

## **NINTH MEETING**

**Friday, 27 January 2006, at 09:10**

**Chairman:** Ms J. HALTON (Australia)

### **PROGRAMME AND BUDGET MATTERS:** Item 5 of the Agenda (continued)

**Eleventh General Programme of Work, 2006-2015:** Item 5.1 of the Agenda (Documents EB117/16, EB117/16 Add.1, and EB117/INF.DOC./3) (continued)

The CHAIRMAN asked the Secretariat to clarify the proposed procedure for the approval of the draft Eleventh General Programme of Work and the relevant draft resolution.

Mr BURCI (Legal Counsel) said that the Board might wish to delegate authority to the Programme, Budget and Administration Committee to examine the draft Eleventh General Programme of Work at an extraordinary session in February to ensure that the document had been revised in accordance with its conclusions. The Committee could then finalize and approve the relevant draft resolution, on behalf of the Board, for submission to the Health Assembly.

Dr BRUNET (alternate to Professor Houssin, France) pointed out that document EB117/INF.DOC./3 summarized some but not all of the points raised in the consultations of Member States of the European Region, and he asked had the views of other Member States or regions been taken into account? Furthermore, it was not clear, from procedure outlined by the Legal Counsel, whether the draft resolution to be considered by the Programme, Budget and Administration Committee was the one currently before the Board, or whether there was to be a second resolution in which the Board would delegate authority to that Committee, clearly specifying its mandate.

Mr BURCI (Legal Counsel) said that the draft resolution contained in document EB117/16, as amended in the course of the Board's discussions, could be forwarded to the Programme, Budget and Administration Committee to serve as the basis for its approval, on behalf of the Board, of a final draft resolution that would be submitted to the Health Assembly. The Board would not need to adopt a formal resolution to give a mandate to the Programme, Budget and Administration Committee. The Chairman's summing up, which would appear in the summary records, would set out the terms of reference that the Board wished to give to the Committee and would suffice.

Mr KINGHAM (United Kingdom of Great Britain and Northern Ireland)<sup>1</sup> said that Member States of the European Region had welcomed the opportunity to consider the entire draft document, rather than just a draft executive summary. Although the results of those consultations had been made widely available to all Member States, it was not clear whether that was the case for the other consultations referred to in document EB117/INF.DOC./3. Transparency was a prerequisite for ensuring the support of Member States.

As the Director-General had said, the development of the Eleventh General Programme of Work provided an opportunity to look into the future and to elaborate WHO's role within the United Nations reform agenda. The Director-General had already recognized the need for change through the introduction of results-based management. By continuing its programme of reform and using its core

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<sup>1</sup> Participating by virtue of Rule 3 of the Rules of Procedure of the Executive Board.

mandate and advantages compared to other organizations to strengthen operational relations with other agencies, and avoid duplication of effort, WHO would be in a strong position to provide the necessary leadership on global health issues. The General Programme of Work, in whatever form it finally emerged, would be a key instrument in that process.

The General Programme needed radical redrafting. The next version should contain an unambiguous statement setting out its purpose, provide a clear vision of global health, and identify WHO's role in the increasingly complex global architecture. It should consider WHO's core mandate and strengths in order to strike a better balance between global normative and standard-setting instruments and the provision of technical support. It should provide an assessment of WHO's performance and take greater account of the need for flexibility to meet unexpected challenges against the background of funding uncertainties and reliance on voluntary contributions. The revised document should also give consideration to synchronizing the terms of the General Programme of Work and the mid-term strategic planning process.

The Programme, Budget and Administration Committee might also consider the merit of launching the General Programme of Work as part of a package of proposals with the mid-term strategic plan and the next Proposed programme budget, so that Member States could see how those documents, the new approach and the strategic resource allocation principles fitted together in practice.

The discussions and clarifications had been useful, but he sought assurance that the next draft of the General Programme of Work would be available to all Member States to enable them to contribute to the next debate either as observers at the meeting or through their regional representatives.

The CHAIRMAN confirmed that the revised version of the document would be available to all Member States; the February meeting of the Programme, Budget and Administration Committee would be open to all Member States as observers.

