



EUROPE

Regional Committee for Europe Fifty-second session

Copenhagen, 16–19 September 2002

Provisional agenda item 3

EUR/RC52/Inf.Doc./3
26 July 2002
22483
ORIGINAL: ENGLISH

REGIONAL DIRECTOR'S REPORT – IMPLEMENTATION OF THE PROGRAMME BUDGET 2000–2001

This report provides a detailed analysis of actual expenditure compared with budget provisions. The data are based on the Financial Report and Audited Financial Statements for the period 1 January 2000–31 December 2001 (A55/25) presented to the Fifty-fifth World Health Assembly. This document should be read in conjunction with the Report of the Regional Director on the work of WHO in the European Region – 2000–2001 (EUR/RC52/4).

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Introduction

Background

1. Since the end of the biennium 1992–1993 the Secretariat has presented information documents to the Regional Committee showing how the funds entrusted to the Regional Office, whether from the regular budget or as extrabudgetary resources, have been spent. Previously, the point of departure was the regional programme budget, which for many biennia was prepared in a structure based on the Health for All (HFA) policy, with funds appropriated against the regional HFA targets. Owing to the different global and regional budget structures, it was often difficult to reconcile the regional reporting (as presented in the information documents) with that in the official financial report of the Organization, which is submitted to the World Health Assembly in May of the year following the end of the biennium.

A biennium of change

2. The budget period 2000–2001 was a biennium of change. At the forty-eighth session of the Regional Committee, the European proposed programme budget 2000–2001 (document EUR/RC48/8) was reviewed and endorsed in resolution EUR/RC48/R9. However, between September 1998 and January 1999 a major change in the budgeting process took place.

3. Work on the programme budget for 2000–2001 was far advanced when the Director-General took office in July 1998. The draft programme budgets had already been prepared for presentation at the sessions of Regional Committees in September/October 1998. These budgets were built up around the old structure of six appropriation sections, 19 major programmes and 52 specific programmes (with some regional variations). Salient parts of the regional budgets, still aligned on the old structure, were included in the version of the global budget presented to the Executive Board in January 1999. The section of the budget that represented the work of WHO headquarters had already been aligned on the ongoing organizational changes in Geneva. Between January and May 1999, it was therefore decided that the regional components of the 2000–2001 programme budget should also be reoriented to the nine new strategic areas of focus, in order that a budget in a harmonized structure could be presented to the World Health Assembly for approval in May 1999.

4. At the start of the 2000–2001 implementation period, WHO headquarters and some of the regional offices were reorganized to reflect the new strategic emphases. This involved taking a critical look at priorities, curtailing some programmes, allocating more staff and financial resources to priority areas, and redistribution of staff, units and programmes into new groupings. The organizational structure was further refined during the biennium and resulted in 35 discrete areas of work (AOW). In WHO headquarters these 35 AOW are grouped in nine clusters, each headed by an Executive Director. The AOW have been carried on into 2002–2003, and it is proposed that they will be taken forward into the 2004–2005 biennium with only minimal adjustments.

Structure of this document

5. Although 2000–2001 was a biennium of change, when the full scope of budgetary and management reform was not yet in place, it was one where the foundation for the new planning, monitoring and evaluation processes was established. This information document therefore follows the new budget structure, in order to facilitate meaningful comparisons with future biennia.

6. In line with the ongoing reform and with the aim of achieving coordinated reporting in uniform formats, this paper draws its information from the following documents recently discussed at the Fifty-fifth World Health Assembly:

- *Financial report and audited financial statements for the period 1 January 2000–31 December 2001 and Report of the external auditor to the World Health Assembly (A55/25 and A55/25 Add.1).*
- *Human resources: annual report 2001 (A55/30).*

7. This paper first addresses financial information, then information related to human resources. While the information has its roots in the documents submitted to the World Health Assembly, some tables have been expanded and further details (which could not be accommodated in the global reports) have been given for the European Region.

Financial information

Level of the regular budget

8. In September 1998, the Regional Committee endorsed the regular budget for 2000–2001 at US \$49 490 000, which represented zero real growth compared to 1998–1999. Subsequently, as a result of interregional transfers pursuant to resolution WHA51.31, the regular budget increased by US \$2 209 000, and the baseline was therefore established at US \$51 699 000. This figure excludes inflation/cost increase and currency adjustment factors.

