagement and participation of all Member States in the governance of the Organization. The draft prepared for GPG discussion in September 2011 listed specific proposals in the area of governance, especially for strengthening of governing bodies but did not provide any alternatives for consideration. Even the papers presented to the special session of EB held in November 2011, came out with very specific proposals for strengthening of governing bodies without giving any alternatives for consideration of EBSS.

Resource allocation mechanism

67. The Task Force proposed in September 2011, as part of financing framework and result based management, that the current mechanism of resource allocation should be replaced by a mechanism which is linked with the strategic priorities of WHO and based on the expected results. From the available records, it appears that any other alternative resource allocation model was not considered, however the proposal made by the task force was modified while submitting it to EBSS. It proposed that a new resource allocation model is needed to better reflect changing organizational priorities and needs. Important prerequisites for the development of a new resource allocation mechanism will be: (i) clarification of the roles, responsibilities and synergies of the three levels of the Organization (ii) a clearly defined result chain highlighting the work of the Organization at its three levels (iii) a realistic budget (iv) accountability by the resource allocating body and the implementing level of the Organization.

68. We observe that since there was broad agreement on core business of WHO in 64th WHA held in May 2011, a detailed listing of priorities, programmes and core business might not have been essential. We also observe that WHO could have listed various alternatives to strengthen governing bodies for consideration of EB/WHA/EBSS so that a range of possibilities could be examined and agreed upon. We feel that proposals like aggregation of performance reports for each major office and its reporting to member states, independent evaluation for validating achievement of outputs and outcomes etc., could have been taken further.

Financing challenges

Making WHO’s financing more predictable

69. For many years, the issue of making WHO finances predictable and to the extent possible, flexible, has been under discussion and consideration. Resource mobilization framework (2005), JIU report on voluntary contribution (2007) and IOS report on Resource Mobilization (2010) impressed upon to take active steps in this direction.

70. Reform task force considered this issue and worked on the possible alternatives. Initially, it proposed that at least 50% of income available should be flexible, predictable and
sustainable including assessed contributions and core voluntary contributions. Later, it was modified that at least 70% of income available should be predictable and 40% flexible, including assessed contributions and core voluntary contributions. The task force proposed a replenishment model, based on global best practices, which would facilitate a collective commitment to financing part of the programme budget before the budget period begins. Later, in the proposal submitted to EBSS in November 2011, the replenishment model was renamed as ‘collective financing model’, designed to secure a shared commitment by Member States and other donors to fully finance the Organization’s priorities as agreed by Member States in the programme budget. The aim of having 40% flexible finance was, however, dispensed with. It was further mentioned that Member States and other donors may increase the proportion of WHO’s income that is flexible by providing voluntary contributions that are less specified i.e. linked to higher level strategic components of the programme budget either through the existing core voluntary contributions account or relatively soft earmarking. In 130th EB, the proposal was further modified. It was proposed that the financing phase would have three components: a dialogue with donors after the programme budget has been approved by the Health Assembly, a pledging conference and a follow-up resource mobilization. This proposal is under discussion presently.

Organization-wide Resource Mobilization

71. This issue is linked with that of predictable and flexible financing. Resource mobilization framework (2005), JIU report on voluntary contribution (2007) and IOS report on Resource Mobilization (2010) emphasized that WHO should augment its finances through resource mobilization strategy. Many UN organizations have taken steps in this direction so that they have more stable and predictable finance available at the beginning of biennium to plan for their priorities. Though specifically different alternatives were not considered by WHO, the proposal was modified based on internal discussions and consultation with member states. The term ‘corporate’, though used by JIU in its report, was replaced by ‘organization wide’ to give it clear and, apparently, unbiased view.

Administration and Management Cost and financial controls: Financing of Administration and Management Costs

72. For financing of administration and management cost and other financial controls, different alternatives were considered as the proposal moved forward. The proposals made by the task force were modified before their presentation in EBSS. The task force had proposed that budgeting and cost accounting for administrative functions should be done consistently across offices, allowing for comparability and for better explanation of cost drivers. Total costs can be presented along with volumes to come up with costs per transactions. In EBSS, this proposal was modified proposing that the Programme, Budget and Administration Committee should commission a detailed analysis of the actual costs of administration and management within the Organization and make recommendations on how these should be financed.

Administration and Management Cost and financial controls: Strengthening financial controls
73. The Task Force in its report had not separately mentioned any proposal for strengthening financial controls, however the issue could be found at various places as given below: (i) improved reporting, standard reporting templates should be implemented consistently throughout the organization in accordance with donor expectations (ii) ensure close integration of resource forecasting and mobilization with financial controls, budgeting, planning and reporting. After consultations with member states a separate proposal was made in EBSS which included developing an enhanced control framework that comprehensively addresses financial control requirements for critical administrative processes. This control framework will include the following elements: description and purpose of control, identification of individuals with responsibility for control, monitoring effectiveness of control, escalation and corrective measures in case of breaches of control and a more systematic approach to risk evaluation. The following areas were proposed for priority action under the enhanced control framework: donor agreements, travel expenses, hospitality expenses, human resources clearance on staff separation and human resources entitlement administration.

Other Financial issues: Contingency Fund for Public Health Emergencies

74. In fact the need to have a Contingency Fund for Public Health emergencies was neither identified by the Reform Task Force, nor was this discussed earlier in the papers presented by WHO in EB or WHA, or in the GPG discussions. A proposal was made to EBSS on this aspect, where it was mentioned that the details of fund would be submitted to PBAC later in May 2012.

Other Financial issues: Currency rate fluctuation

75. The Task Force had proposed three currency hedging options to deal with the negative impact of currency rate fluctuations on WHO’s income. These were: (i) matching currencies of income and expenditure (ii) locking in future exchange rates through forward foreign exchange (FX) contracts (iii) setting exchange rate floors or ceilings through purchase of FX options. Each of the above currency hedging techniques has different time horizons, degree of feasibility and impact. In the short term, WHO could hedge the risk of differences in FX rates between date receivables recorded and date cash received (this can be done relatively easily and does not need endorsement by the Governing Bodies); in the medium term WHO could hedge risk that FX rates of actual expenditure such as payroll are worse than budgeted rates (this can also be implemented at the discretion of the DG); in the long term WHO could match currencies of income to expenditure.

76. However, these alternatives were later modified and it was proposed in the EBSS, in addition to the current system of currency hedging, to -

- Increase Swiss Franc income by securing the agreement of donors to pay in Swiss Francs (ideally, by switching some or all of assessed contribution invoicing to Swiss Francs, but also by payment of voluntary contributions in this currency);

- Introduce an annual “budget re-costing” mechanism to adjust WHO’s budget for major currency movements, as is the practice in some UN organizations;
• Reduce Swiss Franc costs by reducing the size of the Secretariat staff at headquarters (e.g. redeploy staff to lower-cost duty stations).

Other Financial issues: Financial crisis

77. No separate proposal was considered or made by the WHO Reform Task Force to address the specific issues resulting from the financial crisis. No specific alternatives have been seen on record to deal with the issues. However, some of the concerns may get addressed to because of overall reforms in the financing areas.

78. In our opinion, WHO considered various alternatives, before arriving at the proposed course of action, in case of ensuring predictability of finance. In other finance related issues, the proposals have gone through changes, which indicate that alternatives would have been considered before finalizing the preferred course of action.

Managerial reforms

Human Resources Policies

79. Four working papers on human resource policy were prepared by the reform team in the area of human resources, namely, revised WHO staffing model, workforce planning mechanisms, staff sourcing process, high performing culture and enhanced performance management. In the deliberations of task force, various alternatives were suggested which shaped the HR reform proposal. Alternatives were also proposed by the staff association in their discussions during the Global Staff Management Committee (GSMC) meeting with representatives from all major WHO offices. Based on their analysis and discussions with staff across the Organization, it was indicated that any proposed changes to the staff rules would be premature. Changing the Staff Rules prematurely and without linking these changes to an agreed staffing model, based on the strategic direction of the Organization and its expected new strategic risk management model, will not only be a waste of effort, but will also send a negative message demotivating staff and managers. While the Staff Associations welcomed innovations relating to workforce staffing model and new contractual arrangements for staff in time-limited activities of the Organization, a cautionary approach was advised by the stakeholders.

80. It was noted that a dynamic approach to human resource policy, planning and management, with a flexible staffing model aligned to organizational needs are an integral part of the reform process. Many staff identified issues related to current human resource policies, including problems with contract types and project duration, lack of rotation and mobility throughout the Organization, and the need for stronger performance management. Many commented on the element of distrust between managers and staff. Possible ways to improve relationship between different positions in the establishment including a 360° review that would give staff an opportunity to voice their opinion and to participate in the decisions and actions of managers. Collaboration within the Organization could be measured with Performance Management and Development Systems (PMDS) of all

24 Statement by the representative of the WHO staff associations, provisional agenda item 7.1, EB129/8
25 EB129/8
managers and technical staff. Many emphasized that the Organization does not recognize or reward staff commitment enough. Some expressed that not all talents are detected or used. Methods could include increased mentoring by senior leaders and management. Most staff supported a system-wide, cultural and environmental change in current human resources practices.

81. Proposed changes and their alternatives were discussed in the Mission Consultations held in September 2011 and the discussions focused on proposals which have impact on staff, skills and competencies and secondment mechanisms. It was commented that there is a need to consider the impact of the revised human resource policies on staff, and to have plans for properly managing the changes. A change management strategy should be developed to guide the introduction of reforms. Emphasis should be placed on having the right skills and competencies, being mindful of the need for diversities. It was suggested to explore and improve secondment mechanisms with Member States. The Secretariat was also requested to provide further information on the current human resource plans and the issues identified and how the revised plan would be different from the current one and more specific information on the criteria, the types of reward and incentives mentioned in the document. Elaboration on the "learning strategies" mentioned in the document was also requested. As it is also understood that all reforms will be undertaken in consultation with staff and their representatives but the above mentioned statements indicates that the reform process require more input from the staff consultation because they were the most affected party to the overall reform process, particularly in view of suggested staffing model in the reform agenda. This has been added now to an extent through a staff consultation process mentioned in paragraph 93.

