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UNEDITED VERSION

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I think it was sometime in February after the meeting of the World Health Assembly and the Executive Board that I had a chance to meet and talk with you and as I have said before I would like to have these opportunities to talk with you separate from the whole staff. I am going to talk for a rather shorter period of time this morning so to give some more time for you to ask any questions that you might have about what requirement you might have, what additional information you might need. Since we met in February, there have been new people who have joined us, people in different functions. I think Mark Matthews he has been definitively named head of ABF. Mr. Usnick has joined us as health of Budget. Dr. Levav is officially coordinator of the program and I wish to tell him thanks specially for having been acting for such a period of time. And Dr. López Acuña is the head of the Division of Health Systems and Services.

I am going to divide this in three parts. I am going to talk a bit about WHO. I always begin talking about WHO because I always insist that we consider ourselves and think of ourselves as a part of the Organization. And WHO recently, when Dr. Bennett was there, one of the senior staff members said "Why do you go on about making a difference between AMRO and PAHO?" Our response was you can be concerned until you are red in the face. This will always go on. There is a difference and we are proud that we are PAHO as well. I am going to talk a bit about the World Health Assembly first. This lasted for one week. Dr. Mazza from Argentina was President and did an excellent job a President of the Assembly. A lot of the discussion in the Assembly turned around the financial situation of the Organization. I am not going to go into detail about it but I tell that the issue that was of most concern was the issue of internal borrowing in WHO. Since this is an issue that has caused a lot of concern in the Member States. I am going to attempt to explain it and I am going to ask Mr. Tracy to correct me. When countries do not pay their quotas and the Organization is faced with having to execute the budget as approved, the Organization has two options. It can either reduce the program that was approved or it can borrowed internally to finance the program that was approved. What WHO decided to do was to proceed on the assumption that all of the budget would be forthcoming and therefore to proceed with the program as approved. When the budget was not forthcoming the only option WHO had was to borrow from internal sources. WHO does not the ability of other Organization to go to the bank and have an overdraft. It has to borrow from internal sources. I am going to ask Mr. Tracy to explain what those sources are. Some of the delegates complained that this was bad management. What some of them thought really was that

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WHO was having to go outside borrow money and having to pay interest on the money borrowed. What many people did not appreciate was that internal borrowing was the only mechanism to allow WHO to carry out the program approved with the budget approved. So the Organization is in a catch 22 in a sense. If it decides to slow down the program, the countries complain. If it decides to execute the program as budget they complain that is internal borrowing.

MR TRACY:

In terms of the WHO 1994/1995 budget because a number of countries did not pay WHO fell in budgetary terms $214 million short of the total 1994/1995 budget. That is about 27% of their budget. It is a very serious number. In cash terms it was about $174 million short. What that means is they did come back some in their allotments during the course of the biennium. Now, internal borrowing means that they went and hit, first of all, their working capital fund, and then they borrowed against, what they call other trust funds, which probably included internal entitlements, you don't really know what they borrow against. It is a single entry into the system. They have done this before for the last, at least three biennia, and possible earlier than that. What has made this a more serious political issue is the numbers are getting bigger and bigger. A shortfall of 27% in the total budget is a very serious number. Dr. Alleyne has put it quite well, you damned if you do and you are damned if you don't in this process. If you spend the budgeted amount then you have to borrow internally. If you cut back, then the countries complain. I think the bottom line here is though this process cannot go on much longer at this rate. There will have to be reductions and in fact all of our allotments have been cut 10% in 1996/1997 and it remains to be seen what will happen from here. That is the essence of it.

DR ALLEYNE:

Thank you very much Mr. Tracy. So you understand what is involved in this process of internal borrowing. One of the more serious questions asked by a member of the delegations was can the Organization plan for its expected income? That is a serious question to ask because what that means someone was asking the Organization to expect not to receive what was the budgeted amount. For any Organization to plan on the basis of non receipt of an approved budget is suicide. The proper reply of Mr. Aitken, we will not get into that exercise. If you do not wish to approve the budget, say you do not wish to approve the budget. The other item that provoked a lot of interest was the discussion of renewal of Health for All. I am going to come back to that because there was some confusion about many delegates who spoke about what was being renewed and some of the countries pointed out that the call for Health for All was now passé in their countries. They wish to see a new kind of marketing strategy as it were. Other countries, a lot of them, not all of the developing countries were very infatic and very vocal that this must not be so because what was behind the basic principles for Health for All still remain valid and the Organization should get into cycles of marketing, cycles of looking for some catch world. The title of Health for All remains appropriate and the basic strategy of primary health care remains appropriate, even though it may have to be modified in some ways. One of the main ways in which it may have to be modified, as some countries pointed out, when it was devised and when a lot of the primary health care strategy was developed perhaps from orientation towards a rural kind of approach. And now with more massive urban migration many of the things of the principles that led behind the application for the

primary health care strategy might have to be revisited. The majority of countries pointed out that Health for All remained a very valid noble aspiration.

