

# Audited Financial Statements

for the year ended 31 December 2018



World Health  
Organization



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**Table of Contents**

<b>2018 Statement of Internal Control .....</b>	<b>4</b>
<b>Certification of financial statements for the year ended 31 December 2018 .....</b>	<b>9</b>
<b>Letter of transmittal .....</b>	<b>10</b>
<b>Opinion of the External Auditor .....</b>	<b>11</b>
<b>Financial statements.....</b>	<b>14</b>
<b>Statement I. Statement of Financial Position .....</b>	<b>14</b>
<b>Statement II. Statement of Financial Performance .....</b>	<b>15</b>
<b>Statement III. Statement of Changes in Net Assets/Equity .....</b>	<b>16</b>
<b>Statement IV. Statement of Cash Flow .....</b>	<b>17</b>
<b>Statement V. Statement of Comparison of Budget and Actual Amounts .....</b>	<b>18</b>
<b>1. Notes to the financial statements .....</b>	<b>19</b>
<b>(a) Reporting Entity .....</b>	<b>19</b>
<b>(b) Non-consolidated entities .....</b>	<b>19</b>
<b>(c) Basis of preparation and presentation .....</b>	<b>19</b>
<b>2. Significant accounting policies.....</b>	<b>20</b>
<b>3. Note on the restatement/reclassification of balances .....</b>	<b>29</b>
<b>4. Supporting information to the Statement of Financial Position.....</b>	<b>29</b>
<b>5. Supporting information to the Statement of Financial Performance .....</b>	<b>52</b>
<b>6. Supporting information to the Statement of Changes in Net Assets/Equity .....</b>	<b>57</b>
<b>7. Supporting information to the Statement of Comparison of Budget and Actual Amounts .....</b>	<b>64</b>
<b>8. Segment reporting .....</b>	<b>65</b>
<b>9. Amounts written-off and ex-gratia payments .....</b>	<b>67</b>
<b>10. Related party and other senior management disclosures .....</b>	<b>67</b>
<b>11. Events after the reporting date .....</b>	<b>67</b>
<b>12. Contingent liabilities, commitments and contingent assets.....</b>	<b>68</b>
<b>Schedule I. Statement of Financial Performance by major funds .....</b>	<b>69</b>
<b>Schedule II. Expenses by major office – General Fund only.....</b>	<b>70</b>
<b>Schedule III. Financial overview – all funds, 2018, 2016–2017 and 2014–2015 .....</b>	<b>71</b>

## 2018 Statement of Internal Control

### Scope of responsibility

As Director-General of the World Health Organization, I am accountable to the World Health Assembly for the administration of the Organization and the implementation of its programmes. Under Financial Regulations I and XII, I am accountable for maintaining a sound system of internal control, including internal audit and investigation, to ensure the effective and efficient use of the Organization's resources and the safeguarding of its assets. Pursuant to Financial Regulation I, I have delegated authority and accountability to Regional Directors, Deputy Directors-General, Assistant Directors-General, Directors, WHO Heads of Country Offices and other relevant staff. Every individual in the Organization has, to varying degrees of responsibility, a role to play in internal control.

### Purpose of internal control

Internal control is designed to reduce and manage, rather than eliminate the risk of failure to achieve the Organization's aims, objectives and related policies. It therefore provides reasonable but not absolute assurance of effectiveness. It is an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks, and manage them efficiently, effectively and economically.

Internal control is a key role of management and an integral part of the overall process of managing operations. As such WHO management at all levels has the responsibility to:

- establish an environment and culture that promotes effective internal control;
- identify and assess risks that may affect the achievement of objectives, including the risk of fraud and corruption;
- specify and implement policies, plans, operating standards, procedures, systems and other control activities to manage the risks associated with any exposure identified;
- ensure an effective flow of information and communication so that all WHO personnel have the information they need to fulfil their responsibilities; and
- monitor the effectiveness of internal control.

From an operational perspective, WHO's internal control system operates continually at all levels of the Organization through internal control processes to ensure the above objectives.

This is WHO's third statement of internal control and applies for the year ended 31 December 2018, up to the date of the approval of the Organization's 2018 financial statements.

### WHO's operating environment

WHO operates in more than 150 countries in some very challenging environments, and is therefore exposed to situations with a high level of inherent risk, including for the security of employees and its ability to maintain high standards of internal control. The security situation in each country in which WHO (and the United Nations in general) operates is closely monitored, and strategic decisions are taken where necessary to adapt WHO's operations and to manage and mitigate the risk exposure of its personnel. All risks at budget centre level are captured in a formal risk register, which is subject to regular review by managers and advanced to more senior levels for attention, as required.

### The Internal Control Framework and risk management

The WHO Accountability Framework, along with the corporate risk management policy and the WHO Internal Control Framework, are critical systems and structures to ensure that the Organization fulfils its mandate and

achieves its objectives. Well-grounded risk management and internal control policies, systems and processes help to better understand the risks that the Organization is exposed to, ensure that appropriate accountabilities and controls are in place to address those risks, and effectively pursue the Organization's operations.

For the fourth year, WHO has used internal control self-assessment checklists, completed by each of the Organization's budget centres, as a key tool to assess the status and effectiveness of its internal controls and raise awareness of the importance of internal control issues. In 2018, following a recommendation from WHO's external auditors, self-assessment data has been reviewed and validated systematically by the respective regional directors and assistant directors-general.

The WHO corporate risk management policy firmly embeds risk management in WHO's strategic and operational planning and budgeting cycles, as well as in the accountability and internal control frameworks. The key objective is to ensure that all of the risks inherent to the Organization's operations are fully understood, and the appropriate strategy chosen to manage them. In 2018, to increase staff awareness and build capacity in risk management, training in risk management was organized throughout the Organization.

During 2018, budget centres have continued to identify risks related to their objectives, evaluate those risks according to likely impact and probability, and develop response plans to deal with them. This bottom-up risk management process is complemented by a top-down phase of validation and escalation. At the global level, the biggest challenges that WHO encounters in achieving its mandate are reflected in a corporate level risk register ("WHO Principal Risks"), which is discussed and reviewed by the Global Policy Group. An annual risk report is subsequently presented to Member States through the Executive Board.

As the Director-General of the Organization, I have the ultimate responsibility for assessing the risks associated with the implementation of programmes and projects and the overall operations of the Organization. I am assisted in this task by the Regional Directors and the WHO Risk Committee, led by the Deputy Director-General for Corporate Operations. The Committee plays a key role in ensuring that the most critical risks are identified and addressed in an efficient manner. Furthermore, I am supported by the Office of Compliance, Risk Management and Ethics, which facilitates and guides the Organization-wide risk management process. At the same time, as highlighted in the WHO corporate risk management policy, every WHO staff member has the responsibility to identify risks at his or her own level of work.

## **Review of the effectiveness of internal controls**

My review of the effectiveness of WHO's system of internal control is based on the following.

- (a) An annual "letter of representation". This is reviewed and approved by all Regional Directors, Deputy Directors-General and Assistant Directors-General, and confirms the importance of ensuring that adequate internal controls are in place, along with other assurances. All issues raised in the letter of representation feed into the annual audit and financial statements.
- (b) The internal control self-assessment checklist. This is completed and submitted by all budget centre managers, including all WHO Representatives. The checklist is used by each budget centre manager to review all key controls and rate compliance. The 2018 self-assessment exercise deemed internal controls to be strong overall, with some slight improvements over the past four years. Across the Organization, the operational control area of risk management, in particular implementing risk response actions, was considered to have significant room for improvement. For the functional control areas, graded emergencies had the most room for improvement. Respondents identified a need to raise awareness on standard operating procedures. Furthermore, procurement planning, succession planning, travel planning and effective follow-up on actions stemming from audits and evaluations or other reviews were listed as requiring improvement. The results of the self-assessment exercise will be reviewed carefully, control measures adapted, as required, and action plans developed to address areas for improvement, if applicable.

(c) Reports issued by the Office of Internal Oversight. The internal audit reports, conducted under the 2018 audit workplan, provide objective information on compliance and control effectiveness, together with recommendations for improvement. Critical findings from these reports are summarized in the Annual Report of the Internal Auditor to the Health Assembly. Individual audit reports are available for review by Member States on request.

(d) Reports issued by the WHO External Auditor. The external audit provides independent oversight and reporting on WHO's compliance with financial rules and regulations. The Republic of the Philippines Commission on Audit presents an update of its work and key findings to the governing bodies. A review of three hosted partnerships and the emergency programme was a key aspect of the 2018 external audit. For further information, see the report of the External Auditor to the Seventy-second World Health Assembly (document A72/39).

(e) The work of the Independent Expert Oversight Advisory Committee. The Committee reviews all audit reports, risk reports, and financial reports, as well as other information relevant to the overall control framework. The Committee's reports are presented to the Executive Board, which identifies areas for potential improvement and advises how to address weaknesses with regard to risk management, and financial and internal control matters.

### Significant risk issues noted

After each WHO budget centre completed the risk register in 2018, the consolidated findings were reviewed by the Office of Compliance, Risk Management and Ethics and presented to WHO senior management and the WHO Risk Committee. Having reviewed the findings, I have concluded that the most significant risks currently facing the Organization are as summarized in the table below.

Risk	Examples of ongoing and planned risk response actions
Insufficient financing of Programme budget 2018–2019 (primary risk related to flexible funding due to reduction in core voluntary contributions and uncertainty on future funding prospects)	<ol style="list-style-type: none"> <li>1. A resource mobilization strategy has been developed</li> <li>2. Targeted resource mobilization, including with potential new donors</li> <li>3. WHO's investment case</li> <li>4. Transformation of the resource mobilization, communications and partnerships as part of an integrated external relations function</li> <li>5. Targeting effective and timely implementation of funds according to donor agreements</li> </ol>
Financing and operational readiness of the WHO Health Emergencies Programme	<ol style="list-style-type: none"> <li>1. Targeted resource mobilization, partnership development and allocation of flexible resources to the programme</li> <li>2. Implementation of new policies, standard operating procedures, staff training and deployments from the emergency roster</li> <li>3. Strengthening of national and international capacities to deploy and deliver critical functions</li> <li>4. Regular review by the Independent Oversight and Advisory Committee for the Health Emergencies Programme of the status of WHO's reform in health emergencies, including the Programme's overall progress, structure and risks</li> </ol>

Risk	Examples of ongoing and planned risk response actions
Financing of polio eradication and risks to polio transition, notably dependency on polio funds; financial liabilities associated with the fixed-term staff of those programmes; and potential delays to the timely eradication of polio	<ol style="list-style-type: none"> <li>1. Coordinated efforts to enhance partner advocacy, resource mobilization, and partner coordination, with strengthened programme and financial transparency, to secure new commitments to finance polio eradication</li> <li>2. Regular reporting to the Polio Oversight Board on the status of polio transition risks and risk response actions</li> </ol>
Misconduct in the Organization, specifically related to fraud, corruption or other forms of wrongdoing	<ol style="list-style-type: none"> <li>1. <u>Prevention</u>: enhanced training in high-risk areas (such as ethics, fraud and financial risks in country offices); strict enforcement of relevant policies and the Code of Ethics and Professional Conduct; mandatory ethics training, including sexual abuse and exploitation and sexual harassment; rapid resolution of audit recommendations</li> <li>2. <u>Detection</u>: enhancement of integrated system controls (Global Management System) and exception reporting; enhanced monitoring; integrity hotline</li> <li>3. <u>Response</u>: enhancement of investigation capacity; proactive and rapid action in case of fraud/corruption/misconduct</li> </ol>
Business continuity risks linked to major incidents affecting WHO operations (for example, natural disaster or major terrorist attack)	<ol style="list-style-type: none"> <li>1. Developing and/or updating functional business continuity plans across the Organization</li> <li>2. Conducting simulation exercises starting in the second quarter of 2019</li> <li>3. Holding monthly global coordination meetings from the second half of 2019</li> </ol>
Cyber security (such as hacking of digital assets)	<ol style="list-style-type: none"> <li>1. Implementing the Organization-wide cyber security road map</li> <li>2. Executing a cybersecurity awareness campaign to increase user awareness</li> <li>3. Updating and implementing cybersecurity policies</li> </ol>
Security of WHO staff and premises	<ol style="list-style-type: none"> <li>1. Appointment of a Director of Security Services and eight additional field security officers to provide emergency response capacity</li> <li>2. Significant improvements to the physical security of premises</li> <li>3. Security training for all staff, integrated into the organizational learning platform</li> <li>4. Monitoring of compliance with security risk management measures</li> </ol>
Funding of long-term liabilities, notably the after-service health care costs	<ol style="list-style-type: none"> <li>1. Cost containment and efficiency measures (through governance of social health insurance)</li> <li>2. Review of contribution levels (through governance of social health insurance)</li> <li>3. Review necessary level of funding for future liability</li> </ol>

Each of the above risks has been discussed by the WHO Risk Committee, as well as with the relevant risk owners, to ensure that appropriate action is taken to address these risks.

## Statement

Internal control, while operating effectively, has inherent limitations, including the possibility of circumvention, no matter how well designed, and therefore can provide only reasonable assurance. Furthermore, because of changes of conditions, the effectiveness of internal control may vary over time.

I am committed to addressing any weaknesses in internal controls that may be noted during the year and brought to my attention.

Based on the above, I conclude that, to the best of my knowledge and information, there are no material weaknesses that would prevent the external auditor from providing an unqualified opinion on the Organization's financial statements, nor are there other significant matters arising that would need to be raised in the present document for the year ended 31 December 2018 and up to the date of approval of the financial statements.



Dr Tedros Adhanom Ghebreyesus  
Director-General

Geneva, 29 March 2019



## Certification of financial statements for the year ended 31 December 2018

In accordance with Article 34 of the Constitution and Financial Regulation XIII of the World Health Organization, attached are the financial statements for the year ended 31 December 2018. The financial statements, accounting policies and notes to the financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are also prepared according to the Financial Regulations of the World Health Organization and its Financial Rules. The financial statements and notes have been audited by the Organization's External Auditor, the Republic of the Philippines Commission on Audit, the opinion of which is included in this report.

Although the Organization has adopted an annual financial reporting period as stipulated in the revised Financial Regulation XIII,<sup>1</sup> the budgetary period remains a biennium (Financial Regulation II). For the purposes of making comparisons between the actual expenses and the planned budget, the biennial budget is therefore set against two years of annual expenses. The Statement of Comparison of Budget and Actual Amounts (Statement V) provides this comparison by category.

