

Report of the Programme, Budget and Administration Committee of the Executive Board

1. The fifteenth meeting of the Programme, Budget and Administration Committee of the Executive Board was held in Geneva on 12 and 13 January 2012, under the chairmanship of Dr M.O. de Assunção Saúde (Mozambique). The list of participants is attached (see Annex).
2. The Committee adopted its agenda,¹ with the deletion of item 3.1 as there were no proposed amendments to the Financial Regulations and Financial Rules.

Agenda item 2. Matters for information or action by the Committee

2.1 General management: update (Document EBPBAC15/2)

3. The Committee welcomed the update by the Secretariat on general management and noted the quality, comprehensiveness and timeliness of the background document. It also recognized the additional information and analysis provided in graphic form as part of the presentation on the agenda item and highlighted the value that such information played in support of the discussions by the Committee.

PROGRAMME BUDGETS 2010–2011 AND 2012–2013

4. The Committee expressed its appreciation for the reduction from earlier projections of the gap between income and expenditures for the biennium 2010–2011. The estimated deficit had dropped to US\$ 100 million, which would be financed by the funds carried forward. The Secretariat's actions to reduce costs, including through efficiencies, relocation of functions and staff, and abolition of positions, were recognized. Several Committee members supported further efficiencies, cautioning the need for care in order not to jeopardize the quality of work, and requested that in the future reports be provided on the types of efficiencies and cost reductions. Additional information was also requested on cost-reduction efforts made by regional offices and on the distribution of the US\$ 100 million estimated deficit across the Organization.
5. The Committee welcomed the preliminary information provided on the operational and resource planning for the Programme budget for 2012–2013; however, concerns were expressed as to whether the financing of the approved Programme budget was sufficiently secure. Several members noted that if the income level in the period 2012–2013 remained the same as that for the period 2010–2011, expenditure would remain greater than income. It was proposed that the process of developing the

¹ See document EBPBAC15/1.

programme budget might need to be reviewed, supported by clearer guidance from Member States on prioritization.

6. The Committee also requested information from the Secretariat on how resource mobilization would deal with the possible deficit, as well as the financing gaps identified at the start of the biennium. The Secretariat responded that resource mobilization efforts, including potential changes in resource mobilization through the reform agenda, would focus on filling the possible financing gap. The Director-General highlighted the increased importance of joint resource mobilization efforts across all levels of the Organization, as well as different financing mechanisms, in order to improve organizational coordination, effectiveness and longer-term accountability.

7. Many Committee members expressed concern over the continued imbalance in funding across the budget segments in the period 2010–2011. While some Committee members supported earmarking as a useful accountability tool for governments, others noted that financing must be provided in relation to the priorities agreed in a programme budget. It was further noted that partnerships and special arrangements hosted by the Secretariat should be self-financing, rather than supported through assessed contributions or corporate funds, and that the costs of administering them should be fully recovered. The Director-General responded that it was preferable for earmarking to remain at the highest possible level, thus ensuring flexibility in financing, and enabling the Secretariat to best align available financing with the priorities approved in a programme budget.

8. Additional information was requested on both the US\$ 700 million carried forward from 2008–2009, and applied to the 2010–2011 Programme budget, and the US\$ 500 million projected to be carried forward from 2010–2011 to 2012–2013. The Committee noted the previously reported drop in the level of the carry-forward in relation to requirements to open the biennium. In reply, the Secretariat said that the Organization was improving its ability to record income in relation to the biennium to which it pertained. For 2012–2013 it had been possible to record a larger portion of income as reserved, planned and made available for that period. Therefore, although the amount of the carry-forward from 2010–2011 to 2012–2013 was less than it was from 2008–2009 to 2010–2011, sufficient income had been recorded in 2012–2013 to enable effective opening of the biennium. The improvements in recording would also enable the Secretariat to monitor and act more efficiently on low levels of implementation where they occurred. The report by the Secretariat on the Programme budget performance assessment and on the audited financial statements at the sixteenth meeting of the Committee in May 2012 will include full details of the financial results for 2010–2011, including the carry-forward to 2012–2013 and more information on 2012–2013 financing.

