Evaluation of WHO’s strategic budgeting and planning process

Report of the Director-General

1. The Executive Board at its 105th session took cognizance of plans to conduct evaluations of three themes – eradication of poliomyelitis, Integrated Management of Childhood Illness, and WHO’s strategic planning and budgeting process – within the framework of steps towards the integrated plan for monitoring, evaluating and reporting results, requested by the Executive Board in resolution EB103.R6.¹

2. The Director-General is pleased to submit herewith for the consideration of the Programme Development Committee of the Executive Board the evaluation of WHO’s strategic budgeting and planning process.

¹ See documents EB105/INF.DOC./3 and EB105/2000/REC/2, Summary records of the sixth meeting, section 3.
ANNEX

EVALUATION OF WHO’S STRATEGIC BUDGETING AND PLANNING PROCESS

INTRODUCTION

1. WHO’s strategic budgeting and planning process was evaluated over the period November 2000 to July 2001 by a team established by the Director-General, which comprised members from both outside and within the Organization. All team members participated on a voluntary basis and in their personal capacity.

2. The overall objective of the evaluation was to assess the process of strategic budgeting and planning for the bienniums 1998-1999, 2000-2001 and 2002-2003. The evaluation focused on the internal managerial processes relating to strategic budgeting and planning at all levels of WHO. The terms of reference included the following:

   - to review the process for preparing the programme budgets for the three bienniums, and to assess the extent to which concerns of the governing bodies had been taken into account;
   - to document the lessons learned from the preparation of these three programme budgets;
   - to examine the principles of results-based budgeting as being applied in WHO, and to suggest any changes or modifications, as necessary, taking account of WHO’s operational policies and procedures;
   - to assess the outcome of changes on improvements in the managerial process (planning, budgeting, monitoring and evaluation) across the Organization.

3. The evaluation team identified, collected and compiled relevant material. Three programmatic areas (tuberculosis, nutrition and development of health services) were selected for in-depth study on the basis of their mix of regular budget financing and extrabudgetary resources. The team interviewed both WHO officials at headquarters and in regional and country offices in order to obtain views on past and current planning and budgeting processes, and country representatives of some donors and of other international organizations. Discussions were also held with senior government officials dealing with WHO’s programme budgeting in their respective countries. The team compiled, consolidated and analysed its findings, developing a specific methodology, which included a matrix for systemizing analysis of collected data. The main findings and recommendations are given below, and a more detailed report is available upon request.

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1 Members of the team were: Ms Annie Kazhingu (Permanent Mission of Zambia), Dr Chang-Jin Moon (Permanent Mission of the Republic of Korea), Mr Jacob Waslander, Team Leader (Permanent Mission of the Netherlands), Dr Samlee Plianbangchang (former Deputy Regional Director, South-East Asia) and Dr Richard Helmer (Director, Department of Protection of the Human Environment).
PROGRAMME BUDGET DEVELOPMENTS

4. WHO’s programme budget is an important tool for allocating regular budget financing and extrabudgetary resources to all relevant policy areas. It is also used as an instrument through which the reform process towards “one WHO” is pursued.

5. Since 1998 the process of programme budgeting has undergone drastic changes. One of the main objectives of the reform was to introduce in WHO the concept of strategic planning and budgeting. This implies that the budget is based on overall goals, expected results and relevant indicators. These policy outcomes are combined with the needed financing from the regular budget and extrabudgetary resources.

6. In the Programme budget 2000-2001, WHO took the first step in applying the concept of result-based budgeting at headquarters. An important feature of this concept is that expected results, approved by the Health Assembly, are transposed into work plans for the whole staff of the Organization (operational planning). The main object of this approach is to obtain a clear picture of whether the expected results have been achieved and at what cost.

7. For the Programme budget 2002-2003 the concept of results-based budgeting was applied throughout the Organization, the formulation of a strategic programme budget being based on WHO objectives and expected results in each area of work. The expected results justify the resource requirements; the achievements of the objectives and expected results are evaluated through the use of predetermined indicators.

FINDINGS OF THE EVALUATION

Procedural guidance and budget management

8. The procedural guidance provided for the biennums 1998-1999 and 2000-2001 were found to be complicated, unclear and not easy to follow. In 1998-1999 the programme structure was complex because the budget contained more than 50 programme areas. In 2001-2002 the difference between the structure at headquarters and in the regional and country offices made the budget difficult to understand. The very broad policy and strategic directions led to fragmentation and duplication of WHO’s work among programmes, between headquarters and regions, and among regions.