In addition to the General Fund (the Programme budget), two other Fund groups are included in WHO's financial statements: Member States – other and the Fiduciary Fund. Details of the revenue and expenses for each of these three main fund groups can be found in Schedule I of the report.

In 2018, the Organization provided services to five other entities: The Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS), Unitaids, the International Agency for Research on Cancer (IARC), the International Computing Centre (ICC), and the Staff Health Insurance (SHI). Separate financial statements are prepared for each entity, and these are subject to separate external audits. The funds managed by WHO on behalf of these entities<sup>2</sup> are included in the Statement of Financial Position (Statement I).

The financial statements for the year ended 31 December 2018, together with the notes to the statements and supporting schedules I, II and III, have been reviewed and approved.

The audited financial statements should be viewed together with the WHO Results Report, Programme budget 2018–2019 (document A72/35).



Jane Margaret Stewart Pappas  
Comptroller a.i.



Dr Tedros Adhanom Ghebreyesus  
Director-General

Geneva, 29 March 2019

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<sup>1</sup> See resolution WHA62.6 (2009).

<sup>2</sup> Excludes IARC where funds are not managed by WHO.

**Letter of transmittal**



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines

**LETTER OF TRANSMITTAL**

**1 April 2019**

**Dear Sir/Madam,**

I have the honour to present to the Seventy-second World Health Assembly, the External Auditor's report and opinion on the financial statements of the World Health Organization for the financial year ended 31 December 2018.

I record my appreciation to the World Health Assembly for the honor and privilege to serve as External Auditor of WHO.

**Yours sincerely,**

A handwritten signature in blue ink, consisting of a series of loops and strokes, representing the name Michael G. Aguinaldo.

**Michael G. Aguinaldo**  
Chairperson, Commission on Audit  
Republic of the Philippines  
External Auditor

**The President of the Seventy-second World Health Assembly**  
World Health Organization  
Geneva, Switzerland

## Opinion of the External Auditor



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines

### INDEPENDENT AUDITOR'S REPORT

**To the World Health Assembly**

#### **Opinion**

We have audited the financial statements of the World Health Organization (WHO), which comprise the statement of financial position as at 31 December 2018, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flow, and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the WHO as at 31 December 2018, and its financial performance, changes in net assets/equity, cash flow, and comparison of budget and actual amounts for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the WHO in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the WHO **Audited Financial Statements for 2018**, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be

materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the WHO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the WHO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the WHO's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WHO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WHO's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

Further, in our opinion, the transactions of the WHO that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the WHO Financial Regulations.

In accordance with Regulation XIV of the WHO Financial Regulations, we have also issued a long-form report on our audit of the WHO.



**Michael G. Aguinaldo**  
Chairperson, Commission on Audit  
Republic of the Philippines  
External Auditor

Quezon City, Philippines  
29 March 2019



## Financial statements

## World Health Organization

## Statement I. Statement of Financial Position

As at 31 December 2018

(In thousands of US dollars)

Description	Notes	31 December 2018	31 December 2017
<b>Current assets</b>			
Cash and cash equivalents	4.1	243 007	540 652
Short-term investments	4.2	3 303 322	2 578 038
Receivables – current	4.3	1 107 179	1 214 410
Staff receivables	4.4	13 056	10 104
Inventories	4.5	37 473	43 641
Prepayments and deposits	4.6	30 690	20 312
<b>Total current assets</b>		<b>4 734 727</b>	<b>4 407 157</b>
<b>Non-current assets</b>			
Receivables – non-current	4.3	206 258	236 603
Long-term investments	4.2	120 525	118 745
Property, plant and equipment	4.7	124 701	103 545
Intangibles	4.8	3 189	3 807
<b>Total non-current assets</b>		<b>454 673</b>	<b>462 700</b>
<b>TOTAL ASSETS</b>		<b>5 189 400</b>	<b>4 869 857</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Contributions received in advance	4.9	86 654	107 320
Accounts payable	4.10	44 490	65 662
Staff payable	4.11	1 333	2 339
Accrued staff benefits – current	4.12	52 386	50 058
Deferred revenue – current	4.13	376 590	431 320
Financial liabilities	4.2	101 411	72 857
Other current liabilities	4.14	75 226	101 142
Inter-entity liabilities	4.15	923 945	948 291
Long-term borrowings – current	4.16	606	611
<b>Total current liabilities</b>		<b>1 662 641</b>	<b>1 779 600</b>
<b>Non-current liabilities</b>			
Long-term borrowings – non-current	4.16	73 335	43 004
Accrued staff benefits – non-current	4.12	1 207 151	1 578 122
Deferred revenue – non-current	4.13	206 258	236 603
Other liabilities – non-current	4.17	2 306	804
<b>Total non-current liabilities</b>		<b>1 489 050</b>	<b>1 858 533</b>
<b>TOTAL LIABILITIES</b>		<b>3 151 691</b>	<b>3 638 133</b>
<b>NET ASSETS/EQUITY</b>			
General Fund	6.1	2 703 421	2 293 877
Member States – other	6.2	(725 575)	(1 103 757)
Fiduciary funds	6.3	59 863	41 604
<b>TOTAL NET ASSETS/EQUITY</b>		<b>2 037 709</b>	<b>1 231 724</b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>		<b>5 189 400</b>	<b>4 869 857</b>

The section on significant accounting policies and the accompanying notes form part of the financial statements.

## World Health Organization

### Statement II. Statement of Financial Performance

For the year ended 31 December 2018

(In thousands of US dollars)

Description	Notes	31 December 2018	31 December 2017
<b>REVENUE</b>	5.1		
Assessed contributions		500 752	456 711
Voluntary contributions		2 290 914	2 139 305
Voluntary contributions in-kind and in-service		62 496	136 832
Other revenue		47 221	42 452
<b>Total revenue</b>		<b>2 901 383</b>	<b>2 775 300</b>
<b>EXPENSES</b>	5.2		
Staff costs		931 218	966 300
Medical supplies and materials		176 686	253 019
Contractual services		721 305	781 552
Transfers and grants		272 396	260 062
Travel		191 690	201 907
General operating expenses		177 536	167 685
Equipment, vehicles and furniture		15 486	35 843
Depreciation and amortization		13 533	14 167
<b>Total expenses</b>		<b>2 499 850</b>	<b>2 680 535</b>
Finance revenue	5.3	40 486	77 273
<b>TOTAL SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>442 019</b>	<b>172 038</b>

The section on significant accounting policies and the accompanying notes form part of the financial statements.

**World Health Organization****Statement III. Statement of Changes in Net Assets/Equity***For the year ended 31 December 2018**(In thousands of US dollars)*

Description	Notes	31 December 2018	Other adjustments (refer to note 4.12)	Surplus/(deficit)	31 December 2017
General Fund	6.1	2 703 421		409 544	2 293 877
Member States – other	6.2	(725 575)	363 966	14 216	(1 103 757)
Fiduciary Fund	6.3	59 863		18 259	41 604
<b>TOTAL NET ASSETS/EQUITY</b>		<b>2 037 709</b>	<b>363 966</b>	<b>442 019</b>	<b>1 231 724</b>

*The section on significant accounting policies and the accompanying notes form part of the financial statements.*



## World Health Organization

### Statement IV. Statement of Cash Flow

For the year ended 31 December 2018

(In thousands of US dollars)

Description	31 December 2018	31 December 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
TOTAL DEFICIT/SURPLUS FOR THE YEAR	442 019	172 038
Depreciation and amortization	13 533	14 167
Unrealized (gains)/losses on investments	10 768	(27 096)
Unrealized (gains)/losses on revaluation of long-term borrowings	(157)	1 085
(Increase)/decrease in receivables – current	107 231	(342 602)
(Increase)/decrease in staff receivables	(2 952)	139
(Increase)/decrease in inventories	6 168	(4 087)
(Increase)/decrease in prepayments and deposits	(10 378)	(10 697)
(Increase)/decrease in receivables – non-current	30 345	(29 325)
Increase/(decrease) in contributions received in advance	(20 666)	38 974
Increase/(decrease) in accounts payable	(21 172)	24 533
Increase/(decrease) in staff payable	(1 006)	334
Increase/(decrease) in accrued staff benefits – current	2 328	3 410
Increase/(decrease) in deferred revenue – current	(54 730)	51 412
Increase/(decrease) in other current liabilities	(25 916)	37 794
Increase/(decrease) in inter-entity liabilities	(24 346)	(72 399)
Increase/(decrease) in accrued staff benefits – non-current	(7 005)	43 236
Increase/(decrease) in deferred revenue – non-current	(30 345)	29 325
Increase/(decrease) in other liabilities – non-current	1 502	804
<b>Net cash flows from operating activities</b>	<b>415 221</b>	<b>(68 955)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase)/decrease in short-term investments	(730 336)	156 315
(Increase)/decrease in long-term investments	(107)	(20 081)
Increase/(decrease) in financial liabilities	21 165	55 193
(Increase)/decrease in property, plant and equipment	(33 780)	(27 652)
(Increase)/decrease in intangibles	(291)	134
<b>Net cash flows from investing activities</b>	<b>(743 349)</b>	<b>163 909</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(decrease) in long-term borrowings – current	(5)	28
Increase/(decrease) in long-term borrowings – non-current	30 488	8 780
<b>Net cash flows from financing activities</b>	<b>30 483</b>	<b>8 808</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(297 645)</b>	<b>103 762</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>540 652</b>	<b>436 890</b>
<b>Cash and cash equivalents at end of the year</b>	<b>243 007</b>	<b>540 652</b>

The section on significant accounting policies and the accompanying notes form part of the financial statements.

## World Health Organization

### Statement V. Statement of Comparison of Budget and Actual Amounts

For the year ended 31 December 2018

(In thousands of US dollars)

Description	Programme budget 2018–2019	Expenses 2018	Difference – Programme budget and expenses	Implementation (%)
<b>Categories</b>				
Communicable diseases	805 400	357 968	447 432	44%
Noncommunicable diseases	351 400	115 464	235 936	33%
Promoting health through the life course	384 300	133 341	250 959	35%
Health systems	589 500	247 642	341 858	42%
Emergencies	554 200	193 727	360 473	35%
Corporate services/enabling functions	715 500	321 443	394 057	45%
Polio, Outbreak and Crisis Response and Special Programmes	1 021 200	922 296	98 904	90%
<b>Total</b>	<b>4 421 500</b>	<b>2 291 881</b>	<b>2 129 619</b>	<b>52%</b>
<b>Basis differences</b>				
Tax Equalization Fund expenses		8 811		
Special arrangements		19 282		
Other non-programme budget expenses		4 111		
<b>Total basis differences</b>		<b>32 204</b>		
<b>Timing differences</b>				
Programme budget expenses for other periods		85 610		
<b>Total timing differences</b>		<b>85 610</b>		
<b>Total expenses – General Fund</b>		<b>2 409 695</b>		
<b>Entity differences</b>				
Expenses under Common Fund, Enterprise Fund, Special Purpose Fund, and Fiduciary Fund		27 910		
In-kind/in-service expenses		62 245		
<b>Total entity differences</b>		<b>90 155</b>		
<b>Total expenses as per the Statement of Financial Performance (Statement II)</b>		<b>2 499 850</b>		

The section on significant accounting policies and the accompanying notes form part of the financial statements.

## **1. Notes to the financial statements**

### **(a) Reporting Entity**

The World Health Organization (WHO) is an intergovernmental organization and a specialized agency of the United Nations. In accordance with its Constitution (which came into force on 7 April 1948), WHO acts as the directing and coordinating authority on international health work. The Organization's headquarters are located in Geneva, Switzerland. WHO also has six regional offices and more than 150 country offices.

### **(b) Non-consolidated entities**

WHO provides administrative services to the following non-consolidated entities:

- Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS)
- Unitaid
- International Agency for Research on Cancer (IARC)
- International Computing Centre (ICC)
- Staff Health Insurance (SHI)

These entities are governed by their own constitutions, bylaws and governance structures. They prepare their own financial statements and undergo separate external audit and certification. WHO has the same voting rights (except in Unitaid) as any other member or partner and transactions with these organizations are at arm's length. Assets and liabilities are owned by the respective organization; in the event of dissolution, the division of all assets and liabilities amongst members and partner organizations shall be agreed by constitution, bylaws and governance structure on the basis of a formula to be defined at that time.

### **(c) Basis of preparation and presentation**

The financial statements of the World Health Organization have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared using the historical cost convention. Investments and loans, however, are recorded at fair value or amortized cost. Where a specific matter is not covered by IPSAS, the appropriate International Financial Reporting Standards (IFRS) have been applied.

These financial statements have been prepared under the assumption that WHO is a going concern, and will meet its mandate for the foreseeable future (IPSAS 1 – Presentation of Financial Statements).

These financial statements and notes are presented in United States dollars and all values are rounded to the nearest thousand, also denoted as US\$ thousands (US\$ 000s).

#### **Functional currency and translation of foreign currencies**

Foreign currency transactions are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange, which approximates to the exchange rates at the date of the transactions. The Operational Rates of Exchange are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange year-end closing rate. The resulting gains or losses are accounted for in the Statement of Financial Performance.

The non-United States dollar denominated assets and liabilities in the investment portfolios are translated into United States dollars at the month-end closing rate used by the custodian.

## Materiality and the use of judgments and estimates

Materiality<sup>1</sup> is central to WHO's financial statements. The Organization's process for reviewing accounting materiality provides a systematic approach to the identification, analysis, evaluation, endorsement and periodic review of decisions taken involving the materiality of information, spanning a number of accounting areas. The financial statements include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

## Financial statements

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets/Equity;
- Statement of Cash Flow;
- Statement of Comparison of Budget and Actual Amounts; and
- Notes to the financial statements, comprising a description of the basis of preparation and presentation of the statements, a summary of significant accounting policies, and other relevant information.

## 2. Significant accounting policies

### 2.1 Cash and cash equivalents

Cash and cash equivalents are held at nominal value and comprise cash on hand, cash at banks, collateral deposits, commercial paper, money market funds and short-term bills and notes. All investments that have a maturity of three months or less from the date of acquisition are included as cash and cash equivalents. This includes cash and cash equivalents held in the portfolios managed by external investment managers.

