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GENERAL STAFF MEETING
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Thank you all for coming. I think the last time I had the opportunity to talk to all the staff was in October after the PAHO Directing Council and as I said before from time to time we would get together to talk about some of the issues that are critical to the Organization. At that time I promised that I would have these meetings periodically. I cannot have them too frequently because if I have them too frequently because it is not a good idea to disrupt the Organization and also there are other opportunities within the Organization for getting together to discuss some aspects of our work. I think it is important for you to know we are going to have these meetings. The meetings that we have together should not be predicated by whether or not there are crisis that are actually perceived in the Organization. It is important for us to share of what is happening in the Organization without necessarily having a sensation of crisis. I mention this because last month when I came back from the meeting of the Executive Board I had a meeting with our senior managers. I was suggested that I might have expanded that meeting to all the staff. I said I would not do that because I believe that you have to have some form of organization of communication within the Organization. It is not every time that I have something to communicate I have to have a General Staff Meeting. We have Cabinet meetings and the meetings of these are distributed. I am sure that after the meeting of senior staff I am sure that the managers discussed with you the issues that we discussed. I think that is the way it should be. There should be a format for dissemination of information in the Organization. It is not restricted to large meetings of all staff.

Today I thought that I would address some of the aspects of the current situation in the Organization. I want to emphasize that the reason for this is not only the budget situation of the Organization. That is important but I don't wish us to get so hang up on the budget situation that we forget that there are other aspects of our work that are important. The point that I am going to make also do not arise, as I said, only from the budget situation of the Organization but after a year in office I am a little clearer about some of the things that need to be adjusted if we are going to be maximally effective. Some of the changes that we are going to introduce are a result not only of the budget situation but because good management practice determines that we should do that. Because of the urgency of the budget situation I am going to start with that.

It does not make any sense to me to give you precise numbers about our budget because that would be useless I think and counterproductive. Let me cover, sketch out what the big picture is. When our budget was approved last year, as you know we determined what the potential

* **Pan American Health Organization, Pan American Sanitary Bureau, Regional Office for the Americas of the World Health Organization.**

cost increases will be for the program. We present our budget program what we think would be the cost increases. Our budget was approved at a figure of 2.5 percent over 1994-1995. We know that the actual cost increases of the program are going to be more than 2.5 percent. From the beginning, regardless of what was improved in the budget we know that if we are going to count the same program we would not have enough money to do it. So we know right from the beginning there would have to be cuts in what we do given our budget approval and given the cost increases that we know are going to take place. Right from the beginning we know that the budget that was approved would not have been enough to count the program that was presented and there would have to be program modifications. Second, all of us know that our major contributor has not paid the quotas for 1996 and not paid all of the quotas for 1994-1995. This is common knowledge. But what perhaps is not commonly appreciated is that this failure to pay has nothing to do with the appreciation of the United States about the value of our Organization. We are caught up in something that is much bigger than we are. I want to stress this. I cannot stress this enough. I will say with conviction that the opinion of the United States Government in the various places which we deal of the value of the Organization has rarely been higher. If it were left to the decision of some agencies like Health and Human Services or even the Department of State, there would be no hesitation in paying all of its quota. You are very well aware as I am of the political forces at work and what are things impeding the payment of the quotas. Let me repeat again. I do not wish anyone to believe or to say that non-payment has anything to do with the opinion held by our major contributors of the work of this Organization. The reality is non-payment of the quotas has a major impact on our availability of funds. None of us can predict what that will be. The best estimates that we have of the possibility or likelihood of contribution from the United States will place us at a deficit of somewhere between \$20 to 24 million extra in the next biennium. This is taking account of the reduction in allocation that I have already made in the for 1996 and I will make for 1997. The net result whether it is \$20 or 23 million or 24 million is really not relevant. The actual figure is not relevant. What is relevant is that there is going to be a significant budget shortfall for this biennium. It is going to be a shortfall of such magnitude that it cannot be covered by moving around a dollar here or a dollar there. It is going to call for significant changes which I will refer to in a minute. The net result that we predict regardless of what the budget says in the resolution that was passed last September, we will have less money for the biennium. I am not taking into account the fact that the fifth largest contributor has not paid its quota for the last four years. With the exception of three countries, the contributions of our Member States in 1995 have been spectacular, have been excellent. That is a manifestation I think of the importance that our countries place on the Organization. Let me summarize. I cannot tell you precise figures because no one knows them. What I do know is that the funding available for the biennium for 1996-1997 will be considerably less than is necessary to carry out the program we presented to the Governing Bodies in the Directing Council of 1995. Let none of you believe that this is an invention of mine. None of you believe this is something that is going to pass tomorrow. None of you believe that any measure we take are fly-by-night measures. It is not that at all.

