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# **Financing and implementation of the Programme budget 2024–2025**

## **Reporting on operational efficiencies**

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

#### **CONTEXT**

1. This report provides an update on operational efficiencies to Member States in line with the commitments set out in the Secretariat implementation plan on reform (document EB152/34).
2. The methodology utilized in this report continues to be based on two documents: the value for money strategy of WHO;<sup>1</sup> and the methodology developed by the United Nations Sustainable Development Group to estimate its efficiencies in business operations. Regarding the latter, WHO continues to be an active member of the United Nations Sustainable Development Group, and the quantitative and qualitative efficiencies documented by WHO are reported to the United Nations and incorporated into its report.<sup>2</sup> Additionally, this year's report benefits from inputs gathered across the Organization as part of statutory reporting to Member States via WHO's output scorecard dimension of delivering value for money.
3. The Secretariat remains committed to improving the way it works to achieve greater impact in a sustainable way. One remaining major challenge, as pointed out in previous reports and raised by the Independent Expert Oversight Advisory Committee, was that the biggest impediment to improving efficiency at WHO remains the way that WHO is financed. The lack of sufficiently flexible, predictable and sustainable financing results in major inefficiencies in the pursuit, mobilization, allocation, management and reporting of resources. It is expected that a successful investment round will help to reduce some of these inefficiencies, which will then enable the Organization to deliver better value for money to its Member States.

#### **WHO'S COST SAVINGS AND EFFICIENCY GAINS: UPDATE FOR 2023**

4. The report for 2023 includes a total of 53 cost-saving and efficiency initiatives, down from 95 in 2022 (44% fewer initiatives). In 2023, many earlier reported initiatives were removed in line with the United Nations' proposed four-year reporting timeline for documenting cost-saving efficiencies. After this period, recurring savings are considered to be mainstreamed into regular operations.

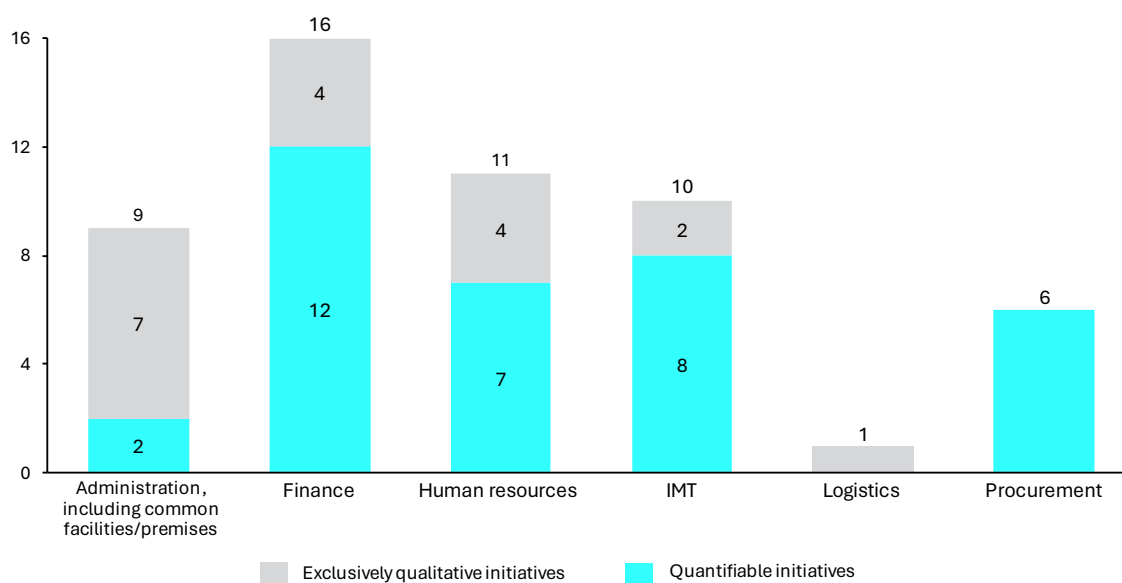
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<sup>1</sup> See documents EB142/7 Rev.1 and EB142/2018/REC/2, summary record of the fourth meeting.

<sup>2</sup> For the latest report on the United Nations working group on efficiencies, please refer to document A/78/72-E/2023/59 Implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system: Report of the Secretary-General.

5. The initiatives reported were similarly categorized by the United Nations' six enabling service streams of: administration; finance; human resources; information management and technology (IMT); logistics; and procurement (Fig. 1). Around one third of the total (18) were considered to carry exclusively qualitative benefits, while 35 initiatives were considered quantifiable by either cost or time savings, some of them also contributing additional qualitative benefits.

