

---

# **Sustainable financing: feasibility of a replenishment mechanism, including options for consideration**

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

### **INTRODUCTION**

1. The Seventy-fifth World Health Assembly adopted the recommendations of the Member States Working Group on Sustainable Financing,<sup>1</sup> requesting the Secretariat to “explore the feasibility of a replenishment mechanism to broaden further the financing base, in consultation with Member States and taking into consideration the Framework of Engagement with Non-State Actors; and to present a report that includes relevant options for Member States to consider, to the Seventy-sixth World Health Assembly”.<sup>2</sup>

2. In response, the Secretariat submitted an assessment of the feasibility of a WHO replenishment mechanism in line with the principles set out by the Working Group on Sustainable Financing to the Executive Board at its 152nd session through the Programme, Budget and Administration Committee at its thirty-seventh meeting.<sup>3</sup> The Board noted the report<sup>4</sup> and reaffirmed the need for more sustainable, predictable and flexible financing of WHO, concurred that the six principles for a replenishment mechanism could be met, and requested additional consultation with Member States on further details of a potential WHO replenishment mechanism. Two consultations were held with Member States, on 23 March and 25 April 2023. The first session focused on the potential timeframe, target funding envelope and WHO strategy on which a replenishment campaign might be based. The second consultation provided answers to questions that were raised by Member States in the first session and reviewed a draft decision for consideration by the Seventy-sixth World Health Assembly.

3. This report summarizes the analysis of the six principles that are to serve as the basis for considering a WHO replenishment mechanism, proposes the major elements of a first “WHO investment round” to implement such a mechanism in 2024, and suggests ways to tailor a WHO replenishment mechanism so as to address other major issues raised by Member States.

---

<sup>1</sup> Decision WHA75(8) (2022).

<sup>2</sup> See document A75/9.

<sup>3</sup> Document EB152/35.

<sup>4</sup> See summary records of the Executive Board at its 152nd session, fourteenth meeting.

## MEMBER STATE PRINCIPLES TO GUIDE A POTENTIAL WHO REPLENISHMENT MECHANISM

4. The recommendations of the Working Group on Sustainable Financing included six principles to guide a WHO replenishment mechanism. A summary of the assessment of the feasibility of developing a replenishment mechanism compliant with each of these six principles noted by the Board follows.

5. Principle 1: A WHO mechanism is **Member State-driven, approved by the Health Assembly and open to all donors that comply with the Framework of Engagement with Non-State Actors**. Key elements of a WHO replenishment mechanism, including the strategy document on which requests would be based (that is, the General Programme of Work), the target funding envelope, and general timeline would be decided by the Health Assembly. Of note, the General Programme of Work results would be structured to resonate with all potential stakeholders as well as the general public. When implementing the mechanism, the Secretariat would engage sovereign donors as well as nongovernmental organizations, philanthropic foundations and academic institutions. Private-sector entities would be engaged through the WHO Foundation, in full compliance with the Framework of Engagement with Non-State Actors.

6. Principle 2: A WHO mechanism **addresses both WHO's needs for flexibility and donors' needs to show accountability for results to their own constituents**. Its overarching aim would be to ensure that the base budget of the Organization's General Programme of Work is fully financed by increasing the predictability, sustainability and flexibility of its funding and broadening the contributor base, while enhancing accountability, transparency and reporting on results.

7. Principle 3: A WHO mechanism **ensures efficiency and no competition between different parts of the Organization**. Increasing the predictability and flexibility of financing for WHO's base budget would reduce internal competition among departments and major offices by allowing a much more equitable allocation of resources. It would enhance efficiency by reducing the current high transaction costs associated with administering a very large number of relatively small grants, including the cost of providing detailed grant-specific reports for each.

8. Principle 4: A WHO mechanism **aligns with the defined needs of WHO as approved by its governing bodies and is oriented to prioritize the financing needs of the base budget in all its components**. Member States would define both the Organization's programmatic priorities and its financial needs through a General Programme of Work approved by the Health Assembly and associated financing envelope. These would in turn form the basis for a WHO replenishment mechanism.

9. Principle 5: A WHO mechanism **aligns with the global health architecture, avoiding competition with other global actors**. The Secretariat would work to align the replenishment timeline, particularly the sequencing of its major events, such as the launch and the pledging conference, with that of other global health organizations that are due to replenish within a similar timeframe. As WHO's governing bodies would decide on the major parameters of a WHO replenishment mechanism, Member States would be instrumental in aligning activities to allow for an optimum outcome for all global health actors.