What is the response that I might have? I have a couple of options. One, we could do nothing and wait and see. We can wait until it is second half of the biennium and throw our hands up in the air and close our doors. I believe that would be irresponsible. Or we can be more proactive and take this as an opportunity. If we are more proactive, there are also various

choices that we can adopt. I can say that we have to reduce the budget by another \$24 million and I can apply a percentage cut across the board and the Organization will work that way. That also is irresponsible. That indicates that there are no priorities in the Organization. But the more responsible option, I think and this is the option I intend to take, is not to deal with budget crisis as of today but to use this as an opportunity, I think to reshape the Organization. What I believe will be an Organization restructured for the next 15 to 20 years. I think to take the opportunity to source streamline our operations that we will have a program that we can defend. If I were to take the option I mentioned to you about just cutting 10 percent across the board to arrive at the necessary figure to balance the budget, I am confident that some countries will come and say you cut 10 percent why can't you cut 12? Or to say you cut 10 percent next year we will approve a lower budget because you will just be able to cut 15 percent. That I feel is irresponsible. What we intend to do is to so restructure the Organization that we have what we consider an appropriate program and fight for that program that we consider appropriate. That is a decision I decided to take because I am now convinced that some of the measure that I thought about we have been good with or without the financial problems that we have. I want to stress that this problem we have raises an opportunity for us to do some things I am convinced would be good for the Organization. My message now as I have said to some of you is simple. We are going to do things differently. We are going to do some different things.

Now in the face of any situation like this, my natural reaction is to establish what is the likely scenario and try to proceed deliberately. The worst thing I could do for this Organization is to dishave or display any feeling of panic. And you will not do me any good if you stimulate and foment any feeling of panic in the Organization. I am going to address this deliberately and again I use the word irresponsible fairly often because I think it would also be irresponsible if I try over my head to adopt quick fixes to what the problem is. So we are going to proceed deliberately. Any of you who believe this morning that I am going to tell you which position will be changed or which program will be modified, you are mistaken. I am not going to do that. So none of you are going to leave here this morning with certainty about what program, with some minor modification, I am not as categoric as that, of all of the things that are going to happen in the Organization. This has to be a process that is deliberate and is open and transparent. It cannot be a process that I do al dedo. It cannot be a process like that. I must make a parenthesis here. One or two people have said that morale is low. This is an expression that is commonly used. And I asked what are your indicators of low morale? Tell me two indicators of this low morale. As I have learnt of this repetition of this low morale feeds upon itself, fair feeds upon fair. This constant affirmation about low morale will increase and contribute to low morale. I see no reason for that. I challenge people who say to me about the low morale to give me those indicators and assure me that there is low morale because I do not believe it. Now, there has to be in any condition of change that we are going to go through, there has to be some uncertainty. This is the nature of life and I would never promise any of you that life is going to be so tranquil that we can say with certainty what is going to happen in the months to come. I cannot tell you that. I will tell you the process that we are going to go through. The process that we are going to go through. The process that we are going to go through, as it began, is a follows and the timing which is important is as follows: I have asked all the units and the Staff Association for suggestions about how we might address this crisis, the economic situation. I am reading them all very carefully and then I will be in a position to be much clearer about what I am going to suggest to the Governing Bodies. At the meeting of

the SPP, week after next, I am going to present some broad outlines, which I am going to refer in a minute, of steps we intend to take. By the meeting of the Executive Committee in June, I will be in a position to present to the Executive Committee clearer ideas about how we intend to make modifications. But I can tell in advance some of the thinking that I have, which will affect how we finally end up as an Organization. While I was reading many of the proposals from many of the units, there are certain excellent proposals for good administrative practices. My first reaction was why aren't those things being done already? So I am saying that all these excellent suggestions for good administrative practices, we are going to accept because they make eminent sense. People have said how they are going to improve communication, how they are going to put restrictions on the use of long distance calls, how they are going to structure travel. Excellent suggestions. My only worry is why does it have to take a crisis like this to do these kind of things that are so obvious. All of those issues that relate to administrative practice in the Organization I am going to accept.

