

## **EIGHTH MEETING**

**Thursday, 20 January 2005, at 09:10**

**Chairman:** Mr D.Á. GUNNARSSON (Iceland)

**PROGRAMME AND BUDGET MATTERS:** Item 5 of the Agenda

**Programme budget 2002-2003: performance assessment report:** Item 5.1 of the Agenda (Documents PBPA/2002-2003 and EB115/42)

Dr YOOSUF (Maldives), speaking in his capacity as Chairman of the Programme, Budget and Administration Committee, said that the Committee's conclusions concerning the performance assessment report were summarized in paragraphs 7-11 of its report (document EB115/45). Members had cited the difficulty of striking an appropriate balance between strategic and operational performance, expressed concern that some areas of work had been seriously underfunded, and highlighted the importance of providing voluntary contributions in line with the priorities defined in the Programme budget; the need to reflect realistic income projections in the budget figures had also been stressed. Some members had suggested a regular summary assessment of the Programme budget during the biennium, providing information about the pace of budget implementation, the progress of the different initiatives, and their impact on specific diseases. The need to keep track of action taken to implement the "lessons learnt" had also been emphasized.

Ms BLACKWOOD (alternate to Dr Steiger, United States of America) expressed surprise that the Secretariat had been unable to provide baseline data for a number of indicators, both in the performance assessment report and in the Proposed programme budget 2006-2007. It should redouble its efforts to establish quantifiable indicators with accurate baselines and feasible and measurable targets, against which performance could be evaluated. The "lessons learnt" sections usefully identified difficulties, including the lack of harmony between global, regional and country priorities, and generalized versus specific results.

The performance assessment process formed a useful basis for the Proposed programme budget 2006-2007: it could help in exploring budget changes, amendments to programmes, and in creating a strategic definition of Organization-wide objectives and expected results which could increase staff empowerment and ownership of the reform process for stakeholders, both within WHO and externally. The data and findings of the report might therefore have been integrated into the Proposed programme budget.

Results-based management was an important way of ensuring integrity and accountability at all levels of programme implementation and resource management. With thorough monitoring and evaluation, it would enable progress to be measured objectively and areas that needed improvement to be highlighted, thus reinforcing an organizational culture of transparency.

Mr LOZINSKIY (adviser to Mr Skotnikov, Russian Federation) said that, as the performance assessment report was the first of its kind in WHO, there was naturally some scope for improvement: countries should be listed by name in the tables showing baseline data and performance indicators rather than the total number being indicated, and the budgetary allocations and expenditure figures should be broken down into regular-budget and extrabudgetary funds, as was done in the Proposed programme budget. That information might help to explain why some areas of work had not received

the funding they required. He would be interested to know how many staff had been employed, on average, over the period 2002-2003.

The large discrepancy between budget allocations and expenditure was a matter of some concern. The amount spent on Emergency preparedness and response, for example, was four times the original allocation and expenditure on Immunization and vaccine development was twice the original allocation. At the same time, important programme areas such as HIV/AIDS, Making pregnancy safer, Women's health and Child and adolescent health had used barely half their allocations, which had adversely affected programme implementation. Although the outbreak of severe acute respiratory syndrome (SARS) had diverted voluntary funding from other areas, there had clearly also been miscalculations in the planning of the budget. WHO should inform Member States if insufficient funds were available for a particular programme area at the end of the first year of each biennium. It was to be hoped that similar miscalculations would not occur in the next budget period.

Dr ANTEZANA ARANÍBAR (Bolivia) referring to the 104% implementation rate shown in the table on page 6 of the report, asked whether the extra 4% had been obtained from an unexpected source or merely charged against the next biennium's budget. He noted that the area of work Informatics and infrastructure services had an implementation rate of 113%, while the figures for Blood safety and clinical technology and Food safety were only 61% and 76%, respectively. How much had been spent on scientific and technical activities, and how much on administration? More information about cases where expenditure had considerably exceeded the allocated budget would be useful: perhaps the budget had been unrealistic. Some cases of overexpenditure could be readily explained, such as that in the area of Emergency preparedness and response.

