



WORLD HEALTH ORGANIZATION
REGIONAL OFFICE FOR EUROPE
COPENHAGEN

REGIONAL COMMITTEE FOR EUROPE
Fifty-first session, Madrid, 10 – 13 September 2001

Provisional agenda item 7(c)

EUR/RC51/9
9 July 2001
10252M
ORIGINAL: ENGLISH

WHO'S PROGRAMME BUDGET 2002–2003 –
THE EUROPEAN REGION'S PERSPECTIVE

At its fiftieth session last year, the Regional Committee reviewed WHO's proposed programme budget for 2002–2003 – "One WHO" – together with a document setting out the European Region's perspective, and subsequently adopted resolution EUR/RC50/R4. The guidance given by the Regional Committee was strictly followed during the process of finalizing the global budget, leading up to the Fifty-fourth World Health Assembly in May this year, when the programme budget for 2002–2003 was adopted. The Standing Committee of the Regional Committee was continuously informed of developments throughout the year.

The purpose of this document is to inform the Regional Committee about:

- the steps taken, following its fiftieth session, to prepare the global budget for submission to the Fifty-fourth World Health Assembly;
- the tentative distribution of country allocations to areas of work (this will be further developed during an oral presentation);
- the process of preparing the proposed programme budget for 2004–2005.

CONTENTS

	<i>Page</i>
Introduction.....	1
Discussions at the fiftieth session of the Regional Committee: resolution EUR/RC50/R4	1
Developments since the fiftieth session, including global developments	1
Revised budget submission	2
Regular budget allocations to the European Region for 2002–2003	2
Country allocations.....	3
Other sources.....	4
Distribution of country allocations to areas of work and operational planning for 2002–2003	5
Monitoring and evaluation	5
Global developments since the fiftieth session of the Regional Committee	5
The proposed programme budget 2004–2005: initiation of consultation on priorities.....	6
Annex 1 Comparison of budgeted country funds over three consecutive biennia	7
Annex 2 Biennial collaborative agreement – country allocations.....	8

INTRODUCTION

1. The strategic programme budget is a key instrument in WHO's reform process, as it is the main tool for putting the concept of "One WHO" into practice. It links the corporate strategy and the General Programme of Work more clearly to the delivery of WHO's agenda for a biennium. The programme budget (PB) for 2002–2003 was developed through an Organization-wide process. It applies the principles of results-based budgeting and management, accompanied by a strengthened managerial process in WHO, including an integrated plan for monitoring, evaluating and reporting.

DISCUSSIONS AT THE FIFTIETH SESSION OF THE REGIONAL COMMITTEE: RESOLUTION EUR/RC50/R4

2. The European Region has contributed in a constructive manner to development of the PB 2002–2003, as it has to other global reform initiatives, and was involved in the consultative process leading up to its finalization.

3. The Regional Committee at its fiftieth session (RC50) reviewed the PB 2002–2003, together with its European perspective, and there was a broad consensus that this new budget formulation was an improvement and in particular would lend itself to meaningful monitoring of progress, as well as to an end-of-biennium appraisal of achievements against defined indicators. The strategic, outcome-oriented nature of the budget was welcomed.

4. Concern was expressed by RC50 in connection with three issues.

- The relative balance between global and region-specific priorities was addressed and, although it was understood that global priorities were important for consolidated action, it was felt that a reasonable level of flexibility should be allowed, to ensure that problems specific to any one region could be adequately addressed. In that respect, the Regional Committee advised that more emphasis be placed on areas of importance to the European Region, such as environmental health, aging populations, traffic accidents and noncommunicable diseases.
- Disappointment was expressed that full redistribution of the funds expected in accordance with resolution WHA51.31 was progressing more slowly than originally envisaged and that the Region was to receive only half (US \$1.1 million) of what was expected (US \$2.2 million).
- Some Member States were of the opinion that the level of detail in the budget document was insufficient and would have liked to see more details concerning investment in individual programmes, as well as overviews by object of expenditure.

