



REGIONAL COMMITTEE

Provisional Agenda item 7.1

Seventieth Session

SEA/RC70/4

Maldives

6–10 September 2017

22 August 2017

Programme Budget matters: Programme Budget 2016–2017: Implementation and mid-term review

This working paper provides information on the implementation status of the Programme Budget 2016–2017. It covers both the technical and financial aspects of implementation. The approved Programme Budget for the WHO South-East Asia Region for the period 2016–2017 is US\$ 365.1 million. Of this, US\$ 282.9 million is the Base Budget, US\$ 77 million for polio and US\$ 5.2 million for Outbreak and Crisis Response (OCR). The revised (allocated) Programme Budget as on 8 August 2017 is US\$ 374.4 million. The Operational Budget as per approved workplans is US\$ 358.6 million. The total available resources as on 8 August 2017 are US\$ 341.7 million, out of which US\$ 340.5 million have been distributed. Implementation (expenditure) stands at US\$ 234.4 million, which is 63% of the allocated Budget and 69% of the distributed resources. Utilization of funds (encumbrances plus expenditure) stands at US\$ 269 million, which is 72% of the allocated Budget and 79% of the distributed resources.

The attached working paper was presented to the Subcommittee on Policy and Programme Development and Management (SPPDM) for its review and recommendations. The recommendations made by the Subcommittee for consideration by the Seventieth Session of the Regional Committee are:

Actions by WHO

- (1) Continue to monitor technical and financial implementation and further intensify the resource mobilization efforts to minimize the funding gaps.
- (2) Finalize the 2018–2019 workplans and start early implementation. Integrate WHO's "Value for Money" concept which contains key dimensions of economy, efficiency, effectiveness, equity and ethics, while preparing the 2018-2019 workplans and costing of outputs, project management and Key Performance Indicators.
- (3) Provide updates to the Regional Committee on the technical and financial monitoring and resource mobilization situation.
- (4) Provide guidance and support to Member States on strengthening resource mobilization and programme prioritization efforts.

This working paper and the SPPDM recommendations are submitted to the Seventieth Session of the WHO Regional Committee for South-East Asia for its consideration.

Background

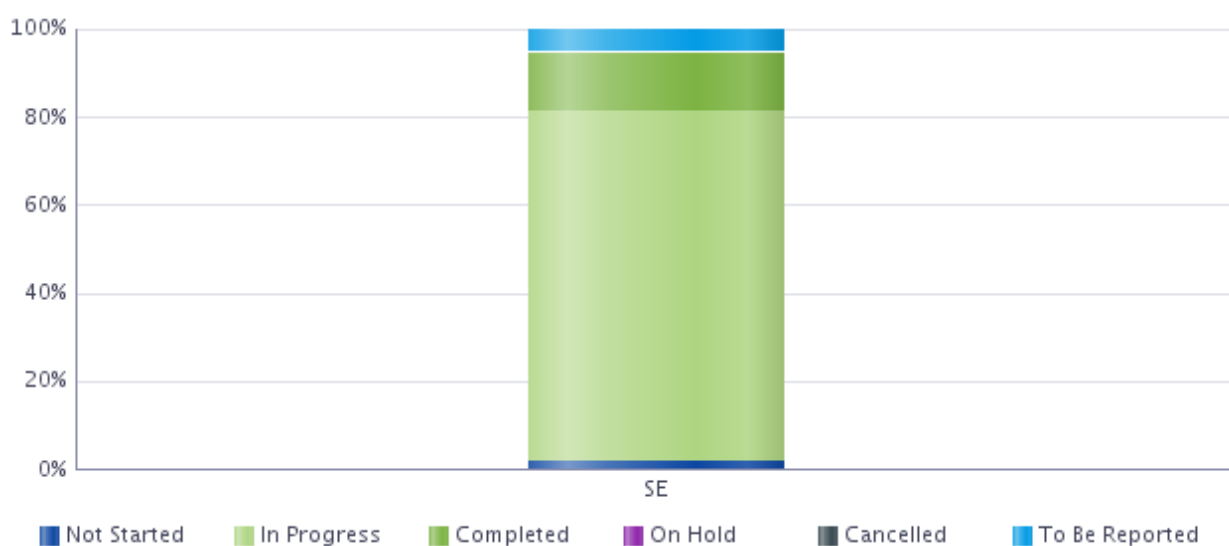
1. The Programme Budget 2016–2017 is the second of the three biennial budgets to be formulated within the Twelfth General Programme of Work for the period 2014–2019. Its content and structure provide greater transparency and accountability for the Organization's work, and a strengthened framework for results-based management.
2. The WHO Secretariat has presented to the Seventieth Session of the World Health Assembly an overview of the financial situation: Programme Budget 2016–2017, together with the WHO mid-term programmatic and financial report for 2016–2017, including audited financial statements for 2016. The Assembly has accepted the WHO mid-term programmatic and financial report for 2016–2017, including audited financial statements for 2016.

