



Matters related to the programme budget

Efficiency plan for the financial period 1998-1999

Report by the Director-General

The Assembly is informed of progress in implementing strategic budgeting in WHO, and of the development of an efficiency plan for 1998-1999 to transfer resources to priority programmes.

1. The Fiftieth World Health Assembly, in resolution WHA50.26, requested the Director-General to develop and present to the Executive Board at its 101st session an efficiency plan for the Organization. The Health Assembly requested that steps should be outlined to achieve an "efficiency savings" target of 3% from the administrative costs and overheads in the six appropriation sections over the 1998-1999 biennium and to reallocate these amounts to activities of priority health programmes. The resolution also requested the Director-General to report to the Executive Board on progress made on the implementation of resolution EB99.R13 adopted in January 1997 which covered efficiency matters and a number of other topics related to programme budgeting and priority-setting.
2. In his reports to the Executive Board at its 101st session on efficiencies, on programme budgeting and priority-setting, and on programme budget evaluation, the Director-General outlined progress made in these areas.¹ On the issue of programme budgeting and priority-setting, a draft analytical framework was presented to the Board. This framework will be tested during 1998 and the outcome reported to the Board before consideration of its application in preparation of the programme budget for 2002-2003.
3. Another matter dealt with in resolution EB99.R13 was budget development and evaluation. On the former, the budget proposals for 2000-2001 are being drawn up in accordance with the requests in the resolution, in particular the outlining of strategic objectives for all programmes and the classification of targets in terms of measurable products. As regards evaluation mechanisms for the programme budget, the Board, after considering the report of the Director-General, adopted resolution EB101.R1 which welcomed the progress made and

¹ Documents EB101/23, EB101/24 and EB101/6, respectively.

requested, for its 103rd session in January 1999, an interim report on results of evaluation of the 1998-1999 programme budget to date, to complement the proposed programme budget for 2000-2001. In addition, a comparison of budget allocations with expenditures will be distributed to the Health Assembly as requested in resolution EB99.R13.

EFFICIENCIES

4. In his report to the Executive Board on efficiency measures, the Director-General drew attention to the efforts by the Organization over the past decade or more to achieve budget targets with fewer resources. He also referred to the uncertainty, both in WHO and more generally in the United Nations system, about what actually constituted administrative and overhead costs. It was, for example, important to recognize that staff costs in technical programmes were generally not administrative costs, but a vital component in ensuring WHO programme delivery. It was also important to note that the support programmes, such as those for the management of the Organization's human, financial and capital resources, were crucial to programme delivery and could not be cut indiscriminately. The Director-General emphasized, however, that throughout the Organization, the drive for efficiency and the adoption of best practices learnt from both public and private sectors were daily priorities.

5. The Board was informed that, as a consequence of the likelihood of some long-term arrears (i.e. arrears not expected to be paid even within the biennium following that in which they were due), the Director-General had been obliged to reduce working budget allocations throughout the Organization by 3% as a prudent financial measure. It was the intention to request programmes to deliver nevertheless their original results as outlined in the 1998-1999 programme budget with this reduced funding, thus effectively achieving a 3% efficiency measure. This did mean, however, that no new funding could be identified to transfer to priority programmes as requested by the Health Assembly unless contributions were paid in full.

6. The Board did not accept this approach. In adopting resolution EB101.R16, it emphasized that the 3% efficiency savings should be distinguished from any measures which had to be taken to cope with long-term arrears, and should result in a clear transfer of resources to priority programmes. The Board requested a report on this matter to be submitted to the present Health Assembly.

7. The Director-General has now re-examined the programme budget. The exercise was particularly difficult, as it added to the measures already taken to cope with the expected long-term arrears. Many managers indicated that although every effort would be made to improve efficiency even more, it had to be recognized that some of the measures taken would most likely result in cuts or in delays in certain activities. The Executive Board has called for a further detailed report on efficiencies to be submitted to its 103rd session in January 1999, and these aspects will be analysed in that report.

8. The plan for reductions and transfers to priorities is outlined in the table as annexed. All regions have indicated the full 3% transfer. At headquarters, however, for the global and interregional programmes, the full figure could not be achieved without a restructuring which would be inappropriate to undertake at a time of transition. A figure of 2% savings has therefore been indicated for the plan, although with the expectation that, later in the year, it might be possible to achieve further transfers to priorities through restructuring. In addition, at headquarters, no specific reallocation has been indicated for the savings made, in order for views expressed at the Health Assembly to be taken into account, and for the incoming Director-General to be given maximum flexibility. In the Director-General's view, an important current priority is for WHO to respond effectively to the health impacts of recent ecological and economic crises across the world.

9. Measures indicated by programmes and offices to achieve the efficiency savings include further reviews of required duty travel and use of cheaper air fares, reductions in meeting costs (for example by reducing the number of experts attending), reductions in outside consultants, reductions in the publications budget,

renegotiation of communications services, increased use of bulk purchasing, and improved use of videoconferencing and the electronic data transfer and communication systems. The main areas identified at regional and country levels to benefit from the transfers are health systems; reproductive, family and community health; and the eradication, elimination and control of disease.