5. The Regional Committee adopted resolution EUR/RC50/R4 which, while reflecting these views, endorsed the strategic directions contained in document "The European Region Perspective" (EUR/RC50/7) and welcomed the proposed programme budget 2002–2003 (document EUR/RC50/7 Add.1). The resolution, however, asked the Regional Director to convey its views to the Director-General; it also asked the Regional Director to distribute the additional allocation for 2002–2003 based on the Human Development Index model endorsed at the forty-ninth session (by resolution EUR/RC49/R5).

DEVELOPMENTS SINCE THE FIFTIETH SESSION, INCLUDING GLOBAL DEVELOPMENTS

6. Several developments have taken place in the past 12 months. The SCRC has been kept fully informed, and the Secretariat would hereby like to inform the Regional Committee of these developments, to ensure full transparency in all budget-related issues.

Revised budget submission

7. The Regional Director, following the guidance given by RC50, informed the Director-General of the views and comments expressed by the Regional Committee, and the Regional Office's budget submission was revised to better reflect their views. In so doing:

- the priorities of the Region, as expressed by the Regional Committee, were safeguarded;
- the proposed allocation to environmental health was increased from US \$2.08 million to US \$2.72 million;
- greater emphasis was placed on aging and traffic accidents in the global text, although there was no change in funding;
- the funds allocated to governing bodies were reclassified in line with the practice at headquarters and in other regions, resulting in a reduction to US \$648 000. This budget line now includes the Regional Committee and its Standing Committee, but no longer other activities in the areas of translation and health documentation;
- all posts were classified to the subject area where they best belong (this is important as the salary component represents just under 60% of the regular budget);
- the country allocation was maintained at a high level, to implement the new country strategy as approved by RC50;
- the salary component was recalculated to cover all current contractual commitments.

Regular budget allocations to the European Region for 2002–2003

8. The overall allocation to the European Region is US \$52 771 000. This is a nominal increase of US \$1 072 000 (2%), representing 50% of the expected increase based on resolution WHA51.31. In the programme budget document, this allocation is broken down by area of work (AOW). Each AOW covers human resources (staffing costs/salaries) and intercountry programme activities. Country allocations are not distributed by AOW in the strategic budget document. This process is ongoing now, closer to the time of implementation. The main budget lines in the European Region for 2002–2003 are presented in Table 1.

Table 1

Regular budget (US \$ thousands)	2000–2001	2002–2003
Salaries	32 706	30 812
Intercountry programme funds, including the Regional Director's Development Fund	5 317	4 545
Country-level activities	7 494	11 665
Common services	4 392	4 181
Miscellaneous ^a	1 790	1 568
Total	51 699	52 771

^a Governing bodies, Staff development and training, Duty travel.

9. The major change in the European Region's budget submission, as compared with previous biennia, is the sharp increase in the country allocation. Annex 1 shows the level of the country allocation in three consecutive biennia, broken down by programme activities in the countries (medium-term programme (MTP) funds and Liaison Office (LO) running expenses), while Table 2 shows the constituent elements of the increase in 2002–2003. There was also a gradual shift towards country funds in 1996/1997 and 1998/1999, while the interregional transfer of funds (under the provisions of resolution WHA51.31) added US \$2.2 million to country allocations in 2000–2001. It should be noted, however,

that the European Region has never seen such a considerable shift towards the countries as will be the case in 2002–2003. This shift is justified by the new country strategy approved by RC50.

Table 2

Regular budget (US \$ thousands)	Approved PB 2000–2001	Approved PB 2002–2003	Increase
Increased regional allocation WHA51.31	–	–	1 072
Shift to country allocation	–	–	3 099
Total country allocation	7 494	11 665	4 171

10. The allocation for salaries for 2002–2003 is sufficient for the Regional Office to honour all its contractual commitments to staff.

11. Although there is some decrease for intercountry programme (ICP) activities, the combined level of regular budget funding for programme activities (country and intercountry, including maintenance of WHO's country presence) has never been as high as it will be in 2002–2003: US \$16.2 million, as compared with US \$12.8 million in the previous biennium (lines 2 and 3 in Table 1 refer).

