

SUMMARY RECORD OF THE SECOND MEETING

Grand Ballroom III, Crown Princess Hotel, Kuala Lumpur
Tuesday, 20 September 1994 at 8.30 a.m.

CHAIRMAN: Dr Abu Bakar (Malaysia)

CONTENTS

	<u>page</u>
1. Address by the incoming Chairman	106
2. Programme budget	106
2.1 Budget performance, 1992-1993 (final report)	106
2.2 Proposed programme budget, 1996-1997	115

1. ADDRESS BY THE INCOMING CHAIRMAN: Item 4 of the Agenda

The CHAIRMAN addressed the Committee (see Annex).

2. PROGRAMME BUDGET: Item 8 of the Agenda

2.1 Budget performance, 1992-1993 (final report): Item 8.1 of the Agenda

(Document WPR/RC45/3)

The REGIONAL DIRECTOR, introducing the final report, said that it had been prepared in compliance with Regional Committee resolution WPR/RC30.R3, to show the final implementation by programme. As in the past, explanations for significant variations had also been provided in the report, particularly variations in the rates of implementation.

The report started with a description of important developments that had affected the delivery of the activities during the implementation period and action taken to ensure that the planned activities had been substantially delivered. Annex 1 on page 5 showed the total budgetary changes that had occurred between the time of approval of the budget and its implementation. Annex 2 on pages 7 to 12 showed the details of those changes by major programme and programme. The presentation followed the same format as the interim report of the previous year. Annex 3 on pages 13 to 18 compared the operating budget with actual expenditures and obligations and provided explanations of the most significant variations.

Annex 4 on page 19 showed the financial implementation of the Regional Director's Development Programme. Activities had been reallocated to the programme under which the activity had taken place.

The 1992-1993 regular programme budget estimates of US\$ 63 901 400 referred to in Annex 1 had been reviewed by the Regional Committee at its forty-first session in 1990. Subsequent changes in the regular budget were shown in Annex 1 and further reflected in Annex 2 under columns 2 and 3. The regular budget working allocation for 1992-1993 had been revised downward from US\$ 63 901 400 to US\$ 56 963 100.

The information provided in the report showed that, as at 31 December 1993, the monetary implementation rate of the regular programme budget of US\$ 56 953 100 had been 100%, meaning every penny had been spent. However, the 100% implementation in monetary terms did not mean delivery in their entirety of the planned programmes for the biennium.

At the start of 1992, owing to a combination of factors, including 10% withheld from the budget by headquarters, recosting to overcome past underbudgeting, and approximately US\$ 1 million of planned activities carried over from 1990-1991, it had been evident that the planned activities would exceed the approved regular budget level if there was no cut back on implementation. The projected shortfall had been US\$ 19.3 million. In consultation with Member States, a prioritization exercise (Priority C exercise) amounting to US\$ 7.4 million at the country level and US\$ 6.4 million at the regional and intercountry levels had been carried out, resulting in a total of US\$ 13.8 million of activities withheld. Operating economies at the Regional Office and the WHO representatives' offices had been intensified and a number of posts had either been frozen or recruitment delayed.

At that early stage in the biennium, it had been decided to "carry" an expected budget shortfall of US\$ 5.5 million in the hope that before the end of the biennium, some portion or all of the 10% withheld for unpaid contributions (approximately US\$ 6.3 million) might be released by headquarters and given back to the Region.

By early 1993, however, it had become clear that release of the 10% would have been most unlikely. While further operating economies of US\$ 1.2 million had been made, it was reluctantly accepted that a second programme reduction of US\$ 3 million must be made at country level. That had become known as the "Priority X" exercise.

All of the adjustments, together with specific programme changes requested by countries, had been integrated in the "Operating Budget" which was shown in Column 6 of the report. Those details had been presented in the interim report to the Committee in 1993.

Since that report, monitoring had been intensified. It had become clear that by a combination of implementing activities with extrabudgetary resources, further cost reductions and some programme slippage, the amount of US\$ 3 million could be returned to countries for use primarily for activities earlier deferred.

The Regional Director explained that he had always made a point of ensuring that Member States were kept fully informed at every stage. As reported earlier, every effort had been made to carry the deficit until it was certain that the 10% would not be recovered. Further measures to reduce the deficit had therefore been taken. Since there had been no alternative, a further US\$ 3 million reduction had had to be requested from Member States.

He said that it had been difficult to inform the Member States that there could in fact have been some savings. That could have only been done after a series of thorough reviews.

Some of the savings had been at country level due to slippage or because other means of implementation had been found such as by using extrabudgetary funds. He apologized for the obvious disruption that that had caused, recognizing that all those changes had resulted in inconvenience and confusion at the country level. He also thanked all Member States for being so considerate and cooperative under very trying circumstances. It had been a difficult biennium, but thanks to close cooperation between the Member States and WHO, full financial implementation, as well as substantial delivery of the prioritized programme of activities, had been achieved.