**Fig. 1. Qualitative or quantifiable efficiency initiatives by service stream**



6. In 2023, WHO reported cost or time savings of US\$ 146.4 million (Table 1). This amount is similar to that reported last year (US\$ 146.6 million), but deriving from a different set of initiatives. Two of the three initiatives that explain close to US\$ 126 million of the total savings (see Table 2) were also the drivers in last year's report. Moreover, one major initiative in administration was phased out (implementation of travel management policy), thus reducing the total cost savings reported under that stream by 83%.

Table 1. WHO cost savings and time savings by service stream<sup>1</sup>

Service stream	2020	2021	2022	2023	Increase from 2022 (%)
<b>Administration, including common facilities/premises</b>	16 625 188	2 064 250	25 611 000	4 411 100	-83%
<b>Finance</b>	26 026 459	24 786 959	71 620 287	99 742 456	39%
<b>Human resources</b>	1 629 667	3 627 984	3 137 651	2 106 003	-33%
<b>IMT</b>	1 066 166	1 066 166	1 431 838	4 679 244	227%
<b>Logistics</b>	183 500	183 500	211 000	–	-100%
<b>Procurement</b>	450 177	663 010	44 576 380	35 419 107	-21%
<b>Total</b>	<b>45 981 157</b>	<b>32 391 869</b>	<b>146 588 156</b>	<b>146 357 910</b>	<b>0%</b>

Table 2. Major drivers of efficiencies report in 2023

Initiative	2022	2023	Reason for change
<b>Implementation of travel management policy</b>	20 000 000	0	Initiative is phased out as it reached fourth year of reporting.
<b>FIN.1. Savings from centralized competitive bidding for foreign currency purchases through headquarters (instead of non-competitive purchases by country offices)</b>	52 400 000	38 200 000	Competitive bidding results in significant savings (subject to fluctuation based on volume and market liquidity). Although this initiative started in 2018, savings occur on a yearly basis independent from previous year.
<b>FIN.5 Increased agreements with health care providers, global agreements, preferential price lists and maps implemented</b>	12 700 000	58 800 000	Many new agreements with health care providers finalized. Preferential price lists agreed to improve cost structure and avoid excessive charges. This led to estimated savings on claims value. Other savings estimated related to participants using Cigna and Navitus.
<b>PRO.13. Competitive tendering</b>	25 696 940	28 955 713	Initiative included in 2022 – with a specific methodology applied for recurring cost savings – to better reflect the volume of procurement managed by WHO. Contract Review Committee cases are also reviewed by cross-functional committee; competition driven by procurement, leading to improved pricing.
<b>Total</b>	<b>110 796 940</b>	<b>125 955 713</b>	

<sup>1</sup> The totals included for previous years include all initiatives reported during that year. These totals will differ from the detailed table provided online on WHO's Member States Portal, under "Programme budget implementation" (<https://www.who.int/about/accountability/governance/member-states-portal>, accessed 24 April 2024). The table only presents totals for previous years of initiatives that are still being reported (not phased out).

