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Decentralization in WHO: advantages and challenges

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We all know that the WHO Constitution is unique, as it established our Organization as a fully decentralized specialized United Nations organization. Obviously historical, political and governance reasons affected this decision, but I strongly believe that it has created the right organizational structure. As I have always said, this is a strength and an asset that need to be cherished but it is also a big responsibility to get it right in the spirit of one WHO!

My purpose today is neither to comment on nor summarize the Joint Inspection Unit (JIU) report. These tasks have been well taken care of by the report itself and by Mr Istvan Posta's excellent presentation that we have just heard. However, I would like to point out that we regard the JIU report as an excellent, thoughtful and pertinent report with a sound and robust analysis based on an inclusive approach that fully involved the regions and the regional directors (RDs) and WHO staff. It has some very clear and straightforward recommendations that I know that the WHO Director-General (DG) has accepted. We are taking it very seriously with a first discussion on its recommendations already at the Global Policy Group (GPG) last Friday. We agree with all the formal recommendations, even though some issues in the report merit further considerations.

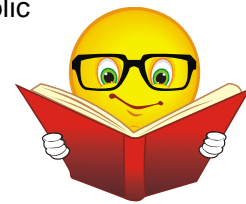
Also the request for this report by Member States was a very timely external assessment and input to the WHO reform process. I believe it was actually Germany that was the first to make this request, making their organization of this discussion a natural follow-up and in line with what has now become as more or less a fixed Executive Board (EB) Monday evening event!

I will speak on behalf of WHO's corporate leadership and management on the advantages and challenges of decentralization in WHO.

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Best business practice: when to decentralize?

- **The overall principle of subsidiarity**
- **Where a strong level of individualized customer service is needed**
 - Countries of our 6 regions have vastly diverse health needs, which require highly tailored/specific solutions
- **Where there are many store locations**
 - WHO has 150 country offices
- **Where there is a need for coordination**
 - Numerous and increasing number of stakeholders in the public health arena!
- **Where innovations change the business model directly**
 - Adaptation of innovations to regional and country needs
- **Where speed of delivery matters**
 - Our ability to act in emergency situations hinges on this



Source: *The CFO guidebook* (<http://www.accountingtools.com/book-cfo>).



I would like to start by looking at what general business-management literature suggests as best practice for decentralization. While I am aware that WHO is not a consulting company or a profit-making entity, it is interesting to see how many of the organizational considerations are relevant to us. First of all is the overall principle of subsidiarity: matters should be managed by the lowest, smallest and least centralized competent authority in the Organization.

According to management literature there are 5 conditions/requirements, where decentralization is beneficial:

- where a strong level of individualized customer service is needed (Member States and regions have vastly diverse health needs which require highly tailored/specific solutions);
- Where there are many store locations (WHO has 194 Member States and 150 country offices, so it has a structure that enables it to be on the ground and close to the vast majority of our Member States to meet their specific needs);

- Where there is a need for coordination (as there are certainly a large number of organizations in the area of health);
- Where innovations change the business model directly (Input of regional and country specificities and the adaptations to regional and country needs are easier); and
- Where speed of delivery matters (Our ability to act in emergencies and respond, as the lead agency for the health sector, crucially hinges on country presence supported by the Region and headquarters).

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Unique decentralization concept of WHO anchored in the Constitution

- A valuable feature to be safeguarded
- Allows for a more tailored response to the diversity of health needs through the concept of regional organizations
- Reflects the intentions of the founding fathers of the Constitution for a bottom-up, Member-States-based Organization
- The range and complexity of tasks in WHO's Constitution require action at different levels, in the spirit of one WHO



This level of decentralization is unique to WHO in the United Nations system and is to be treasured, as it allows for the diversity of health and its needs across the world to be fully and properly reflected through the concept of regional organizations (not regional offices alone!). This properly reflects the intentions of the Constitution and the very first EB, which created a bottom-up and Member-States-based organization that elects RDs to tackle the issues of

relevance to their regions and to be accountable and answerable to the regional committees. This is an asset for the Organization.

These points are also recognized in the JIU report which reminds us of the following.

1. The concept of decentralization is enshrined in the WHO's Constitution, which provides for the set-up of regional organizations to meet specific regional needs.
2. A regional organization does not comprise just a regional office, which is the administrative organ headed by an elected RD, but includes the Member States in the region.
3. The regional organizations are an integral part of the whole Organization. WHO is one coherent global Organization, which is its asset. There is no other organization in the world with the same mandate and the same democratic governance, which should also be valued and treasured, and it is our responsibility to get it right.