Dr STEIGER (United States of America),<sup>1</sup> endorsing the comments of the representative of the United Kingdom, said that the Eleventh General Programme of Work, as it stood, fell short as a strategy and needed a radical change of focus and direction. Coordination among and between United Nations agencies and other international bodies with mandates touching on health would be an important part of the document, and he accordingly supported the call for a clear delineation of WHO's strengths and a clear assessment of its performance in several areas. WHO was not a human rights body. Care should be taken not to deviate from the language of its Constitution by using expressions such as "the right to health" and "rights-based approaches". The process suggested was acceptable, but support for the draft resolution could not be contemplated until a further revision of the document became available.

Mr XING Jun (China)<sup>1</sup> agreed in principle with the contents of the General Programme of Work and draft resolution and that the document should be considered further by the Programme, Budget and Administration Committee in February.

Implementation of the Programme would depend on factors such as economic and social development, resources, disease outbreaks and other emergencies. WHO should use its advantage compared to other organizations to strengthen communication and cooperation with Member States and other parties in order to make the best use of the Programme. The world health situation might change significantly over the next 10 years, and the Programme would have to be adjusted accordingly. The Secretariat should therefore enhance its monitoring and evaluation of the Programme's implementation and keep Member States regularly informed. As implementation would depend on elements outside the health sector, WHO should also make the relevant international

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<sup>1</sup> Participating by virtue of Rule 3 of the Rules of Procedure of the Executive Board.

agencies and institutions aware of the Programme's content and coordinate its strategies with others with a view to achieving the Millennium Development Goals.

Dr NORDSTRÖM (Assistant Director-General) said that the purpose of the Eleventh General Programme of Work was to review world health and look to the future. Document EB117/INF.DOC./3 summarized the consultations with Member States of the European Region, with civil society and with bilateral partners. Other regional consultations had already been taken into account in preparing the draft Programme. The outcomes of all the regional consultations were already available on WHO's web site, and would be taken into account during the redrafting process.

The Secretariat might include some of the initial work on future public health scenarios, as suggested by the member for Iceland. It could undoubtedly improve the layout of the final document in order to make it easier to read.

There was no contradiction between WHO's global normative work and the provision of technical support in developing countries. On balance, however, he agreed that the global normative work should be positioned more strongly in the document.

The comments on the importance and changing role of health ministers in a multisectoral environment, and that the Programme of Work should respond to countries and individuals in greatest need had been noted; there had been comments that health went beyond the conventional health sector. Although WHO did not have overall responsibility for human rights or environmental issues, it did have a role in ensuring that the health aspects and the implications of more cross-cutting issues of importance to health were well captured. The comments by the member for Lesotho on the need to develop mechanisms to achieve the necessary synergies and derive benefit from them had also been noted.

He accepted that the document needed to define the role and strengths of WHO more precisely and to assess its future expectations within the United Nations system against the background of reform.

Indeed, the General Programme of Work, the medium-term strategy and the Programme budget had to be seen as a package. However, the Programme was not a workplan for the Secretariat: it provided the strategic direction, the medium-term strategic plan set the objectives, and the Programme budget defined the expected results and financial resources available.

Members had raised the issue of priorities. WHO's mandate made it difficult to decide, without guidance from Member States, that one health problem was more important than another. He welcomed the essential discussion of the Organization's core functions and the calls for greater clarity on WHO's strengths. Core functions could not be performed in the same way for all health issues as the expected results and resource implications differed. Greater clarity about WHO's role and the expected results for certain health problems would ensure the right priorities, permit clearer budgeting and costing, and therefore achieve better value for money.

The CHAIRMAN said that the Board had given the Programme, Budget and Administration Committee clear messages. The document must reflect more fully the results of all the consultations and the Board's discussions. It should be more succinct, with a sharper focus and clearer purpose than the current version. The role of the document and core mandate of WHO should be stated more clearly. The relation between the General Programme of Work, the medium-term strategic plan and the Programme budget should be clarified so that there was no doubt that the Programme was part of a package. There should be greater clarity about matters considered by WHO as global health issues, about gaps, strengths and weaknesses, about the challenges and opportunities to be faced, about WHO's position in that scenario, and about the role and importance of other parties. The need for greater flexibility to deal with changing circumstances, and to ensure that language was consistent with WHO's mandate had also been emphasized.