The other thing that I have done is to say to the regional programs, all these things have some logic behind them, based on the concept that I have put forward to discuss yesterday about the regional programs concentrating on what I consider regional activities. These have been reviewed and I am going to go through them again with the program and division directors. Adjust those programs to ensure that the expenditures in those programs address region activities. We do not have the regional programs extending their resources in punctual attention to a problem here and a problem there. I am going to go through with them for that adjustment.

We are going to ensure that there is a reduction on the issue of short-term consultants. I believe that we can use our own brains and talents more. Many of things we hire short-term consultants to do we can do ourselves in-house. Some programs have given me excellent ideas. For example, what should be the percentage of the budget one uses for short-term consultants. I am not going to establish that, say what figure that is now. What is clear when someone looks at the various programs, the wide variation there is in the use of short-term consultants to do activities makes them believe that there are potential servings in that particular line. I am not going to say what percentage is likely to be.

We are going to review our major programs because I am convinced after what the division directors have said to me that we can cooperate with countries in different ways. We can use more national institutions. We are going to put in place some processes, perhaps merge and streamline activities in various areas. In some of the programs we are going to have small subgroups that look at how the programs, major divisions function to see whether we can organize matters in different ways. Some of the programs have been established with structures that go back, 20, 30, 40 years. As obvious that it needs to change, it is obvious that national institutions are stronger now than they were 30 years ago. We have to look at these and determine whether we need to have the same structures that we have in place. I am not going to have that come out of my head. I am going to have that done in the basis of careful analysis by people who knowledgeable in this particular field. We are going to merge and streamline some activities in the technical areas and in administrative areas as well. I merged some areas that many of you know already. We are going to disestablish the program DSI. We are going to merge DSI with the division of Health Systems and Services. Many of you know already that we have disestablished the program of PASCAP in Costa Rica. Let me make a parenthesis

here, I would like to thank Rodrigo Barahona for what he did in that regard. There were many issues to be dealt with in that regard, personnel issues, and the way it was dealt with professionally is an example of how PAHO staff should operate.

In terms of posts, some of the posts that have been frozen I am going to keep them frozen for various lengths of time. I am going to decide on an individual basis which posts should be unfrozen because again to have a blanket approach and say all posts should be frozen until September means that I do not believe that they are priorities in the Organization. So I am going to decide on an individual basis which post I am going to have filled or not. I said there will be no recruitment until the end of this month and we observe that and from here onward every post that becomes vacant I am going to review with the Chief of Personnel.

We have decided, Mr. Tracy and I, that we are going to take up our option on the building across the street in 1997 and we are going to concentrate in two buildings, which will have considerable savings.

Now, how will this affect our staff? It will but I cannot and will not say at this time what is going to happen to individual staff members. I have been asked over and over again will there be a reduction in force. The only thing I can state categorically is that we will do everything possible to avoid this. It would be irresponsible on my part to say we will not have a reduction in force. I cannot guarantee that. What I can say is that we will do everything possible to avoid it.