Technical implementation of the Programme Budget 2016–2017

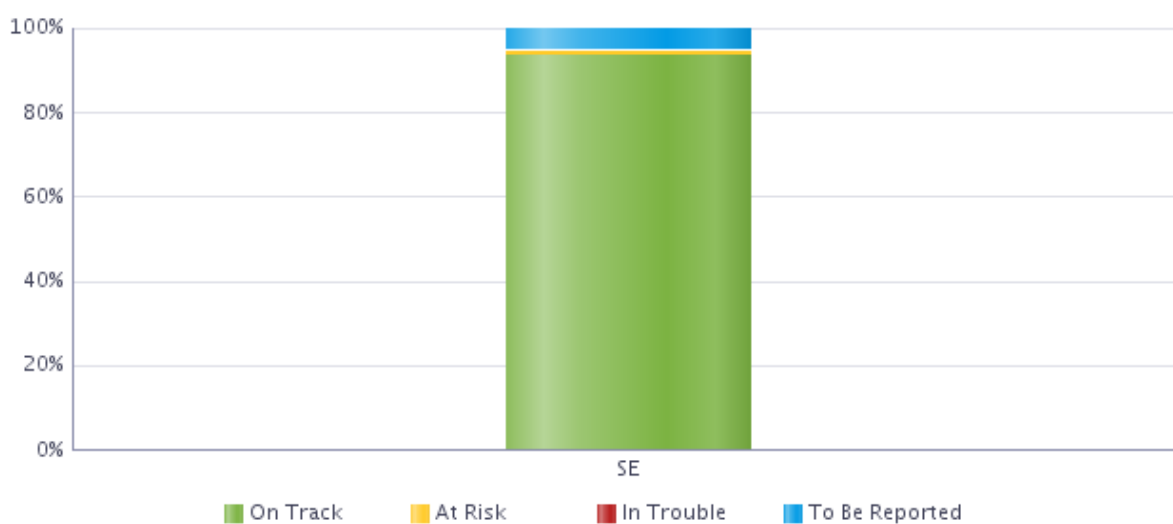
3. Technical implementation of the Programme Budget (PB) is continuously monitored and updated in the GSM by the responsible officers in Regional Office departments and all country offices. In addition, at the end of the first year of a biennium, a monitoring exercise is conducted in the form of a mid-term review (MTR) a corporate requirement, to which Regional Office departments and all country offices in the South-East Asia Region contribute. Technical implementation of Programme Budget 2016–2017 was reviewed up to 31 December 2016 as part of the MTR exercise.
4. The MTR process of Programme Budget 2016–2017 was the third monitoring exercise undertaken under the Twelfth General Programme of Work, 2014–2019, with the first two being the Mid-term Reporting and End of Biennium Assessment of Programme Budget 2014–2015.
5. The MTR was a systematic review of the work included in the operational plans of Budget Centres. While reviewing, the following components were considered:
 - (1) status of implementation of products and services as described by deliverables in the Programme Budget;
 - (2) assumptions and risks influencing day-to-day programme delivery;
 - (3) consideration of gender-, equity- and human rights-based approaches defined during the planning stage;
 - (4) integrating consideration of the Sustainable Development Goals (SDGs) in the work implemented; and
 - (5) major implementation issues related to finances and staffing.
6. The MTR process included reviews at the WHO country office and Regional Office levels, and the actions required to improve progress.
7. The process was based on self-assessment, and a systematically qualitative review and analysis of the contribution of the three levels of the Organization to the achievement of the outputs.
8. The following achievements were highlighted in the unified Programme financial report:
 - (1) Elimination of maternal and neonatal tetanus has been verified in the Region.
 - (2) Maldives and Sri Lanka have eliminated malaria.
 - (3) Thailand has eliminated mother-to-child transmission of HIV/AIDS.

