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POLICY AND BUDGET FOR ONE WHO

DIRECTOR-GENERAL'S HIGHLIGHTS

1. My first budget proposals, covering 2000-2001, began the process of strategic budgeting at WHO. They outlined expected results and measurable indicators for which we could be held accountable. They recentred the activities of WHO from 52 programmes to 35 areas of work. On the basis of evidence, we shifted funding to key technical areas where we could make the biggest difference to health outcomes. The proposals started to integrate the work carried out under both regular budget and extrabudgetary funding.
2. My proposals for the budget 2002-2003 advanced the process. They were set within the policy framework provided by our General Programme of Work for 2002-2005. As a new principle, the budget was prepared so that the three levels of the Organization – global, regional and country – were integrated, with the same overall objectives, expected results and indicators. We focused more clearly on the products Member States could expect us to deliver and on refining the indicators so that they could be better monitored and evaluated.
3. The proposals for the budget 2004-2005 that I present in this document maintain the principles developed over the past four years of results-based budgeting. They remain based on the General Programme of Work 2002-2005. Our technical work thus continues to focus on four strategic areas: (1) reducing excess mortality, morbidity and disability, especially in poor and marginalized populations; (2) promoting healthy lifestyles and reducing risk factors to human health that arise from environmental, economic, social and behavioural causes; (3) developing health systems that equitably improve health outcomes, respond to people's legitimate needs and are financially fair; and (4) framing an enabling policy and creating an institutional environment for the health sector, and promoting an effective health dimension among social, economic, environmental and development partners.
4. The Secretariat will continue to concentrate on six core functions: (1) articulating consistent, ethical and evidence-based policy and advocacy positions; (2) managing information by assessing trends and comparing performance, and setting the agenda for, and stimulating, research and development; (3) catalysing change through technical and policy support, in ways that stimulate cooperation and action and help to build sustainable national and intercountry policy; (4) negotiating and sustaining national and global partnerships; (5) setting, validating, monitoring and pursuing proper implementation of norms and standards; and (6) stimulating the development and testing of new technologies, tools and guidelines for disease control, risk reduction, healthcare management and service delivery.
5. We learn continuously as we work. The proposals for the budget 2004-2005 have new features. We show indicators for WHO's objectives. Many of them are taken from the Millennium Development Goals. We show our strategic approaches to delivering the expected results. The indicators for the expected results are more measurable. For the first time we estimate, in percentage terms, how much of our extrabudgetary resources we expect to spend on global, on regional, and on country activities.
6. After review by the Executive Board, the technical priorities have been somewhat expanded to reflect the wishes of Member States and international developments.¹ I have added health and the environment as a separate priority, essential medicines to health systems, and children's health to making pregnancy safer. Nutrition, although not defined as a priority, also benefits from additional emphasis and resources. I also propose to add US\$ 1 million to the Director-General's Development Programme for my successor to allocate to new demands as they arise. The largest proposed shift of regular budget resources is for strengthening WHO's presence in countries.
7. I announced the launching of WHO's Country Focus Initiative at the Fifty-fifth World Health Assembly in May 2002.² The purpose of the Initiative is to enable the entire Organization to contribute better to people's

¹ See document EB109/2002/REC/2, Summary record of the ninth meeting, section 5.

² See document A55/3.

health and development, within countries, and to enable countries to have a greater influence on global and regional public-health action. There is increased public debate – within regions and countries – about ways to scale up action for health, particularly public health, and to contribute to better health outcomes at community level. There is more demand for evidence on which interventions work in which circumstances, and for practical approaches that are tailored to a country's interests, needs and ability to take effective action. These approaches include ways to enable the State to assure stewardship of health resources, to sustain supportive alliances, and to obtain data on changes in peoples' health and in the performance of its health system. Our global and regional activities, and our work both with longstanding partners like UNICEF and the World Bank, and with new ones, like the Global Alliance for Vaccines and Immunization and the Global Fund to Fight AIDS, Tuberculosis and Malaria, need this stronger country presence. We also aim to enhance interaction between governments and civil society, vital for achieving national priorities and the Millennium Development Goals.

8. I have maintained the policy of shifting regular budget funds to the African and European regions from the other four regions, in accordance with resolution WHA51.31 (1998). For the period 2004-2005, however, I have limited to 1.5% per year the budget reductions in the four regions concerned. I have further alleviated the impact by ensuring that least-developed countries are not affected, and by transferring some financing from global, to country, level in order to support our country presence. Timor-Leste has a new country budget of US\$ 1.5 million, financed by a transfer from the global regular budget, and a transfer will be made to WHO's Moscow office, again from the global level.

