



WORLD HEALTH ORGANIZATION

EXECUTIVE BOARD
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Regular budget allocations to regions

Report by the Secretariat

BACKGROUND

1. At its 101st session (1998), the Executive Board considered a report of a special group it had established to review the Constitution, including regional arrangements.¹ Among the group's recommendations was a proposal to change the way in which regional budgets were determined. The group noted that the then current practice was for the Director-General to propose to the Health Assembly an allocation of the budget between regions based primarily on historical precedents. It expressed concern that the amounts had changed little over time, and recommended instead the introduction of a model which would guide the way in which the allocation should be made.

2. The Board and subsequently the Health Assembly endorsed this recommendation.² Resolution WHA51.31 recommended that regional, intercountry and country allocations should be for the most part guided by a model that:

- draws upon UNDP's Human Development Index, possibly adjusted for immunization coverage
- incorporates population statistics of countries calculated according to commonly accepted methods such as "logarithmic smoothing"
- can be implemented gradually so that the reduction for any region would not exceed 3% per year and would spread over a period of three bienniums.

3. The Director-General was requested to present a thorough evaluation of the model to the Fifty-seventh World Health Assembly for the purpose of continuing response to health needs and equitable allocation of the resources of WHO. In preparation for that report, input was sought from the six regional committee sessions held in September 2003. The present document is intended to provide an opportunity for the Executive Board to comment on the subject.

¹ See document EB101/1998/REC/1, Annex 3.

² Resolutions EB101.R10 and WHA51.31 (attached as Annex 1).

IMPLEMENTATION OF RESOLUTION WHA51.31

4. The model¹ was used to guide the recommendations of the Director-General to the Health Assembly for the regular budget allocations to regions for the bienniums 2000-2001, 2002-2003 and 2004-2005. The proposals made in this regard by the Director-General were adopted by the Health Assembly.

5. The programme for the model was run, using the latest available data, during preparation of the budget proposals for each of the three bienniums. The results were percentage shares of the regular budget (excluding headquarters) to be allocated for each region based on the latest Human Development Index. The actual budget proposals made by the Director-General to the Health Assembly, however, modified this outcome pursuant to the provisions and discretions set out in resolution WHA51.31.

- For the biennium 2000-2001, the Director-General adjusted the model also to take account of immunization coverage. However, in the light of fluctuations and uncertainties surrounding some immunization-coverage statistics, that variable was not used in the bienniums 2002-2003 or 2004-2005.
- The maximum reduction foreseen in paragraph 3(c) of resolution WHA51.31 of 3% per annum per region was implemented in the first biennium, 2000-2001. Thereafter, the maximum reduction for any region was limited to 2% per year in the biennium 2002-2003, and to 1.5% per year in the biennium 2004-2005. This decision was taken in part to reflect the fact that regions had to absorb cost increases in these bienniums, in addition to the decreases in regular budget allocations resulting from application of the model.
- Least developed countries were not subject to any decrease.

6. The overall outcome of application of the model and implementation of the above provision was an increase in the share of the African Region from about 28% of regular budget allocations in 1998-1999 to around 34% in 2004-2005. The share of the European Region increased from about 9% to 10% over the same period. The allocations of the other four regions were reduced in order to pay for these increases.

7. The table at Annex 2 shows the cumulative impact of the model in financial terms. Over the six-year period it resulted in a total cumulative increase in regular budget resources allocated to the African Region of about US\$ 84 million, and to the European Region of about US\$ 9 million. The other regions were subject to the following decreases in total resources: the Region of the Americas – US\$ 23 million; South-East Asia Region – US\$ 18 million; Eastern Mediterranean Region – US\$ 20 million; Western Pacific Region – US\$ 20 million. Although not required by the model, a cumulative transfer of US\$ 12 million to benefit the two regions concerned over the six-year period was also made from the headquarters budget and is included in the above figures.

¹ The model is detailed in document EB102/4.

COMMENTS ON THE MODEL

8. It is important to note that the model guided only the overall allocation to a region. It was not used to determine the individual allocation to countries within a region (although such figures are generated by the model). Those were based on judgements made by the Regional Director and Director-General, and debates in the regional committees. The Western Pacific Region however applied the model in part to assist in decisions on country allocation.

9. The two regions receiving the additional resources used the funds mostly to strengthen their programmes in countries. The regions that had to make reductions did so both in regional offices and in country programmes.

10. The model does not apply to the headquarters budget. Indeed, this particular model is not appropriate since it relies on the grouping of countries into regions for apportioning the funding.