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WHO specificity: regional directors elected by the regions' Member States



- Strengthens accountability
- Strengthens legitimacy
- Strengthens involvement of and ownership by Member States
- Brings governance and oversight closer to Member States
- But full and coherent integration needed of the regions into our global Organization

WHO has a particular characteristic: RDs are elected by the Member States of their respective regions and are accountable to their respective regional committees for the work done in the regions, and for the implementation of the regional programme budgets, through the DG to the World Health Assembly. This fact underscores RDs' accountability and legitimacy and enables them to better respond to regional health needs and priorities on the one hand and to implement global decisions on the other hand. This is therefore an important benefit and strength, but we have to ensure that the regions are fully and integrated into the one WHO with coherence in its work. We need a lot of horizontal coordination and networks and we have to break down walls where they still exist.

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Challenges of decentralization

- Comes with costs
- Brings a complexity to coordination and management issues
- Requires special efforts by us all to ensure One WHO as a coherent, seamless global organization working as one



Of course decentralization also has important challenges, which also need to be mentioned.

1. It is more costly. There are important costs associated with decentralization. In WHO's case the most obvious one is the necessity to maintain the 6 regional organizations, as well as the many country offices, in addition to headquarters.

2. Coordinating, integrating and ensuring coherence are complex. It just takes a long time to involve everyone in joint decisions and resolve all their conflicting desires.
3. Decentralization may lead to inconsistencies if corporate management is lacking.
4. Decision-making process may be delayed.

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Personal reflections

When I left the WHO Regional Office for Europe in 2002:

- our work was focused and prioritized, mainly with a predictable but small regular budget;
- we had a limited number of stakeholders.

When I returned, I found an Organization with:

- more corporate spirit and action at the senior level (credit to the WHO Director-General (DG) and Global Policy Group (GPG));
- unpredictable funding (now addressed through reform);
- many stakeholders and complex governance issues reflecting health's importance in global development.



Before speaking about how we met these challenges, I would like to share with you some personal reflections, after being away from WHO for 8 years!

As some of you may know, this is my second time working for WHO. I was in WHO for the first time in 1991–2002. At that time it was small, with limited priorities, predictable financing (regular budget with some voluntary donations) and much less coherence than now.

When I came back in 2010, I saw a different WHO and this change is in many ways a great difference: the corporate spirit was much higher than before. DG and RDs work together as one team. The GPG is an effective leadership/coordination mechanism for the Organization. The other functional networks – of directors of programme management and of

administration and finance – work increasingly well together as well. This is very positive. We are also working increasingly well with the assistant directors-general. Where we still have to make progress is to further clarify the roles and responsibilities of the three levels and improve the horizontal coordination in some strategic technical areas.

On the other hand, WHO has become bigger (as it is a global priority and part of the development agenda) and in charge of larger financial resources, which come from many sources with strings attached: sometimes too many strings attached. This makes financial sustainability very difficult. Since this change took place, we have never really managed to make all the shifts in the management and administration of our Organization. This is our challenge now.

Increase in stakeholders is of course positive, as it shows that health has become a global priority and an important part of overall development. It is for Member States now to further consider the future of the complex global health agenda and determine WHO's role in it.

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Progress in recent years

- Open, transparent, inclusive governing bodies, driven by Member States (as foreseen in Constitution)
- Strengthened WHO corporate management culture:
 - Crucial role of GPG led by DG;
 - Global Management System (GSM) helping to ensure transparent and uniform management practices;
 - Horizontal networks to be further developed, also in technical areas.

We have made significant progress in recent years. Better links and harmonization across governing bodies and between the global and regional levels will further strengthen and mitigate some of the historical shortcomings. We have to continue to make further progress on this and make this work in both directions.

A strong vision, decisions and actions, shared by the GPG and then jointly implemented, have, as I have already said, brought significant benefits through increased coherence, legitimacy and strengthened authority for the DG and RDs and ownership of decisions across the whole Organization. Transparency is a culture but the Global Management System (GSM), although it needs further improvements and investments (as also pointed out by the JIU report), is a significant step. The traditional horizontal networks play a crucial role and need to be reviewed and further developed in line with GPG principles and extended to all important areas. A link between the GPG and the team of assistant directors-general is needed.

Institutionalization of the GPG and all the horizontal networks is essential.

Remaining key decentralization challenges

- Relations with stakeholders and global health governance
- Clarity in roles and functions of the 3 levels of the Organization
- Resource allocation and management to reflect the above
- Framework for full accountability
- Collaboration with Member States and country presence



Relations with stakeholders and global health governance are complex issues, but they continue to be debated as part of the WHO reforms. The increased recognition of their importance for WHO and Member States will, I am sure, bring a good solution.

This brings me to the last but perhaps the most important challenges that remain.