There have been some occasions when we have entered into a discussion with staff about mutual separation from the Organization. This is a normal process and this has happened on several occasions in the Organization normally. On one occasion, one quite clear in El Paso, it was initiated by me because I believe that we can do things much differently in that station. On my instructions the Chief of Personnel initiated discussions with the staff there about mutual separation. But I resent the implication that somehow the Director is doing something underhand and the staff have to watch their backs. I resent that implication. Anyone of you can approach Personnel and ask whether it is feasible to have separation from the Organization and Personnel will determine whether it is feasible to discuss it with me and we will determine whether the terms are favorable, in the sense of whether it is in the Organization's interest to accept such an offer. Anyone of you tomorrow can come to the Chief of Personnel and say I want to leave and I will determine whether it is in the Organization's interest to enter into these discussions with you. This is a normal process. I would hope to make it quite clear that the process that we are going to go through in terms of mutual separation is supposed to be highly individualized. Each individual has the liberty, the freedom to accept or not accept the terms which are going to be offered provided you make the approach now. The time will come when I am clearer about which posts or which programs have to be reduced then when that day comes we will make the offer to the staff appropriately. But there is nothing that stops anyone from going to the Chief of Personnel and say I would like to live and I would be interested in this. It has happened before and people have made the approach and have said no, it is not in the Organization's interest to tend this. And it is going to happen again. When the time comes, however, when we are clearer about which program changes have to be done, we will then be in a position to have more proactive discussions with some staff. I have said before and I repeat

again, I will not have a situation in which the adjustments to be made are made on the backs of our staff. What adjustments are going to be made are going to be made, I hope, I assert, with some logic to them. They are not going to be individual or in any way punitive.

Now, the other issues that have come up in many of the suggestions made from various units and I am going to deal with a couple of them here. One, there have been several suggestions for use of frequent travel mileage. We have gone into this. Mr. Tracy looked at one of the agencies that do it. We are not going to introduce a process of insisting that frequent travel miles belong to the Organization. Those organizations that have done it have found a chaotic situation. I said to people that if you wish voluntarily use the frequent travel mileage for the Organization's travel, well done. Sometimes I do it. It is nothing that I am going to force anyone to do. The effort involved in trying to have these frequent travel miles belong to the Organization is not worth the candle. Believe me, it is not worth the candle. It is interesting also that the strongest support for this comes for the people who travel least. This is understandable. I am not going to enter into any arrangement with any agency about this.

Second, there are several suggestions about cheaper. Every time someone has brought this up and I had Mr. Tracy and Mr. Portocarrero investigate it, you can find it is not the fault of our travel agency. On occasion, staff members wish to travel in a certain way and ask that their routes be done this particular way, when in fact it could be done more cheaply. It is not in the power of the travel agency to say to the staff member, you must leave from Baltimore or you must leave from Dulles. We find that many of the suggestions made, in fact, are interesting by the idea that we can have a whole revision about travel practices to save a couple of million dollars, is in fact not quite realistic.

The suggestion has been made that I have a rule about extension of persons beyond the age of 60. This is at the discretion of the Director and is going to remain that way. If I establish a rule that there is no discretion to it and there are reasons for on occasions, which I will not discuss with anyone when I agree to extend a staff member beyond the age of 60. There are certain situations which I will discuss between myself and the staff member, which convince me that it is justified. Always an Organization's point of view, sometimes also from a personal point of view and that is a facility that is going to remain with the Director. I am not going to make any blanket rules. I am not going to explain to anyone why a particular staff member I extended his or her contract.

I wish to comment on the negative comments that have come in reading through the replies from the representations and the technical units. The best comments have been those that have tried to look at what will happen in their particular units. The worst comments have been those from people who say my unit is alright but let me changes the other units. As the syndrome "not in my backyard." Everything is alright. I cannot make any adjustments; every post is justified; every penny is justified. I need more money but you can cut two posts from program A. You can cut three posts from program B. Those are the worst kind of suggestions. They mean that people don't quite understand what we are trying to do or don't quite understand the situation that we are trying address at this particular moment. When I have those suggestions, on occasion, I am going to write back to the person who made them. The other thing that I find often in some of the suggestions is the highly personalized nature of the

suggestions which deal what a great chap I am but other people can do better or can do more or should be moved here or there. That doesn't help anyone. I must confess however that those are in the minority. Many of these issues were dealt with at the retreat of the Cabinet and I have circulated the results of that retreat.