Organizational effectiveness, alignment and efficiency, Accountability & Transparency and Evaluation

82. Four issues in the area of organizational efficiency were presented as Agenda to the EBSS in November 2011. These related to strengthening support to countries and work of country offices, promoting alignment, synergy and collaboration, strategic relocation of programmes and operations and improving knowledge management. These issues are also inextricably linked to the issue of accountability and transparency and evaluation which was identified as another component of managerial reforms. Some alternatives about how to put these concepts into practice were identified, to some extent, in the Working papers of August 2011. Specifically, the paper on "Results Based Management and Accountability framework Paper Final Draft" of March 2011 identifies alternatives in the area of accountability in terms of framing of an accountability framework, the paper on "WHO Management Reform- A revised Results-based Management Framework" of March 2011 also gives a planning framework for the three layers of governance, the paper on "WHO reform: Towards an Organization-wide framework for corporate knowledge and quality management" in August 2011 proposed specific action for defining a policy for corporate knowledge and quality management but does not list alternatives to defining a policy. The same paper also talks about country focus and how to organize the work of WHO in terms of
improved country focus, decentralization, networks and hubs of expertise and vertical and horizontal synergies. Similarly, the paper on "WHO Management Reform - Institutionalizing Accountability and Transparency" of August 2011 talks about what to include in the WHO Accountability and Transparency Framework. Thus, the papers to some extent identify alternatives for the different areas of reforms. The Task force in turn, coalesced some of these disparate streams of thought and ideas as well as possible alternatives into a more coherent, well-considered, way-forward kind of approach.

Strategic communications

83. Suggestions for improving communications were discussed during Mission consultations in September 2011. This included the use of social media and multi-lingual communications, deploying new methods for communications and meetings and reviewing publication policies. Initially, the task force suggested new corporate communication strategy framework. It was suggested by the taskforce that the objective of the framework was to ensure linkages between strategic communication, resource mobilization and donor reporting. It was suggested that the better interaction and cooperation was needed between technical and communication units. These proposals, which till now, were scattered across different documents, were consolidated into one paper on Managerial Reforms which was prepared on the direction of 129th EB for the consideration of the special session of the EB. The concept paper set out, clearly, proposed action in the areas of Organizational Effectiveness, Alignment and Efficiency, Accountability and Transparency, among other issues. Thus, the issues which were discussed during August 2011 were given final shape in September 2011 when the concept papers were prepared.

84. In case of human resource policies, the output stream papers and later documents have considered various alternatives. However, as changes in this area are more difficult to implement than other areas, it is suggested that WHO might like to develop alternate strategies using options discussed in various fora. In the area of managerial reforms, we are of the opinion that elaboration of alternatives and their administrative implications may be useful.

Global health governance

85. Specific alternatives in the area of Global Health Governance were considered by the meeting of WHO and Global Health Governance held in March 2011. It seems that these discussions coalesced around the concept paper on "WHO reform for a healthy future: an Overview" prepared in July 2011 which listed only decided outcomes in this area of reforms. Thereafter, EBSS decided to ask for further analysis of proposals to promote engagement with other stakeholders; further analysis on modalities to improve Member State involvement with and oversight of partnerships including the possible expansion of the mandate of the Standing Committee on Nongovernmental Organizations in this regard. Further, 130 EB did not take forward proposed reforms in the area of WHO governance and deferred the decision on WHO governance to be discussed during 65th WHA.

86. WHO could consider alternatives in this regard and provide the Governing Bodies options to arrive at a decision in this area and make the process more robust.
Conclusion

87. The reform journey of WHO till now has been long and has passed through various phases of deliberations at various levels. We observed that in case of most of the challenges, alternatives were considered, either as a conscious policy or as part of natural progress of deliberations.

Consultations

88. Consultation with internal and external stakeholders is imperative for success of any change strategy. The process of consultation not only makes the reform process more inclusive, it also makes it more acceptable to those who might be impacted by such reforms.

89. The membership of WHO is open to all nation states and other authorities and as of January 2011, 193 states are members of WHO. Being a global body, it is expected to reflect the aspirations and needs of its member countries. Any reform process, should thus, be taken up in full consultation of the member states to reflect the international nature of WHO. The reform process will also impact the other governance structures of WHO like regional offices and country offices and personnel working for WHO in various capacities. Hence, in order to make the reform process more inclusive and participative, WHO would need to consult with these stakeholders. WHO works in partnership with many funding agencies, non-governmental organizations etc., to meet its mandate. Consultations with such agencies can also help WHO in its agenda of improvement.

90. Consultation with Member States: The reforms began as a thought process piloted at the HQ which defined its scope and its outputs. Web-based consultations with Member States on the reform process were conducted between April and October 2010 and discussions were also held during the sessions of the regional committees in 2010\(^{27}\). Three themes recurred throughout the Member States’ responses: WHO should capitalize more effectively on its leadership position in global health; it must retain the flexibility to adapt to a changing environment and have the capacity to meet new challenges; and it cannot sustain the diversity of its current activities, and must select fewer priorities.

91. The 129\(^{th}\) EB held June 2011 stated that it “decides to establish a transparent, Member State driven and inclusive consultative process on WHO reform”. This was to be achieved through web-based consultation with Member States. The reform team created a password protected website, open to Member States only, where the Member States could submit their comments on the proposed documents. 12\(^{28}\) Member states responded to this. Further, Mission briefings were also held twice leading up to the EBSS to ensure Member States feedback on the proposals and the background documents. Also, throughout the reform process the WHO Secretariat has met Member States and groups in informal dialogues to update them on the progress of the reform and answer to questions.

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\(^{27}\) These were summarized in “The future of financing for WHO: Summary of a consultation, Report by the Secretariat, Executive Board 128th Session 16 December 2010 (Provisional agenda item 5)

\(^{28}\) Argentina, Canada, Ecuador, Germany, Iraq, Mexico, Monaco, Norway, Senegal, Spain, Switzerland, United Kingdom
92. **Consultation with Regional Directors, Directors of Program Management of Regional offices, Regional Committee Meetings, Consultations with Directors at HQ, Consultations with WHO Representatives (WRs)/Head of Country offices:** Senior management from Headquarters and the Regional Offices have met in the GPG to strategically discuss the reform and anticipated outcomes since 2010. In 2011, meetings have taken place in Geneva, Switzerland\(^{29}\) and New York, USA\(^{30}\). In these meetings, the Regional Directors were informed about the reform proposals and their inputs sought for forging ahead with the reforms. Directors of Program Management (DMPs) were also consulted to ensure their inputs into the reform development. The Regional Committee Meetings during the fall of 2011 served as platforms for consultations with the Regional Offices and their Member States. The Directors at HQ had been consulted at several occasions and asked to provide comments and input into the three papers on Governance, Managerial reform and Programmes and Priority setting. The WRs meet on an annual basis in Geneva. At their meeting 8-10 November 2011, one of the meeting’s two objectives was ‘to agree on the way forward to implement WHO reform in countries’. The senior management participated actively in the meetings to ensure that the country office input was attended to.

93. **Consultations with staff:** Staff consultations are a very important component of the reform proposal as staff resistance can create impediments to any reform process. WHO has encouraged staff members to submit questions, concerns and cost saving suggestions through an anonymous web consultation page. The web consultation has been open to all staff members from the three-levels of the organization. Town hall meetings have also been conducted regularly to update staff on the developments of the WHO Reform, staff members from the regions and country offices have been able to view these on the WHO intranet page. All documents related to the reform have been shared with staff members and an intranet page was created to ensure easy access to documents related to the reform. The staff association had extensive discussions\(^{31}\) during the Global Staff Management Committee (GSMC) meeting with representatives from all major WHO offices\(^{32}\).

94. **Consultation with external stakeholders:** External stakeholders also work in partnership with WHO and seek to further WHO’s objectives at country level. WHO had consultations with NGOs working in the field of health regarding the reform process. However, no record of consultations was found with WHO’s partners making core voluntary contributions, specified voluntary contributions or those contributing to any other special programmes of WHO.

**Conclusion**

95. **In our opinion, WHO has consciously followed an inclusive process of deliberations. The documentation reveals that a wide range of consultations were done at various levels**
and at different times regarding the reform proposals. However, we feel opinion of non Member States donors would have added value to the process.
CHAPTER 4

Evaluation of Reform Proposal

96. The reform process has been analyzed under the main categories of the reform proposal: (i) internal governance (ii) financing challenges (iii) managerial reforms (iv) global health governance.

Proposed solutions to meet identified challenges

97. Any reform process is a response to the challenges being faced in carrying out business as usual and its success is directly related to the potential and capacity of the proposed solutions in meeting the challenges. It is important that a clear roadmap is designed for taking the process of reforms forward and it will also give clear directions for implementation down the line, regarding the expected outcomes along with timelines.

Internal Governance

Priority setting

98. Challenges in the area of priority setting being faced by WHO have been identified both by external and internal stakeholders. In fact, these challenges have been perceived as central to WHO reform and would have an impact on its financing and staffing issues. WHO realized the importance of reforms in this area in 2009 and has since undertaken steps to change its programme and priority setting which culminated in the special meeting of Member States in February 2012 which agreed on criteria and categories for priority setting along with core areas of functioning. These reforms relating to priority setting are to be implemented by re-defining the 12th General Plan of Work (GPW) to reflect the strategic framework for the work of WHO for a period of 6 years (reducing its cycle from 10 years to 6 years), having three biennial programme budgets to fit into the 6 year cycle of GPW to reflect more closely the re-defined priorities, categories and core functions and doing away with Medium Term Strategic Plan (MSTP). Also, the Strategic Objectives of WHO and the Organization-wise expected Results (OWERS) are proposed to be subsumed under the new categories/ core functions. The organization is proposing to move away from the present 13 Strategic Objectives (SOs) to 5+1 core functions in near future. It has been proposed to provide necessary flexibility to implementing units in allocation of resources and also to meet differing needs of member states. However, the organization should take care that this flexibility is matched with strict results based management, to ensure achievement of desired objectives.

99. In our opinion, WHO has responded adequately to challenges pointed out by external and internal stakeholders in the area of priority setting by using a consultative process to re-set its priorities and programme areas. The reforms in this area will serve to build upon its leadership position in Global Health Governance as it would be in position to

33 Discussions with WHO management on 13th March, 2012
respond more effectively and efficiently to global health challenges. Reforms in this area will also help it to achieve greater organizational coherence and more effective coordination with other agencies working in this field.

**Strengthening of Governing Bodies**

100. With shrinking funds, newer players and wider health challenges, it is paramount that WHO has better coordination among its various layers. Strengthening and coordinating the functioning of Governing Bodies would help in synergizing the efforts across levels, regions and avoid duplication of efforts.