He noted also the considerable variation in the levels of extrabudgetary funding between the regions and headquarters. Funding from other sources amounted to 50% at headquarters, but only 1% for the Region of the Americas and 4% for the Western Pacific Region. Was that due to donor preferences, or was it a general trend throughout the Organization?

The information relating to specific programmes was generally satisfactory and the report was well presented: the questions he had raised were intended merely to clarify his understanding of the information provided.

Dr BRUNET (alternate to Professor Dab, France) said that the detailed information provided in the report would be useful in discussing the Proposed programme budget for the next biennium. The report highlighted the differences that could arise between the budget which WHO expected to allocate to a particular programme and the resources which were actually forthcoming. The balance to be maintained between voluntary and regular budget contributions was an important issue. If voluntary contributions were much lower than predicted, there would be considerable implications for the programmes concerned, a fact that was clearly brought out in the report. As suggested at the meeting of the Programme, Budget and Administration Committee, the Board should be alerted to potential budgetary problems caused by a lower-than-expected level of voluntary contributions as they arose, rather than having to wait for a performance assessment report once the biennium had finished.

Dr SUWIT WIBULPOLPRASERT (Thailand) said that evaluation of performance in previous bienniums was just as important as discussions of the Proposed programme budget for future bienniums. The performance assessment report was the first to show how WHO had implemented its programme. It was honest rather than diplomatic in tone, and demonstrated the new spirit of transparency and accountability prevailing in WHO.

The discrepancy between the budget approved by the governing bodies and actual expenditure was a matter of some concern. For instance, in the biennium 2002-2003, headquarters had accounted for 44% of total expenditure, as shown in Figure 3 of the report, whereas only 33% had been approved. Both the Board and the Health Assembly spent many hours discussing and approving the budget; who had the authority to change budget allocations so radically after their approval by the governing bodies? Some flexibility was of course required, but the amount involved was 11% of a

total budget of more than US\$ 2000 million. That degree of flexibility was too great. In an emergency situation, a change in the figure approved by the Health Assembly might be justifiable, but the Health Assembly should nevertheless have the opportunity to approve it retroactively. He wondered whether the explanation given to the Programme, Budget and Administration Committee, that much of the budget at headquarters was implemented at country level, was correct, and if so, whether such action was appropriate. But for the assessment report, members might not have realized that only 56%, rather than the 67% that had been approved, had gone to the regional and country offices in the 2002-2003 biennium. He inferred from Figure 2 of the report that the changes might be due to the proportion of voluntary contributions, over which the governing bodies had little or no authority. Those contributions nevertheless affected programme delivery. For example, in the Making pregnancy safer area of work, an implementation rate of only 36.4% had been achieved owing to the shortage of extrabudgetary funds throughout the biennium.

The expected results approved by WHO's governing bodies were not likely to be realized unless sufficient funding was forthcoming; if such a situation persisted, their work would be meaningless. In the interests of clarity, therefore, he requested a breakdown of the expenditure shown in Figures 2 and 3 into assessed and voluntary contributions. Also, what steps could be taken to ensure that the approved budget and expenditure were consistent? In the light of the experience of the 2002-2003 biennium, was the target of 30% of expenditure for headquarters and 70% for regions and countries realistic?

According to a study undertaken by the Oslo Group in 1998, reform of WHO's country offices would result in huge savings. In many countries, including his own, more than half the country budget was spent on maintaining country offices rather than on the countries themselves. Efforts must be made to reduce administrative costs to ensure greater expenditure at the country level.

In view of the decreasing proportion of assessed contributions, currently accounting for only about one third of the overall budget, voluntary contributions were being used in programme areas other than those approved. Unless steps were taken, the assessed contributions would eventually account for less than 5% of the regular budget. The Board had several options open to it: first, to do nothing and accept the situation; secondly, to introduce a 9% increase in assessed contributions and a 14% increase in voluntary contributions, as proposed in the Proposed programme budget 2006-2007, which would slow down the trend; thirdly, to increase the proportion of unearmarked voluntary contributions, only 10% of which were currently unearmarked. To that end, a draft resolution might be drawn up requesting donors to consider increasing the proportion of unearmarked voluntary contributions to about 50% in the next 10 years. Fourthly, a resolution might be drafted to ensure that a proportion of the voluntary contributions earmarked for areas outside the approved programme went to the priority programme areas approved by the governing bodies. The Board might therefore consider setting up a small group of interested parties to seek a constructive solution.