9. Owing to uncertainties with regard to the payment of contributions from Member States, the Director-General decided to establish the working allocation for all regions at 99%, hence reducing the European Region's budget to US \$51 182 000.¹ In view of relatively low inflation and an increase in the purchasing power of the Danish krone against the US dollar,² a further reduction of over US \$2 million was made. These changes, together with other minor adjustments, led to establishment of the effective allocation for 2000–2001 for the European Region at US \$49 225 000.

Budget 2000–2001 by main category of expenditure

10. The effective allocation of US \$49 225 000 was budgeted by main category of expenditure as shown in Table 1.

Table 1. Regular budget allocation by main category of expenditure, 2000–2001
(expressed in thousands of US dollars)

Main category of expenditure	Amount (US \$000)
Regional Committee (Governing Bodies)	446
Salaries	26 433
Staff development and training	204
Duty travel	880
Common services	4 929
Intercountry activities	8 839
Country programmes	7 494
Total	49 225

¹ Assessed contributions: As of 1 April 2002 European Member States were assessed at US \$340.7 million (40% of total net assessments). Of the assessed amount, US \$332.3 million was collected (98% collection rate) while US \$8.4 million remained uncollected. Thirty-three Member States paid in full, seven made partial payments and 11 made no payments of their 2000–2001 assessed contribution.

² Budget exchange rate: DKr 7.01 to the US \$. Average implementation exchange rate: DKr 8.18 to the US \$.

11. In 2000–2001, the allocation to activities in countries increased by US \$2 million. This was in line with the provisions of resolution EUR/RC48/R9, which stipulates that additional funds received as a result of resolution WHA51.31 should be directed to activities in countries. For the biennium 2000–2001, these funds were distributed equally among the six low-income countries (Armenia, Azerbaijan, Bosnia and Herzegovina, Kyrgyzstan, Republic of Moldova and Tajikistan).

12. As can be seen, salary expenditure constituted 54% of the total regular budget. The budget breakdown for 2000–2001 does not differ significantly from that of 1998–1999, apart from the increased allocation of US \$2 million to country activities.

Extrabudgetary funds

13. Technical programmes have been increasingly supported by extrabudgetary funds for programme implementation. This is not unexpected, considering the limited amount of regular budget funds available for programme implementation. At the Regional Office for Europe, extrabudgetary funds fall into two categories, which are very different by nature and are governed by different donation mechanisms, as well as entailing differences in implementation: funds for sustainable programme development in technical areas, and funds for humanitarian assistance. When looking at the Regional Office's other sources of funds, these two categories need to be addressed separately.

14. Unlike the regular budget, extrabudgetary balances can often be carried over from one biennium to another. The funds received in any given biennium therefore do not necessarily equal the funds available or the funds expended.

15. Table 2 shows the availability of extrabudgetary funds in the two categories over four biennia.

Table 2. Availability of extrabudgetary resources, 1994–2001
(expressed in millions of US dollars)

	Allotted 1994–1995	Allotted 1996–1997	Allotted 1998–1999	Allotted 2000–2001
Technical areas	39.8	37.1	48.4	68.0
Emergency and humanitarian assistance	54.6	28.3	27.4	35.2
Total	94.4	65.4	75.8	103.2

16. As can be seen after a peak in 1994–1995, the funds utilized for emergencies and humanitarian assistance are now at a lower level, while the amounts expended in technical areas have shown a steady increase.

17. Hitherto there has been some resistance to do detailed planning of extrabudgetary resources, owing to the uncertainty of their availability at the time of budget preparation.³ This was also the case in 2000–2001, when the estimation of funds from other sources at the time of budget preparation was US \$32 911 000 – as will be seen, a figure far below the reality.