She had noted support for the delegation of authority from the Board to the Programme, Budget and Administration Committee for consideration of the revised General Programme of Work. If the new version of the document did not meet the Board's requirements it would not be approved. The

draft resolution would only be considered by the Committee if the revised version of the General Programme of Work was approved.

Dr VIROJ TANGCHAROENSATHIEN (alternate to Dr Suwit Wibulpolprasert, Thailand) asked whether the Board would be delegating to the Programme, Budget and Administration Committee the responsibility for approving the report.

The CHAIRMAN, replying in the affirmative, explained that the Board had the legal authority to do so. The Board was delegating two decisions: whether to approve the revised Programme of Work and, if so, whether to adopt the draft resolution contained in document EB117/16.

Dr VIROJ TANGCHAROENSATHIEN (alternate to Dr Suwit Wibulpolprasert, Thailand) asked what the implications of the Committee's not approving the General Programme of Work would be for the medium-term strategic plan and the Programme budget, and what alternatives would then be open to WHO.

Ms GILDERS (alternate to Mr Shugart, Canada) asked when the revised text would be issued, as that would affect the timing of the process, including consultations by Member States within their own governments.

Dr BUSS (Brazil) endorsed the concerns of the member for Thailand. The General Programme of Work had to be adopted in 2006; if it was not, would the Programme budget remain valid?

Mr BURCI (Legal Counsel) said that, if the Committee was not entirely satisfied with the revision, it could give clear instructions to the Secretariat to prepare a final draft for consideration by the Health Assembly. If the latter was not in a position to adopt a new General Programme of Work in 2006, it could decide provisionally to extend the General Programme of Work, 2001-2005, supplemented by additional indications from the Health Assembly, until a new General Programme of Work was adopted. Failure of the Health Assembly to adopt a General Programme in 2006 would not invalidate the Programme budget, which had already been adopted for the biennium 2006-2007.

Dr NORDSTRÖM (Assistant Director-General), responding to the question on timing, said that in order for the report to be issued for the Health Assembly, it would have to be translated into all six official languages by early April 2006. The Secretariat expected to issue the revised version of the report one week in advance of the extraordinary meeting, on 24 February 2006, of the Programme, Budget and Administration Committee, but did not have the capacity to produce it in all six languages for the Committee and again for the Health Assembly. Efforts would nevertheless be made to produce it in more than one language for the Committee. Following the Committee's meeting, the text would be given its final revisions in light of the Committee's comments and forwarded to the Health Assembly.

Dr SHANGULA (Namibia) endorsed the procedure outlined by the Chairman.

Dr BUSS (Brazil) also endorsed the proposed procedure but noted that the handling of the translation was not the same as that agreed the previous day for the draft resolution submitted by his country and Kenya.

The CHAIRMAN asked whether the Board would accept the proposed procedure whereby the Secretariat would incorporate the input provided at the meetings of the Board and the Programme, Budget and Administration Committee, and in informal consultations. The responsibility for considering the revised Programme would be delegated to the Committee which, if the document was acceptable, would then consider the draft resolution and forward both the document and the draft resolution to the Health Assembly.

In response to a question by Dr VIROJ TANGCHAROENSATHIEN (alternate to Dr Suwit Wibulpolprasert, Thailand), she said that the Committee would be responsible for amending the draft resolution, if necessary.

In the absence of any objection, she took it that the Board endorsed the procedure outlined.

**It was so agreed.**

**Mr Khan took the Chair.**

**Guiding principles for strategic resource allocations, including validation mechanism:** Item 5.2 of the Agenda (Documents EB117/3 and EB117/17)

The CHAIRMAN said that document EB117/17, containing draft guiding principles for the strategic allocation of resources throughout the Organization, had been prepared in response to a request made by the Board in May 2005.<sup>1</sup> Details of the proposed validation mechanism were set out in the annex to the document; the Programme, Budget and Administration Committee had reported on them in document EB117/3.