Dr ACHARYA (Nepal) said that the report had helped to emphasize the importance of results and indicators, lessons learnt and critical impediments, and was a useful tool for considering the Programme budget 2006-2007, given the need for clear results and measurable indicators for all areas of work. The assessment results also showed that results-based management was still not fully implemented and that, in some cases, results indicators had not yet been established. It was therefore not clear in which areas of work outstanding achievements had been made and which areas had been less successful.

Mr PÉREZ LÁZARO (alternate to Dr Lamata Cotanda, Spain) said that the 2002-2003 programme assessment report provided useful information for analysing the implementation of the budget during the biennium and the extent to which programmes and activities had met expectations. It also showed the way in which the priorities set by the Health Assembly had been implemented and the operational needs. The data, particularly relating to the imbalance between assessed and voluntary contributions, would also be useful in discussing the Proposed programme budget 2006-2007, as would the questions raised by the member for Thailand.

Ms HALTON (Australia) acknowledged the work undertaken by the Secretariat to make the budget process more transparent, and therefore more accountable, to Member States. Although the process of reform was difficult, it should continue in order to improve efficiency and performance, including in resource allocation.

The performance assessment report should contain a more detailed analysis of specific areas of work. In the absence of such detail, it was difficult to make informed judgements as to which activities should be strengthened and which downgraded. An approach focusing on results and regular reporting on key milestones in the course of delivery would be welcome. Such a step however, would require a change in culture, systems and processes, and real commitment both from the Organization and its Member States.

Mr KHAN (Pakistan) said that the proposed budget for 2006-2007 accurately reflected WHO's country focus initiative and decentralization policy. Enhancement of country office budgets would enable the Organization to achieve its expected results. He welcomed the focus on priority areas and the six areas of work identified as requiring further attention. However, expected results might more easily be achieved by concentrating funds on priority areas rather than spreading them more thinly over a large number of areas of work. There should also be more emphasis on the positive and humanitarian aspects of WHO's work. It was particularly regrettable to see WHO programmes, that had taken years to establish, made redundant by conflict: in the Eastern Mediterranean Region alone some US\$ 45 000 million worth of health infrastructure had been devastated.

The United Nations and its specialized agencies must take the lead in bringing peace to the world. The time had come to draft a resolution calling on countries in conflict situations to respect the integrity of all infrastructures, particularly that of health.

Dr AHMED (Ghana) expressed concern that the approved headquarters' budget had been exceeded, possibly as a result of the Organization's new decentralization strategy. There also appeared to be an increase in the more technical aspects of the budget at country level, which countries might prefer to see reduced. According to the table in the summary of the financial performance section of the report, while the implementation rate of areas of work such as Making pregnancy safer, Women's health and HIV/AIDS had all fallen below 50%, the figures for Human resources development and Immunization and vaccine development were about 200%. The Board might like to review the budgetary allocation to those areas.

Dr YOOSUF (Maldives) endorsed the point made by the member for Thailand regarding the feasibility of making savings by reducing staff and improving efficiency in country offices, given recent advances in communications and information technologies. In Maldives, about 40% of the budget intended for the country went towards running the country office.

Mr SHUGART (Canada) joined previous speakers in supporting the principle of performance assessment. Such assessment rightly included governance and procedures within WHO, and the report of the Programme, Budget and Administration Committee and comments thereon indicated that the decision to consolidate the committee structure had been a good one

Member States had been developing their own performance reporting in health and could contribute usefully to the process in the Secretariat. A best practices approach should be adopted; Canada would be willing to make a contribution if required, and intended to learn from the work involved in producing the Performance assessment report in order to improve its own practices. Conformity between some of the indicators and performance reporting deserved consideration as it could benefit policy-makers when communicating with political leaders.

It was important to recognize that improved performance assessment and reporting required investment in information systems, staff training and wider cooperation with Member States, and that the effort involved would increase over time. Hence, there needed to be a disciplined approach towards selecting priority areas, indicators and reporting techniques. A common theme running

through all the “lessons learnt” sections was the need for systems, planning, information and working across countries, regional offices and headquarters, all of which required expenditure that was open to criticism.

