



# WORLD HEALTH ORGANIZATION

FIFTY-SEVENTH WORLD HEALTH ASSEMBLY  
Provisional agenda item 16.1

A57/24  
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## Regular budget allocations to regions

### Report by the Secretariat

#### BACKGROUND

1. At its 101st session (1998), the Executive Board considered a report of a special group it had established to review the Constitution, including regional arrangements.<sup>1</sup> Among the group's recommendations was a proposal to change the way in which regional budgets were determined. The group noted that the then current practice was for the Director-General to propose to the Health Assembly an allocation of the budget between regions based primarily on historical precedents. It expressed concern that the amounts had changed little over time, and recommended instead the introduction of a model which would guide the way in which the allocation should be made.

2. The Board and subsequently the Health Assembly endorsed this recommendation.<sup>2</sup> Resolution WHA51.31 recommended that regional, intercountry and country allocations should for the most part be guided by a model that:

- draws upon UNDP's Human Development Index, possibly adjusted for immunization coverage
- incorporates population statistics of countries calculated according to commonly accepted methods, such as "logarithmic smoothing"
- can be implemented gradually so that the reduction for any region would not exceed 3% per year and would be spread over a period of three bienniums.

3. The Director-General was requested to present a thorough evaluation of the model to the Fifty-seventh World Health Assembly for the purpose of continuing response to health needs and equitable allocation of the resources of WHO. In preparation for the report, input was sought from the six regional committee sessions held in September 2003 (see paragraphs 16 and 17). The matter was also considered by the Board at its 113th session.<sup>3</sup>

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<sup>1</sup> See document EB101/1998/REC/1, Annex 3.

<sup>2</sup> Resolution EB101.R10, and resolution WHA51.31 (attached as Annex 1).

<sup>3</sup> See document EB113/2004/REC/2, summary records of the ninth and tenth meetings.

## EVALUATION

### Financial outcome

4. The programme for the model<sup>1</sup> was run, using the latest available data, during preparation of the budget proposals for each of the three bienniums from 2000 to 2005. The results were percentage shares of the regular budget (excluding headquarters) for each region based on the latest Human Development Index. The actual budget proposals made by the Director-General to the Health Assembly, however, modified this outcome related to the provisions and discretions set out in resolution WHA51.31.

- For the biennium 2000-2001, the Director-General adjusted the model also to take account of immunization coverage. However, in the light of fluctuations and uncertainties surrounding some immunization-coverage statistics, that variable was not used in the bienniums 2002-2003 or 2004-2005.
- The maximum reduction foreseen in paragraph 3(c) of resolution WHA51.31 of 3% per annum per region was implemented in the first biennium, 2000-2001. Thereafter, the maximum reduction for any region was limited to 2% per year in the biennium 2002-2003, and to 1.5% per year in the biennium 2004-2005. This decision was taken in part to reflect the fact that regions had to absorb cost increases in these bienniums, in addition to the decreases in regular budget allocations resulting from application of the model.
- Least developed countries were not subject to any decrease.

5. The Health Assembly subsequently adopted appropriation resolutions on the basis of the regular budget proposals for the six regions which were put forward by the Director-General in each of the three bienniums concerned.<sup>2</sup>

6. The result in financial terms was an increase in the share of the African Region from about 28% of regular budget allocations in 1998-1999 to around 34% in 2004-2005. The share of the European Region increased from about 9% to 10% over the same period. The allocations of the other four regions were reduced in order to pay for these increases.

7. Table 1 below shows the cumulative impact of the model in financial terms, including a transfer of US\$ 12 million from the headquarters regular budget to benefit the two regions concerned over the six-year period, which was not required by the model.<sup>3</sup> It also compares these regular budget transfers with the total growth in regional allocations of extrabudgetary resources for which the model is not used at all. Information on these latter resources is available only for the four-year period 2000 to 2003 inclusive.

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<sup>1</sup> The model is detailed in document EB102/4.

<sup>2</sup> Resolutions WHA52.20, WHA54.20 and WHA56.32.

<sup>3</sup> Full details are given in Annex 2.