- (4) Member States have scaled up implementation of adolescent-friendly health services and access to human papillomavirus (HPV) vaccine.
 - (5) Significant progress has been made in transparency and accountability.
9. The Region is focusing on implementing the Regional Flagship Priority Areas, which were identified after extensive consultations with Member States. The achievements in respect of the seven Flagship Priority Areas identified for the Region have been encouraging:
- (1) A Regional Verification Commission and national verification committees have been established in all Member States to verify progress towards measles elimination and rubella control.
 - Both countries Bhutan and Maldives have been verified of eliminating endogenous measles transmission.
 - (2) There has been significant progress in the Region in achieving time-bound elimination targets for most of the diseases.
 - Maldives and Sri Lanka have eliminated lymphatic filariasis.
 - India has been certified as having eliminated yaws.
10. During the Regional Ministerial Tuberculosis Meeting in March 2017, TB was declared as the eighth Regional Flagship Priority Area to give commensurate impetus to the TB response in the Region.
11. The South-East Asia Region has emphasized frequent ad hoc monitoring to enable Regional Office departments and country offices monitor and report their achievements regularly. Regional Office departments and all country offices conducted ad-hoc monitoring for Top Tasks at the end of six months and at the end of eighteen months of the biennium with near 100% adherence.
12. Overall, after the first 18 months of implementation, the contribution of the South-East Asia Region to the achievement of the Top Tasks status is on track in the Region. The status of Top Tasks as on 8 August 2017 shows 79% of tasks to be in progress, 13% completed, 2% not started, less than 1% on hold and about 5% yet to be reported on (Graph 1). On the progress of Top Tasks, 93% of tasks are on track, 1.4% at risk and 0.1% in trouble (Graph 2). The 5% yet to be reported includes 1.3% cancelled tasks where reporting is not required.

Graph 1: Top Task status in SEA Region



Graph 2: Top Task progress status in SEA Region



Financial implementation as on 08 August 2017

13. The approved Programme Budget for the WHO South-East Asia Region for the period 2016–2017 is US\$ 365.1 million. Of this, US\$ 282.9 million is the Base Budget, US\$ 77 million for polio and US\$ 5.2 million for Outbreak and Crisis Response (OCR). The revised (allocated) Programme Budget as on 8 August 2017 is US\$ 374.4 million. The Operational Budget as per approved workplans is US\$ 358.6 million. The total available resources as on 8 August 2017 are US\$ 341.7 million, of which US\$ 340.5 million have been distributed. Implementation (expenditure) stands at US\$ 234.4 million, which is 63% of the allocated Budget and 69% of the distributed resources. Utilization of funds (encumbrances plus expenditure) stands at US\$ 269 million, which is 72% of the allocated Budget and 79% of the distributed resources. As of 8 August 2017, there is still a gap of US\$ 32.7 million to fully fund budgeted activities at the SEA Region for 2016–2017.

14. Of the total funds available to the Region as on 8 August 2017 US\$ 95.4 million are Assessed Contribution funds and US\$ 246.3 million are from Voluntary Contributions. Funds have been distributed to countries and the Regional Office in the ratio of 76:24 approximately. Of the total distributed resources, US\$ 105.5 million is allocated for staff costs and US\$ 235 million for activities, or 31% and 69%, respectively.

15. The table below shows a comparison of the funding situation, implementation rate and unspent funds as at 8 August 2015 vis-à-vis 08 August 2017. As displayed, the combination of fewer available resources and higher rate of implementation has resulted in a 20% reduced availability of unspent funds at the end of 8 August 2017 as compared to 8 August 2015. Having anticipated this situation during the first quarter of 2017, measures were undertaken under the guidance from the Regional Director, across all Country Offices and Regional Departments to use available resources in the most efficient way possible towards successful implementation of priority activities.

