

Update on the financing and implementation of the Programme budget 2020–2021

Report by the Director-General

1. In May 2019, the Seventy-second World Health Assembly adopted resolution WHA72.1, approving a total Programme budget of US\$ 5840.4 million for the financial period 2020–2021, comprising a base programme segment (US\$ 3768.7 million), a polio eradication segment (US\$ 863 million), a special programmes segment (namely the Special Programme for Research and Training in Tropical Diseases, the Special Programme of Research, Development and Research Training in Human Reproduction, and the Pandemic Influenza Preparedness Framework) (US\$ 208.7 million), and an emergency operations and appeals segment (US\$ 1000 million).
2. The segment for emergency operations and appeals (US\$ 1000 million), which are event-driven in nature, is an estimated budget requirement and can be increased as necessary. As at September 2020, over US\$ 3000 million has been allocated to this budget segment – US\$ 2000 million over the approved level, to accommodate the emergency operations launched in response to the pandemic of coronavirus disease (COVID-19).
3. The budget segment for base programmes is financed by assessed contributions of US\$ 956.9 million and voluntary contributions of US\$ 2811.8 million. Budget segments for polio eradication, emergency operations and appeals, and the special programmes are being financed from voluntary contributions.
4. Pursuant to the request in resolution WHA72.1, this report describes the overall status of the financing and implementation of the Programme budget 2020–2021 and the progress made in this area during three quarters of the first year of the biennium. More detailed information on budget levels, financing (including lists of contributors disaggregated by contribution type) and budget implementation can be found on the WHO Programme budget web portal. The portal has been updated to Programme budget figures for the third quarter of 2020–2021.

OVERALL FINANCING STATUS IN THE BIENNIUM 2020–2021, AS AT 30 SEPTEMBER 2020

5. The level of financing of the Programme budget 2020–2021, as at 30 September 2020, by budget segment, is shown in Table 1, and by base programme strategic priority, in Table 2.

Table 1. Programme budget 2020–2021 and its financing, including projections and expenditure, by segment, as at 30 September 2020

Segment	Approved Programme budget 2020–2021 (US\$ millions)	Financing (US\$ millions)	Financing as % of approved budget	Financing including projections (US\$ millions)	Financing including projections as % of approved budget	Expenditure (US\$ millions)	Expenditure as % of approved budget	Utilization (US\$ millions)	Utilization as % of approved budget
Base programmes	3 768.7	3 159.9	84%	3 567.0	95%	998.2	26%	1 165.2	31%
Polio eradication	863.0	579.4	67%	1 015.5	118%	215.4	25%	319.6	37%
Emergency operations and appeals	1 000.0	2 291.6	229%	2 597.6	260%	868.8	87%	1 203.8	120%
Special programmes	208.7	241.9	116%	253.8	122%	37.2	18%	47.1	23%
Total	5 840.4	6 272.8	107%	7 433.9	127%	2 119.5	36%	2 735.7	47%

Table 2. Base Programme budget 2020–2021 and its financing, including projections and expenditure, by strategic priority, as at 30 September 2020

Segment	Approved Programme budget 2020–2021 (US\$ millions)	Financing (US\$ millions) ¹	Financing as % of approved budget	Financing including projections (US\$ millions)	Financing including projections as % of approved budget	Expenditure (US\$ millions)	Expenditure as % of approved budget	Utilization (US\$ millions)	Utilization as % of approved budget
1. One billion more people benefiting from universal health coverage	1 358.8	1 292.9	95%	1 376.0	101%	404.3	30%	491.0	36%
2. One billion more people better protected from health emergencies	888.8	409.4	46%	494.5	56%	191.8	22%	222.8	25%
3. One billion more people enjoying better health and well-being	431.1	227.1	53%	248.6	58%	78.2	18%	91.4	21%
4. More effective and efficient WHO providing better support to countries	1 090.0	586.6	54%	604.1	55%	323.9	30%	359.9	33%
Total	3 768.7	2 516.0	67%	2 723.3	72%	998.2	26%	1 165.2	31%

¹ Financing in this table does not include undistributed funds, which cannot be reliably assigned to a strategic priority. This explains the difference in financing between Tables 1 and 2.

