



WORLD HEALTH ORGANIZATION

EXECUTIVE BOARD
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Implementation of budget resolutions

Resolutions EB103.R6 and WHA52.20

Report by the Secretariat

1. The Executive Board at its 103rd session adopted resolution EB103.R6 on the subject of budget presentation and process. Those operative paragraphs which related to the consideration of the programme budget at the Fifty-second World Health Assembly were responded to in an information document, A52/INF.DOC./2. In addition, the resolution requested information to be provided to the Executive Board at its 105th session, which is covered in the present document.
2. Further, the Fifty-second World Health Assembly adopted resolution WHA52.20 requesting the Director-General *inter alia* to report to the Board on the 2% to 3% efficiency savings identified throughout the whole Organization for reallocation to high-priority programmes.
3. The response to both of the above resolutions is provided as follows:
 - Part 1 “an integrated plan for monitoring, evaluating and reporting results to the governing bodies” (resolution EB103.R6) and
 - Part 2 “an efficiency savings plan” (resolution EB103.R6)
“additional efficiency savings in the order of 2% to 3% throughout the whole Organization” (resolution WHA52.20) are contained in the present document.
 - Part 3 “WHO’s role in working with specific partners to mobilize global support” (resolution EB103.R6) is contained in document EB105/17 Add.1, and
 - Part 4 “an evaluation of the new management support units, comparing their performance with that of the previous system” (resolution EB103.R6) is contained in document EB105/17 Add.2.

PART 1: “an integrated plan for monitoring, evaluating and reporting results to the governing bodies” (resolution EB103.R6)

Programme implementation and monitoring

4. In 1995 the Executive Board, by resolution EB95.R4, “endorsed the concept of strategic budgeting, with the understanding that detailed plans of action will be prepared nearer to the time of implementation”. Following a review in late 1998 of the status of operational planning and

monitoring, it was recognized that a number of shortcomings existed. On the one hand, not all programmes completed plans of action, and those that were completed were often not homogeneous. On the other, many plans also proved to be too detailed for an overall view of performance. This situation stemmed mainly from the lack of commonly shared processes and business rules between programmes at headquarters and between regional offices and headquarters.

5. Furthermore, programme budgeting had in the past been a largely isolated exercise to which technical programmes paid little attention during actual implementation. As such, detailed work plans were normally not linked to commitments and statements of intent in the programme budget.

6. In view of these problems, standardized business rules and procedures for programme implementation and monitoring have been developed as a matter of priority during 1999. As a result of extensive consultations within WHO at regional and global levels, from January 2000:

- operational work plans will be in place in all clusters and regions;
- work plans will be linked to expected results in the Programme budget 2000-2001;
- a common minimum data set, including benchmarks and performance indicators, will be mandatory in order to ensure consistency and sharing across the Organization;
- the activity management system (AMS) will be the basis for preparing and monitoring work plans. Its use is mandatory at headquarters. In cases where AMS is not available, regional offices will ensure that work plans based on the minimum data set are accessible across the Organization;
- progress towards the achievement of expected results will be monitored technically and financially on a continuous basis. Monitoring reports will be prepared for Regional Directors and Executive Directors at six-month intervals.

7. A sample monitoring report on expected results for 2000-2001, based on the common minimum data set is available to members of the Board on request. Similar reports will be generated across all clusters and regions for the biennium.

8. An important feature of the new monitoring system will be the matching of expenditures against expected results – a key principle of results-based budgeting. As from January 2000, all obligating documents will require an AMS code in order to be accepted for processing, thus enabling WHO for the first time systematically to account for its financial transactions in terms of programme outputs and products. In the longer term, this is also a prerequisite for moving towards an integrated planning process for 2002-2003 which looks at total resources and allocates them in an optimal way to accomplish the Organization's mission.

Evaluation

9. WHO assesses and evaluates its programme through several means, such as: audit and oversight, preparation of financial reports, review of operational plans through a regular monitoring mechanism, internal programme assessments, and internal and external evaluations of special projects, selected departments and regional programmes.

10. Examples of such assessments and evaluations for several headquarters programmes were included in document A52/INF.DOC./2. An Organization-wide evaluation of overall corporate performance, however, has not so far been carried out.