101. WHO’s reform proposal for strengthening governing bodies encompasses four areas: (i) strengthening the strategic role of EB\(^34\) (ii) strengthening the role of WHA\(^35\) (iii) strengthening Regional committees\(^36\) (iv) improving support by Secretariat. Proposals in these areas were presented to EBSS in November 2011, some of which were accepted by EBSS, the most significant being recasting the functions of PBAC. The Secretariat was asked to come back with more specific proposals only in a very limited area. Hence, the scope of reforms regarding strengthening of governing bodies became limited due to EBSS not taking up more proposals or asking for more guidance from EB in this area. Specific timelines have been set only for two proposals; a clear roadmap for other proposals like national reporting was yet to be set.

102. There is a need to take cognizance of importance of this area of governance which affects the way its main governing bodies function. Further work is required to address the specific issue of aligning and increasing linkages between WHA, EB and RCs.

**Resource allocation mechanism**

103. In EBSS, it was proposed that a new resource allocation model is needed to better reflect changing organizational priorities and needs. Important prerequisites for the development of a new resource allocation mechanism would be: (i) clarification of roles, responsibilities and synergies of the three levels of the Organization (ii) a clearly defined result chain highlighting the work of the Organization at its three levels (iii) a realistic budget (iv) accountability by the resource allocating body and the implementing level of the Organization. EB requested the WHO Secretariat to develop further a proposal for a new resource allocation mechanism, to be considered by the 16\(^{th}\) meeting of PBAC in May 2012. The proposal addresses the challenge of right allocation of resources by stating that allocation should be based on performance against the defined results as well as needs.

104. The resource allocation mechanism as being proposed, seems to be aligned with resetting of priorities based on needs, results chain and accountability structures proposed to be defined for the three levels of the organization.

\(^{34}\) By methods like having a 4 or 5 year plan of work to guide EB’s work; ensuring that only proposed items and draft resolutions that fall within the agreed strategic work plan are placed on the Health Assembly agenda expand the work of the Programme, Budget and Administration Committee so that it has a more substantive role in programmatic issues etc.

\(^{35}\) By methods like preparing a multi-year programme of work to guide the governing bodies etc.

\(^{36}\) By means like automatically including agreed priority items from the Board in the agendas of the Regional Committees, as part of the multi-year programme of work of the governing bodies etc.
Financing challenges

Making WHO’s financing more predictable

105. The proposal to make financing more predictable was submitted to 130th EB held in January 2012. It was proposed that a new, three stage mechanism for financing the programme budget would increase predictability of WHO’s funding. It was also proposed that priority setting during the first stage will remain the prerogative of Member States and would be conducted through the governing bodies; an innovative second stage would bring Member States together with all WHO’s state and non-state financiers in a joint pledging process. The proposal further stated that transparency achieved through open pledging would create a closer link between the responsibility for setting priorities and the responsibility for ensuring that they are adequately resourced. The transparency of the pledging process would also reduce any undue influence of major donors on overall priority setting. In turn, the monitoring and reporting of results, expenditures and resources gaps would provide a new platform for enhanced reporting – the third stage. It was decided by the EB in 130th session that the Secretariat will further elaborate the proposals for the predictable financing mechanism, based on the feedback from this EB and present these to 131st EB, through the PBAC.

106. WHO had identified predictability and flexibility of finances as a major, actually as the original challenge. This proposal had been initiated to have, at the beginning of biennium, at least 70% of income as predictable and 40% as flexible. In present form, the proposal aims at only ensuring predictability of finances and expects to provide some flexibility in finances, but only as a by-product. As regards ensuring flexibility in finances, which would provide WHO relatively a surer way of achieving its mandate, no concrete proposal is yet in sight. The current proposal however could to some extent increase flexibility by convincing donors about the strategic priorities set by member states, result based management, efficient and transparent resource allocation and sound strategic communication. A resource mobilization strategy with clearly defined role and responsibilities across the organization may lead to sourcing of flexible and more predictable finance.

107. We are of the opinion that WHO’s reform proposal has identified the difficulties in financial resources in a comprehensive manner. The reform proposal has components which, if implemented, would support predictability of finances and would help the organization to align its programmes to resources available. However, having more flexibility in finances still remains a challenge.

Organization-wide Resource Mobilization

108. In the EBSS, it was proposed to strengthen the effectiveness of resource mobilization activities linked to the new collective financing approach through: (i) informed, consistent and coordinated approaches to donors based on defined Organization-wide priorities and clear roles within and across the three levels of the Organization (ii) organization-wide forecasts of funding needs and targets (iii) enhanced capacity for effective resource mobilization, particularly at country level (iv) an expanded and strengthened donor base
through approaches to new and emerging donors (iv) strengthened implementation, reporting to donors and strategic communications.

109. As voluntary contributions are a major source of funding for WHO programmes, it is important to have a well designed organization-wide resource mobilization strategy for the 12th GPW. However, it is felt, that resource mobilization is more of a corporate activity, better delivered at HQ or RO levels than at country office levels. Clear guidelines would be required in this area to achieve the desired results. Again, the resource mobilization strategy should not have any direct co-relation with resource allocation mechanism, which is basically providing financial resources for implementing agreed programmes.

Administration and Management Cost and financial controls: Financing of Administration and Management Costs

110. EBSS has approved the proposal on financing of 'Administration and Management Cost' which includes that PBAC should commission a detailed analysis of the actual costs of administration and management within the Organization and make recommendations on how these should be financed. It was also proposed in EBSS to ensure sufficient and transparent funding for effective administration and management by enforcing adherence to the programme support costs that has been agreed to by the governing bodies. WHO would further develop a central control and oversight system to monitor agreements for adherence to programme support costs for voluntary contributions and to ensure that all project proposals submitted to potential donors include administrative and managerial costs.

111. We are of the opinion that though the proposal has been agreed to in EBSS, WHO needs to identify specific steps to be taken in this regard.

Administration and Management Cost and financial controls: Strengthening financial controls

112. EBSS approved the proposal for strengthening financial controls by developing an enhanced control framework that comprehensively addresses financial control requirements for critical administrative processes which will include description and purpose of control, identification of individuals with responsibility for control, monitoring effectiveness of control, escalation and corrective measures in case of breaches of control and a more systematic approach to risk evaluation. The following areas were proposed for priority action under the enhanced control framework: donor agreements, travel expenses, hospitality expenses, human resources clearance on staff separation and human resources entitlement administration. WHO is in the process of implementing a risk management framework which would also help in achieving these desired objectives.

113. We are of the opinion that this proposal strives to provide appropriate procedures for streamlining the financial controls. Also, implementation of an enterprise based risk management framework would strengthen this process of streamlining financial controls.

Other Financial issues: Contingency Fund for Public Health Emergencies
114. The detailed proposal to establish a contingency fund for public health emergencies and a report on this was placed before 130th EB in January 2012. The proposal was based on WHA's resolution to implement recommendations of Review Committee on the Functioning of the International Health Regulations (2005) and on Pandemic Influenza A (H1N1) 2009. It proposed to establish a contingency fund that will strengthen the Organization’s response to outbreaks and ensure that response teams can be on the ground quickly when an outbreak has been detected. The fund was intended to supplement existing mechanisms, for example, contingency funds already established in regional offices, which are designed to provide rapid support to Member States in the event of an emergency. The fund would be financed through voluntary contributions from Member States and other donors. In order to avoid any conflict of interest, all contributions will be publicly disclosed and due diligence will be exercised. All contributions must be un-earmarked within the fund and reports to contributors will be made in respect of the pooled funds. The fund will be a revolving fund, replenished as needed. The target amount for the initiation of the fund is US$ 15 million. The EB (130th session) asked WHO Secretariat to further elaborate the proposal.

115. We are of the opinion that this fund could help in dealing with emergent requirements without delays and without disturbing ongoing programmes, but details need to be worked out for its utilization and monitoring.

Other Financial issues: Currency rate fluctuation

116. In EBSS, WHO had proposed, in addition to the current system of currency hedging, to (i) increase Swiss Franc income by securing the agreement of donors to pay in Swiss Francs (ideally, by switching some or all of assessed contribution invoicing to Swiss Francs, but also by payment of voluntary contributions in this currency) (ii) introduce an annual “budget re-costing” mechanism to adjust WHO’s budget for major currency movements, as is the practice in some United Nations organizations and (iii) reduce Swiss Franc costs by reducing the size of the Secretariat staff at headquarters (e.g. redeploy staff to lower-cost duty stations). EBSS urged caution and recognized that further analysis and consultation would be needed before action could be considered relating to (a) strategic relocation of staff (b) introduction of an annual “budget re-costing mechanism” to protect against currency fluctuations.

117. We feel that this challenge needs further deliberations and WHO may like to look at the strategies adopted by similarly placed organizations. Strategic relocation of staff could be an option only if it is in line with organizational objectives of WHO.

Other Financial issues: Financial crisis

119. **We are of the opinion that WHO planned and took necessary action within the organization to deal with shortage of funds due to financial crisis. However, WHO would need to create awareness in various countries on health challenges arising from financial crisis and as deliberated in the above-mentioned seminars.**

**Managerial reforms**

**Human Resources Policies**

120. The following areas for shaping the HR agenda came out as proposals by task force\(^{37}\): staffing model, workforce planning, recruitment process re-engineering and performance management & development approach. HR related issues were presented in a composite manner with proposed outcomes in EBSS held in November 2011. It has been recognized that staff are hired for specific projects, but the staffing model does not allow for flexible changes, the proportion of flexible funding does not match core staff needs, there is no overall global approach for workforce planning across the three levels of the Organization and joint planning and joint programming require strengthening. Also, the current human resources policy encourages staff to seek long-term employment with WHO, while the Organization’s funding was largely for short-term projects. A troubling fact was that programme delivery for specified funds was, in some cases, subsidized by the Organization’s core activities to ensure implementation. Further, the costs associated with staff reassignment or separation made it difficult for WHO to respond quickly to emerging needs.

121. It has been proposed that a new workforce model will distinguish long term functions for which predictable funding is required from time-limited projects which will be linked to short-term funding. Human resources planning would be totally integrated into the planning and budgeting process to ensure that staffing structures were appropriate for the results planned and the income expected to be available, both in the shorter and longer terms. Contract types will be revised to match Organizational priorities and financing mechanisms.

122. To handle the complexity of and delays in recruitments, it was decided that Secretariat will streamline recruitment and selection processes, with faster turnaround times by creating more generic and standard post descriptions to increase consistency throughout the Organization, reduce position classification time and facilitate mobility and rotation of staff and would develop standard operating procedures to help harmonize recruitment policies and to increase the speed at which hiring takes place.

123. It was also decided to improve performance management processes to underpin a high-performing culture based on excellence and accountability. In addition to the current system, staff would be evaluated through a more comprehensive feedback process, together with a policy for reward, recognition and addressing under-performance. A pilot performance management process was initiated in 2011. Based on outcomes of the pilot, the Secretariat will then introduce a new Organization-wide performance management system.

