

WHO reform

Better value, better health

Strategy and implementation plan for value for money in WHO

Report by the Director-General

1. In the era of the Sustainable Development Goals and a more constrained global fiscal environment, better alignment of efforts and a clearer definition of the role and added value of the multiple stakeholders are required. More than ever, WHO needs to show that all its activities, wherever they are conducted, are maximizing the health impact derived from every dollar spent.
2. The report defines what value for money is in the WHO context; it identifies the key dimensions of the concept and applies it on three different levels: (i) global strategic priority-setting; (ii) programme design and implementation and (iii) leadership and enabling functions. The Secretariat has also developed an implementation plan, which is attached at Annex 1.
3. One of the first initiatives of the new management of WHO has been to launch the implementation of a holistic value-for-money approach and to foster an organizational culture driven by results and impact. This approach is central to the draft thirteenth general programme of work 2019–2023 (GPW 13), which states: “WHO will focus on impact: GPW 13 sets targets of 1 billion people for each of its strategic priorities. Moving beyond a focus on process or outputs alone, WHO will place the impact on people at the heart of its work. WHO will measure its results and detail its contribution, in support of countries and alongside other actors, to outcomes and impact. ... The focus on impact will strengthen the case for investing in WHO. Value for money will be shown by clear measures of cost-effectiveness”.¹
4. The purpose of this report is to inform Member States about the ongoing work of the Secretariat on value for money and to seek the advice and guidance of the Executive Board regarding future directions.

What is value for money?

5. Often confused with cost saving or economizing, value for money focuses on how an organization achieves results. The process by which inputs are converted into outputs, which lead to outcomes and impact on the outside world, must be considered from a value-for-money perspective to

¹ Document EBSS/4/2.

provide for optimal deployment of effort and resources, and ensure that the Organization's mission and goals remain on course for achievement.

6. Value for money requires a combination of three key dimensions:

- **economy** – keeping inputs (human and financial resources) as lean as possible;
- **efficiency** – using those inputs to obtain or “buy” as much output as possible;
- **effectiveness** – keeping the quality of the Organization's output as high as possible, in order to have the greatest possible impact.

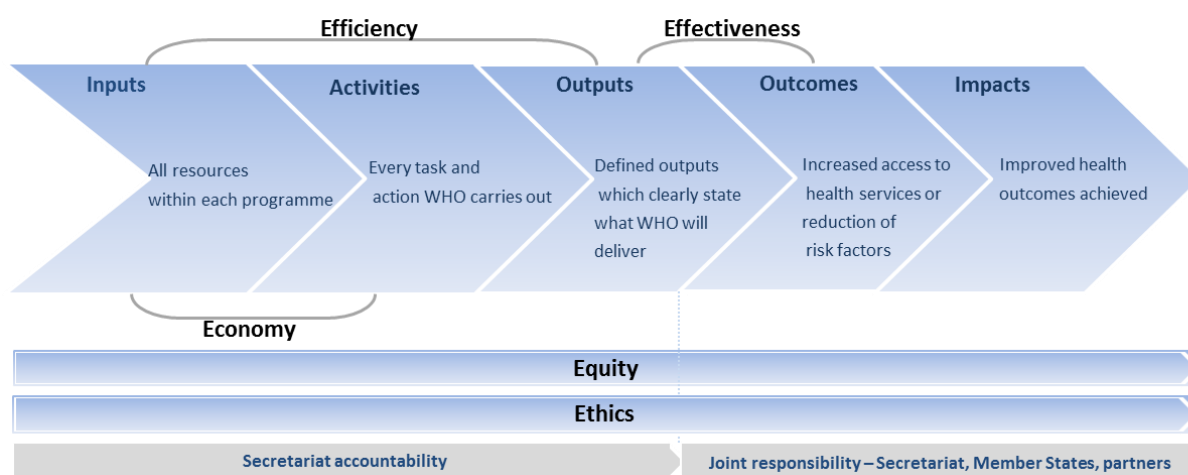
The Secretariat also decided to add two other important dimensions that are specific to the nature of the Organization's mission and operations:

- **equity** – taking into consideration the extent to which outputs benefit and ensure coverage of the most vulnerable and hard-to-reach populations; and
- **ethics** – ensuring that all inputs, outputs and outcomes uphold the fundamental ethical principles of respect, good will, justice and not causing harm.¹

Value for money in WHO today

7. In order to achieve value for money at each stage from input to impact, the respective roles and accountabilities of the Secretariat and Member States must be clearly and explicitly defined.