Let me leave the financial aspects of the Organization and go into something else which is another part of some of the changes we have discussed that are going to be implemented in terms of the projection of the Organization to other places. We have mentioned before the need to enhance our relationship with key social partners and I have mentioned yesterday some of the things that we are aggressively doing in this regard. I have mentioned yesterday our idea of structuring better our relationship with the public sector. I mentioned yesterday from the including formal discussions with the President and their Cabinets. Next week I am going to be doing that in Guatemala. Next month in Panama in a meeting with the President and his Cabinet to discuss the areas of health and what the Organization does in the area of health. I mentioned yesterday the other social partners to be involved and what we are going to be doing in terms of the media and some of these things we don't know you will know soon. We will have a new publication from PAHO which will be launched by the time of the Executive Committee, in a sense to tell more about the Organization and what it does. Some of you may know that in this country as we have done in other countries, we are going to establish a prize for health journalism. We are going to be thinking in terms of a conference towards the end of the year of the media to bring people on board on what we do and how we do it. We continue our efforts in resource mobilization and we are adopting, not a different approach, but complimenting the previous approaches with an approach major funding partners that stresses more what PAHO can offer not what PAHO is seeking. Dr. Klinger and I were in Europe and every major agency we approach with the idea you spend money in our countries, how can we help you to make it better? And not only, how can you give PAHO money to do A, B or C? The idea of how can we help those agencies to do things better.

As we mentioned in our retreat this will define better our technical cooperation and you had a discussion yesterday and I really must compliment Dr. Sotelo and his team in DAP for their Organization in the technical discussions. Every comment that I have heard is that they were really well carried out and very positive. One of things that I was most pleased about from the technical discussions is how few of the comments began with "se debe" and how more the comments said "we will or you can or we must." That is very gratifying to me. There was less rhetoric and more of the concrete things that we might be able to do. Sometimes when I travel to the countries and we have these discussions, I am sometimes very positive, let me put it this way, when people speak to me with the terms "se debe." I give you an example in a recent trip of mine. I was discussing with all the staff some of the things we are going to do differently, different things that we are going to do and I asked for comments and this person began by saying that the first things that the Organization should do was to avoid the duplication that exists to stimulate more interprogrammatic relationships. And I said you tell me two instances that you know of where there has been this duplication. The person could not name two instances. Tell me when last you have gone to your colleagues and say how can you cooperate in our program. Many of the things that we repeat is rhetoric. The power is in our hands to change them. You don't need rules to changes these kinds of things.

One of the things that we discussed in the retreat was how to stimulate more participation from all levels of the Organization. Efforts we should make to keep the staff informed. I think we have tried to do this. The minutes of our Cabinet meetings have circulated. The minutes of the retreat have circulated. I think there is enough fora in the Organization for people to participate if they really wish to. There will always be individuals who prefer not to collaborate and participate. This is normal in any organization. I will always say to them that the best leaders really come from the best team players.

I have tried to set out some of the problems that we see before us. I have tried you to transmit that there is going to be a studied approach to deal with these problems. I mentioned the financial problems that we are going to face and I don't want anyone to go away from here without a clear idea of the gravity of the financial problems that we are going to face. They are real and they are not going away. But on the other hand, I want you to go away with the idea that we are going to use this opportunity, as I have said, to do things differently and to do some things different. I want you to go away with the idea of the timing of our doing some of these things. Let me repeat again, having read all your submissions, from the countries and the technical divisions, from the staff association. I am going to position to say to the SPP the kind of approaches I am going to take. By the time I come to the Executive Committee we will be clearer what specific program changes will be needed and what things are going to have to go to the Directing Council for formal approval. That is a deliberate approach to it. I would prefer that deliberate approach instead of rushing off hastily and trying to adjust and then having to make another set of adjustments. Those persons who feel that they would wish to know tomorrow what happens to them individually, I cannot tell you because no one knows and will not be clear until we have developed what I have described. I hope that by the end of June and the Executive Committee to have a much clearer idea as to what programs are going to affected. I will try to keep the staff informed through various means, through discussions with your formal representatives of the Staff Association, through discussion with senior staff, and discussions with you as a group. I will not be party through any kind of arrangements that are not opened and above board. I think the prospects are good for an Organization to adapt to the current situation. At the beginning of last year, many people have said all we need is to have more drastic change in the Organization and some of those same persons say we didn't think we needed so much change after all. But again that is human nature. Now, contrary to other occasions, I am going to dedicate the next half hour to any question that any of you might have, I will try to answer. Thank you very much indeed.