Dr GEZAIRY (Regional Director for the Eastern Mediterranean) said that, in the light of comments in favour of decentralization and the country focus initiative, the suggestion that WHO’s presence at the country level should be reduced seemed contradictory to all the Regional Directors. The role of WHO Representatives was to assist countries in implementing programmes, even those that were independent of WHO. Their presence made it easier to attract support from the Regional Office and headquarters. Moreover, it was an agreed policy to have WHO Representatives at country level; any change would require further consideration.

Mr KHAN (Pakistan) described the assistance that Pakistan had received from WHO and the Regional Office for the Eastern Mediterranean in formulating the syllabus of its medical college and in developing a hepatitis programme. The provision of technical and expert assistance by skilled personnel was crucial at country level.

The CHAIRMAN, speaking as the member for Iceland, said that implementation of a results-based approach was an important step towards increasing accountability and transparency, bearing in mind that that work was still in progress. He endorsed the call for more detailed information, but it would also be helpful to have an executive summary containing quality indicators and a comprehensive overview of the results achieved. The assessments set out in the report provided a horizontal view of WHO’s performance and enhanced its ability to function better as one WHO. The next step might be to look at it from a vertical perspective that would include all three levels of the organization.

Dr NORDSTRÖM (Assistant Director-General) expressed his appreciation for members’ comments and the work of the Programme, Budget and Administration Committee. He emphasized the difficulty of expressing expected results and indicators, baselines and targets comprehensibly and in an aggregated manner and with the right amount of detail. The main objective had been to create a single system to provide guidance to managers on what they were expected to achieve, and for use by the governing bodies. The system, which was still being fine-tuned, would provide Organization-wide expected results and office-specific contributions with a link between strategic planning and operations planning. There had been no targets or baselines in the 2002-2003 programme budget when it had been presented to the Health Assembly; they had been developed by the Secretariat later and used to assess what had been achieved.

Another important requirement was that there should be a clear link between resources and expected results, bearing in mind that delivery of expected results depended on availability of resources.

Some, but not all, of the funding of the integrated budget was guaranteed. There were also certain constraints on the use of some of the resources. With an integrated budget, the Organization had a clear idea of its financial resources and the expected results relating to them.

With regard to comments relating to best practices and the need for a change in culture, systems and processes, WHO was investing in a major management and leadership programme in order to focus more on results and managing resources, and to encourage teamwork and collaboration across the Organization.

It was a matter of considerable concern that the Organization had not been able to raise the resources to fund certain areas of work. However, a recent Secretariat report showed an improvement in the situation in some areas and a systematic effort was being made, including discussions with key partners, to achieve a more equitable distribution of resources across areas of work. For example, expenditure on HIV/AIDS in the 2002-2003 biennium had amounted to less than half the target figure of US\$ 130 million; in the current biennium, expenditure had almost reached the US\$ 217 million

target figure. In the case of Making pregnancy safer, in the 2002-2003 biennium the Organization had managed to raise US\$ 13.539 million out of a target figure of US\$ 37.157 million; in the current biennium, some US\$ 18 million had already been raised (including assessed and voluntary contributions) as of January 2005 towards a target of US\$ 38 million. In future, the Secretariat would provide regular information on its resource situation as the member for France had requested.

Referring to the questions raised by the member for Thailand, he said that, as the report showed, there was a discrepancy between the 33% target set by the Health Assembly for headquarters expenditure and the actual expenditure. However, from the point of view of the regular budget, which would receive 33% of resources, that target had been met, and the Director-General had been given the authority to make shifts of up to 10% within that budget between appropriation sections. No such restrictions applied to voluntary contributions. Part of the challenge in preparing the Proposed programme budget was the lack of control over such contributions, since the areas of the Organization's work for which resources were raised by that method depended on the willingness of partners to provide the resources. The increase to 44% in 2002-2003 was due to the fact that some resources had been managed from headquarters. Efforts were therefore being made to ensure that resources were available wherever required. With regard to strategic resource allocation, which would be discussed at a later stage, he suggested that a more evidence-based approach should be adopted not only for the Organization's strategic objectives, but for the different functions needed to attain them, in order to ensure that those functions were carried out where needed. A more scientific approach would enable the most appropriate ratio between the resources allocated to headquarters and those allocated to regions to be determined. The Director-General was confident that 30% or 25% of total resources would represent a reasonable share for headquarters and enable the Secretariat to be effective.