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\(^{37}\) Report on the first meeting of the WHO reform task force (28-30 June 2011)
124. A framework for mobility and rotation of staff has been piloted in the Regional Office for the Western Pacific. To complement this work, the Secretariat will conduct analysis on the costs and other implications for the framework. The next step will be to establish mobility periodicity for staff by function and location. This will include developing an incentive policy to encourage movement and ensure that mobility is an essential minimum requirement for employment eligibility at the professional level.

125. EBSS in November 2011 took a decision that the proposals be taken forward in the above areas but also urged caution and recognized that further analysis and consultation would be needed before action could be considered in several areas of reform, notably the proposals relating to strategic relocation of staff, resources, programmes and operations.

126. **Evaluation of reform proposals relating to HR policies indicates that most of areas of concern have been considered, however administrative implications and roadmap need to be worked out. The possibility of bringing these changes in HR policies which are normally rigid and complex to implement in the short term is to be considered.**

Organizational effectiveness, alignment and efficiency

127. Many agencies and reports, both external and those internal to WHO have pointed out challenges in terms of organizational and managerial efficiency being faced by WHO. To address challenges in this area, “The Future of Financing for WHO”, the report of the informal consultation convened by the DG in January 2010, pointed out the need for a decentralized organization and also stated that if facilitation at country level is to be a key component of WHO’s core business, then specific outcomes and deliverables need to be defined in ways that make it possible to demonstrate WHO’s effectiveness. The working papers prepared for the Task Force list out some proposals in the area of organizational effectiveness and so do the Task Force Report and output stream papers. The September 2011 paper on Managerial Reforms presented some proposals in these areas and four issues in the area of organizational efficiency were finally presented as Agenda to the EBSS in November 2011. These related to strengthening support to countries and work of country offices, promoting alignment, synergy and collaboration within the 3 layers of WHO, strategic relocation of programmes and operations and improving knowledge management. Specifically, under these four themes, proposals related to greater authority to be given to country offices to carry out their main functions, greater delegation of authority, re-defining the roles and responsibilities of the three secretariat levels, creation of standard operating procedures to facilitate collaboration, strengthening of inter-country and inter-regional work and global centres of excellence across regions to serve as supports, strategic relocation of critical programmes and operations against three criteria and improve knowledge management. At the heart of organizational effectiveness lie processes aimed at people, processes and technology. These reforms of WHO are only aimed at addressing process related issues but do not address people and technology issues like culture of the organization, changing formal structures and informal relationships within WHO etc.

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38 EBSS/2/DIV/2
128. **We are of the opinion that this area of reform is the driver of the whole reform process. It proposes changes in the organizational way of functioning, promoting alignment and bringing in synergy. We feel that this area needs further detailing as it proposes creation of new equations in existing systems. At the same time, unless these changes are put in place, the reforms in other areas of governance would not yield results.**

*Results based management*

129. The proposals address five areas for strengthening the current results-based management (RBM) system. These areas are; (i) implement a new results chain: A new results chain, with a standard set of indicators will form the basis for monitoring and evaluation of impact, outcomes and outputs (ii) revise the planning framework: increase the period covered by PB to three years, subsume the medium-term strategic plan within the general programme of work, change the time frame for GPW to encompass three PB cycles (iii) sequence planning to reflect country needs: individual country-level planning based on the country cooperation strategies and national health sector plans, regional-level planning and consolidation of country-level plans at the regional level, headquarters-level planning (iv) prepare a realistic budget: develop standardized costing of outputs based on standard costs for other common non-staff inputs and activities during 2012, monitor and report on income and actual expenditures to ensure that development of the next programme budget is guided by realistic projections.

130. EBSS welcomed the proposals and requested that the proposals be taken forward in results-based planning relating to: implementing a new results chain, sequence planning to reflect country needs and preparing a realistic budget. EBSS also requested the Director General to develop further proposals for a timeline for development of PB and GPW for the period 2014 onwards, taking into consideration the good experiences of the medium-term strategic plan, with an analysis of the advantages and disadvantages of changing the periodicity of PB to three years, and a report on this to the 65th WHA in May 2012.

131. **WHO is in process of taking steps for developing the results based planning and to link it to programmes and priorities as well as GPW and PB. WHO can take this process further by detailing the roadmap and timelines for implementation.**

*Accountability & Transparency*

132. Accountability & transparency were also seen as important issues not only internally within WHO but also outside WHO specially by agencies like MOPAN and the DFID review which rated accountability and transparency as weak in WHO. The Working Papers for the Task Force, Task Force report and GPG meetings drew attention to challenges in this area and these ideas were expressed in the paper on WHO Managerial Reforms in September 2011 which detailed some proposed actions like strengthening of internal control framework, strengthening audit and oversight mechanisms etc. The Agenda document prepared for presentation to EBSS held in November 2011 outlines proposals like monitoring and reporting, internal control framework, audit and oversight, conflict of interest, and information disclosure. The EBSS requested the DG to take forward proposals like improving monitoring and reporting, strengthening the internal control framework,
increasing the capacity of audit and oversight, strengthening the conflict of interest policy, and establishing an information disclosure policy.

133. **We are of the opinion that the reforms in the area of accountability and transparency will have to be supplemented by a reasonable results based management framework and a reporting mechanism. Also, a clearer delineation of roles and responsibilities of positions within the organization will also further the cause of accountability and transparency in WHO.**

Strategic communications

134. Health remains a prime public and political concern around the world. An increasingly complex international health architecture, the emergence of new players influencing health decision making, a growing demand from the public and politicians alike to demonstrate clearly the impact of WHO’s work and the emergence of new global health challenges, all make evident the need for effective and coordinated communications. WHO sometimes appears fragmented—an expert in multiple fields, but unable to project a coherent sense of the Organization and its achievements. To meet the above challenge, it was proposed that WHO will build and deploy its communications capacity through improved coordination across the Organization, increasing efficiencies in the way communications functions are delivered, developing surge capacity for deployment in emergencies to any location where it is needed, aligning better with resource mobilization and donor stewardship and developing standard operating procedures for emergency communications as well as continuously improving the communications skills of staff.

135. It was also proposed that WHO will develop effective and cost-efficient platforms for communications, enabling staff and partners to communicate success stories that describe the impact of WHO’s work, use champions and spokespersons effectively, use social media wisely, be proactive in reaching out to and educating the media, invest in technology for broadcast and web-based media outreach and ensure that more multilingual communications materials reach a broader audience in Member States.

136. **Thus, the proposal tries to address the challenges in the field of strategic communications for WHO, in a systematic manner. The proposals for strengthening strategic communication need to be supplemented by a strong reporting mechanism so that not only the member states but also the general public is aware of WHO’s work and its achievement of its goals and functions.**

Evaluation

137. The Board at its 129th session requested the Secretariat to develop a concept note on independent evaluation of the work of WHO. Based on feedback on the concept note, the Secretariat prepared and distributed draft terms of reference for independent evaluation of a thematic area of work of WHO for further consideration by Member States. Two options were proposed: (1) the Board could commission an independent evaluation as

39 (EBSS2/2)
presented in the concept note and draft terms of reference; (2) implement a two-stage approach, consisting first of a high-level independent review on financing, fiduciary control, staffing and country offices, followed by a comprehensive independent review of WHO core functions, governance, staffing and sustainable financing. Finally it was decided\(^\text{40}\) to develop further a draft formal evaluation policy, including a mechanism for oversight of evaluation by the governing bodies informed by insights provided by the Independent Expert Oversight Advisory Committee and report on this to the EB at its 130\(^{\text{th}}\) session in January 2012.

138. It was also decided to proceed with an independent evaluation to provide input into the reform process through a two-stage approach, the present evaluation being the first stage. In regards to evaluation policy for WHO programmes, comments on the draft evaluation policy were invited to submit through the password protected web site open to all Member States. Based on the feedback received, the Secretariat will prepare a revised draft of the evaluation policy for submission to the EB at its 131\(^{\text{st}}\) session, through the Programme, Budget and Administration Committee.

139. The process of evaluation of the reform process is already underway. However, WHO’s initiative in framing a comprehensive evaluation framework for its programmes is well placed.

Global health governance

140. Global health governance by WHO has been an area of criticism from many quarters and according to some sources, it is one of the biggest challenges that WHO faces. EBSS in November 2011 agreed that dialogue and collaboration with other stakeholders should be strengthened as appropriate, while taking into account the importance of full engagement of Member States and of managing conflicts of interest; WHO should, based on articles 2 (a) and 2 (b) of the Constitution of WHO, engage and where appropriate lead and coordinate across UN system and with other international agencies on issues that impact health. It further requested the DG to submit further analysis of proposals to promote engagement with other stakeholders and further analysis on modalities to improve Member State involvement with and oversight of partnerships including the possible expansion of the mandate of the Standing Committee on non Governmental Organizations in this regard.

141. We observe that WHO started out with broad ambitions in the field of global health governance and the challenges they wanted to address. However, we are of the opinion that their reform proposal in this area needs further work to enable WHO to meet challenges in this area.

Enablers and Hindrances

142. It is important to identify factors and structures that will take the reform process forward as well as those which will impede it. Identification of such enablers and hindrances will enable the drivers of reform to take reform forward by encouraging the enablers and addressing issues raised by hindrances.

\(^{40}\) EBSS2/DIV/2
**Internal Governance**

**Priority setting**

143. Reforms in the area of programme and priority setting will redefine the way the WHO does business. It is one of the most important areas of reform and all other areas of reform are linked to success/failure of reform in this area. WHO has already decided on new set of criteria, categories and core functions that would guide the preparation of 12th GPW. The biggest enabler in pushing this reform is the support of Member States. Also, the support of governing structures at regional and country levels are must to implement new approach. An aligned organizational structure, building consensus for reform and creating a common understanding among all concerned would be required to bring in changes in plan formulation and programme implementation. The challenge in preparing the 12th GPW would be how to convert the country cooperation strategies into action plan, keeping the WHO agenda in focus. Another important factor is creating a new reporting structure and results chain to assess achievement of desired results.

**Strengthening of governing bodies**

144. Reforms to strengthen governing bodies and especially those that seek to align regional bodies with global governing bodies are essential if WHO has to meet its re-focused programmatic priorities. As such, it needs to identify enablers and hindrances to reforms in this area which has not yet been done. The present stand alone status and current way of functioning of governing structures may require a relook to strengthen the role of these bodies. However, the consultative approach of arriving at plans and policies is a major strength.

