# *Introduction by the Director-General*

## CHANGE AND RENEWAL

This is the first WHO budget for the twenty-first-century and the first budget prepared by the new administration. It is a critical milestone in the process of transformation that is taking place in WHO.

The budget begins to show how the themes I highlighted at the time of the Health Assembly in May 1998 are translated into the way we set our goals, how we organize our work at headquarters and how we allocate resources. They have become the basic components of a ***strategic framework*** for WHO.

What we see here is ***work in progress***.

- We have changed the ***organizational structure*** at headquarters, so that it more closely reflects the business we are in. After a major focus on structural change at headquarters, we are now working with the regional and country offices to continue the process of reorganization.
- We have taken the first steps in ***reorganizing the budget*** and reallocating funds to areas that we wish to see highlighted in the coming biennium.
- We have recognized that changing the budget cannot be carried out in isolation - it means looking at the whole ***managerial process*** through which WHO makes plans and monitors its performance. This will take time.

When the new team started in July 1998, work on the 2000-2001 programme budget was nearly complete.

Together with the senior management team in Cabinet, I was faced with a dilemma: to try and make changes in the structure and orientation of the budget before the end-November print deadline for the Executive Board session in January, or to let the ongoing process of budget preparation continue.

Cabinet opted for change. The alternative would have meant being unable to reflect new priorities in WHO's spending plans for another four years; reducing the impact of the new organizational structure; and, not least, continuing with the lack of transparency that results when there is a mismatch between budget and organizational structure. Despite the enormous volume of work that it entailed, we felt that it was worth doing.

This revised budget presentation to the Fifty-second World Health Assembly takes the changes and strategic direction a step further, in line with the views of the Executive Board in January 1999.

- As endorsed by the Board, the regional programmes are now presented with the same structure as at headquarters.
- We have further refined the results expected for 2000-2001 to make them more measurable.
- Responses to other requests by the Board are given in a separate information document.[1]

Work on the budget will continue until the beginning of the next biennium in January 2000. We will continue to seek greater coherence and unity of purpose throughout the Organization, so that the same broad priorities are reflected at all levels: at headquarters, in

[1] Document A52/INF.DOC./2.

the regional offices, and in country offices. By January we will have firm indications by which to judge the outcome of programme activities in 2000-2001.

With this budget, I invite Member States to share responsibility for WHO's ability to perform according to its comprehensive mandate. We are faced with a considerable challenge. When I told the Board in January 1999 that WHO's regular budget had decreased by over 20% in real terms over the past decade, this fact was recognized, but there was also some difference of view over the best way to calculate a percentage of that kind. There was no doubt, however, that the 1998-1999 budget represented zero nominal growth over its predecessor, and that some Member States were considering maintaining that policy into 2000-2001. And there is no doubt that zero nominal growth will mean real cuts in what we are proposing to do in this budget.

In my view it would not serve the interests of WHO's Members if this policy were to continue. We cannot allow the erosion of our resource base to persist. We will continue to seek efficiencies - this budget sends a clear signal in that direction. We have a clearly articulated strategy, which we invite our Member States to support. To secure the foundations of ***real achievement*** in the future requires ***real investment*** from our partners now.

WHO led the campaign to eradicate smallpox. That saved the world 2 thousand million dollars in yearly immunization costs. If we manage the final stretch of poliomyelitis eradication we will save another 1.5 thousand million dollars. This does not include the savings we could make if we manage to turn the tide of malaria, reduce the burden of tuberculosis, and push forward towards finding a vaccine against HIV/AIDS.

We deliver a global public good. The world spends about 2.3 million million dollars on health care. That figure is expected to rise significantly over the coming decades - in all countries. WHO's knowledge, expertise and evidence base can have a direct effect on the efficiency of that investment, especially as so many countries are now undertaking comprehensive reform of their health systems. At the same time, many countries are having to live with the double burden of disease: the continuing toll of communicable diseases and the rising epidemic of noncommunicable diseases. WHO can make a real difference in helping countries to cope with these challenges.

## A BUDGET FOR THE NEW WHO

### ALIGNING STRATEGY AND STRUCTURE

In the past, the budget for all levels of WHO was organized around the same six appropriation sections, 19 major programmes and 52 specific programmes. This has now changed, as we move toward aligning budget categories with WHO's strategy and organizational structure.

At headquarters, the existing programmes have been grouped into nine clusters. Over a period of three months, the clusters developed their internal structure, transforming 52 programmes into 35 departments. The departments have now been established, each with its own set of objectives, which contribute to the overall mission and goals of the cluster. In the budget, these departments are shown as ***areas of work***.

The budget for headquarters is now clearly set out cluster by cluster. The result is a more transparent document, which shows how funds will be spent, and who is accountable for achieving the objectives in each cluster.

Since the Executive Board in January 1999, the regions have also been working on new structures. These are not mirror images of headquarters given their different sizes and priorities but are similar nevertheless. That work is still in progress, but we are now able to show the regional office budgets using the nine-cluster structure.

