**ABSTRACT**

**Background:** The World Health Organization (WHO) Reform emphasizes strict adherence to two procedures for disbursements of resources allocated to all the 196 member states as per approval from the World Health Assembly. Direct financial cooperation (DFC) are transactions where funds are transferred to government and concluded in three months after completion of activity. Direct implementation is the procedure when the WHO pays on behalf of the Government of the Republic of Zambia (GRZ) for implementation of processes concluded within 5 months after the activity. The aim of this study is to document financial compliance to WHO reform of WHO Zambia with government.

**Methods:** This was a desk review of financial activities from the WHO country office from January to December 2015. Findings and recommendations from the November 2015 External Audit conducted on the financial operations of the WHO Zambia office in the area of implementation and management of Direct Financial Cooperation and Direct Implementation were also analysed.

**Results:** The resource allocations were equally distributed between DFCs and DIIs during the year of study. The WHO Zambia conducted fortnightly meetings to review DFC and DI status and, monitoring with all Program officers. Of the 34 DFCs issued only three (8%) were submitted late at the beginning of 2015 with progressive improvement thereafter. WHO Zambia received commendation from the Regional Office, a consideration which was corroborated by the External Audit recommendations.

**Discussion:** One of the reasons for reform was financial accountability challenges in the WHO with donors raising concern. The conformity of the WHO Zambia is an attribute. The WHO Zambia implemented the DFC and DI in accordance with WHO guidelines as evidenced by positive Audit recommendation in this area.

**Conclusion:** The regular WHO Zambia tracking of the status of DFCs and DI is a best practice that the other regional Country offices can emulate. This practice if scaled up to the entire region will increase donor trust and confidence.

**INTRODUCTION**

The financial resources that support the World Health Organization are derived from annual subscriptions from all the 196 member states which are generally flexible in terms of the activities they can be used to support. In addition there are voluntary contributions from donors including philanthropists which are usually allocated with strings attached and occasionally very tight time frames and earmarked for specific activities and limited flexibility.

The Programme Budget is financed through a mix of assessed and voluntary contributions. Assessed contributions (which are essentially membership dues calculated relative to a country's wealth and population)
represent just 20% of the Programme Budget 2014-15, with the balance being mobilized through voluntary contributions. The two sources of funds are pooled together as the biennium budget. The proportion of the fiscal space from accessible funds has been declining from more than 70% of the fiscal budget ten years ago to less than 20% during the 2014-15 biennial plan. The increasing dependence of WHO on donor funding has threatened the sustainability and independence of its functionality creating some uncertainties. The scrutiny of the WHO handling of fiscal budget by donors and some member states especially the adherence to the rules caused disquiet.

Each country receives a biennium fiscal allocation comprising accessible funds and voluntary funds. The resource envelope for the WHO is distributed in a disaggregated manner according to 6 broad categories or clusters. Transferring funds from one cluster to another is a challenge. At the beginning of each biennium the Regional Director co-signs the biennial plan with the Minister of Health of the member state based on activities jointly agreed activities between the two institutions. The funds in this plan are disbursed into two formats; Direct Financial Cooperation (DFC) and Direct Implementation (DI). With DFC funds are transferred to the Ministry to be used for pre-agreed activities and the process concluded within three months of completion of the activity. DI is the approach where the WHO Zambia manages the funds directly for activity implementation with the process concluded within five months of initiating the activity. The WHO Reform emphasize strict adherence to compliance of the implementation; failure to close the DFCs within 3 months after completion of activities leads to suspension of new DFCs to the same department of government while failure to comply with DI leads to suspension of further use of that modality. The repercussions of these enforcements are serious because failure of disbursement leads to non-implementation of key activities with the Ministry free to seek support from other partners to undermine what might be a core activity of that organization raising questions on the organization relevance at country level. One of the reasons for WHO reform was financial accountability challenges in the WHO to comply with financial disbursements especially donor funds. Efficiency and utilization effectiveness were a challenge for the WHO. A multitude of partners were also entering the hitherto core mandate of the WHO, that of Health systems strengthening and later that of emergency. Different WHO offices adapted different innovations to handle timely closure of DIs and DFCs in their offices to avoid infringement with the guidelines and therefore forfeit possible sanctions.