12. Country funds in 2002–2003 will be distributed under three main headings, as compared with two main headings in previous biennia: biennial collaborative agreements, LO running expenses, and an additional heading for "Priority public health initiatives". These funds will be used, among other things, on well justified multicountry public health initiatives, based on countries' needs, and as such will help compensate for the reduction of ICP funds.

Country allocations

13. As mentioned above, the country allocation has three budget lines in 2002–2003:

Table 3

Budget line	2000–2001	2002–2003
	(US \$ thousands)	
Biennial collaborative agreements ^b	4 900	6 000
Liaison offices	2 600	3 200
Public health initiatives	–	2 500

^b Prior to 2002–2003, referred to as medium-term programmes of cooperation (MTPs).

Biennial collaborative agreements (US \$6.0 million)

14. In the European Region, distribution of the country allocation among countries for activities under bilateral collaborative agreements (BCAs) has a long and well documented history and methodology. The adoption of resolution WHA51.31 in May 1998 meant an increase of US \$2.2 million for the European Region in 2000–2001. Following this the Regional Committee, by resolution EUR/RC48/R9, decided that the six low-income countries (according to the World Bank definition of per capita gross national product (GNP) of less than US \$785 per year) should receive this money in equal distribution. The US \$2.2 million was therefore distributed equally among Armenia, Azerbaijan, Bosnia and Herzegovina, Kyrgyzstan, the Republic of Moldova and Tajikistan. At the same time, the Regional Committee asked the Secretariat to develop the principles, criteria and methodology for determining country allocations, and to report back to RC49.

15. The SCRC reviewed all the possible options in 1999 and then presented a model to RC49, which it adopted by resolution EUR/RC49/R5. The model has the following main principles:

- move towards application of UNDP's Human Development Index (HDI), but without taking account of immunization coverage, as soon as possible;
- ensure that no country's allocation falls from one biennium to the next;
- allocate country funds only to those countries that have a level of per capita GNP below the World Bank definition of "high-income";
- maintain the special preference given by RC48 to the six "low-income" countries until they reach their final allocation;
- ensure that no country receives an allocation higher than its final allocation for 2010–2011, when all such countries (including the six low-income ones) will receive an allocation calculated according to the HDI;
- future additional budget allocations from 2002–2003 will be distributed among the remaining EUROHEALTH countries based on the HDI formula.

16. By resolution EUR/RC50/R4 the Regional Committee confirmed the above and "further request[ed] the Regional Director to distribute any additional allocation for the biennium 2002–2003 based on the Human Development Index model endorsed at its forty-ninth session (resolution EUR/RC49/R5)".

17. The tentative breakdown, calculated using this well developed methodology that has been approved by three consecutive sessions of the Regional Committee, was submitted to the Director-General in February 2001. The Director-General approved the country planning figures in March (see Annex 2). This breakdown was developed in the following way:

- the US \$1.1 million of additional allocation to the Region was distributed according to the mathematical formula based on HDI and added to the allocation of the previous biennium;
- countries reaching the World Bank definition of "high income" ceased to receive an allocation.

Maintenance of liaison offices (US \$3.2 million)

18. This figure is based on extrapolation of the expenditures incurred in the current biennium and covers salaries, running costs and communication expenses.

19. The status of the liaison offices will be further strengthened in 2002–2003 and they will be given increased delegation of authority.

Priority public health initiatives (US \$2.5 million)

20. Funds will be invested in three main areas:

- priority public health actions in countries
- multicountry public health actions
- strengthening WHO's country presence.

21. These funds cannot be earmarked until the BCA funds (US \$6 million) have been distributed by technical Area of Work and a full overview of investment in priority areas has been obtained.