9. The procedural guidance for 2002-2003 has improved compared with previous guidelines. It was generally accepted and appreciated by WHO staff as a user-friendly and practical tool which contained clear and simple instructions for the strategic development of the programme budget. Implementation of WHO’s corporate strategy provided a clear policy for planning and budgeting. The 35 areas of work were considered as building blocks for programme development. The guidance ensured “one WHO” programme budget, with Organization-wide coherence and focus. The strategy was found to be an effective tool for priority setting at global level.

10. None the less, WHO officials were concerned about the late issuance of the guidance. The urgency of the work led to limited consultation and cooperation within the Organization. Owing to

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1 Procedural guidance is the directive of the Director-General to WHO staff on the future programme policy and the procedures for preparing the draft programme budget.
shortage of time much of the work in preparing the programme budget was done by the programme managers of the respective area of work at headquarters. Regional contributions could not always be incorporated to the extent desirable.

11. As far as the programme budget documents are concerned, the main shortcomings were the formulation of targets and expected products for the 1998-1999 biennium. These requirements were changed to objectives and expected results for the 2000-2001 biennium. For the 2002-2003 biennium indicators were added to the expected results. During the interval between the 107th session of the Executive Board (January 2001) and the Fifty-fourth World Health Assembly (May 2001) significant improvements were made in the formulation of indicators. However, not all of the indicators in the 2002-2003 programme budget are measurable in objective terms.

12. In general, officials interviewed at the three levels of the Organization agreed that the 2002-2003 programme budget is providing a sound basis for preparation of plans of action or work plans in order to achieve the expected results.

**Priority setting**

13. Specific global priorities were included in the procedural guidance for 2002-2003, and measures were provided to ensure a shift of resources to those areas. With regard to regional and country health issues, the team received diverging views. Some staff expressed concern about the little room for specific regional or country priorities, which would not relate directly to the global priorities. Others expressed the need for flexibility during the operational planning phase, which should contribute to the achievement of global priorities in terms of reducing a health problem or improving the health status of the population. It is important to create a monitoring and evaluation system, in which such flexibility can be taken into account.

**Effects of extrabudgetary resources**

14. It should be noted, particularly at country level, that in many cases other organizations, such as UNICEF and the World Bank, invest funds in the health sector. The countries concerned therefore rely – in addition to national revenues – on other international and bilateral bodies in order to have their health priorities addressed. This can significantly influence the allocation of WHO’s funds at country level.

15. The evaluation found that, especially at regional and country levels, the procedural guidance was used mainly for programme budgeting relating to the regular budget. Because of uncertainty about the availability of extrabudgetary resources and the specific policies and approaches of donor countries and funding bodies, the procedural guidance was not always followed when planning for voluntary contributions.

16. Projected funds from other sources, amounting to about 60% of the total for the 2002-2003 biennium, were not allocated to the regions and countries during the phase of budget preparation. The expected extrabudgetary income was therefore not adequately taken into account in the strategic planning process at regional level. Attempts should be continued to make integrated planning of regular budget financing and extrabudgetary resources operational throughout the Organization.

17. Unearmarked extrabudgetary resources are on the increase, which gives the Director-General more flexibility in using these funds to support global priorities in the programme budget, taking the
“one WHO” approach. This might also be useful for the gradual implementation of integrated planning of extrabudgetary resources.

18. There are many issues relating to mobilization and management of extrabudgetary resources – centralization, transparency, and rationality of allocation of resources, including administrative services funds – which issues need to be duly addressed in the future strategic programme budget process.

Involvement of country staff

19. Unlike the procedural guidance for the 1998-1999 and 2000-2001 bienniums, there was no requirement in the guidance for the 2002-2003 biennium for involvement of WHO Representatives and country staff in the process. There was a suggestion, especially from the regional offices for Africa and South-East Asia, that this requirement should explicitly be made for future bienniums. However, through sessions of the regional committees, the Executive Board and the Health Assembly, the country perspective could be taken into consideration by the Member States themselves.

