
Financial report and audited financial statements for the year ended 31 December 2013

Proposal in respect of supplementary funding for real estate and longer-term staff liabilities

Report by the Secretariat

1. In January 2014 the Executive Board at its 134th session considered a report by the Secretariat on the financing of administration and management costs.¹ The report referred to the low level of financing for the Real Estate Fund. The present proposes a solution to the problem of underfunded liabilities, using the Member States Assessed Contributions Fund.
2. The Member States' Assessed Contributions Fund consolidates revenues and expenses arising from assessed contributions from Member States. Assessed contributions are recorded as revenue based on the total amount approved by the Health Assembly.² Some contributions are paid late, and in some cases uncertainty may exist about collectability: overdue contributions are reported each year in the report on the status of assessed contributions, including Member States in arrears in the payment of their contributions to an extent that would justify invoking Article 7 of the Constitution.³ In the past, funds received after the end of the relevant budget period were referred to as Miscellaneous Income; they are now consolidated in the Member States' Non-Assessed Income Fund.
3. As at 31 December 2013, the balance of the Member States' Assessed Contributions Fund was US\$ 57 million. Since 31 December 2013, sufficient outstanding assessed contributions have been collected to enable US\$ 40 million to be committed for expenditure. It is proposed that this amount be used to contribute towards underfunded liabilities, specifically:
 - (a) US\$ 25 million to the Real Estate Fund for building up the reserve needed for capital financing;⁴
 - (b) US\$ 15 million to longer-term staff liabilities (separation costs). The unfunded staff separation liability under the Terminal Payments Fund as at 31 December 2013 was US\$ 74 million.

¹ Document EB134/11. See also the summary records of the Executive Board at its 134th session, sixth meeting, section 2.

² See resolution WHA66.2.

³ See document A67/44.

⁴ For updated information on the Geneva buildings renovation strategy, see document A67/52.

4. The practice of using, on an ad hoc basis, any surplus on the Member States' Assessed Contributions Fund for such longer-term liabilities has previously been authorized by the Health Assembly in resolutions WHA61.6 and WHA63.7 in relation to, respectively, Miscellaneous Income and the Member States' Non-Assessed Income Fund. This practice is also followed by other organizations of the United Nations system.

5. Building up the reserves now will reduce the risks of future underfunding; both real estate and staff liability financing will be increasingly dependent on regular charges to voluntary funds, which may not always be possible.

ACTION BY THE HEALTH ASSEMBLY

6. The Health Assembly is invited to consider and adopt the following draft resolution:

The Sixty-seventh World Health Assembly,

Considering the Financial report and audited financial statements for the year ended 31 December 2013,¹

1. APPROVES the use of US\$ 40 million of the balance of the Member States' Assessed Contributions Fund as at 31 December 2013 as follows:

(a) US\$ 25 million to the Real Estate Fund for building up the reserve needed for capital financing;

(b) US\$ 15 million to cover longer-term staff liabilities (for separation costs);

2. REQUESTS the Director-General to report to the Sixty-eighth World Health Assembly and subsequent Health Assemblies on use of these funds, through the financial reports and audited financial statements, beginning with the report for the year ended 31 December 2014.

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¹ Documents A67/43 and A67/43 Add.1.