10. Principle 6: A WHO mechanism **aligns with resolutions and decisions of the Health Assembly**. Following a due diligence exercise, the Secretariat has not identified any previous decisions or resolutions of WHO's governing bodies that would be relevant to a potential WHO replenishment mechanism. A WHO mechanism would be aligned with resolutions and decisions of WHO's governing bodies in this regard as well as with WHO's applicable legal framework.

## MAJOR ELEMENTS OF A WHO REPLENISHMENT MECHANISM

11. Based on the six principles adopted by the Seventy-fifth World Health Assembly, the deliberations of the Programme, Budget and Administration Committee and the Executive Board (see paragraph 2 above), and the subsequent consultations with Member States, the Secretariat has developed the following set of proposals for taking forward a WHO replenishment mechanism with the overarching goal of fully financing, with more flexibility, the base segment of the Programme budget.

12. To achieve this overarching goal, the new replenishment mechanism, hereafter referred to as a WHO financing mechanism, will be designed to increase the predictability of WHO's funding by encouraging multiyear commitments. It will aim to attract new donors and enhance political support for the full financing of the base segment of WHO's Programme budget through a year-long, inclusive engagement process that culminates in a high-visibility financing event. The entire process will be underpinned by a compelling strategy document (that is, a new General Programme of Work) with a clear results structure. Particular emphasis will be given to enhancing the flexibility of all contributions, as well as discouraging small, highly-earmarked donations for which the Organization incurs substantial transaction costs and inefficiencies.

13. Several Member States highlighted that a WHO financing mechanism should be distinct from that of global health funds as WHO is a Member State organization and the specialized agency of the United Nations for global health. It was further emphasized that the nomenclature used for a WHO financing mechanism should reflect the fact that WHO is a Member State organization and the Member States approve its General Programme of Work and programme budget. Consequently, the Secretariat proposes that the WHO financing mechanism be implemented through **WHO investment rounds**.

14. The objective of a first WHO investment round would be to resource the Organization's Fourteenth General Programme of Work, by securing the full financing of WHO's base budget, enhancing the sustainability and predictability of WHO's financing, broadening WHO's donor base, improving WHO's financial independence, and increasing the efficiency of the Organization.

15. Recognizing that some global health funds are already planning to hold replenishment activities in 2025, and in keeping with the principles adopted by Health Assembly, **the pledging event for the first WHO investment round would be held in the second half of 2024**. In addition to avoiding competition with the replenishment plans of other organizations, starting immediately underlines the urgency of the health-related Sustainable Development Goals and accelerates progress towards the Member States' goal of sustainable financing of WHO. Together with the expected increases in assessed contributions, the first WHO investment round would facilitate early and full implementation of the draft Fourteenth General Programme of Work. This timing would require a decision by the Seventy-sixth World Health Assembly for the Secretariat to proceed immediately with a WHO replenishment mechanism, the development of that proposed General Programme of Work as the strategy on which the first WHO investment round would be based, the elaboration of an associated investment case, the design and operationalization of the round itself, and the establishment of an investors' forum (see paragraph 18).

16. To enhance the predictability of WHO's financing in the medium term, to have a manageable financing envelope and time horizon for donors and to take into consideration lessons from other global health replenishments, it is proposed that the Fourteenth General Programme of Work **and the first WHO investment round would cover the four-year period from 2025 to 2028**. Consequently, the Fourteenth General Programme of Work will replace the Thirteenth General Programme of Work one year early, namely, in 2025. **The objectives, structure and outcomes of the Fourteenth General Programme of Work, 2025–2028 would be developed, in close consultation with Member States,**

**to facilitate the first WHO investment round.** Specifically, in addition to building on lessons from the current Programme of Work, the Fourteenth will have a clear and compelling narrative on the work of WHO with a results structure that clearly communicates the specific outputs of the Secretariat and can resonate with both major stakeholders and the general public. A draft document, taking into account the outcomes of structured consultations, would be submitted for discussion by the Executive Board at its 154th session for further consideration by the Seventy-seventieth World Health Assembly.

