



# WORLD HEALTH ORGANIZATION

**EXECUTIVE BOARD**  
**109th Session**  
**Provisional agenda item 4.3**

**EB109/23**  
**12 December 2001**

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## Miscellaneous Income

### Report by the Secretariat

1. The purpose of this document is to inform the Board on the current situation regarding the projection of Miscellaneous Income available for financing of the regular budget for 2002-2003. It also reports on the completion of transitional arrangements in respect of the new Financial Regulations and the Rules for the Financial Incentive Scheme.

#### **A. MISCELLANEOUS INCOME IN 2002-2003**

2. The Fifty-fourth World Health Assembly approved the use of up to US\$ 52 153 017 from the Miscellaneous Income account to finance the regular budget for the financial period 2002-2003. This amount was made up of:

- US\$ 16 000 000 to cover exchange rate hedging, financing of the Real Estate Fund, and the Financial Incentive Scheme
- US\$ 36 153 017 under resolution WHA54.17, "Assessment for the financial period 2002-2003".

3. The available amount of Miscellaneous Income was at the time estimated at US\$ 35 111 160 resulting in an estimated shortfall of US\$ 17 041 857.

4. In order to reduce the shortfall, the Director-General appealed to Member States which would benefit from the use of Miscellaneous Income to complement the amounts payable as assessed contributions for 2002 and 2003 under resolution WHA54.17. Four Member States thus far have generously offered to do so, thereby reducing the amount of Miscellaneous Income required from US\$ 36 153 017 to US\$ 31 487 242. This in turn reduces the total amount of Miscellaneous Income required to US\$ 47 487 242.

5. A review of Miscellaneous Income available for 2002-2003 has led to a revised estimate of US\$ 34 006 160, compared with the original estimate of US\$ 35 111 160.

6. As a result of the reduction in the amount necessary to supplement assessed contributions for 2002-2003 and the revised estimate of Miscellaneous Income available for 2002-2003, the shortfall is now estimated at US\$ 13 481 082.

7. The Director-General will continue to keep under review the estimate of available Miscellaneous Income and the estimated shortfall and report further thereon to the Fifty-fifth World Health Assembly. In this regard attention will be given to any arrears payments that may be made by Member States during 2002. In accordance with Financial Regulation 7.3, arrears of assessed contributions shall be credited first to repay any internal borrowing outstanding and secondly against any borrowing outstanding from the Working Capital Fund. Any amount of arrears not required to repay borrowings in accordance with Financial Regulation 7.3 is credited to Miscellaneous Income in accordance with Financial Regulation 8.1(h).

## **B. TRANSITIONAL ARRANGEMENTS FOR THE FINANCIAL INCENTIVE SCHEME**

8. The Fifty-fourth World Health Assembly was advised that a transitional arrangement would be applied in respect of the Financial Incentive Scheme.<sup>1</sup> The provisions of resolution WHA41.12: "Incentive scheme to promote timely payment of assessed contributions by Members" would apply to payment of assessed contributions for 2001. The revised Financial Regulations and Rules containing a new financial incentive scheme became effective after the 107th session of the Executive Board in January 2001.

9. In accordance with resolution WHA41.12, interest earned in 2001 would normally be applied to Member States as a credit to their accounts in 2004-2005. In order to complete the transition to the new Scheme as quickly as possible, it is proposed that Member States' accounts should be credited in 2002-2003 with their respective shares of the interest earned in 2001 under the previous scheme, instead of waiting until the 2004-2005 biennium.

10. It is estimated that the amount of interest earned in 2001 will be in the order of US\$ 15 000 000. The exact amount will be notified to the Fifty-fifth World Health Assembly in May 2002 on the basis of the final figures included in the financial report of the Organization for the financial period 2000-2001.

## **ACTION BY THE EXECUTIVE BOARD**

11. In light of Section B above, the Executive Board may wish to consider the following draft resolution:

The Executive Board,

Having considered the report of the Director-General on Miscellaneous Income,<sup>2</sup>

Noting the proposal by the Director-General regarding transitional arrangements for the Financial Incentive Scheme,

RECOMMENDS to the Fifty-fifth World Health Assembly the adoption of the following resolution:

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<sup>1</sup> See document A54/6, paragraph 4 and EB107/INF.DOC./5.

<sup>2</sup> Document EB109/23.

The Fifty-fifth World Health Assembly,

DECIDES that the interest earned in respect of regular budget funds for the year ending 31 December 2001 shall be apportioned among Member States in accordance with the provisions of resolution WHA41.12 but, in lieu of being credited to Member States in the financial period 2004-2005, shall be applied in like manner in the financial period 2002-2003.

## ANNEX

**ESTIMATED MISCELLANEOUS INCOME AVAILABLE FOR 2002-2003**

	<b>Revised estimate</b>	<b>Original estimate</b>
	US\$ thousand	US\$ thousand
Balance of Casual Income as at 31 December 2000	6 111 160	6 111 160
Net Casual Income to be realized in 2001	14 145 000	6 000 000
Savings on unliquidated obligations at 31 December 2001 available in 2002-2003	6 000 000	10 000 000
Interest earnings in 2002-2003	7 250 000	12 500 000
Sundry items	500 000	500 000
<b>TOTAL</b>	<b>34 006 160</b>	<b>35 111 160</b>

1. The estimated amount of Casual Income to be realized in 2001 is greater than originally envisaged. It was not considered prudent to include any potential income from the effect of exchange rate movements in the original estimate, because there could have been changes during 2001. Since the financial period is now nearing to a close, it is considered appropriate to include an exchange rate gain in the revised figures. It should be noted that the estimates exclude the interest referred to in paragraphs 9 and 10 of the document.

2. The amount estimated for savings on unliquidated obligations has been reduced following implementation of the revised Financial Regulations and Financial Rules. It is expected that savings on unliquidated obligations will continue to be at a lower level than in previous bienniums.

3. The amount estimated for interest earnings in 2002-2003 has been reduced in view of the significant decline in interest rates, principally those for United States dollars, during the past six months.

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