There was considerable discussion about the situation report on women in the Organization and you will find as one of the resolutions pointed out that the Organization should strive not for the 32% or 33% but the Organization should follow what has been spoken of in the U.N. Assembly about at least 50% of its professional staff.

The program on U.N./AIDS was very well presented by Dr. Piot. He got one of the longest applauses in the whole Assembly. And I had to say to him, it was really a masterful presentation, what did not satisfy many of the questions that the countries are asking, where is the money going to come from? They are expecting the resources that came from GPA to come through U.N./AIDS. In fact U.N./AIDS does not have these resources to apply. It did not address the major concern of many of the countries. In fact what is happening as you may know is that whereas U.N./AIDS was originally conceived as being another program as it were, U.N./AIDS is now seeing itself as not being operative meaning coordinating efforts of other agencies and saying to WHO you should do A, you should do B, or saying to UNESCO you should do C, etc. As the countries really thought that U.N./AIDS would replace GPA and provided them with the necessary money. Having said that, WHO is now struggling to remount its own sexually transmitted disease and AIDS program and struggling now in the face of a budget that is greatly reduced from the budget that it managed when it managed GPA. The Regional Directors said Dr. Blake is head of the program. All said that perhaps what WHO should do is concentrate on sexually transmitted diseases and as being the major thing within its portfolio, within its field of responsibility that can impact positively on AIDS. To make its focus on sexually transmitted diseases and thereby address the issue of AIDS.

The meeting of the World Health Assembly was followed by the Executive Board. The major event from the Executive Board, the major point of discussion was the creation of an Ad hoc group to look at what the Organization was doing to in the area of health system infrastructure. I can say *en famille* as we are here that this created a lot of concern among us because there was a feeling that this was a result of intense lobbying on the part of some persons on WHO who were unhappy about how a particular area is being reorganized. It was eventually agreed that they would create this Ad hoc group to see what WHO was doing in the area of infrastructure. Few voices spoke rather weakly saying they do not understand what is being asked. Many of the things that they have been asked to do have already been examined. No one is going to discuss anymore the difference between programs and infrastructure. No one is going to discuss anymore what are the components of infrastructure program. What is the point of it? The Executive Board in its wisdom agreed to an Ad hoc group which would discuss what WHO is doing in the are of infrastructure.

The Executive Board also discussed the need for evaluation and it became clearer as the discussion went on that there was not a commonality of understanding of what the various parts of the Organization do. When people spoke of evaluation programs people often mix what happened at the country level, what happened at the regional level, what happened at the global level. There is no clarity what is the responsibility at the global level versus what is the responsibility at the national level when we speak of evaluating programs. This spilled over into the meeting of the GPC. In this meeting of the GPC there was a lot of discussion on how WHO should establish priorities and there is still the view that the Organization, a very simplistic view, should concentrate

on four or five things that it does well. When you ask what four or five things the Organization does well then one has difficulty in establishing those. Whether the four or five things the Organization does well in Antigua is the same thing it does well in Afghanistan. Obviously not. Much of that discussion again is based on a misunderstanding of what is the global role versus what happens at the country level. I honestly, after two of these sessions, am not sure can be done to educate the Governing Bodies as it were. There is in fact a difference. Part of it is based on the fact that many of the more vocal members of the Executive Board have never seen a technical cooperation program in their lives. They do not what a country office is about. They have a different concept of what WHO is about than the people that come from countries that have a technical cooperation program and have WHO presence in their countries. Sometimes it is as if they are two worlds apart. Those who call more for reevaluation of the country offices, etc, speak on how PWRs should be appointed have never seen a PWR in their lives.

In the meeting of the GPC, one of the issues discussed that has relevance for us is the possibility of whether WHO should have differential assessments. Whether you should follow a different scale of assessments that applies in the U.N. Some countries, as you know, are pointing out that the United States pays 25% to the U.N. and other countries such as Japan and Germany will be willing to pay a higher percentage of the contribution to the U.N. But this of course carries with it the implications. I raised a serious objection at the GPC to the manner in which the joint meeting in which WHO and UNICEF was carried out. I was totally embarrassed. Here we had Ms. Bellamy and her deputy assistant coming to WHO and the highest level of representation we had for most of the time was Dr. Kawaguchi. Much of the documentation that was presented for the joint meeting of WHO and UNICEF, I only saw on the day before and when people were making comments, what is happening?, I knew had intuitively knowledge that many of these things did not apply to PAHO. But not having things the documents before, not having got the data before, I was in no position to stand up and say that is not true. I was very badly prepared. And we are saying that we should relook this joint policy meeting between WHO and UNICEF if it is really going to be a policy making body with senior executive participation.

