
Financial report and audited financial statements for the period 1 January 2006 – 31 December 2007

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

1. The eighth meeting of the Programme, Budget and Administration Committee was held in Geneva on 15 and 16 May 2008 under the chairmanship of Professor J. Pereira Miguel (Portugal).¹
2. The Committee noted the salient points of the financial report for the period 2006–2007.²
 - Total income for WHO programme activities for the biennium 2006–2007 was US\$ 4257 million, representing an increase of US\$ 1273 million over the previous biennium. There had been a marginal increase of 4% for the regular budget; however, when inflation and, particularly, the value of the United States dollar were taken into account, the regular budget had diminished in real value.
 - A further amount of US\$ 1171 million had been recorded for non-WHO programme activities – more than double the amount in the biennium 2004–2005, reflecting the significant growth of partnerships and other entities hosted by WHO.
3. The Committee noted that, although it was encouraging to see strong growth in voluntary contributions (reaching around 80% of the total WHO budget), WHO's increasing reliance on this source of funding was also a source of concern.
4. Concern was also expressed regarding the relative lack of accurate information about the true cost of administering partnerships and other collaborative entities under the legal umbrella of the Organization, and the apparent inability of the existing overhead rate charged through the programme support cost mechanism to cover indirect costs fully. The situation had led to a reduction in the level of reserves, with the potential to cause financing problems for administrative and management functions in the future. Certain areas, notably real estate and security, were particularly underfunded as a result. It was noted that although the official programme support cost rate was 13%, the actual rate

¹ For list of participants, see document A61/21, Annex.

² Documents A61/20 and A61/20 Add.1.

was approximately half that level, given the many exceptional arrangements for voluntary contributions.

5. In response to questions, it was clarified that the Terminal Payments Account had been more heavily solicited during the biennium 2006–2007 as a result of the different ways of working imposed by the new global service centre and the forthcoming introduction of the global management system, both of which had necessitated the management of a significant number of post redundancies.

6. Discussions followed on the challenge posed by the increasing funding imbalance between assessed and voluntary contributions and the growing unpredictability of WHO's overall funding. One way to respond was to secure more flexible voluntary contributions.

RECOMMENDATION TO THE HEALTH ASSEMBLY

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

The Sixty-first World Health Assembly,

Having examined the Financial report and audited financial statements for the period 1 January 2006 – 31 December 2007;¹

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

ACCEPTS the Director-General's Financial report and audited financial statements for the period 1 January 2006 – 31 December 2007.

= = =

¹ Documents A61/20 and A61/20 Add.1.

² Document A61/22.