Other sources

22. Projected regional expenditure for funds from other sources in 2002–2003 is US \$63 million, which is in line with the US \$52 million expenditure under Other sources for the first 18 months of the 2000–2001 biennium. It is hoped that closer coordination with WHO headquarters and regional representation in global Meetings of Interested Parties, as well as regional efforts to raise funds, will

gradually yield results in this area. Thanks to considerable efforts, progress is being made on working out mutually beneficial arrangements concerning funding with the European Union and its constituent bodies. Renewed emphasis will continue to be placed on fund raising to support priority areas and global expected results. Discussions have also started in global fora about achieving an equitable distribution of funds from other sources.

Distribution of country allocations to areas of work and operational planning for 2002–2003

23. The distribution of country allocations started in April 2001, following the approval of the country planning figures by the Director-General. For the first time in the European Region, operational planning has started at country level and will continue using a “bottom-up” approach. The Division of Country Support at the Regional Office has approached the countries to identify their priorities for country-level activities. This priority-setting will be followed by an internal planning process, in which global and region-specific priorities will be reviewed, followed by reconciliation with the AOWs of the global programme budget. During the presentation of this agenda item at RC51, an overview will be given of the investment of country funds in the AOWs.

Monitoring and evaluation

24. This aspect has been and will continue to be strengthened as part of the overall managerial process, and the end-of-biennium evaluation (supported by external evaluations) will ensure full review of the results achieved. The usual end-of-biennium reporting will provide the necessary information for those Member States who wish to have more details of actual achievements.

Global developments since the fiftieth session of the Regional Committee

25. Both the Executive Board (and its subcommittees) as well as the World Health Assembly reviewed the PB 2002–2003, which was ultimately adopted by means of the Appropriation Resolution (WHA54.20). During the global budget discussions, the European component of the budget was also reviewed and three sets of issues were identified, as outlined below.

“Zeros in the budget”

26. Four regions (Europe, the Americas, the Eastern Mediterranean and the Western Pacific) have zeros in the global programme budget in some budget lines.¹ For the European Region, there are five zeros. Explanations are given in document EB107/Inf.Doc./8. Briefly, it should be noted that in Europe work is ongoing in all 35 AOWs; the occurrence of zeros is therefore somewhat artificial and is related to the following facts:

- differences in structure between WHO headquarters and the regional offices
- the regional offices are smaller and have fewer staff
- some staff span several areas of work
- the country budget has not yet been distributed.

Priorities

27. It is important to note that Europe’s specific priorities have been safeguarded, and that the 10% shift in intercountry funds (i.e. the transfer of US \$4 million to global priority areas) has been carried out as it was presented to RC50. In addition, the Director-General’s approval of the country planning figures was accompanied by a request that at least 10% of the total country budget in each region should be shifted to the 11 global priorities. This work is ongoing, as part of the country planning process. However, direct comparison with the previous biennium is somewhat hampered by the new classification in Areas of Work and by the new organizational structure at the Regional Office.

¹ See Proposed Programme Budget 2002–2003, pages 110–111.