The Regional Director concluded that while much of the content of the report had already been discussed in considerable detail by the Committee in 1993, when it was presented as an interim report, he would be pleased to provide any further clarification the Committee might require.

Dr MILAN (Philippines) praised the concise yet analytical report which gave Member States a clearer understanding of one of the important aspects of WHO operations. The report had shown the skillful management required in the implementation of country programmes with scarce resources in an unstable financial situation. The series of currency adjustments, in addition to the 10% withheld by headquarters, had challenged the Regional Office to institute various mechanisms such as reduction of country allocations, prioritization of activities and adoption of various cost-cutting measures at the regional and country levels to reduce budgetary deficits. She congratulated the Regional Director and his staff for steering the Region's work through the constraints of the biennium without it being greatly compromised. She also appreciated the conscious efforts of Member States to respond to the situation by being cost effective and prudent in their expenditures.

She noted that a higher deficit was incurred because estimates of cost increases had been much lower than required. A more realistic cost-increase estimate was needed in future to allow more accuracy. The 1996-1997 programme budget had already addressed the issue and hopefully, that problem would not be faced in the next biennium. She also urged Member States to pay their contributions in time so that the work of WHO would not be compromised.

Dr TAPA (Tonga) commended the Regional Director for the clear explanation of the reasons for the US\$ 7 million difference between the budget approved at the forty-first session of the Regional Committee and the adjusted programme budget. He thanked him for the inclusion of other information requested by the Committee in previous sessions. He was pleased to note that extrabudgetary sources had provided a total amount of US\$ 31 953 580; over 50% of the operating budget. He recognized that WHO programmes would be

increasingly dependent on extrabudgetary donors and thanked them for their generosity. He was satisfied with the achievement of full implementation of the budget through reinstatement of priority X projects and the use of the Regional Director's Development Programme. He noted that in the preparation of the proposed 1996-1997 programme budget, efforts had been made to avoid the financial shortfalls of 1992-1993.

He associated himself with the remarks of the representative of the Philippines urging Member States to make their contributions on time. Approved budgets were not being met because of arrears, though he noted Member States in the Region were not the culprits.

Mr SAKAI (Japan) joined the representative of Tonga in congratulating the Regional Office on achieving an implementation rate of 100% despite constraints and financial uncertainty. He asked that the budget be prepared in such a way as to minimize the discrepancies between planned activities and actual implementation. Analysis by the Regional Office of the causes for the deviations would influence the planning of the new budget.

Dr ADAMS (Australia) shared the concerns of the representatives of Japan and Tonga. If expenditures in 1994-1995 were to be at the same level as in the previous biennium, extrabudgetary resources of US\$ 30 million would be needed. In the 1996-1997 programme budget, it was expected that extrabudgetary funds would be reduced by about US\$ 18 million.

Mr WAENA (Solomon Islands) congratulated the Regional Director and his staff for their skillful financial management. He expressed his gratitude for the support provided by donors and requested an account of the sources of extrabudgetary funds to clarify the record.

Mr JOO (Republic of Korea) noted with pleasure the full implementation of the 1992-1993 programme budget, almost all priority activities having been carried out successfully. The Regional Director's financial management under the severe budgetary constraints of the period was praiseworthy.

Dr ENOSA (Samoa) expressed appreciation of the Regional Director's efforts to bring the Region's finances out of a downward trend. He hoped that the experience of the 1992-1993 biennium would serve in preparing for any possible future changes and shortfall in funds.

Miss BLACKWOOD (United States of America) said that the Regional Director's efforts to ensure full implementation, and the effective cooperation of Member States in making difficult choices in the light of reduced allocations in 1992-1993 had been appreciated.

The presentation, particularly the addition of the column (9) of Annex 2 showing "other sources of funds implemented", was very helpful. Many of the changes during implementation indicated in column 5 of that Annex were significant; she requested an explanation of the increase of 69% under programme 3.2 Managerial process for national health development, and the reduction of 42% under programme 6 Public information and education for health.

The regular budget allocation for AIDS under programme 13.13 had been reduced to zero, from US\$ 113 400. Considering the priority the Regional Committee had decided should be given to AIDS prevention and control, that was a cause for concern. No other disease control programme had been implemented without regular budget funds.

She noted that provisions for programme support services had continued to exceed the amounts budgeted and hoped that efforts to absorb such costs would be intensified.

Regarding the 10% reduction in allocations decided at WHO headquarters just before the start of the biennium, it was the United States' view stated at the Health Assembly and the Regional Committee at earlier sessions, that the "across-the-board" reductions were not appropriate. Distinctions should be made between programmes of different priority. Her delegation to the Health Assembly and at meetings of the Pan-American Health Organization (PAHO) had further expressed concern over the fact that the 10% reduction affecting the 1992-1993 budget, resulting principally from the situation in the former USSR and former Yugoslavia, had only been applied to the regions and not to headquarters.