Currency risk management

9. Committee members welcomed the report's analysis of the short- and long-term currency risks, and of the measures taken to address short-term risks in 2012 through currency hedging. In general, members of the Committee emphasized the need to find longer-term solutions for managing currency risk. On the issue of programme budget re-costing, some Committee members noted how that option effectively passed the risk from the Secretariat to Member States, and for that reason did not support it, especially if it resulted in changes in assessments. However, there was support for the Secretariat to analyse the programme budget internally in that way and to provide regular information to Member States on the impact on a programme budget of changed financial assumptions, such as exchange rates.

10. To address the longer-term currency risks, the Committee discussed the possibility and appropriateness of paying contributions fully or partially in Swiss francs. That measure would ensure a

better balance between the currencies of income and expenditure. Several Committee members expressed willingness to pay all or part of their assessments in Swiss francs, although others noted the difficulty of such an arrangement in the current biennium, as their budgets had already been approved. Other Committee members expressed concern about the sustainability of changing currencies given the global exchange rate fluctuations. The Secretariat explained that switching the currency of some assessed contributions to Swiss francs would naturally offset the movements in the US dollar: Swiss franc exchange rate; as any gains or losses in income would be counterbalanced by losses or gains in expenditure.

11. Committee members expressed support in principle for the concept of relocating functions and staff to lower-cost locations, however requested more information on dealing with the longer-term imbalances between currencies of income and expenditure. It was noted that any relocation should take into account the strategic objectives of the Organization, and follow correct rules and procedures, and that long-term advantages should be analysed and shown. It was also suggested that there should be a contingency element within the programme budget for unexpected currency movements.

12. The Committee requested the Secretariat to examine in more detail the advantages, disadvantages, costs and risks of the various methods of managing currency risks, including the following: relocation of functions and staff and other methods of reducing Swiss franc expenditures; invoicing assessed contributions in Swiss francs or in a combination of currencies to increase Swiss franc income; hedging currencies; and re-costing the programme budget. The Secretariat should also provide a report to enable the Committee to consider the issue further. The Secretariat undertook to examine the options and provide the information requested.

13. The Secretariat provided clarification in relation to Figure 3 of the report, outlining the monthly payroll costs for staff in the general service category across several WHO locations, over a five-year period. The figures presented the full monthly payroll costs, including organizational charges incurred on behalf of staff such as pension, health insurance and post occupancy.

FINANCIAL CONTROL FRAMEWORK: PERSONAL ADVANCES TO STAFF

Salary advances

14. The Committee expressed concerns about outstanding salary advances due from former staff, and welcomed the measures taken to strengthen controls as well as the thorough analysis and follow-up work in respect of this. It was noted that the expected total write-off would be at the level of US\$ 600 000. The Committee encouraged continued efforts to recapture those losses. Information about the write-off would be included in the financial statements for the period 2010–2011 considered by the Programme, Budget and Administration Committee at its sixteenth meeting in May 2012. The analysis showed that the issue concerned the entire Organization and was now being comprehensively tackled. The Committee recognized the special efforts made in the African Region in that regard. The Secretariat further explained that the Global Management System had provided a higher degree of information and control over financial transactions and reduced risks in that area. This would help to avoid similar situations in the future.

Internal control framework

15. The Committee members reiterated the need for WHO to ensure compliance with all financial controls, and to take firm action in case of breaches of control, in order to ensure enhanced managerial

accountability. Overall, the Committee expressed its support for the actions taken to date by the Secretariat to reinforce its internal control framework.

RISK MANAGEMENT

16. The Secretariat updated the Committee on recent developments in the area of risk management. It reported that the risk management framework had been fully implemented in the general management area, including the assignment of individual “risk owners”. The Secretariat also informed the Committee that the longstanding internal audit on enterprise risk management had been closed.

