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# VI Meeting Regional Committee



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Topic 22: REPORT ON THE PROGRAM OF ECONOMIES AND DECENTRALI-  
ZATION OF THE PAN AMERICAN SANITARY BUREAU

The report on the program of economies and decentrali-  
zation of the Pan American Sanitary Bureau (Document CE23/5),  
which has been submitted to the 23rd Meeting of the Executive  
Committee under Topic 6 of its agenda, is presented herewith  
to the Conference.

The action taken by the Executive Committee on this  
subject will be found in the Final Report of the 23rd Meeting.

Attachment: Document CE23/5

*executive committee of  
the directing council*

*working party of  
the regional committee*



PAN AMERICAN  
SANITARY  
ORGANIZATION

WORLD  
HEALTH  
ORGANIZATION



23rd Meeting  
Santiago, Chile  
4-6 October 1954

CE23/5 (Eng.)  
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Topic 6 : REPORT ON THE PROGRAM OF ECONOMIES AND DECENTRALIZATION OF THE PANAMERICAN SANITARY BUREAU

#### Background

In order to determine the effectiveness of the program of decentralization of the activities of the Bureau, and to ascertain if the operations of the Bureau were being conducted in an economical manner, the Directing Council in Resolution XVII of its VI Meeting appointed a three-member Committee, composed of Representatives of Chile, Mexico, and the United States, to study these subjects.

The Committee on Economies and Decentralization met at the Headquarters Building from 17 through 21 March 1953, under the chairmanship of Dr. Zozaya (Mexico) and with Dr. Jiménez (Chile) and Dr. Brady (United States) attending. During this period the Committee reviewed the general aspects of the program of the Bureau and called upon the key officials to outline the activities for which they were responsible. From this information, and from the study of other pertinent material, the Committee presented an Interim Report to the 19th Meeting of the Executive Committee, which was then transmitted to the VII Meeting of the Directing Council. (Document CD7/5)

The Committee stated that its observations were tentative but pointed out that a program of economy and decentralization was already in effect in the Bureau. This was demonstrated by the fact that through improvement in methods of operation a reduction in the size of the administrative staff of the Bureau had already been effected, with still further reductions anticipated in the future.

It became obvious to the Committee during this study, that the problem of economy and decentralization was a complex one, that the work entrusted to the Committee was very difficult to perform by persons not permanently assigned to the Bureau, and that it would not be possible for the Committee

to present a final report on specific proposals in the immediate future. In view of these factors the Directing Council, at its VII Meeting, adopted the following Resolution:

"Resolution XXVI

"THE DIRECTING COUNCIL,

HAVING restudied the question of the program of economies and decentralization,

RESOLVES:

1. To request the Director of the Pan American Sanitary Bureau to present to the XIV Pan American Sanitary Conference a report on the steps taken and the results obtained with respect to this matter.

2. To declare terminated the functions of the Committee on Economies and Decentralization, established by the Directing Council at its VI Meeting, and express appreciation for the task it has performed."

In accordance with the terms of the above resolution, the Director has the honor to present the following report to the 23rd Meeting of the Executive Committee for transmittal to the XIV Pan American Sanitary Conference.

REPORT OF ACTION TAKEN

As noted by the Committee on Economies and Decentralization, the Director had undertaken a program of decentralization in 1951 which was in progress at the time of the meeting of the Committee.

The initial stages of the program had consisted of the establishment of zone areas, the location of zone offices, and the staffing of those offices.

Prior to the establishment of the zone areas, program and project activities were administered directly from the Central Office in Washington. Some field offices existed, but they varied considerably as to size, staffing and mission. The Lima and Guatemala sector offices more closely resembled the zone establishment of the present since they had a general responsibility for the projects in their immediate area. Additionally, there were field stations in Rio de Janeiro, El Paso, and Kingston.

In the latter part of 1951, the zone areas were defined, the location of zone offices established, and the staffing of the offices commenced. The Zone III, Zone IV, and Zone V Offices assumed responsibility for their respective areas; and in the last part of 1951 the Zone VI Office was established. The Zone II Office was established in the early part of 1952. The Washington Office retained jurisdiction over Zone I. Within Zone I, the field office of Kingston assumed the responsibilities for the project activities within the Caribbean area. The El Paso Office was continued as an inter-country field program concerned with stimulating cooperation and coordination of activities among border health officials of Mexico and the United States in the solving of health problems.

In 1952, a Statement of General Principles Governing the Extent and Method of Decentralization, which outlined the respective responsibilities of Headquarters and Zone Offices, was issued. The Statement dealt primarily with program planning and supervision, leaving administrative service aspects to be developed progressively as experience warranted.

