



# WORLD HEALTH ORGANIZATION

FIFTY-FOURTH WORLD HEALTH ASSEMBLY  
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## WHO financial framework

1. The present document is intended as a guide to the various documents on financial matters submitted to the Health Assembly, the Executive Board and the Administrative, Budget and Finance Committee of the Executive Board.
2. The financial framework reflects WHO's Constitution, resolutions of the Health Assembly, and the Financial Regulations and Financial Rules.
3. In order for Member States to exercise their authority over the financial arrangements of the Organization, various reports and documents are submitted for different purposes. They are listed in Annex 1, together with their purpose.
4. The financial period in WHO is a biennium that begins with an even-numbered year and ends with an odd-numbered year. The current biennium covers the period 2000 to 2001. The documents in Annex 1 are therefore listed under the year in which they are submitted, not the period to which they relate.
5. Annex 2 contains a glossary of financial and budgetary terms that are used by WHO.

## ANNEX 1

**FINANCIAL DOCUMENTS SUBMITTED TO WHO'S GOVERNING BODIES**

<b>Document</b>	<b>Purpose</b>
<b>Odd year (2001)</b>	
<p data-bbox="164 595 595 658">Proposed programme budget 2002-2003</p> <p data-bbox="164 1061 544 1155">Interim financial report and financial statements for the first year of the biennium, 2000</p>	<p data-bbox="620 595 1358 994">Contains the Director-General's budget proposals for adoption by the Health Assembly. Expenditures from all sources of funds are included, together with explanatory text. The proposals are considered first by a joint meeting of the Programme Development Committee and the Administrative, Budget and Finance Committee, and by the Executive Board. The views of the Board are transmitted to the Health Assembly, together with the Director-General's budget proposals which may be adjusted by the Director-General in light of the comments of the Board. The proposed programme budget considered by the Health Assembly may therefore differ somewhat from that submitted to the Board.</p> <p data-bbox="620 1061 1358 1391">Provides an indication of the financial outcome for the first year of the biennium. It shows the income and expenditure relating to all sources of funds, and compares expenditure with the appropriations made for the biennium. Detailed information on the Voluntary Fund for Health Promotion is annexed to the report. Further details are contained in document ACT/00.1, available from the office of the Chief Accountant. Thus, Member States are able to see in an increasing level of detail how the resources of the Organization have been used.</p>
<b>Even year (2002)</b>	
<p data-bbox="164 1458 564 1588">Financial report and audited financial statements for the 2000-2001 biennium, including the opinion of the External Auditor</p>	<p data-bbox="620 1458 1358 1888">Reports on the financial outcome of the Organization for the biennium. The opinion of the External Auditor enables Member States to judge whether the financial resources of the Organization have been managed in accordance with policies and procedures. The report shows the income and expenditure relating to all sources of funds, and compares expenditure with the appropriations made for the biennium. Detailed information on the Voluntary Fund for Health Promotion is annexed to the report. Further details are contained in document ACT/00.1, available from the office of the Chief Accountant. Thus, Member States are able to see in an increasing level of detail how the resources of the Organization have been used.</p>

Document	Purpose
<b>Every year</b>	
<p>Status of collection of assessed contributions</p> <p>Casual income</p> <p>Real Estate Fund</p>	<p>Provides:</p> <ul style="list-style-type: none"> <li>– an analysis of historical trends</li> <li>– the position of each Member State</li> <li>– the overall situation of the Organization</li> <li>– details of those Member States subject to Article 7 (loss of voting privileges)</li> <li>– details of those Member States that may become subject to Article 7 unless they take corrective action</li> <li>– proposals for any special arrangements that enable Member States to regularize their arrears, to be approved by the Health Assembly.</li> </ul> <p>Shows the income and proposed expenditure from the Casual Income Account. A specific resolution of the Health Assembly has been necessary in order to use the income, since the Account has not been considered as part of the regular budget.</p> <p>In future, following implementation of the new Financial Regulations and Financial Rules, the Casual Income Account will cease to exist. The income and expenditure previously handled through the Account will be incorporated into the proposed programme budget including miscellaneous income; thus a separate report will not be necessary for next year.</p> <p>Reports on expenditure incurred through the Real Estate Fund, and proposes future expenditure for consideration and adoption by the Health Assembly. This report will no longer be necessary since, similarly to casual income, appropriation of financing for the Real Estate Fund will be incorporated into the proposed programme budget.</p>