9. We are working with donors to improve our estimates of extrabudgetary resources. It is difficult, however, for the parties involved to forecast for three years ahead; our figures therefore remain broad estimates of this resource base. None the less, the experience of 2000-2001 and to date, indicates that we might expect an increase in financing of the order of 18%, together with substantial additional resources for the eradication of poliomyelitis, making our overall estimate for the growth of extrabudgetary resources just over 37%. We are encouraging donors to make an increasing share of their contributions to WHO, either unearmarked or earmarked, at the level of areas of work.

10. I contrast the positive picture under other sources of funds with the situation faced by the regular budget. The overall regular budget for our substantive areas of work, some US\$ 842 million, has remained the same since 1996-1997; even before then it did not keep pace with worldwide cost increases. Over the years, inflation has eroded the capacity of the Organization to undertake its core work and to meet its responsibilities; we cannot, and should not, expect extrabudgetary resources to cover the shortfall. Proposals for the regular budget therefore include provisions for salary and other cost increases of 2.9%.

11. In his recent report to the United Nations General Assembly, the Secretary-General, suggesting reform of the budget of the United Nations, took WHO as an example.¹ He said:

In some parts of the United Nations system, Member States have shown themselves open to innovative and far-reaching changes in the processes of programme planning and budgeting. The World Health Organization, for example, has revamped its entire budgeting process, resulting in a shorter, streamlined and essentially strategic budget document of 100 pages in length. Its budget combines programmatic direction with resource projections and focuses on results, thus greatly reducing the process of intergovernmental negotiation.

12. I have also reviewed carefully the suggestions concerning the budget proposals made by the Executive Board at its 111th session in January 2003, and have made a number of amendments to the proposals.

¹ Strengthening of the United Nations: an agenda for further change. Document A/57/387, paragraph 166.

13. I submit these proposals in the belief that they take our strategic budget reforms a stage further. They should enable the Organization to provide more effective support to Member States as they seek to improve the health of their populations.



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Director-General

OVERALL RESOURCE CONTEXT

Programme budget for 2004-2005

14. The tables below summarize the budget for the biennium 2004-2005.¹ Detailed data, by area of work, organizational level, and source of fund, are provided in Part II and in the two annexes.

15. Table 1 summarizes the budget for the whole Organization, i.e., the total amount that is needed to be expended in order to achieve the expected results of the Proposed programme budget 2004-2005. Amounts are broken down between the regular budget and other sources of funds.²

16. The table also indicates for comparative purposes the budget for 2002-2003, approved under resolution WHA54.20.

TABLE 1. PROGRAMME BUDGET – ALL SOURCES OF FUNDS
(US\$ thousand)

Source of funds	2002-2003	2004-2005
Regular budget: (a) substantive areas of work (b) miscellaneous ^a	842 654 13 000	867 475 34 000
Total regular budget	855 654	901 475
Total other sources	1 380 500	1 898 000 ^b
Total all funds	2 236 154	2 799 475

^a Includes for 2004-2005 overall provisions for exchange rate hedging, the Real Estate Fund, Information Technology Fund and Security Fund.

^b Includes an additional amount of US\$ 248 million, or almost half the projected increase of US\$ 517.5 million, which is allocated to the area of work Immunization and vaccine development, mainly for the eradication of poliomyelitis.

Regular budget

17. The estimates for the regular budget alone are summarized in Table 2 below, broken down by organizational level. Although the proposal does not contain any overall increase in real terms, it incorporates in Part II under each area of work and organization level the estimated cost increases for 2004-2005. Such increases amount to 2.9% on the provisions for the substantive areas of work, of which 0.9% reflects the impact of the salary increases for the professional and higher categories of staff, effective in January 2003.³ The remaining 2% represents estimated inflation for the biennium 2004-2005. In this connection, it should be noted that the regular budget has remained unchanged for the bienniums 1998-1999, 2000-2001, and 2002-2003, except that an additional US\$ 13 million was incorporated in the latter biennium to account for exchange rate hedging and the Real Estate Fund.

18. The proposal includes a provision of US\$ 15 million under the regular budget and US\$ 5 million under other sources for exchange rate hedging. This represents a necessary increase as compared to 2002-2003, considering the current strength of the Swiss franc and some other currencies. It should nevertheless be noted that if the exchange rate of the United States dollar were to remain at its current level, the degree of protection offered by that provision may not allow for full execution of the programme proposals contained in the regular budget.