Comparison: *Funding and implementation status as on 8 August 2015 and 8 August 2017 (in US\$ million)*

Level	Allocated PB	Available Resources	Implementation (Expenditure)	Utilization (Exp. + Enc.)	Unspent Funds	%Utilization vs Allocated Budget	% Utilization vs Resources
8 August 2015	378.6	351.9	221.3	261.3	90.6	69%	74%
08 August 2017	374.4	341.7	234.4	269.0	72.7	72%	79%
Variation	-1.1%	-3%	6%	3%	-20%		

16. As a result of the reduced availability of overall funds, there was an increased pressure on flexible funding. Several measures were taken to ensure that staff cost requirements were met, including strengthened resource mobilization efforts and inclusion of HR cost in donor agreements, moving HR cost to Voluntary Contribution (VC) wherever possible.

17. In order to increase the availability of funds for programmatic activities, the Regional Office also introduced a number of cost-saving initiatives in the area of office rent, travel, meeting management and procurement. Specifically, Sri Lanka and Myanmar country offices moved to more efficient premises during the biennium, generating substantial savings. Another example is the corporate WHO-preferred hotel programme, which will ensure more efficient use of per diem and meeting costs, and has been implemented in the Region as of 5 June 2017.

18. The Regional Office has actively reviewed activities that can be linked to the 2018–2019 Programme Budget through prioritizing critical activities and identifying those activities that can be carried forward to the next Programme Budget. This demonstrated itself through a concerted review of HR plans across the bienniums.

19. The initiatives described are fully in line with the value for money criteria WHO is applying to the 2018–2019 Budget planning process.

20. Efforts across the Region are now focussed towards qualitatively implementing the unspent funds, liquidating encumbrances (amounting to US\$ 32.5 million), cancelling redundant encumbrances and identification of appropriate VC funds for strategic carry forward to 2018-19. In addition, SEARO is ensuring that work planning for 2018-19 is completed by end of October 2017 in line with target date. These efforts will serve the dual purpose of accurate reporting and timely commencement of implementation of activities in 2018-19.

21. Tables 1 and 2 in Annexure I of this document show the status of implementation by Budget Centre and Category, respectively, for Member States of the South-East Asia Region and the Regional Office as a whole.

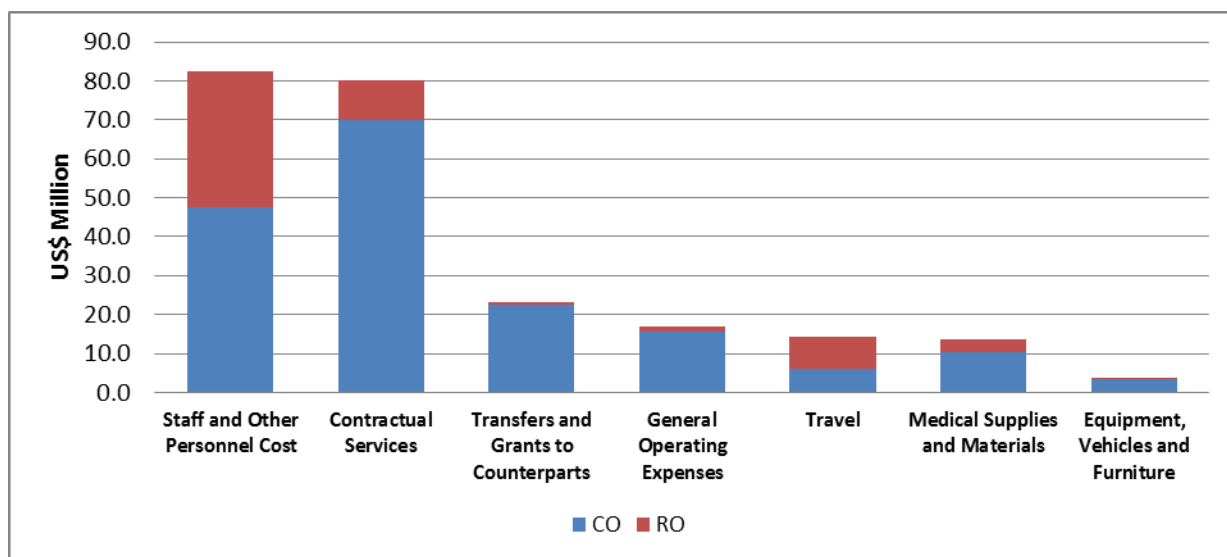
22. Total Budget utilization (expenditure + encumbrance) stands at US\$ 269 million, representing 79% of the distributed resources and 72% of the allocated Budget.