A breakdown into regular budget and voluntary contributions could be found in document PPB/2006-2007, of which Table 2 showed a breakdown of programme budgets by source of financing and Table 1 indicated resource requirements by group of activities. A more detailed breakdown of the sources of funding for each area of work in terms of both voluntary and assessed contributions was available separately.<sup>1</sup>

Responding to the comment by the member for Nepal that the assessment had been performed mainly by the Secretariat, he agreed that it was important that a strong evaluation framework was applied so that a more independent view of the performance and effectiveness of the Organization could be obtained. He confirmed that the performance assessment had been used in the process of preparing the Proposed programme budget 2006-2007.

Dr ANTEZANA ARANÍBAR (Bolivia) expressed appreciation of the performance assessment report, which should be viewed in terms of the programme budget policy followed at the time and not as a reflection of the results of current management. A performance assessment report of the programme budget 2004-2005, based on the same parameters, would provide a clearer and more pragmatic assessment of the achievement of the expected results.

He endorsed the views expressed by the member for Thailand on the discussions that had taken place in the first meeting of the Programme, Budget and Administration Committee, particularly concerning the earmarking of voluntary contributions by donors to fund a specific activity in a specific geographical area. In that respect, any mechanism that the Director-General might wish to introduce to change the situation would need to be taken up with the donors. In that connection, he endorsed the observation made by the member for Pakistan about the important political dimension to WHO's work and that the Organization could make a fundamental contribution to world peace and a better life. The report provided the Organization with an opportunity to reflect on its goals. He looked forward to discussing the Proposed programme budget 2006-2007, the preparation of which had been based on clearer indicators and targets.

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<sup>1</sup> Document EB115/INF.DOC./4.

The DIRECTOR-GENERAL thanked Board members for their comments. Replying to the issues raised by the member for Bolivia, he recalled that, before his predecessor, Dr Brundtland, had introduced the comprehensive budget, the Organization's governing bodies had dealt only with the activities, expenditures and income of the Organization that affected the regular budget; voluntary contributions, which had then accounted for some 40% of expenditure, had not been discussed. He himself had introduced further reforms by establishing a procedure for analysing and assessing the performance of past, present and future programme budgets, and for reporting the results of that assessment to the governing bodies in order to improve technical and managerial performance and provide greater accountability. Such reforms were cumulative and the result of discussions of budget issues over many years.

He acknowledged the concern that the earmarking of voluntary contributions might lead to the Organization's agenda being driven by particular funding sources. However, 90% of voluntary contributions, which currently represented some 70% of the total financial resources of the Organization, were made by a small group consisting of some 10 countries; without those contributions, many of the Organization's activities would come to a halt. The generosity shown and efforts made by those few countries to ensure that WHO had the resources it needed should therefore be acknowledged.

As the Chairman of the Programme, Budget and Administration Committee had pointed out, WHO should clearly define its goals. It was also important, however, that the Organization should be able to adjust quickly to any changes in those goals in order to remain effective. Furthermore, although country offices had been successful in building close relationships with governments, particularly health ministries, greater efforts were needed to establish good relationships with other United Nations bodies working in the field.

The CHAIRMAN said that he took it that the Board wished to note with appreciation the performance assessment reports of the programme budget 2002-2003 contained in documents PBPA/2002-2003 and EB115/42.

**It was so agreed.**

**Proposed programme budget 2006-2007:** Item 5.2 of the Agenda (Documents PPB/2006-2007, PPB/2006-2007 Add.1, EB115/45, EB115/INF.DOC./3, EB115/INF.DOC./4 and EB115/INF.DOC./5)