### 2.2 Investments and financial instruments

Financial instruments are recognized when WHO becomes a party to the contractual provisions of the instrument until such time as the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership. Investments can be classified as being: (i) financial assets or financial liabilities at fair value through surplus or deficit; (ii) held-to-maturity; or (iii) bank deposits and other receivables. All purchases and sales of investments are recognized on the basis of their trade date.

**Financial assets or financial liabilities at fair value through surplus or deficit** are financial instruments that meet either of the following conditions: (i) they are held-for-trading; or (ii) they are designated by the entity upon initial recognition at fair value through surplus or deficit.

Financial instruments in this category are measured at fair value and any gains or losses arising from changes in the fair value are accounted for through surplus or deficit and included within the Statement of Financial Performance in the period in which they arise. All derivative instruments, such as swaps, currency forward contracts or options are classified as held-for-trading except for designated and effective hedging instruments as defined under IPSAS 29 (Financial Instruments: Recognition and Measurement). Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as

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<sup>1</sup> Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

current assets or non-current assets according to the time horizon of the investment objectives of each portfolio. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets.

**Held-to-maturity investments** are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that WHO has both the intention and the ability to hold to maturity. Held-to-maturity investments are stated at amortized cost using the effective interest rate method, with interest revenue being recognized on an effective yield basis in the Statement of Financial Performance. As at 31 December 2018, no held-to maturity investments were held by the Organization.

**Bank deposits and other receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accrued revenue related to interest, dividends and pending cash to be received from investments are included herein. Bank deposits and other receivables are stated at amortized cost calculated using the effective interest rate method, less any impairments. Interest revenue is recognized on the effective interest rate basis, with the exception of short-term receivables for which the recognition of interest would be immaterial.

**Other financial liabilities** include payables and accruals relating to investments and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, with the exception of short-term liabilities for which the recognition of interest would be immaterial.

### 2.3 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Current receivables are for amounts due within 12 months of the reporting date, while non-current receivables are those that are due more than 12 months from the reporting date of the financial statements.

Voluntary contributions receivables are recognized based on the payment terms specified in a binding agreement between WHO and the contributor. Where no payment terms are specified, the full amount receivable is recognized as currently due. Assessed contributions receivable are recognized annually, at the beginning of the year as per the assessments approved by the Health Assembly. Receivables are recorded at their estimated net realizable value and not discounted as the effect of discounting is considered immaterial.

An allowance for doubtful accounts is recognized when there is a risk that the receivables may be impaired. Changes in the allowance for doubtful accounts are recognized in the Statement of Financial Performance (Statement II).

### 2.4 Inventories

WHO recognizes medicines, vaccines, humanitarian supplies, and publications as part of its inventory. Inventories are valued taking the lower amount of (i) cost or (ii) net realizable value, using a weighted average basis. A physical stock count is conducted once every year. Packaging, freight and insurance charges are allocated based on the total value of inventory purchases and added to the inventory value.

Where inventories have been acquired through a non-exchange transaction (i.e. inventories were donated as an in-kind contribution), the value of inventory is determined by reference to the donated goods' fair value at the date of acquisition.

When inventories are sold, exchanged or distributed, their carrying amount is recognized as an expense.

## 2.5 Prepayments and deposits

Prepayments relate to amounts paid to suppliers for goods or services not yet received. Deposits relate to amounts paid as security for the leasing of office space. Deposits and prepayments are recorded at cost.

## 2.6 Property, plant and equipment

Property, plant and equipment with a value greater than US\$ 5000 are recognized as non-current assets in the Statement of Financial Position. Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment losses. Property, plant and equipment acquired through a non-exchange transaction are recognized at fair value at the date of acquisition. WHO considers all assets of this type to be non-cash generating.

Depreciation is calculated on a straight-line basis over the asset's useful life except for land, which is not subject to depreciation. Property, plant and equipment are reviewed annually for impairment to ensure that the carrying amount is still considered to be recoverable. The estimated useful lives of the asset classes that make up property, plant and equipment are provided in the table below.

Asset class	Estimated useful life (in years)
Land	N/A
Buildings – permanent	60–100
Buildings – mobile	5
Furniture, fixtures and fittings	5
Vehicles and transport	5
Office equipment	3
Communications equipment	3
Audio visual equipment	3
Computer equipment	3
Network equipment	3
Security equipment	3
Other equipment	3

Improvements are capitalized over the remaining life of the asset when the improvement results in an increase in the useful life of the asset or adds usable space. The residual value of the asset and the cost of the improvement will be amortized over the adjusted useful life (remaining life). Normal repair and maintenance costs are expensed in the year when the costs are incurred.

## 2.7 Intangibles

Intangible assets that are above the pre-established threshold of US\$ 100 000 are stated at historical cost less accumulated amortization and any impairment losses. Amortization is determined over the estimated useful life of the assets using the straight-line method of amortization. The estimated useful life of “software acquired externally” is between two and six years.

WHO's intangible assets are assumed to have a residual value of zero as intangible assets are not sold or transferred at the end of their useful life. Intangible assets are reviewed annually for impairment. Some intangible assets may have a shorter useful life.

## 2.8 Leases

A lease is an agreement whereby the lessor conveys to the lessee (the Organization), in return for a payment or series of payments, the right to use an asset for an agreed period of time. Every lease is reviewed to determine

whether it constitutes a financial or operating lease. Necessary accounting entries and disclosures are made accordingly.

Where WHO is the lessor, lease revenue from operating leases is recognized as revenue on a straight-line basis over the lease term. All costs associated with the asset incurred in earning the lease revenue, including depreciation, are recognized as an expense.

## **2.9 Contributions received in advance**

Contributions received in advance arise from legally binding agreements between WHO and its contributors – including governments, international organizations and private and public institutions – whereby contributions are received in advance of the amounts concerned falling due to the Organization.

## **2.10 Accounts payable and accrued liabilities**

Accounts payable are financial liabilities for goods or services that have been received by WHO and invoiced but not yet paid for.

Accrued liabilities are financial liabilities for goods or services that have been received by WHO and which have neither been paid for nor invoiced to WHO.

Accounts payable and accrued liabilities are recognized at cost, as the effect of discounting is considered immaterial.

## **2.11 Employee benefits**

WHO recognizes the following categories of employee benefits:

- short-term employee benefits that fall due wholly within 12 months following the end of the accounting period in which employees render the related service;
- post-employment benefits;
- other long-term employee benefits;
- termination benefits.

WHO is a member organization participating in the United Nations Joint Staff Pension Fund (the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with participation of current and former employees of other organizations in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. WHO and the UNJSPF, in line with the other participating organizations in the Fund are not in a position to identify WHO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. WHO has therefore treated it as a defined contribution plan in line with the requirements of IPSAS 39 (Employee Benefits). WHO's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance (Statement II).

## 2.12 Inter-entity liabilities

Inter-entity liabilities are cash balance held by WHO on behalf of hosted entities (refer to Note 4.2 and 4.15).

## 2.13 Provisions and contingent liabilities

Provisions are recognized for future liabilities and charges where WHO has a present legal or constructive obligation as a result of past events and it is probable that the Organization will be required to settle the obligation.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of WHO.

## 2.14 Contingent assets

Contingent assets will be disclosed when an event gives rise to a probable inflow of economic benefits or service potential and there is sufficient information to assess the probability of the inflow of economic benefits or service potential.

## 2.15 Deferred revenue

Deferred revenue derives from legally binding agreements between WHO and its contributors, including governments, international organizations and private and public institutions. Deferred revenue is recognized when:

- a contractual agreement is confirmed in writing by both the Organization and the contributor; and
- the funds are earmarked and due in a future period.

Deferred revenue also includes advances from exchange transactions.

Deferred revenue is presented as “current” if the revenue is due within one year and “non-current” if the revenue is due one year or more after the reporting date.

## 2.16 Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by WHO during the year and represents an increase in net assets/equity. The Organization recognizes revenue following the established criteria of IPSAS 9 (Revenue from Exchange Transactions) and IPSAS 23 (Revenue from Non-Exchange Transactions).

The main sources of revenue for WHO include but are not limited to:

### Non-exchange revenue

- **Assessed contributions.** Revenue from contributions from Member States and Associate Members is recorded annually at the beginning of the year as per the assessments approved by the Health Assembly.
- **Voluntary contributions.** Revenue from voluntary contributions is recorded when a binding agreement is signed by WHO and the contributor. Where there are “subject to” clauses in an agreement, WHO does not control the resource and does not record the revenue and amount receivable until the cash is received. Where there are no payment terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized in the current period. Where payment terms specify payment after



the year end, the amount is reported as deferred revenue. Where start date of the contract is after 31 December, revenue is recognized in the future accounting year.

- **Contributions in-kind and in-service.** Contributions in-kind and in-service are recorded at an amount equal to their fair market value as determined at the time of acquisition, based on an agreement between WHO and the contributor and upon confirmation from the receiving budget centre of the receipt of the goods or services. An entry corresponding to the expense is recorded in the same period that the contributions in-kind and in-service are recorded as revenue.

### Exchange revenue

- **Reimbursable procurement, concessions, revolving sales and other exchange revenue.** Revenue from reimbursable procurement on behalf of Member States, revenue from the sale of goods or services and fees charged to manufacturer for pre-qualification services is recorded on an accrual basis at the fair value of the consideration received or receivable when it is probable that the future economic benefits and/or service potential will flow to WHO and those benefits can be measured reliably. The corresponding expense is recognized in the same year as the revenue.

## 2.17 Expenses

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows, consumption of assets, or incurrences of liabilities that result in decreases in net assets/equity. WHO recognizes expenses at the point where goods have been received or services rendered (delivery principle) and not when cash or its equivalent is paid.

## 2.18 Fund accounting

Fund accounting is a method of segregating resources into categories (i.e. funds) to identify both the source and the use of the funds. Establishing such funds helps to ensure better reporting of revenue and expenses. The General Fund, the Special Purpose Fund, the Enterprise Fund and the Fiduciary Fund serve to ensure the proper segregation of revenue and expenses. Any transfers between funds that would result in duplication of revenue and/or expenses are eliminated during consolidation. Intra-fund transfers such as programme support costs within the General Fund are also eliminated.

### General Fund

The accounts contained under this fund support the implementation of the programme budget. The General Fund contains the following:

- **Assessed Contributions Fund.** This fund consolidates revenues and expenses arising from assessed contributions from Member States and includes interest and other miscellaneous income.
- **Tax Equalization Fund.** In accordance with resolution WHA21.10 (1968), in which the Health Assembly decided to establish the Tax Equalization Fund, the assessed contributions of all Member States are reduced by the revenue generated by the staff assessment plan. In determining the reduction of assessed contributions to be applied to the Member States concerned, the Tax Equalization Fund is credited with the revenue from the staff assessment plan, the credits being recorded in the name of individual Member States, in proportion to their assessments for the biennium. For those Member States that levy income tax on emoluments received from the Organization by their nationals or others liable to such taxes, the credit from the staff assessment plan is charged with the estimated amount to be levied by those Member States. Those amounts which have been charged are, in turn, used by the Organization to reimburse income tax paid by the staff concerned, as per resolution WHA21.10.

- **Working Capital Fund.** The Fund was established to implement the programme budget pending receipt of assessed contributions in arrears. In accordance with Financial Regulation VII, implementation of that part of the budget financed from assessed contributions may be financed from the Working Capital Fund and thereafter by internal borrowing against available cash reserves of WHO, excluding trust funds. Amounts borrowed are repaid from the collection of arrears of assessed contributions and are credited first against any internal borrowing and then against any borrowing from the Working Capital Fund.
- **Voluntary funds (core, specified and partnerships).** This fund consolidates revenue and expenses arising from the following funds:
  - Core Voluntary Fund
  - Voluntary Contributions Core Fund
  - Voluntary Contributions Specified Fund
  - Contingency Fund for Emergencies – This Fund was established by the Health Assembly through decision WHA68(10) (2015). The purpose of the Fund is to provide temporary financing for emergency field operations
  - Special Programme for Research and Training in Tropical Diseases (TDR Trust Fund)
  - Special Programme of Research, Development and Research Training in Human Reproduction (HRP Trust Fund)
  - Special Programmes and Collaborative Arrangements Fund
  - Special Account for Servicing Costs Fund
  - Outbreak and Crisis Response Fund and Contingency Fund for Emergencies
  - Fee for Services Fund – This fund was established to record, and report fees charged to manufacturers for pre-qualification services to assess the quality, safety and efficacy of medical produces (vaccines, medicines or diagnostics).

#### **Member States – other**

The following accounts are contained in Member States – other:

- **Common Fund.** This fund reflects the movement in the asset and liability accounts of the Organization resulting from changes in items such as inventory, fixed assets adjustment, construction-in-progress adjustment, depreciation, investment gain and losses and exchange gains and losses.
- **Enterprise Fund.** This fund contains accounts that generate self-sustaining revenue. The revenue and expenses under this fund are not included in the reporting of the programme budget. The Enterprise Fund contains the following:
  - **Accident and Illness Insurance Fund.** This fund was established as a self-insurance mechanism to provide coverage for staff members in case of accident and illness.
  - **Concessions Fund.** This fund was established to manage activities for concessionaries. It is financed from amounts paid by the concessionaires for space, equipment utilities and use of facilities made available by the Organization.
  - **Garage Rental Fund.** This fund was established mainly to record and report activities for the maintenance of a garage facility in Geneva. It is financed by way of a charge towards usage of the garage facility by applicable staff members.