There was a lot of heat about WHO's mission and vision, etc. I think I said to some of you that Dr. Akasaka pointed out that in Japanese culture you don't deal with missions and visions. That is a concept foreign to them. So they had great difficulty understanding what much of the debate was about. In their management they don't deal with these things. He said they just go ahead and do their work. Much of this has come about in the insistence of the Australians that WHO should review its Constitution. Having appointed a group to review the Constitution, then they started to wonder around with what were they going to do. Does the Constitution need a review at all? The Executive Board points out that the Constitution should only be renewed or review after there was clarity about the vision and mission of the Organization. Then comes a question on who is going to establish this vision and mission. Is it going to be the Secretariat's vision and mission? Is it going to be the vision and mission of the Organization as a whole. If it is the vision and mission of the Organization as a whole what process are we going to go through to have the countries say what is the vision and mission. Great confusion. Eventually what was agreed what that a group at WHO headquarters would look at the Constitution as it already exists and extract from the Constitution what could be construed as a mission and what could be construed as the vision. That would be circulated and discussed at the regional committees and that information we fed back to this group that was going to look at the Constitution. You probably can detect a smile in my voice because

how are you going to arrive at anything like that and what is going to be the basis for this review of the Constitution is something that really escapes me at the moment.

There was an interesting meeting of the Task Force for Health and Development. I created a bit of a stir by saying to them the first meeting I attended that what they were talking about of health being a basic human right I couldn't agree with. There were differences of opinion about health being a basic human right.

About the Organization, I want to talk a bit about the financial aspects first and the current situation. When last we spoke I was perhaps a little pessimistic in terms of what really could happen. After having got responses from all the units and with the development of the political situation here I really am much more optimistic then I was when we last spoke. Let me say why. We anticipate that WHO will not have to reduce the allocation to PAHO by more than the 10% that has already been done. Our budget was approximately US$80 million from WHO and that has been reduced by US$8 million and we were very faring that if some of the major contributors had not paid WHO might have to cut our budget more. That is not likely to happen. In fact some of us are pressuring WHO to relieve some of that reduction but the Director-General and Dennis Aitken have said they would like to keep that 10% reduction for the moment. We were faring that the United States' reduction to our budget would be in the order of 15% to 20%. That is likely not to be so. It is of the order of 5%, we think. Which means that the shortfall we were anticipating is going to be less than we had predicted at the beginning of the year. However, having got responses from you I was convinced that the analysis done by most of the field offices showed that you could reduced their budgets by 2% and that budget reduction could be accommodated by better administrative practices without affecting their technical cooperation program. Most of them have assured me that their reduction of 2% would not affect their technical cooperation program. Therefore, I reduced all of the budgets of the country offices and centers by 2%. Having examined the budgets of the regional programs, I established a scale of 4 0 2.5 5 and 10 and some of the programs were not touched at all and others were cut their non-post funds by 10%. I am anxious to see what is going to happen in the execution. The cut by 10% is not meant to be an indicative figure, is meant to be a real figure. For next year, the instructions of the APB will refer to a budget allocation of 40% as has been the practice for the last three biennia. If things go as I hope, I do not anticipate having to touch that at all. But who can predict what can happen now and the end of 1997? I do not predict that we are going to have any further reduction beyond the 40%. I still will not entertain any over the ceiling requests because I believe that we still have to prudent. We have to be prudent for several reasons. One is the uncertainty of what will happen to the United States contribution for 1997. The uncertainty about Venezuela's payment. Although the letters that the check is in the mail are becoming more believable and I am more optimistic now that Venezuela will pay some of its quotas. The superhuman efforts that Brazil and Mexico are making to pay all of their quotas up front. But you have to balance that against the fact that we close our books having been US$12.3 million in the red and I said that we have to recover some of this fund so that we can try to replenish our working capital fund over the next couple of biennia. I do not think we are going to be able to do it all in this biennium. I am going to have to continue to be prudent.

We looked at the possibility of reducing staff. As I said during the SPP that some of the changes and reductions we intended would have to include staff. I informed staff that there would be possibilities of a separation by mutual agreement and all of you have seen that. We have reduced

considerably the number of posts, both professional and general service staff. Having offered persons separation by mutual agreement this was done at the same time as we looked at how some of the departments could be streamlined. The two things should not be divorced. Because of the streamlining could only be possible if there were staff reductions. So having decided what things could be streamlined, having offered people separation by mutual agreement, we found that we could do more of the streamlining without having to say goodbye to large numbers of staff. It turns out only five or six posts have been eliminated that have warm bodies in them. The Chief of Personnel is currently discussing with those persons as to what kind of arrangements we can come to without having to go to a reduction in force. In a way I am pleased that we were able to do this with minimum trauma. For every individual person whose position has been eliminated that is a personal trauma but in terms of the Organization as a whole, I think we have been able to do it with minimal trauma. I have unfrozen some of the posts that have been frozen and I reinitiated the reclassification process that had been frozen or stopped for some time. I insist that the prudence that I spoke about at the beginning of the year has to continue.