## REORIENTING PRIORITIES

When we embarked on changing the budget, we quickly recognized that it would not be enough to just change the categories, reshuffling old units with their staff and funds into new groupings. If we were genuinely going to make a difference, we had to reallocate money in line with our new priorities.

In an ideal world, we would do this taking into account funds from all sources. However, given the short deadline and the need for more time to work with donors on extrabudgetary financing, we have had to focus on regular budget funds and savings.

So far we have reallocated funds primarily at headquarters. However, as we continue the process of structural change with the regional offices, they will also reorient their priorities in those directions.

## STRATEGIC FOCUS

Cabinet has worked to focus WHO's activities along the lines I presented to the Health Assembly in May 1998. Having reviewed the evidence and listened to the concerns of Member States and of our partners, it has agreed to make shifts so that a number of aspects of WHO's work will receive increased emphasis during the next biennium.

At the end of 1998, Cabinet tackled the painful process of identifying a number of "sunset" activities, thus freeing up resources to be spent on our new priorities. The largest part of those resources has come from efficiencies in administration and management, a line of action that will be maintained in the budget for the forthcoming biennium.

There is now a clear list of priorities within each cluster. These priorities, consistent with the principles of health for all, are presented below. It is important to remember, however, that they represent strategic priorities for WHO as a whole - irrespective of the precise structure at each level. Many of the proposed activities are cross-cluster in nature.

### *Communicable diseases*

Communicable diseases kill an estimated 17 million people a year. This burden continues to be a key impediment to social and economic progress, and imposes unacceptable suffering on people already living in adverse conditions. The main focus of WHO's work in the next biennium will be to reduce the negative impact of malaria and tuberculosis through global partnerships. This cluster will also actively take part in WHO's cross-cluster efforts to combat the HIV/AIDS epidemic.

In addition, WHO will concentrate on strengthening global systems for monitoring health problems of international public health importance, and building national surveillance systems that enable an effective response to epidemics.

### *Noncommunicable diseases*

Noncommunicable diseases are responsible for nearly half of global deaths, and the proportion is increasing. The main challenge is to develop and test preventive strategies, which will address several major lifestyle-related diseases through their common risk factors. Special emphasis will be given to cancer and cardiovascular disease, and to promoting international investment in tobacco control.

### *Sustainable development and healthy environments*

WHO is concerned with poverty as a major cause and as a consequence of ill-health. Planned work will focus on the contribution that better health, and access to good quality health services, can make to the reduction of global poverty; and on the development and advocacy of policies and practices in health - and other sectors of the economy - which influence the health and well-being of poor people. Within the framework of the broader

imperatives of sustainable development, it will further explore the links between the environment, health and the process of globalization.

*Health systems and community health*

WHO seeks to promote an integrated approach to health care. Work during the next biennium will focus especially on the delivery of high-quality health services for children, adolescents and women, in line with the recommendations of the Cairo and Beijing conferences.[1] There will be a new focus on developing WHO's role in the international response to the global HIV/AIDS epidemic. In addition, WHO will strengthen its capacity to back up the development of those management and support systems which are most critical for sustaining essential health services.

*Evidence and information for policy*

This area of work responds to the worldwide need for a more systematic and evidence-based approach to policy formulation and evaluation. The initial focus of work will be to develop methods, tools and standards required to collect evidence for health policy analysis, and to compile information bases which collate the evidence and make projections over time. A particular concern will be to design and test robust methods for examining the effects of different approaches to health-care financing.

*Health technology and pharmaceuticals*

Securing access of all groups in all countries to essential drugs remains a bedrock principle. WHO seeks to influence the development, production, quality, cost and distribution of health technology and drugs in ways that have a positive impact on peoples' health. Two key areas of emphasis have been identified in the next biennium. First, in the field of clinical technology, assuring the safety, quality and cost-effectiveness of blood transfusion products and services will be a special concern. Second, we shall give special attention to enhancing WHO's role in immunization, especially in the efforts to eradicate poliomyelitis.

*Social change and mental health*

WHO will place greater emphasis on the health consequences of social change and global demographic trends. Disabilities associated with mental illness such as depression, schizophrenia and other neuropsychiatric disorders together constitute 12.5% of the global burden of disease. Mental health will be given particular prominence during the next biennium. Work will focus on the promotion of good mental health, the prevention and early treatment of major mental and neurological disorders, and appropriate treatment and psychosocial rehabilitation of people with these disorders.

*External relations and governing bodies*

WHO cannot work alone: it needs to show leadership and reach out to others to pursue its key leadership role in international health. The principal challenge and primary focus in the next biennium is to revitalize relationships with other organizations of the United Nations system - in line with WHO's particular strengths and emerging global health priorities - and to develop new frameworks for partnerships with nongovernmental organizations and the private sector.

[1] International Conference on Population and Development, Cairo, 1994. Fourth Conference on Women, Beijing, 1995.

*General management*

WHO has embarked on a fundamental restructuring of management and administrative support functions. The emphasis on management reform will continue, with the overall aim of reducing administrative costs and increasing the effectiveness of support to technical clusters and departments, to regions and countries.