17. The **target funding envelope for the first WHO investment round** would be based on the financing envelope for the four-year period of the Fourteenth General Programme of Work while accounting for the expected increases in assessed contributions during that period, maintaining the existing financing flows for special programmes and optimizing complementary WHO financing mechanisms for health emergencies and outbreaks, including WHO's Contingency Fund for Emergencies and its annual Health Emergency Appeal. Specifically, the target funding envelope will be comprised of the four-year base budget for the Fourteenth General Programme of Work, less the anticipated increases in assessed contributions. In parallel, a **WHO investment case** will be developed to provide a prospectus of the programmatic returns from investing in the Fourteenth General Programme of Work.

18. To support the first WHO investment round, a **WHO investors' forum** would be established. The forum would initially bring together WHO's financial contributors, including Member States and non-State actors, to discuss the draft Fourteenth General Programme of Work strategy and results, and to understand and build support for the funding envelope. Following the first pledging event, the forum would provide an annual opportunity to review the status of implementation of the Fourteenth General Programme of Work, showcase the results achieved with the investments that had been made to date, and discuss the future financing situation. The WHO investors' forum would also provide an opportunity to share experiences and lessons in order to further improve the quality and sustainability of WHO's financing. Furthermore, the forum could provide a mechanism for Member States and other major contributors to have a more detailed discussion on specific topics with staff members from the three levels of the Organization.

## **TAILORING A FIRST WHO INVESTMENT ROUND**

19. The additional issues raised by Member States during the recent consultations can guide the further tailoring of the financing mechanism to the nature and needs of Member States and the Secretariat, particularly during a first WHO investment round for the period 2025–2028.

20. Member States emphasized the particularly challenging current economic environment and the potential impact that their limited fiscal space could have on a first WHO investment round. Given the request by the Seventy-fifth World Health Assembly that the Secretariat take forward its sustainable financing work as a matter of priority, this fiscal environment reinforces the importance of WHO initiating the investment round immediately, developing a particularly compelling and clear proposed Fourteenth General Programme of Work and results framework, and complementing the former with a strong investment case. Of note, the 2022 update to the WHO Investment Case<sup>1</sup> highlighted that there is a US\$ 35 return for every US\$ 1 invested in WHO.

21. Although the Seventy-fifth World Health Assembly through its decision on sustainable financing requested "Member States and other donors to strive to provide WHO with fully unearmarked voluntary

---

<sup>1</sup> A healthy return: investment case for a sustainably financed WHO. Geneva; World Health Organization: 2022 (<https://apps.who.int/iris/handle/10665/354372>, accessed 28 April 2023).

contributions for the financing of WHO's base programme segment", the short timeframe for implementing the first WHO investment round requires that the primary goal should be the full financing of the base segment of the expected financing envelope for the draft Fourteenth General Programme of Work, with increased flexibility of that financing, rather than full flexibility at this time. Although funding for WHO's base budget should be fully flexible, Member States emphasized that this would need to be a longer-term goal as it would not be fully achievable in the first round owing to a combination of factors, particularly governments' budget cycles in which this would need to be considered. However, even during a transition period, Member States emphasized that increased flexibility and longer-term predictability would be important for all donor agreements for 2025–2028 especially in view of reducing transaction costs for the Organization.

22. With respect to existing and potential non-State actor contributors to WHO, Member States noted that several philanthropic foundations and global health funds have limited mandates which constrain their ability to provide fully-flexible funds. Consequently, longer-term pledges to thematic areas of interest could allow such non-State actors to contribute within the constraints of their mandates. Furthermore, the establishment of a WHO investors' forum could provide an opportunity for non-State actor contributors to engage with Member States and the Secretariat more substantively during the development of the Fourteenth General Programme of Work and its financing envelope, and subsequently in reviewing the status of its implementation and the impact of their contributions.

23. Member States also highlighted that the first WHO investment round would need to be able to reflect relevant contributions and pledges that had already been made towards the 2025–2028 period. This could be done by ensuring that funds which had already been pledged for 2025 and beyond would be captured as part of the first WHO investment round and recognized in the pledging event.

24. Further clarity was requested on which, if any, WHO fund-raising activities would continue after a first WHO investment round. As the target funding envelope for the investment round would cover the entire base budget, less the increase in assessed contributions, for the period 2025–2028, WHO's fund-raising activities after the campaign would focus only on: any remaining areas of the base budget that were underfunded in the investment round; WHO's activities that lie outside of the base budget (including polio eradication, acute emergency operations, humanitarian appeals and special programmes); and any activities requested by Member States and approved by the Health Assembly.