**TABLE 1. REGULAR BUDGET AND EXTRABUDGETARY EXPENDITURE:  
CUMULATIVE CHANGE**

Office	Regular budget	Extrabudgetary expenditure
	Cumulative change pursuant to resolution WHA51.31 2000 to 2005	Cumulative change 2000 to 2003
	US\$ million	US\$ million
Headquarters	(12)	439
Africa	84	286
The Americas <sup>a</sup>	(23)	-
South-East Asia	(18)	69
Europe	9	45
Eastern Mediterranean	(20)	143 <sup>b</sup>
Western Pacific	(20)	34

<sup>a</sup> In the Region of the Americas, extrabudgetary resources handled by WHO have declined slightly. Most extrabudgetary resources are accounted for under the Pan American Health Organization; figures have been relatively stable in recent years.

<sup>b</sup> Includes expenditure under the Iraq oil-for-food programme.

### Programme impact

8. The model guided only the overall allocation to a region. It was not used to determine the individual allocation to countries within a region (although such figures are generated by the model). Those were based on judgements made by the Regional Director and Director-General, and debates in the regional committees. The Western Pacific Region however applied the model in part to assist in decisions on country allocation.

9. The model did not apply to the headquarters regular budget. Indeed, it is not designed for such an outcome since it relies on the grouping of countries into regions for apportioning the funding.

10. The two regions receiving the additional regular budget funds used them mostly to strengthen programmes in countries. The regions that had to make regular budget reductions did so both in regional offices and in country programmes. Because extrabudgetary resources are generally less flexible as to use than regular budget funds, regions whose regular budget allocations had been reduced were sometimes obliged to make cuts in areas where no source of funding other than the regular budget was available.

### The model

11. With respect to the key parameters of the model, the Human Development Index is a summary measure of human development that is calculated using three basic dimensions, each one contributing an equal weight: (1) a long and healthy life, as measured by life expectancy at birth; (2) knowledge, as

measured by the adult literacy rate (with two thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (with one third weight); and (3) a decent standard of living, as measured by gross domestic product per capita (purchasing power parity to US\$).

12. Table 2 below shows the evolution of the Human Development Index by region (adjusted to reduce the effect of large populations) for the period 1997 to 2001 (the indices used for the actual calculations). The index has a potential range from zero to one, one being the highest level of development possible.

**TABLE 2. HUMAN DEVELOPMENT INDEX: EVOLUTION BY REGION**

Region	1997	2001	Percentage
Europe	0.816	0.841	3.0
The Americas	0.763	0.778	2.0
Western Pacific	0.741	0.757	2.2
Eastern Mediterranean	0.644	0.688	3.8
South-East Asia	0.580	0.609	4.9
Africa	0.460	0.462	0.5

13. The model moved the pre-1998 distribution of the regular budget towards the inverse of the above distribution, after allowing for various constraints. Europe remained the region with the smallest regular budget, Africa with the largest. However, both these regions were shown by the model to be relatively underfunded, hence the reallocations.

14. With respect to population, the adjustment to reduce the effect of large populations (the “adjusted log population squared” (ALPS)) method produces a dampening of the effect of raw population size, with the equivalent point (the intersection between the two curves) being around a population of 45 million. In other words, countries with a population greater than 45 million receive proportionally less under the ALPS method, whereas countries with less than 45 million would receive proportionally more.

15. The population adjustment has a major impact on the model. The Western Pacific and South-East Asia regions’ share of the total would more than double if raw population data were used, whereas that of the African and European regions and of the Region of the Americas would halve.

## **VIEWS OF THE REGIONAL COMMITTEES**

16. The debates in the regional committees in September 2003 indicate that the four regions whose allocations were reduced now favour discontinuing use of the model at the end of the six-year period. The committees concerned passed resolutions to this effect.

17. At the Regional Committee for Africa delegates expressed their appreciation of resolution WHA51.31; the additional funds would have an impact on meeting the health needs of the populations

in the Region. They suggested that the resolution should be fully implemented in the shortest possible time and supported an evaluation of the model. The Regional Committee for Europe discussed the question of regional allocations under the regular budget and commented on the need for a fair and equitable apportionment.

## **POINTS FOR CONSIDERATION**

18. The pattern of distribution of WHO resources after 2005 will need to evolve in accordance with developments in global health requirements and priorities. At issue is whether the model set out in resolution WHA51.31 should, for the most part, continue to guide the allocation process between regions. It is clear from the debate in the regional committees and at the Executive Board that the four regions which have experienced regular budget reductions under resolution WHA51.31 now wish to end its use.

19. Since 2000-2001 the Organization has adopted a results-based approach to budgeting. This calls for a greater focus on priorities and expected results than the distribution of resources. An integrated approach has also been pursued for the budget (regular budget and voluntary contributions). As an example it may be noted that both the African and European regions received four times more in extrabudgetary resources in the four years to 2003 than they will under the regular budget reallocation in the six years to 2005.