Ms HALTON (Australia), speaking in her capacity as Chairman of the Programme, Budget and Administration Committee, said that the Committee's considerations had been greatly facilitated by the Secretariat's detailed briefings, which had given members a better understanding of certain technical aspects of the validation mechanism. It was not a resource allocation mechanism. Its purpose, which was not always clear from the documentation, was to provide an additional means of assessing whether resources were going to the right place. The statistical method produced a broad range of values for assessing the budget allocations but did not dictate the resources allocated within regions.

The Committee had discussed in detail the statistical foundation of the mechanism and whether all the elements on which the mechanism was founded were accurate, well chosen and adequately reflected the concerns of Member States regarding the relative needs of countries. Some Committee members had suggested the possibility of changing the weighting for least developed countries so as better to reflect the relative need. No consensus had been reached on that suggestion, but on balance, there had been consensus that the validation mechanism was a good approach.

Mr BAILÓN (Mexico) said that the Latin American countries emphasized the importance of an efficient, open system for evaluation of resource allocation. They were concerned about disparities in regional weighting but supported the increased resources to the least developed countries. Areas within developing countries with a high poverty index should also be considered least developed regions and care should be taken that regions like Latin America and the Caribbean received sufficient support. Furthermore, in analysis and decision-making on resource allocation, special account could be taken of the fact that countries of the Region of the Americas had to pay two contributions, to PAHO and WHO. Those countries should make constructive proposals on the allocation of resources.

Dr SINGAY (Bhutan), speaking on behalf of the Member States of the South-East Asia Region, referring to paragraph 22 of document EB117/3, said that there had been consensus in the Programme, Budget and Administration Committee on the guiding principles, but not on the validation mechanism. He noted that Principle 2 of the guiding principles affirmed that resource allocation should be based on equity and support of countries in greatest need, particularly the least developed countries. However, not all least developed countries were included in deciles 1 and 2: those from his Region were scattered over deciles 3 and 4, which were weighted 2.9 and 2.2, respectively.

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<sup>1</sup> Document EB116/2005/REC/1, summary record of the third meeting.

Health equity meant equal treatment for equal needs. He accordingly urged the Board to abide by the definition of least developed countries adopted by the United Nations in 1971 and by Principle 2, by putting all least developed countries into decile 1.

Professor PEREIRA MIGUEL (Portugal) recalled the statement in the Programme, Budget and Administration Committee's report (document EB117/3, paragraph 23) that, overall, there had been a consensus among members on the validation mechanism. PAHO had already gained useful experience in using that kind of model. Countries in the European Region saw the model as a well balanced way of dealing with health indicators.

Dr ACHARYA (Nepal) said that the countries of the South-East Asia Region had met four times to discuss the guiding principles for strategic resource allocation, and a clear conception of those had emerged. He supported the member for Bhutan in emphasizing the principles of equity and support for countries in greatest need, in particular the least developed countries, and called for equal treatment among deciles.

Mr RAMATSOARI (alternate to Dr Phooko, Lesotho), speaking on behalf of the Member States of the African Region, acknowledged with appreciation the incorporation of Principle 2, which had been put forward by the Regional Committee for Africa. The vital mechanisms for efficient resource allocation as presented in document EB117/17 could be made easier to understand. The engagement component should be reduced. Contrary to the indication in paragraph 21 of the report by the Programme, Budget and Administration Committee, the African Member States considered that its removal would increase the dollar figures for the needs-based component. The Secretariat should also draw up clear guidelines for the implementation of the guiding principles and validation mechanism. The areas in greatest need and regions with high disease burden should be accorded greater priority in allocations, and the least developed countries should remain a priority.

In his report to the Executive Board at its 113th session,<sup>1</sup> the Director-General had emphasized strengthening national health systems in order to explain the shifting in resources to countries. WHO had increased allocations to countries and regions under the 2004-2005 Programme budget from 66% to 70% and was pushing to reach 75% for the 2006-2007 biennium. That commitment should serve as an overarching guideline for resource allocation and its spirit should be reflected in the document. Adherence to the guiding principles, particularly Principle 2, would ensure that the African Region and other regions in greatest need were better placed to face their daunting challenges.