23. The average Budget utilization rate (expenditure + encumbrance) at the country office level is 74% of the allocated Budget.

24. WHO consistently seeks to strengthen the ways in which it achieves the expected results approved by Member States. One of the initiatives is to further strengthen internal controls and compliance in the area of Direct Financial Cooperation (DFC). DFC payments will be withheld from contractual partners that have overdue DFC reports, unless the Regional Director exceptionally approves further payment upon receipt of sufficient justification. On 8 August, a total of 18 DFC reports were overdue for the South-East Asia Region.

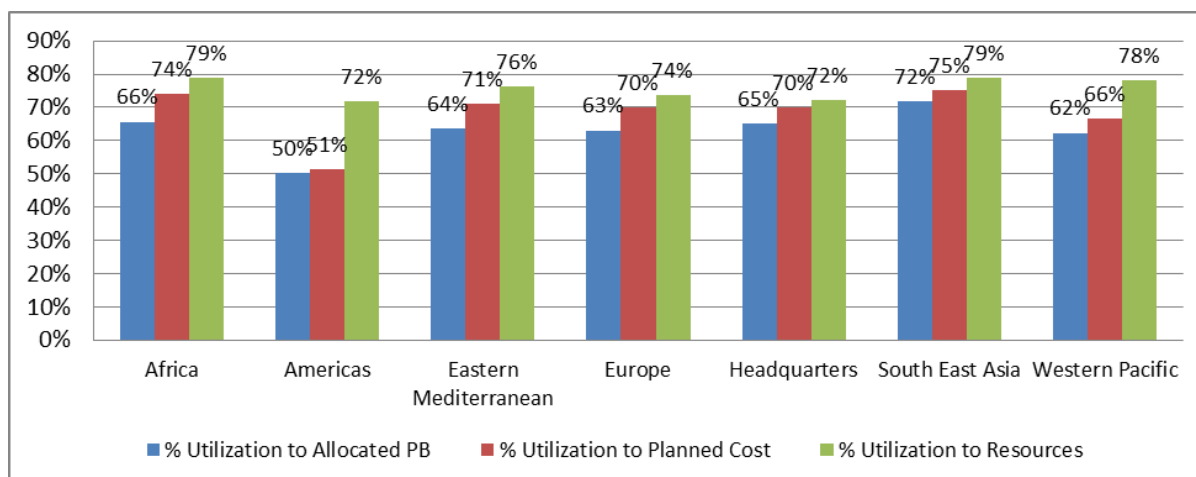
25. Graph 3 reflects the Programme Budget expenses by “expenditure type” as on 8 August 2017. The main components of the total expenditure of US\$ 234.4 million are “staff and other personnel cost” (35%), “contractual services” (34%). “Transfers and Grants to counterparts” (10%) and the balance 21% for other activities.

*Graph 3: Programme Budget expenses by type, 2016–2017 (as on 8 August 2017)
(Figures in US\$ million)*



26. Table 3 (Annexure 2) and Graph 4 reflects the Programme Budget implementation across all Major Offices. The South-East Asia Regional Office stands at first place in terms of Budget utilization rate. SEARO along with AFRO are joint lead in terms of percentage utilization against resources.

Graph 4: Programme Budget implementation by Major Office (as on 08 August 2017)



27. The expected 3% increase in AC funding for 2018-19 will bring about more flexibility for the organization at all three levels. Also, with the adoption of the Framework of Engagement with non-State actors (FENSA) there is now greater scope of deepening engagements with new and potential stakeholders interested in the health sector, such as private entities, philanthropic foundations, NGOs and academic institutions present in our Member States.