6. The financing shown in Table 1 includes US\$ 1161 million in projected voluntary contributions for all budget segments. The breakdown by segment is as follows: base programmes – US\$ 407 million; polio eradication – US\$ 436 million; emergency operations and appeals – US\$ 306 million; and special programmes – US\$ 12 million. The overall level of projections remains lower than in the third quarter of 2018; however, it should be noted that projected funds have increased for emergencies, mostly due to the COVID-19 pandemic response, and decreased for the base Programme budget. In this document as well as on the WHO Programme budget web portal, the funding projections are defined as proposals, which are at advanced stages of development and/or under negotiation with contributors and WHO to finance the Programme budget. They represent future funding opportunities that are expected to materialize as revenue streams for the Organization over the course of the biennium.

7. The base programme segment includes US\$ 407 million of projected resources, which bring this segment to 95% of the required biennial financing. Excluding projections, but accounting for funds currently undistributed to either major office or strategic priority, available funding for the base programmes in 2020–2021 stands at 84%, which is slightly lower than at the end of the third quarter of 2018–2019 (89%). It should be noted, however, that the base budget of 2020–2021 is 11% higher than that of 2018–2019; consequently, the similar level of financing in 2020–2021 represents a higher available funding in absolute terms and confirms that the budget increase for 2020–2021 was based on realistic assumptions.

8. Among the four budget segments of 2020–2021, the polio eradication segment has the lowest level of financing (67%) considering the funds already available, though funding has been adequate to meet programme requirements thus far in the biennium. Owing to extended country-based infrastructure, polio staff and assets were deployed and provided invaluable support to the COVID-19 outbreak response. This, together with the overall situation at country level, slowed down the polio activity implementation, as planned immunization campaigns were postponed. By the end of the biennium, it is expected that the polio programme will have funding beyond the US\$ 868 million approved under the Programme budget 2020–2021 (Table 1).

9. There is a significant difference in the level of financing between the four strategic priorities (Table 2). Strategic priority 1 (One billion more people benefiting from universal health coverage) is better funded than the other three priorities. This priority comprises most of the disease-specific and health systems programmes, which are traditionally better financed. The WHO Health Emergencies Programme, which forms the major part of strategic priority 2, and many of the life course programmes, which constitute strategic priority 3, are so far quite sparsely funded. This follows the trend of previous bienniums. Annex 1 presents detailed financing by outcome within each strategic priority.

10. Annex 2 presents detailed financing and utilization of the approved Programme budget by major office. The four budget segments show the scale of the day-to-day operations of major offices, with the regional offices for Africa and the Eastern Mediterranean and headquarters having the largest operations. As a result of the COVID-19 pandemic response, all major offices show unprecedented levels of emergency operations, appeals financing and utilization, significantly exceeding the amounts estimated under the approved budget.

11. Financing of the approved base budget is comparable across regional offices, but below the level of financing of headquarters. Financing of all regional offices will improve with the next tranche of distribution of flexible funds (currently listed under undistributed), which started in November 2020.

12. In 2020–2021 existing processes are being strengthened and several new processes put in place to improve equitable and timely allocation of resources across the three levels of the Organization, which will improve the funding situation in regions and countries. These processes include: regular reviews of

global voluntary contribution distribution across the three levels of the Organization; implementation of a contributor engagement management system, which will provide transparency and timely information on funding opportunities; strengthening review of donor proposals and agreements to ensure alignment with the Thirteenth General Programme of Work, 2019–2023 and backed by commitment to impact at country level; immediate establishment of a resource allocation committee to monitor resource requirements, allocations and mobilization, and to decide on global allocation levels across Programme budget outputs, thus enabling timely implementation of the approved Programme budget.

PROGRAMME BUDGET 2020–2021: UPDATE ON IMPLEMENTATION

13. As at 30 September 2020, the overall implementation rate for the total approved budget was 36%, and 26% for the base programme segment (Tables 1 and 2), which is lower than the rate expected at this time in the biennium. While implementation (expenditures) represents the accounting metric for audited statements, utilization (which includes encumbrances) is more indicative when assessing the Organization's operational level. Encumbrances are expenditures that have not materialized yet but that will be recorded – in most cases – during the biennium. Hence, utilization is more likely to present a better overview of programme operations being carried out and serve as an important planning and monitoring tool when projecting the level of programmatic implementation for the biennium. Factoring in both encumbrances and expenditures, the total base Programme budget utilization rate stands at 31% at the end of the third quarter of 2020. Implementation of the approved base Programme budget has increased across all major offices compared with the same period in 2018–2019.