Programme support costs

18. Programme support costs are applied to activities financed from extrabudgetary sources, in accordance with the terms of resolution WHA34.17. The current charge for programme support costs is 13%, except for humanitarian assistance projects, where only 6% is charged. This represents partial

³ Please note, however, that for 2004–2005 detailed planning of funds from other sources has been performed. The Regional Office estimate of total extrabudgetary funds is US \$115 million (see document EUR/RC52/12), with US \$12.5 million estimated for emergency and humanitarian assistance.

reimbursement of the cost of the related support and services provided in connection with project expenditures incurred under all other extrabudgetary sources of funds. While programme support costs are “earned” in one biennium, it is only in the next financial period that the amount “earned” (less a small percentage retained in WHO headquarters as a handling charge) is made available to the Regional Office. These funds are primarily used to supplement the administrative and other support required to implement extrabudgetary activities.

19. During 2000–2001, the total amount available to the Regional Office from programme support costs was US \$10.1 million. Of this amount, US \$6.4 million was carried over from 1998–1999.

Expenditure

20. Table 3 shows the expenditure by area of work for both the regular budget and other sources.

Table 3. Expenditure by area of work, 2000–2001, regular budget and other sources
(expressed in thousands of US dollars)

Code	Area of Work	Regular budget	Other sources	Total
CSR	Communicable disease surveillance	434	476	910
CPC	Communicable disease prevention, eradication and control	347		347
CRD	Research and product development for communicable diseases			
MAL	Malaria	32	258	290
TUB	Tuberculosis	43	906	949
NCD	Surveillance, prevention and management of noncommunicable diseases	660	2	662
TOB	Tobacco	880	2 420	3 300
HPR	Health promotion	1 089	1 079	2 168
DPR	Disability/injury prevention and rehabilitation			
MNH	Mental health and substance abuse	1 042	694	1 736
CAH	Child and adolescent health	521	734	1 255
RHR	Research and programme development in reproductive health	662	337	999
MPS	Making pregnancy safer			
WMH	Women's health	16	11	27
HIV	HIV/AIDS	479	876	1 355
HSD	Sustainable development	40	161	201
NUT	Nutrition	367		367
PHE	Health and environment	4 614	9 590	14 204
FOS	Food safety			
EHA	Emergency preparedness and response	768	392	1 160
EDM	Essential medicines: access, quality and rational use	586	1 059	1 645
IVD	Immunization and vaccine development	407	5 641	6 048
BCT	Blood safety and clinical technology	547	207	754
GPE	Evidence for health policy	3 504	4 416	7 920
IMD	Health information management and dissemination	3 681	57	3 738
RPC	Research policy and promotion	417	85	502
OSD	Organization of health services	2 461	1 904	4 365
GBS	Governing bodies	603	202	805
REC	Resource mobilization and external cooperation and partnership	3 176	793	3 969
BMR	Budget and management reform	1 128		1 128
HRS	Human resources development	1 873	35	1 908
FNS	Financial management	1 274	10	1 284
IIS	Informatics and infrastructure services	7 996	1 762	9 758
DGO	Director-General's and Regional Director's offices (including Audit, Oversight and Legal)	1 184	171	1 355
DDP	Director-General's and Regional Director's development programme	900		900
	Subtotal	41 731	34 278	76 009
COO	Country-level activities	7 494	39 168	46 662
	Total	49 225	73 446	122 671

21. Table 4 below gives a detailed breakdown of the Regional Director's Development Programme Funds. As can be seen, funds were distributed to a large variety of programmes, with the following major issues receiving substantial funding from this source:

- Regional Office reform: in particular, funding for short-term staff to immediately implement the new thrust in the area of evidence;
- the Healthy Ageing Programme, to ensure sustainability for the biennium prior to assessing the future of this programme;
- the Stability Pact Initiative;
- a workshop and further training for Liaison Officers, to support the Regional Office's strategy of strengthening country offices and placing increased emphasis on implementation in countries.