Figure. WHO results structure and five dimensions of value for money



8. The figure above describes the results structure introduced in 2014. The structure sets out the process from inputs to achieving health impacts and clearly describes the roles and responsibilities at the three levels of the Organization. The figure shows that, while the Secretariat is accountable for economy and efficiency, effectiveness can only be improved jointly with Member States.

¹ For a graphic presentation of the five dimensions, see document A70/INF./6.

9. It is also important to note that, while economy, efficiency and effectiveness are considered and measured when specific elements of the results structure are transformed from one level to the next (such as looking at efficiencies when inputs are transformed into activities and outputs), equity and ethics should be considered at all levels of the results chain. This should not, however, imply that equity and ethics could be used as a general argument to override efficiency considerations.

10. Keeping this in mind, the key dimensions of value for money can be translated into a framework for action for WHO to build on through the following:

- **global strategic priority-setting**, in which consideration is given to the extent to which the Organization is doing the right things in the right places; whether to seek answers in the way WHO corporate structures help prioritization; whether the Organization's governance assures a level of ownership that supports that prioritization; and evaluation and organizational learning to ensure continuous improvement;
- **programme design and implementation with a focus at the country level**, in which the design of a given programme is examined critically, alternatives are compared when considering interventions, attention is paid to costing and use of human and financial resources, and subsequently progress is monitored and impact evaluated; and
- **leadership and enabling functions**, where emphasis is placed on driving efficiency in corporate functions to support the achievement of results. Under this aspect, consideration is also given to cross-cutting enablers that focus on improving transparency and strengthening evidence-based planning, monitoring and evaluation.

11. Global strategic priority-setting¹ involves substantial consultation with Member States and feeds into the general programme of work and the programme budget. These two instruments reflect the joint efforts of the Secretariat and Member States over a number of years to reach the health targets set. The draft thirteenth general programme of work fully embraces a value-for-money approach: it clearly defines a selective number (three) of key strategic

Value for money in WHO: the Global Polio Eradication Initiative

The Global Polio Eradication Initiative launched a study in 2012 to identify and evaluate value-for-money opportunities, with the aim of improving its efficiency and effectiveness. The study identified and reviewed key cost drivers and differences between countries, explored cost-efficiency and resource-shifting opportunities, and identified best practices to be shared and used elsewhere. These included cost-sharing with other initiatives, reaching the hard-to-reach and leveraging new technology, improving risk mitigation measures, and improving forward planning. The study also made a number of specific operational recommendations: in the short term (next 12 months), to improve oral polio vaccine buffer management and training quality and frequency; in the medium term (next 1–2 years), to adjust the scale of operations as areas become polio-free by improving target population estimates and optimizing the frequency of supplementary immunization activities campaigns; and in the long term (next 2–6 years), to develop a long-term plan for the Eradication Initiative's infrastructure and activities, optimize expenditure on personnel and conduct an evaluation of Initiative-supported non-polio activities.

¹ See document A70/INF./6 for a more detailed discussion of programme design and implementation, and of leadership and enabling functions.

priorities and ties them to ambitious global targets for progress; and it focuses on impact (beyond outputs) and uses an impact framework to measure results and detail the Secretariat's contribution to them.

12. Subsequently, the programme budget will operationalize the three strategic priorities of the general programme of work and will constitute a major decision-making tool focusing the efforts of the three levels of the Organization over the coming bienniums.