17. Committee members expressed appreciation for the efforts made and requested the Secretariat, in line with the views of the Independent Expert Oversight Advisory Committee, to further reduce the number of risks in order to focus more on those of a strategic nature. Additionally, the Committee requested the Secretariat to take further efforts to expand the risk management framework to cover the entire Organization.

The Committee noted the report contained in document EBPBAC15/2.

2.2 Report of the Office of Internal Oversight Services (Document EBPBAC15/3)

18. The Committee reviewed the report of the Office of Internal Oversight Services and expressed its support to the Director-General for approving the strengthening of the Office’s staffing through a two-phase approach. However, Committee members stated that there was a need to establish a longer-term plan for the staffing of the Office in the light of the target recommended by the External Auditor following the audit of the Office conducted in 2010.¹

19. In this context, the Committee also noted the additional workload being placed on the Office, in terms of investigations and evaluations. It expressed its concern regarding the potential impact on the existing work of the Office should additional resources not be made available to perform the extra tasks involved.

20. Committee members requested more detail on the annual workplan of the Office and the mechanisms used to develop it; in particular, they asked how the plan was affected by the results of the work from the prior year. The Committee was informed that under the current process the details of the risk assessment model, and the underlying criteria used by the Office to develop the annual workplan, were discussed in detail with the Independent Expert Oversight Advisory Committee and reviewed with the Director-General.

21. The Committee also requested an overview of the major risks facing the Organization and the common areas of improvement identified by the work of the Office. Committee members were informed that such information would be provided in greater detail in the annual report of the Internal Auditor to the Health Assembly.

The Committee noted the report of the Office of Internal Oversight Services contained in document EBPBAC15/3.

¹ See document A64/30.

2.3 Report of the Independent Expert Oversight Advisory Committee (Document EBPBAC15/4)

22. The Committee welcomed the informative report, noting that a number of issues taken up in the report were directly relevant also to the discussion on the general management update report (document EBPBAC15/2), such as salary advances and currency risk management.

23. The Committee highlighted the report's findings and recommendations on the issues of enterprise risk management, i.e. that further progress on the definition and analysis of high-level strategic risks of WHO as a whole was still needed; as well as on the issues of the Staff Health Insurance Fund and of partnerships.

24. A request was made for clarification of the Independent Expert Oversight Advisory Committee's recommendation to ask the Office of Internal Oversight Services to carry out the first stage of the requested independent external evaluation of WHO, in view of that Office's limited resources and lack of total independence from WHO management (as a Secretariat function). The Chairman of the Independent Expert Oversight Advisory Committee in reply stressed the in-depth experience, rapid availability and cost-effectiveness of the Office of Internal Oversight Services, asserted that the Office was as independent as was possible for a Secretariat function, and further, that it would be safeguarded by the independent role of the Independent Expert Oversight Advisory Committee.

25. The Independent Expert Oversight Advisory Committee would continue to follow up on all the items covered in its report during its 2012 meetings and would update its log of recommendations.

26. The Chairman of the Independent Expert Oversight Advisory Committee drew attention to the fact that the Independent Expert Oversight Advisory Committee reports and other documentation pertaining to it were available for consultation by all Member States on a dedicated web site within the WHO Governance site.

27. Support was expressed by the Committee for certain changes in the Independent Expert Oversight Advisory Committee terms of reference that had been suggested by the Chairman of that Committee in his presentation, as well as for the proposed opportunity of an open meeting with the Independent Expert Oversight Advisory Committee in February 2012.

The Committee noted the report of the Independent Expert Oversight Advisory Committee contained in document EBPBAC15/4.

2.4 Reports of the Joint Inspection Unit (Document EBPBAC15/5)

28. The Inspector of the Joint Inspection Unit of the United Nations systems provided information to the Committee on its recent reports and drew attention to those of potential relevance to WHO.

29. The Committee considered the Secretariat's document on the reports, together with the information supplied at the meeting, reflecting the Secretariat's position on individual recommendations of the Joint Inspection Unit.

30. The Committee commended the Joint Inspection Unit's wide-ranging recommendations, and emphasized the value of the Joint Inspection Unit as a means of ensuring system-wide benchmarking.