11. Having completed the first priority linked to operational planning for the 2000-2001 biennium as outlined above, the next step will therefore be to develop a unified system of programme evaluation, firmly anchored in the overall planning, programming and budgeting cycle of the Organization. A project to develop such a system has been initiated.

Proposed plan for evaluation in 2000

12. In the meantime, and so that some programmes are systematically evaluated during 2000, the Director-General has decided that in-depth evaluations will be conducted next year in the following areas: poliomyelitis immunization, Integrated Management of Childhood Illness (IMCI), and strategic budgeting and operational planning process.

13. Having considered the time and cost involved, it is proposed to conduct the evaluations of poliomyelitis immunization and IMCI together. In addition, until the unified system of programme evaluation, which is expected to provide guidance on the type and nature of future evaluations (e.g. external or internal), has been finalized, members of evaluation teams will be recruited from both within and outside the Organization.

PART 2: “an efficiency savings plan” (resolution EB103.R6) “additional efficiency savings in the order of 2% to 3% throughout the whole Organization” (resolution WHA52.20)

Efficiency savings plan

14. Further to adoption of resolution EB103.R6 requesting “an efficiency savings plan in nonprogramme costs”, a series of management reviews were initiated in a number of administrative areas at headquarters on the cost-effective use of resources. Carried out by both external consulting companies and in-house staff, the Organization’s direct investment in 1999 in these reviews amounted to some US\$ 460 000, most of which were financed through the Director-General’s Renewal Fund. In addition, indirect costs in terms of staff time have been conservatively estimated at three work years in total. The status of the various reviews are given below.

15. **Global procurement services.** A review of WHO’s global procurement function at headquarters, procurement in the six regional offices, and the procurement services provided to IARC, UNAIDS and the Onchocerciasis Control Programme in West Africa, was completed in October 1999 by Deloitte Consulting. Total volume procured, including for the Regional Office for the Americas, has in recent years fluctuated around US\$ 300 million per biennium. The review resulted in recommendations on maintaining the global procurement function at headquarters for the time being, keeping the relocation option open for the longer term; adopting a strategic approach to the procurement process while outsourcing commodity-type supplies; restructuring the headquarters unit and supporting it better with available technology and management information; and giving the regions a higher degree of procurement authority in the context of global procurement agreements. Implementation of these recommendations could eventually save up to 19 of 34 posts at headquarters and lead to substantial cost savings for Member States as a result of more favourable pricing arrangements. The review included consultations at headquarters and visits to the regional offices for

Europe, South-East Asia and the Western Pacific, UNICEF, and the Inter-Agency Procurement Services Office in Copenhagen.

16. **WHO's participation in the Joint Medical Service.** An external consultant commenced in late November 1999 a review of WHO's participation in the Joint Medical Service for the United Nations and Specialized Agencies at Geneva. The review will examine the medical services and occupational health needs of WHO headquarters and the regional offices with a view to provision of these services in the next decade. A key objective is to ensure that WHO, Administrator of the Service, maximizes "return on investment" in the Service: in 1998-1999, WHO contributed 21% to the Service's budget of US\$ 7.82 million.

17. **Staff health insurance.** An external organization commenced in early December 1999 a review of WHO's staff health insurance plan that currently covers some 21 500 active and retired staff and their dependants located throughout the world. Among other objectives, the review seeks to identify opportunities to make the plan consistent with the aspirations and future needs of its participants and the Organization, while promoting best practice and cost containment. Any opportunity to streamline further the in-house administration of the plan and/or to outsource or relocate certain components will also be examined.

18. **Headquarters and regional grievance procedures.** A review of the grievance and appeal procedures in WHO is currently being conducted by a staff member. The scope of these procedures includes the headquarters and regional boards of appeal, the ombudsmen, and the Grievance Panel on Sexual Harassment. Practices in other organizations are being examined, and recommendations are expected to lead to a streamlining of procedures.

19. **Secretarial/administrative and professional staffing patterns at headquarters.** A review of the allocation and use of secretarial/administrative resources at headquarters by a staff member is virtually completed. Findings point to opportunities to reduce the overall level of secretarial staffing (facilitated by the mutually agreed separation process), to enhance the productivity and teamwork of secretarial and professional staff, and to improve the availability and use of information to monitor staffing levels. The findings were based on questionnaires and staffing analyses, extensive interviews and consultations with secretarial and professional staff, and the benchmarks of other organizations in both the public and private sectors.