MATTERS FOR THE PARTICULAR ATTENTION OF THE HEALTH ASSEMBLY

10. The Health Assembly may wish to note progress being achieved in programme budgeting in WHO and the efficiency plan outlined for 1998-1999.

ANNEX

EFFICIENCY PLAN FOR THE FINANCIAL PERIOD 1998-1999 AND TRANSFER TO PRIORITY PROGRAMMES
(US\$ thousand)

Efficiency plan for the financial period 1998-1999 and transfer to priority programmes									
	Africa	The Americas	South-East Asia	Europe	Eastern Mediterranean	Western Pacific	Total regions	Global/inter-regional*	
	Efficiency savings	Efficiency savings	Efficiency savings	Efficiency savings	Efficiency savings	Efficiency savings	Efficiency savings	Efficiency savings	
	Transfer to priority programmes	Transfer to priority programmes	Transfer to priority programmes	Transfer to priority programmes	Transfer to priority programmes	Transfer to priority programmes	Transfer to priority programmes	Transfer to priority programmes	
1.1 Governing bodies	(23)	(1)	(9)		(7)	(2)	(42)		
Total: Appropriation section 1	(23)	(1)	(9)		(7)	(2)	(42)		
2.1 General programme development and management	(311)	(65)	(31)	(250)	(181)	(72)	(910)	(244)	
2.2 Health, science and public health	(150)	(45)	(90)		(41)	(10)	(336)	(24)	
2.3 National health policies and programme development and management	(500)	(80)	(220)	(170)	(50)	(131)	(1 151)	(82)	
2.4 Biomedical and health information and trends	(200)	(115)	(162)	(525)	(79)	(47)	(1 128)	(661)	
Total: Appropriation section 2	(1 161)	(305)	(503)	(945)	(351)	(260)	(3 525)	(1 011)	
3.1 Organization and management of health systems based on primary health care	(198)	(480)	(151)		(354)	(334)	(1 517)	(144)	
3.2 Human resources for health	(150)	(250)	(988)		(31)	(397)	(1 816)	(30)	
3.3 Essential drugs	(37)	0	(89)	290	(8)	(88)	(222)	(52)	
3.4 Quality of care and health technology	(17)	(10)	(151)		(3)	(84)	(265)	(117)	
Total: Appropriation section 3	(402)	(740)	(1 379)	290	(396)	(903)	(3 820)	(343)	

Efficiency plan for the financial period 1998-1999 and transfer to priority programmes															
	Africa		The Americas		South-East Asia		Europe		Eastern Mediterranean		Western Pacific		Total regions		Global/inter-regional*
	Efficiency savings	Transfer to priority programmes	Efficiency savings	Transfer to priority programmes	Efficiency savings	Transfer to priority programmes	Efficiency savings	Transfer to priority programmes	Efficiency savings	Transfer to priority programmes	Efficiency savings	Transfer to priority programmes	Efficiency savings	Transfer to priority programmes	Efficiency savings
4.1 Reproductive, family and community health and population issues	(120)	1 653	(99)	149	(169)	222	(136)	290	(7)	(136)	(531)	2 314	(104)		
4.2 Healthy behaviour and mental health	(80)		(33)	53	(250)		(190)	290	(14)	(190)	(567)	343	(188)		
4.3 Nutrition, food security and safety	(100)		(99)	149	(13)	69	(77)	(3)	(77)	(292)	218	(89)			
4.4 Environmental health	(120)		(250)	200	(37)	256	(150)	(7)	(150)	(564)	1 256	(184)			
Total: Appropriation section 4	(420)	1 653	(481)	551	(469)	547	(553)	(31)	(553)	(1 954)	4 131	(565)			
5.1 Eradication/elimination of specific communicable diseases	(17)		(16)	25	(69)	307	(17)	(1)	(17)	(120)	1 132	(31)			
5.2 Control of other communicable diseases	(278)	3 069	(565)	1 165	(164)	588	(260)	(32)	(260)	(1 299)	5 262	(534)			
5.3 Control of non-communicable diseases	(21)		(198)	298	(23)	401	(116)	(1 650)	(116)	(2 008)	699	(66)			
Total: Appropriation section 5	(316)	3 069	(779)	1 488	(256)	1 296	(393)	440	(1 683)	(3 427)	7 093	(631)			
6.1 Personnel	(500)		(30)		(2)		(8)	(20)	(20)	(560)		(15)			
6.2 General administration	(1 500)		(95)		(255)		(258)	(136)	(136)	(2 899)		(3 080)			
6.3 Budget and finance	(400)		(48)		(13)		(23)	(20)	(23)	(504)		(15)			
Total: Appropriation section 6	(2 400)		(173)		(270)		(289)	(176)	(176)	(3 963)		(3 110)			
Total	(4 722)	4 722	(2 479)	2 479	(2 886)	2 886	(2 400)	1 600	(2 644)	2 644	(16 731)	16 731	(5 660)		
For information: Total budget	157 413		82 686		99 251		49 823		90 249		559 701		282 953		

* Under Global/interregional, transfer to priority programmes to be decided at a later stage.