

## **Implementation of Programme budget 2012–2013: update**

### **Report by the Secretariat**

1. In May 2011, the Sixty-fourth World Health Assembly adopted the appropriation resolution for the financial period 2012–2013 (resolution WHA64.3), in which it noted the total effective budget of US\$ 3959 million, presented in three segments: base programmes (US\$ 2627 million); special programmes and collaborative arrangements (US\$ 863 million); and outbreak and crisis response (US\$ 469 million).

#### **FINANCING THE PROGRAMME BUDGET 2012–2013**

2. At the end of the third quarter of 2012 the financing available to support all segments of the budget was US\$ 3412 million, including both assessed and voluntary contributions, which comprised:

- income received in the financial period 2010–2011 and planned for the financial period 2012–2013 of US\$ 1000 million;
- income planned and carried forward from the financial period 2010–2011 of US\$ 500 million; and
- new income received for the financial period 2012–2013 of US\$ 1912 million, including US\$ 915 assessed contributions and US\$ 997 million in new voluntary contributions for the biennium.

3. To finance the Programme budget fully, US\$ 547 million in additional financing is needed. Based on income received to date and a conservative assessment of commitments made and on further discussions with donors, the Secretariat expects that the Programme budget 2012–2013 will be fully financed. This estimate excludes the requirement for funds to be carried forward in order to ensure that funds are available for payments at the beginning of the financial period 2014–2015.

4. Although the Programme budget is currently financed to a level of 86%, there still remain differences in the level of financing of various strategic objectives across the major offices, with some in the regions still being underfunded, despite improvements over the past two quarters. The Table provides a comparison and shows the improvement in the situation between 31 March 2012 and 30 September 2012, with the number of strategic objectives for which less than half the funding is available nearly halving.

5. An important conclusion to be drawn from this analysis is the confirmation of the realistic nature of the Programme budget 2012–2013, which is much more closely aligned with income and expenditure projections than was the Programme budget 2010–2011. Nevertheless, there are still gaps for strategic objectives and major offices: shortfalls that highlight the current problems of high levels of earmarked funds and the low level of flexible funding.

6. To improve this situation, the Secretariat has set up a Resource Mobilization Task Force, co-chaired by the Deputy Director-General and the Regional Director for Europe, in order to review and redress these financing shortfalls in a coordinated Organization-wide manner. These efforts will be further supported by an improved resource management policy.

**Table. Indication of financing gaps for all segments, by major office and strategic objective, Programme budget 2012–2013**

Situation as at 31 March 2012:

| Strategic objective | African Region | Region of the Americas | South-East Asia Region | European Region | Eastern Mediterranean Region | Western Pacific Region | Headquarters | Total |
|---------------------|----------------|------------------------|------------------------|-----------------|------------------------------|------------------------|--------------|-------|
| 1                   |                |                        |                        |                 |                              |                        |              |       |
| 2                   |                |                        |                        |                 |                              |                        |              |       |
| 3                   |                |                        |                        |                 |                              |                        |              |       |
| 4                   |                |                        |                        |                 |                              |                        |              |       |
| 5                   |                |                        |                        |                 |                              |                        |              |       |
| 6                   |                |                        |                        |                 |                              |                        |              |       |
| 7                   |                |                        |                        |                 |                              |                        |              |       |
| 8                   |                |                        |                        |                 |                              |                        |              |       |
| 9                   |                |                        |                        |                 |                              |                        |              |       |
| 10                  |                |                        |                        |                 |                              |                        |              |       |
| 11                  |                |                        |                        |                 |                              |                        |              |       |
| 12                  |                |                        |                        |                 |                              |                        |              |       |
| 13                  |                |                        |                        |                 |                              |                        |              |       |

■ Financing gap greater than 50% of the approved Programme budget  
 ■ Financing gap between 30% and 50% of the approved Programme budget

Situation as at 30 September 2012:

| Strategic objective | African Region | Region of the Americas | South-East Asia Region | European Region | Eastern Mediterranean Region | Western Pacific Region | Headquarters | Total |
|---------------------|----------------|------------------------|------------------------|-----------------|------------------------------|------------------------|--------------|-------|
| 1                   |                |                        |                        |                 |                              |                        |              |       |
| 2                   |                |                        |                        |                 |                              |                        |              |       |
| 3                   |                |                        |                        |                 |                              |                        |              |       |
| 4                   |                |                        |                        |                 |                              |                        |              |       |
| 5                   |                |                        |                        |                 |                              |                        |              |       |
| 6                   |                |                        |                        |                 |                              |                        |              |       |
| 7                   |                |                        |                        |                 |                              |                        |              |       |
| 8                   |                |                        |                        |                 |                              |                        |              |       |
| 9                   |                |                        |                        |                 |                              |                        |              |       |
| 10                  |                |                        |                        |                 |                              |                        |              |       |
| 11                  |                |                        |                        |                 |                              |                        |              |       |
| 12                  |                |                        |                        |                 |                              |                        |              |       |
| 13                  |                |                        |                        |                 |                              |                        |              |       |