Value-for-money mapping across multilateral organizations

13. In order to help the Organization to devise the model for its value-for-money approach, the Secretariat sought to map relevant current practice in other multilateral organizations,¹ both within and outside the United Nations system. It examined publicly available strategic plans and programme budgets, together with the specific strategies related to value for money (where available) of organizations of different natures (technical/normative, implementing, financing), using the following criteria:

- whether or not the organization concerned explicitly conceptualized value for money in its strategies and plans;
- whether or not the concept covered the same dimensions as the proposed WHO conceptual framework, i.e. economy, efficiency, effectiveness, equity and ethics; and
- whether or not the organization concerned had more consistently applied the concept internally to its operations, or externally to its recipients.

14. All the organizations mapped had incorporated value-for-money principles to varying extents. Many had not clearly conceptualized value-for-money strategies in their strategic plans, but had included certain elements of value-for-money principles. Technical/normative agencies tended to focus more on internal control and what their secretariats could do to improve financial efficiency gains. Implementing or financing organizations took a more externally oriented view, effectively devolving responsibility for value for money to their partners and contractors, which work within frameworks encompassing elements that differ from those in the WHO model. All took into account efficiency and effectiveness, but there was no evidence anywhere of an ethics consideration. Considerations of economy and equity varied.

15. The mapping exercise made it clear that, although there was much ongoing thinking and work on value for money in most United Nations organizations, there was no “off-the-shelf” solution that could be directly imported to WHO. It nevertheless brought to light several important elements/initiatives that could be considered.

Next steps for WHO

16. The introduction of complex processes is unlikely to achieve better value for money. Rather, the Organization should focus on building on existing value-for-money practices and recent achievements

¹ Organizations surveyed: FAO, the GAVI Alliance, the Global Fund to Fight AIDS, Tuberculosis and Malaria, ILO, UNAIDS, UNDP, UNESCO, UNICEF, UNIDO, WFP, WIPO, the World Bank.

resulting from WHO reform. Although WHO already has some value-for-money processes, they are not applied uniformly or systematically, and are not always well documented or appropriately evaluated.

17. In July 2017, the concept was discussed with the Independent Expert Oversight Advisory Committee. The Committee supported the approach and warned against “over-institutionalizing” value for money in WHO.¹

18. In order to move forward, an initial implementation plan has been drawn up (see Annex 1), with concrete actions and guiding principles (Annex 2). The plan’s key areas and objectives are as follows:

- ensure value-for-money principles guide WHO priority-setting;
- encourage cross-sectoral work and reduce fragmentation;
- establish strong value propositions at intervention/programme inception, implementation and reporting;
- ensure and demonstrate that value for money is embedded in WHO policies and business rules;
- manage cultural change in WHO.

19. Several activities have already been started and implementation is under way across the Organization. Annex 3 presents the application of the implementation plan in the emergency programmes of the WHO Eastern Mediterranean Region.

ACTION BY THE EXECUTIVE BOARD

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

¹ See Report of the Twenty-second Meeting of the Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization (Geneva, 26–28 July 2017) (http://apps.who.int/gb/ieoac/PDF/22/IEOAC_Report_of_the_22th_Meeting.pdf, accessed 10 November 2017).

ANNEX 1

IMPLEMENTATION PLAN

1. Ensure value-for-money principles guide WHO priority-setting

The actions listed below concentrate on the “portfolio level” at WHO. Is the Organization doing the right things? Is it concentrating on issues in respect of which WHO has the biggest comparative advantage and on which it has the biggest impact?