Dr YOOSUF (Maldives), speaking in his capacity as Chairman of the Programme, Budget and Administration Committee, said that the conclusions of the Committee's discussions on the Proposed programme budget 2006-2007 were reported in paragraphs 12-50 of its report (document EB115/45). The Committee had welcomed the results-based approach and the broad strategic directions proposed. It had discussed the specific areas of work in great depth and recommended that: efforts to harmonize all areas of work, particularly to revise the goals in some areas to achieve consistency and to reflect commitments to internationally accepted health goals, should be continued; the expected results for certain areas of work in response to recent Health Assembly resolutions that required actions in 2006-2007 should be revised; the necessary resources to deliver adequately outcomes relating to certain important areas should be considered; the specific requirements for eradicating poliomyelitis should be adjusted to reflect the most recent trends of poliovirus transmission; the Emergency preparedness and response area of work should be revised so as to place greater emphasis on effective preparedness, relief and recovery actions, and to ensure adequate resource allocation, taking into account the tsunami disaster; greater transparency should be ensured; and lastly, the budget allocations to countries, regions and headquarters should be reanalysed so as to reflect the target of 70% to countries and regions and 30% to headquarters for all sources of funds.

The Committee had expressed concern at the rapidly decreasing proportion of the regular budget in relation to the overall budget during the previous decade and its effect on governance structures, ownership and strategic planning in the Organization, and had suggested that a process

should be put in place to identify measures to reverse that trend, through extensive consultation with Member States.

Dr NORDSTRÖM (Assistant Director-General), introducing the Proposed programme budget 2006-2007, affirmed the clear recognition that health was the key to survival. The recently published report of the United Nations Secretary-General's High-Level Panel on Threats, Challenges and Change had linked health to poverty reduction and global security, which was currently a key issue. The Organization faced the challenge of responding to those new and increased expectations. Over the past 10 years, expectations in terms of WHO's performance had increased dramatically.

The decisions of the Health Assembly had been systematically reviewed and, at the request of one Board member, a document had been produced that summarized achievements in, or impediments to, implementing Health Assembly resolutions, with the aim of ensuring that those decisions were reflected in the programme budget. That exercise would serve to define and structure the priorities in that budget.

The strategic directions set out in the Proposed programme budget built on WHO's work over recent bienniums, taking forward the increased activities in certain areas, such as communicable diseases, HIV/AIDS, malaria, and health systems. They also reflected new and emerging areas of global concern, such as enhancing global health security by increasing attention to epidemic alert and response mechanisms, in which it had been suggested that WHO should play a greater role, and expanding activities to reduce maternal and child mortality. There was a continued focus on some major communicable diseases and immunization, which was still the largest programme in the budget; the proposal that its funding should be slightly reduced would need to be reviewed in the light of developments in the current poliomyelitis epidemic. Apart from poliomyelitis, resources for immunization and vaccine programmes were increasing. A substantial increase in resources was also proposed for the surveillance, prevention and management of chronic, noncommunicable diseases and for tobacco control, and there was an increased focus on improving the effectiveness and efficiency of the Organization to enhance programme delivery. It was proposed to strengthen WHO's core presence in countries, increasing investment in knowledge management and information technology, heightening emphasis on oversight, strengthening results-based management and ensuring staff security.

The first estimate of total resource requirements in line with the results-based approach had amounted to US\$ 3500 million, which had been reduced after review to the present budget proposal of some US\$ 3200 million, corresponding to an increase of roughly 12% compared with the previous biennium. It was suggested that the programme budget should continue to be financed through assessed contributions, miscellaneous income and voluntary contributions.

There was concern about the declining share of assessed contributions in the regular budget since, in order to meet growing expectations, secure predictable resources were needed. As could be seen from the performance assessment report for 2002-2003, delivery had been hampered by lack of funds. Assessed contributions were important to support normative work, and to maintain the Organization's integrity by avoiding overdependence on voluntary contributions. It was proposed to allocate the suggested increase to regions and countries, which carried out normative work in addition to that done at headquarters.

At the request of the member for Thailand, a report was being prepared on the status of implementation of the resolutions and decisions adopted at the four previous Health Assemblies, and the information would be incorporated in the documentation submitted to the next Health Assembly.

The approach to improved management was based on effectiveness and efficiency, proper operational planning, staffing and performance monitoring. The key factor was global leadership; the new Global Management System, for example, would facilitate staff analysis by area of work and location. The aim was to achieve a more strategic use of human and other resources.