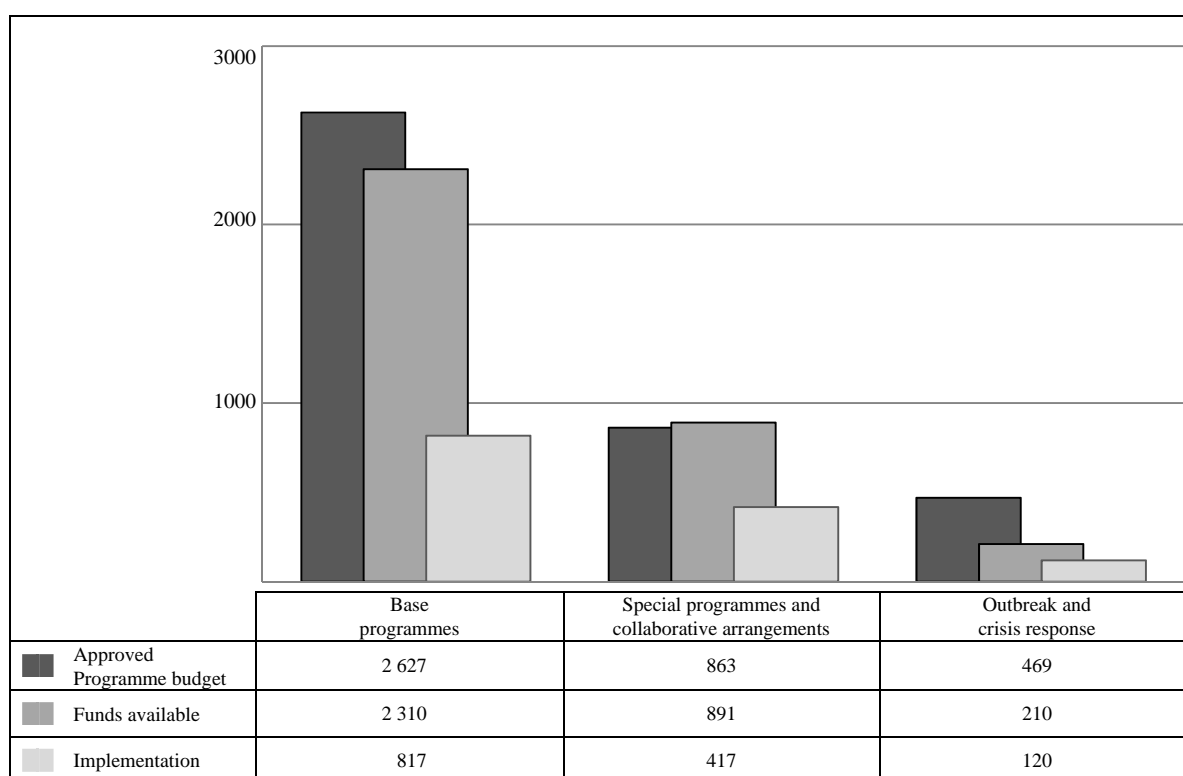
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## PROGRAMMATIC IMPLEMENTATION OF THE PROGRAMME BUDGET 2012–2013

7. **Expenditure** to 30 September 2012 was US\$ 1353 million, or 34% of the approved Programme budget. This expenditure is broken down as follows: staff salaries (49% of the total); research and consultancies (15%); direct financial cooperation (in-country support) (11%); travel (8%); medical supplies (4%); and other expenses (13%).