7. Information on each service stream and on each of the initiatives is available online.<sup>1</sup>

## END-OF-BIENNIUM ASSESSMENT: UPDATE FOR 2023

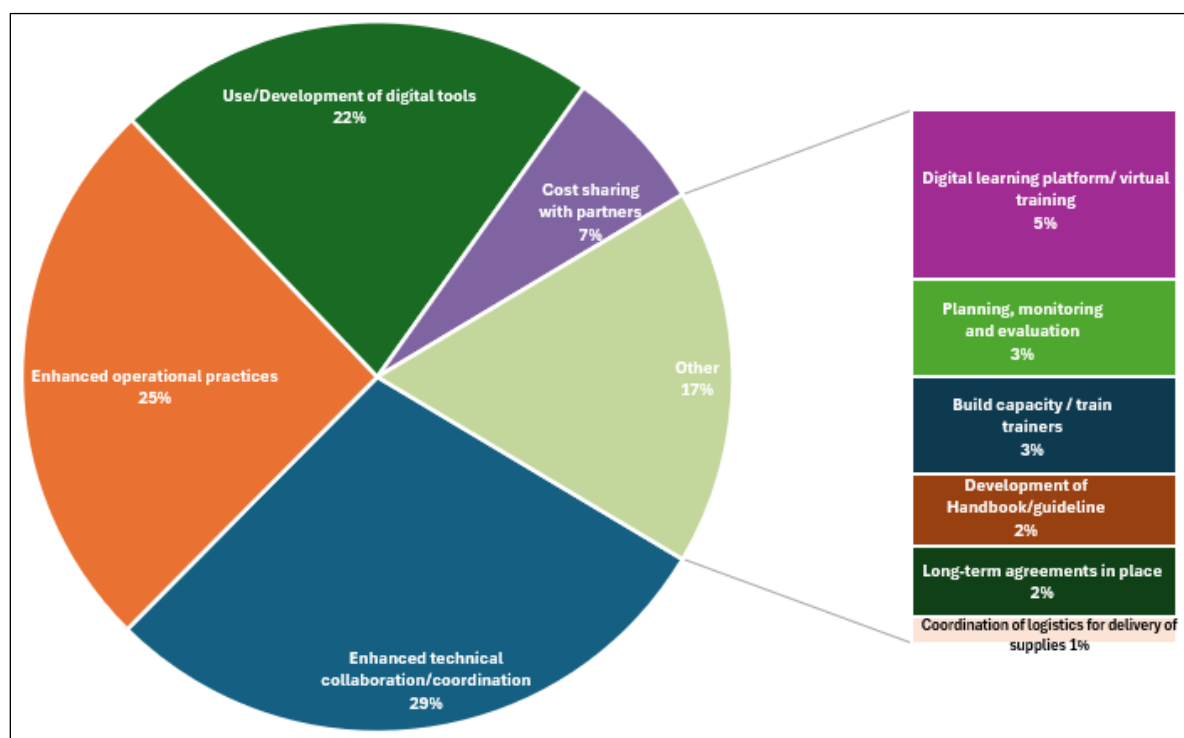
8. To document operational efficiencies achieved at the three levels of the Organization, a question was added to the end-of-biennium performance assessment of the Programme budget 2022–2023. Budget centres were asked to provide specific examples of operational efficiencies achieved in the past year while delivering the results reported in their assessment.

9. Around 900 responses were individually assessed. Of these, 351 responses (initiatives) were retained, from 71 country offices, 24 budget centres at regional level and eight budget centres at headquarters. These initiatives were categorized qualitatively in 12 groups based on the core of their contributions (Fig. 2) and, within that contribution, a classification by 11 attributes/improvements (Fig. 3), considering that each initiative could have produced more than one.

10. The assessment encompasses a broad spectrum of initiatives, ranging from successes enabling WHO, in collaboration with relevant stakeholders, to enhance collaboration with partners to achieve better impact, to more “routine” measures such as opting for virtual meetings as opposed to in-person meetings, if appropriate. This comprehensive review underscores the breadth of efforts aimed at enhancing efficiency across all levels within WHO.

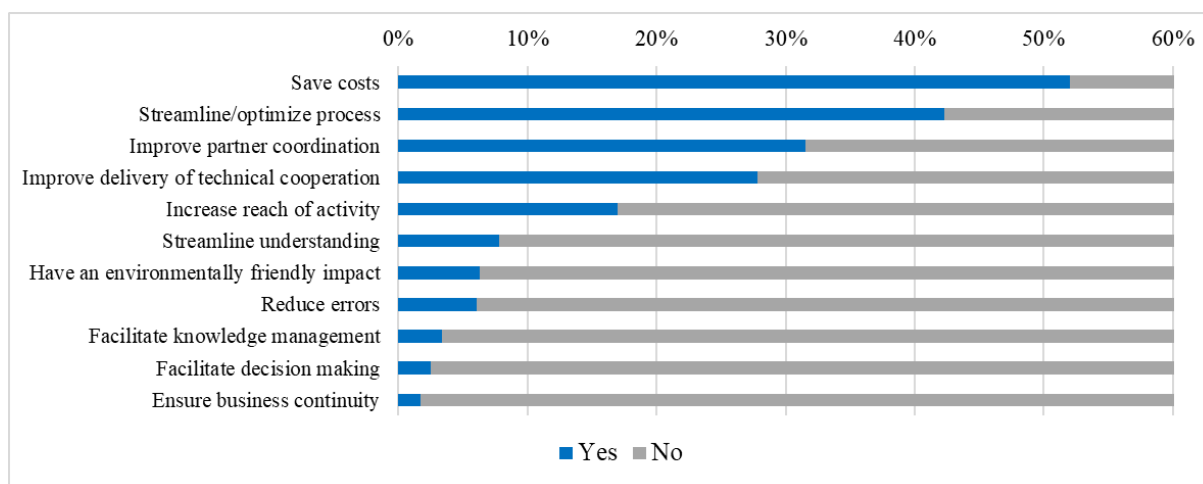
**Fig. 2. End-of-biennium performance assessment: main classification of initiatives based on type of contribution**

Percentage as per total of initiatives (n=351).