14. Table 2 shows that implementation is low for strategic priorities 2 and 3. In the case of strategic priority 2, which largely represents the WHO Health Emergencies Programme, the implementation of the base budget is delayed due to the large-scale emergency operations in response to the COVID-19 pandemic, as reflected in the emergency operations and appeals segment. Compared to the third quarter of 2018, the implementation of emergency operations increased threefold in the first nine months of 2020. Such an increase in operations inevitably draws on the human resources of the base programmes in addition to the emergency operations and appeals segment of the budget.

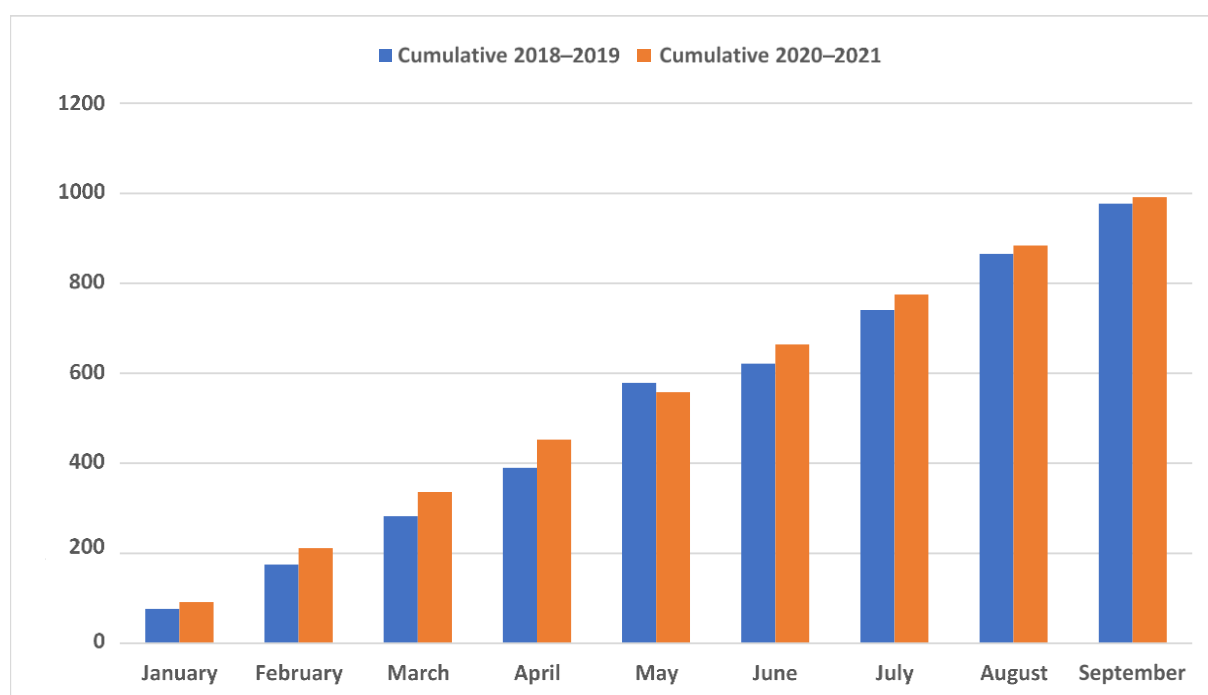
15. Despite the impact of the large-scale emergency operations in response to the COVID-19 pandemic, WHO continues to focus on fulfilling the commitments of the approved Programme budget as far as possible and across all segments. Fig. 1 demonstrates that in absolute terms, implementation of the base budget remains strong even though there is an indication of slowing down as compared with the start of the biennium, before the COVID-19 pandemic was declared. An Organization-wide review of planned activities was launched in June and July 2020, to assess the impact of COVID-19 on the delivery of biennial plans. It revealed that the largest impact is seen in the implementation and delivery of country support plans. This is mainly due to national counterparts turning their attention towards the pandemic response, the postponing or re-focusing of activities, and the absorption of country office staff in pandemic response activities. Some technical areas such as immunization, management of noncommunicable diseases, reproductive and maternal health, quality of essential health services, determinants of health, as well other emergency activities have been impacted. Several mitigation measures have been put in place to ensure that the base programmes are implemented as per the commitments of the approved Programme Budget, as follows:

- re-programming and re-prioritization of planned activities;
- virtual meetings/missions and online country support;
- moving training to online courses;

- hiring local contractors for country support with virtual support by international consultants and staff to overcome mobility issues;
- negotiations with donors to extend funding validity to overcome delays;
- increased reliance on local partners;
- close involvement of WHO Collaborating Centres.

