



WORLD HEALTH ORGANIZATION

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Director-General's introduction to the proposed budget 2000-2001

Mr Chairman, members of the Board,

In my written introduction to the budget I have shared with you the approach we took to the budget process when I took office in July.

Now we are looking forward to your interaction.

I see this meeting not as an end point - but rather a starting point of a continued process of discussion and refinement of the budget in front of you - a process which will lead us to the World Health Assembly. As I emphasized yesterday - your views, guidance and shared responsibility are much welcomed.

The first issue I would like to raise concerns efficiency.

I know from my past experience the need to run strict budget discipline. My approach has always been to maintain a continued focus on efficiency gains, and that approach I have taken with me to WHO.

Never once since we started the budget process have I argued the case for real increase in the assessed contributions from Member States. I know all too well the budgetary constraints of Member States - and in particular among the low and middle income countries.

I think it is fair for Member States to say that the new WHO will have to prove its efficiency. I - for my part - am certain that we will. When we estimate an increase in voluntary contributions we do so because we believe we have a valuable product to offer. We are ready to be judged on the merits. We are ready - and even eager - to earn our leadership. We are blunt enough to suggest that WHO can attract a larger share of the voluntary cake.

The approach to the assessed contributions is of course different - and we have approached it differently and not asked for an increase - we have only asked you to avoid a decline.

We have tried on this occasion to present our expected results using the combination of both streams of income - the regular and the voluntary.

You can imagine the difficulty in estimating our voluntary income up to as much as three years ahead. Even our techniques for this estimation are still at a very early stage, especially in the regions. I therefore decided that we had to show targets, built upon what each area considered was needed to get the work done,

This is in contrast to what was done in the past, which was to show only what was known at the time of budget preparation - which was always less than what actually came in - and which led to almost no discussion of extrabudgetary resources by our governing bodies. This new approach has already stimulated the type of interest and debate that we really need and welcome.

When we started the budget process last fall, the automatic approach was to maintain allocations in the present budget. This had been the case for all too long. That is the easy way out, and I did not accept this approach. I asked all the Executive Directors to proceed to a "sunset review" in each cluster with the aim of freeing up resources which we could then allocate to higher priority areas. That process was not easy - but we did identify more than 10 per cent of the existing allocations through the regular budget - most of it coming from the management area.

On this basis we had leeway to give a sharper profile to the budget of 2000-2001 - and these changes are highlighted in the budget text.

This approach will continue. We will not shy away from shifting our priorities when a changing world makes that necessary. And as I told you Monday - we will continuously look for efficiency gains and see to it that we shift them to activities.

Over the years, WHO has explored measures aimed at reducing costs, and freeing more money for the implementation of our activities. In this budget we can see the start of these shifts to substantive programme work. About 20 million dollars has moved from general management to technical clusters and countries.

We will be reviewing a wide range of our current practices to see whether we ought to be doing them differently, or indeed doing them at all. We will be reporting back regularly to you on the progress we have made.

Let me then comment on the issue of zero real growth.

I wish to be clear on the way I read this notion. Zero nominal growth has nothing to do with zero. It is all about minus. Zero real growth has very little to do with growth. It is really about maintaining our levels in a world of inflation and fluctuating exchange rates.

Julio Frenk and Chris Murray showed the Board on Monday how most countries experience a significant growth in health expenditure as part of GDP. Their presentation told us a lot about why this is happening. It happens in all categories of countries - not only the richer ones - but also in the low and middle income countries.

Many are concerned about how these resources will be spent as countries go through complex reform of their health sector - as they face the double burden of disease - as they face the ageing of their populations. In addition to our regular functions as a technical and normative agency, WHO will need to advise countries on the use of scarce resources, on how to structure health systems to address vital needs and - on the dissemination of best practices - on the readiness to respond to the spreading of new threats.

To me all this amounts to a global public good.

I would ask you to consider this discussion also as a discussion of how we nurture this public good.

This has been my approach. When I call for zero real growth it is because I read from the figures that the budget of our common public good has been falling considerably - in monetary terms - but even more so in relation to the rising needs.

Overall the impact has been about 20% in real terms over 10 years - and I have to look ahead and ask you to consider if this is where we should be heading.

Finally, let me make a remark on accountability.

Our quest to make best use of scarce resources is followed by a stronger commitment to accountability and transparency. Our budget proposals and programme implementation arrangements must allow easy tracking of resource flow, resource shifts, and expenditure patterns. A key measure to achieve this is to create a much stronger link between our **budget** and **organizational** structure.

More important, however, is the accountability for results. Increasingly, we want to be judged by what we do and what we produce and not just by how much money we have. This calls for clear statements of mission, objectives, and tangible and wherever possible, measurable indicators of success. We have attempted to do that in the budget document, but a lot more work remains to be done, and will be done, in this area.

I welcome the constructive contributions made by the two committees of the Board last week. You asked a number of questions and we are happy to respond to all of them. And we wish to continue this dialogue with you - to explain our structure - to refine our approach - to clarify what is not clear. I have told Executive Directors that your questions and guidelines are important drivers of reform.

With this approach, Mr Chairman, I am confident that we will be able to reach a result at the World Health Assembly - a result which points to the future and offers hope to all those who have legitimate and high expectations of the work of the World Health Organization.

Thank you.

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