- **Global Conference and Training Centre – Tunis Fund.** This fund was established in 2018 to manage the operations of the Global Conference and Training Centre in Tunis. The Fund receives revenue and incurs expenses for hosting meetings and conferences.
- **Insurance Policies Fund.** This fund was established to manage activities for commercial insurance policies. It is financed from benefits received from the applicable commercial insurance policies.
- **In-kind Contributions Fund.**<sup>1</sup> This fund was established to record and report in-kind contributions.
- **Revolving Sales Fund.**<sup>2</sup> This fund was established to record and report activities for publications.
- **Reimbursable Procurement Fund.**<sup>3</sup> This fund was established to record and report procurement activities undertaken on behalf of Member States or other United Nations organizations.
- **Shared Services Fund.** This fund was established in 2018 to record and report revenue and expenses for services facilities shared with other United Nations agencies which are managed by WHO.
- **Special Purpose Fund.** The accounts contained under this fund represent transfers from the General Fund or appropriations by the Health Assembly. The revenue and expenses under this fund are not included in the reporting of the programme budget. The Special Purpose Fund contains the following:
  - **Building Loan Fund.** This fund was established to record and report on a loan from the Swiss Government in support of expenses towards the construction of new building in Geneva. It is funded by the Swiss Government loan.
  - **Internal Service Cost Recovery Fund.** This fund was established to record, and report services provided between departments within the Organization.
  - **Infrastructure Fund.** This fund was established by the Seventieth World Health Assembly through decision WHA70(16) (2017) to consolidate reporting for Real Estate Fund and Information Technology Fund.
  - **Information Technology Fund.** This fund was established to meet current and future administrative requirements of the Organization. It may be financed by way of appropriation from the regular budget and from voluntary contributions including the Special Account for Servicing Costs.
  - **Real Estate Fund.** This fund was established by the Twenty-third World Health Assembly through resolution WHA23.14 (1970). It is funded mainly by appropriation from the regular budget. The Real Estate Fund is also credited with receipts from rentals relating to real estate operations (other than garage rentals and income from the operation of concessions at headquarters), by way of a charge on salary cost of staff members and interest earned.  
  
The fund was established to meet the costs of the construction of new buildings or extensions to existing buildings, the acquisition of land that may be required and major maintenance and repairs of real estate assets owned by the Organization. Specific Health Assembly authorization is required for acquisition of land and construction of buildings or building extensions.
  - **Maternity Fund.** This fund was established in 2018 as a new facility to support temporary backfilling of staff members on maternity leave. It is financed by way of a charge on salary cost of staff members.

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<sup>1</sup> Transactions under the In-kind Contributions Fund are from non-exchange transactions. Total revenue equals total expenses; hence there is no fund balance at year-end (refer to note 2.16).

<sup>2</sup> In accordance with Health Assembly resolution WHA22.8 (1969) and resolution WHA55.9 (2002), the Revolving Sales Fund is credited with proceeds from the sale of publications, international certificates of vaccination, films, videos, DVDs and other information material. The related costs of production and printing are charged to the Fund.

<sup>3</sup> Transactions under the Reimbursable Procurement Fund are from exchange transactions. Total revenue equals total expenses; hence there is no fund balance at year-end (refer to note 2.16).

- **Mobility Fund.** This fund was established to provide financing towards staff mobility entitlements such as assignment grant and reassignment grant. It is financed by way of a charge on salary cost of staff members.
- **Non-Payroll Staff Entitlements Fund.** This fund was established to provide financing towards staff entitlements such as home leave, education grant etc. It is financed by way of a charge on salary cost of staff members.
- **Post Occupancy Charge Fund.** This fund was established to finance corporate and administrative expenses of the Organization. It is financed by way of a charge on salary cost of staff members.
- **Polio Staff Fund.** This fund was established to manage staff liabilities due to the closure of the polio programme.
- **Staff Health Insurance Fund.** This fund was established to record and report after service health liability of the Organization. It is financed by way of a charge on salary cost of staff members.
- **Security Fund.** This fund was established to record and report security expenses. It may be financed by way of appropriation from the regular budget and from voluntary contributions including the Special Account for Servicing Costs.
- **Special Fund for Compensation.** This fund was established by the Director-General for the payment of periodic benefits awarded to staff members under WHO compensation rules for service-incurred accidents and illnesses. It may be financed by funds allocated to cover the cost of employing the staff member, benefits received from the commercial accident and illness insurance policies established for this purpose, and by way of any interest earned.
- **Stockpiles Replenishment Fund.** This fund was established to support emergency procurement needs, mainly for the Eastern Mediterranean Region.
- **Terminal Payments Fund.** This fund was established to finance the terminal emoluments of staff members, including repatriation grant, accrued annual leave, repatriation travel and removal on repatriation. It is financed by way of a charge on salary cost of staff members and any interest earned.

### **Fiduciary Fund**

This fund accounts for assets that are held by WHO in a trustee or agent capacity for others and that cannot be used to support the Organization's own programmes. The Fund includes the assets of the partnerships that are administered by the Organization and whose budgets are not approved by the Health Assembly. The Fund is not available for operations and did not contribute to the Programme budget 2018–2019, and at 31 December 2018 contained the following:

- Alliance for Health Policy and System Research Fund
- European Observatory on Health Systems and Policies
- Expanded Special Project for Elimination of Neglected Tropical Diseases (ESPEN) Fund
- Partnership for Maternal, Newborn and Child Health Fund
- Staff Association Fund
- WHO Framework Convention on Tobacco Control (FCTC)

### **2.19 Segment reporting**

As required under IPSAS, WHO reports on segments based on its regional structure. Revenue, expenses, assets and liabilities are reported for each major office (region). The use of major offices is in line with the decision-

making practices of the Member States and the Secretariat, with respect to the allocation of resources. WHO's programme budget is presented by major office, which supports using major offices as the segments. Furthermore, the accountability for results and management of assets and liabilities lies with the heads of each regional office.

## **2.20 Statement of Cash Flow**

The Statement of Cash Flow (Statement IV) is prepared using the indirect method.

## **2.21 Budget comparison**

WHO's budget and accounting basis differ. Budgets within the Organization are approved on a modified cash basis rather than the full accrual basis of IPSAS. In addition, budgets are prepared on a biennial basis.

Although WHO's financial statement covers all the activities of the Organization, budgets are approved only for the General Fund. There are no approved budgets for other funds. All funds are administered in accordance with the Financial Regulations and Financial Rules.

As required under IPSAS 24 (Presentation of Budget Information in Financial Statements), the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing, presentation and entity differences. There may also be differences in formats and classification schemes adopted for the presentation of financial statements and the budget.

Through the adoption of resolution WHA70.5 (2017), the Seventieth World Health Assembly approved the Programme budget for the biennium 2018–2019. The Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the basis used to prepare the budget and financial statements differ, Note 7 reconciles the actual amounts presented in Statement V to the actual amounts presented in the Statement of Cash Flow (Statement IV).

## **3. Note on the restatement/reclassification of balances**

To harmonize the presentation of financial statements across United Nations organizations, reimbursable procurement revenue has been reclassified and reported with other revenue. This reclassification affected the 2017 Statement of Financial Performance only, and resulted in a movement of US\$ 9 million.

## **4. Supporting information to the Statement of Financial Position**

### **4.1 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at banks, investments in money market funds, collateral deposits, bank deposits, and short-term highly liquid investments with original maturity dates of three months or less from the date of acquisition.

Cash and cash equivalents are held for the purpose of meeting the short-term cash requirements of the Organization, rather than for longer-term investment purposes. They are held on behalf of the Organization, including the General Fund, the Special Purpose Fund, the Enterprise Fund, the Fiduciary Fund and non-WHO entities administered by the Organization. The figures include cash and cash equivalents held in the portfolios managed by external investment managers. The table below shows cash and cash equivalents by major office.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Major office</b>		
Headquarters	122 396	148 085
Regional Office for Africa	22 480	14 965
Regional Office for the Eastern Mediterranean	24 423	8 943
Regional Office for Europe	2 237	1 563
Regional Office for South-East Asia	3 204	6 884
Regional Office for the Western Pacific	3 475	3 441
<b>Cash at banks, investment accounts, in transit and on hand</b>	<b>178 215</b>	<b>183 881</b>
Headquarters	64 792	356 771
<b>Cash and cash equivalents held by investment portfolios</b>	<b>64 792</b>	<b>356 771</b>
<b>Total cash and cash equivalents</b>	<b>243 007</b>	<b>540 652</b>

## 4.2 Investments and financial instruments

Details of the accounting policies for investments and financial instruments are described in Note 2.2.

WHO's principal investment objectives in descending order of priority are:

- the preservation of capital;
- the maintenance of sufficient liquidity to meet the payment of liabilities on time; and
- the optimization of investment returns.

The Organization's investment policy reflects the nature of its funds, which may be held either short-term pending implementation of programmes, or for a longer term to meet its long-term liabilities.

WHO's investments include funds managed for other entities (refer to Note 4.15).

An analysis of the Organization's investments is provided in the following table.

## Investments and financial instruments (in US\$ thousands)

Description	Internally managed funds			Externally managed funds					Foreign Exchange Hedging contracts	Grand total as of 31 December 2018	Grand total as of 31 December 2017
	Time Deposits and cash	Long term portfolio	Total	Short term portfolio A	Short term portfolio B	Short term portfolio C	Short term portfolio D	Total			
<b>Investments under current Assets</b>											
Cash and cash equivalent held by investment portfolio	50 175	198	50 373	1 445	518	12 161	295	14 419		64 792	356 771
<b>Short-term investments</b>											
Financial assets at fair value through surplus or deficit – held for trading				2 865	197		192	3 254	2 395	5 649	7 978
Financial assets at fair value through surplus or deficit – upon initial recognition				484 361	161 213	560 496	557 442	1 763 512		1 763 512	1 724 024
Bank deposits and other receivables	1 511 596	27	1 511 623	8 526	818	2 766	10 428	22 538		1 534 161	846 036
<b>Total short-term investments</b>	<b>1 511 596</b>	<b>27</b>	<b>1 511 623</b>	<b>495 752</b>	<b>162 228</b>	<b>563 262</b>	<b>568 062</b>	<b>1 789 304</b>	<b>2 395</b>	<b>3 303 322</b>	<b>2 578 038</b>
<b>Total investments under current assets</b>	<b>1 561 771</b>	<b>225</b>	<b>1 561 996</b>	<b>497 197</b>	<b>162 746</b>	<b>575 423</b>	<b>568 357</b>	<b>1 803 723</b>	<b>2 395</b>	<b>3 368 114</b>	<b>2 934 809</b>
<b>Investments under non-current assets</b>											
<b>Long-term Investments</b>											
Financial assets at fair value through surplus or deficit – upon initial recognition		120 525	120 525							120 525	118 745
<b>Total long-term investments under non-current assets</b>		<b>120 525</b>	<b>120 525</b>							<b>120 525</b>	<b>118 745</b>
<b>Financial Liabilities under current liabilities</b>											
Financial liabilities at fair value through surplus or deficit for trading				(925)			(69)	(994)	(13 280)	(14 274)	(6 463)
Payables and accruals				(79 106)			(8 031)	(87 137)		(87 137)	(66 394)
<b>Total financial liabilities</b>				<b>(80 031)</b>			<b>(8 100)</b>	<b>(88 131)</b>	<b>(13 280)</b>	<b>(101 411)</b>	<b>(72 857)</b>
<b>Total financial liabilities under current liabilities</b>				<b>(80 031)</b>			<b>(8 100)</b>	<b>(88 131)</b>	<b>(13 280)</b>	<b>(101 411)</b>	<b>(72 857)</b>
<b>Total investment – net</b>	<b>1 561 771</b>	<b>120 750</b>	<b>1 682 521</b>	<b>417 166</b>	<b>162 746</b>	<b>575 423</b>	<b>560 257</b>	<b>1 715 592</b>	<b>(10 885)</b>	<b>3 387 228</b>	<b>2 980 697</b>

### Short-term investments

Short-term investments relating to funds held pending the implementation of programmes are invested in cash and high-quality short-term government, agency, corporate bonds and time deposits as defined in the approved investment policy. Investments included within “financial assets at fair value through surplus or deficit” include fixed-income securities and derivative instruments held to cover projected liabilities and any unexpected cash requirements. Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as short-term investments where the investment time horizon objective of these portfolios is less than or equal to one year. For short-term tactical investment reasons, the external managers of these portfolios may from time to time decide to lengthen temporarily the average duration of these portfolios to slightly longer than one year. This will not change the short-term classification of these financial assets unless the investment time horizon objective of the portfolio and the duration of its benchmark have been changed to more than one year. At the end of 2018, there were no investments in the held-to-maturity portfolio. Other receivables include accrued revenue on investments and receivables from investments that were sold before 31 December 2018 and settled after that date.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Financial assets at fair value through surplus or deficit – held-for-trading	5 649	7 978
Financial assets at fair value through surplus or deficit – upon initial recognition	1 763 512	1 724 024
Bank deposits and other receivables	1 534 161	846 036
<b>Total short-term investments</b>	<b>3 303 322</b>	<b>2 578 038</b>

### Long-term investments

Long-term investments for the Terminal Payments Fund are placed in line with the approved investment policy and are invested in high-quality, medium-dated and long-dated, government, agency and corporate bonds. The financial assets at fair value through surplus or deficit upon initial recognition in the Terminal Payments Fund investment portfolio are classified as long-term investments in accordance with the investment time horizon objective of the portfolio and the duration of its benchmark, which are both greater than one year.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Financial assets at fair value through surplus or deficit – upon initial recognition	120 525	118 745
<b>Total long-term investments</b>	<b>120 525</b>	<b>118 745</b>

### Financial liabilities

Financial liabilities disclosed under “financial liabilities at fair value through surplus or deficit – held-for-trading” include derivative transactions such as foreign exchange forward contracts and interest rate swaps. Financial liabilities disclosed under “payables and accruals” relate to other financial liabilities from investments, including assets purchased before 31 December 2018 and settled after that date.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Financial liabilities at fair value through surplus or deficit – held-for-trading	14 274	6 463
Payables and accruals	87 137	66 394
<b>Total financial liabilities</b>	<b>101 411</b>	<b>72 857</b>



### The fair value hierarchy

The fair value hierarchy represents the categorization of market pricing to indicate the relative ease with which the value of investments held by WHO can be realized.

The majority of the financial instruments held by WHO have quoted prices in active markets which are classified as Level 1. Derivative instruments that are “over-the-counter” are classified as Level 2 because their fair value is observable – either directly as a price, or indirectly after being derived from prices. The instruments shown under the Level 2 fair value measurement category consist of foreign currency hedging forward contracts and derivative contracts in the externally managed portfolios.