Table 4. Distribution of funds from the Regional Director's Development Programme, 2000–2001
(expressed in US dollars)

Programme Title	US \$
Regional Office reform – Support to divisional strategies	121 292
Healthy Ageing programme	69 410
Stability Pact Initiative	53 507
Workshop for WHO Liaison Officers	51 461
Public information services – Corporate information package	44 999
Alcohol, drugs and tobacco control project in central Asian republics	44 152
Emergency assistance for countries bordering Afghanistan and support to management of acts of terrorism against water services	43 074
Staff Health Promotion Committee	39 790
Country planning, monitoring and evaluation process	39 205
Strengthened WHO presence/functions in central and eastern Europe/newly independent states	34 999
WHO Office for Quality Development in Noncommunicable Diseases and Conditions	34 972
Strategy for gender mainstreaming of technical programmes at the Regional Office	34 461
Second Futures Forum (2001)	33 935
Project on child protection and welfare in Romania	32 076
Review of the Regional Office's Centres	30 723
WHO publication <i>European food and health: The basis for action</i>	30 000
Documenting the evidence on European policies for improving reproductive health	27 151
External Web site	21 515
Verona Initiative – Video/TV products	20 000
<i>Entre Nous</i> magazine, 2001	18 100
European Observatory on Health Care Systems	14 400
Editing of publication: <i>Feeding and nutrition of infants and young children</i>	13 496
Istanbul Conference "HEALTH21 in action", 8–12 October 2000	11 694
CCEE pricing/reimbursement network meetings	9 589
Filming of emergency mission to Kosovo, January 2001	9 550
Expert meeting on HEALTH21 indicators, The Hague, 2–3 March 2000	6 713
Life course strategic plan 2000–2001	4 804
European Advisory Committee on Health Research, first meeting (Copenhagen, 20–21 September 2001)	3 132
Reprinting of HEALTH21	1 800
Total	900 000

22. The total financial implementation in 2000–2001 (both regular budget and other sources), broken down by expenditure category, is shown below in Table 5. It is to be noted that in this type of analysis there is no division between intercountry and country funds.

Table 5. Financial implementation by category of expenditure and source of funds, 2000–2001
(expressed in thousands of US dollars and in percentages)

Category of expenditure	Regular budget	%	Other sources	%	Total	%
Salaries and common staff costs	24 671	50	5 446	7	30 117	25
Short-term staff	7 463	15	19 756	27	27 219	22
Consultants	343	1	2 640	3	2 983	2
Temporary advisers	1 492	3	3 310	5	4 802	4
Meetings and travel on official business	2 829	6	4 322	6	7 151	6
Contracts	4 154	8	15 511	21	19 665	16
Supplies and equipment	3 178	6	9 332	13	12 510	10
General operating expenses	3 797	8	4 417	6	8 214	7
Fellowships: and other educational activities	1 298	3	2 875	4	4 173	3
Other expenditures, including programme support costs			5 837	8	5 837	5
Total	49 225	100	73 446	100	122 671	100

Country expenditure

23. As shown in Table 1, the total regular budget investment in countries in 2000–2001 was approximately US \$7.5 million, divided under two headings: US \$5 million was invested in country activities as planned through medium-term programmes of cooperation (MTPs), and US \$2.5 million was allocated to cover the running costs of the WHO liaison offices.

24. The budget and expenditure breakdown by individual country is shown in Table 6.

Table 6. Budget and expenditure summary by country/territory, 2000–2001
(expressed in thousands of US dollars)

Country/territory	Regular budget		Medium-term programme ^a			Other sources	Total activity
	Effective budget	Expenditure	Effective budget	Expenditure	%	Expenditure	Expenditure (RB + OS)
Albania	179	110	130	110	85	2 041	2 151
Armenia	509	350	463	350	76	3	353
Azerbaijan	519	384	463	384	83	529	913
Belarus	187	148	130	148	114	5	153
Bosnia and Herzegovina	562	320	463	320	69	525	845
Bulgaria	84	46	50	46	92	56	102
Croatia	242	99	130	99	76		99
Czech Republic	123	43	50	43	86		43
Estonia	110	49	50	49	98	1	50
Georgia	180	129	130	129	99	14	143
Hungary	114	48	50	48	96		48
Kazakhstan	209	112	130	112	86	370	482
Kyrgyzstan	503	471	463	527	114	442	913
Latvia	121	45	50	45	90	23	68
Lithuania	97	50	50	50	100	24	74
Malta		51	50	51	102		51
Norway						39	39
Poland	109	37	50	37	74	20	57
Republic of Moldova	511	375	463	375	81	17	392
Romania	103	45	50	45	90	46	91
Russian Federation	303	337	200	249	125	6 811	7 148

