



# WORLD HEALTH ORGANIZATION

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## Efficiency savings 2000-2001

### BACKGROUND

1. When submitting the Proposed programme budget 2000-2001 to the Fifty-second World Health Assembly in May 1999, the Director-General requested a regular budget increase of 3% over the previous biennium in order to cover predicted cost increases and adjustments for exchange-rate movements at all levels of the Organization.
2. Resolution WHA52.20, however, appropriated the budget for 2000-2001 at the same nominal level as the budget for the two previous bienniums, with no provision to compensate for cost increases and currency adjustments. Furthermore, in paragraph 5 of the same resolution, the Health Assembly requested the Director-General to identify 2% to 3% in *additional* efficiency savings within the approved budget, for reallocation to priority programmes.
3. In response to that request, a task force was established in mid-1999 to identify areas for potential efficiency savings from WHO headquarters and regions under the regular budget. The Director-General, after consultation, decided on a package that was projected to generate US\$ 51.5 million in efficiency savings for the biennium 2000-2001, of which US\$ 24.6 million would cover cost increases, and US\$ 26.9 million would be reallocated to high-priority programmes. The table below shows the plan broken down by region and headquarters.

**EFFICIENCY SAVINGS BY REGION**  
(US\$ millions)

	Total efficiency savings	Of which cost increases and currency adjustment	Remaining for shift to priority programmes
Africa	10.2	8.4	1.8
The Americas	7.3	3.5	3.8
South-East Asia	5.2	4.7	0.5
Europe	2.1	0.2	1.9
Eastern Mediterranean	4.3	4.3	-
Western Pacific	4.9	2.5	2.4
Headquarters	17.5	1.0	16.5
<b>TOTAL</b>	<b>51.5</b>	<b>24.6</b>	<b>26.9</b>

## MONITORING OF EFFICIENCY SAVINGS

4. The US\$ 24.6 million to cover cost increases and currency adjustments were absorbed across the Organization during the biennium. The remaining US\$ 26.9 million were reallocated before the start of the biennium to high-priority programmes in the regions and at headquarters, as reported to the Executive Board at its 105th session.<sup>1</sup> These priority programmes included blood safety, mental health, making pregnancy safer, strengthening health systems, food safety, noncommunicable diseases, and investment in change. The Director-General has therefore complied with the requirements of resolution WHA52.20.

5. The US\$ 26.9 million reallocated to high-priority programmes were to be generated through efficiencies in the following areas: travel, procurement, fellowships and study tours, publications and documents, and the mutually agreed separation exercise. Efficiency savings effected at headquarters and in the regions were closely monitored throughout the biennium 2000-2001.

### Travel

6. During the biennium 2000-2001, WHO expenditure on travel worldwide was US\$ 170 million for all sources of funds, of which US\$ 52 million under the regular budget. All seven offices, except one, decreased travel expenditure from the regular budget in the biennium 2000-2001. Overall, regular budget expenditure on travel decreased 6% compared to the previous biennium. Travel expenditure financed by extrabudgetary resources increased by 64% reflecting the marked increase in extrabudgetary resources and activities in WHO.

<sup>1</sup> Document EB105/17.

7. Travel in 2000-2001 was more cost effective as a result of key reforms. In September 2000, the new WHO duty travel and per diem policy (including newly negotiated fares with airlines) was implemented. The average ticket cost in 2000-2001 has decreased in all but two offices. If the volume of tickets purchased during 2000-2001 had been purchased at 1998-1999 average ticket costs, an additional US\$ 10 million would have been spent. Of this amount, approximately US\$ 3.2 million represents savings to the regular budget as a result of improved negotiated airfares. Overall, WHO has reduced travel expenditure under the regular budget by 6%, which translates into US\$ 3.6 million in travel efficiency-savings during 2000-2001.

### **Procurement**

8. In the area of procurement for health programmes, the Organization was aiming at a 15% shift away from administrative supplies towards health-related supplies and equipment. This was intended to change the nature of the procurement function in order to focus on crucial supplies that are directly related to health programme performance and objectives, while reducing the provision of supplies that most Member States should be able to obtain locally from their own budgets. In 1998-1999, WHO spent US\$ 152 million, or 71% of its procurement budget, on health-related supplies, and US\$ 62 million, or 29% of procurement on administrative supplies and vehicles. During the biennium 2000-2001, US\$ 166 million or 67% of procurement, was spent on health-related supplies, and US\$ 82 million, or 33% of procurement, on administrative supplies and vehicles. The sizeable increase in or starting up of a number of activities financed from extrabudgetary resources, such as the poliomyelitis eradication initiative, has required an increase or an initial investment in the procurement of field vehicles and other commodities which in turn has resulted in more "administrative expenditures" than had previously been foreseen. Continued vigilance is therefore required and procurement is being monitored closely.

### **Fellowships and study tours**

9. In the biennium 2000-2001, WHO spent US\$ 46 million on fellowships and study tours from all sources of funds, of which US\$ 34 million was under the regular budget. All regions reduced expenditure on fellowships during the biennium, and all regions except one reduced expenditure on study tours. Three regions had no expenditure on study tours during the biennium. Training remains an essential part of WHO cooperation with, and capacity building in, countries, but resources could be employed more cost effectively by using regional training centres. WHO exceeded its target to reduce fellowships by 15%, achieving a reduction of 20%. However, because of the sharp increase in one region, WHO did not reduce by 50% the use of study tours (which increased by 18%). However, on the whole, US\$ 4 million in efficiency savings were made under the regular budget during the biennium.

### **PUBLICATIONS AND DOCUMENTS**

10. The Organization sought to reduce by 15% the number of publications and documents produced in headquarters and the regional offices, and to increase efficiency in the publication process. Better screening of manuscripts for publications and documents was expected to increase the relevance and quality of those that were produced, and eventually save considerable staff time within technical programmes.

11. During the biennium 1998-1999, the Organization produced approximately 2000 publications and documents, 61% at headquarters and 39% in the regions. During 2000-2001, WHO produced

1530 publications and documents, of which 60% at headquarters and 40% in the regions. This results in a 24% reduction in the number of publications and documents, which exceeds the 15% reduction target. All offices have reduced the number of publications produced and all offices except two reduced the number of documents. More importantly, initiatives were taken to ensure that the costs associated with the production of publications and documents were reduced through more efficient procedures and better planning and priority setting. Lack of precise expenditure data, particularly for the manuscript preparation stage, prevents an accurate calculation of the efficiency savings realized in the area of publications. Nevertheless, it is estimated that at least US\$ 1.6 million in savings will have accrued under the regular budget in this area in 2000-2001.

### **Mutually agreed separation exercise**

12. A major component of the efficiency savings resulted from the offer to staff of a mutually agreed separation, in which selected staff departures were negotiated between management and staff. The exercise enabled the Organization to effect savings in staff costs of some US\$ 8.4 million at headquarters and US\$ 12.4 million globally under the regular budget in 2000-2001.

### **CONCLUSION**

13. Of the US\$ 51.5 million of efficiency savings to be achieved during 2000-2001 under the regular budget, US\$ 24.6 million to cover cost increases and currency adjustments across the organization were absorbed during implementation, thus representing a de facto budget cut; the remaining US\$ 26.9 million was to be generated through savings in the areas described above. The total of efficiency savings achieved under the regular budget for the biennium 2000-2001 amounts to US\$ 21.6 million, or some 80% of the targeted amount.

14. Monitoring of efficiencies will continue in the biennium 2002-2003 as requested in resolution WHA54.20.

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