1. A clear division of labour among the three levels of the Organization is indispensable. Clarity is needed on the normative and technical cooperation functions and their leadership (historical step).
2. The right level of funding needs to be provided and resource allocation decisions need to follow the division of labour, but we also need proper criteria and methodology. All parts of the Organization need to be properly funded to allow for good work.

The above two areas are where we now concentrate our work, as part of the WHO reforms, as recognized and endorsed by the GPG. The DG has set up two task forces to make proposals and report back to the GPG later this year. The DG has delegated co-chairmanship of the task

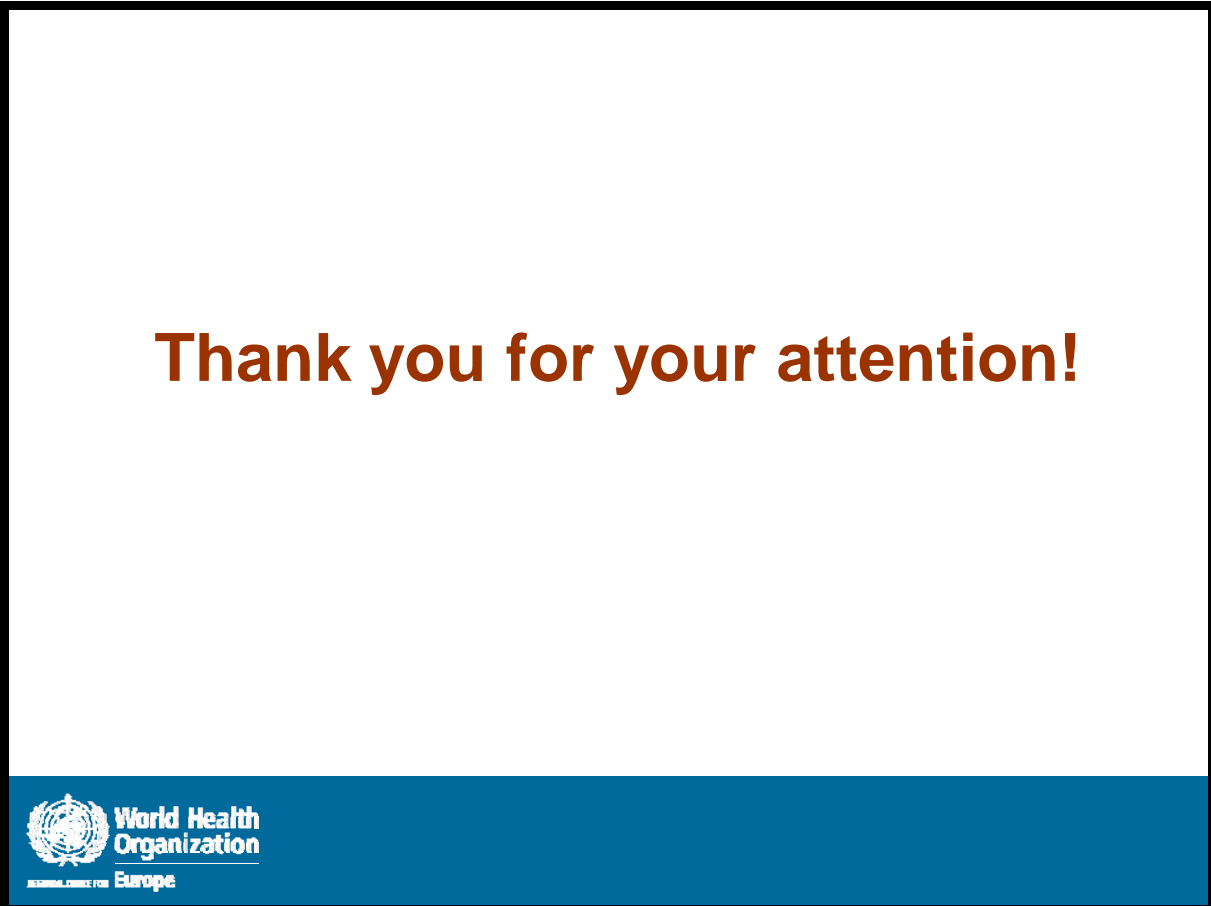
forces to RDs, the Deputy Director-General and senior headquarters staff, with representative participation from across the Organization.

Other areas where further consideration is required are WHO's collaboration with Member States and its country presence.


There are many good recommendations in the JIU report on all these and, when implemented, they will help us to move on!

I am confident that, after the successful implementation of the recommendations of these task forces and the JIU report, WHO will be able to reap the full benefits of its unique, decentralized structure.

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Thank you for your attention!

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