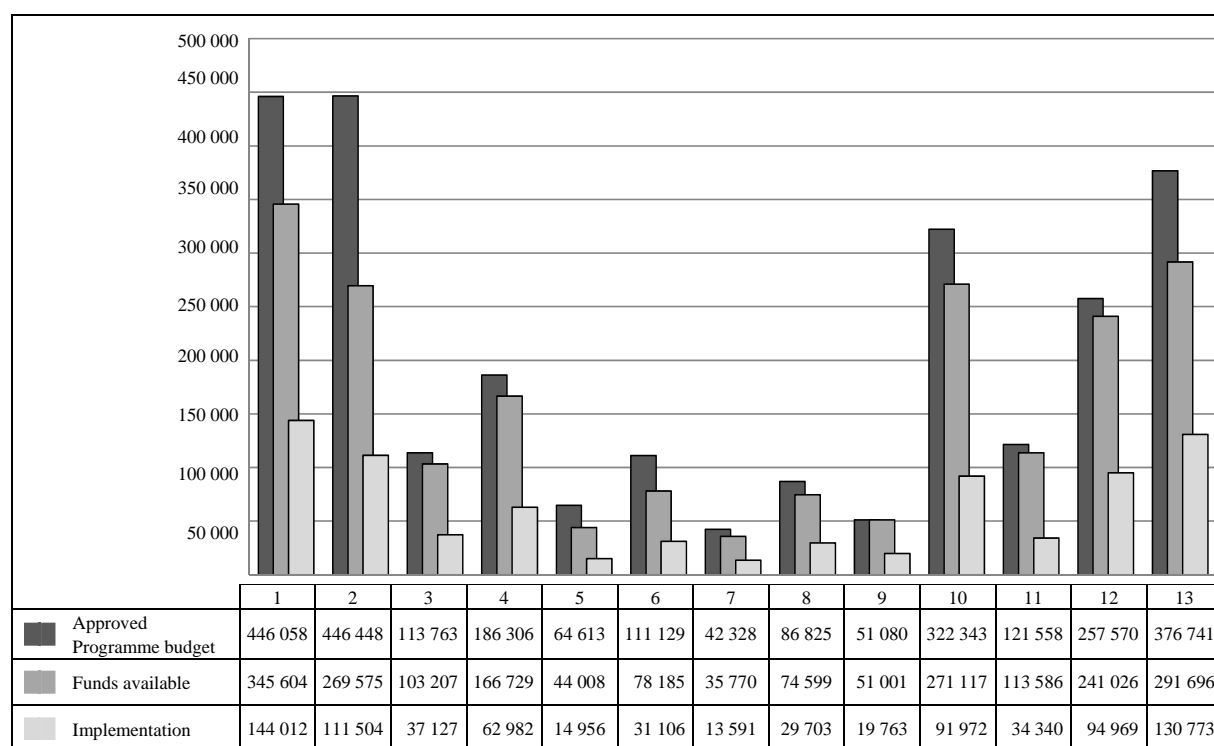
8. Further analysis (Figure 1) of available funding and implementation against the approved Programme budget as at 30 September 2012 shows that the implementation rates for the segments for base programmes are in line with expectations. The financing of the segment for special programmes and collaborative arrangements is frequently influenced by work with partners in various types of collaborative arrangement for activities that meet WHO's objectives yet which may be driven by factors beyond the Organization's immediate control. Funding exceeding the approved budget in this segment is seen mainly in the area of eradication of poliomyelitis under strategic objective 1. Financing and implementation in the segment for outbreak and crisis response are mainly driven by emergencies and epidemics. The lower levels of financing and implementation within this segment reflect the lower number of major emergencies this year.