¹ Financial Regulation III specifies the period, currency, contents and procedure for approval of the Organization's budget.

² The budget includes current estimated amounts under the Voluntary Fund for Health Promotion and all other funds made available to the Organization for programme purposes. The relationship between income and expenditure will be shown in the financial statements for the biennium. These statements will also make it possible to compare actual and budgeted expenditure for all areas of work.

³ See resolution EB111.R9.

TABLE 2. REGULAR BUDGET SUMMARY BY ORGANIZATIONAL LEVEL
(US\$ thousand)

Organizational level	2002-2003	Real increase/ (real decrease)	Cost increase	2004-2005
Country	336 005	4 220	8 873	348 472
Regional	227 594	1 154	7 032	236 406
Global	279 055	(5 374)	8 916	282 597
Miscellaneous	13 000	21 000	0	34 000
Total	855 654	21 000	24 821	901 475

19. In the charts opposite, the breakdown of the regular budget between global and regional levels is provided for 2002-2003 and 2004-2005, respectively. The figures for the regional level are obtained by adding the proposals for the country and regional budget of the respective region. The provisions under Miscellaneous are not included in order to facilitate comparison between the two bienniums.

Financing of the regular budget

20. Table 3 provides an indication of the expected financing of the regular budget proposals for 2004-2005 (the regular budget financing for 2002-2003 is shown for comparative purposes).

TABLE 3. FINANCING OF THE REGULAR BUDGET
(US\$)

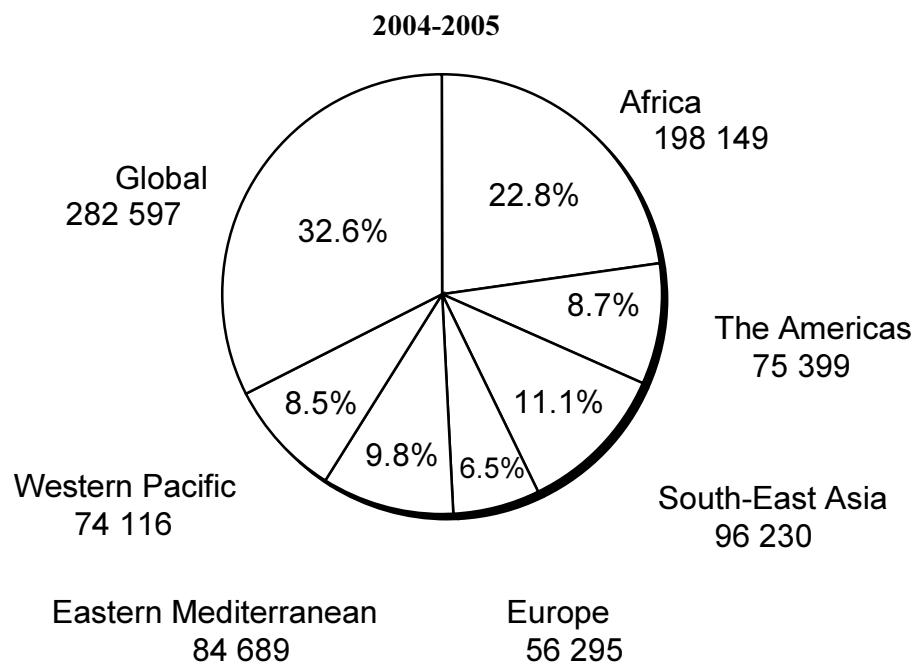
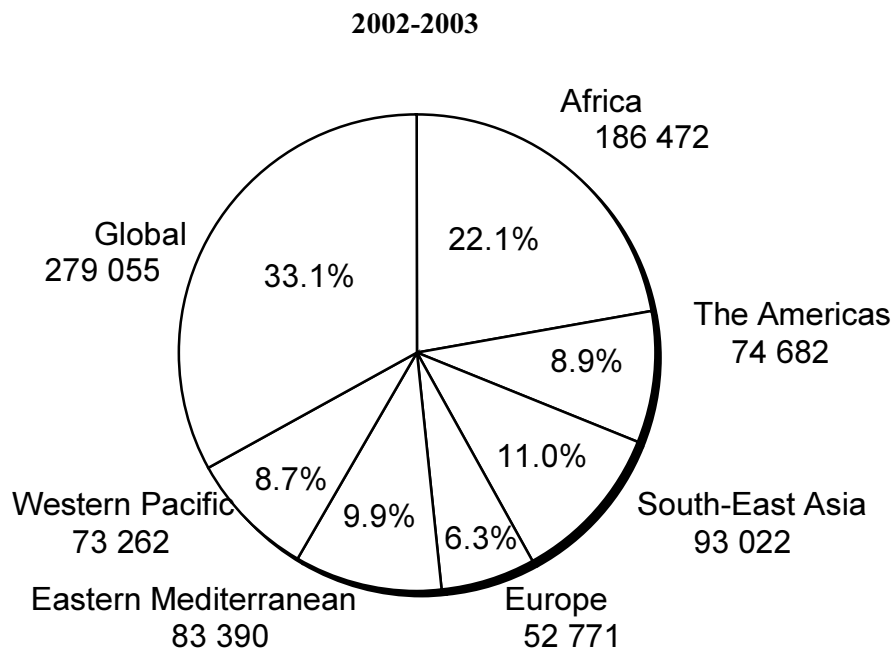
	2002-2003	2004-2005
Assessed contributions from Members and Associate Members	806 500 983	867 475 000
Relief provided to certain Members' assessments (resolution WHA54.17)	36 153 017	-
Subtotal	842 654 000	867 475 000
Miscellaneous income	13 000 000	34 000 000
Total	855 654 000	901 475 000

