

Managerial reform

Introductory remarks by the Director-General

Mr Chairman, distinguished members of the Executive Board, ladies and gentlemen,

The purpose of managerial reform is clearly to improve the impact of WHO. Improved impact is measured as improved health outcomes for the people in your countries.

The proposals before you aim to make WHO more effective and efficient and more responsive to the needs of Member States. They also aim to enhance the Organization's transparency and accountability.

Managerial reform is a process of continuous improvement, with one improvement paving the way for others. Our proposals build on a strong foundation of reform that goes back many years.

For example, we introduced results-based management in 1998. We have improved transparency with the introduction of the global management system in 2008.

We have enhanced accountability and oversight with the establishment of the Independent Expert Oversight Advisory Committee in 2010. These are just some examples.

As we continue to build on these reforms, I would now like to draw your attention to three particular proposals.

These are, one, to increase the predictability of financing the work of WHO, two, to develop a sustainable approach to finance administration in WHO, and three, to develop an approach to independent evaluation.

A new financing model is needed for WHO. This is clear. We agree that the replenishment model, primarily used by funding agencies, is not entirely appropriate for WHO.

We are therefore proposing an approach, for consideration by Member States, which, for lack of a better term and for the time being, we have called "collective financing". That term can be changed, of course, if you wish.

This approach has several characteristics.

First, it is firmly linked to the programme budget. Second, it is inclusive. All Member States are involved in setting priorities, plans and budgets, and then discussing how these will be financed.

Third, it brings much greater transparency to efforts to mobilize resources. Fourth, it is led by Member States. We propose that the Programme, Budget and Administration Committee of the Executive Board takes responsibility for this process.

How would it work? We propose for your consideration that consultations with Member States in the development of the programme budget will include discussions on financing.

Following approval of the programme budget by the World Health Assembly, where all Member States are represented, negotiations with Member States and donors would commence – after you have decided on the priorities. This delinks resource mobilization from priority setting and keeps the decision making on priorities in the hands of 194 countries. Only once the decisions have been taken on priorities would we start to meet with Member States and donors and commence discussion – and in some cases negotiation. The process culminates in a meeting at which commitments to finance the programme budget would be shared.

These commitments would give us clarity on the available financing at the start of the programme budget cycle.

As a knowledge-based organization, much of our work involves the generation and application of knowledge, and this requires experienced professional staff. At this point in time, about 50% of our expenditures are for staff salaries.

Predictability, especially at the start of a biennium, reduces financial uncertainty, so that our work can be implemented in a timely manner. It reduces the need for the extension of funding agreements about which many of you have expressed unhappiness.

Currently we have to wait until money comes in before we can start implementation. If there was certainty, earlier, about the level of resources that would be coming in, we could start implementation immediately.

Predictability is important. Some flexibility is equally important to address unplanned emergencies or funding shortfalls in programmes. Predictability and flexibility must go hand-in-hand.

On the second point, adequate funding for administration costs must be accepted as part of running the Organization while the Secretariat does its best to keep these costs low by being lean and efficient.

In addition to general management functions, we need to finance meetings of our governing bodies, and finance our Legal Office, our Office of Internal Oversight Services, and other essential services. Compared with many national and international knowledge-based organizations, we spend a relatively small proportion of our total budget on administration, that is, around 15%.

But in recent years, several significant trends have made it increasingly difficult to adequately finance administration costs in WHO.

Let me give an example to illustrate this point. The official rate of 13% Programme Support Costs, as decided by the World Health Assembly, is not consistently applied resulting in an average of 7%, so we have had to introduce other mechanisms to raise funds to fill the gaps for covering administration costs.

I am therefore proposing to undertake a detailed review of the actual cost of WHO administration. We need this evidence. We do not want to overcharge and we do not want to undercharge. The review should also determine a sustainable and transparent mechanism to finance administration on the principle of full cost recovery with no cross-subsidy from assessed contributions.

This is an important principle. We do not want to subsidize voluntary contributions with assessed contributions. This detailed review will put us on a fair footing, and give us the evidence-base that allows us to explain to you exactly what are the precise administration costs.

The final issue is that of independent evaluation. I have heard several different views from different delegations. You agree on the need for a culture of evaluation. The question is whether this should be formal or informal. We already conduct informal evaluations on a continuous basis. WHO is one of the few United Nations agencies that does not have a policy endorsed by its Board. We would therefore like to propose to you that I develop a formal evaluation policy for your discussion, debate and endorsement.

But having a policy is not good enough. I propose that the Executive Board establishes a mechanism to provide oversight for evaluation in WHO. We offer three options for doing so.

The Executive Board could directly commission independent evaluations. You have asked us not to move forward on the proposed new subcommittee on monitoring and evaluation.

Alternatively, the Board could mandate the Office of Internal Oversight Services to carry out this function, and you would receive and consider its evaluation reports on a regular basis. This is the approach that the governing bodies of many other United Nations agencies have chosen to take.

As another option, if you so wish, the Board could decide to establish a completely separate evaluation unit, as exists, for example, in the World Bank.

Each option has its pros and cons, and different costs.

The question now is the way forward. Again, we have divergent views.

Some propose a thematic evaluation. Some have suggested this could focus on WHO's work to strengthen health systems. Others propose a two-stage evaluation that begins with a broad overview of the complex work of WHO that then informs prioritization in the subsequent commissioning of an independent evaluation. Some want to look at the financial aspects of our work – others the technical part. I have not heard convergence on these issues. We need your further guidance on this.

I believe these managerial reforms are ambitious yet realistic. Several are already ongoing or under development. I will be able to report on progress in these to you at the next session of the Board in January. Others need your endorsement before we can begin implementation.

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