16. According to the organization-wide review, with these adjustments between 80 to 85% of the plans are projected to be implemented by the end of the biennium.

Fig. 1. Comparison of cumulative implementation of the base Programme budgets 2018–2019 and 2020–2021, third quarter (US\$ millions)



17. As a result of COVID-19, response activities and mitigation measures in the base programmes, compared with 2018, the first three quarters of 2020 see an increase in expenditures related to contractual services, transfers and grants to counterparts, a significant increase in medical supplies and an increase in staff costs largely related to emergency response (Fig. 2 and Table 3). At the same time, due to travel restrictions, travel expenditures (also including non-staff travel) decreased by 50% compared with the same period in 2018, yielding a saving of US\$ 65 million.

Fig. 2. Comparison of expenditure by expenditure category of Programme budgets 2018–2019 and 2020–2021, third quarter (US\$ millions)

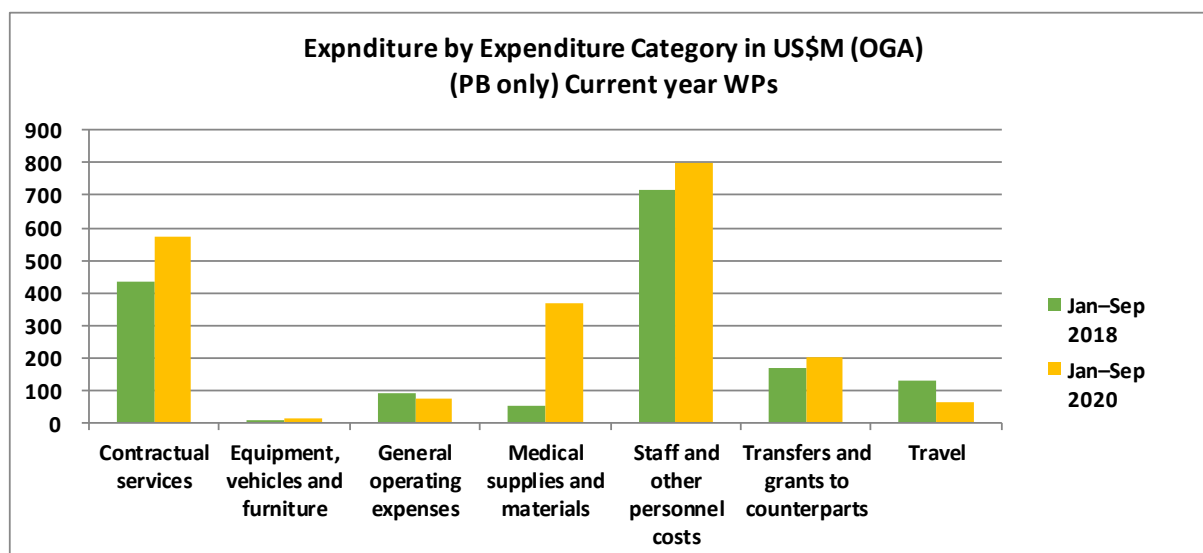


Table 3. Comparison of expenditure by expenditure category of Programme budgets 2018–2019 and 2020–2021, third quarter (US\$ millions)

Expenditure category	Jan–Sep 2018	Jan–Sep 2020	2020 vs 2018
Contractual services	433.09	574.96	133%
Equipment, vehicles and furniture	10.77	11.67	108%
General operating expenses	88.51	75.56	85%
Medical supplies and materials	53.51	365.38	683%
Staff and other personnel costs	716.23	798.89	112%
Transfers and grants to counterparts	166.04	199.21	120%
Travel	129.66	65.24	50%
	1 597.80	2 090.91	131%

18. In conclusion, financing of the Programme budget 2020–2021 continues to be strong, although lower as regards base programmes when compared with the equivalent period under the Programme budget 2018–2019. More interest in thematic funding and higher projections for the core voluntary contributions account from donors has helped improve the financing of underfunded areas, but the level is still not sufficient to ensure equitable financing of all outcomes, major offices and strategic priorities. Notwithstanding the challenges posed by COVID-19, the Secretariat is focused on, and committed to, implementation of the base budget, and a number of innovative solutions and measures have been introduced to achieve this. Lessons learned from the first nine months of implementation and pandemic response are being used as a critical component in formulating the Programme budget 2022–2023.