11. The model is not used for apportioning extrabudgetary resources (voluntary contributions), which are not covered by the resolution. Almost two-thirds of the total budget for the biennium 2002-2003 is likely to be funded from this source, and a similar pattern is expected in 2004-2005.

12. In respect of the balance between the total resources available at headquarters and those available in regional and country offices, the Director-General intends to propose a move from the apportionment of the biennium 2002-2003, when approximately 57% of total resources (67% of regular budget and 52% of extrabudgetary resources) were allocated to regional and country offices. The aim is to achieve a situation in which 70% of resources are so delegated in the biennium 2004-2005, 75% in 2006-2007 and 80% in 2008-2009. Each 5% of movement represents approximately US\$ 125 million at present budget levels.

13. The debates in the regional committees in September 2003 indicate that the four regions whose allocations were reduced now favour discontinuing use of the model at the end of the six-year period. The committees concerned passed resolutions to this effect.

14. At the Regional Committee for Africa delegates expressed their appreciation of resolution WHA51.31; the additional funds would have an impact on meeting the health needs of the populations in the Region. They suggested that the resolution should be fully implemented in the shortest possible time and supported an evaluation of the model. The Regional Committee for Europe discussed the question of regional allocations under the regular budget and commented on the need for a fair and equitable apportionment.

POINTS FOR CONSIDERATION

15. The pattern of allocation of resources from one biennial budget to the next clearly should not be definitive. It needs to evolve, in accordance with developments in global health requirements and priorities. When necessary, the Director-General and Member States will need to consider making changes based on their appreciation of the global health situation.

16. When the model was proposed, it was perceived as a way to overcome rigidities in the decision-making process which had led to an unchanging pattern of allocations. Compared to five years ago, additional flexibility in resource allocation is now possible both from the overall growth in the level of the total budget (regular budget plus extrabudgetary resources), and from the forthcoming

move to greater delegation of funds to the regional and country levels. Also, broader and more current data are now available on health situations around the world to assist in this process.

ACTION BY THE EXECUTIVE BOARD

17. The Executive Board is invited to provide any comments to assist the Director-General in preparing his report to the Health Assembly and to consider whether it wishes to provide any advice to the Health Assembly on this matter.

ANNEX 1

WHA51.31 Regular budget allocations to regions

The Fifty-first World Health Assembly,

Recalling resolution EB99.R24 on regional arrangements within the context of WHO reform;

Noting that regular budget allocations to regions have not been based on objective criteria but rather on the basis of history and previous practice;

Concerned that, as a result, each region's share of such allocations has remained largely unchanged since the Organization's inception;

Recalling that two basic principles governing the work of WHO are those of equity and support to countries in greatest need, and stressing the need for the Organization to apply principles which Member States have adopted collectively;

Noting that other organizations of the United Nations system, particularly UNICEF, have already adopted models based on objective criteria to ensure a more equitable distribution of programme resources to countries,

1. THANKS the Executive Board and its special group for the review of the Constitution for the comprehensive study of allocations from the regular budget to regions;¹
2. REAFFIRMS Article 55 of the Constitution which stipulates that it is the Director-General's prerogative to prepare and submit to the Board the budget estimates of the Organization, and requests her or him to take into account the discussion on this matter during the Fifty-first World Health Assembly when preparing future programme budgets;
3. RECOMMENDS that, globally, the regional, intercountry and country allocation in future programme budgets approved by the Health Assembly should for the most part be guided by a model that:
 - (a) draws upon UNDP's Human Development Index, possibly adjusted for immunization coverage;
 - (b) incorporates population statistics of countries calculated according to commonly accepted methods, such as "logarithmic smoothing";
 - (c) can be implemented gradually so that the reduction for any region would not exceed 3% per year and would be spread over a period of three bienniums;
4. REQUESTS the Director-General to present a thorough evaluation of that model to the Fifty-seventh World Health Assembly for the purpose of continuing response to health needs and equitable allocation of the resources of WHO;

¹ Document EB101/1998/REC/1, Annex 3.