**Resource allocation Mechanism**

145. For effective allocation of resources, the proposal requires clarification of the roles, responsibilities and synergies of the three levels of the Organization, a clearly defined result chain highlighting the work of the Organization at its three levels, a realistic budget and accountability by the resource allocating body and the implementing levels of the Organization. The enablers and hindrances of all these need to be identified.

**Financing Challenges**

**Making WHO’s financing more predictable**

146. The proposal is based on the premise that once priorities are finalized and agreed to by the member states, they may pledge the required finances for those priorities. The approach proposed for the third phase ensures transparency in terms of how State and non-State financiers would fund the overall programme of WHO. It provides a new platform for reporting on resources received (monitoring whether donor commitments are met) and results achieved (the outcome of joint financing). Timely and frequently updated information of income, pledges and remaining gaps, disaggregated by funding source, donor
and designated outcomes and outputs will be made available online through a dedicated section of the WHO website. This transparent method is strength of the proposal.

147. EB has asked the Secretariat to develop an elaborate plan on pledging. Assessed Contribution is only 20-25% of the total programme budget. Remaining comes from Voluntary Contribution, which is almost equally contributed by Member States and other donors. In each category about 75% is contributed by top 10 donors. If WHO wants to have 70% predictable finance, at least half of them should agree to pledge. The success of pledging, therefore, depends to a large extent on the consent of and contribution by top donors. WHO has not consulted non Member States donors on this proposal. It has also not received any consultation inputs from top 3-4 Member State donors. Unless these donors agree to the reform proposal, it might be difficult to achieve the objective of having 70% predictable finance. The comments made by some Member States like EU and Switzerland need to be deliberated upon to bring in a realistic proposition before the Member States. Similarly, the suggestion made by Switzerland to incentivize pledging of voluntary contribution may have a positive impact on the collection made through pledging. This will also take care of the high programme support cost.

**Organization-wide Resource Mobilization**

148. Successful resource mobilization depends on certain enabling factors which were included in the proposal put up to EBSS. The enabling factors include well defined Organization-wide priorities and clear roles within and across the three levels of the Organization, Organization-wide forecasts of funding needs and targets, strengthened country and regional capabilities for resource mobilization, identification of new potential donors, improved reporting to donors and strategic communications. If organization wide priorities do not match with priorities and health problems identified by the Member States or other donors, it may create hindrance for the resource mobilization efforts. The two sets of priorities therefore need to be harmonized. Any lacunae in strategic communication may also have negative impact on resource mobilization efforts. In order to expand donor base, the criteria for mobilizing resources from private organizations should be clearly spelt out and agreed to by the Member States. One of the major challenges which needs to be addressed by WHO is capacity building in the area of resource mobilization at various levels of the organization.

**Administration and Management Cost and financial controls**

149. At present, based on 'not exact' costing, the administration and management costing is between 20-25% for the projects being financed through VC. Out of this, only 7-13% is paid as programme support cost (PSC) remaining cost is borne by WHO from other sources. This challenge can be addressed by two possibilities: (i) reducing the management and administration cost but this may not be possible beyond a limit (ii) including exact amount of management and administration cost based on scientific assessment in the financing proposal but donors may not agree for the hike.

150. To make this proposal successful, WHO should communicate strategically to convince donors about why they should fully finance the administration and management
costs. The suggestion given by Switzerland to incentivize pledging may help increase the financing of these costs. The donors who pledge on programme priorities in pledging conference would be paying less PSC and those who do not pledge and donate outside pledging process will pay higher PSC that may be even up to 20%. Any lacunae in strategic communication about financing of administration and management costs may have negative impact.

151. The major enabling factor in strengthening financial controls is the establishment of control framework where individuals should have defined responsibilities, effective monitoring system, corrective measures in case of deviations etc. Risk assessment system would also help in foreseeing control risk for taking corrective action. Giving low priority or not following time frame may hinder the implementation of this proposal.

Other Financial issues: Contingency Fund for Public Health Emergencies

152. EB has asked the Secretariat to elaborate the proposal. Some Member States have also asked for details like how and when the fund will be used and what will be the mechanism for appropriation of funds. For example, Mexico stated that the proposal did not mention who decided whether an outbreak would require resources from the fund or how that decision would be taken. Switzerland asked WHO to come up with a clear proposal regarding the structure, management, mechanism and criteria of the fund utilization that shows the intended links to the JW Lee Centre for Strategic Health Operations and to already existing UN and non-UN mechanisms at regional and country level. Once these details about management of this fund are provided, it may get approval of WHA. Proposal needs to be detailed and more reasoning may be required.

Other Financial issues: Currency rate fluctuation

153. The proposal had three steps (i) increasing swiss franc income, as majority of expenditure is incurred in this currency (ii) annual re-costing of budget so as to adjust it for major currency movements, as is the practice in some United Nations organizations (iii) reducing the size of the Secretariat staff at headquarters and redeploying them at low cost duty stations. The first step needs the willingness and approval of Member States and other donors. As regards the second step, the pros and cons of re-costing of budget may be analyzed from the experience of UN organizations doing so. Third step of reducing staff at HQrs should emanate from the strategic relocation of staff in view of the needs of three levels of organization. It should not be merely decided for reducing the Swiss franc expenditure. Trends of impact of these fluctuations should be analyzed before arriving at a long term solution.

Other Financial issues: Financial crisis

154. No specific proposal has been identified or approved, so it is not possible to identify enablers and hindrances for this area of reforms.

Managerial reforms
Human Resources Policies

155. The task force came out with output stream on revised workforce model and outlined the implications. We feel that changing human resource policy in knowledge based organization like WHO requires an in-depth analysis. WHO has discussed pros and cons of each proposal, but it is important to take a balanced view to meet the challenges being faced by the organization due to misalignment in financing pattern and staff deployment for projects. Human Resources policies, especially in the area of recruitment and mobility would require consultations and consensus from the stakeholders. The probability of deploying policies prospectively may be feasible, but dealing with current issues may require more innovative solutions. In our opinion the impact of proposed policies must be analyzed and spelt out clearly to understand the feasibility of such model.

Organizational effectiveness, alignment and efficiency

156. Reforms in this area seek to bring in changes in the established structures, especially that of the Regional Committees who are powerful and important entities in their own right. This is especially true in the case of increasing delegation of power and increase in focus towards country offices. Process of priority setting which gives more flexibility to include region or country specific needs in GPW is a movement in the direct direction. A combination of defining priories at WHO level and detailing of micro plans from country focus is also an enabler to this change. New resource allocation mechanism which proposes to align availability of resources to needs in a better fashion and a robust results chain would also add to organizational efficiency. The major challenge is to change existing decision making processes and internal procedures. Political will and commitment of the organization is must to achieve this objective.

Results based management

157. To make the results based management framework successful, WHO needs to implement the reform proposal in a synergized fashion. As these reforms are linked with other areas of reforms like priority setting, organizational effectiveness & efficiency, results based planning should be completed in time. Impact, outcomes, outputs, activities and inputs need to be defined with measurable objective indicators for monitoring and evaluation. The periodicity of monitoring and evaluation of those indicators need to be determined. The harmonization between needs of country, regions and priorities of HQs will make planning more effective.

Accountability and transparency

158. Increasing accountability and transparency is a laudable aim but again, it has the power to disrupt established structures, power centers and processes. Hence, its success is contingent on the organizations’ ability to co-opt the voices of the dissenters/hindrances and to capitalize on the positive reactions of the enablers. A clear cut results chain, an effective performance management and development tool and creation of clear accountability structures are must haves for this reform.
**Strategic communications**

159. Many hindrances were identified by task force in the current system particularly in the area of decentralized communication, low surge capacity, separation of communication and resource mobilization, absence of concrete measures of the public perception of WHO etc. It was understood that the new strategy and framework of communication will create a strong corporate identity as came out in output stream of task force\(^{41}\) but it is felt that corporate identity was an issue which was finally not incorporated in the final proposal.

**Global heath governance**

160. Reforms in the area of global heath governance are essential for WHO to respond to leadership challenges. A lot of work in this area still needs to be done and it will need a lot of political support by member states to achieve reforms in this area.

161. **Some specific enablers and challenges which might affect the implementation of change strategy and its various components have been identified above. In our opinion, the change management strategy should consciously identify all these factors and design appropriate strategies either to take support or mitigate the risk factors while working out the detailed plan of action.**

**Linkage to WHO’s mandate, functions, internal procedures**

162. Any change strategy has to be aligned with the mandate of the organization. It should be assisting in realizing the objectives and functions of the entity. The internal procedures may have to be re-engineered for implementing the change strategy.

163. **Linkage to Mandate and functions:** The constitution of WHO defines the objective of WHO as “attainment by all people of the highest possible level of health”, which is a high level goal. It is important to re-examine the capability and effectiveness of the organization in meeting its objectives but also, of its continued relevance in the area of health governance. Hence, emphasis on programmatic approach and priority setting as part of the reform process in the area of internal governance is well placed as priority setting is directly linked to mandate of WHO, a clear expression of priorities will help WHO achieve its mandate more effectively. Further, reforms in this area by re-setting priorities will not only determine which of the functions of the WHO are more important and consistent with its directing and coordinating role, it will also enable WHO to put it into operation its GPW. Governing Bodies are the directing and co-coordinating authorities on international health work, assisting governments, furnishing technical assistance etc., all these could be achieved more effectively if the governing bodies at all levels could work in aligned fashion and in coherence and create synergies. Strengthening of governing bodies is thus, positively related to WHO’s mandate and functions. This reform is expected to have a positive impact in improving strategic focus of WHO and provide it with greater organizational coherence. The third area within internal governance, namely, resource allocation mechanism is in line

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\(^{41}\) Work stream output 3(D)
with WHO’s mandate as it would assist in aligning resource availability to allocated functions at various layers of the organization.

164. The reforms related to financing challenges are also closely linked to WHO’s mandate and functions. By striving to make financing predictable, WHO aims to source necessary and essential finances to achieve organizational objectives of health governance as well as priorities set by the member states. Strengthening financial controls would help in streamlining financial processes and creating an accountability structure. Further, making attempts to address currency rate fluctuations will also help WHO curb financial losses and allow it more resources to achieve its mandate and objectives.