Description	Level 1	Level 2	Total
	US\$ thousands		
<b>Cash and cash equivalents</b>	<b>5 489</b>		<b>5 489</b>
<b>Short-term investments</b>			
Financial assets at fair value through surplus or deficit – held-for-trading		3 630	3 630
Financial assets at fair value through surplus or deficit – upon initial recognition	1 763 512		1 763 512
<b>Total short-term investments</b>	<b>1 763 512</b>	<b>3 630</b>	<b>1 767 142</b>
<b>Long-term investments</b>			
Financial assets at fair value through surplus or deficit – upon initial recognition	120 525		120 525
<b>Financial liabilities</b>			
Financial liabilities at fair value through surplus or deficit – held-for-trading		(13 777)	(13 777)
<b>Total</b>	<b>1 889 526</b>	<b>(10 147)</b>	<b>1 879 379</b>

### Risk management

WHO is exposed to financial risks including credit risk, interest rate risk, foreign exchange risk and investment price risk. The Organization uses derivative financial instruments to hedge some of its risk exposures. In accordance with WHO’s Financial Regulations, funds not required for immediate use may be invested. All investments are carried out within the framework of the investment policy approved by the Director-General. Some portfolios are managed by external managers appointed by the Organization to manage funds in accordance with a defined mandate. The Advisory Investment Committee reviews regularly the investment policies, the investment performance and the investment risk for each investment portfolio. The Committee is composed of external investment specialists who can make investment recommendations to the Director-General.

### Nature of financial instruments

Investments are categorized as follows.

**Investments with short-term maturities.** These investments are invested in cash and high-quality short-dated government, agency, and corporate bonds as defined in the approved investment policy.

**Investments with long-term maturities.** These investments comprise funds managed for the Terminal Payments Fund as defined in the approved investment policy. They are invested in high-quality medium-dated and long-dated, government, agency, corporate bonds and an externally managed global bond index fund.

### Credit risk

WHO's investments are widely diversified in order to limit its credit risk exposure to any individual investment counterparty. Investments are placed with a wide range of counterparties using minimum credit quality limits and maximum exposure limits by counterparty established in investment mandates. These limits are applied both to the portfolios managed internally by the Organization's Treasury Unit, and to the portfolios managed by external investment managers. The Treasury Unit monitors the total exposure to counterparties across all internally and externally managed portfolios.

The credit risk and liquidity risk for cash and cash equivalents are minimized by investing only in major financial institutions that have received strong investment grade credit ratings from primary credit rating agencies. The Treasury Unit regularly reviews the credit ratings of the approved financial counterparties and takes prompt action whenever a credit rating is downgraded. The investments with long-term credit ratings are summarized as follows.

Minimum rating category	Total asset value US\$ thousands
AAA	260 991
AA+	488 743
AA	153 478
AA-	280 011
A+	159 268
A	89 714
A-	84 311
Not rated	311 520
<b>Total</b>	<b>1 828 036</b>

Where the investments and securities are not rated for credit worthiness by the major credit ratings agencies (for example, fixed income securities issued by sovereigns, collateralized mortgage obligations issued by sovereign backed agencies and investment funds), the Treasury Unit ensures that the deposits and securities and the constituent securities in the investment funds are issued by issuers whose credit ratings are equal to or better than the single A minimum credit rating requirement for WHO investments as set out in the investment guidelines for the external portfolio managers which are agreed with the Advisory Investment Committee, and the investment grade minimum credit rating requirement for investments for the Terminal Payments fund, which is also agreed with the Advisory Investment Committee.

### Interest rate risk

WHO is exposed to interest rate risk through its short-term and long-term fixed-income investments. The investment duration is a measure of sensitivity to changes in market interest rates, and the effective average duration of the Organization's investments as at 31 December 2018 was 0.7 years for short-term investments (excluding the bank deposits) and 6.7 years for long-term investments. An increase of 1 % in the interest rate would cause a decrease of 0.7% in the value of the short-term investments (excluding bank deposits) and a decrease of 6.7% in the value of the long-term investments. The interest rates on short-term bank deposits are fixed at the time of investment; their values are not affected by any subsequent movement in interest rates.

Fixed-income derivative instruments may be used by external investment managers to manage interest rate risk under strict investment guidelines. Interest rate instruments of this type are used for portfolio duration management and for strategic interest rate positioning.

The interest rate swaps held in the externally managed portfolios as at 31 December 2018 are summarized below.

Currency	(US\$ equivalent in thousands)	Pay/Receive	Maturity
United States dollar	122 000	Pay floating/Receive floating	Nov 2020
United States dollar	136 800	Pay floating/Receive floating	May 2021
United States dollar	4 600	Pay fixed/Receive floating	Dec 2023
<b>Total</b>	<b>263 400</b>		

### Foreign exchange currency risk

WHO receives contributions and makes payments in currencies other than the United States dollar. The Organization is thus exposed to foreign exchange currency risk arising from fluctuations in currency exchange rates. Exchange rate gains and losses on the purchase and sale of currencies, revaluation of cash book balances, and all other exchange differences are adjusted against the funds and accounts eligible to receive interest under the interest apportionment programme. The translation of transactions expressed in other currencies into the United States dollar is performed at the United Nations Operational Rates of Exchange prevailing at the date of transaction. Assets and liabilities that are denominated in foreign currencies are translated at the United Nations Operational Rates of Exchange year-end closing rate. Forward foreign exchange contracts are transacted to hedge foreign currency exposures and to manage short-term cash flows. Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance (Statement II).

With effect from 2014, 50% of assessed contributions are calculated in Swiss francs to reduce the currency risk of headquarters expenses in that currency.<sup>1</sup>

**Hedging foreign exchange exposures on future payroll costs:** The United States dollar value of non-dollar expenses in 2019 has been protected from the impact of movements in foreign exchange rates through the transaction of forward currency contracts during 2018. As at 31 December 2018 these forward foreign currency exchange hedging contracts by currency are summarized as follows.

Currency forward bought	(in thousands)	Net amount sold (US\$ thousands)	Net unrealized gain/(loss) (US\$ thousands)
Swiss franc	131 700	139 754	(3 554)
Euro	100 300	122 115	(5 376)
Egyptian pounds	189 400	9 646	306
Indian rupee	1 365 400	18 891	198
Malaysian ringgit	35 300	8 686	(148)
Philippine peso	830 300	15 337	214
<b>Total</b>		<b>314 429</b>	<b>(8 360)</b>

<sup>1</sup> See resolution WHA66.16 (2013).

There was a net unrealized loss on these contracts of US\$ 8.4 million as at 31 December 2018 (unrealized gain of US\$ 6 million as at 31 December 2017). Realized gains or losses on these contracts will be recorded on maturity of the contracts and applied during 2019.

**Hedging foreign exchange exposures on receivables and payables:** Currency exchange risk arises as a result of differences in the exchange rates at which foreign currency receivables or payables are recorded, and the exchange rates at which the cash receipt or payment is subsequently recorded. A monthly programme of currency hedging is in place to protect against this foreign currency risk. On a monthly basis, the exposures in respect of receivables and accounts payable are netted by currency and each significant net foreign currency exposure is bought or sold forward using a forward foreign exchange contract equal and opposite to the net currency exposure.

These exposures are re-balanced at each month-end to coincide with the setting of the monthly United Nations Operational Rates of Exchange. Through this process the exchange gains or losses realized on the forward foreign currency contracts match the corresponding unrealized exchange losses and gains on the movements in net receivables and accounts payable. As at 31 December 2018, the total forward foreign currency exchange hedging contracts by currency were as follows.

Currency forward sold	(in thousands)	Currency forward bought (US\$ thousands)	Net unrealized gain/(loss) (US\$ thousands)
Australian dollar	2 000	1 407	(2)
Canadian dollar	38 600	28 301	9
Swiss franc	2 700	2 739	(6)
Euro	130 400	149 014	(1 080)
Pound sterling	110 400	139 756	(1 057)
Swedish kroner	187 000	20 740	(402)
<b>Total</b>		<b>341 957</b>	<b>(2 538)</b>

There was a net unrealized loss on these contracts of US\$ 2.5 million as at 31 December 2018 (unrealized net loss of US\$ 2.1 million as at 31 December 2017). Realized gains or losses on these contracts will be recorded on the maturity of the contracts and applied during 2019.

**Forward foreign exchange contracts to manage operational cash flows:** Forward foreign exchange contracts are also used to manage short-term cash flows of foreign currency balances to minimize foreign currency transaction risk. At 31 December 2018, a total net amount of 22.6 million Swiss francs and 210 million Danish kroner were forward sold against the United States dollar, and 1 million euros was forward bought against the United States dollar. The maturity dates of these forward foreign exchange contracts were in January 2019. Net unrealized gains on these contracts amounted to US\$ 11 000 as at 31 December 2018 (unrealized net losses of US\$ 0.6 million as at 31 December 2017).

**Sensitivity of forward foreign exchange contracts to movements in the relative value of the United States dollar:** A 1% appreciation in the relative value of the United States dollar against the forward foreign exchange hedging contracts mentioned above would result in an increase in the net unrealized gain of US\$ 0.9 million. A 1% depreciation in the relative value of the United States dollar would result in an increase in the net unrealized loss of US\$ 0.9 million.

**Forward and spot foreign exchange contracts and other derivative financial instruments are held within the externally managed investment portfolios:** In accordance with the investment guidelines set up for each externally managed portfolio, the external investment managers use forward and spot foreign exchange contracts, futures contracts and interest rate swap contracts to manage the currency and interest rate risk of groups of securities within each portfolio. The net values of these instruments as at 31 December 2018, as evaluated by the Organization's investment custodian, are recorded by portfolio under "financial assets/liabilities at fair value through surplus or deficit – held-for-trading". The outstanding forward and spot foreign exchange contracts are summarized hereafter.

Net sold amount	(in thousands)	US dollar equivalent (in thousands)
Canadian dollar	1 044	789
Euro	34 695	39 697
Pound sterling	43 993	56 102
<b>Total</b>		<b>96 588</b>
<b>Net bought amount</b>		
Japanese yen	1 400	167

A 1% appreciation in the relative value of the United States dollar against the above-mentioned forward foreign exchange hedging contracts would result in an increase in the unrealized gain of US\$ 1.0 million. A 1% depreciation in the relative value of the United States dollar would result in an increase in the unrealized loss of US\$ 1.0 million.

The net outstanding interest rate and bond futures contracts are summarized below.

#### Long positions

Products	Exchange <sup>a</sup>	No. of contracts
30 day interest rate APR 2019	CBOT	10
Canadian Bankers' acceptance 3m DEC 2019	Montreal Exchange	140
Canadian Bankers' acceptance 3m MAR 2020	Montreal Exchange	46
Canadian Bankers' acceptance 3m JUN 2020	Montreal Exchange	150
Eurodollar MAR 2019	CME	544
Eurodollar JUN 2019	CME	48
Eurodollar SEP 2019	CME	500
Eurodollar DEC 2019	CME	110
Eurodollar MAR 2020	CME	41
3 month GBP MAR 2019	ICE	646
US 2 year T-Note MAR 2019	CBOT	620
US 5 year T-Note MAR 2019	CBOT	6

<sup>a</sup> CBOT refers to Chicago Board of Trade. CBOT is part of the Chicago Mercantile Exchange Group (CME). ICE refers to Inter continental Exchange.

### Short positions

Products	Exchange <sup>a</sup>	No. of contracts
30 day interest rate MAY 2019	CBOT	20
Eurodollar MAR 2019	CME	23
Eurodollar SEP 2019	CME	20
Eurodollar MAR 2020	CME	229
Eurodollar JUN 2020	CME	20
Eurodollar SEP 2020	CME	10
Eurodollar DEC 2020	CME	120
Eurodollar MAR 2021	CME	10
3 month GBP MAR 2020	ICE	1 659
US 5 year T-Note SEP 2019	CBOT	2 160

<sup>a</sup> CBOT refers to Chicago Board of Trade. CBOT is part of the Chicago Mercantile Exchange Group (CME). ICE refers to Inter continental Exchange.

### 4.3 Receivables

As at 31 December 2018, total receivables (current and non-current) amounted to US\$ 1313 million (US\$ 1451 million as at 31 December 2017). The receivables balance includes outstanding amounts for both assessed and voluntary contributions. Receivables are split between current and non-current based on the payment terms of when the amounts become due.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Accounts receivable – current</b>		
Assessed contributions receivable <sup>a</sup>	141 987	187 015
Voluntary contributions receivable <sup>b</sup>	993 311	1 054 697
Other receivables	18 140	10 530
Allowance for doubtful accounts receivable	(46 259)	(37 832)
<b>Total accounts receivable – current</b>	<b>1 107 179</b>	<b>1 214 410</b>
<b>Accounts receivable – non-current</b>		
Outstanding rescheduled assessments receivable <sup>a</sup>	11 220	14 923
Voluntary contributions receivable <sup>b</sup>	206 258	236 603
Allowance for doubtful accounts receivable	(11 220)	(14 923)
<b>Total accounts receivable – non-current</b>	<b>206 258</b>	<b>236 603</b>
<b>Total accounts receivable</b>	<b>1 313 437</b>	<b>1 451 013</b>

<sup>a</sup> See document A72/37 for details of the status of collection of assessed contributions.

<sup>b</sup> See document A72/INF/5 for details of voluntary contributions receivable.

As at 31 December 2018, the total allowance for doubtful accounts was US\$ 57.5 million (US\$ 52.8 million at 31 December 2017). This figure comprises an allowance of US\$ 47.6 million for assessed contributions and an allowance of US\$ 9.9 million for voluntary contributions.

The allowance for assessed contributions receivable includes amounts receivable from prior years, all rescheduled amounts receivable and any current amounts receivable from Member States in arrears less any subsequent payments received before the preparation of the financial statements. The allowance for voluntary contributions receivable is based on a detailed review of all amounts receivable more than one year overdue and a review of amounts less than one year overdue where there is evidence that the amount is unlikely to be received.

With certain contributors, WHO signs agreements that may span many years of implementation. These agreements do not state the payment terms for the transfer of instalments; instead, they are reimbursed based on quarterly expenses incurred. WHO records the full amount of revenue in the financial year in which the agreement is signed and recognizes the full receivable as currently due. As at 31 December 2018, the total receivable shown as currently due under this arrangement was US\$ 391.1 million outstanding, of which US\$ 172 million outstanding was due on agreements ending in 2020 and beyond. (US\$ 432.3 million outstanding as currently due at 31 December 2017, of which US\$ 187.5 million outstanding was due on agreements ending in 2019 and beyond).