20. The Director-General reported to the Executive Board at its 113th session on adjustments he intends to make to the extrabudgetary resources for 2004-2005 so as to allocate more funding to regional and country levels.<sup>1</sup> In the biennium 2002-2003, approximately 56% of total resources (67% of regular budget and 50% of extrabudgetary resources) were allocated to regional and country offices. The aim is to achieve an apportionment of 70% of total resources in the biennium 2004-2005 and 75% in 2006-2007. Each 5% of movement in total resources represents approximately US\$ 125 million at present budget levels.

21. The Director-General would suggest therefore that the focus in the coming years be on real needs and on implementation in countries. Resource allocation would no longer be guided by the model contained in resolution WHA51.31, but would be based on clear results-based budgeting that covers both regular budget and extrabudgetary resources.

## **ACTION BY THE HEALTH ASSEMBLY**

22. The Health Assembly is invited to consider the evaluation contained in the above report. In the light of its conclusion, a decision or resolution could be prepared for adoption.

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<sup>1</sup> Document EB113/2004/REC/2, summary record of the first meeting, section 1.

## ANNEX 1

### **WHA51.31 Regular budget allocations to regions**

The Fifty-first World Health Assembly,

Recalling resolution EB99.R24 on regional arrangements within the context of WHO reform;

Noting that regular budget allocations to regions have not been based on objective criteria but rather on the basis of history and previous practice;

Concerned that, as a result, each region's share of such allocations has remained largely unchanged since the Organization's inception;

Recalling that two basic principles governing the work of WHO are those of equity and support to countries in greatest need, and stressing the need for the Organization to apply principles which Member States have adopted collectively;

Noting that other organizations of the United Nations system, particularly UNICEF, have already adopted models based on objective criteria to ensure a more equitable distribution of programme resources to countries,

1. THANKS the Executive Board and its special group for the review of the Constitution for the comprehensive study of allocations from the regular budget to regions;<sup>1</sup>
2. REAFFIRMS Article 55 of the Constitution which stipulates that it is the Director-General's prerogative to prepare and submit to the Board the budget estimates of the Organization, and requests her or him to take into account the discussion on this matter during the Fifty-first World Health Assembly when preparing future programme budgets;
3. RECOMMENDS that, globally, the regional, intercountry and country allocation in future programme budgets approved by the Health Assembly should for the most part be guided by a model that:
  - (a) draws upon UNDP's Human Development Index, possibly adjusted for immunization coverage;
  - (b) incorporates population statistics of countries calculated according to commonly accepted methods, such as "logarithmic smoothing";
  - (c) can be implemented gradually so that the reduction for any region would not exceed 3% per year and would be spread over a period of three bienniums;

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<sup>1</sup> Document EB101/1998/REC/1, Annex 3.

4. REQUESTS the Director-General to present a thorough evaluation of that model to the Fifty-seventh World Health Assembly for the purpose of continuing response to health needs and equitable allocation of the resources of WHO;
5. DECIDES that the model should be applied in a flexible, rather than a mechanical, manner so as to minimize, to the extent possible, any adverse effects on countries whose budgetary allocations will be reduced;
6. REQUESTS the Director-General:
  - (1) to ensure that during the 2000-2001 biennium all least developed countries will be guaranteed that their regular budget allocation will not be less than that of the 1998-1999 budget by use of the 2% transfer from global and interregional activities foreseen in resolution WHA48.26 and by casual income if available; and to continue in subsequent bienniums to give high priority to protect the situation of least developed countries;
  - (2) while emphasizing that any additional funds resulting from the present process of reallocation should flow to country level, to enable regions to determine for themselves within the terms of the Constitution the partition between country, intercountry and regional office budgets;
  - (3) to monitor and evaluate closely the working and the impact of this new process in the light, in particular, of changes in international social and economic conditions, and to report annually to the Executive Board and the Health Assembly with a view to any further refinement, development or modification in order to ensure response to health needs and the equitable allocation of the resources of WHO;
  - (4) to report to the Executive Board at its 103rd session and to the Fifty-second World Health Assembly on the details of the model and the regional, intercountry and country allocations to be applied to the 2000-2001 biennium;
  - (5) further to report to the Executive Board at its 103rd session and to the Fifty-second World Health Assembly within the context of the request in paragraph 4 above, on the use of extrabudgetary allocations in regional, intercountry and country programmes in the previous three bienniums.