She hoped that representations would be made from the Region to headquarters to ensure that it was understood that Member States did not approve a 10% cut in allocations applied only to the regions and not to headquarters, as a procedure for the disbursement of the funds they contributed, and that such methods would not be applied again.

Mr LOVELACE (New Zealand) wished to be associated with the remarks of previous speakers regarding successful implementation of the 1992-1993 programme budget, and asked the Regional Director to explain (under that item or the next) how he planned to apply the lessons learnt from that biennium in anticipating possible similar difficulties in the next.

Dr HOP (Viet Nam) also joined earlier speakers in appreciation, noting particularly the successful management of the malaria control programme in the Region and the Expanded Programme on Immunization, in which the coverage rate had exceeded 80%.

Dr PHICHIT (Lao People's Democratic Republic) also expressed appreciation for the emphasis on training within its public health policy reform, and social and economic restructuring, with particular attention being paid to rural areas.

Mrs HONG TIY (Fiji) noted that the Regional Office had had to make its own sacrifices in implementing the reduced 1992-1993 budget, including shortages of staff and commended the Regional Office for such efforts.

Dr MONTAVILLE (France) asked how the Regional Director had managed to meet the challenge so efficiently and what criteria were applied for the use of extrabudgetary funds. Was there a proportion of extrabudgetary to regular funds that should not be exceeded?

The REGIONAL DIRECTOR thanked representatives for their comments and guidance which would help him to protect Member States from future effects of unexpected shortfalls, in funds and budgetary reductions. He aimed at complete transparency, informing Member States of expected difficulties and seeking their comprehension and cooperation in agreed joint action. He had understood Member States' reactions where it had not been possible to implement planned activities, and appreciated representatives' understanding attitude. He would continue the policy of transparency so as to avoid creating false hopes or expectations in the period ahead.

He explained that departures from planned activities had been due to inadequate provisions for cost increases and the need for "underbudgeting" when establishing estimates so as to avoid the effects of reductions on activities at the country level. A cost increase of about 17% had been foreseen, but the provision had only been some 8.3%, or half that required. In addition the Director-General had withheld 10% of the overall budget, which, because of unpaid contributions, had never been restored. Member States of the Region had thus been faced with a 20% reduction in budget estimates at the beginning of the 1992-1993 period, followed by the exercises "C" and "X". He had decided that any savings would be returned to Member States and not used at regional or intercountry level. The US\$ 3 million repaid had, in some cases, caused difficulties in countries which had had little time to implement corresponding activities. Others, such as Papua New Guinea, for example, had used the funds to meet unforeseen needs effectively.

Cost increases for the 1996-1997 biennium had not yet been included in accordance with headquarters budget guidelines; when they were, he hoped the exercise would become more realistic.

On the question of extrabudgetary funds raised by the representatives of Australia, France and Solomon Islands, he said that in 1992-1993 they had totalled about US\$ 32 million; in 1994-1995 about US\$ 30 million was projected, but more was likely to be forthcoming from donors that did not budget on a biennial basis.

To the representative of Solomon Islands he replied that extrabudgetary funds included donations from other organizations of the United Nations system as well as countries and other institutions. In 1992-1993, one-third of such resources (some US\$ 10 million) had been received through the Global Programme on AIDS at headquarters, while US\$ 4.5 million had been received from Japan, US\$ 2 million from the Japan Shipbuilding Industry Foundation, about US\$ 1 million through the Diarrhoeal Diseases Control Programme at headquarters, US\$ 768 000 from the Overseas Development Administration of the United Kingdom, US\$ 400 000 from Finland, and there were many other sources. He could supply a full list if requested.

No ceiling was set for extrabudgetary contributions, and they were solicited on the basis of programme requirements in coordination with headquarters, which was in some cases better equipped to seek such funds, though in other cases they resulted from discussion at the country level with counterparts in the country offices such as development agencies. In many cases proposals were made at the country level, and were coordinated at regional level and at headquarters before a "package" was finalized. The donation had to be channelled through headquarters even though funds were to be used in the Region.

It was hoped that the trend established, for example with the Cambodia malaria control programme financed by the United Kingdom's Overseas Development Administration, in which WHO acted as executing agency, would continue and increase in the Region. The Regional Office would also act as a catalyst for voluntary contributions. It had done this, for example when China had needed extra oral poliovirus vaccine for its programme and Japan had supplied it; and when the World Bank supported the malaria programme developed by WHO for the Lao People's Democratic Republic, which it was hoped the Bank was ready to support again in the coming period.

The Government of Solomon Islands, wishing to take urgent action to combat malaria - a priority health problem - had convened a donors meeting in February 1994 in which WHO had played an active part. So far donors had committed some US\$ 300 000 for malaria control which would pass directly from donors to the Government. Again WHO had played a catalytic role in attracting those extrabudgetary resources.