### CABINET PROJECTS

A major innovation in the way we work has been to organize some of our activities into projects. The purpose of these projects is to achieve rapid visibility and impact in selected areas of critical importance to global health. They represent a new way of creating unity of purpose throughout WHO. They involve working in close partnership with networks of national and international organizations. They help put in place the idea of organization-wide goals and achievement.

Work on two projects is now well under way.

- The ***Roll Back Malaria project*** will help to bring about a significant reduction in the burden of disease associated with malaria as a result of improvements in poorer peoples 'access to a range of effective antimalaria interventions. This will be achieved through improvements in the capacity of national health sectors, and other sectors associated with human development, to respond to the requirements of poor people. The Roll Back Malaria project, with its focus on contributing to the effectiveness of actions taken by other groups, within and outside WHO, will serve as a pathfinder for accelerating action to make broader public health improvements in poorer regions of the world.
- The ***Tobacco Free Initiative*** will provide global leadership and mobilize national and international action to prevent and reduce tobacco use. It will focus on global support for evidence-based tobacco control policies, new and strengthened partnerships for action, heightened awareness of the need to deal with tobacco at all levels of society, and faster implementation of national and global policies.
- In November 1998 we announced a third initiative - ***Partnerships for Health Sector Development.*** This project will create a new understanding of health sector development throughout WHO. It will explore ways for headquarters and regional and country offices to work more synergistically in providing country advice and support, placing technical inputs in a broader political and economic context and cutting across traditional programme boundaries. Working with a wide range of partners, the project will provide the practical and conceptual basis for WHO to exert a more decisive influence in shaping the international debate on sector approaches to health development.

## KEY CHANGES IN RESOURCE ALLOCATION

### REGULAR BUDGET FUNDING

I have decided to present this budget on the basis of zero real growth in the regular budget. This fundamental resource base will be further eroded with anything less than zero real growth. I have also seriously considered suggesting positive real growth, given our substantial needs, but at this stage I believe that would divide the Member States at a time when unity is needed to renew and revitalize our Organization. We have added a section to the budget originally presented to the Board which identifies separately the estimated increases resulting from the application of zero real growth in 2000-2001.

## EXTRABUDGETARY FUNDING

I said at the World Health Assembly last year that there must not be two WHOs, one financed from the regular budget and another financed from extrabudgetary funds. This budget moves us a step closer to one WHO, in the sense that our expected results for 2000-2001 are based on the combined income from regular budget and anticipated extrabudgetary resources.

We are still at a very early stage of estimating more accurately our extrabudgetary income and of developing new ways of working with donors to build stronger relationships that will make longer-term planning possible. The figures for extrabudgetary resources presented in this budget thus represent targets that we aim to achieve, rather than actual commitments for voluntary contributions.

This approach is different from earlier budgets where figures were based on what was known at the time of budget preparation. As a consequence, the stated amounts were generally lower than the eventual outcome and did not present a complete picture of budgetary resources.

In contrast, the amounts shown in this budget indicate what is needed to get the work done. I believe that WHO reform can generate fresh voluntary funding which will contribute to our overall goals, but this is only possible if we work closely with the donor community to achieve our funding targets.

## HIGHLIGHTS OF MAIN CHANGES

- Shift of regular budget funds to Africa, and to a lesser extent to Europe.
- Shift of regular budget funds to the country level from both headquarters and regional offices.
- Extrabudgetary funding growth target of around 19%.
- At headquarters, spending from all sources of funds on noncommunicable diseases to double in the next biennium; the budget for evidence and information for policy to increase by 44%; spending on communicable diseases to rise by 37%.
- In regional offices the budget for communicable diseases increased by 29%.
- Management brought closer to technical departments. Management and administrative costs have been reduced both at headquarters and in regional offices.
- The organizational structure reflected in the new presentation of the budget document; transparency and accountability enhanced.

# MEASURING OUR ACHIEVEMENTS

The first steps in the strategic planning process have been to clarify and articulate WHO's vision and values, formulate the mission and goals of individual clusters and regions, define priorities for the next biennium, and to begin to allocate resources accordingly.

This document sets out specific medium-term objectives for each area of work. In most cases the time needed for these objectives to be achieved extends beyond the budget period. So in order to obtain a more direct measure of our performance - in terms of actual achievement per dollar spent - we have asked managers at headquarters and in regional offices to define results expected by the end of the two-year budget period.

This is clearly an area in which more work is needed. As we refine our plans, we need to be much more precise in defining what we expect to achieve. We need to be realistic, and ensure that there is a closer relationship between intended results and the resources available to achieve them. As emphasized by the Executive Board, we need to be clear about how we

will measure results, and how we will act when our expectations are not realized. There is little point in monitoring performance if it has no real consequences and does not lead to action.

Assessing the performance of individual clusters and departments and of different levels of the Organization tells only part of the story. We also need to develop more systematic approaches to monitoring the performance of WHO as a whole, in relation to our most important corporate objectives. We need milestones which can be easily measured and communicated. These should serve to tell us and our partners whether we are moving in the right direction, and whether we, as an organization, are truly making a difference.

Gro Harlem Brundtland, MD, MPH
Director-General

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