The purpose of this study was to document how Zambia WHO managed the financial allocation and disbursement to satisfy the government and meeting the donor expectations.

METHODS

Desk review was conducted of financial transactions from the Office and exchange with the government, quality and timeliness of receipt of technical and financial reports to and from government departments across the country from January 2015 to December 2015. Reviews from the regional office and Inter-country Support centre in Harare and periodic reviews and monitoring reports and warning reminder reports from Regional Office and Kuala Lumpur were accessed. Monthly online tracking and monitoring reports were reviewed during the 12 month period. Findings and recommendations from the November 2015 External Audit conducted on the operations of the WHO Zambia on implementation and management of DFCs and DIs were also analysed.

RESULTS

The WHO Zambia began monitoring meetings for technical officers' DFCs, Dis and donor reports initially every fortnight and when there were no longer any overdue reports the periodicity of the meetings changed to monthly. All technical staff whose DFCs were overdue were not cleared to conducting missions until appropriate
pending reports were closed. WHO Zambia seriously treated adherence to timely closure of DFCs by technical staff with staff not cleared to undertake international travel missions because DFCs in the area of work were approaching overdue status.

During the 12 month period under study, 34 DFCs were issued of which three (8%) went overdue at the beginning of the study period before mitigating efforts were fully operational. Not a single department was suspended from receiving a DFC because of overdue DFCs. DFCs and DIs were each allocated about 50% of the annual budget. By close of 2015 there was no overdue DFC or DI in WHO Zambia global monitoring online system. The 2015 WHO Zambia external audit cleared financial management practices with respect to DFC, DI and timely submission of the donor reports.

**DISCUSSION**

WHO Zambia successfully complied with stipulated financial disbursement procedures for handling fiscal budget using the DFCs and DIs to support the implementation of activities of the biennial plan in accordance with provisions outlined within the WHO Reform. The WHO Regional for Africa and Inter-country Support Team for Eastern and Southern Africa expressed commendations for the work. This position was further corroborated by recommendations from the 2015 WHO Zambia external audit cleared financial management practices with respect to DFC, DI and timely submission of the donor reports.

WHO Zambia as an institution therefore complied with accountability framework with respect to financial management in line with the WHO Transformation Agenda.

Introduction of systematic monitoring and tracking of the implementation of the biennium plan and performance in terms of closure of DFC, DI and submission of donor reports gradually improved from the beginning of 2015 when the practice was introduced. The performance was recognized by the monitoring mechanism at the Regional level where comparisons in trends and were made across the region and non-performing states were alerted for need to improve and the good performers recognized.

The complementary role currently pursued by IST and AFRO on outstanding DFCs and DIs as well as donor reports support further track and monitors the performance of member states in this regard.

This practice currently followed by the WHO Zambia is a best practice which can be adapted by other offices where financial accountability is still a challenge in the African region.¹

One of the tenets for existence of WHO was the need for global accountability of how the WHO was managing the financial resources especially the compliance with donor reporting needs and stipulations. At one point the organization relied on contributions for its operations on member state subscriptions.² However when the relative budget of WHO increased with minimal matching membership subscription the donor contribution through voluntary funds increased to more than 70% of the WHO needs because of increased donor confidence in managing resources.

The future sustainability of the financing and looming obscurity of mandate of the institution is at stake.

Improved accountability through effectiveness and efficiency in handling financial resources is critical in re-establishing investor and donor confidence which can improve the funding of the organization. The compliance to the WHO Reform and indeed through the Transformation agenda as has been illustrated by the WHO Zambia can go a long way in the much needed restoration of investor and donor confidence.³

**CONCLUSION**

Conformity to financial accountability within the WHO Reform can be accomplished through regular tracking of the status of DFCs and DI. This is a best practice that Country offices can adapt and implement within Transformation Agenda thus restore donor trust and confidence.
REFERENCES