165. Reforms in the area of human resource are essential to not only meet objectives of its constitution but also, to be of continued relevance to operational aspects of WHO. This was also recognized by WHO that human resource strategy should ensure the highest calibre of staff, WHO embrace the new strategic direction and vision of the Organization. Further, HR reforms like revised staff model, having optimal workforce balance etc., will enable it to perform its functions more effectively. Reforms in the area of organizational effectiveness, alignment & efficiency and results based management aim to increase alignment between the three levels of the organization and these will help WHO better deliver its mandate. Increased country focus will also help WHO achieve its mandate more effectively if the organization is geared towards delivering at the country level which is the cutting edge of WHO’s delivery mechanism. Reforms in this area have a great deal of linkage to functions of WHO as changes like greater authority to be given to country offices to carry out their functions, increase in delegated authority, relocation of programmes and operations will enable WHO to carry out its functions more effectively. Reforms in the area of accountability & transparency, strategic communication and evaluation are essential requisites for any successful organization. Components of accountability & transparency and evaluation like more streamlined monitoring and reporting by countries, internal control framework, audit and oversight functions, conflict of interest policy and policy for information disclosure are now expected of any organization.

166. Reforms in the area of Global Health Governance of WHO have very strong linkage to WHO’s mandate and Constitution as WHO positions itself as the directing and coordinating authority on international health within the UN system. WHO’s reforms in the area of Global Health Governance have a strong linkage to functions of WHO as exploring partnerships with other agencies working in this field, with other UN organizations and with other stakeholders working in the field can help WHO deliver health services in a more focused and effective manner to countries in need of such services.

167. **Linkage to internal procedures**: Internal procedures are a reflection of the way an organization goes about its work. It consists of its rules of business, its management strategy and its evaluation and monitoring mechanism. The proposed changes in the internal governance like priority setting, strengthening of governing bodies and new Resource allocation mechanism would require changes in the internal procedures to provide expected outcomes.
168. In the area of financing challenges, internal procedures like internal controls specially those relating to financial controls etc., will need to be strengthened for improving financial accountability. With respect to managerial reforms, the proposed reforms in the area of HR like changing staff rules is crucial for change management and needs to be addressed clearly in the reform process. The working of WHO cannot be delinked with the UN system of working. There is a need for more information about the link between UN system of working and WHO with reference to proposed changes in staff rules and its align with other UN agencies. Reforms in the area of organizational effectiveness, results based management and evaluation also have a linkage to internal procedures of WHO as delegation of power, increase in authority of country offices, defining standard operating procedures, defining clear criteria for re-location of programmes and operations will affect internal structures of WHO which will need re-definition due to reform proposed. Reforms in the area of organizational effectiveness, results based management and evaluation also have a linkage to internal procedures of WHO as delegation of power, increase in authority of country offices, defining standard operating procedures, defining clear criteria for re-location of programmes and operations will affect internal structures of WHO which will need re-definition due to reform proposed. Reforms in the area of organizational effectiveness, results based management and evaluation also have a linkage to internal procedures of WHO as delegation of power, increase in authority of country offices, defining standard operating procedures, defining clear criteria for re-location of programmes and operations will affect internal structures of WHO which will need re-definition due to reform proposed. Reforms in the area of accountability and transparency have a linkage to WHO’s internal procedures as streamlining national reporting, changing the internal control framework, having an information disclosure policy, having an evaluation framework, having an ethics office will have an impact on the way internal procedures are devised in WHO and change it for the better. Reforms in the area of global health governance are focused on providing some kind of international strategic direction and are independent of internal procedures of WHO.

169. In our opinion, the reforms proposed are linked to WHO’s mandate and functions. Internal procedures would need to be revised and fine tuned for implementing changes. This is especially important in areas relating to managerial reforms.

**Measuring desired outcomes**

170. What gets measured gets done. Defining outcomes and indictors to measure the outcomes are imperative to confirm whether the reforms are moving along the anticipated path. The outcomes and relevant indicators need to be developed before the reform programme is implemented so that progress against the relevant performance indicators could be watched and course corrections, if required, be undertaken.

**Internal Governance**

*Priority setting, strengthening of Governing bodies and Resource allocation mechanism*

171. Though timelines have been developed, WHO has not developed any method of measuring desired outcomes and relevant indicators. Even though outputs of reforms in the area of priority setting have been defined like re-working 12th GPW, making PB which closely reflect core areas and priorities, no indicators have been set to measure success or slippages in this very important area of reform. With regard to governing bodies, no specific outcomes/outputs have been defined for the area of internal governance. This was probably because reforms in this area were a later addition and not a part of the initial reform proposal. With respect to resource allocation mechanism, the present proposal only indicates outcomes of this model without giving details of outputs and other details. Details are required to give effect to this mechanism. The allocation of resources between different levels of organization would depend on clearly defined results and performance assessment.
**Financing challenges**

*Making WHO’s financing more predictable*

172. The present proposal indicates certain broad outcomes of the financing proposal. The outcome of the pledging meeting would be a financing plan that would map contributions on PB and which would be presented in January 2014 to the 134th EB. This financing plan would also identify any remaining funding gaps. The Secretariat would continue resource mobilization efforts during the PB cycle to fill such gaps, as part of the ongoing engagement with donors and partners. The proposal also indicates that the reports on the funds required, pledges made and funding gaps would be prepared that would lead to further efforts of resource mobilization.

*Organization-wide Resource Mobilization*

173. The proposal indicates that the reports on the funds required, pledges made and funding gaps disaggregated by funding source, donor, and designated outcomes and outputs, will be made available online. It is however not mentioned whether such periodic reports would be made available during the course of resource mobilization.

*Administration and Management Cost and financial controls: Financing of Administration and Management Costs*

174. The output mentioned is the detailed analysis of the actual costs of administration and management within the Organization. Based on this, PBAC should recommend how to finance these costs. The other output is a central control and oversight system to monitor agreements for adherence to programme support costs for voluntary contributions and to ensure that all project proposals submitted to potential donors include administrative and managerial costs. Specific indicators to measure impact of these changes would have to be developed.

*Administration and Management Cost and financial controls: Strengthening financial controls*

175. The output mentioned in the proposal is a control framework having description and purpose of control, identification of individuals with responsibility for control, monitoring effectiveness of control; escalation and corrective measures in case of breaches of control. The control framework will also provide a more systematic approach to risk evaluation, which will help management and auditors monitor the effectiveness of key controls. The development of the enhanced control framework requires these steps: development of a risk-assessment framework, documentation of standard operating procedures across all offices, identifying control points that help the Organization mitigate risks, clarification of the accountability of decision makers, including via delegation of authority and the consequences for non-compliance, ensuring that administrative officers, managers or other staff with financial-management responsibilities have the required competencies and support for their functions and institutionalization of periodic, joint administrative and
technical reviews of compliance across the Organization. The outcome will be improved financial controls and effective risk assessment and mitigation framework.

Other Financial issues

176. With regard to Contingency Fund for Public Health Emergencies, the desired output of the proposal is the establishment of fund of USD 15 million with pooled un-earmarked resources. Outcome of the proposal would have to be seen from the ease of operations in case of public health emergencies. As for Currency rate fluctuation, the only outcome would be to minimize exposure of WHO to such fluctuations.

Managerial reforms

Human Resources Policies

177. In proposed agenda, the expected outcomes and outputs of the dynamic approach to human resource policy, planning and management were outlined. A flexible staffing model, aligned to organizational needs and Recruitment and retention of experienced, competent and highly performing staff were described as expected outcomes. A staffing model, comprising a cadre of core staff, supplemented by project staff; a human resource strategy, including strategic workforce planning, performance assessment, career development and efficient recruitment were also expected outcomes. Proposals for changes to staff rules were considered as the expected outputs. Though the expected outcome and outputs have been outlined but the method of measuring desired outcomes, need to be worked upon.

Organizational effectiveness, alignment and efficiency

178. The paper “WHO reform for a healthy future: an overview” prepared in July 2011 lists expected outputs to include: (i) strengthening country office (ii) promoting better alignment, synergy and collaboration (iii) strategic relocation of programmes and operations (iv) improving knowledge management by developing a harmonized delegation of authority and an accountability framework for country offices, defining the roles, responsibilities and functions of organizational levels, developing standard operating procedures to facilitate collaboration and joint work, defining the roles, responsibilities and functions of organizational levels. As such, definite expected outcomes for the reform process in this area have been defined by WHO. However, WHO needs to set specific parameters for measuring outcomes in some of these areas like strengthening country offices which is a very general outcome and process-based rather than a specific measurable outcome in terms what exactly is to be done in this very general area.

Results based management

179. In results chain it is emphasized that the impact, outcome, output, activity and inputs have to be defined for country, region and HQs as well as for the Organisation as a whole. They also need to be agreed to by the member states. These will be monitored and

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42 A64/INF.DOC./5
evaluated against identified measurable indicators. The proposed result chain will make the entire system not only efficient and effective but also develop a culture of performance and accountability. Specific outcomes and measurable indicators for these will need development.

**Accountability & Transparency**

180. The paper “WHO reform for a healthy future: an overview” prepared in July 2011 lists expected outputs to include in the area of accountability and transparency listed the following outcomes: (i) Improve monitoring and reporting (ii) Strengthen the internal control framework (iii) Increase the capacity of audit and oversight (iv) Strengthen the conflict of interest policy (v) Establish an information disclosure policy (vi) Strengthen the Office of Internal Oversight Services (vii) Develop an information disclosure policy (viii) Develop an evaluation policy (ix) establish an Ethics office (x) Initiate an independent evaluation and present a progress report to the 65th WHA. As such, definite expected outcomes for the reform process in this area have been defined by WHO. However, for some of the components like improve monitoring and reporting, strengthen the internal control framework, increase the capacity of audit and oversight, strengthen the conflict of interest policy, no specific parameters have been defined for measuring outcomes and results.

**Strategic communication**

181. The task force suggested the strategy for communication and the outputs were outlined with its key activities and timing. It was also proposed that one of the key activities is monitoring and evaluation, in which WHO will develop and implement a regular system to monitor and evaluate communication work. It is felt that the parameter to measuring such outcome should be clearly defined.

**Global health governance**

182. "WHO reform for a healthy future: an overview" prepared in July 2011 clearly lists the expected outputs and outcomes in this area of reforms as follows: Outputs in global health governance: Establishment of regular consultation with a wide range of partners in global health; creation of a multi-stakeholder World Health Forum, convened by WHO, to ensure that all voices are heard; clarification of roles and responsibilities, with the aims of sharpening the division of labour, avoiding fragmentation, eliminating duplication of effort and contributing to better health outcomes; and development of a charter or framework for global health governance. Expected outcomes were to widen engagement, strengthen coordination within the United Nations, strengthen coordination with coalitions, alliances and partnerships, guide stakeholder interactions by developing the Board’s role in oversight over partnerships and develop a framework to guide stakeholder interactions. Even though outputs and outcomes have been defined, these are not precise and measurable and as such, measurement of achievement in this area of reform will be difficult.