The Zone Offices were made responsible for operational program activities, both in giving direct technical advice to health administrations, and in field planning and operation of projects. This system has had the advantage of making technical advice of zone staff continuously available to governments. Further, it assures that projects will be planned in cooperation with the national health personnel who will be responsible for their execution, and thus in a manner appropriate to local conditions.

Zone Offices cooperate with the local representatives of other agencies in planning health activities in countries. Zone personnel collect basic information on health needs and resources to be used for long range planning. As a fundamental part of decentralization, Zone Offices propose the field activities to be included in the Program and Budget, after consultation with the respective national health authorities and the cooperating agencies.

The Principles of Decentralization reserved for Headquarters the responsibility for provision of certain technical and administrative services which can be more efficiently carried out from the Central Office. Under these principles the responsibility and authority for relations with the Governing Bodies of the Organization and their Members are retained by the Director. The Director also maintains relations with international, governmental and non-governmental organizations. The Director is also responsible for establishing the policies,

procedures and regulations for operation of the Bureau and for over-all direction of its activities. The several offices in the Washington Office are responsible for: carrying out in whole or in part certain technical and administrative services, such as procurement, fellowship placement and supervision, collection and dissemination of statistical and epidemiological information, library service, publication of material for public information, financial control and general administrative services; the development of general and long term program planning; evaluation of program accomplishments; provision of technical information and advice; and the operation of inter-country projects involving more than one zone.

The Division of Public Health prior to decentralization had fulfilled both an advisory and operational role. With the transfer of operational responsibility to Zone Offices for all except some interzone projects, the Division was reduced and reorganized for greater flexibility in the use of its smaller staff. In place of twelve sections, three branches were established: Health Promotion, Communicable Diseases, and Environmental Sanitation.

The primary role of the Division of Public Health is now to serve as the technical advisory unit in all matters related to public health activities of the Bureau. This includes the use of basic information on health needs and resources for short and long range program planning, review and approval of plans of operation for field projects as well as technical advice on their implementation, program evaluation and development of improved technical procedures and standards. In addition the Division devotes substantial time and effort to recruitment of professional personnel and technical review of supply requirements. The collection and dissemination of epidemiological and statistical information is an increasingly important central service under the responsibility of the Division.

The Division of Education and Training was reorganized in 1952 with two branches: Professional Education and Fellowships. The activities of the Fellowships Branch remain substantially unchanged, although, as described later, some administrative services have been decentralized. The participation of Zone Offices in planning fellowship programs with countries, and in the preliminary selection of Fellows has improved the quality of the training program. Improved procedures in the Branch for the selection and placement of Fellows and their supervision while in training have also raised the standard of the program.

The Professional Education Branch has the same responsibility in relation to education projects as branches in the Public Health Division have for other projects. An important number of the interzone projects are in the field of education, e.g. seminars, training courses, etc., and those which cannot be decentralized to a particular Zone remain the operational responsibility of the Division. The growth of activity in this field has increased the work load of the Division of Education and Training even though the Zone Offices also have assumed more responsibility. In addition to its other activities, the Division has undertaken responsibility for coordinating the exchange of information on medical education among the international and private organizations active in this field.

The Division of Administration was reorganized, in keeping with the aims of the decentralization program, and in the interests of more efficient operation. It consists of two branches and two offices, each having definite responsibility for major segments of the administrative activity.

During the period of reorganization, the initial steps in the program of decentralization and economy in the administrative areas were undertaken. The operations of the Washington Office had been hampered by the lack of suitable office accommodations. In 1951, this had been resolved by the acquisition of the two present buildings. These buildings for the first time afforded an opportunity to locate the several offices in an efficient and practical working arrangement. Also, at this time, the custodial and protective services were performed by the staff of the Bureau. As an economy measure it was decided to employ a commercial contractor to provide these services. While the direct costs were more or less comparable, the Bureau was relieved of the indirect and less tangible present and future liabilities represented by recruitment, termination, and leave costs of the Bureau staff.

Even before the zone establishments had all been activated, decentralization had begun. With the creation of each Zone, responsibility for the appointment of local personnel was fully delegated to the Zone Representative. As the staffing of the Zone Offices was completed, more and more functions were transferred from the Washington Office.

A major step in 1952 was the delegation to the Zone Offices of complete responsibility for the processing of all personnel documentation for the staff of their areas although the actual appointment of international staff remained a Headquarters function. This delegation permitted the Zone Offices

to arrange medical examinations, to obtain necessary documentation for allowance, pension, and insurance purposes, and to complete processing of appointees without delay. Responsibility for review of staff performance and recommendation as to continuation of employment was also vested in the Zone Representative, subject to the review and approval by the Director for international staff members.