The Secretariat was constantly seeking savings in all areas. Travel costs, for example, had been reduced, partly as a result of negotiated agreements with travel agencies throughout the United Nations system, and techniques such as teleconferencing were being studied; the aim was to reduce the

current expenditure level of some US\$ 70 million by 10%. Savings in recruitment were being sought by, for example, reducing recruitment time. A new procurement system that would add value for money and outsourcing of some services were also being considered. Further significant economies would result from investment in a global private telecommunication network. Likewise, the overhaul of information technology installations should result in more facilities for staff, at a lower cost; changes in the related servicing charges were expected to reduce costs by more than US\$ 1 million. Printing was another area in which the use of alternative sources could lead to considerable savings.

Lastly, in regard to exchange rate movements, the Secretariat had been largely successful in managing fluctuations by means of hedging. The substantial all-round rise in costs, amounting to some US\$ 100 million over two bienniums, had been absorbed within the resources available.

The CHAIRMAN suggested that, in order to deal with the Proposed programme budget 2006-2007 in the most efficient way, the Board should consider the proposals grouped by areas of work, in the order in which they were presented in document PPB/2006-2007.

Dr TANGI (Tonga) said that the Organization's strength derived mainly from its unique three-level structure. He wondered, however, whether that strength was being used to the best advantage, and whether roles were being defined and allocated in the best way; for example, were there any headquarters activities that should be dealt with at the regional level, or any work done by regional offices that could be handled by countries? Clarity and honesty were required in the allocation of roles, especially at senior level, in order to avoid duplication and the resultant loss of efficiency and increase in costs. With regard to programmes in particular, he sought assurance that the approach was rational: in particular, were funds being used at headquarters that might better be used at other levels?

On the issue of transparency, he noted that the commitment proportion for the biennium 2006-2007 was to have been 75%-25%, not 70%-30% as currently shown, and that an overall increase of 9% in assessed contributions was being proposed. He asked for an explanation in that regard. He also asked whether the proposed increase of 11% relating to surveillance, prevention and management of chronic, noncommunicable diseases would be enough to avert the spread of such diseases, which currently accounted for some 47% of the global disease burden, a figure which, if appropriate steps were not taken, was predicted to rise to more than 60% in less than 15 years.

Professor PAKDEE POTHISIRI (alternate to Mrs Sudarat Keyuraphan, Thailand) drew attention to the fact that, although funds had been committed for much of the action decided in Health Assembly resolutions over the previous five years, there was still room for improvement; for example no funds had yet been allocated in respect of the request in resolution WHA57.19 to declare the theme of World Health Day 2006 to be "Human Resources for Health Development". He asked the Director-General to take steps to rectify that situation. One of the most important aspects of the Proposed programme budget 2006-2007, the 9% increase in assessed contributions, required serious consideration. His country was strongly opposed to the trend that the regular budget had followed in recent years. The matter should be discussed by the Board with a view to formulating a draft resolution for submission to the Health Assembly.

Ms BLACKWOOD (alternate to Dr Steiger, United States of America) noted that WHO had refined the process of results-based budgeting and was pursuing efforts to provide more effective indicators and to improve performance and accountability. However, although the new Global Management System was designed to produce more efficient ways of working, it did not appear to free any resources in the short term. It was to be hoped that progressive implementation of that system would nevertheless lead to savings in the 2006-2007 biennium. To that end, the Secretariat, which had been successful in generating resources to meet strategic objectives, should streamline the process for gaining donor support and lowering its transaction costs.

Her country did not support the proposed 9% increase in the regular budget: it would be more realistic to maintain the 2004-2005 level of US\$ 858.5 million for substantive areas of work.

International organizations should display budgetary discipline, accountability and efficiency and prioritize their financial resources. While action should be intensified in the five priority areas identified in the proposed budget, it might be prudent to phase in the increases over several bienniums. The budget as presented had not made sufficiently hard choices about lower priorities or disbanding some areas of work. The discussions of the Programme, Budget and Administration Committee had been fruitful, since information on expected results, indicators and baselines had been produced. At that meeting, her country had suggested some shifting of resources, and had taken the view that it might be wise to maintain funding at current levels in areas where the global community was already committing substantial resources. WHO's contribution needed to be adjusted in the light of the international community's strong commitment to combating certain major communicable diseases.