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43 Work stream output 3(D)
183. In our opinion, the outcomes expected from the proposed challenges need to be identified along with measurable performance indicators, in each area mentioned above. We acknowledge that these outcomes can only be identified once there is a broad agreement on the actions to be taken. However, defining outcomes and their relevant indicators will help WHO in evaluating the implementation of reform proposals.

Availability of resources - financial, human, technical and political to implement the reform process

184. Any reform process, to be successfully implemented, requires resources in terms of people, funds and expertise. WHO being an international body made up of member states, also needs political support to its reform process for the reform proposals to achieve its vision and outcomes.

Internal Governance

185. WHO has full political support to redefine its programmatic priorities and its core business as evidenced by the special session held with member states where WHO was able to achieve consensus on its core areas, categories and work and criteria. It was also able to get political backing for reflecting the redefined programmatic and priority areas in the 12th GPW as per the decision of the special session of member states. The Secretariat has to present the 12th GPW with the redefined categories and core areas to 65th WHA. The issue of strengthening of Governing Bodies and new resource allocation mechanism does not require any particular financial resources but does involve commitment of human, technical and more importantly, political will to change the ways of functioning of global governing bodies and specially to bring changes in the functioning of regional committees.

Financing challenges

186. These challenges require support of the highest level of WHO leadership that is the member states, other donors, commitment of WHO higher management and organizational support. From providing guidance in resource mobilization techniques to handling donors, implementing new resource allocation mechanisms and enforcing financial discipline would require detailed planning and deployment of sufficient resources.

Managerial reforms

187. A lot of resources, financial, technical, and political as well as human resources will be needed to push reforms in this area. The main resource needed is political and if WHO manages to garner political support, reforms in this area might be easier to plan and implement. Mainly political will is needed to push reforms in the area of Organizational effectiveness, alignment and efficiency and if WHO manages to find support from member states in this area, reforms might be easier to plan and implement. Organizational culture as well as political will is needed to push reforms in area of Results based planning. Mainly political will is needed to push reforms in the area of Accountability and transparency and if WHO manages to find support from member states in this area, reforms might be easier to plan and implement.
Global health governance

188. WHO needs immense political capital to be able to transform its external governance mechanisms. It should assess whether it will be able to get political backing for this area of reforms. Of the other resources, financial resources are also going to be critical in this era of financial crunch. WHO needs to also assess the financial implications of pursuing reforms in this area.

189. Identification of resources for implementing the reform proposals is yet to be done by WHO. An indicative plan giving the requirement of resources would help the appropriate authorities in taking an informed decision.
CHAPTER 5

Recommendations and proposed ToR for 2nd stage evaluation

190. The objective of WHO's programme of reform is to strengthen the Organization to fulfil its role as the world's leading public health agency more effectively. The objective of these reforms is also to create a more flexible WHO which is better equipped to respond to global health needs of the 21st century. As part of the evaluation exercise, we have analyzed the ongoing reform process and articulated the results of our evaluation in chapters 2 to 4.

Conclusions

191. After assessment of the reform process, following overall conclusions can be drawn:

   i. WHO has approached, in a systematic manner, the issue of adapting to newer realities of global health governance.

   ii. Approach adopted by the organization for identification of challenges has been 360°, a comprehensive one. Financial, human resources, structural and procedural areas have been examined from the efficiency and effectiveness perspectives. Identification of challenges has been done on basis of information available internally as well as externally.

   iii. Issues relating to financial challenges to organization, staffing and internal governance of WHO by member-States have been dealt with comprehensively in the reform proposal. Task force approach to initial identification of challenges and suggestions has been appropriate, as task force had the members from various levels and various layers of the organization.

   iv. The proposed reform process does address relevant aspects of WHO's structure and internal procedures and is being designed to contribute to its objectives more effectively.

   v. The proposal, in its various versions, has considered alternative solutions to identified challenges either as a conscious policy or as part of natural progress of deliberations. Alternatives were not specifically provided to decision making formations in areas like strengthening of governing bodies, managerial reforms and global health governance.

   vi. The documentation reveals that a wide range of consultations were done at various levels and at different times regarding the reform proposals. However, we feel opinion of non Member State donors would have added value to the process.

   vii. The proposal has considered best practices of other similarly placed organizations at the time of discussions during task force meetings. However, a formal approach of considering success stories or lessons learnt in other
Organizations, especially UN organizations which are facing similar challenges, does not seem to have been adopted.

viii. WHO reform proposal has responded adequately to challenges pointed out by external and internal stakeholders in the area of priority setting by using a consultative process to re-set its priorities and programme areas. However, there is a need to resolve the specific issue of aligning and increasing linkages between WHA, EB and RCs comprehensively as it affects the functioning of policy making and the governing bodies of WHO.

ix. WHO’s reform proposal has identified the difficulties in financial resources in a comprehensive manner. The reform proposal has components which, if implemented, would ensure predictability of finances and would help the organization to align its programmes to resources available. However, having more flexibility in finances still remains a challenge.

x. It is important to have a well designed organization-wide resource mobilization strategy as voluntary contributions are a major source of funding for WHO programmes.

xi. WHO has proposed strengthening of its financial controls which is important in the context of providing a long term solution to servicing projects and ensuring accountability. An enterprise wide Risk Management System would support this cause.

xii. The approach adopted for reforms require wide ranging changes in existing human resource policies, however administrative implications and roadmap need to be worked out.

xiii. The reform proposal deals with the issue of creating the right environment for implementing approved reform process through 'managerial reforms'. Actions in the areas of organizational effectiveness, result based management, accountability and transparency, strategic communications and evaluation policy are must for bringing in the impact of reform undertaken in any other area.

xiv. The implementation plan for change strategy is yet to be prepared, giving timelines, resource requirements and responsibilities.

xv. The reform process has been Member States driven. Proposals have been brought before member states either through EB or WHA or through consultations on various papers. Proposals are being revised on the suggestions received from EB/member states.

xvi. The direction of all components in the proposed reform proposal is towards achieving alignment of financial resources with priorities agreed by the member states. There is high level of interdependence among various components, for example, convincing donors to provide more funds with higher predictability would require clear communication of action plan, a robust results based chain, clear accountability structures, strategic communication policy and an evaluation mechanism.
xvii. Specific enablers and challenges which might affect the implementation of change strategy and its various components have been identified by WHO. Further, the reforms proposed are linked to WHO’s mandate and functions but internal procedures would need to be revised and fine tuned for implementing proposed changes.

xviii. Outcomes expected from the reform process and identification of resources for implementing the reform proposals is yet to be done by WHO for all the areas of reform.

**Recommendations**

192. In view of the above, we would like to recommend the following:

i. Inter-linkages among governing bodies at HQ and regional offices have to be carefully created, as these would have the far reaching impact on organizational coherence and would provide the organization with a strategic focus.

ii. The accountability and responsibility structures for three layers of governance, i.e., country offices, regional offices and global would need to be redesigned, keeping in view, the new programmatic approach, resource allocation mechanism and country focus on programme planning and delivery. A robust result based management system and an effective performance management and development system could provide the requisite links.

iii. Country focus seems to be a running theme in the reform proposal, starting from programme formulation to resource allocation to programme delivery. A detailed strategy interlinking various aspects of proposed changes along with structural and procedural support needs to be formulated.

iv. A regular feedback mechanism is must for providing assurance about the activities of the organization. WHO needs to have an evaluation policy with clear deliverables, for conducting programme evaluations at regular intervals.

v. Such wide ranging changes require acceptance at various levels. An advocacy plan, to explain the implications of the change strategy, identification of change agents and a detailed change management plan would be required to implement the plan of action, after the approval is received from the appropriate authority.

vi. The existing internal procedures would require fine tuning and adjustments for implementing the proposed changes, this would be especially important in implementing areas covered under ‘managerial reforms’.

vii. It is understood that the reform proposal is still a work in progress, as various components of the proposal are at various stages of consideration. However, it is of paramount importance that desired outputs, outcomes and impact are identified, indicators to measure these are designed and a monitoring and feedback mechanism is put in place.

viii. The organization is proposing a comprehensive reform programme, which involves action on a large number of fronts. It is recommended that a prioritization plan may be prepared to allow smooth and gradual shift. This plan
could also distinguish between the elements of changes proposed on the basis of level of approvals required.

ix. The implementation strategy should indicate resource requirements in financial, human, time and technical terms.

x. Consultations with non-Member states donors may be considered to understand their concerns. This feedback might be important for preparing a realistic strategy.

xi. The success of the proposal would also be dependent on carrying out changes in HR policies. Given the fact that HR policies do have inbuilt rigidities, WHO may have to resort to innovative solutions. It is recommended that best practices in similarly placed organizations may be considered.

xii. The success of any change strategy is directly correlated to understanding of its gains by the stakeholders. It is suggested that a regular communication should be maintained with all concerned on the progress of the reform proposal, which would help in creating the right environment for implementation.

xiii. The proposed reform proposal has highly interdependent components, the success of the process would require that this interdependence is recognized and woven in the implementation strategy.

**Terms of Reference for the Second Stage of Evaluation**

193. The first stage evaluation of the reform proposal was meant to provide an input into the ongoing reform process with a focus on financing challenges for the Organization, staffing issues, and internal governance of WHO by Member States, on the basis of the available information. It also had to decide scope of work for second stage of the external evaluation in order to inform the Secretariat’s work in response to Member States’ expectations concerning the coherence between, and functioning of, the three levels of the Organization.

194. We have, accordingly made suggestions for work to be undertaken during the 2nd stage evaluation.

(i) **Timing of the evaluation**: As per the decision taken in EB 130, certain proposals are to be brought before the EB in its 131st session and before WHA in its 65th session. In view of the above, it is suggested that the second stage evaluation should be undertaken only after these proposals have been considered by these governing bodies. This might help in deciding the exact scope of evaluation to be undertaken.

(ii) **Scope of work and key questions for 2nd stage evaluation**: The evaluation could provide input into the reform proposal in following areas:

   (a) Status of action taken on accepted Stage 1 evaluation recommendations

   (b) Instrumentalities of implementing the approved components of reform proposal should be examined including sufficiency of change management strategy including the following:

      • Prioritization of various components of the reform proposal
• Identification of change agents
• Capability of accountability structures to support reform process
• Resources requirements for the reform proposal
• Timelines defined for the implementation of the reform proposal
• Performance indicators defined to measure movement towards reform process
• Strategy to deal with hindrances and enablers
• Changes in internal procedures and structures to implement the reform process

(c) Identification of clear role of three levels of organization- HQ, ROs and WCOs, for organizational effectiveness and internal coherence, as these would have far reaching impact on WHO governance. This area needs to be examined especially in view of the following:
• flexibility in programme management
• resource allocation mechanism
• CCS focus in planning and programming
• proposed relocation of programmes
• staff rotation and mobility
• results based management

(d) WHO’s Internal Governance with regard to alignment of agenda and direction of Governing Bodies as well as strengthening them for increasing organizational coherence

(e) Steps taken by WHO in the field of External Governance so that WHO regains its position as WHO as leader of Global Health Governance, with a focus on:
• Global health agenda
• Working with other international health organizations,
• Working with non state partners,
• National reporting

(f) Steps taken by WHO for increasing organizational efficiency, implementing results base management and putting in place structures and processes for transparency and accountability.