Country/territory	Regular budget		Medium-term programme ^a			Other sources	Total activity
	Effective budget	Expenditure	Effective budget	Expenditure	%	Expenditure	Expenditure (RB + OS)
Slovakia	116	52	50	52	104		52
Slovenia	151	49	50	49	98		49
Tajikistan	516	489	463	489	106	1 965	2 454
The former Yugoslav Republic of Macedonia	198	120	130	120	92	1 578	1 698
Turkey	367	384	200	185	93	679	1 063
Turkmenistan	171	110	130	110	85	125	235
Ukraine	194	105	130	105	81	385	490
Uzbekistan	176	124	130	124	95	235	359
Yugoslavia, Federal Republic of	50					3 052	3 052
Newly independent states (NIS)	403	1 359		324		2 311	3 670
Central and eastern Europe (CEE)	387	1 397		264		1 119	2 516
South-east Europe (SEE)						16 401	16 401
Central Asian republics (CAR)		56				352	408
Regular budget transfer to the Regional Office	75						
Total	7 569	7 494	4 898	5 039	103	39 168	46 662

^a Medium-term programmes of cooperation with Member States (MTPs), which have been renamed "biennial collaborative agreements" (BCAs) as of the biennium 2002–2003.

25. This table is a further elaboration of Table 6 in the Financial report and audited financial statements for the period 1 January 2000–31 December 2001 (A55/25). However, in that document, no distinction is made between the budget for country activities and the running costs of maintaining a WHO country presence (liaison offices), and only an overall implementation rate is given. In contrast, the implementation rate given here has been determined in relation to the activity funds (MTPs). Extrabudgetary funds invested in country activities are also included, to give a full picture of investment in technical activities in countries. At the end of the table above, four country groupings are included: the newly independent states (NIS), countries of central and eastern Europe (CEE), south-east Europe (SEE) and the central Asian republics (CAR). The figures shown there reflect funds invested in countries with similar problems, where multi-country activities are seen to be a more cost-effective method of implementation.

Human resources information

Human resource development

26. Human Resource Development was one of the centrepieces of the reform initiated during the biennium. Major reform is still continuing throughout the Organization and a strategic and coherent framework recommending improvements in a number of key areas of human resources management have been submitted to the Governing Bodies for approval. The aim of the reform is to ensure that WHO attracts and retains staff of the highest quality and provide an attractive working environment for staff.

27. At the Regional Office a new unit for Human Resource Development (HRD) has been established whose goal is to create and implement a new approach to staff development and training as an integral part of the new methods of work and management. Short- and medium-term training and briefing packages were developed for all categories of staff in public health, managerial, administrative, specific skills, etc.

28. The Human Resource Services (HRS) has been horizontally restructured with staff specifically designated as focal points to provide a service tailored to the needs of each division and a more proactive customer relationship for the Region as a whole. Other important initiatives have been the streamlining and simplification of the selection committees for all categories of staff, recruitment of short-term staff through competitive selection, audit of existing short-term staff and the maintenance of human resources databases.

Staffing patterns

29. A series of tables on staffing distribution at the Regional Office is presented in the following paragraphs. Staffing patterns are subject to change and the tables show the status at 31 December 2001.

30. As shown in Table 7 below the gender distribution over the last decennium for fixed-term professional staff shows a small but steady increase in the proportion of females.

Table 7. Gender distribution of Regional Office fixed-term professional staff
(at all duty stations)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Female	28%	31%	30%	31%	27%	24%	28%	31%	31%	34%
Male	72%	69%	70%	69%	73%	76%	72%	69%	69%	66%

31. The overall gender picture is somewhat different with 58% females and 42% males when considering the full workforce in the Region.

Table 8. Gender distribution of Regional Office staff
(at all duty stations)

Professional staff						
	Fixed-term		Short-term		All P-staff	
Female	26	34.0%	101	49.0%	127	45.0%
Male	51	66.0%	107	51.0%	158	55.0%
Total	77	100.0%	208	100.0%	285	100.0%

General service staff						
	Fixed-term		Short-term		All GS-staff	
Female	102	78.0%	160	63.0%	262	68.0%
Male	28	22.0%	95	37.0%	123	32.0%
Total	130	100.0%	255	100.0%	385	100.0%

32. Table 8 also shows the number of fixed-term compared to short-term staff in both categories. Among professionals only 27% (77/285) have fixed-term employment, whereas the figure is 33% (130/385) for general service staff. Overall 69% of staff were employed on short-term contracts. The large proportion of short-term staff has lately given rise to concern both at the Regional Office and in the Organization as a whole. It is envisaged that the new global contractual reform that came into operation on 1 July 2002 will change this balance in favour of a larger proportion of fixed-term staff in coming bienniums.