Dr HANSEN-KOENIG (Luxembourg) expressed appreciation that voluntary contributions had been included in the figures and that a results-based budget had been presented, even if some indicators would in future have to be refined. She supported the Proposed programme budget 2006-2007 and argued in favour of an increase in the regular budget, which had remained unchanged for almost 10 years, while the proportion represented by voluntary contributions had risen sharply to 70% of the Organization's total resources. The fact that the regular budget was tending to account for a decreasing proportion of total resources might undermine the Organization's normative role and its ability to carry out certain technical activities which were not particularly attractive to donors. Given that that role was of utmost importance to the Organization, it was regrettable that the Secretariat had been unable to produce the information document requested on that subject, and she hoped it would be available in time for consideration before the Health Assembly. Member States must realize that maintaining zero growth in the regular budget would ultimately seriously damage the Organization. Financial Regulation XV, on decisions involving expenditures, demanded that the Executive Board should be given more information on the administrative and financial implications of any proposed task that the Organization was requested to undertake. The decentralization process also had to be pursued in order to reach the target of 70% of resources for the regions and 30% for headquarters which had been set by the Director-General for the 2004-2005 biennium, and she looked forward to hearing details of the practical steps taken to achieve a 75% to 25% split during implementation of the 2006-2007 programme budget.

Dr PHOOKO (Lesotho), speaking on behalf of the African group, supported the proposed increase of more than 12% in the overall budget, or 9% in the regular budget, and commended the channelling of more funds to efforts to attain the Millennium Development Goals, and to the regions and to countries. The African group was concerned, however, about the reduction in funds for vaccines and immunization. Some programmes were receiving more than others, whereas priority programmes like HIV/AIDS, tuberculosis, malaria and Making pregnancy safer should all receive increases of the same magnitude. The budgetary allocation for Human resources for health should be increased because of the huge problems facing developing countries. He requested detailed information about estimated increases in assessed contributions to the regular budget.

Mr LOZINSKIY (adviser to Mr Skotnikov, Russian Federation) expressed support for the underlying principles of the Proposed programme budget, which aimed to channel more funds to action at country level and maintain a fair distribution of resources between regions. He welcomed the results-based budget format and agreed with its strategic thrust and priorities. Nevertheless, more work would be required on some of the indicators contained in the budget, as it was not clear what end results the Organization had in mind. It was known that the Secretariat wished to remove the imbalance between assessed and voluntary contributions, but its arguments in support of an increase in the regular budget in the next biennium were unconvincing, especially as the Organization's financial position was stable and voluntary contributions were set to rise. He suggested that financing from the regular budget for Knowledge management and information technology, WHO's core presence in countries and Infrastructure and logistics should be kept at the level of the current budget, since those

were not priority areas for WHO. That would not undermine existing programmes, because the shortfall would be made good by higher voluntary contributions.

The budget was still an interim results-based budget. Although the Secretariat had promised that in future definitive baseline and target indicators would be given, the few shown in the Proposed programme budget 2006-2007 were inexact, or estimated. It was not clear why, in the HIV/AIDS indicators, the baselines referred to 50 countries and the targets to 100, or whether those countries included the Russian Federation or countries of the Commonwealth of Independent States. The countries where WHO was active should therefore be specified. Nor did he agree with the expected results, since they were not consonant with the Global Health-Sector Strategy for HIV/AIDS adopted by resolution WHA56.30. Where was the indicator for the number of people infected with HIV who were receiving antiretroviral therapy? If the target for 2005 was three million, what was the target for 2007? Other important targets were also missing. In order to enable Member States to gauge successes and failures in areas of work, the results expected from activities should reflect the overall strategy decided by the governing bodies, and should remain the same from one financial period to the next; if they were changed, the relevant documentation, and even the results-based budget itself, would be meaningless.

The format of the budget could be improved. The lack of any information about the proposed distribution of assessed contributions according to categories of expenditure, or about budgeting for human resources, made it impossible to express any opinion on those subjects. Such information was useful in the decision-making process in Member States and should therefore be made available at the current session. Similarly, a more detailed breakdown should be provided of the proposed increases to cover costs and inflation.

**The meeting rose at 12:40.**