31. It noted the very large number of recommendations, and suggested that they be consolidated in future. Such a measure would also help the Secretariat to integrate them into similar recommendations arising from internal and external audits.

32. The Committee was informed that an electronic recommendations tracking system was being developed in the Joint Inspection Unit and that the system would make the recommendations more accessible and easier to use. It was also requested that a similar approach be used to track the recommendations of other WHO oversight bodies.

33. In response to an enquiry on the Organization's position with respect to disclosure of remuneration and acceptance of gifts by Executive Heads, the Director-General informed the Committee that she adhered to a very strict code of conduct in relation to those matters.

The Committee noted the report by the Secretariat contained in document EBPBAC15/5.

Agenda item 3. Matters for review by, and/or recommendation to, the Executive Board

3.2 Human resources: annual report (Documents EB130/26 and EB130/26 Add.1)

34. The Committee welcomed the progress described in the annual report and noted that the analysis provided a clear description of the trends in the Organization over the past 10 years. Nevertheless, there was room for further improvement to ensure consistency of information on the workforce, regardless of the source within WHO. The Committee expressed its appreciation of the supplementary level of detail provided in the presentations by the Secretariat and the staff association, particularly in relation to recent downsizing measures.

STRATEGIC HUMAN RESOURCES MANAGEMENT

35. The Committee recognized that WHO faced similar challenges to those experienced at national level by many Member States and had made significant efforts to adapt its staffing levels to changing circumstances. Within the Organization there had been a misalignment between sustainable funding, programme priorities and staffing. Current actions in terms of reviews of programmes, structures and staff deployment would go some way towards improving the situation, but more needed to be done to ensure that there was an adaptable workforce that could respond rapidly to changes in technical demands and resource availability. The Committee acknowledged that the work of WHO depended on the quality of its staff, whether engaged in normative functions or in more direct country support. At the same time, the Department of Human Resources Management was requested to maintain a balance in its work between the design and implementation of the broader reform strategy and the response to the more immediate funding constraints.

36. The Committee emphasized the importance of ensuring fair treatment of staff and the need for a well-functioning system for the administration of justice. The work performed on the placement of staff and on individual counselling was commended. However, it was important that staff understood fully the reasons for, and the goals of, the current staffing measures. In that regard, Committee Members highlighted the importance of continuing communication with staff and maintaining effective dialogue with the staff representatives. The Committee endorsed the efforts being made to improve performance management in terms of both compliance and quality of assessments and asked to be kept informed of progress through the human resources annual report.

37. The vital role played by effective strategic workforce planning was underlined. New recruitments should be clearly linked to up-to-date programme requirements. In that regard it was suggested that a more holistic view should be taken of the workforce. The Committee accordingly requested that data be provided in future human resources annual reports on non-staff contracts. Furthermore, in the narrative part of the report, an overall picture should be provided on developments at regional and country levels. The Committee expressed concern that more effort should be made in order to strengthen organizational alignment with regard to staffing matters. The Committee recognized the progress made in relation to mobility and rotation and looked forward to the creation of a skills inventory that would facilitate the efficient management and deployment of talent across the Organization, including succession planning. The increased use of generic position descriptions was welcomed. The Committee noted developments in the role of national professional officers and the ongoing discussions across agencies on the fact that their use went beyond what was anticipated when that category of staff was created.

38. The Committee was encouraged by the progress made to date on gender parity, but noted that there was a need to ensure that those gains were achieved consistently across the regions. It was noted that the level of improvement had not been satisfactory in some regions despite the adoption of World Health Assembly resolution WHA56.17 on human resources: gender balance in 2003. The Committee noted the uneven gender distribution at senior levels throughout the Organization, including Directors and Heads of WHO Country Offices and in some regions, but acknowledged that achieving gender equity within the next decade was feasible. That needed to be done in conjunction with continuing efforts to improve geographical representation.