Dr OROOJ (alternate to Mr Khan, Pakistan), speaking on behalf of the Member States of the Eastern Mediterranean Region, supported the Director-General's efforts to decentralize WHO, a process that would affect coordination and operations, and result in more being expected from the regional and country offices. The validation mechanism must take that fully into account and must ensure equity in regular budget and extrabudgetary resources. He was concerned that the share of headquarters remained constant, while the share of the regions depended on the model selected. Decision WHA57(10) on regional budget allocations had requested the Director-General to draw up guiding principles that took into account equity, efficiency and performance, and to provide support to countries in greatest need. However, if the proposed validation mechanism, an average of the four proposed models, had been applied in the 2006-2007 biennium, the African, Eastern Mediterranean and South-East Asia regions (the three least developed in terms of life expectancy, income, education and other health and socioeconomic indicators) would have received US\$ 127 million less in resources than was the case. The African Region, the poorest and neediest, would have lost more than US\$ 62 million of its budget for the biennium. The validation mechanism, in providing indications for

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<sup>1</sup> Document EB113/2.

resource allocation, should not inadvertently compromise the letter and spirit of the Health Assembly decision.

The suggested indicators for assessing country health needs were another area of concern. Indicators such as life expectancy, per capita income and education improved only gradually over time and reflected only long-term trends in health status. Moreover, there was a two- to three-year time lag in reporting, so that they did not reflect the current situation in many countries. WHO also allocated resources for health needs that were not captured by those indicators, for example for efforts to eradicate poliomyelitis. Like emergency and humanitarian action, those allocations should not be included in the validation mechanism, but treated as a separate component of resource allocation.

The selection of a model to assess country health needs called for careful consideration. The positive correlation between health and education had been extensively demonstrated, with increasing access to education leading to improvements in health. UNDP's Human Development Index, which took education into account, should therefore be used for the validation mechanism. Countries with large populations should be treated fairly; there was a limit to so-called economies of scale. The Member States of the Eastern Mediterranean Region supported the use of the square root methodology for adjustments related to population size.

Dr VIROJ TANGCHAROENSATHIEN (alternate to Dr Suwit Wibulpolprasert, Thailand) welcomed the validation mechanism and the seven guiding principles, in particular Principle 2. However, he endorsed the comments made by the member for Bhutan on Table 1 of the Annex to document EB117/17. All least developed countries should receive equal weighting.

He remained unconvinced of the need for an engagement component of 2%, which would amount to between US\$ 60 million and US\$ 70 million, or US\$ 350 000 per Member State. Its introduction was designed to cover the administrative costs of engaging with all Member States. However, WHO was de facto serving all Member States through its normative function, even if some had no WHO presence. Scarce resources should not be given to those with already adequate resources. Similarly, he questioned the proposed engagement component in respect of territories and areas under the jurisdiction of Member States, set out in paragraph 12 of the Annex to document EB117/17. The engagement component should be deleted and the 2% of resources transferred to the needs-based component. Such a move would highlight the need to use scarce resources more effectively.

Dr BRUNET (alternate to Professor Houssin, France) commended the efforts made to prepare the guiding principles and validation mechanism, which had been motivated by the need for equity and support for the neediest countries. The mechanism should enable evaluation of the medium-term strategic plan and the Programme budget. France welcomed the inclusion in the results-based indicators of a needs-based component, enabling equitable distribution of resources in accordance with need. That was important in the European Region, where countries' needs varied enormously. The engagement component of 2% was essential, given the regional costs of basic functions. For example, governance expenditures were higher for regions with many countries. The component should be retained.

Three questions required further clarification. First, what would be the consequences of failing to comply with the validation mechanism, for example if Member States adopted budgets that did not conform to the proposed ranges of allocations? Were there procedures for making adjustments and would the budgetary and financial rules have to be changed? Secondly, how did WHO intend to guarantee the proposed fixed component of 43%, given that some 70% of the Organization's total resources currently derived from voluntary contributions and that proportion might well increase. Thirdly, how would coordination and consistency between the various instruments proposed – the 15 strategic objectives of the medium-term strategic plan, the Programme budget, the guiding principles for resource allocation and the validation mechanism – be ensured? The implications of the proposals for resource allocation and the validation mechanism for human resources policy, methods of recruitment and staff mobility should also be clarified.