25. On the allocation of flexible funds, the primary aim will continue to be the full implementation of the Programme budget approved by Member States. In effect, this means having appropriate levels of financing of all major offices and programmes ("greening the programme budget heatmap") as much as possible given the available funds. In the event that this is not fully feasible, the allocation of funds will be prioritized in line with the new allocation strategy outlined in the Programme budget 2024–2025 whereby resources will be strategically directed towards Member State-directed high-priority outputs, with key outputs at the country level to be funded first.

26. With respect to contributions to the first WHO investment round from the private sector, corporations and high-net-worth individuals, these could be mobilized and managed by the WHO Foundation. The WHO Foundation could in turn represent the interests of such contributors in the WHO investors forum.

27. On the issue of potential risks that could be associated with a WHO investment round, these could be financial, reputational and political. On financing, although a WHO replenishment mechanism aims to provide sustainable funding for the Organization's financing in the medium term, it could inadvertently compromise funding in the short term and particularly for 2024 activities if donors delay contributions until the pledging event. This risk could be mitigated by ensuring that funds already

committed for 2025 and beyond are captured and reflected in the pledging event. Reputational risks arise from the possibility that, as the first United Nations specialized agency to undertake such an investment round, the amount of funding pledged fell substantially short of the target. Such a risk is shared, however, across Member States and the Organization and should be manageable with appropriate planning, especially with respect to the target envelope and how it is communicated. Finally, some Member States have noted the risk associated with using a substantial amount of WHO's political capital that has been built up during the COVID-19 pandemic to support the first WHO investment round. At the same time, a set of major outreach and communications activities on the crucial work of WHO, as a central element of this investment round, could provide an important opportunity to further strengthen political and public support for the Organization and its full and flexible financing.

28. In conclusion, with careful planning and the full and active engagement of Member States, it should be possible to substantially reduce the potential risks associated with a WHO replenishment mechanism, address Member States' issues, and implement a first WHO investment round that significantly improves the predictability and flexibility of financing for the Fourteenth General Programme of Work, once adopted, in line with the overriding directive of the Seventy-fifth World Health Assembly on the sustainable financing of WHO.

### **ACTION BY THE HEALTH ASSEMBLY**

29. The Health Assembly is invited to note the report and to consider the following decision:

The Seventy-sixth World Health Assembly, having considered the report of the Director-General on Sustainable financing: feasibility of a replenishment mechanism, including options for consideration,<sup>1</sup> decided:

- (1) to adopt a WHO replenishment mechanism as part of the work to improve the sustainable financing of the World Health Organization, and proceed with a first WHO investment round for the period 2025–2028 with a pledging event in the second half of 2024;
- (2) to urge Member States<sup>2</sup> and partners to participate actively in the first WHO investment round, with the aim of ensuring the full financing of the base budget segment of the financing envelope of the Fourteenth General Programme of Work, 2025–2028, once approved, while substantially increasing the flexibility of WHO's financing by striving towards fully unearmarked voluntary contributions;
- (3) to request the Director-General:
  - (a) to develop, in consultation with Member States, and including regional consultations, the draft Fourteenth General Programme of Work, 2025–2028 with the aim of replacing the Thirteenth General Programme of Work, 2019–2025 one year early and using the draft Fourteenth General Programme of Work, 2025–2028 as the technical strategy to underpin the first WHO investment round; and to submit the draft General Programme of Work, 2025–2028 to the Seventy-seventh World Health Assembly, through the Programme, Budget and Administration Committee

---

<sup>1</sup> Document A76/32.

<sup>2</sup>And regional economic integration organizations, as appropriate.

at its thirty-eighth meeting and the Executive Board at its 154th session for consideration;

(b) to develop the target funding envelope for the first WHO investment round based on the base segment of the four-year financing envelope for delivering the draft Fourteenth General Programme of Work, 2025–2028, minus the approved and expected assessed contributions during this period;

(c) to establish a road map for implementing the first WHO investment round, culminating in a pledging event to be held in the second half of 2024;

(d) to convene a WHO investors' forum through which all WHO Member States and major investors can meet at least annually to review and discuss the draft Fourteenth General Programme of Work, 2025–2028 and its Secretariat results, programme implementation, funding and financing gaps.

= = =