Let me address some program issues. I said in the SPP that we are going to be reviewing most of our programs. Some informally, some formally. The program of HEP, I asked a group of three to look at this program and to determine whether we were doing things efficiently, whether we could do our job better with the same or different resources and they have reported to me. I am doing the same thing with the program of Veterinary Public Health to see whether we could continue to offer our technical cooperation as efficiently, whether we should offer the same technical cooperation or do it in a different form. That group is going to begin its work in July and hopefully will report to me as well. I am studying the report of the group of HEP and obviously I will study the report of the group for HCV to determine what if any changes in the program will have to take place.

I think it is logical and proper that from time to time we should review our program areas. I pointed out in the field and here that one should not consider this any Machiavellian, I shouldn't use Machiavellian in a pejorative sense, any attempt to liquidate or destroy a particular program. It is healthy that from time to time we review what we are going to do. In some program areas that are not represented by individual programs as it were, in the course of the year I am going to be asking program managers to justify why we have to have programs staff in place A or B in order to carry out a program of technical cooperation. That is a healthy exercise. Something that we should go through on a regular basis.

I want to mention the process of Renewal of Health for All because I just came back from a meeting in Uruguay which was a regional meeting which should be our input into the global position. I thought that went very well. I think the process is going reasonably well and I think we are in a position to make a very good contribution to the global process.

I mention a visit that I made to Panama when as a part of the process of advocating for health at different levels. We have been meeting various of the Region's Presidents and I met with the President of Panama. At his Cabinet, that was a very interesting session. The President is a Ph.D economist and many of the issues that we discussed he could catch on to the issues that we discussed very well. And the call to him was that health was something that was not only related to the concern for attention to people. Just on the side I will point out something that one has to use

"*conyuntura*". The harshest topic now in Panama politically is whether the Government can afford to pay for the "*pensionados*". There is a law that says, there is a group of privilege persons nurses, farmmen, teachers that can retire after so many years of service. I think is 20 or 25 years of service. Something similar to this happens in Brazil. They are facing the prospect of people entering the service at 25 or 20 retiring at 45 to 50 and having to pay these people for the rest of their lives. I was saying to the President this is a political was well as a health matter because the major cost to you is going to be the care for the health of these people. So it makes good economic sense to do two things: to keep them healthy and to keep them from getting into the health services. Because once they get into the health services at that age your cost are going to sky rocket. He bought that point very clearly. Apart from the political issue on how to abort it, but if those people are going to pensioned the cost is going to come not only the pension but in paying for these people's health care down the road. He saw that really was an economic issue how to keep these people healthy. We discussed other aspects of health to relationship to his need to advocate in his public discourse, etc., and why that is important to Panama. It really went why quite well. I also participated with Dr. Levav in his meeting on mental health when they reexamined the declaration of Caracas and it was impressive to see the numbers of mental health directors gathered together saying how they needed to incorporate much of their thinking and practice into public health generally speaking and not be seen as a separate entity.

The AMPES instructions are going to go by the end of June. There are going to be very few modifications in the software. I have been assured by Lily Hidalgo that the new system, Actively Management System of WHO, really incorporates all of the logic of our AMPES and is technically a much better system. I am going to discuss it with herself and Michal Keh when he comes back. I do believe if that is so it will be a tremendous advantage for us to use the system. It is much friendlier. One can do all kinds of things with this particular system. We are going to try to introduce that for the BPB and not for APB for 1997. The instructions are going to go out for the APB using the old software. The instructions are going to go for the BPB very shortly afterwards.

There is one commentary that I would like to make and this is very appropriate for the program managers. It has been said to many by several people in the field that the knowledge that the staff in the field have about the instruments of cooperation, the AMPES, how to use it, orders of magnitude greater than what exists in headquarters. Some staff members have said to me they only appreciated the value of the AMPES when they have gone to the field. I have said that about some of my next visits to the programs to stop by one of the staff and ask them to show me the PTC and how they manage the PTC. It has been said to me more than once in the field that the usefulness of that instrument is not being appreciated fully by the staff at headquarters. Its power as a planning instrument is not realized fully at headquarters. It tends to me more of a centralized instrument.

We have our Executive Committee next week and we are hoping that Dr. de Quadros will be invited by Ms. Clinton to come to the White House so that we can all witness in signing the agreement between AID and PAHO.