(Tenth plenary meeting, 16 May 1998 –  
Committee B, sixth report)

## ANNEX 2

**REGULAR BUDGET ALLOCATIONS TO REGIONS  
2000-2001 TO 2004-2005**  
(thousands of US dollars)

**The Americas**

Approved regular budget 1998-1999 = 82 686

	<b>Unchanged budget</b>	<b>Theoretical budget using model</b>	<b>Reduction due to model</b>	<b>Other budget changes</b>	<b>Budget actually adopted</b>
2000-2001	82 686	77 725	(4 961)	0	77 725
2002-2003	82 686	74 682	(8 004)	0	74 682
2004-2005	82 686	72 491	(10 195)	736	73 227
<b>Total resources 2000-2005</b>	248 058	224 898	(23 160)	736	225 634

**South-East Asia**

Approved regular budget 1998-1999 = 99 251

	<b>Unchanged budget</b>	<b>Theoretical budget using model</b>	<b>Reduction due to model</b>	<b>Other budget changes</b>	<b>Budget actually adopted</b>
2000-2001	99 251	95 595	(3 656)	0	95 595
2002-2003	99 251	93 022	(6 229)	0	93 022
2004-2005	99 251	91 169	(8 082)	2 285	93 454
<b>Total resources 2000-2005</b>	297 753	279 786	(17 967)	2 285	282 071

**Eastern Mediterranean**

Approved regular budget 1998-1999 = 90 249

	<b>Unchanged budget</b>	<b>Theoretical budget using model</b>	<b>Reduction due to model</b>	<b>Other budget changes</b>	<b>Budget actually adopted</b>
2000-2001	90 249	85 869	(4 380)	0	85 869
2002-2003	90 249	83 390	(6 859)	0	83 390
2004-2005	90 249	81 584	(8 665)	765	82 349
<b>Total resources 2000-2005</b>	270 747	250 843	(19 904)	765	251 608



**Western Pacific**

Approved regular budget 1998-1999 = 80 279

	<b>Unchanged budget</b>	<b>Theoretical budget using model</b>	<b>Reduction due to model</b>	<b>Other budget changes</b>	<b>Budget actually adopted</b>
2000-2001	80 279	75 889	(4 390)	0	75 889
2002-2003	80 279	73 262	(7 017)	0	73 262
2004-2005	80 279	71 305	(8 974)	731	72 036
<b>Total resources 2000-2005</b>	240 837	220 456	(20 381)	731	221 187

**Africa**

Approved regular budget 1998-1999 = 157 413

	<b>Unchanged budget</b>	<b>Theoretical budget using model</b>	<b>Increase due to model</b>	<b>Other budget changes</b>	<b>Budget actually adopted</b>
2000-2001	157 413	176 822	19 409	0	176 822
2002-2003	157 413	186 472	29 059	0	186 472
2004-2005	157 413	192 718	35 305	(983)	191 735
<b>Total resources 2000-2005</b>	472 239	556 012	83 773	(983)	555 029

**Europe**

Approved regular budget 1998-1999 = 49 823

	<b>Unchanged budget</b>	<b>Theoretical budget using model</b>	<b>Increase due to model</b>	<b>Other budget changes</b>	<b>Budget actually adopted</b>
2000-2001	49 823	51 699	1 876	0	51 699
2002-2003	49 823	52 771	2 948	0	52 771
2004-2005	49 823	54 332	4 509	450	54 782
<b>Total resources 2000-2005</b>	149 469	158 802	9 333	450	159 252

**Headquarters**

Approved regular budget 1998-1999 = 282 953

	<b>Unchanged budget</b>	<b>Theoretical unchanged budget<sup>a</sup></b>	<b>Reduction<sup>b</sup></b>	<b>Other budget changes</b>	<b>Budget actually adopted</b>
2000-2001	282 953	279 055	(3 898)	0	279 055
2002-2003	282 953	279 055	(3 898)	0	279 055
2004-2005	282 953	279 055	(3 898)	(527)	278 528 <sup>c</sup>
<b>Total resources 2000-2005</b>	848 859	837 165	(11 694)	(527)	836 638

<sup>a</sup> The model does not produce any change to the headquarters budget.

<sup>b</sup> The reduction resulted from a recommendation to the Health Assembly by the Director-General to contribute to the transfer of resources.

<sup>c</sup> The total budget adopted for 2004-2005 also included US\$ 34 million for miscellaneous expenditure. This amount was not apportioned by the Health Assembly between regions and headquarters.

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