ABSTRACTS AND REPORTS

WHO PROGRAM AND BUDGET

The World Health Organization currently faces a serious financial crisis. The following commentary, excerpted from WHO Director-General Halfdan Mahler's introduction to the proposed WHO program budget for the financial period 1988–1989, describes the general nature of that crisis and certain considerations influencing the WHO response to it.

The Phantom Program Budget

In normal times I would have stated that the program budget proposals for 1988–1989, compared with those for 1986–1987, represent a slight decrease "in real terms." The proposals, however, are not in real terms; they are in unreal ones; they constitute a phantom program budget. For, unless a radical change takes place, a huge shortfall in income from assessed contributions is to be expected. Consequently, if on paper the proposals are as real as they were in previous bienniums, in practice it will most probably *not* be possible to carry out at least 10% of them, if not more, because of lack of funds. Nevertheless, as chief technical and administrative officer, I am duty bound to represent program budget proposals as though all Member States will pay their contributions in full. Yet it is clear, from the experience of 1986–1987, that this is most unlikely to be the case. The most bitter blow of all is that apparently it is precisely WHO's display of fiscal responsibility in the past that has led to its budget being struck most severely, on the false assumption that it is able to absorb further fiscal shocks.

I have already commented on this situation in my addresses to the Thirty-ninth World Health Assembly and to the recent sessions of the regional committees. WHO is being unfairly victimized because it belongs to the United Nations system. If any proof of that were needed, the Pan American Health Organization is to a large extent being spared that fate because it does not belong to the United Nations system, in spite of the fact that it acts as the regional organization for WHO in the Americas. Without justifying the sweeping criticisms of the United Nations, I repeat that WHO should at least not be subjected to them *indiscriminately.* We certainly do have to bear the responsibility for ineffective programs and inefficient program delivery, and we have to rectify these. We have always been the first to identify our shortcomings and to try to remedy them. But there is a vast difference between WHO correcting its deficiencies and it being subjected to slashes across the board that affect the United Nations system wholesale. That system has just had imposed on it a number of financial and administrative strictures. These pall into insignificance compared to those

that WHO has imposed on itself over the past decade or so, starting with a massive transfer of funds from the center to the periphery, accompanied by revolutionary changes in global program budget policy and followed by the study of WHO's structures in the light of its functions that led to fundamental changes in the way the Organization is managed. These facts alone, quite apart from many program successes that are benefiting rich and poor countries alike, should surely justify judging WHO on its own merits.

What is euphemistically called a liquidity crisis in WHO is in fact a confidence crisis, unmerited but hovering like an unsatiated vulture. That crisis of confidence is evidently shared by many governments; otherwise they would not remain as indifferent as they appear to be. If that is the case, merely remonstrating will not restore the missing dollars. Emergency action is required in the short term and soul-searching in the longer term to make up for the dollars. . . .

I took that short-term action when the crisis emerged in 1986. I had to resort to reducing the implementation of the program budget for 1986–1987 by 35 million dollars, some 6% of the regular budget. To that crisis was added the sharp fall in the exchange rate of the US dollar. In the past, whenever the opportunity arose, I increased the allocation to countries far beyond what the World Health Assembly requested in 1976. I am afraid, however, that it has been necessary to reduce the implementation of country activities in the biennium 1986–1987, notwithstanding the originally substantial increase in budgetary allocations to them. And I am afraid that this state of affairs will have to continue in 1988–1989. Within the present structures, the regional and global kitties are too empty to draw upon exclusively to make up for missing income. I emphasize "within the present structures" because only far-reaching structural changes could make it possible to absolve country activities from reduction in program implementation. Moreover, in order to maintain ongoing activities, I propose to exploit the financial regulations to the absolute limits of the permissible. I submit that this is fully justified under the circumstances, particularly when Member States do not respect these regulations. And I have had to draw up an even more drastic contingency plan for reducing the implementation of the program budget for 1988–1989, because the shortfall is expected to be substantially greater than for 1986–1987.

At this juncture I should state that I was greatly concerned at the reaction—or rather lack of reaction—in a number of regional committees to the announcement of these emergency measures. Either Member States do not understand the seriousness of the situation and therefore naively assume that somehow their Organization will muddle through, and that reductions in implementation will not in fact take place, or they do not care. In either event, the matter is a grave one and raises

doubts as to the acceptance of the democratic control of WHO by the Member States. The transfer of that democratic control to them took place following the extensive study of WHO's structures in the light of its functions, mentioned above, culminating in the seminal resolution of the Thirty-third World Health Assembly in 1980 (WHA33.17) which spelled out the responsibilities of Member States, both individually and collectively, in addition to those of the Secretariat.

If confidence crises arise when there is little at stake, that is bad enough. It is a tragedy when they arise at a time when a unique worldwide strategy for health for all is gathering momentum, a strategy that was endorsed enthusiastically by all Member States and that could ensure national and international social justice regarding health. Such unjustified crises could stop that momentum. The world political situation certainly gives little cause for optimism. All the more reason to pursue even more energetically than ever social goals that can provide some glimmer of hope to an overstrained world and at least create a desire to reduce political tension. Moreover, a greater sense of realism may be slowly creeping into north-south relationships, and a growing understanding in the World Bank, the International Monetary Fund, and a number of countries of the need to foster the interdependence of economic and social thinking and action. This trend, too, makes it propitious to put social development back on the agenda of top policymakers. The Strategy for Health for All by the Year 2000 is an outstanding example of an initiative that will greatly contribute to genuine social and economic productivity. If WHO's unreal program budget for 1988–1989 is to have real meaning, it must be geared to enhancing that contribution significantly.