Pay-rolling of PASB staff members was transferred to the Zone Offices in 1952 and with it the responsibility for maintenance of leave records and processing of within-grade salary increments. Zone Offices were also given authority to make payment of installation allowances to incoming staff members and to pay travel claims; this reduced the work load at Washington as well as the length of time between claim and payment. Responsibility for maintenance of control over property of the Bureau was transferred to the field establishments, which maintain the inventory records for all property within their area.

In order to ascertain that the financial procedures were followed, the Internal Auditor, who serves both the PASB and the WHO, performed audits of the field office accounts at the Zone Offices instead of at Washington as before.

Of great importance to the economy phase of the program were the organizational and procedural studies that were conducted. These studies resulted in recommendations for internal reorganization and assignment of functions, and in suggestions for improved methods of operation. The Supply Office was reorganized internally and new functions were assigned to it without any increase in staff. A study of the Building Services Unit and the Property and Equipment Unit resulted in the combination of the two units with a net reduction of four positions. The study of the Personnel Office resulted in a complete internal reorganization and a reduction of two positions.

It would be difficult to enumerate all of the measures taken to simplify the work, obtain better utilization of personnel, and conduct a more economical operation. Examples range from the changes approved by the Executive Committee whereby one PASB budget document is prepared annually instead of two, and the summary budget combined with the Regional document, to such items as installation of an internal telephone dial system. Both of these actions effectively reduced work loads and costs. In the case of the budget documents, the present cost of printing a single budget, in both Spanish and English, is approximately \$1600, exclusive of staff time; by elimination of two documents costs were substantially reduced.

By the installation of the dial telephone system, service was greatly improved, and the necessity for an additional switchboard operator eliminated.

Other examples are the use of forms and form letters wherever possible, in order to reduce clerical and stenographic requirements, and the printing of commonly used forms in both Spanish and English to facilitate understanding and speed communication.

At the end of 1952, the first major steps had been accomplished. The Zone Offices were in full operation, and the transfer of responsibility for technical supervision effected. Significant progress had been made in the delegation of administrative responsibilities and beneficial results were accruing from the organizational studies and procedural improvements.

In 1953, the emphasis was placed on further decentralization of administrative functions, and on refining existing processes and procedures. It was possible to complete the decentralization of the field payroll operation through transfer of responsibility for payment of WHO staff employed in the field to the responsible Zone Offices.

Decentralization of responsibility for procurement of travel and transportation was completed. In 1951, the work load of the travel staff had steadily increased, since in addition to the normal travel by headquarters staff, the accelerated fellowship program caused an increase in the number of Fellows travelling in the United States. Rather than add to the travel office staff, it was decided to contract with a commercial travel agency to provide some services and to decentralize responsibility as soon as practicable to the field offices. As the Zone Offices gained in experience it was possible to transfer more and more authority for both approval and procurement of travel to them. By 1953, the last stage of decentralization of travel procurement responsibility was attained when the Zone Offices were made responsible for approval of all duty travel by their staff within the area, and for the purchase of fellowship and statutory travel originating in their area.

Experience in 1951 and 1952 indicated that the system of purchase of administrative supplies by the Washington Office and shipment to the field should be replaced to some extent by a system of local purchase by field offices. Accordingly, a standard catalog of administrative supplies was prepared which contained average prices in the Washington area.



The Zone Offices were given authority to compare these costs with local costs and, giving due allowance to shipping charges, to acquire from the more economical source.

Progress continued in the standardization of methods and procedures. A forms catalog listing all PASB forms, and WHO forms in use in the Region of the Americas, was prepared and distributed. A Correspondence Classification Manual was issued, which is of great importance for the simplicity of maintenance of records. True machine accounting was introduced with the mechanization of the Washington Office payroll, thus providing the preparation of individual checks, vouchers, and summary ledger records in one operation and permitting the assignment of one staff member to other duties. Organizational studies were conducted in the Budget Office, the Reproduction Unit, and the Travel Unit. In each office, these studies resulted in simplified procedures and for the Budget Office and the Reproduction Unit in recommendations for reduction of staff, which has been effected by the elimination of two positions in the Budget Office and one position in the Reproduction Unit.

In the process of economizing through simplification of systems, a new method was developed for the payment of stipends to Fellows. It had been the practice to prepare monthly checks for each Fellow; thus, in effect, separate payrolls were maintained for PASB and WHO Fellows. A simple letter of credit was designed which permitted the Fellow to draw his stipend wherever he might be and which eliminated the monthly payroll operation.