ACTION BY THE EXECUTIVE BOARD

19. The Executive Board is invited to note the report and to provide further guidance.

ANNEX 1

**BASE PROGRAMME BUDGET 2020–2021 AND ITS FINANCING, INCLUDING
PROJECTIONS AND EXPENDITURE, BY OUTCOMES, AS AT
30 SEPTEMBER 2020**

Strategic priority/outcome	Approved Programme budget 2020–2021 (US\$ millions)	Financing (US\$ millions)	Financing as % of approved budget	Financing including projections (US\$ millions)	Financing including projections as % of approved budget	Expenditure (US\$ millions)	Expenditure as % of approved budget	Utilization (US\$ millions)	Utilization as % of approved budget
1. One billion more people benefiting from universal health coverage									
1.1. Improved access to quality essential health services	997	837.5	84%	889.4	89%	316.6	32%	389.4	39%
1.2. Reduced number of people suffering financial hardships	98.9	44.0	45%	44.3	45%	18.5	19%	21.9	22%
1.3. Improved access to essential medicines, vaccines, diagnostics and devices for primary health care	262.9	223.8	85%	252.6	96%	69.3	26%	79.7	30%
Undistributed		187.7		189.7					
Subtotal 1	1 358.8	1 292.9	95%	1 376.0	101%	404.3	30%	491.0	36%
2. One billion more people better protected from health emergencies									
2.1. Countries prepared for health emergencies	231.1	88.9	38%	94.1	41%	52.3	23%	57.0	25%
2.2. Epidemics and pandemics prevented	380.4	187.0	49%	256.2	67%	83.8	22%	99.2	26%
2.3. Health emergencies rapidly detected and responded to	277.3	113.4	41%	116.9	42%	55.6	20%	66.6	24%
Undistributed		20.1		27.3					
Subtotal 2	888.8	409.4	46%	494.5	56%	191.8	22%	222.8	25%

3. One billion more people enjoying better health and well-being									
3.1. Determinants of health addressed	141.9	116.1	82%	132.8	94%	36.3	26%	42.6	30%
3.2. Risk factors reduced through multisectoral action	194.9	79.8	41%	80.6	41%	30.2	15%	35.4	18%
3.3. Healthy settings and Health in All Policies promoted	94.3	19.8	21%	21.2	22%	11.8	12%	13.5	14%
Undistributed		11.3		13.9					
Subtotal 3	431.1	227.1	53%	248.6	58%	78.2	18%	91.5	21%
4. More effective and efficient WHO providing better support to countries									
4.1. Strengthened country capacity in data and innovation	287.6	155.2	54%	169.9	59%	64.8	23%	76.1	26%
4.2. Strengthened leadership, governance and advocacy for health	443.6	225.4	51%	226.3	51%	133.8	30%	140.6	32%
4.3. Financial, human, and administrative resources managed in an efficient, effective, results-oriented and transparent manner	358.9	206.0	57%	206.0	57%	125.2	35%	143.2	40%
Undistributed		0.0		2.0					
Subtotal 4	1 090.1	586.6	54%	604.1	55%	323.9	30%	359.9	33%
Total	3 768.8	2 516.0	67%	2 723.3	72%	998.2	26%	1 165.2	31%

ANNEX 2

**PROGRAMME BUDGET 2020–2021 AND ITS FINANCING, INCLUDING PROJECTIONS AND EXPENDITURE,
BY MAJOR OFFICE BY BUDGET SEGMENT, AS AT 30 SEPTEMBER 2020**