39. The Secretariat welcomed the guidance given by the Committee. The human resources annual report had benefitted from suggestions made in the past by the Committee and further improvements would flow from its current observations. An increase in the number of appeals was inevitable as termination of employment had proved in the past to be an issue that was frequently challenged. Should those appeals reach the highest level, there were inevitable costs, regardless of the outcome. The need to offer career development opportunities to younger professionals and other staff was appreciated and steps had already been taken in that regard. The use of national professional officers was under review both at WHO and at the interagency level.

40. The Director-General confirmed that she was committed to communicating with staff, both through town hall meetings (provided as webcasts so that staff in different time zones could participate), as well as through regular meetings with staff representatives. The Director-General clarified, in response to questions from the Committee, that there would be further reductions in staffing levels and explained why that was inevitable. However, she did not expect that the reductions would be of the same magnitude as those in 2011. It would depend on the support from donors in providing predictable funding. She underlined the need for the Organization to be able to take difficult decisions in relation to staff without intervention by external parties in individual cases. The Director-General committed to ensuring that procedures were properly applied and that the system for the administration of justice was adequately resourced.

The Committee recommended that the Executive Board take note of the reports contained in documents EB130/26 and EB130/26 Add.1.

3.3 Report of the International Civil Service Commission (Document EB130/27)

The Committee recommended that the Executive Board take note of the report contained in document EB130/27

3.4 Amendments to Staff Rules and Staff Regulations (Document EB130/28)

The Committee recommended that the Executive Board adopt draft resolutions 1 and 2 contained in document EB130/28.

3.5 Membership of the Independent Expert Oversight Advisory Committee (Document EB130/30)

41. The Committee expressed its appreciation for the work accomplished by the Independent Expert Oversight Advisory Committee during the first two years of its existence, as well as for the leadership exerted by its current Chairman. The Programme, Budget and Administration Committee placed an increasing importance on the Independent Expert Oversight Advisory Committee's advisory role.

42. It was noted that the two-year terms of two members had elapsed. In addition, the mandate of the three remaining members would lapse by the time of the Board's 134th session in January 2014.

43. The Committee discussed document EB130/30, which presented options for the next steps for the two Independent Expert Oversight Advisory Committee members who were initially given a two-year term, renewable once for four years.

44. A range of views was expressed, with some Members favouring reappointing the two aforementioned members for a further four-year term in the interest of ensuring continuity in the context of the WHO reform process. Others felt that, in the interest of a better geographical balance, the opportunity should be taken to appoint qualified individuals from the two regions from which there were currently no members.

45. Two further possibilities were raised. The first was a compromise approach whereby only one of the two members whose term of office was expiring would be replaced. Members who supported that option proposed that the term of office of the current Chairman could be extended. A second possibility proposed was to expand the Independent Expert Oversight Advisory Committee by one or two further members. Some members expressed reservations about this as a larger Independent Expert Oversight Advisory Committee could become less efficient.

46. After further discussion, the Committee agreed to recommend to the Board, at its 130th session, that one of the two outgoing members be replaced. The Committee expressed the importance of maintaining a robust roster for possible members of the Independent Expert Oversight Advisory Committee.

Agenda item 4. Adoption of report and closure of meeting

47. The Committee adopted its report.

ANNEX

LIST OF PARTICIPANTS

MEMBERS, ALTERNATES AND ADVISERS

Mozambique

Dr M.O. de Assunção Saíde (**Chairman**)

Mr J.A. Dengo (alternate)

China

Dr Ren Minghui (**Vice-Chairman**)

Dr Liu Peilong (alternate)

Dr Nie Jiangang (alternate)

Ms Ru Lixia (alternate)

Barbados

Dr J. St. John (alternate to Dr Inniss)

Dr M. Williams (alternate)

Mr H. Aliman (alternate)

Dr E.A. Phillips (alternate)

Dr C. Babb-Schaefer (alternate)

Burundi

Dr N. Birintanya

Mr B. Ntahiraja (alternate)

Canada

Ms G. Wiseman (alternate to Dr P. Gully)

Mr L. Jones (alternate)

Mr P. Blais (alternate)

