



# WORLD HEALTH ORGANIZATION

FIFTY-NINTH WORLD HEALTH ASSEMBLY  
Provisional agenda item 15.4

A59/29  
22 May 2006

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## Financial report on the accounts of WHO for 2004-2005

### Second report of the Programme, Budget and Administration Committee of the Executive Board to the Fifty-ninth World Health Assembly

1. The fourth meeting of the Programme, Budget and Administration Committee was held in Geneva on 19 May 2006 under the chairmanship of Ms J. Halton (Australia). The list of participants is annexed.
2. The Committee noted the salient points of the financial report for the period 2004-2005.<sup>1</sup>
  - Total income for WHO programme activities for the biennium 2004-2005 was US\$ 2984 million representing an increase of US\$ 811 million over the previous biennium. However, within this figure, the regular budget has remained virtually static and, when inflation and the value of the United States dollar are taken into account, the regular budget has decreased in real terms over recent bienniums.
  - The implementation rate for the regular budget was 99%; that is the highest rate achievable given the need to withhold some of the budget as a contingency in view of the possibility of non-payment of assessed contributions by some Member States, in respect of which it was not prudent to increase internal borrowing. The implementation rate for all sources of funds was 97%.
  - The financial report shows that during 2004-2005, there was a shift of expenditure from headquarters, with expenditure by country and regional offices increasing to 62% compared to 56% in 2002-2003.
3. The Committee expressed its appreciation for the External Auditor's unqualified audit opinion and recommendations in his report and noted the good collaboration between the Director-General and the External Auditor.
4. In response to questions raised, the Committee noted that:
  - exchange hedging operations during the period 2004-2005 generated US\$ 29.6 million which was used to offset increased costs as a result of the weakening United States dollar. For

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<sup>1</sup> Documents A59/28 and A59/28 Add.1.

2006-2007, the Health Assembly approved a hedging budget which is being used by the Secretariat to manage exchange-rate risks in the current biennium;

- the standard programme support cost rate approved by the Health Assembly is 13% but the average rate actually realized is close to 8% because of various special arrangements. The Secretariat is actively reviewing the programme support cost policy and taking into account the recommendations made in a review across the United Nations system;
- flexibility in the allocation of extrabudgetary funds to regional offices and areas of work, was limited during the biennium 2004-2005 because of the relatively low amount of unspecified funding made available to the Organization. During 2006-2007, an increase in unspecified funding is expected. Its allocation will be based on a review of the substantive areas of work, the individual requirements of regional offices and implementation rates as well as identified funding gaps. The situation regarding extrabudgetary funding for the Regional Office for the Americas in 2004-2005, which is linked to the relationship between that Office and PAHO, is being discussed with the Regional Office with a view to having a more coordinated and coherent approach to funding for PAHO/Regional Office for the Americas;
- expenditure on local cost subsidies during 2004-2005 was US\$ 427 million, representing 14% of total expenditure. As of January 2006, local cost subsidies have been replaced by a new policy known as direct financial cooperation.

## **RECOMMENDATION TO THE HEALTH ASSEMBLY**

5. The Committee, after examination on behalf of the Executive Board of the financial report and the report of the External Auditor, recommends to the Fifty-ninth World Health Assembly adoption of the following draft resolution:

The Fifty-ninth World Health Assembly,

Having examined the Financial report and audited financial statements for the period 1 January 2004-31 December 2005 and report of the External Auditor to the World Health Assembly;<sup>1</sup>

Having noted the second and third reports of the Programme, Budget and Administration Committee of the Executive Board to the Fifty-ninth World Health Assembly,<sup>2</sup>

ACCEPTS the Director-General's Financial report and audited financial statements for the period 1 January 2004-31 December 2005 and report of the External Auditor to the World Health Assembly.

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<sup>1</sup> Documents A59/28 and A59/28 Add.1.

<sup>2</sup> Documents A59/29 and A59/31.

ANNEX

**LIST OF PARTICIPANTS**

**MEMBERS, ALTERNATES AND ADVISERS**

**Australia**

Ms J. Halton (Chairman)

Ms C. Patterson (adviser)

Mr M. Sawers (adviser)

**Bahrain**

Dr S. Khalfan (alternate to Dr N.A. Haffadh)

**Bhutan**

Dr J. Singay

Mr P. Wangchuk (adviser)

Ms D. Tshering (adviser)

**Canada**

Mr P. Oldham (alternate to Mr I. Shugart)

**France**

Dr J.-B. Brunet (alternate to Professor D. Houssin)

Mrs P. Renoul (adviser)

Mrs J. Tor-de Tarlé (adviser)

**Jamaica**

Dr B. Wint

**Lesotho**

Mr T. Ramatsoari (alternate to Dr M. Phooko)

**Portugal**

Professor J. Pereira Miguel

**Thailand**

Dr Viroj Tangcharoensathien (alternate to Dr Suwit Wibulpolprasert)

Dr Sopida Chavanichkul (adviser)

Dr Phusit Prakongsai (adviser)

**Tonga**

Dr V. Tangi

**MEMBER STATES NOT REPRESENTED ON THE EXECUTIVE BOARD**

Mr A. Apitonian (Armenia)

Mr Z. Mnatsakanian (Armenia)

Mr H. Simonyan (Armenia)

Dr Ding Baoguo (China)

Mr M. Kochetkov (Russian Federation)

Ms A. Blackwood (United States of America)

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