It should be noted that the figures shown for other sources of funds in programme budget documents represented only those extrabudgetary funds channelled through WHO for which the Organization had administrative, financial and technical responsibility.

Greater use should be made of WHO country offices to provide donor agencies with technical support for country programmes. In April 1994, a team from AIDAB had held discussions at the Regional Office and had attended a meeting of the Regional Technical Advisory Group on the Expanded Programme on Immunization and Poliomyelitis Eradication. To improve collaboration in relation to AIDAB's technical cooperation programmes with countries in the Region, it had been agreed to hold regular meetings between AIDAB and Regional Office staff, the first of which would be held in October or November 1994.

Experience in poliomyelitis eradication activities had shown that once donors were convinced that their inputs were being used efficiently and effectively, they were happy to provide further support.

The subject of programme support costs charged to donors for programmes executed by WHO was covered in the recommendations for reform (WHO Response to Global Change) made by the Executive Board Working Group. Programmes always entailed management costs and the question was how best to reflect them. Various options were currently under discussion, ranging from an increase from the current 13% to 26%, to reductions to 6% or less, depending on the specific components included (such as supplies and equipment). An alternative would be to include such expenses as an integral part of programmes. Proposals in that regard would be submitted to the Executive Board in due course and subsequently to the Health Assembly.

In reply to the representative of the United States of America, he said that costs related to WHO country offices were the main component of the increase for programme 3.2 Managerial process for national health development shown in Annex 2 column (5). The increase was necessary and resulted from the practice of underbudgeting of requirements at the WHO representatives' offices.

The reduction of 46% shown for programme 6, Public information and education for health, mainly represented the savings in salary costs made by employing a general services staff member to undertake the duties of Public Information Officer, the professional post having been kept vacant.

The regular budget allocation for AIDS under programme 13.13 had been reduced to zero because the Region had received US\$ 10 million in extrabudgetary resources through the Global Programme on AIDS at headquarters for use in country medium-term or short-term plans. The procedure was in line with guidance given by headquarters. It could be argued that high priority programmes such as AIDS should be funded through the regular budget, but such policy decisions were a matter for the Organization's governing bodies.

In the 1992-1993 biennium, support services costs had represented some 11% of the budget as compared to the 8% budgeted. While the proportion might seem high in comparison to that for technical programmes, it should be remembered that such costs included a number of different programmes, including informatics services which were technical in nature, and equipment and supplies services for Member States. The level was around the average for the six WHO regions.

He understood the concerns expressed by the Representative of the United States in relation to the 10% "across-the-board" reduction of the regional budgets applied by headquarters, without a similar decrease at headquarters. The Regional Directors had made strong representations to the Director-General in that regard. Nevertheless, 4.2% of the regional budget had also been withheld for the 1994-1995 biennium.

The representative of New Zealand had asked about the lessons learned from the budget reduction exercise. The reexamination of Member States' priorities had proved a useful exercise. It had also become clear that improvements in the budgeting procedure were needed to permit the planning of a firm programme that would be implemented. It would be preferable to know the cost increase requirement prior to the formulation of the budget, and to avoid the practice of underbudgeting. The Regional Committee might therefore agree to a one-time adjustment in the interests of achieving realistic costing.

Turning to the 1994-1995 biennium, not covered by the report before the Committee, he recalled that at the previous session he had explained the need for cost reductions in respect of underbudgeting of US\$ 9.4 million and, as he had indicated earlier, some US\$ 3 million (4.2% of the regional budget) to be withheld by the Director-General in relation to unpaid or anticipated non-payment of contributions. With the full cooperation of Member States, a further prioritization exercise had been undertaken, resulting in a total reduction of US\$ 12.3 million, US\$ 7.4 million from country programmes and US\$ 4.9 million from regional and intercountry programmes. Cost economies, freezing of posts and delays in recruitment had also been intensified. It was clear that making economies, including keeping

posts vacant, could have implications for high priority programmes. However, he was confident that programme budget implementation would proceed smoothly.

He was pleased to report that a good proportion, if not all, of the 4.2% withheld would be made available. A first instalment of US\$ 796 000 had already been received and a further US\$ 1 million was anticipated later that year. He proposed to allocate all of the 4.2% withheld from country programmes once the second instalment had been received. Should a final instalment be received it would be used for intercountry programmes since swift action could be taken in that area even late in the biennium. He would welcome suggestions from Member States in that regard.

2.2 Proposed programme budget, 1996-1997: Item 8.2 of the Agenda
(Document WPR/RC45/4)

The REGIONAL DIRECTOR said that the proposed programme budget for the Western Pacific Region for the biennium 1996-1997 was the third that he had presented as Regional Director, and the first of three to be prepared under the Ninth General Programme of Work. He hoped the document's new look would be more convenient.