## ANNEX 2

**FINANCIAL AND BUDGETARY TERMS COMMONLY USED IN WHO**

<b>Term</b>	<b>Definition</b>
Accrual accounting	The method of recording transactions by which income is reflected in the accounts in the period in which it is due and expenditure is reflected in the accounts in the period in which it has been incurred.
Activity	Day-to-day operations set out in work plans.
Allocation	Authorization of extrabudgetary funds for expenditure.
Appropriation	Amount voted by the Health Assembly for a specified purpose for a financial period, against which obligations may be incurred up to the amount so voted.
Assessments	Assessments are made against Member States on the basis of the Health Assembly appropriation resolution, using the United Nations scale of assessments, modified to take into account the different membership of WHO. After application of credits from the Tax Equalization Fund, credits due to Members under the financial incentive scheme and casual income or miscellaneous income appropriated by the Health Assembly to reduce contributions, the resulting net assessments are payable by Member States.
Budget	A plan in financial terms for the carrying out of a programme of activities in a specified period.
Budget surplus	Excess of approved regular budget appropriations over total regular budget expenditures incurred during a financial period.
Casual income	The predecessor of miscellaneous income (q.v.). However, casual income was not considered as part of the budget process.
Effective working budget	The effective working budget represents the approved regular budget, after the transfers between appropriation sections and application of the exchange rate facility, against which the Director-General is authorized to incur obligations.

<b>Term</b>	<b>Definition</b>
Exchange-rate facility	This facility was established by the Health Assembly to cover losses on foreign exchange in order to maintain the level of the regular budget so that the activities that are represented by the programme budget adopted by the Health Assembly may be carried out, irrespective of the effect of currency fluctuations. The Health Assembly approves the limit within which the facility must operate.
Expected result	Outcome for which WHO's Secretariat is directly responsible.
Expenditure	Expenditure for a financial period is the total amount of obligations, which is the sum of the disbursements and unliquidated obligations made against the appropriation or allocation of the period.
Financial incentive scheme	Arrangement as provided for in the Financial Regulations, designed to reward prompt payment of assessed contributions.
Fund accounting	The method of accounting under which each fund is maintained as a distinct financial and accounting entity, with a separate, self-balancing, group of accounts.
Goal	Higher development objective to which the work of WHO will contribute.
Internal borrowing	A mechanism by which, after the Working Capital Fund (q.v.) has been fully utilized, otherwise available funds are used to finance regular budget implementation pending the receipt of assessed contributions. Internal borrowings are repaid when Member States pay their assessed contributions.
Miscellaneous income	Income from various sources, other than from assessed or voluntary contributions, as defined in the Financial Regulations. Budgeted as part of the programme budget.
Obligation	A commitment or undertaking creating a liability against the resources of the Organization, i.e. expenditure.
Unliquidated obligation	That part of an obligation which has not been paid, i.e., an outstanding liability.

Term	Definition
Savings on unliquidated obligations	The balance remaining from within an unliquidated obligation after payment of all liabilities under that obligation.
Unobligated balance	That part of an appropriation or allocation which has not been obligated.
Unobligated balance of regular budget appropriations	The unobligated balance of regular budget appropriations at the end of the financial period could either be funded in part, in total or not at all, depending on the status of collection of assessed contributions. Any funded unobligated balance of the regular budget appropriations is credited to Casual Income or Miscellaneous Income. The unfunded part of the unobligated balance of the regular budget appropriations is credited to Casual Income only when the underlying outstanding assessed contributions are collected.
Product	Day-to-day operations set out in work plans.
Results-based management	Procedure which defines first the outputs to be delivered (expected results), then calculates the financial and human resources required to achieve them.
Revolving fund	A fund established so that income from specified activities may be used to cover the costs of those activities, under which income and expenditure are reported in the financial statements and any surplus may be carried forward to a future period.
WHO objective	An aim to which the Organization is committed, i.e. what WHO hopes to influence.
Working Capital Fund	A fund established by the Health Assembly consisting of regular budget funds set aside for the purpose of financing regular budget implementation pending receipt of assessed contributions. Withdrawals from the Fund are reimbursed when Member States [eventually] pay their assessed contributions.

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