Strategic objective	Implementing activities	Measures of success	Time horizon
Ensure that value-for-money principles guide WHO priority-setting at the country level	Revise the Country Cooperation Strategy from a value-for-money perspective	Number of Country Cooperation Strategies updated using value-for-money approaches/ checklist	Medium term
	Develop the thirteenth general programme of work 2019–2023 with a clear set of priorities and apply them in the programme budget for the biennium 2020–2021	Prioritization plan developed and agreed with Member States at the Seventy-first World Health Assembly	Ongoing
	Strengthen the WHO Organization-wide monitoring framework to make it easier to measure the impact of WHO activities	Organization-wide indicator framework with clear baseline, targets, definitions and measurement criteria	Ongoing

2. Encourage cross-sectoral work and reduce fragmentation

Optimizing the value for money from WHO work involves improving the integrated delivery of activities and results across the three levels of the Organization. The activities mentioned below are major steps towards this improvement.

Strategic objective	Implementing activities	Measures of success	Time horizon
Encourage cross-sectoral work and reduce fragmentation	Develop a forward-looking investment case for WHO	An overall cost–benefit ratio that forms the basis for forward-looking investment for a broad timespan (the period of the Sustainable Development Goals)	Ongoing
	Map budget centre contributions to the achievement of universal health coverage	Mapping developed and analysis used for better integration of WHO activities at the three levels of WHO	Medium term

3. Establish strong value propositions at intervention/programme inception, implementation and reporting

The concept of value for money is most concretely present at the country level, where most projects are implemented. But how is a certain intervention/project chosen over alternative options? How were the alternatives considered? How are the five key dimensions represented?

Strategic objective	Implementing activities	Measures of success	Time horizon
Establish strong value propositions at intervention/programme inception, implementation and reporting	Map current WHO interventions/programmes that consider/incorporate value-for-money approaches, identifying best practices and barriers (e.g. the current funding structure)	Selected case studies/examples documented	Short term
	Incorporate the money-for-value rationale into funding proposals for donors	Number of donor proposals with a section on value for money	Medium term
	Incorporate into donor reports a section on how the programme has contributed to value for money	Number of donor reports with a section on value for money	Medium term
	Provide training and develop tools enabling staff to meet this objective		Ongoing

4. Ensure and demonstrate that value for money is embedded in WHO policies and business rules

The emphasis is on driving efficiency in enabling and administrative corporate functions to support the achievement of results. This objective also considers cross-cutting enabling functions focus on improving transparency and strengthening evidence-based planning, monitoring and evaluation.

Strategic objective	Implementing activities	Measures of success	Time horizon
Ensure that value for money is embedded in WHO business processes	Review the recommendations of the third stage evaluation of WHO reform (2011–2017)	Recommendations are incorporated into revisions of WHO policies and processes	Short term
	Review corporate policies, rules and strategies relating to programme implementation from a value-for-money perspective	Key WHO policies reviewed (e.g. procurement, meeting management)	Ongoing

5. Manage cultural change in WHO

Value for money cannot be mainstreamed into the Organization's everyday work without a fundamental change in organizational culture. Successful value-for-money implementation means managing this change process at all levels of the Organization.

Strategic objective	Implementing activities	Measures of success	Time horizon
Manage cultural change in WHO	Hold consultations with staff at all three levels of WHO, and with other stakeholders, on value for money	All WHO regional offices held consultations/brainstorming/awareness-raising sessions on value for money in 2017	Short term
	Include value-for-money concepts in capacity-building initiatives to strengthen the culture within and outside WHO	Value-for-money concepts are included in WHO staff induction programmes	Medium term
	Define value-for-money champions across WHO	A network of value-for-money champions has been established throughout WHO	Short term
	Strengthen transparency by making information public	The programme budget web portal has been updated to include examples of initiatives/programmes demonstrating value for money	Short term

ANNEX 2

GUIDING PRINCIPLES

The activities described in Annex 1 are underpinned by the following guiding principles.

Principle 1. Cost-consciousness

Cost-consciousness is central to value for money and requires WHO to seek reasonable opportunities to reduce costs at every level of operation. Decision-makers should scrutinize programming costs throughout the investment life cycle to ensure the most cost-effective options are pursued. However, economy should not be pursued without consideration of the impact on effectiveness and efficiency. Cost is one critical aspect of the value-for-money equation, but value for money does not always mean choosing the lowest cost option. It requires consideration of a task's priority, alternative ways of achieving that task, and the costs and benefits of different approaches.