The movement in the allowance for doubtful debts is as follows:

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Opening balance – assessed contributions</b>	49 477	45 990
(Decrease)/increase in allowance for doubtful accounts receivable (refer to note 5.1)	(1 879)	3 487
<b>Ending balance – assessed contributions</b>	<b>47 598</b>	<b>49 477</b>
<b>Opening balance – voluntary contributions</b>	3 278	3 006
(Decrease)/increase in allowance for doubtful accounts receivable (refer to note 5.1)	6 603	272
<b>Ending balance – voluntary contributions</b>	<b>9 881</b>	<b>3 278</b>
<b>Total allowance for doubtful accounts receivable</b>	<b>57 479</b>	<b>52 755</b>
<b>Allowance for doubtful accounts receivable</b>		
Allowance – current	46 259	37 832
Allowance – non-current	11 220	14 923
<b>Total allowance for doubtful accounts receivable</b>	<b>57 479</b>	<b>52 755</b>

Of the total increase in the voluntary contributions provision for doubtful accounts receivable of US\$ 6.6 million, US\$ 6.5 million relates to an agreement with the Government of Guinea on “technical assistance to the Ebola emergency response in Guinea”. Of the total agreement amount of US\$ 21 million, a balance of US\$ 6.5 million remains outstanding.

#### 4.4 Staff receivables

In accordance with WHO’s Staff Regulations and Staff Rules, staff members are entitled to certain advances including those for salary, education, rent and travel.

The total balance of staff receivables amounted to US\$ 13.1 million as at 31 December 2018 (US\$ 10.1 million as at December 2017). The largest balance relates to education grant which represents advances made to staff for the 2019 portion of the 2018–2019 school year.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Education grant advances	10 682	7 680
Rental advances	1 134	1 178
Travel receivables	887	527
Salary advances	401	752
Other staff receivables	(48)	(33)
<b>Total staff receivables</b>	<b>13 056</b>	<b>10 104</b>

#### 4.5 Inventories

The total value of inventory as at 31 December 2018 was US\$ 37.5 million (US\$ 43.6 million as at 31 December 2017). The movement of inventory items during the year is shown in the table below:

Description	31 December 2017	Net additions	Net shipments	Net disposals and expired items	Net inventory in-transit	31 December 2018
	US\$ thousands					
Medicines, vaccines and humanitarian supplies	38 020	48 163	49 864	5 183	1 345	32 481
Publications	5 621	2 477	1 951	1 155		4 992
<b>Total inventory</b>	<b>43 641</b>	<b>50 640</b>	<b>51 815</b>	<b>6 338</b>	<b>1 345</b>	<b>37 473</b>

Total expenses relating to inventories during the period (net shipments, net disposals and expired items) amounted to US\$ 58.2 million (US\$ 49.6 million as at 31 December 2017). The expenses relating to inventories are reported in the Statement of Financial Performance (Statement II) under "Medical Supplies and materials". The year-end inventory balance includes shipping cost of 12%.

#### 4.6 Prepayments and deposits

The total value of prepayments as at 31 December 2018 was US\$ 30.7 million (US\$ 20.3 million as at 31 December 2017). These represent payments to suppliers in advance of the receipt of goods or services. It is common practice for technical service contractors to request payments in advance to support project work. When goods or services are delivered, prepayments are applied to the appropriate expense account.

Prepayments include US\$ 3.9 million of deposits (US\$ 4.1 million as at 31 December 2017). Deposits represent amounts given to landlords as a security to rent office space.

#### 4.7 Property, plant and equipment

As at 31 December 2018, the total value of recognized property, plant and equipment (net of accumulated depreciation) was US\$ 124.7 million (US\$ 103.5 million as at 31 December 2017). The increase includes US\$ 27 million in new additions, ongoing construction projects and US\$ 7.8 million recognized as other property, plant and equipment.

In locations where WHO does not own the land, surface rights were granted at no cost. No value has been recognized as the Organization does not have the ability to dispose of these rights in a commercial transaction.



Major office	31 December 2017	Additions	Disposals Transfers	Impairments	Depreciation	31 December 2018
US\$ thousands						
<b>Headquarters</b>						
Land	1 000					1 000
Buildings	34 380		(225)		(1 082)	33 073
CIP	23 044	26 837				49 881
<b>Total property – Headquarters</b>	<b>58 424</b>	<b>26 837</b>	<b>(225)</b>		<b>(1 082)</b>	<b>83 954</b>
<b>Regional Office for Africa</b>						
Land	103					103
Buildings	4 266	132	(18)		(282)	4 098
CIP	689					689
<b>Total property – Regional Office for Africa</b>	<b>5 058</b>	<b>132</b>	<b>(18)</b>		<b>(282)</b>	<b>4 890</b>
<b>Regional Office for South East Asia</b>						
Buildings	115		(103)		(12)	
<b>Total property – Regional Office for South East Asia</b>	<b>115</b>		<b>(103)</b>		<b>(12)</b>	
<b>Regional Office for the Eastern Mediterranean</b>						
Buildings	19 097				(403)	18 694
<b>Total property – Regional Office for the Eastern Mediterranean</b>	<b>19 097</b>				<b>(403)</b>	<b>18 694</b>
<b>Regional Office for the Western Pacific</b>						
Buildings	686				(81)	605
<b>Total property – Regional Office for the Western Pacific</b>	<b>686</b>				<b>(81)</b>	<b>605</b>
<b>Total WHO</b>						
Land	1 103					1 103
Buildings	58 544	132	(346)		(1 860)	56 470
CIP	23 733	26 837				50 570
<b>Total property – WHO</b>	<b>83 380</b>	<b>26 969</b>	<b>(346)</b>		<b>(1 860)</b>	<b>108 143</b>

In 2018, new equipment to the amount of US\$ 7.8 million (US\$ 13.3 million as at 31 December 2017) was recognized in the assets register. The details of the property, plant, and equipment are as follows:

Asset category	31 December 2017	Additions	Depreciation	Disposals Transfers	31 December 2018
US\$ thousands					
Vehicles and transport equipment	15 917	4 320	(6 843)	(546)	12 848
Computer and communications equipment	2 972	2 485	(2 699)	(17)	2 741
Machinery and specialized equipment	1 185	918	(1 175)	(25)	903
Furniture	91	22	(47)		66
<b>Total Equipment – WHO</b>	<b>20 165</b>	<b>7 745</b>	<b>(10 764)</b>	<b>(588)</b>	<b>16 558</b>

The total depreciation for 2018 was US\$ 12.6 million (Total property – US\$1.8 million and Total Equipment US\$10.8 million) – (refer to note 5.1).

The Organization also continues to use the fully depreciated assets, the total purchase cost was US\$ 70.7 million. The details are as follows.

Asset category	Fully depreciated equipment in service as at 31 December 2018
	units
Vehicles and transport equipment	1 341
Computer and communications equipment	1 829
Machinery and specialized equipment	446
Furniture	42
<b>Total Equipment – WHO</b>	<b>3 658</b>

#### 4.8 Intangibles

Intangible assets held as at 31 December 2018 amounted to US\$ 3.2 million (US\$ 3.8 million as at 31 December 2017).

Asset category	31 December 2017	Additions	Disposals/ Transfers	Impairments	Amortization	31 December 2018
	US\$ thousands					
Software acquired	3 807	361	(70)		(909)	3 189
<b>Total intangible assets</b>	<b>3 807</b>	<b>361</b>	<b>(70)</b>		<b>(909)</b>	<b>3 189</b>

#### 4.9 Contributions received in advance

The amount for contributions received in advance mainly concerns payments received from Member States in 2018 for their 2019 assessed contributions. The balance for advance payments for voluntary contributions reflects funds received for agreements starting in 2019. Unapplied and unidentified receipts are amounts received in 2018 but not yet matched as at 31 December 2018.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Assessed contribution advances	47 485	51 793
Advances for voluntary contributions	37 115	52 090
Unapplied and unidentified receipts	1 844	2 566
Other advances	210	871
<b>Total contributions received in advance</b>	<b>86 654</b>	<b>107 320</b>

#### 4.10 Accounts payable

Accounts payable represents the total amount due to suppliers by major office as at 31 December 2018.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Headquarters	13 894	19 671
Regional Office for Africa	10 303	8 161
Regional Office for the Eastern Mediterranean	14 232	21 916
Regional Office for Europe	2 432	5 077
Regional Office for South-East Asia	2 005	7 888
Regional Office for the Western Pacific	1 624	2 949
<b>Total accounts payable</b>	<b>44 490</b>	<b>65 662</b>

#### 4.11 Staff payable

The balance of staff payable represents the total amount outstanding to staff as at 31 December 2018. Salaries payable consist of balances due to staff pending the finalization of clearance certificates. Bank returns are balances due to staff for which the payment is pending the receipt of updated bank account information.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Salaries payable	1 247	2 001
Bank returns	86	338
<b>Total staff payable</b>	<b>1 333</b>	<b>2 339</b>

#### 4.12 Accrued staff benefits

Accrued staff benefits include terminal payments, staff health insurance, group accident and illness insurance and liabilities due to service-incurred death or disability (Special Fund for Compensation).

##### Terminal Payments

The Terminal Payments Fund was established to finance the terminal emoluments of staff members, including repatriation grants, accrued annual leave, repatriation travel and removal on repatriation. It is funded by a charge made to salary.

Liabilities arising from repatriation benefits and annual leave are determined by independent consulting actuaries. However, the accrued leave is calculated on a walk-away basis – that is, as if all staff separated immediately – and, therefore, is not discounted.

The latest actuarial study (as at 31 December 2018) estimated the full terminal payment liability to be US\$ 106.6 million (short-term liability, US\$ 48.1 million; long-term liability, US\$ 58.5 million) compared to US\$ 106.9 million as at 31 December 2017, a net decrease of US\$ 0.3 million, which is recognized by nature of expense, in the Statement of Financial Performance (Statement II). This calculation does not include costs for the end-of-service grant, separation by mutual agreement or abolishment of posts. The defined benefit obligation amounted to US\$ 67.3 million (US\$ 68 million as at 31 December 2017) for terminal entitlements, and US\$ 39.3 million (US\$ 36.9 million as at 31 December 2017) for annual leave which is included in the terminal payments current balance.

##### Special Fund for Compensation

In the event of a death or disablement attributable to the performance of official duties of an eligible staff member, the Special Fund for Compensation covers all reasonable medical, hospital, and other directly related costs, as well as funeral expenses. In addition, the Fund provides compensation to disabled staff members (for the duration of the disability) or to the surviving family members.

WHO accounts for the Special Fund for Compensation as a post-employment benefit. Actuarial gains and losses are recognized in the net assets/equity (Statement III), in accordance with IPSAS 39 (Employee Benefits).

As per the actuarial study, the total liability was US\$ 18.1 million at 31 December 2018 (US\$ 17.6 million as at 31 December 2017). In accordance with IPSAS 39, the actuarial gain of US\$ 1.1 million (loss of US\$ 3.3 million in 2017) was charged directly to net assets/equity (Statement III) in 2018, US\$ 1.6 million (US\$ 0.2 million in 2017) was charged by nature of expense in the Statement of Financial Performance (Statement II).

### Accident and Illness Insurance

The Accident and Illness Insurance Fund was established to cover benefit payments in the event of death, permanent disability, loss of function and sick leave (SLIC) to staff members of WHO, PAHO, IARC, ICC, Unitaids and UNAIDS. It is funded by contributions from staff and their organizations.

Liabilities for these benefits are determined by professional consulting actuaries and recorded as other long-term benefits. Actuarial gains and losses are recognized by nature of expense, in the Statement of Financial Performance (Statement II).

As per the actuarial study, the total liability was US\$ 5 million at 31 December 2018 (US\$ 3.2 million at 31 December 2017).

### Staff Health Insurance

The Secretariat manages its own health insurance scheme as a separate entity. The Staff Health Insurance has its own governance structure and provides for the reimbursement of a major portion of expenses for medically recognized health care incurred by staff members, retired staff members and their eligible family members. The Staff Health Insurance is financed by the contributions made by the participants (one third) and the Organization (two thirds) and from investment income.

The Organization accounts for after-service staff health insurance as a post-employment benefit. Actuarial gains and losses are recognized in the net assets/equity in accordance with IPSAS 39 (Employee Benefits).

Professional actuaries determined the 2018 defined benefit obligation for the Staff Health Insurance based on personnel data and payment experience provided by WHO. As at 31 December 2018, the unfunded defined benefit obligation amounted to US\$ 1130 million (US\$ 1500 million in 2017). In accordance with IPSAS 39, the actuarial gain of US\$ 363 million (US\$ 272 million loss in 2017) was charged directly to net assets/equity (Statement III) in 2018, US\$ 7.9 million (US\$ 43 million charge in 2017) was credited to staff cost – refer to Note 5.2.