Also in 1953, the method of payment of tax reimbursement was improved. The Bureau reimburses the staff members who are required to pay income tax in order to preserve the principle of equal pay for equal work. In previous years reimbursement was made in the year in which the staff member's tax payment became due, that is, the year following the earning year. Through payment of the tax reimbursement, another liability was incurred in that year in addition to the salary liability, thus increasing the amount of reimbursement required at the time of tax payment. This prevented any exact estimate of the Bureau's total future liability since the liability could only be calculated at the time of the individual's payment. This difficulty was resolved by the institution of a system which provides for the payment of the entire amount calculated to be the liability of the Bureau for any year, within that year, and without any carry-over of liability into future years. This plan became effective in 1954.

Towards the end of 1953, it was determined that a review of the budget and allotment process should be made. A Working Committee was established which made an intensive study of the several aspects of the process, and submitted a series of recommendations. While it is too early to evaluate the savings or increased efficiencies which may result from these recommendations, it is believed that they represent forward steps.

By the end of 1953, the majority of the responsibilities and functions susceptible of decentralization had been transferred to the field offices. Progress could be noted in reduction of staff at Washington and in improved procedures. With the stabilization of the organization at Washington it had been possible to complete preparation of position descriptions and to recommend appropriate grade and salary classification in nearly all of the offices. With decentralization of functions almost completely accomplished, the emphasis in 1954, was laid on reduction of staff and overhead costs and on further simplification of methods and procedures.

In 1954, a new system of payment of consultants was developed, which eliminated another payrolling operation. Formerly, consultants' checks had been prepared and issued by the Washington Office. Through adoption of a drawing account system, it was possible for consultants to be paid at whatever station to which they were assigned.

Responsibility had been centralized in one unit of the Washington Office for effecting all program purchases, administrative supplies and equipment, as well as member government purchases. Centralization of an activity of this type is essential, since procurement can be most economically effected when it is possible to purchase on a volume basis and to make comparison of previous purchase prices, qualities, and reliability of suppliers. In 1954, responsibility for procurement of contractual services was removed from the several service units and integrated with the existing supplies procurement activity. Again, it is too early to estimate potential savings, but it is felt that consolidation of procurement activities will ultimately result in some reduction in personnel.

The last major step in decentralization taken prior to the preparation of this report was the establishment of Zone Boards of Inquiry and Appeal. In the revised Staff Rules, which were approved by the 22nd Meeting of the Executive Committee, provision was made for the Zones to establish local boards. The Boards, which are now in the process of selection, will afford staff in the field an impartial review body composed of their

fellow staff members. Recommendations by the Boards are, of course, subject to the review; final action is the prerogative of the Director for PASB staff, and of the Director-General for WHO staff.

#### Summary

In summary, the Director wishes to lay special emphasis on the fact that a decentralization and economy program is not a single dramatic step. It is a continuing effort that is evidenced in series of studied actions.

There are and were many considerations to be faced in the program. Each segment of the Washington Office operation was measured for adaptability to decentralized operation. It was necessary to determine whether the staff in the field was sufficiently experienced to accept particular responsibilities. The effects on the organization and staffing at Washington were considered from the aspects of the realignment of a unit from which a function was transferred. The effects on related operations and the new requirements which would stem from the decentralized operations, were carefully considered.

The number of personnel required in Washington as opposed to field requirements, is indicative. The approved positions at the end of the years, for all sources of funds, were:

	<u>1951</u>	<u>1952</u>	<u>1953</u>
Washington Office	254	219	199
Field	205	251	255

The steady shift in numbers of positions is highly satisfactory. It will be noted that approved position figures, rather than actual strength figures are given, since approved positions reflect the actual requirements even though positions might be vacant due to difficulty in recruiting required skills; this is a condition which has been apparent for some time in the technical fields.

One other comparison of approved positions is of interest. Since the major effort has been in decentralizing administrative functions, the question might well be raised as to whether the zone staffs have simply replaced the Washington staff. The approved positions as of the years' end were:

	<u>1951</u>	<u>1952</u>	<u>1953</u>
Office of the Director	40	42	39
Conference Services	18	18	18
Division of Public Health	53	34	37
Division of Administration	129	109	99
Division of Education and Training	14	16	17
Zone Offices	71	81	84

It can be seen that the Zone Office staff, which includes technical personnel, rose only slightly; the largest increase came in 1952 when the Mexico City Zone Office was activated. The Division of Public Health decreased in 1952 with the transfer of responsibility to the field. The other offices remain relatively stable except for the Division of Administration which shows a decrease of 30 positions. It is worth adding that the staff strength of the Division of Administration stood at 94 as of 1 August 1954, and the approved posts for 1955 number only 91.

In conclusion, the Director wishes to state that every effort has been made to carry out the wishes of the governing bodies with respect to economies and decentralization, and that these efforts, particularly with regard to economies, will be continued in future years.