Principle 2. Competitive selection

Competitive selection is central to value for money and requires WHO to consider and compare competing methods and partners and to select the option that offers the optimal mix of costs and benefits. Decision-makers must encourage comparative analysis of alternative solutions when making investment decisions, including when selecting partners and contractors.

Principle 3. Proportionality

Value for money requires organizational systems to be proportional to the capacity and need to manage results and/or deliver better outcomes, and calibrated to maximize efficiency. Business processes, policies and systems should be designed with a clear understanding of transaction costs, measured against the potential benefits. The means of assessing value for money also need to be proportional to the scope and complexity of the investment being evaluated.

Principle 4. Performance and risk management

Performance and risk management are integral to value for money and to maximizing the effectiveness of investments. Contracts, other investments and programmes must be continuously reviewed for quality to ensure that they are meeting their objectives and delivering maximum impact. It is critical to integrate robust approaches to risk management into the overall programme management cycle, as they maximize the likelihood of achieving objectives and thereby contribute to overall effectiveness.

Principle 5. Results focus

WHO must focus on results and impact. Effective contract, investment and programme design, and robust implementation, are essential to ensure WHO objectives are met in a timely and cost-effective manner. Clearly identified objectives and performance targets are crucial to facilitating a strong results orientation. Decision-makers need to balance anticipated outcomes and benefits with the potential for increased risk and manage these accordingly. Flexibility is necessary to ensure approaches can be adapted to achieve results in volatile environments with changing priorities.

Principle 6. Innovation

Many WHO investments are delivered in inherently risky environments. To maximize impact, creative and flexible approaches to the design and delivery of contracts, investments and programmes are required. This can be fostered by trialling experimental and innovative mechanisms where there are reasonable grounds to expect better overall outcomes. This will require an appetite to trial new ways of delivery and a recalibration of risk tolerance.

Principle 7. Accountability and transparency

Accountability and transparency are central to value for money, as they strengthen responsibility for results and can contribute to the continuous improvement of organizational processes. Effectiveness requires that WHO is held accountable both by taxpayers and by intended targets and beneficiaries for delivering results. This helps to create appropriate incentives for optimal performance. WHO must hold partners accountable and demand transparency at all levels to facilitate honest dialogue about the overall impact of investments.

ANNEX 3

VALUE FOR MONEY IN EMERGENCY PROGRAMMES MANAGED BY THE REGIONAL OFFICE FOR THE EASTERN MEDITERRANEAN

Faced with the contradictory reality of unparalleled humanitarian needs at a time of shrinking resources, the WHO Regional Office for the Eastern Mediterranean (EMRO) has taken a strategic approach to ensuring that the current limited resources are used in the most effective and efficient way possible to save lives and build resilience. It is making a comprehensive effort to maximize the outcomes and outputs for beneficiaries and target populations. This regional approach to emergency programming and operations is timely for two main reasons. First, it is embedded within the WHO corporate value-for-money strategy. Second, implementation of the WHO Health Emergencies Programme requires the highly efficient development of new business rules and practices.

Using the “Whole-of-Syria” approach (Turkey/Gaziantep, inside the Syrian Arab Republic, Jordan/Amman hubs) as an entry point, EMRO will focus on three elements of the implementation plan as a first step.

Strategic objective	Area of focus
Ensure value-for-money principles guide WHO priority-setting for the emergency response at country level	Strengthen emergency planning processes by aligning the resource mobilization strategy with WHE operational planning of the WHO Health Emergencies Programme
Establish strong value propositions at intervention/programme inception, implementation and reporting	Map current WHE interventions/programmes that consider/incorporate value-for-money approaches, identifying best practices and barriers (e.g. the Organization’s current funding structure)
Manage cultural change in WHO	Hold consultations with staff at all three levels of WHO, and with other stakeholders, on value for money

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