33. At the end of the biennium the Regional Office had a work force of 670 as shown in Table 9 below, which also gives the distribution of staff by grade and contractual status.

Table 9. Grade distribution of Regional Office staff
(at all duty stations)

Grade	Fixed-term	Short-term	Total	% of all staff
UG	1		1	0.1
D1	7		7	1.0
P6		2	2	0.3
P5	36	33	69	10.3
P4	21	46	67	10.0
P3	7	26	33	4.9
P2	5	15	20	3.0
P1		4	4	0.6
INT-1		1	1	0.1
NO-A		31	31	4.6
NO-B		2	2	0.3
NO-C		1	1	0.1
TRA-4		1	1	0.1
Ad hoc		46	46	6.9
Total	77	208	285	42.5
C1		4	4	0.6
C2	2	41	43	6.4
C3	9	39	48	7.2
C4	27	82	109	16.3
C5	63	48	111	16.6
C6	15	13	28	4.2
C7	14	5	19	2.8
Ad hoc		23	23	3.4
Total	130	255	385	57.5

34. It should be noted that the definition of fixed-term and short-term staff is related to the contractual status of a staff member and not to the funding source. For example not all staff funded from the regular budget are fixed-term and conversely some fixed-term staff are funded from other sources.

35. The geographical distribution of staff continues to be a topic of much debate. The global figures are presented in the "Human resources: annual report, 2001" (A55/30) and were discussed recently at the Fifty-fifth World Health Assembly in May 2002. As can be seen from Table 10 below fixed-term professional staff have been recruited from a total of 29 countries both within and outside the Region. The priority listing of countries is based on staff in all WHO locations.

Table 10. Geographical distribution of Regional Office fixed-term professional staff
(including countries outside the Regional Office)

Country name	Priority list	Total staff (Regional Office)
<i>A = First priority*</i>		
Andorra	A	1
Germany	A	7
Italy	A	4
Spain	A	2
United States of America	A	9
<i>B1 = Second priority*</i>		
Albania	B1	1
Bulgaria	B1	1
Croatia	B1	1
Georgia	B1	1
Greece	B1	2
Hungary	B1	1
Lithuania	B1	2
Latvia	B1	1
Poland	B1	2
Romania	B1	2
<i>B2 = Permissible*</i>		
France	B2	5
Turkey	B2	1
<i>C = Restricted*</i>		
Australia	C	1
Belgium	C	2
Brazil	C	1
Canada	C	2
Denmark	C	6
Finland	C	1
India	C	2
Ireland	C	1
Netherlands	C	2
Philippines	C	1
Russian Federation	C	6
United Kingdom	C	9
Total		77

* Within the respective categories the following countries of the Region had no fixed-term professional staff attached to the Regional Office at 31 December 2001

A Austria, Azerbaijan, Belarus, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, Luxembourg, Monaco, Portugal, Republic of Moldova, San Marino, Sweden, Tajikistan, the former Yugoslav Republic of Macedonia, Turkmenistan, Ukraine, Uzbekistan, Yugoslavia

B1 Armenia, Czech Republic, Estonia, Iceland, Israel, Malta, Slovakia, Slovenia, Switzerland

B2 Norway

C All countries are represented

Conclusion

36 This paper has sought to establish a uniform way to present details relating to the European Region that appear in the official global statistics report submitted to the Health Assembly at the end of a biennium. It is the aim of the Regional Office Secretariat to continue along those lines in future bienniums. Although effort has already been put into improving reporting on other sources of funds for 2000–2001, there is still room for improvement in the analysis of other sources. Between the present and the next reporting period (end of the biennium 2002–2003) the Regional Office, in collaboration with WHO headquarters, will take a close look at its administrative information systems in order to find ways in which it might be improved.