20. Decisions on country planning allocations – an important part of the programme budgeting process – used to be delegated to the regional directors. From the 2002-2003 biennium onwards, the Director-General reserves this prerogative in order to ensure application of more objective criteria in making such decisions. In calculating country planning allocations for the 2002-2003 biennium, some regions had partially applied the Human Development Index. However, there is no uniformity in such application among the regions.

Training in results-based budgeting

21. Many staff members both at headquarters and in regional offices did not fully understand the principle of results-based budgeting. There is no formal training or orientation on this subject for the staff yet, although it is under development as an integral part of training in WHO’s managerial process. Training and coaching would help to increase the commitment of staff in application of this approach.

22. On the whole, the Organization has gone in the right direction in its gradual application of the principle of results-based budgeting in the strategic planning process. An important requirement for fully realizing this principle is to increase staff capabilities at all levels.

Internal evaluation processes

23. To address the issue of accountability in the execution of WHO’s work, the governing bodies required clearly defined expected results in the 2000-2001 programme budget. This facilitated the development of a system for monitoring and evaluation of programme implementation as an integral part of WHO’s managerial process. This system is further developed in the 2002-2003 programme budget, with predetermined indicators.

24. A procedure for regularly assessing and evaluating the effectiveness of the programme budgeting process has not yet been built into WHO’s evaluation system, but is under development.
CONCLUSIONS AND RECOMMENDATIONS

25. An overall observation of the team was that WHO’s senior management made significant efforts to follow up the concerns of governing bodies in order to develop a clearer, simpler, and more user-friendly programme budget. Implementation of WHO’s corporate strategy led to development of the “one WHO” programme budget for the 2002-2003 biennium. The logical framework and principle of results-based budgeting have been applied with commendable results.

26. However, changes to WHO’s strategic planning and budgeting process were made from one biennium to the next. Although these changes did lead to improvement, they were sometimes disruptive. Implementation of the new concept was often difficult because of limited readiness of staff and time constraints.

27. To improve the process further, the evaluation team made the recommendations set out below.

Effective budget management

28. In order not to jeopardize the continuity of the programme budget process from one biennium to another, the “areas of work”, which are used as building blocks for programme development, should not be changed unnecessarily.

29. The formulation of expected results and indicators should be re-examined, especially in some programmes, in order to identify more explicitly the actual impact of WHO’s activities on health status.

Standardized and timely procedural guidance

30. Terms used in the preparation of the WHO programme budget should be standardized, defined in a comprehensive glossary, and made known widely among concerned WHO staff at all levels before their inclusion and use in the Director-General’s procedural guidance.

31. The Director-General’s procedural guidance, including budgetary instructions, should be issued well in time in order to ensure effective consultation and interaction between staff at all levels of the Organization in the development of strategic programme budgets.

Rational priority setting

32. Criteria and parameters for rationalizing the setting of programme priorities should be re-examined with the view to achieving more objectivity.

33. Exercises to shift resources to priority areas should be an integral part of the programme budgeting process, and not taken up as a separate exercise.

Identification of extrabudgetary issues

34. Issues relating to mobilization of extrabudgetary resources and their use, particularly those concerning earmarked and unearmarked funds, should be analysed with a view to identifying feasible means and ways to apply effectively the concept of integrated budgeting of regular budget financing and extrabudgetary resources at all levels of WHO.
35. Application of integrated planning of regular budget financing and extrabudgetary resources should be introduced at all levels of the Organization in order to establish transparency in the use of extrabudgetary funding.

**Effective involvement of countries**

36. Practical options should be devised for effective involvement in the programme budgeting process of WHO staff at country level in order to ensure a more unified, focused and coherent “one WHO” programme budget.

37. A process by which countries participate in strategic programme budgeting should be put into place for more rational prioritization of programmes and effective development of future general programmes of work. This could be done through consultations with Member States during sessions of the regional committees.

**Staff development and training**

38. Intensive orientation and coaching of managerial staff should be introduced to facilitate full application of the principles of results-based budgeting throughout the Organization.

39. Staff skills should be improved for formulating objectives, expected results, indicators and other planning elements through intensive training and other forms of staff development.

**Development of evaluation process**

40. A suitable process for periodic evaluation of results-based programme budgeting should be incorporated into reform of budget management, including feedback of evaluation findings to the governing bodies.

41. Expected results and indicators should be verified at the end of each biennium in order to improve future application of results-based programme budgeting.