The proposals had been prepared in accordance with the Procedural Guidance for the Preparation of the Proposed Programme Budget for 1996-1997 (document CDG/93.1), which had been used by both Member States and the Regional Office programme managers in the development process. Both broad and detailed programme budgets had been prepared together, in order to simplify the process as required in resolution WPR/RC40.R4 on the streamlining of programme implementation.

The proposals showed the estimated obligations at three levels: country, intercountry and regional. In addition, some new elements had been introduced, such as a description of the mechanisms for evaluation of programmes and projections to show whether activities would continue over the period 1998-2001.

The proposed regional programme budget for 1996-1997 amounted to US\$ 71 531 000 - the same level as the approved budget for 1994-1995 - of which US\$ 39 678 000 (55.47%) had been allocated for country activities; US\$ 19 776 000 (27.65%) for the intercountry programme, and US\$ 12 077 000 (16.88%) for regional activities.

Cost increases would be added to that amount after the Health Assembly had approved both the budget and the cost ceiling for the biennium. The non-application of cost increases in

the proposals before the Committee was intended to focus attention on budget changes in real terms. While it had some advantages, the procedure meant that final implementation would be heavily influenced by the level of cost increase set.

The Director-General had initially withheld 3%, or US\$ 2 146 000, from the regional allocation, but had subsequently returned the funds to the Region for allocation to programmes emphasized by him. Of that amount, US\$ 1 626 000 had been allocated for activities at the country level and US\$ 520 000 at the intercountry level in the area of malaria control and for the provision of hepatitis B vaccine in countries and areas of the South Pacific.

The proposed programme budget had been formulated on the basis of national and regional priorities, as well as the four programme directions stressed by the Director-General. He affirmed that most of the country proposals continued to reflect the priority programme areas at all levels, especially country priorities.

Turning to the six regional priorities, he said that in his initial presentation of the 1992-1993 proposed programme budget, he had announced an allocation to the regional priorities of 58%; the final implementation rate was 67%.

At the forty-third session of the Regional Committee in 1992, he had announced an allocation of 59.4% of the regular budget for 1994-1995 to the six regional priorities. For 1996-1997 that had increased to 71% of the regular budget or about US\$ 45 000 000.

He suggested that the percentages allocated to each of the priority areas provided an illustration of the relative interest of Member States, and listed them: Development of human resources for health (including fellowships) accounted for 26%; environmental health, 10%; eradication and control of selected communicable diseases (including poliomyelitis eradication), 11%; exchange of experience and information, 7%; health promotion, 12%; strengthening management (such as health financing, etc.), 23%. There was, of course, some overlap in those percentages, in that a fellowship might be in environmental health, but the figures were generally indicative.

The intercountry programme had been an effective and economical means of providing technical cooperation, especially for small islands and least developed countries and areas. For 1996-1997, provisions had been made for the continued presence of intercountry staff at various duty stations, notably in the South Pacific and other strategic locations, including three technical staff to countries in shared, country-based positions.

In his presentation of the 1992-1993 final report, he had explained the deficit faced in that biennium of about US\$ 19 million, of which US\$ 12 million had been due to underbudgeting. At the previous session of the Regional Committee, he had explained how the effects of inadequate cost increases in 1994-1995 would continue, and that there had been underbudgeting of US\$ 9.4 million. The Member States had also been kept fully informed of the action needed to overcome those problems, such as reducing some part of the country and intercountry programmes, and making severe cost reductions at the Regional Office. He fully recognized that that had caused inconvenience and disruption at the country level. At the intercountry and Regional Office levels, the programmes had always been affected as requirements had had to be underbudgeted in favour of country-level activities. However, a point had been reached where those levels could no longer continue to absorb such underbudgeting. For example, specialists had had to be given the responsibilities of more than one post so as to defer, or avoid, recruitment. In the 1996-1997 proposed budget, the number of budgeted professional posts at the Regional Office and at intercountry level had been reduced by nine. Those measures had been expedient but had put an immense strain on staff with some inevitable drop in effectiveness.

He had been determined to present the 1996-1997 budget at current cost levels. To that end the Director-General had agreed to the proposal for a realignment within the regional allocation. As part of that process, US\$ 4 million had been transferred from the country budget allocation and redistributed to overcome underbudgeting in the regional and the intercountry programmes by US\$ 2.8 million and US\$ 1.2 million respectively.

It was a considerable cause for concern that, at the last two sessions of the Regional Committee, he had had to explain the consequences of inadequate cost increases being granted in the past, which had led to what had become known as underbudgeting. However, by allocating a higher proportion of the US\$ 2 146 000 returned by the Director-General to countries, the net real decrease in the country allocation had been reduced. Furthermore, assuming the setting of a reasonable level of cost increase, the amount budgeted for 1996-1997 was expected to be more than the actual amount allocated in 1994-1995 after the withholding of funds for "Priority X" activities. He stressed, however, that it was vitally important that the percentage cost increase set was sufficient. There should be no need therefore to make programme reductions to overcome budget shortfalls. That would be an important message for the Regional Committee to convey to the Director-General when the proposed programme budget was transmitted following the session.