<sup>1</sup> See WHO’s Member States Portal, under “Programme budget implementation” (<https://www.who.int/about/accountability/governance/member-states-portal>, accessed 24 April 2024).

**Fig. 3. End-of-biennium performance assessment: percentage of initiatives pointing to specific attributes/improvements (n= 351)**



11. Together, the two classifications (attributes and improvements) shed better light on the type of qualitative improvements pursued by the Organization. For example, 29% of the initiatives fell into the category “*enhanced technical collaboration or coordination*”. These initiatives showcased active engagement across all staff levels in improving daily workflows and identifying collaboration opportunities, both internally and with partners. As a result of such enhanced collaboration, examples were given on how this resulted in better coordination and delivery of work; avoided duplications with partners; made work and processes better understood and streamlined across all involved actors, while sometimes also saving costs.

12. Some 25% of the initiatives were categorized as “*enhanced operational practices*”, which provided a large variety of examples, from conscious decisions to avoid weekly expenses, to improvements in procurement planning, process, review, logistics, joint procurement, establishment of agreements and tendering, to development and streamlining of procedures, to disposal of goods, and to better coordination and integration within the Office.

13. Moreover, the Organization realized additional efficiencies through the category “*use/development of digital tools*” (22% of all initiatives), underscoring the firm establishment of virtual collaboration skills acquired during the coronavirus disease (COVID-19) pandemic, and now increasingly streamlined into the Secretariat’s everyday work. Many initiatives illustrate a conscious decision to shift towards hybrid or virtual meetings when appropriate, saving travel costs, fostering stronger collaboration, ensuring expert availability and improving the ecological footprint. Units are increasingly adopting tools to optimize processes, thus boosting productivity. Digital payment mechanisms were reported in multiple offices as a way to make the process faster, more accurate, traceable and transparent. Using digital tools is an area that will continue to reap benefits for the Organization, particularly with the recent incorporation of artificial intelligence-enhanced software that is already supporting everyday work, including the production of this report.

14. Collectively, the above-mentioned categories account for over 75% of recorded initiatives. Fig. 4 summarizes the most common categories and, within each, their most common types of attributes/improvements are identified. Owing to limits in reporting size, full details of initiatives were excluded.



## MOVING FORWARD

15. Most initiatives presented in the first section of this report were mentioned in earlier reports. Next year will see most of the initiatives reaching their fourth year of reporting, after which they will be phased out, as the savings will be considered to have been absorbed as part of the normal operations of the Organization. With the fast pace of recent technological changes, new initiatives are already emerging and being noted for next year, such as the incorporation of artificial intelligence-enhanced tools, which has only taken place since 2024. Challenges have also been identified concerning the timing of the United Nations' information collection exercise and the tools employed, and the Secretariat is seeking solutions that can support both the United Nations exercise and the preparation of this report.

16. With regard to the linkage with the end-of-biennium performance assessment of the Programme budget 2022–2023, the efficiency question allowed for free text. All responses were assessed and categorized after submission by several analysts who made a subjective call for classification purposes. The analysis presented can therefore only be considered for reference purposes. Despite this limitation, the comprehensive analysis of initiatives underscores several key learnings and areas for potential improvement within WHO's efficiency enhancement efforts, and provides insights that can be used next year for a potential automatization of the question. Further integration of both efforts into one will also be sought.

17. Through the end-of-biennium report, the inclusion of all offices of the three levels of the Organization is to be noted. It is also important to observe through specific examples how value for money is at the core of decision-making, and the significance of how much technical collaboration/coordination, improved operational practices and integration of digital tools into everyday work are driving efficiency gains. The emphasis placed on these areas in the past biennium indicates their critical role in enhancing daily workflows and fostering collaboration both internally and with external partners. This is in line with the current process of transitioning towards WHO's more modern Business Management System, which is also expected to drive future efficiencies through the rigorous optimization and automation of business processes that will be realized in the near future.

18. Lastly, 2024 marks a pivotal year for WHO in terms of potentially adopting and launching a new mechanism for resource mobilization that is expected to bring more flexible, predictable and sustainable financing to the Organization, along with anticipated improved efficiencies as a result.

## ACTION BY THE HEALTH ASSEMBLY

19. The World Health Assembly is invited to note the report and to provide comments as appropriate, including on the following questions:

- How can the report be improved next year?
- Do Member States find useful the inclusion of the analysis of the question of operational efficiencies in the end-of-biennium performance assessment of the Programme budget 2022–2023 in this report?

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