

Financial report and audited financial statements for the period 1 January 2008 – 31 December 2009

Second report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-third World Health Assembly

1. The twelfth meeting of the Programme, Budget and Administration Committee was held in Geneva on 14 May 2010 under the chairmanship of Dr M. Dahl-Regis (Bahamas).¹
2. The Committee noted the redesigned format of the biennial financial report which was being presented for the first time for a full financial period.
3. The Committee noted that the report excluded from the WHO accounts those entities hosted by WHO but not included in the Programme budget. The Secretariat commented that the change made the comparison between the Programme budget and the actual financial results easier to follow. It was also a step towards full compliance with the International Public Sector Accounting Standards.
4. The Committee noted from the report that total income for the Organization for the biennium 2008–2009 amounted to US\$ 3759 million (US\$ 4050 million in 2006–2007). Total operating expenses amounted to US\$ 3866 million (US\$ 3326 million in 2006–2007). The deficit between income and expenditures of US\$ 182 million had been covered through a combination of net financial revenues (interest earnings) and a reduction in the carry forward of US\$ 101 million. Member States continued to be the largest source of income for the Organization through both assessed and voluntary contributions. Voluntary contributions totalled US\$ 2745 million (2006–2007: US\$ 2933 million), of which 52% came from Member States. Assessed contributions accounted for 25% of the total income in 2008–2009.
5. The Committee expressed concern about the decrease in income of 7% and an increase in expenditure of 18% compared to the biennium 2006–2007. The Secretariat explained that the carry forward of US\$ 1543 million represented a decrease from the previous financial period. This amount included specified voluntary contributions received in 2008–2009 but were intended for activities and were to be accounted for in 2010–2011 and beyond.
6. Assessed contributions and core voluntary contributions account for about 27% of all of the Organization's resources. Private sector contributions represent 5% of voluntary contributions, while

¹ For list of participants, see document A63/49, Annex.

21% are from foundations. Strategic decisions should be made on effective use of these resources to bridge the gaps in funding for underfunded strategic objectives, for example those relating to noncommunicable diseases and to reproductive health.

7. The Committee expressed concern that travel costs rose by 62% over the previous biennium. The Secretariat explained that this was due in part to the increased number of Intergovernmental meetings organized by the Organization, as well as higher ticket costs. Cost-control measures were being taken, including reducing the overall amount of travel, booking travel in advance, use of video-conferencing methods and reviewing the policy for business-class travel.

8. It was also noted that contractual services expenditure had increased by 26% over the previous biennium. The Secretariat explained that this was due to a higher level of outsourcing of programmatic activities.

9. It was noted that there was an unfunded liability for future staff benefits of US\$ 89 million. The Secretariat advised that this did not give rise to an immediate problem, but must be corrected to ensure the Organization's capacity to pay statutory employee benefits.

10. Member States' non-assessed income, arising primarily from payment of arrears of prior period assessed contributions, was exceptionally high in the financial period 2008–2009, resulting in a "one-off" balance of US\$ 32 million.

RECOMMENDATION TO THE HEALTH ASSEMBLY

11. The Committee, on behalf of the Executive Board, recommends to the Sixty-third World Health Assembly adoption of the following draft resolution:

The Sixty-third World Health Assembly,

Having examined the Financial report and audited financial statements for the period 1 January 2008 – 31 December 2009;¹

Having noted the second report of the Programme, Budget and Administration Committee of the Executive Board to the Sixty-third World Health Assembly;²

ACCEPTS the Director-General's Financial report and audited financial statements for the period 1 January 2008 – 31 December 2009.

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¹ Document A63/32.

² Document A63/51.