Further details on Staff Health Insurance liability can be found in the annual report of the Staff Health Insurance scheme.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Accrued staff benefits – current		
Terminal payments	48 136	47 534
Special Fund for Compensation	660	612
Accident and Illness Insurance	3 590	1 912
<b>Total accrued staff benefits – current</b>	<b>52 386</b>	<b>50 058</b>
Accrued staff benefits – non-current		
Terminal payments	58 524	59 378
Special Fund for Compensation	17 463	17 004
Accident and Illness Insurance	1 409	1 262
Staff health insurance	1 129 755	1 500 478
<b>Total accrued staff benefits – non-current</b>	<b>1 207 151</b>	<b>1 578 122</b>
Accrued staff benefits		
Terminal payments	106 660	106 912
Special Fund for Compensation	18 123	17 616
Accident and Illness Insurance	4 999	3 174
Staff health insurance	1 129 755	1 500 478
<b>Total accrued staff benefits</b>	<b>1 259 537</b>	<b>1 628 180</b>

**Actuarial summary of terminal payments, the Staff Health Insurance and the Special Fund for Compensation (US\$ thousands)**

Description	Terminal Payments (other than accrued leave)	Special Fund for Compensation	Accident and Illness Insurance	Staff Health Insurance
<b>Reconciliation of Defined Benefit Obligation</b>				
Defined Benefit Obligation as at 31 December 2017	68 013	17 616	3 174	2 278 639
Service Cost	7 363	758	5 133	91 910
Interest on Defined Benefit Obligation	2 228	537	16	53 979
Actual Gross Benefit Payments	(8 525)	(640)	(1 358)	(40 367)
Actual Administrative Expenses			(1 071)	(2 555)
Actual Contributions by Participants				12 232
Plan Amendments		959		(56 936)
(Gain)/Loss on DBO Due to Financial Assumption Changes	(3 041)	(1 470)	(11)	(186 719)
(Gain)/Loss on DBO Due to Other Assumption Changes	1 241	363	(884)	(228 391)
<b>Defined Benefit Obligation as at 31 December 2018</b>	<b>67 279</b>	<b>18 123</b>	<b>4 999</b>	<b>1 921 792</b>
<b>Reconciliation of Assets</b>				
Assets as at 31 December 2017				778 161
Actual Gross Benefit Payments for 2018	(8 525)	(640)	(1 358)	(65 966)
Actual Administrative Expenses			(1 071)	(4 496)
Organization Contributions during 2018	8 525	640	2 429	77 651
Participant Contributions during 2018				38 912
Net Transfer to/from WHO-PAHO/PAHO for 2018				
Interest On Incurred-but-Not-Paid Reserve for 2018				(502)
Gain/(Loss) on Incurred-But-Not-Paid Reserve				(72)
Interest on SHI Assets for 2018				20 528
Gain/(Loss) on Plan Assets				(52 179)
<b>Assets as at 31 December 2018</b>				<b>792 037</b>
<b>Reconciliation of Unfunded Status</b>				
<b>Defined Benefit Obligation</b>				
Active	67 279	4 200		1 007 052
Inactive		13 923	4 999	914 740
<b>Total Defined Benefit Obligation</b>	<b>67 279</b>	<b>18 123</b>	<b>4 999</b>	<b>1 921 792</b>
<b>Plan Assets</b>				
Gross Plan Assets				815 523
Offset for Incurred-but-Not-Paid Reserve for 2018				(23 486)
<b>Total Plan Assets</b>				<b>792 037</b>
<b>Net Liability (Asset) Recognized in Statement of Financial Position</b>	<b>67 279</b>	<b>18 123</b>	<b>4 999</b>	<b>1 129 755</b>
<b>(Gain)/Loss on Defined Benefit Obligation</b>	<b>(1 800)</b>	<b>(1 107)</b>	<b>(895)</b>	<b>(415 110)</b>
Current	8 755	660	3 590	
Noncurrent	58 524	17 463	1 409	1 129 755
<b>Net Liability (Asset) Recognized in Statement of Financial Position</b>	<b>67 279</b>	<b>18 123</b>	<b>4 999</b>	<b>1 129 755</b>
<b>Annual Expense for 2018</b>				
Service Cost	7 363	758	5 133	91 910
Interest on (Surplus)/Deficit	2 228	537	16	33 952
Past Service (Credit)/Cost		959		(56 936)
Remeasurements	(1 800)	Not Applicable	(895)	Not Applicable
<b>Total Expense Recognized in Statement of Financial Performance</b>	<b>7 791</b>	<b>2 254</b>	<b>4 254</b>	<b>68 926</b>
<b>Actuarial (Gain)/Loss Recognized in Net Assets/Equity</b>	<b>Not Applicable</b>	<b>(1 107)</b>	<b>Not Applicable</b>	<b>(362 859)</b>
<b>Expected Contributions during 2019</b>				
Contributions by WHO	8 934	672	6 303	55 949
Contributions by Participants				27 975
<b>Total Expected Contributions for 2019</b>	<b>8 934</b>	<b>672</b>	<b>6 303</b>	<b>83 924</b>

### Staff health insurance sensitivity analysis

2018 Discount Rate	US\$ (thousands)
Current Discount Rate Assumption Minus 1%	2 419 998
Current Discount Rate Assumption	1 921 792
Current Discount Rate Assumption Plus 1%	1 556 443
31 December 2018 Defined Benefit Obligation	US\$ (thousands)
Current Medical Inflation Assumption Minus 1%	1 571 390
Current Medical Inflation Assumption	1 921 792
Current Medical Inflation Assumption Plus 1%	2 390 052
Approximate Duration of Defined Benefit Obligation	25 years

### Actuarial methods and assumptions

Each year the Organization identifies and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the Organization's employee benefits. Actuarial assumptions are required to be disclosed in the financial statements, in accordance with IPSAS 39 (Employee Benefits). In addition, each actuarial assumption is required to be disclosed in absolute terms.

The actuaries used the roll-forward method to estimate the liabilities in 2018. Normally, a full revaluation is done every three years.

Measurement date	
All plans:	31 December 2018
Discount rate	
Terminal payments (other than accrued leave):	The weighted-average discount rate used is 4.1% (increase from 3.5% in the prior valuation). Based on the projected benefit payments with weights of 100% on the Aon AA Above Median Curve outside of Switzerland. The resulting discount rate is rounded to the nearest 0.1%.
Staff health insurance:	<p>Europe, 1.3% (increase from 1.1% in prior valuation); the Americas, 4.5% (increase from 3.8% in prior valuation); Other Countries, 4.7% (increase from 4% in prior valuation).</p> <p>Discount rates are based on the yields of high-grade corporate bonds. WHO uses a yield curve approach, which reflects the expected cash flows and assumed currency exposure — specific to the ASHI — for each grouping of offices. The liability is assumed to be incurred in Swiss francs, euros, and U.S. dollars, based on the approximate liability mix for each grouping of offices and the following yield curves. These curves were prescribed by the United Nations for use in its retiree medical valuations, based on consultations with Aon: Switzerland — SIX Swiss Exchange curve, Euro Zone — iBoxx Euro Zone curve, and the United States — Aon Hewitt AA Above Median curve.</p> <p>The discount rates for the 31 December 2018 valuation are based on the geographic locations of the offices, as described in the "Regional groupings for all purposes except claims costs" below. The resulting rate is rounded to the nearest 0.1%.</p>

Special Fund for Compensation:	The weighted-average discount rate used is 3.6% (increase from 3.1% in the prior valuation). Based on the combined projected benefit payments with weights of 75% on the Aon AA Above Median Curve outside of Switzerland and 25% on the SIX Swiss Exchange yield curve for Switzerland. The resulting discount rate is rounded to the nearest 0.1%.
Accident and Illness Insurance:	The weighted-average discount rate used is 0.9% (increase from 0.7% in the prior valuation). Based on the combined projected benefit payments with weights of 30% on the Aon AA Above Median Curve outside of Switzerland and 70% on the SIX Swiss Exchange yield curve for Switzerland. The resulting discount rate is rounded to the nearest 0.1%.

#### Annual general inflation

Terminal payments (other than accrued leave):	The weighted-average inflation rate used is 2.2%. The regional weightings used are 100% on non-Swiss rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.
Staff health insurance:	Europe 1.4%, the Americas and Other Countries 2.2%. The rates are based on the United Nations common assumptions (for long-duration plans) as directed by the United Nations System Task Force on Accounting Standards. Specifically, the rate for Europe is a weighted average of the rates for Switzerland (1.2%) and the rest of Europe (1.8%), with the result rounded to the nearest 0.1%.  For Europe claims region, a weighting of 67% Switzerland and 33% Euro zone is used, with results rounded to the nearest 0.1%. For the Americas and other Countries claims regions, a 100% weighting of the United States inflation rate is used.
Special Fund for Compensation:	The weighted-average inflation rate used is 2%. The regional weightings used are 75% on non-Swiss rate and 25% on Swiss rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.
Accident and Illness Insurance:	The weighted-average inflation rate used is 1.4%. The regional weightings used are 30% on non-Swiss rate and 70% on Swiss rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.

#### Annual salary scale

All plans:	Includes merit/promotional increases, plus 3.5% static increases for general inflation, plus productivity growth.
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#### Regional groupings for all purposes except claims costs

Terminal payments (other than accrued leave):	Not applicable
Staff health insurance:	Based on: the Regional Office for Europe, headquarters, which are grouped as Europe; the Regional Office for the Americas constitutes the Americas; and the African Region, the Eastern Mediterranean Region, the South-East Asia Region, and the Western Pacific Region, which are grouped as Other Countries.
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

#### Repatriation travel and removal on repatriation

Terminal payments (other than accrued leave):	Calculated using the projected unit credit method with service prorated, and an attribution period from the "entry on duty date" to separation. A 2% increase is applied for incurred but not paid benefits (IBNP).
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

**Repatriation grant, termination indemnity, and grant in case of death**

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Terminal payments (other than accrued leave):	Using the projected unit credit method with accrual rate proration. A 2% increase is applied for incurred but not paid benefits (IBNP).
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

**Accrued leave**

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Terminal payments (other than accrued leave):	The liability is set equal to the walk-away liability – that is, as if all staff separated immediately. Plus 2% increase is applied for incurred but not paid benefits (IBNP).
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

**Abolition of post, end-of-service grant, and separation by mutual agreement**

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Terminal payments (other than accrued leave):	These benefits are considered termination benefits under IPSAS 39 and, therefore, are excluded from the valuation.
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

**United Nations Joint Staff Pension Fund**

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

The Agency's financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as of 31 December 2015. As such, as an exception to the normal biannual cycle, a roll forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for their 2016 financial statements.

The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2% (150.1% in the 2016 roll forward). The funded ratio was 102.7% (101.4% in the 2016 roll forward) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2017, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition,



the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the UNJSPF pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the UNJSPF during the preceding three years (2015, 2016 and 2017) amounted to US\$ 6931.39 million, of which 7.06% was contributed by the Agency.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

During 2018, WHO paid US\$ 177 million (US\$ 170.8 million in 2017) as a contribution to the UNJSPF. Expected contributions due in 2019 are US\$ 180 million.

The United Nations Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Fund Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF website at [www.unjspf.org](http://www.unjspf.org).

#### 4.13 Deferred revenue

Deferred revenue on voluntary contributions represents multi-year agreements signed in 2018 or prior years but for which the revenue recognition has been deferred to future financial periods. The balance on voluntary contributions is split into current and non-current deferred revenue, depending on when the funds are available to the Organization to spend. Further details of voluntary contributions by fund and by contributor are available on the WHO Programme Budget Web Portal and the WHO Internet.<sup>1</sup>

Deferred revenue on reimbursable procurement relates to revenue recognized where supplies or services have not been delivered to requesting parties at year end. As reimbursable procurement is an exchange transaction, revenue is recorded on an accrual basis. The entire amount of deferred revenue for reimbursable procurement is current.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Voluntary contributions	372 552	415 518
Reimbursable procurement	4 038	15 802
<b>Total deferred revenue – current</b>	<b>376 590</b>	<b>431 320</b>
Voluntary contributions	206 258	236 603
<b>Total deferred revenue – non-current</b>	<b>206 258</b>	<b>236 603</b>
<b>Total deferred revenue</b>	<b>582 848</b>	<b>667 923</b>

<sup>1</sup> WHO Programme Budget Web Portal – <http://extranet.who.int/programmebudget/> and details of voluntary contributions by fund and by contributor, 2018 (document A72/INF./5) available at – <http://www.who.int/about/finances-accountability/reports/en/> (accessed 31 March 2019).

#### 4.14 Other current liabilities

The total balance for other current liabilities as at 31 December 2018 was US\$ 75.2 million (US\$ 101.1 million as at 31 December 2017). The largest component is various year-end accruals totalling to US\$ 55.9 million.

Description	31 December 2018	31 December 2017
US\$ thousands		
Accrual for uninvoiced goods and services	35 152	59 506
Accrual for restructuring cost	248	1 642
Accrued staff liability	14 971	14 424
Accrual for refunds payable	5 572	5 489
Pension payable	807	748
Insurance payable	2 837	3 630
Foundations	3 274	3 565
Other liabilities	12 365	12 138
<b>Total other current liabilities</b>	<b>75 226</b>	<b>101 142</b>

The balance for foundations concerns funds that WHO holds in trust and for whose financial and administrative management the Organization is responsible. As at 31 December 2018, the foundations with funds in trust were as follows.

- Down Syndrome Research Prize Foundation in the Eastern Mediterranean Region
- Dr A.T. Shousha Foundation
- Dr Comlan A.A. Quenum Prize for Public Health
- Ihsan Doğramacı Family Health Foundation
- Jacques Parisot Foundation
- Léon Bernard Foundation
- Francesco Pocchiari Fellowship
- Foundation for the State of Kuwait Prize for the Control of Cancer, Cardiovascular Diseases and Diabetes in the Eastern Mediterranean Region
- State of Kuwait Health Promotion Foundation
- United Arab Emirates Health Foundation
- Dr Lee Jong-Wook Memorial Prize for Public Health

#### 4.15 Inter-entity liabilities

WHO hosts a number of entities through administrative service agreements. As cash for all entities is managed by the Organization, liabilities exist with these entities for funds held on their behalf. The total amounts due per entity are as follows (refer to Note 4.2).

Description	31 December 2018	31 December 2017
US\$ thousands		
Staff Health Insurance (SHI)	68 069	16 391
International Computing Centre (ICC)	27 559	33 268
International Drug Purchase Facility (UNITAID)	665 622	753 210
Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS)	162 695	145 422
<b>Total inter-entity liabilities</b>	<b>923 945</b>	<b>948 291</b>

#### 4.16 Long-term borrowings

Resolution WHA55.8 (2002) and resolution WHA56.13 (2003), authorized construction of a new building at headquarters for WHO and UNAIDS at an estimated cost of 66 million Swiss francs, of which WHO's share was estimated at 33 million Swiss francs. The Swiss Confederation agreed to provide an interest-free loan to WHO and UNAIDS of 59.8 million Swiss francs, of which WHO's share is 29.9 million Swiss francs. In the resolutions mentioned above, the World Health Assembly also approved the use of the Real Estate Fund for the repayment over a 50-year period of the Organization's share of the interest-free loan provided by the Swiss Confederation with effect from the first year of the completion of the building.

The outstanding amount of US\$ 21.5 million for the UNAIDS building loan is reflected at an amortized cost using the effective interest rate of 0.37% (0.36% for 2017) applicable for Swiss Confederation 30-year bonds. Of the total amount outstanding on the loan, US\$ 0.6 million will be due in the next 12 months and is shown as a current liability, which is separately disclosed.

In 2015, following decision WHA67(12) (2014), the Organization signed a new loan agreement of US\$ 140 million for the planning and construction of a new WHO building in Geneva. A total of US\$ 52.4 million had been received as of 31 December 2018 (US\$ 21.3 million as at 31 December 2017).