Evaluation of the Strategy for Health for All

A level of health that fosters social and economic productivity is the goal of the Strategy for Health for All by the Year 2000. The national strategies that largely make up the global one were recently evaluated by 90% of WHO's Member States. The fact that such a high percentage of countries did carry out such an evaluation, and reported on their findings fearlessly to the world at large, is in itself a remarkable social phenomenon that should inspire confidence. The evaluation revealed the unexpected extent to which developed countries are benefiting from the strategy, whereas it was initially considered more applicable to developing ones. The more affluent countries are beginning to use the strategy to define *health* targets and contain the soaring costs of their medical services; they have the infrastructures to do so, and they could use them more effectively if they applied the information generated collectively in WHO. Surely they owe a debt to their Organization for that, a debt that ought to express itself by enlightened support to less privileged countries and defense of their Organization from unwarranted criticism and financial onslaughts.

As for developing countries, the evaluation brought known facts to light dramatically. The greatest obstacle to implementing strategies is the weakness of the health infrastructure—that

interacting complex of services and facilities of all types, from village health post to hospital, logistic and communication systems, and (above all) people operating them to plan, promote, and deliver health care. Only the strengthening of such infrastructures will make it possible to deliver the essential program elements of primary health care effectively and to support such care through the referral system. But to speak of effective program delivery assumes that there is appropriate technology to deliver. Is there?

A wide range of such technology already exists for the essential program elements of primary health care. Wherever water exists it can be exploited for human use in an appropriate way. Low-cost technology is available for basic sanitation. There are few technical obstacles to attaining adequate nutrition for all, barring exceptional emergency circumstances of drought and natural disaster. Enough is known about maternal and child health for most purposes. Immunization technology is being increasingly applied, leading to steadily growing coverage of the world's children. Enough is known about a growing number of diarrheal, infectious, and parasitic diseases to make substantial progress towards their control. Effective measures to prevent and control rheumatic and coronary heart disease have been demonstrated. The prevention of a number of cancers is possible through simple social and behavioral measures. Sufficient technology exists for the care of most common diseases and injuries, and this includes the rational use of essential drugs.

What the evaluation of the Strategy for Health for All revealed most was the need for greater understanding by people in all societies of what is beneficial to their health and what is detrimental to it, so that they will be in a position to adopt the social, behavioral, and technical measures required for good health and will know when to call on health personnel in times of need. As regards the developing countries, the evaluation revealed the need for a massive influx of capital to establish sound health infrastructures. This has to be accompanied by drastic measures to build up capacities for sound health management.

Budgetary and Financial Aspects

Although the amount of casual income estimated as being available on 31 December 1986 is US$47,000,000, I am unfortunately unable, at this juncture when the Organization finds itself enmeshed in an unusually serious financial crisis not of its own making, to recommend that any casual income should be appropriated to help to finance the proposed program budget. The crisis that has arisen as a result of the expected nonreceipt in 1986, and possibly in subsequent years, of a large proportion of assessed contributions has already prompted me (i) to withdraw, in early 1986, US$35,000,000 from programs approved by the World Health Assembly for 1986–1987 and to transfer them to a reserve account, and (ii) to submit to the Executive Board and the World Health Assembly in 1987, together with the proposed program budget for 1988–1989, a contingency plan for program budget implementation reductions in 1988–1989 based on the hypothesis of a shortfall in assessed contributions on the order

of US$50,000,000. While the amounts involved remain uncertain, recent developments indicate that the dimensions of the financial crisis may be even larger than originally foreseen—at least in the short term. However, to make further reductions in addition to those already made or to further defer activities would seriously impair the Organization's ability to be of service to its Members in many program areas of the utmost importance to them. It would also result in a significant setback in the joint efforts of the Organization and its Members in attaining the goal and targets of the health-for-all strategy. I therefore propose that the entire amount of available casual income should be retained in the casual income account to cover that part of a possible shortfall in assessed contributions that may occur in the financial periods 1986–1987 and 1988–1989 that is not already met by the program implementation reductions made or planned.

I should like to assure all the Organization's Members that, should the current financial problem appear to be less acute by the time of the Fortieth World Health Assembly in May 1987 or the Forty-first World Health Assembly in May 1988, I shall propose that up to US$47,000,000 of available casual income should be appropriated to help finance the 1988–1989 program budget and thus reduce assessments on Member States in 1988 and 1989, or in 1989 at least. In effect, therefore, the use of casual income for the purposes outlined above is nothing more or less than *borrowing* casual income pending the receipt of contributions, in accordance with the authority granted to me by Financial Regulation 5.1. It will not, and cannot, be used either to increase the program budget the Health Assembly will approve for 1988–1989 or to relieve any Member State of its constitutional obligation to pay its assessed share of the expenses of the Organization. In the circumstances I believe my proposal to be amply justified by the overriding need to tide the Organization over a financial crisis of unusual proportions.

Conclusion

I ended my introduction to the proposed program budget for 1986–1987 by stating "It is not a matter of tightening the belt, but rather of making sure that it fits accurately with no unnecessary slack." There is no way of doing that for 1988–1989. As I stated at the beginning of this introduction, the proposals that follow are for a phantom program budget. Yet phantoms can have powerful effects, as illustrated by Shakespeare in *Hamlet*. The effects can be powerfully negative; they can also be powerfully positive. Some of humankind's most remarkable achievements have been accomplished under conditions of greatest adversity. WHO's adverse financial situation should therefore be seized as yet another opportunity to discard inadequate management practices and replace them with more useful alternatives.

Source: Adapted from the Proposed Program Budget for the Financial Period 1988–1989 (WHO document PB/88-89, 1986).