Dr KHALFAN (Bahrain) questioned whether the mechanism would bring the desired results, as its application would actually lead to decreased allocations to the African and Eastern Mediterranean regions, two of the neediest regions. The Director-General should reconsider the matter and the validation mechanism should be redesigned.

Dr BOTROS SHOKAI (Sudan) endorsed the views of the members for Bahrain, Bhutan, Lesotho, Nepal, Pakistan and Thailand and urged the Board, at the current session, to consider and agree to the proposals made by the member for Pakistan.

Dr TANGI (Tonga) said that the presentation at the recent meeting of the Programme, Budget and Administration Committee and the comments at the start of the present discussion by the Chairman of the Committee had clarified many aspects of the guiding principles and the validation mechanism. The least developed countries should not all be treated equally as their health needs differed considerably. The implementation of resolution WHA51.31 on regular budget allocations to regions had resulted in reduced allocations to the Western Pacific Region. Removing the proposed engagement component for the many territories and areas over which Member States had jurisdiction would result in further reductions. Therefore it should be maintained. He endorsed the comments made by the member for France.

Mr IWABUCHI (alternate to Dr Shinozaki, Japan) acknowledged the difficulty of designing resource allocation procedures that would satisfy all Member States. The Programme, Budget and Administration Committee had reached a general consensus on the guiding principles and use of the validation mechanism, but further clarifications were needed. As the member for France had noted, it might be difficult to allocate resources in accordance with Principle 3, given that some two thirds of WHO's resources were extrabudgetary. Such funds were often made available on a different fiscal schedule from that of WHO, and partner organizations might have little flexibility with regard to their technical or geographical focus, so that they would be unable to comply with the Principle. He requested further clarification of the move from a resource-based to a results-based approach to resource allocation, referred to in paragraph 12 of document EB117/17. There was no sense in seeking to attain results without a solid resource base. Organizations must prioritize their activities in the light of available resources. Did the new results-based approach mean that desired results would henceforth determine the resources that each Member State and partner agency must contribute?

Mr SHIRALIYEV (Azerbaijan) endorsed the comments made by the member for France and supported the guiding principles and validation mechanism in their present form. The slight increase for the European Region was needed, owing to its widely contrasting needs. Resources were scarce in many countries of the Region, especially those in economic transition. The health authorities of Member States looked to WHO for resources and moral support in order to improve public health.

Mr GUNNARSSON (Iceland) expressed concern that the report on the guiding principles and validation mechanism by the Programme, Budget and Administration Committee had not been accepted by all members of the Board, nor even by some who were also members of the Committee. The Committee's review procedures could be reconsidered. Everyone agreed that resources should be largely directed towards those in greatest need. It was important to enable countries to make the economic transition that Iceland had once experienced. To design a mathematical method for resource allocation that would satisfy all Member States would be impossible. A broadly acceptable solution was essential. Adjustments and refinements could render it more equitable, the main goal of the process. Without agreement at the current session, WHO would have to revert to implementation of resolution WHA51.31, which few Member States wanted. He saw no alternative to endorsing the report of the Programme, Budget and Administration Committee, which reflected its consensus.

Dr VIROJ TANGCHAROENSATHIEN (alternate to Dr Suwit Wibulpolprasert, Thailand), referring to the comment made by the previous speaker, observed that no consensus had been reached.



Paragraph 22 of document EB117/3 stated that the validation mechanism provided significantly more weight to countries in greatest need, but did not single out least developed countries as a particular group; some such countries, namely, those that would be assigned to deciles 3 and 4, did not fall within the applied definition of countries in greatest need. The validation mechanism therefore did not comply with Principle 2. The Board had two alternatives: either it should follow the principles strictly, which meant that the least developed countries had to be treated equally by being assigned to decile 1 – and that was his country's position; or it had to delete Principle 2 – or at least the reference therein to least developed countries – since that principle could not be complied with.