The proposed programme budget for 1996-1997 also included, as in previous years, all activities for which financing might reasonably be expected from extrabudgetary sources. That was a conservative estimate as some external support agencies did not allocate funds so far in advance. Furthermore, the future of some programmes was uncertain. For example, the Joint and Cosponsored United Nations Programme on HIV/AIDS, which would begin implementation in 1996, was undergoing substantial reorganization and funding levels were not yet known. The current estimates for extrabudgetary resources for 1996-1997 showed a decrease of US\$ 18.3 million from the latest available estimates for 1994-1995. Further extrabudgetary sources were, however, expected to become available closer to and during the 1996-1997 biennium. At the same time, even if the level of funds coming directly to WHO went down, coordination with donors would still be strengthened, with a view to soliciting funds for countries even on a bilateral basis, so that funds required could be channelled directly from donors to countries in need.

The regional programme budget would be further consolidated by headquarters into a smaller number of programmes (19), and submitted to the World Health Assembly. However, at the regional level, the proposals had already been prepared according to the 1996-1997 classified list of programmes and no change was contemplated for the time being. Consolidation of programmes might be considered for the 1998-1999 biennium.

During the review of the programme budget, the Secretariat would be happy to reply to any query or request for clarification that might arise.

Dr ADAMS (Australia) congratulated the Regional Director on the high quality and transparency of the proposed programme budget for 1996-1997. Noting that total regular budget allocations were being maintained at the same level as in 1994-1995, he asked why significant increases were proposed for certain programmes in Table 2: 76.4% for Health and socioeconomic development, 524% for Drug and biologicals quality, safety and efficacy, and 3148% for Environmental health risk assessment and control. The allocation for diarrhoeal diseases, including cholera, was being increased by US\$ 186 600, although the expected reduction in extrabudgetary funds meant a significant overall decrease.

On the other hand, he was concerned at the proposal to reduce the allocation for leprosy elimination by 75.4%, despite the anticipated 22% decrease in extrabudgetary funding. He noted the proposal to reduce regular budget spending on the AIDS programme, despite the recommendation of the Economic and Social Council (ECOSOC) that agencies should maintain their present funding levels under the new Joint and Cosponsored United Nations Programme

on HIV/AIDS. There was a danger that the other sexually transmitted diseases would be neglected, which would be disastrous.

Dr CHAN (United Kingdom of Great Britain and Northern Ireland) congratulated the Regional Director on an excellent document, which reflected prudent planning and a commitment to open discussion with Member States in order to achieve effective resource allocation.

Professor LI (China) thanked the Regional Director for his practical and clear proposals. He noted that, since the start of the Eighth General Programme of Work, rapid economic development had brought great changes in disease patterns and population structure, with corresponding changes in health needs. The Regional Director's proposals were rightly based on the six regional priorities. His delegation supported the focus on individual self-care, changing lifestyles, the reorientation of health care systems, and the needs of major target groups. He agreed with the representative of the Philippines that lessons should be learned from the implementation of the 1992-1993 budget, and sufficient allowance made for cost increases in order to guarantee the high quality of country programmes.

Mr JOO (Republic of Korea) congratulated the Regional Director on his clear and comprehensive proposals and expressed support for the emphasis on an increased role for individuals in taking charge of their own health and on modifications to behaviours and lifestyles. He expressed satisfaction with the priorities selected for the Region.

Mr LOVELACE (New Zealand) congratulated the Regional Director on the transparency of the proposed programme budget; the quality of the information provided represented a tremendous improvement over similar documents provided by headquarters. He wondered if there was any danger that potential revenue was overstated, and that the non-payment of contributions by Member States or the non-receipt of expected extrabudgetary funds might lead to an enforced reduction in programme activities.

He asked the Regional Director to explain the underlying principles governing the substantial increases or decreases in allocations to specific programmes. He noted that, although natural disasters were common in the Region, there was no budgetary allocation for emergency and humanitarian action. He understood that funds would be made available as and when emergencies occurred, but it was also important to ensure that countries made preparations and plans for dealing with emergencies.

He also asked the Regional Director to comment on the linkage between programme 4.3.2 Prevention and control of substance abuse, including the Action Plan on Tobacco or Health, and programme 4.1.2 Adolescent health. A document just published by WHO estimated the number of deaths from tobacco use in the second half of the twentieth century at 60 million, and he felt that the level of resource allocation should match the gravity of that problem.

He asked whether the level of programme support costs adopted in the proposals could now be considered accurate, and taken as a basis for future budgeting.

Looking to the future, his delegation wished to stress the importance of a stronger, more explicit linkage between the strategic documents of WHO and the budget-setting process, so as to make it clear how major strategy decisions were reflected in the budget allocations.