20. **Rationalization of publications practices at headquarters.** A review of the publications policies and procedures at headquarters was conducted during 1999 by an internal WHO team. A preliminary report confirmed the need for a clear publications policy and identified a series of specific problems on priority-setting and cost and quality control. An information management group was established to frame and oversee implementation of a health information strategy for WHO that should lead to specific opportunities for cost savings in 2000-2001.

21. **Review of WHO business practices.** An external consultant was engaged in August 1999 to assist with a feasibility study for replacement of the core administrative systems of WHO. The systems currently used will not meet future needs and lack the necessary flexibility to cope with evolving requirements. The feasibility study focuses on opportunities for WHO to introduce best practice and greater administrative efficiency, while supporting the objective of working as "one WHO".

Identification of additional efficiency savings

22. In addition to the above reviews initiated in response to resolution EB103.R6, a special task force was set up in response to resolution WHA52.20 to identify further efficiency savings in the order

of 2% to 3%, giving a target of some US\$ 53.9 million from both regional offices and headquarters in the areas as set out in the table below.

EFFICIENCY MEASURES BY HEADQUARTERS AND REGIONAL OFFICES
(US\$ million)
(Situation as at 10 November 1999)

Potential savings 2000-2001	Headquarters	Regional offices	Total	Total of regular budget %
Travel	2.9	9.9	12.8	23.3
Mix of professional and general service staff	2.0	0.4	2.4	3.0
Procurement	1.8	11.2	13.0	17.8
Fellowships and study leave	0.0	11.0	11.0	22.0
Country programmes	0.0	1.5	1.5	0.5
Restructuring of translation services	0.4	-	0.4	6.7 ^a
Publications and documents	4.0	-	4.0	11.4 ^a
Mergers, relocations and miscellaneous	2.8	-	2.8	-
Subtotal	13.9	34.0	47.9	-
Mutually agreed separations	6.0	-	6.0	-
Total	19.9	34.0	53.9	-

^a Headquarters only.

23. Approximately half of the overall amount of US\$ 53.9 million will need to be applied against expected cost increases of US\$ 25.3 million during the 2000-2001 biennium at global, regional and country levels.¹ However, the remaining US\$ 28.6 million actually exceeds the request for 2% to 3% efficiency savings.

24. Diplomatic missions in Geneva have been kept regularly informed of progress in this regard. It should be noted that the target of US\$ 53.9 million represents the efficiency savings known at the time of drafting of this document and is provisional. It will be adjusted once the full impact of the mutually agreed separations is known.

25. As far as savings in the area of travel is concerned, the policy for per diem for members of the Executive Board has also been reviewed. In accordance with resolution WHA22.5 (1969) Board members receive an increment of 40% above the standard per diem, plus US\$ 3 per day.

¹ See document A52/INF.DOC./8.

26. The practice of allowing senior staff members of WHO to claim an increment in per diem was abolished some three years ago, and as one of the travel efficiency measures, it is proposed that the increment for Board members should also be abolished. This will produce a saving of approximately US\$ 50 000 per biennium, and efficiency gains from streamlining administrative procedures.

27. After consultation with the Regional Directors, the Director-General has decided that approximately US\$ 15 million (50% of the identified efficiency savings)¹ will, in the first instance, be channelled to the following seven priorities: blood safety, mental health, making pregnancy safer, strengthening health systems, food safety, noncommunicable diseases, and investment for change.

28. The shift of the efficiency savings will be effected proportionately from headquarters and regional offices according to predetermined criteria. An Organization-wide monitoring system will be in place as from February 2000, which will make it possible to track actual expenditures throughout 2000-2001 in all of the above intervention areas, and to match them against a 1996/1997 and a 1998/1999 baseline. The system will include nonmonetary criteria and indicators, and will permit the preparation of a comprehensive report on the subject to be submitted to the Executive Board in compliance with resolution WHA52.20, paragraph 5.

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¹ Allocation of the remaining 50% will be decided at a later date.