**Figure 1. Global Programme budget by segment (US\$ million)**

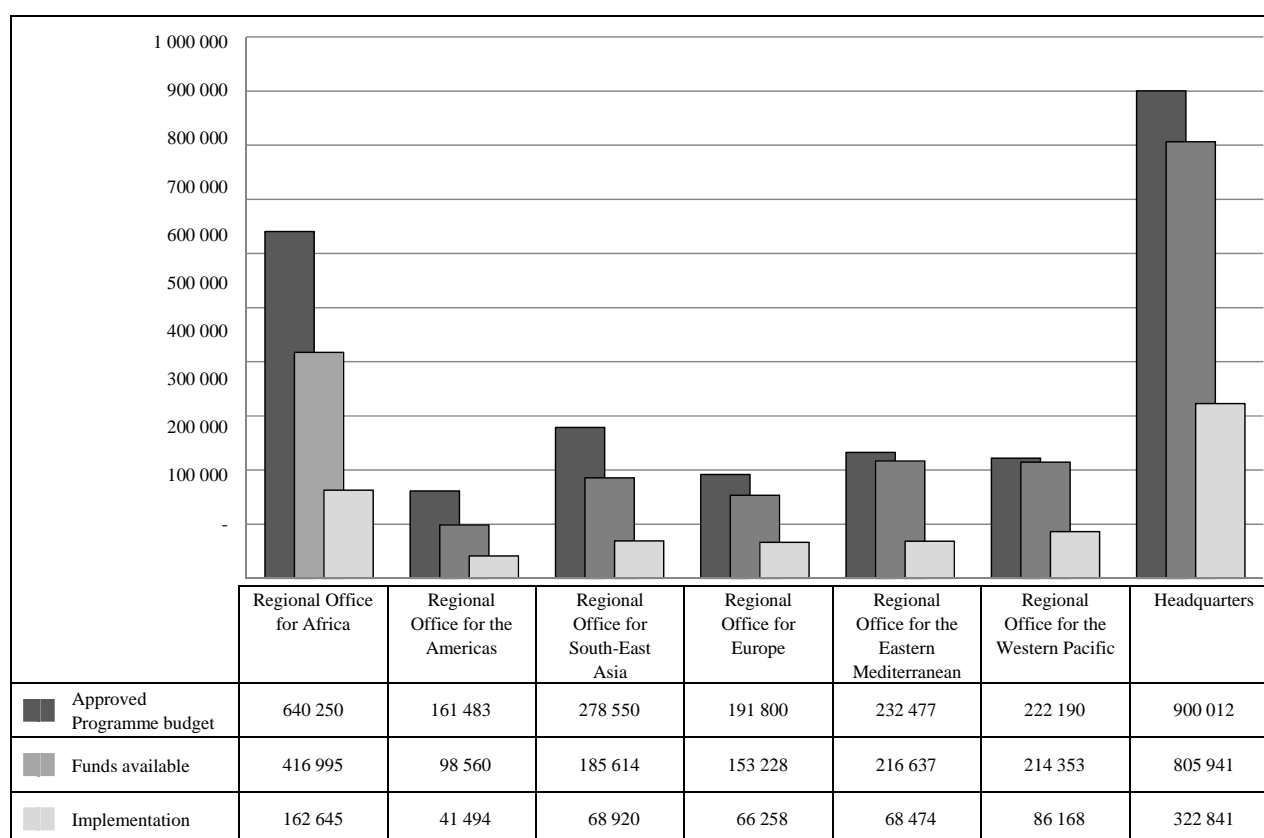


9. Figure 2 shows the base-programme segment of the Programme budget by strategic objective as at 30 September 2012. The average funding available for all strategic objectives is 79%. Funding varies from 60% for strategic objective 2 to 100% for strategic objective 9. The average implementation rate against the Programme budget is 31% for all strategic objectives, with individual rates ranging from 23% for strategic objective 5 to 39% for strategic objective 9.

**Figure 2. Global base programmes by strategic objective (US\$ thousands)**



10. Figure 3 shows the breakdown for base programmes by major office. The average level of funds available for all offices is 80%; the individual rate of available funding varies between 61% for the Regional Office for the Americas and 96% for the Regional Office for the Western Pacific. The average implementation rate against the Programme budget for the base-programme segment is 31% for all offices, with the individual rate varying between 25% for the Regional Office for Africa and 39% for the Regional Office for the Western Pacific, with the main reason for the variance being linked to availability of funds.

**Figure 3. Global base programmes by major office (US\$ thousands)**

#### 11. Analysis of the data highlights several points.

- It confirms the realistic nature of the Programme budget 2012–2013, which was closely based on income and expenditure projections for the financial period.
- The Programme budget 2012–2013 is expected to be fully financed.
- The Programme budget 2012–2013 is currently slightly under-implemented. This finding can, however, be explained by the following: cost-saving measures implemented in the biennium 2010–2011 have been continued into the present biennium (including reduced salary expenditure arising from reductions in the number of staff members and efficiency savings), and managers are spending conservatively in the current financial climate.
- Furthermore, traditionally an acceleration of the implementation rate is observed during the second year of the biennium.
- Funding across WHO continues to be misaligned, owing to the nature of earmarked financing. The Secretariat has set in place measures to alleviate this misalignment over the remainder of the biennium including the establishment of the Resource Mobilization Task Force and the planned introduction of a resource management policy in 2013.

12. A more detailed analysis of the implementation of the Programme budget 2012–2013, and an update on the actions being proposed and implemented as part of the managerial response to the reform agenda, will be submitted to the Programme, Budget and Administration Committee of the Executive Board at its eighteenth meeting in May 2013. It is intended that this report will include a review of the audited financial report on the accounts of WHO for the year 2012.

#### **ACTION BY THE EXECUTIVE BOARD**

13. The Board is invited to note the report.

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