5. DECIDES that the model should be applied in a flexible, rather than a mechanical, manner so as to minimize, to the extent possible, any adverse effects on countries whose budgetary allocations will be reduced;
6. REQUESTS the Director-General:
- (1) to ensure that during the 2000-2001 biennium all least developed countries will be guaranteed that their regular budget allocation will not be less than that of the 1998-1999 budget by use of the 2% transfer from global and interregional activities foreseen in resolution WHA48.26 and by casual income if available; and to continue in subsequent bienniums to give high priority to protect the situation of least developed countries;
 - (2) while emphasizing that any additional funds resulting from the present process of reallocation should flow to country level, to enable regions to determine for themselves within the terms of the Constitution the partition between country, intercountry and regional office budgets;
 - (3) to monitor and evaluate closely the working and the impact of this new process in the light, in particular, of changes in international social and economic conditions, and to report annually to the Executive Board and the Health Assembly with a view to any further refinement, development or modification in order to ensure response to health needs and the equitable allocation of the resources of WHO;
 - (4) to report to the Executive Board at its 103rd session and to the Fifty-second World Health Assembly on the details of the model and the regional, intercountry and country allocations to be applied to the 2000-2001 biennium;
 - (5) further to report to the Executive Board at its 103rd session and to the Fifty-second World Health Assembly within the context of the request in paragraph 4 above, on the use of extrabudgetary allocations in regional, intercountry and country programmes in the previous three bienniums.

(Tenth plenary meeting, 16 May 1998 –
Committee B, sixth report)

ANNEX 2

**REGULAR BUDGET ALLOCATIONS TO REGIONS
2000-2001 TO 2004-2005**
(thousands of US dollars)

The Americas

Approved regular budget 1998-1999 = 82 686

	Unchanged budget	Theoretical budget using model	Reduction due to model	Other budget changes	Budget actually adopted
2000-2001	82 686	77 725	(4 961)	0	77 725
2002-2003	82 686	74 682	(8 004)	0	74 682
2004-2005	82 686	72 491	(10 195)	736	73 227
Total resources 2000-2005	248 058	224 898	(23 160)	736	225 634

South-East Asia

Approved regular budget 1998-1999 = 99 251

	Unchanged budget	Theoretical budget using model	Reduction due to model	Other budget changes	Budget actually adopted
2000-2001	99 251	95 595	(3 656)	0	95 595
2002-2003	99 251	93 022	(6 229)	0	93 022
2004-2005	99 251	91 169	(8 082)	2 285	93 454
Total resources 2000-2005	297 753	279 786	(17 967)	2 285	282 071

Eastern Mediterranean

Approved regular budget 1998-1999 = 90 249

	Unchanged budget	Theoretical budget using model	Reduction due to model	Other budget changes	Budget actually adopted
2000-2001	90 249	85 869	(4 380)	0	85 869
2002-2003	90 249	83 390	(6 859)	0	83 390
2004-2005	90 249	81 584	(8 665)	765	82 349
Total resources 2000-2005	270 747	250 843	(19 904)	765	251 608

Western Pacific

Approved regular budget 1998-1999 = 80 279

	Unchanged budget	Theoretical budget using model	Reduction due to model	Other budget changes	Budget actually adopted
2000-2001	80 279	75 889	(4 390)	0	75 889
2002-2003	80 279	73 262	(7 017)	0	73 262
2004-2005	80 279	71 305	(8 974)	731	72 036
Total resources 2000-2005	240 837	220 456	(20 381)	731	221 187

Africa

Approved regular budget 1998-1999 = 157 413

	Unchanged budget	Theoretical budget using model	Increase due to model	Other budget changes	Budget actually adopted
2000-2001	157 413	176 822	19 409	0	176 822
2002-2003	157 413	186 472	29 059	0	186 472
2004-2005	157 413	192 718	35 305	(983)	191 735
Total resources 2000-2005	472 239	556 012	83 773	(983)	555 029

Europe

Approved regular budget 1998-1999 = 49 823

	Unchanged budget	Theoretical budget using model	Increase due to model	Other budget changes	Budget actually adopted
2000-2001	49 823	51 699	1 876	0	51 699
2002-2003	49 823	52 771	2 948	0	52 771
2004-2005	49 823	54 332	4 509	450	54 782
Total resources 2000-2005	149 469	158 802	9 333	450	159 252

Headquarters

Approved regular budget 1998-1999 = 282 953

	Unchanged budget	Theoretical unchanged budget^a	Reduction^b	Other budget changes	Budget actually adopted
2000-2001	282 953	279 055	(3 898)	0	279 055
2002-2003	282 953	279 055	(3 898)	0	279 055
2004-2005	282 953	279 055	(3 898)	(527)	278 528 ^c
Total resources 2000-2005	848 859	837 165	(11 694)	(527)	836 638

^a The model does not produce any change to the headquarters budget.

^b The reduction resulted from a recommendation to the Health Assembly by the Director-General to contribute to the transfer of resources.

^c The total budget adopted for 2004-2005 also included US\$ 34 million for miscellaneous expenditure. This amount was not apportioned by the Health Assembly between regions and headquarters.

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