Mr WAENA (Solomon Islands) said his delegation was prepared to approve the proposed programme budget without reservation. He noted the 16% reduction in the allocation for his country, but realized the need to support Cambodia in rebuilding its health services.

He expressed his Government's gratitude to WHO and AIDAB for their support for malaria control activities in his country, and to Fiji and Papua New Guinea for providing facilities for training medical personnel.

Dr BART (United States of America) said the revised presentation of the budget document provided a new perspective on investment in the health sector, and its transparency reflected the Regional Director's creative management. He believed WHO was sensible to maintain a policy of zero growth in view of the present and probable future constraints on countries' financial resources. The Committee had an opportunity to reflect on and adjust the Region's programme of work in the light of its priorities. It needed to take a serious look at the priority-setting process. His delegation believed that the Regional Office's resources were spread over too many individual programmes, and that it ought to concentrate its resources to make real progress. Member States must be more closely involved in decision-making, and especially in determining priorities for the allocation of resources. At the recent Health Assembly, his country's delegation had expressed concern at the Director-General's unilateral selection of four priority areas.

The Regional Director had drawn attention in the overview of the document to the epidemiological and demographic changes in the Region. In the document *New horizons in health* he had put forward a new way of thinking. Resource allocation should reflect that

thinking in measurable terms, in programmes where the needs were greatest. The Committee should consider whether the allocation of resources in the proposed programme budget was consistent with the strategic orientations and priorities clearly outlined in the section of the overview entitled "Programme highlights". However, a study of the indicators for monitoring progress towards health for all showed that issues such as family planning and safe motherhood were the areas in which least progress was being made. The budget did not use the health-for-all indicators as benchmarks for resource allocation.

Referring to programme 2.2.2 Emergency and humanitarian action, he asked why there was no provision in the budget for emergency preparedness and planning, when those activities were included in the programme's objectives and targets and were clearly essential in a disaster-prone region.

Programme 4.1.1 Health of women and children, and family planning was a high-priority programme, and he wondered how it could be expected to succeed when its regular budget country allocation was being cut by 55% in addition to cuts in extrabudgetary funds.

Although 19 million people in the Region had been affected by waterborne diseases in 1990, and waterborne diarrhoeal diseases were one of the main causes of death in children under five years of age, country allocations for programme 4.5.1 Water supply and sanitation, were being reduced by 30%. Moreover, no numerical targets were set for that programme, even though such targets were among the health-for-all indicators. He pointed out that many countries had not yet undergone epidemiological transition and were still having to deal with the old problems of infectious diseases. Water and sanitation, and maternal and child health thus remained major problems that must not be neglected.

He noted with approval that the opportunity for Member States to participate in deciding priorities was growing each year under the Regional Director's management, and he hoped that that trend would continue.

The meeting rose at 11:40 a.m.

ANNEX 1

ADDRESS BY THE INCOMING CHAIRMAN

Distinguished representatives to the Regional Committee; the Regional Director of the World Health Organization; representatives of agencies of the United Nations and nongovernmental organizations; the World Health Organization Secretariat; ladies and gentlemen.

Yesterday our Honourable Prime Minister, Dr Mahathir, formally welcomed you to Malaysia. I would like to add to his welcome by saying that we all consider it an honour to host the Regional Committee of the Western Pacific of the World Health Organization at its forty-fifth session in Kuala Lumpur.

I wish to thank the Committee for electing me as Chairman. This is not only a personal honour but also a great honour for my country. I am fully aware of the magnitude of the task before me. My first goal will be to live up to the high standards maintained by my predecessors. With your kind understanding and cooperation, I am certain that this year's Regional Committee will be highly productive.

I wish to congratulate Dr Tambisari, Vice-Chairman, Dr Milan and Dr Ngo Van Hop, rapporteurs, on their election. I know that I will be relying on their support considerably.

As the incoming Chairman, it is my pleasant duty to recognize the achievements of my immediate predecessor, and the distinguished representatives of the forty-fourth session of the Regional Committee held last year in Manila. It was a most active session. Many substantial topics were discussed. The satisfactory outcome of those discussions and their follow-up by the Member States and secretariat are reflected in the Regional Director's report which we started to review yesterday.

Distinguished representatives, we have a full agenda and a very busy schedule ahead. Let us really concentrate our remarks, and focus on achieving determined and clear consensus on the way forward. Today we will review the budget for the biennium of 1996-1997. This budget covers the Ninth General Programme of Work, which spans the turn of the century. We must be absolutely realistic in our projection of costs vis-a-vis our targets. Although we can hope that the financial constraints that WHO has faced in the past will gradually pass, we must plan systematically now for the future. We are approaching a "new horizon" and a new

Annex 1

millenium. Let us focus sharply on the real meaning of this in terms of our planning and aim for the year 2000 as a real target date by which we should have achieved many of our common objectives.