With regard to paragraph 12 of the Annex to document EB117/17, he reiterated that Thailand could not accept the proposed arrangements for an engagement component in respect of territories and areas under the jurisdiction of Member States; any health actions in those territories were the responsibility of the Member States that had jurisdiction over them and were not the responsibility of WHO. To apply that arrangement would be to give scarce resources to countries that already had adequate resources. The engagement component should be deleted.

The CHAIRMAN pointed out that all Member States concurred with the principle of allocating resources equitably and in support of countries in greatest need, and that there could therefore be no question of deleting Principle 2. It was important to find a way of treating all the needy countries equitably.

Professor FIŠER (Czech Republic) expressed confidence that the intention had been to ensure an equitable approach that took into account the needs of the least developed countries. The seemingly minor changes proposed could have undesirable effects. The proposed package could be endorsed without further change.

Dr HANSEN-KOENIG (Luxembourg) welcomed the endorsement by the Programme, Budget and Administration Committee of the focus on countries in greatest need, in particular the least developed countries, and the inclusion of all sources of funds. She supported the proposed model for resource allocations in its entirety, and endorsed the appeal by several members to retain the engagement component: it was obvious that the financial burden was greater for a region that had to serve 52 countries and work in four languages than for regions that did not incur those higher administrative costs. She endorsed the statement by the member for Iceland; the Board should accept the model proposed, but consensus appeared unlikely. The Board should consider how to proceed.

Dr NORDSTRÖM (Assistant Director-General) said that there appeared to be consensus on the guiding principles for strategic resource allocations and the introduction of the validation mechanism. There was also broad agreement that the Organization should move from a resource-based to a results-based management approach. There must also be a clear understanding of the total resources available.

The results-based approach was already being applied to the elaboration of the medium-term strategic plan for 2008-2013 and the next Proposed programme budget. There would be a more detailed costing of both strategic objectives and the expected results needed to achieve those objectives at the country, regional and global levels. The validation mechanism would be used to determine the validity of the results-based resource requirements. If they were found to be invalid, that would indicate that the Organization had not been responding properly to the needs and priorities of Member States. He was confident that sufficient resources would be forthcoming to enable the Organization to honour its Programme budget; the Secretariat was strongly committed to raising further resources through voluntary contributions.

The validation mechanism was a compromise formula, based on the best knowledge of various experts, for supporting countries in greatest need. Its three components had been developed to reflect the nature of the work of the Organization. The ranges derived were purely conceptual and did not constitute actual resource allocations. The needs-based component took into account the socioeconomic indicators – life expectancy, gross domestic product and UNDP's Human Development Index – that most appropriately identified the countries in greatest need. The reference in Principle 2 to

“least developed countries” was intended to pinpoint the most needy countries, and was not a reference to the countries officially classified as “least developed” by the United Nations.

The Board could either accept the proposed approach and validation mechanism as they stood, as a compromise, thereby enabling the Organization to focus on the strategic objectives and the results to be achieved, with the guidance of Member States, or else defer consideration of the topic, pending further consultations, until its 118th session.

The DIRECTOR-GENERAL observed that WHO's role needed to be seen in a broad context. The Organization was not a fund or a development agency but a specialized agency of the United Nations that worked alongside other organizations in the United Nations system, the World Bank, bilateral donors, the European Commission and other bodies, to promote health. WHO supported many least developed countries that were struggling to devote sufficient resources to health and poverty-reduction activities, but it should not pretend to have sufficient resources to be able single-handedly to reduce poverty. The resources available to the Organization, when compared to national health budgets, or the overall resources of other institutions such as the World Bank, were small; moreover, two thirds of its budget was made up of voluntary contributions, which could not be guaranteed. In that context, he thanked the small number of countries that each year made ever-greater unearmarked voluntary contributions to the Organization's budget. Bilateral and multilateral donors expected the Organization, as an agency specialized in health matters, to provide considerable technical support to the countries to which they donated funds.