Ms J. Hamilton (alternate)

Ms C. Palmier (alternate)

Ms H. Dhanji (alternate)

Germany

Mr B. Kümmel (alternate to Dr E. Seeba)

Dr B. Gehrman (alternate)

Mr T. Ifland (alternate)

Mr J. Frieling (alternate)

India

Mr S. Prasad (alternate to Mr P.K. Pradhan)

Japan

Dr M. Mugitani (alternate to Dr Omi)

Dr T. Takei (alternate)

Mr M. Sakata (alternate)

Dr S. Takaoka (alternate)

Mr Y. Otake (alternate)

Dr M. Iwata (alternate)

Switzerland

Mr G. Silberschmidt

Mr R. Thomson (alternate)

Mr M. de Santis (alternate)

Mrs A.-B. Bullinger (alternate)

Mrs A. Ruppen (alternate)

Mrs L. Calder (alternate)

Timor-Leste

Mr J.A.M.L. da Fonseca (alternate to Mrs M. Hanjam Soares)

Mr A.C. Ribeiro (adviser)

Dr O.M. Belo (adviser)

Mr D. Ximenes (adviser)

Dr S. Lobo (adviser)

Mrs N. Belo (adviser)

Mrs V. Branco (adviser)

Yemen

Mr I. Al-Adoofi (alternate to Dr A.K. Yahia Rasae)

Ex officio member

Dr B.S. Dankoko (Vice-Chairman of the Executive Board)

MEMBER STATES NOT MEMBERS OF THE COMMITTEE**Algeria**

Mr M.S. Samar

Australia

Ms C. Patterson

Mr P. Higgins

Brazil

Mr E. de Almeida Cardoso

BelgiumMrs M. Deneffe
Mrs S. Langerock**Colombia**

Ms A.M. Prieto

Czech Republic

Ms B. Souskova

DenmarkMs M. Kristensen
Ms G. Lindgaard**Ecuador**Mr L. Espinosa
Ms C. Luna**Finland**

Ms O. Kuivasniemi

FranceMr S. Chatelus
Mr P. Le Goff**Ghana**

Mr J. Osei

Hungary

Mr A. Mészáros

Iran (Islamic Republic of)

Mr J. Aghazadeh Khoei

IraqMr U. Adnan Ibrahim
Mr J. Aghazadeh**Italy**Mr E. Vicenti
Ms P. Immordino**Kenya**Dr T. Mboya Okeyo
Ms A. Osundwa**Mexico**Mr U. Canchola Gutierrez
Mr M.A. Toscano Velasco
Mrs H. Davila Chavez
Mrs I. Vieitez Martinez**Morocco**

Mr A. Samri

Namibia

Ms S. Nghinamundova

Netherlands

Mrs H. van Gulik

Nigeria

Mr G.O. Asaolu
Mr L. Shehu
Mr I. Bala

Norway

Ms B. Stiro
Mr T. Lindgren

Panama

Mr J. F. Corrales H.

Peru

Ms M. Traverso

Poland

Mrs J. Chojecka
Mr W. Gwiazda

Russian Federation

Mrs E. Shipileva
Mr M. Tseshkovsky
Mr A. Bashkin
Mr A. Kuchkov
Mr A. Kulikov
Mr G. Ustinov
Mr O. Chestnov

Senegal

Mrs M. Sy

South Africa

Dr L. Makubalo

Sweden

Ms M. Fried
Ms A. Halén

Turkey

Ms E. Ekeman

Uganda

Mrs E. Kigenyi

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Mrs N. Shipton
Mr J. Stuppel
Ms N. Cassidy
Mr J. Joo-Thomson

United Republic of Tanzania

Dr C. Sanga

United States of America

Ms A. Blackwood
Ms W. Barton
Mr C. McIff

Zimbabwe

Mr J. Manzou
Mr N.F. Sengwe
Mrs P. Nyagura

OBSERVERS**European Union**

Ms S. Cherkaoui

OTHERS**Joint Inspection Unit**

Mr G. Biraud
Mr M. Brandau

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