During the course of the week we will be reviewing the third monitoring of implementation of the Strategy for Health for All by the Year 2000. This report clearly indicates how countries perceive their progress, and how close or how distant they are from the goals set for the year 2000. Were the targets set too ambitious, at least for some countries? When we consider the Region as a whole, we may appear to have made good progress, thanks to many factors. In particular, the degree of political stability and economic progress in the recent years has increased our awareness of the role for health and social sectors. We can and should now be rigorous in our questioning of achievements. Are there no countries lagging behind in infant and maternal mortality and life expectancy? After all, averages can hide large areas or population groups who are still deprived. How do we approach these problems?

You may be weary of hearing about managerial process for national health development. It is time to review how many of us are really following up the health strategies developed. We need to understand why there are population groups which are still without accessible or affordable health care.

Later this week we will be discussing in detail that it may be necessary to look at alternative health care systems or approaches in order to achieve quality of care at an affordable cost. I understand that such initiatives are already being pursued by the Regional Office with dialogue among countries and areas with similar health structures and problems.

Such an environment of questioning and challenge as I hope we have here in the Regional Committee is a fruitful medium for growth. Last year, this Committee was asked to consider the WHO Response to Global Change. We were requested to respond to this initiative with our views on the regional implications of the topics raised. Several of the issues proved to be too complex for the short timeframe of the session, and we had to entrust the Sub-Committee to review the issues in detail and report back to this session. I know from the background documents that the Sub-Committee has worked very hard this year, and that their deliberations were detailed and intense. I hope that in our discussions on this topic we do their careful preparatory work justice.

Annex 1

I am glad to note that Dr Han has given very serious thought to this. Ahead, as usual, of the recommendations of the WHO Response to Global Change, Dr Han has prepared a very careful study of the Region, analysing its present health situation with a view to preparing realistically and creatively for the future. I suggest that we give very serious consideration to the Regional Director's document aptly titled *New horizons in health*. Its acceptance could mark a milestone for the Region and perhaps even for the whole of WHO in the future. At this, the beginning of Dr Han's second term as Regional Director, I am sure you will join me in acknowledging his leadership and in strengthening his efforts to bring his aims to fruition for the benefit of the whole Region.

We are glad to note that, in spite of limited resources, WHO has already made great strides in technical cooperation with Cambodia. We are even more glad to note that we are at the verge of achieving our resolve to make this Region poliomyelitis-free by next year. We look forward to adding the elimination of leprosy as a public health problem to this. I am sure my distinguished colleagues would join me in complimenting Dr Han on his unremitting efforts to mobilize vast extrabudgetary resources for the poliomyelitis eradication campaign. This is a most appropriate moment for me, on behalf of us all, to recognize and thank the generous donors that have made possible the success so far. The months ahead are crucial in this effort. We need a truly cooperative effort to be able to declare the Western Pacific Region free of poliomyelitis.

As your new chairman, I would like to set us all a challenge. We have made many commitments in the past in this forum. We have talked of partnership in health, partnership between countries and with WHO. We have talked of effective health management and health development. We have talked of international cooperation in the fields related to health, and of technical cooperation between developed and developing countries as well as among all countries. We have talked of transfer of appropriate technologies and how we look to health in the context of sustainable development. I ask you today, how much have we taken back to our own countries and how much have we made happen? We must be sure that in this forum we do not just talk, but when we return home we must act decisively and in a coordinated way.

We need to address not only our own responsibilities, but the role of WHO as the leading agency in the field of health. I feel that there has been too much erosion of this leadership role. This has to be addressed now. WHO can provide competent technical leadership. It can make prompt response to situations at country level which require urgent action. It should have the vision and capacity to respond. Regional capability-building is

Annex 1

crucial to uphold WHO's image and countries' needs. Donor agencies will be glad to work with WHO if it concentrates on its technical role and acts as a catalyst for health action in the Region. I am happy to note that this Regional Office is now doing just that and is facilitating bilateral and multilateral collaboration. We, for our part as Member States, have an increasing responsibility to help WHO regain its prime leadership position in health. This will, of course, work to our advantage.

It is inevitable therefore that WHO has to respond positively to these new challenges in order to maintain its global leadership role. This does not mean, however, that the tremendous contributions of WHO in the past should be forgotten. The benefit that Malaysia has derived from its membership of this Organization over the years is a case in point. The inputs of WHO in institutional and capability strengthening through its mechanisms of fellowships, consultancies, training programmes and in many instances direct support in obtaining material and equipment have contributed significantly to the quality of the workforce and the health services that we enjoy today. We in turn, have made available to WHO the expertise and facilities that we have built up as resources for enhancing the capability of other countries. Herein lies the strength of the WHO system.

I look forward to a very fruitful week of discussion and sharing of experiences. This will in turn develop consensus among us and benefit our national health policies.

In conclusion, let me add that I hope you would also find some time to see Malaysia, a vibrant and beautiful country. I wish you a pleasant stay in Malaysia.