Planned resources by area of work

21. The Proposed programme budget 2004-2005 is divided into 35 substantive areas of work, which are grouped into 10 main appropriation sections. For 2004-2005 the distribution of regular budget funds to areas of work includes funds for country-level programme activities.¹ The regular budget figures for 2002-2003 shown under each area of work have been compiled for comparative purposes, keeping in mind that for the current biennium no break-down was provided at country level by area of work, as the related amount was presented under a separate overall provision.

¹ The resulting distribution of funds per appropriation section is proposed on the understanding that the Director-General will retain the existing flexibility to transfer up to 10% of funds from any given appropriation section.

REGULAR BUDGET SUMMARY BY OFFICE, 2004-2005, COMPARED WITH 2002-2003
(US\$ thousand and percentage)



22. For information purposes, an estimated percentage of the amount of resources that will be spent at (i) country, (ii) regional, and (iii) global levels during 2004-2005 is shown under each area of work. Annex 1 provides a summary of the 2004-2005 regular budget allocations by area of work and by office. Annex 2 provides comparative data by area of work for 2002-2003 and 2004-2005 of the estimated overall regular budget allocation and the estimates for other sources of funds.

23. The last appropriation section, entitled Miscellaneous, contains four items of an overall administrative nature, namely, exchange rate hedging, provisions for security, real estate and information technology.

Priorities

24. The Organization-wide technical priorities have on the whole remained those outlined in the Programme budget 2002-2003. However, one new priority has been added, entitled Health and environment. Two priorities, namely, Maternal health and Health systems, have been expanded and are now defined as Making pregnancy safer and Children's health for the former, and Health systems, including essential medicines, for the latter. The emphasis laid on investing in change in WHO created a momentum which led to a number of changes in the human resources and administrative areas. Other projects under way are aimed at improving the efficiency and productivity of the Organization. Change management has become an ongoing feature of the Organization, rather than a priority.

25. The resulting Organization-wide priorities are as follows (where applicable, the areas of work which lead the activities are shown in brackets): Malaria; Tuberculosis; cancer, cardiovascular diseases and diabetes (Surveillance, prevention and management of noncommunicable diseases); Tobacco; mental health (Mental health and substance abuse); Making pregnancy safer and children's health (Child and adolescent health and Making pregnancy safer); HIV/AIDS; Health and environment; Food safety; health systems (Essential medicines: access, quality and rational use, Evidence for health policy and Organization of health services); blood safety (Blood safety and clinical technology).

26. In Part II, Strategic orientations 2004-2005 by area of work, information on Organization-wide priorities has been expanded to indicate the nature of support from other areas of work, as was also done in the Programme budget 2002-2003.

WHO's presence in countries

27. The estimated regular budget resources that will be spent on WHO's presence in countries has been increased from US\$ 92 million in 2002-2003 to US\$ 115 million in 2004-2005. The increase is intended to strengthen WHO's country offices and to enhance their operational capacities in line with the objectives of WHO's new country focus initiative, including their contribution to crucial national health priorities and the collection and collation of relevant health information in conjunction with national authorities.

28. As regards other sources of funds for WHO's presence in countries, a total of some US\$ 20 million has been estimated as direct support from extrabudgetary resources. The budget proposals also include a contribution from total extrabudgetary resources of around 1% which, on the basis of current estimates, would yield an amount of some US\$ 17 million, giving an overall total of over US\$ 37 million.