Major offices	Approved Programme budget 2020–2021 (US\$ millions)	Financing (US\$ millions)	Financing as % of approved budget	Financing including projections (US\$ millions)	Financing including projections as % of approved budget	Expenditure (US\$ millions)	Expenditure as % of approved budget	Utilization (US\$ millions)	Utilization as % of approved budget
Africa	1 522.5	1 094.2	72%	1 123.0	74%	512.5	34%	595.6	39%
Base	992.4	506.6	51%	509.3	51%	228.1	23%	258.9	26%
Emergency operations and appeals	274.0	391.7	143%	417.8	152%	191.6	70%	227.6	83%
Polio eradication	252.8	188.1	74%	188.1	74%	90.5	36%	106.7	42%
Special programmes	3.3	7.8	239%	7.8	239%	2.3	70%	2.5	77%
The Americas	232.8	195.8	84%	195.8	84%	82.1	35%	98.2	42%
Base	215.8	76.9	36%	76.9	36%	41.2	19%	43.2	20%
Emergency operations and appeals	13.0	116.5	896%	116.5	896%	40.3	310%	54.0	416%
Polio eradication	0.1	0.1	100%	0.1	100%	0.03	55%	0.03	55%
Special programmes	4.0	2.3	57%	2.3	57%	0.6	16%	0.9	23%
South-East Asia	450.1	321.1	71%	347.8	77%	148.3	33%	193.3	43%
Base	388.5	197.0	51%	218.1	56%	100.6	26%	131.9	34%
Emergency operations and appeals	46.0	113.6	247%	119.3	259%	41.9	91%	54.4	118%
Polio eradication	12.1	5.5	46%	5.5	46%	4.3	36%	5.0	41%
Special programmes	3.6	5.0	140%	5.0	140%	1.5	41%	2.0	56%

Major offices	Approved Programme budget 2020–2021 (US\$ millions)	Financing (US\$ millions)	Financing as % of approved budget	Financing including projections (US\$ millions)	Financing including projections as % of approved budget	Expenditure (US\$ millions)	Expenditure as % of approved budget	Utilization (US\$ millions)	Utilization as % of approved budget
Europe	388.5	356.0	92%	376.7	97%	154.7	40%	190.0	49%
Base	277.9	177.6	64%	187.2	67%	65.8	24%	72.5	26%
Emergency operations and appeals	105.0	175.2	167%	186.3	177%	87.7	83%	116.0	110%
Polio eradication	1.8	1.2	65%	1.2	65%	0.5	28%	0.8	45%
Special programmes	3.8	2.0	52%	2.0	52%	0.7	17%	0.8	21%
Eastern Mediterranean	1 054.2	1 159.4	110%	1 306.3	124%	479.9	46%	680.7	65%
Base	391.2	222.2	57%	239.7	61%	88.6	23%	110.7	28%
Emergency operations and appeals	334.0	757.6	227%	886.9	266%	307.6	92%	460.5	138%
Polio eradication	325.5	175.7	54%	175.7	54%	82.3	25%	107.5	33%
Special programmes	3.5	4.0	113%	4.0	113%	1.2	35%	2.0	56%
Western Pacific	338.9	260.0	77%	307.7	91%	96.1	28%	128.7	38%
Base	309.2	172.0	56%	174.8	57%	68.6	22%	82.8	27%
Emergency operations and appeals	18.0	79.2	440%	124.0	689%	22.6	126%	40.1	223%
Polio eradication	8.5	7.2	84%	7.2	84%	4.4	52%	5.1	60%
Special programmes	3.2	1.7	54%	1.7	54%	0.6	18%	0.7	23%
Headquarters	1 853.4	1 908.0	103%	2 145.9	116%	645.9	35%	849.2	46%
Base	1 193.7	1 031.9	86%	1 180.9	99%	405.3	34%	465.2	39%
Emergency operations and appeals	210.0	573.7	273%	650.8	310%	177.0	84%	251.3	120%
Polio eradication	262.2	125.7	48%	125.7	48%	33.3	13%	94.5	36%
Special programmes	187.5	176.6	94%	188.5	101%	30.3	16%	38.2	20%

Major offices	Approved Programme budget 2020–2021 (US\$ millions)	Financing (US\$ millions)	Financing as % of approved budget	Financing including projections (US\$ millions)	Financing including projections as % of approved budget	Expenditure (US\$ millions)	Expenditure as % of approved budget	Utilization (US\$ millions)	Utilization as % of approved budget
Undistributed funds	–	978.3		1630.7		–		–	
Base	–	775.7		980.2		–		–	
Emergency operations and appeals	–	84.1		95.9		–		–	
Polio eradication	–	76.0		512.1		–		–	
Special programmes	–	42.6		42.6		–		–	
Total	5 840.4	6 272.8	107%	7 433.9	127%	2 119.5	36%	2 735.7	47%