28. WHO continues to provide guidance and support to Member States on strengthening resource mobilization. The Regional RMMS (Resource Mobilization Management System) tool has greatly enhanced our capacity to project incomes/budget space and process agreements/awards at regional and country levels.

29. GEM (Global Engagement Management) tool, which is an advanced version of RMMS, will further improve the capacity of the organization to engage with non-State actors for partnerships and coordinated resource mobilization efforts across clusters and levels, including projection of income(s)/budget space(s) and process agreement(s)/award(s).

Annexure 1

Table 1: Programme Budget 2016–2017: Budget, planned cost, resources and Budget utilization by country (as on 8 August 2017) [in US\$ million]

Budget Centre	Allocated PB	Planned cost	Distributed resources	Implementation (expenditure)	Utilization (Exp. + Enc.)	%Utilization on to PB	%Utilization to resources
Bangladesh	32.1	31.0	31.9	21.1	25.6	80%	80%
Bhutan	5.6	5.6	4.9	3.9	4.2	74%	85%
India	96.6	96.6	96.8	63.8	79.4	82%	82%
Indonesia	27.8	27.6	26.2	17.8	19.7	71%	75%
DPR Korea	13.1	12.7	11.9	8.2	9.8	75%	82%
Maldives	4.8	4.8	4.8	3.2	3.7	77%	78%
Myanmar	40.4	40.0	38.9	27.9	30.4	75%	78%
Nepal	20.9	20.5	16.7	12.0	13.7	66%	82%
Sri Lanka	9.2	9.2	8.4	5.6	6.5	71%	78%
Thailand	9.8	9.5	7.7	5.9	6.1	63%	80%
Timor-Leste	9.4	9.3	8.9	5.9	6.3	67%	70%
CO Reserves	6.7	0.0	0.0	0.0	0.0	0%	0%
Total CO	276.5	266.9	257.1	175.5	205.4	74%	80%
Regional Office	97.9	91.7	83.4	59.0	63.6	65%	76%
Total for South-East Asia Region	374.4	358.6	340.5	234.4	269.0	72%	79%

Table 2: Programme Budget 2016–2017: Budget, resources and fund utilization by Category (as on 8 August 2017) [in US\$ million]

Category	Category name	Allocated PB	Planned cost	Distributed resources	Implementation (expenditure)	Utilization (Exp. + Enc.)	%Utilization to PB	%Utilization to resources
01	Communicable diseases	97.8	95.4	94.7	58.9	69.2	71%	73%
02	Noncommunicable diseases	24.3	21.9	19.9	14.7	15.8	65%	79%
03	Promoting health through the life-course	26.1	23.1	21.0	15.8	17.4	67%	83%
04	Health systems	55.1	52.2	45.6	34.4	36.9	67%	81%
05	Preparedness, surveillance and response	101.5	99.6	102.3	72.3	86.5	85%	85%
06	Corporate services/enabling functions	56.4	53.8	48.8	34.8	38.3	68%	79%
12	World Health Emergency funds	13.1	12.4	8.3	3.5	5.0	38%	60%
Total for South-East Asia Region		374.4	358.6	340.5	234.4	269.0	72%	79%

Annexure 2

Table 3: Programme Budget implementation by Major Office
(as on 8 August 2017) [in US\$ million]

Major Office	Allocated PB	Planned cost	Available resource	Budget utilization (Exp. + Enc.)	% Utilization vs allocated PB	% Utilization vs Planned Cost	% Utilization vs resources
Africa	1,679.4	1,489.9	1,398.0	1,102.6	66%	74%	79%
Americas	194.7	190.7	136.1	97.7	50%	51%	72%
Eastern Mediterranean	1,241.0	1,111.6	1,036.0	789.0	64%	71%	76%
Europe	305.7	276.2	261.9	192.8	63%	70%	74%
Headquarters	1,773.8	1,653.5	1,598.1	1,155.0	65%	70%	72%
South-East Asia	374.4	358.6	341.7	269.0	72%	75%	79%
Western Pacific	292.9	274.5	233.5	182.4	62%	66%	78%