(iii) **Work-plan and approach**: The major steps to be followed by the stage two independent evaluation could include:

a) Agreement on final terms of reference based on Stage 1 evaluation report

b) Collecting, reviewing and analyzing available information on WHO reform proposals
c) Preparing the evaluation objectives and parameters based on information collected and analyzed

d) Preparation of list of questions and information to be collected during the evaluation from the 3 layers of the organization

e) Assessing the appropriateness, comprehensiveness, internal consistency and adequacy of the reform proposal and its implementation strategy based on the information collected

f) Discussion of preliminary findings with WHO for comments and feedback

g) Developing the conclusions by relating the findings to the evaluation parameters

h) Developing recommendations on the basis of findings

i) Preparing a report on Stage 2 of the evaluation of the reform process for the consideration of WHA
### Annex 1: List of abbreviations used in the report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AC</td>
<td>Assessed Contribution</td>
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<tr>
<td>CVCA</td>
<td>Core Voluntary Contribution Account</td>
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<tr>
<td>ADG</td>
<td>Assistant Director General</td>
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<tr>
<td>AFRO</td>
<td>WHO Regional Office for Africa</td>
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<tr>
<td>AMRO</td>
<td>WHO Regional Office for the Americas</td>
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<tr>
<td>BRICS</td>
<td>Brazil, Russia, India, China and South Africa</td>
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<tr>
<td>CCO</td>
<td>Department of Country Focus</td>
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<tr>
<td>CO</td>
<td>Country office</td>
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<tr>
<td>CVCA</td>
<td>Core Voluntary Contribution Account</td>
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<tr>
<td>DDG</td>
<td>Deputy Director-General</td>
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<tr>
<td>DFID</td>
<td>Department For International Development, United Kingdom</td>
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<tr>
<td>DPM</td>
<td>Director, Programme Management</td>
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<tr>
<td>DRD</td>
<td>Deputy Regional Director</td>
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<tr>
<td>EB</td>
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<td>FAO</td>
<td>Food and Agriculture Organization</td>
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<td>General Assembly</td>
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<td>GAVI</td>
<td>Global Alliance for Vaccines and Immunization</td>
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<td>GFATM</td>
<td>Global Fund to fight AIDS, Tuberculosis and Malaria</td>
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<td>GPG</td>
<td>Global Policy Group</td>
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<tr>
<td>GPW</td>
<td>General Programme of Work</td>
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<tr>
<td>GSM</td>
<td>Global Management System</td>
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<tr>
<td>HQ</td>
<td>Headquarters</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>HR</td>
<td>Human Resource</td>
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<td>Office of Internal Oversight Services</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MOPAN</td>
<td>Multilateral Organization Performance Assessment Network</td>
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<tr>
<td>MSTP</td>
<td>Medium Term Strategic Plan</td>
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<td>NGO</td>
<td>Non-governmental organization</td>
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<td>OSER</td>
<td>Office specific expected Result</td>
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<td>OWES</td>
<td>Organization-wise expected Result</td>
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<td>PB</td>
<td>Programme Budget</td>
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<td>Performance Management and Development Systems</td>
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<td>RD</td>
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<td>RBM</td>
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<td>WHO Regional Office for South-East Asia</td>
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<td>UN</td>
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<td>United Nations Programme on HIV/AIDS</td>
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<td>United Nations Fund for Population Activities</td>
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<td>United Nations Children's Fund</td>
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<td>USD</td>
<td>US Dollar</td>
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<td>Description</td>
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<td>WHO Country Offices</td>
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<td>WHA</td>
<td>World Health Assembly</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<tr>
<td>WPRO</td>
<td>WHO regional office for Western Pacific</td>
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# Annex 2: List of documents used for evaluation

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1.</td>
<td>11th General Programme of work</td>
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<tr>
<td>2.</td>
<td>130th Session WHO Reform: Chairman’s summary</td>
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<td>3.</td>
<td>14 Submissions on Discussion Papers and WHO Programme of Reform</td>
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<td>4.</td>
<td>A Report of the CSIS Global Health Policy Center: Leveraging WHO’s Core Strengths</td>
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<td>5.</td>
<td>Ad Hoc Advisory Meeting on Global Health Governance</td>
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<td>Constitution of WHO</td>
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<td>EB130/5 Add.6</td>
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<td>14.</td>
<td>EB130/5 Add.8</td>
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<td>15.</td>
<td>EB130/5 Add.9</td>
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<td>17.</td>
<td>EBSS/2/DIV/2: Decisions</td>
</tr>
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<td>18.</td>
<td>EBSS/2/INFO.DOC./2 Financing of the World Health Organization</td>
</tr>
<tr>
<td>19.</td>
<td>EBSS/2/INFO.DOC./3 Outcomes of the Consultative Process: Regional Committee for Africa</td>
</tr>
<tr>
<td>20.</td>
<td>EBSS/2/INFO.DOC./4 Outcomes of the Consultative Process: Regional Committee for South-East Asia</td>
</tr>
<tr>
<td>21.</td>
<td>EBSS/2/INFO.DOC./5 Outcomes of the Consultative Process: Regional Committee for Europe</td>
</tr>
<tr>
<td>22.</td>
<td>EBSS/2/INFO.DOC./6 Outcomes of the Consultative Process: Regional Committee for PAHO</td>
</tr>
<tr>
<td>23.</td>
<td>EBSS/2/INFO.DOC./7 Outcomes of the Consultative Process: Regional Committee for Eastern Mediterranean</td>
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<td>EBSS/2/INF.DOC./8 Outcomes of the Consultative Process: Regional Committee for WPRO</td>
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<tr>
<td>25.</td>
<td>EBSS/2/INF.DOC./9 Opening Address to the EB by Director-General</td>
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<td>26.</td>
<td>Executive Board Decision EB129//DIV/2 - WHO reform for a healthy future</td>
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<td>27.</td>
<td>Financial and Economic Crisis and Global Health: Update for the WHO Global Policy Group</td>
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<td>28.</td>
<td>Global Health Governance Background Note (Prepared for H8)</td>
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<tr>
<td>29.</td>
<td>Global Health Governance: Note for the WHO Global Policy Group</td>
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<tr>
<td>30.</td>
<td>Irrelevant WHO outpaced by younger rivals. By: Nigel Hawkes</td>
</tr>
<tr>
<td>31.</td>
<td>Is the WHO becoming irrelevant? By Jack Chow</td>
</tr>
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<td>32.</td>
<td>Mission Briefing 01 July 2011: Summary of Discussions</td>
</tr>
<tr>
<td>33.</td>
<td>Mission Briefing 15 September 2011: Summary of Discussions</td>
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<tr>
<td>34.</td>
<td>MOPAN Common Approach 2010: WHO</td>
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<tr>
<td>36.</td>
<td>Presentation by the Director-General to WHO Staff: Update on WHO Reform</td>
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<td>37.</td>
<td>Programme budget 2012-13</td>
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<td>38.</td>
<td>Report of 1st Meeting of WHO Task Force on Managerial Reforms</td>
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<tr>
<td>39.</td>
<td>Requested by the 129th EB: Discussion Paper on Governance of WHO</td>
</tr>
<tr>
<td>40.</td>
<td>Requested by the 129th EB: Discussion Paper on Independent Formative Evaluation</td>
</tr>
<tr>
<td>41.</td>
<td>Requested by the 129th EB: Discussion Paper on the World Health Forum</td>
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<tr>
<td>42.</td>
<td>Summary of Proposals for WHO Task Force on Managerial Reforms</td>
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<tr>
<td>43.</td>
<td>The Challenges of Global Health Governance, Council on Foreign Relations.</td>
</tr>
<tr>
<td>44.</td>
<td>The Financial Crisis and Global Health: WHO Statement to the Special Session of the Human Rights Council</td>
</tr>
<tr>
<td>45.</td>
<td>The future of financing for WHO: report of an informal consultation convened by the Director-General</td>
</tr>
<tr>
<td>46.</td>
<td>The Global Health Challenge: Where Do We Stand?</td>
</tr>
<tr>
<td>47.</td>
<td>UK Multilateral Aid Review</td>
</tr>
<tr>
<td>48.</td>
<td>UK Multilateral Aid Review: Assessment of WHO</td>
</tr>
<tr>
<td>49.</td>
<td>UK Multilateral Aid Review: WHO Response</td>
</tr>
<tr>
<td>50.</td>
<td>WHA64.2 Resolution on WHO Reform</td>
</tr>
<tr>
<td>51.</td>
<td>WHA64/4: The Future of Financing for WHO</td>
</tr>
<tr>
<td>52.</td>
<td>WHA64/INF.DOCD5: The Future of Financing for WHO</td>
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<td>53.</td>
<td>WHO e-manual</td>
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<tr>
<td>54.</td>
<td>WHO High-Level Consultation on the Financial and Economic Crisis and Global Health</td>
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<td>55.</td>
<td>WHO Managerial Reforms Discussion Paper</td>
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<td>56.</td>
<td>WHO needs change By: Barry Bloom</td>
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<td>57.</td>
<td>WHO Reform for a Healthy Future: An Overview</td>
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<td>58.</td>
<td>WHO Reforms long overdue, says critics CMAJ article</td>
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<td>59.</td>
<td>WHO Task Force on Managerial Reform: Terms of Reference</td>
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<td>60.</td>
<td>Work Stream output papers</td>
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<td>61.</td>
<td>Working papers on Organizational Effectiveness and Alignment (Improving a WHO corporate operating model, An organization-wide framework for knowledge and quality management, Results Based Management and Accountability (Results-based Management Framework, Accountability and Transparency Framework, Evaluation Framework), Financing, Resource Mobilization and Strategic Communications (WHO Financing Framework, Revised corporate resource mobilization strategy and expanded resource base, Strategic Communication), Human Resources ( A revised WHO Staffing Model , Workforce Planning Mechanisms, A WHO Staff Sourcing process, High performing culture and enhanced performance management)</td>
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