It had to be accepted that no one mathematical formula would resolve all the issues with which the Organization was faced. He therefore urged the Board to accept the proposed approach and the guiding principles, which would allow WHO sufficient room for manoeuvre, rather than deferring a decision on the subject pending further, and possibly unproductive, discussions. Stressing the need for a flexible response capacity, he assured Board members that, whenever special needs or emergencies arose, WHO would rise to the challenge and mobilize the necessary funds.

Dr SHANGULA (Namibia), thanking the Director-General for his reassuring words, said that that there was no alternative to the current proposal. He therefore implored the Board to endorse the proposed approach. It would not be possible to find a resource allocation formula that would satisfy all. However, during the implementation phase, weaknesses would be identified and the formula could be adjusted accordingly.

Dr KHALFAN (Bahrain) said that it would be helpful if the Secretariat could provide a table showing the effect of the validation mechanism on the distribution of resources to individual countries. The Board was being asked to make a decision without knowing what its implications might be. The trial and error process might lead the Organization to a position from which there was no return.

Dr NORDSTRÖM (Assistant Director-General) reiterated that the validation mechanism did not allocate resources or specify resources for individual countries; those would be determined by the programme budget process and would be dealt with within the different regions.

Dr SINGAY (Bhutan) pledged his country's support for any decision that might be demanded of the Director-General in an emergency. WHO's role as a specialized agency and the technical assistance it provided were highly valued by bilateral and multilateral agencies. That was one of the main reasons why he had suggested that all least developed countries should be grouped in one decile, because assigning them to different deciles would result in differential treatment and lead to difficulties, especially in the mobilization of external resources. The system for classification of least developed countries adopted by the United Nations should be retained and their status periodically reviewed.

The CHAIRMAN noted that, while all were agreed that support had to be given to countries in greatest need, there was no consensus about the way to do so. He therefore suggested that

consideration of the matter should be postponed until the 118th session of the Board and that the Programme, Budget and Administration Committee should reconsider the issue in the meantime.

Dr VIROJ TANGCHAROENSATHIEN (alternate to Dr Suwit Wibulpolprasert, Thailand) said that the merit of the validation mechanism was the application of a  $\pm 10\%$  relative range to the average, which provided the Director-General with the flexibility to spend money across programmes and across regions, having regard to the uncertainty of voluntary contributions. He proposed that, if the Board wished to retain the wording of Principle 2, on which there appeared to be a consensus, all least developed countries should receive equal treatment by being placed in decile 1; if not, the words “in particular least developed countries” would need to be deleted. He further proposed that the engagement component should make up 1% rather than 2% of the total. He was prepared to accept that territories and areas under the jurisdiction of Member States should be factored in the engagement component at the level of 50% of a Member State.

Dr NORDSTRÖM (Assistant Director-General) reiterated that the ranges within the validation mechanism would serve as a yardstick and nothing more. The removal or reduction of the engagement component would make very little difference – only about  $\pm 3\%$  – in terms of ranges or averages across the regions. He assumed that the proposal was prompted by a matter of principle or by political considerations. Including all least developed countries in the first decile would make a small difference in terms of averages, although less in terms of ranges, the main consequence being that the average for the African Region would be decreased by 0.8%, and that for the South-East Asia Region increased by 1.1%. The figures could be adjusted accordingly.

Dr ANTEZANA ARANÍBAR (Bolivia), stressing the importance of moving ahead with the agenda, observed that most Board members, without experts immediately available to examine the figures in detail, were approaching the guiding principles and validation mechanism from a conceptual, strategic viewpoint. The Board should have confidence in the Director-General's ability to apply the guiding principles, and authorize the Secretariat to proceed, provided that the Board – and the Programme, Budget and Administration Committee – was kept informed and held further discussions at its next session. There should be no further delay.

Dr BOTROS SHOKAI (Sudan) said that the validation mechanism did not adequately reflect the guiding principles. If no consensus was reached at the current session, she favoured submitting the matter to the Health Assembly in May 2006, rather than delaying until the 118th session of the Board. Otherwise, the matter would not be discussed by the Health Assembly until 2007.

**The meeting rose at 12:35.**