The evidence base for resolution WHA51.31

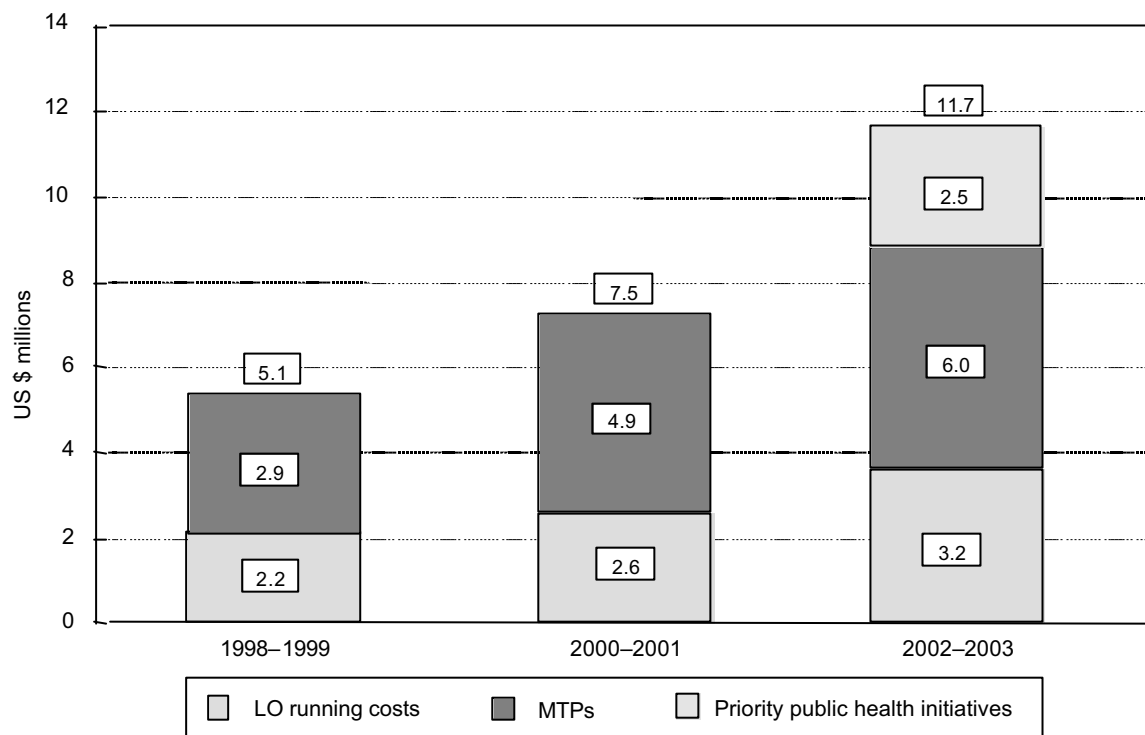
28. Both WHO headquarters and the Regional Office for Europe have carried out work in this area to continuously monitor the evidence base for this resolution. Activities are now continuing in a joint working group.

THE PROPOSED PROGRAMME BUDGET 2004–2005: INITIATION OF CONSULTATION ON PRIORITIES

29. The process of developing the proposed PB 2004–2005 has already been initiated, since Member States' views on priorities were already sought during preparation of the PB 2002–2003. The idea is to build up the PB 2004–2005 through a bottom-up approach, seeking Member States' views right at the beginning. However, the Regional Office is continuing to invite European countries to send in their views concerning priorities for 2004–2005, so that by October, it can provide a consolidated document to the Director-General. This will then be used during the forthcoming discussions at the one hundred and ninth session of the Executive Board in January 2002. In this manner, the process of consultation with the regions will be further strengthened, within the framework of the Organization-wide budget preparation process.

Annex 1

COMPARISON OF BUDGETED COUNTRY FUNDS OVER
THREE CONSECUTIVE BIENNIA



1998-2001 EURO's programme budget
2002-2003 Global programme budget

Annex 2

BIENNIAL COLLABORATIVE AGREEMENTS – COUNTRY ALLOCATIONS

Country	Approved 2000–2001	Change	Estimated 2002–2003
	US \$ thousands (rounded)		
Albania	130	34	164
Armenia	463	–	463
Azerbaijan	463	–	463
Belarus	130	38	168
Bosnia and Herzegovina	463	–	463
Bulgaria	50	36	86
Croatia	130	26	156
Czech Republic	50	27	77
Estonia	50	18	68
Georgia	130	33	163
Hungary	50	31	81
Kazakhstan	130	54	184
Kyrgyzstan	463	–	463
Latvia	50	24	74
Lithuania	50	25	75
Malta	50	(50)	–
Poland	50	66	116
Republic of Moldova	463	–	463
Romania	50	58	108
Russian Federation	200	240	440
Slovakia	50	24	74
Slovenia	50	(50)	–
Tajikistan	463	–	463
The former Yugoslav Republic of Macedonia	130	24	154
Turkey	200	140	340
Turkmenistan	130	38	168
Ukraine	130	110	240
Uzbekistan	130	84	214
Yugoslavia, Federal Republic of	50	42	92
Total	4 950	1 072	6 022