The outstanding balance of the loan at 31 December 2018 was US\$ 73.9 million (US\$ 43.6 million at 31 December 2017) and is made up as follows:

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Current liabilities</b>		
WHO/UNAIDS building	606	611
<b>Total current liabilities</b>	<b>606</b>	<b>611</b>
<b>Non-current liabilities</b>		
WHO/UNAIDS building	20 922	21 680
WHO HQ building	52 413	21 324
<b>Total non-current liabilities</b>	<b>73 335</b>	<b>43 004</b>
<b>Total long-term borrowings</b>	<b>73 941</b>	<b>43 615</b>

#### 4.17 Other liabilities – non-current

The total balance for other liabilities non-current as at 31 December 2018 was US\$ 2.3 million (US\$ 0.8 as at 31 December 2017). The balance represents retention money from various suppliers for the new Geneva building project.

## 5. Supporting information to the Statement of Financial Performance

### 5.1 Revenue

#### Assessed contributions

Assessed contributions for 2018 were US\$ 500.7 million<sup>1</sup> (US\$ 457 million for 2017).

Description	31 December 2018	31 December 2017
	US\$ thousands	
Assessed contributions	498 872	460 199
Decrease/(Increase) in allowance for doubtful accounts (refer to note 4.3)	1 880	(3 488)
<b>Assessed contributions net of allowance</b>	<b>500 752</b>	<b>456 711</b>

In May 2017, the Seventieth World Health Assembly adopted the resolution for the financial period 2018–2019,<sup>2</sup> in which it approved a total effective budget of US\$ 4421.5 million. In resolution WHA70.5, the Health Assembly further resolved that the total assessment on Member States in respect of the financial period 2018–2019 would be US\$ 956.9 million.

Following resolution WHA66.16 (2013), since 2014 the assessed contributions have been invoiced in Swiss francs and United States dollars. Where the total annual assessed contribution for a Member State is US\$ 200 000 or more, the contribution is assessed half in United States dollars and half in Swiss francs. Where the annual assessed contribution for a Member State is less than US\$ 200 000, the contribution is assessed in United States dollars only. The annual assessment for 2018 amounted to US\$ 494 million or US\$ 249 million and 244 million Swiss francs per year using the May 2017 exchange rate. Contributions are due from 1 January, so the Swiss franc portion of the assessment was recorded at the January 2018 exchange rate, which resulted in an exchange gain on recording of US\$ 4.5 million. As a result, the total accounted assessed contributions were US\$ 499 million.

#### Voluntary contributions

Voluntary contributions for 2018 were US\$ 2291 million (US\$ 2139 million for 2017).

Description	31 December 2018	31 December 2017
	US\$ thousands	
Voluntary contributions	2 297 517	2 139 577
Increase in allowance for doubtful debts (refer to note 4.3)	(6 603)	(272)
<b>Voluntary contributions net of allowance</b>	<b>2 290 914</b>	<b>2 139 305</b>

These contributions represent revenue recognized from governments, intergovernmental organizations, institutions, other United Nations organizations as well as nongovernment organizations. Much of the revenue reported in 2018 relates to agreements that continue in future years. Further details of voluntary contributions by fund and by contributor are contained in the Annex to the Financial Report.<sup>3</sup>

<sup>1</sup> See document A72/37 for details of the status of collection of assessed contributions.

<sup>2</sup> Resolution WHA70.5

<sup>3</sup> Document A72/INF./5, the Annex to the Financial Report, is also available at: <http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/>.

The figure for total voluntary contributions reported of US\$ 2291 million is after the deduction of (i) refunds to contributors – these amounted to US\$ 21.8 million (US\$ 14.5 million for 2017); (ii) reductions in revenue recognized in prior years due to evidence arising in the current year that amounts will no longer be collected – these amounted to US\$ 14.3 million (US\$ 8.2 million for 2017); and (iii) the adjustment of payment terms with the effect of increasing deferred revenue and decreasing current revenue for revenue recognized in previous years – these amounted to US\$ 1.7 million (nil for 2017).

### Voluntary contributions in-kind and in-service

WHO receives non-cash contributions from Member States and other contributors. In 2018, the Organization received in-kind and in-service contributions amounting to US\$ 62.5 million (US\$ 136.8 million as at 31 December 2017).<sup>1</sup>

Description	31 December 2018	31 December 2017
	US\$ thousands	
In-kind – Medical supplies and materials	38 004	112 482
In-kind – Office space and field supplies	12 110	10 256
In-service	12 382	14 094
<b>Total voluntary contributions in-kind and in-service</b>	<b>62 496</b>	<b>136 832</b>

In addition, WHO also benefits from land made available from the host governments either at no cost or at a token rent. As the title to the land remains with the government, the use of the land is not recognized in the financial statements. The table below indicates the locations where land has been made available to WHO to construct or purchase premises.

Region	Country	City
Headquarters	Switzerland	Geneva
Africa	Equatorial Guinea	Malabo
Africa	Republic of South Sudan	Juba
Africa	Nigeria	Maiduguri, Borno State
Eastern Mediterranean	Egypt	Cairo
Eastern Mediterranean	Afghanistan	Kabul
Eastern Mediterranean	Pakistan	Islamabad
Eastern Mediterranean	Jordan	Amman
Eastern Mediterranean	Tunisia	Tunis
Eastern Mediterranean	Somalia	Garowe
South-east Asia	India	New Delhi
Western Pacific	Philippines	Manila
Western Pacific	Solomon Islands	Honiara

### Other revenue

In 2018, other revenue totalled US\$ 47.2 million (US\$ 42.5 million as at 31 December 2017). This mainly represents earnings generated from: fee for service (prequalification fees); hosting entities such as UNAIDS,

<sup>1</sup> Further details of in-kind and in-service contributions is available on the WHO Programme Budget Web Portal available at: <http://open.who.int/2018-19/home> (accessed 31 March 2019) and on the WHO website: <http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/> (accessed 31 March 2019).

Unitaid, and the International Computing Centre; reimbursable procurement; and staff contributions for accident and illness insurance. Other sources of earnings also included rental income and sale of publications and royalties.

Reimbursable procurement pertains to medicines, vaccines, equipment and other supplies procured by WHO on behalf of Member States and other United Nations agencies. The revenue and expenses (refer to Note 5.2) related to reimbursable procurement form part of the Enterprise Fund and are not reported against the programme budget.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Fees for Service	24 348	19 832
Reimbursable Procurement	8 384	9 047
Royalties, sales and rental income	7 591	6 669
Other income	6 898	6 904
<b>Total Other Revenue</b>	<b>47 221</b>	<b>42 452</b>

## 5.2 Expenses

### Staff costs

Staff and other personnel costs reflect the total cost of employing staff at all locations and include charges for base salary, post adjustment and all other entitlements (such as pensions and insurances) paid by the Organization. Staff costs also include the movement in the actuarial cost for staff health insurance, special fund for compensation, terminal payments and accident and illness insurance liability (refer to Note 4.12) that is recognised in the Statement of Financial Performance (Statement II).

Description	31 December 2018	31 December 2017
	US\$ thousands	
Salary cost	860 214	839 986
Actuarial cost	(7 866)	43 173
Other personnel costs	78 870	83 141
<b>Total staff costs</b>	<b>931 218</b>	<b>966 300</b>

### Medical supplies and materials

Medical supplies and materials are mainly purchased and distributed by WHO to support programmatic activities in countries. These include vaccines, medicines, medical supplies, hospital running costs, including fuel, as well as related shipping costs. The medical supplies expense includes the cost of reimbursable procurement – refer to Note 5.1 (Other Revenue) and medical supplies received as in-kind contributions.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Medical supplies	138 682	140 537
Medical supplies – in-kind	38 004	112 482
<b>Total medical supplies and materials</b>	<b>176 686</b>	<b>253 019</b>

### Contractual services

Contractual services represent expenses incurred for suppliers engaged by WHO to provide services in support of the Organization's programmatic activities. The main components within contractual services are direct implementation (implemented by WHO such as vaccination campaigns directly in collaboration with national governments), agreements for performance of work, consulting contracts including special service agreements (SSA) given to individuals to perform activities on behalf of the Organization. Medical research activities and security expenses are also included in contractual services.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Direct implementation	264 670	257 599
Contractual services	377 673	451 561
SSA	56 972	48 783
Security and other costs	21 990	23 609
<b>Total contractual services</b>	<b>721 305</b>	<b>781 552</b>

### Transfers and grants

Transfers and grants to counterparts include non-exchange contracts signed with national counterparts (mainly health ministries), letters of agreement signed with other counterparts to perform activities that are in line with the Organization's objectives, fellowship expenses and equipment purchased for third parties. Transfers and grants to government ministries are referred to as "direct financial cooperation" (DFCs). Funds are normally expensed at the time of transfer to the contractual partner. Counterparts are required to report back on the use of funds to ensure that they are used according to the agreement, and WHO performs on-site monitoring and spot checks of ongoing activities on DFCs and post-facto review of selected DFCs based on risk assessments. WHO may withhold further funding to recipients of transfers and grants on the basis of performed assurance activities if the requirements of the agreement have not been met.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Direct financial cooperation	115 882	151 585
Grant letters of agreement	107 302	68 399
Equipment procured for third parties	46 029	35 462
Fellowships	3 183	4 616
<b>Total transfers and grants</b>	<b>272 396</b>	<b>260 062</b>

### Travel

The cost of travel includes both WHO staff and non-staff participants in meetings, consultants and representatives of Member States paid by the Organization. Travel expenses include airfare, per diem and other travel-related costs.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Travel</b>	<b>191 690</b>	<b>201 907</b>

### General operating expenses

General operating expenses reflect the cost of general running costs incurred to maintain country offices, regional offices and headquarters, as well as WHO programmes. This includes utilities, telecommunications, office rents, maintenance and repair costs to keep assets operating at their present condition, transportation, software licences, etc. Hospitality and courtesy expenses that are mainly incurred during workshops, meetings and training are included here, as well as the catastrophic accident and illness insurance premium. "Other in-kind" pertains to the office rent, supplies and other items that were received as in-kind contributions.

Description	31 December 2018	31 December 2017
	US\$ thousands	
General operating costs	164 091	152 448
Courtesy and hospitality	1 335	4 981
In-kind – Office space and field supplies	12 110	10 256
<b>Total general operating expenses</b>	<b>177 536</b>	<b>167 685</b>

### Equipment, vehicles and furniture

Total expenses for 2018 were US\$ 15.5 million (US\$ 35.9 million for 2017), which represents purchases of items below the capitalization threshold.

### Depreciation and amortization

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment over their useful lives. All capitalized items above threshold were depreciated as per policy.

Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives. It relates to purchased software.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Depreciation (refer to note 4.7)	12 624	13 320
Amortization (refer to note 4.8)	909	847
<b>Total depreciation and amortization</b>	<b>13 533</b>	<b>14 167</b>



### 5.3 Finance revenue

Total finance revenue includes amounts related to funds administered by WHO on behalf of other entities (refer to Note 4.15). The investment income relating to other entities is allocated to those entities. In addition, interest is apportioned based on average fund balance and reported as finance revenue for the fund.

The details of finance revenue are as follows:

Description	31 December 2018	31 December 2017
	US\$ thousands	
Investment revenue	64 320	44 037
Bank charges and investment management fees	(3 013)	(2 800)
Net realized foreign exchange gains or (losses) <sup>a</sup>	35 655	(1 937)
Net unrealized foreign exchange gains or (losses)	(37 111)	53 951
Actuarial revaluation gains or (losses) on Terminal Payments Fund and Accident and Illness Insurance Fund	2 695	4 016
Actuarial interest cost related to valuation of Terminal Payments Fund and Accident and Illness Insurance Fund	(2 781)	(2 268)
<b>Net total finance revenue (WHO and other entities)</b>	<b>58 870</b>	<b>94 999</b>
Investment revenue and foreign exchange gains and losses apportioned to other entities	(19 277)	(17 726)
<b>Total net finance revenue for WHO</b>	<b>40 486</b>	<b>77 273</b>

<sup>a</sup> Includes differences due to rounding of the financial statements to the nearest thousand US dollars.

## 6. Supporting information to the Statement of Changes in Net Assets/Equity

### 6.1 General Fund

This note provides fund balance details for the General Fund.

#### 6.1.a Regular budget

This note provides details of revenue and expenses of the regular budget.

Description	Member States AC Fund	Tax Equalization Fund	Working Capital Fund	Total
	US\$ thousands			
Balance as at 1 January 2018	10 864	(7 524)	31 000	34 340
Net Member States' assessed contributions (refer to Note 5.1)	500 751			500 751
Tax equalization appropriations	(15 927)	15 927		–
Finance expense	(4 032)			4 032
Miscellaneous expenses	(359)			(359)
Programmatic expenses	(523 755)			(523 755)
Tax reimbursements to staff members		(8 811)		(8 811)
<b>Balance as at 31 December 2018</b>	<b>(32 458)</b>	<b>(408)</b>	<b>31 000</b>	<b>(1 866)</b>

For details regarding assessed contributions revenue, see Note 5.1.

Under resolution WHA70.5, US\$ 15.9 million was transferred to the Tax Equalization Fund.

Under resolution WHA70.5, the Health Assembly decided that the Working Capital Fund should be maintained at its existing level of US\$ 31 million.

### 6.1.b Voluntary Funds

This note provides fund balance details for the core, specified and partnerships of the Voluntary Fund.

Description	Notes	31 December 2018	31 December 2017
		US\$ thousands	
Core Voluntary Contributions <sup>a</sup>		120 249	
Voluntary Contributions Core Fund		67 712	105 874
Voluntary Contributions Specified Fund		1 256 878	1 201 310
Special Programme for Research and Training in Tropical Diseases (TDR Trust Fund)		30 559	18 717
Special Programme of Research, Development and Research Training in Human Reproduction (HRP Trust Fund)		46 732	34 431
Special Programmes and Collaborative Arrangements Fund		225 999	200 523
Special Account for Servicing Costs Fund	6.2a	449 721	366 462
Outbreak and Crisis Response Fund		441 285	299 889
Contingency Fund for Emergencies	6.2b	40 532	18 294
Fee for service fund – exchange transactions		25 620	14 037
<b>Total Voluntary funds</b>		<b>2 705 287</b>	<b>2 259 537</b>

<sup>a</sup> New fund was established in 2018 to separate and track the balance of core voluntary contributions (balance as at 31 December 2017 included in the Voluntary Contributions Core Fund was US\$ 37.9 million).

#### 6.1.b.i Special Account for Servicing Costs Fund

The Special Account for Servicing Costs Fund (AS Fund) was established in order to support the costs of servicing activities financed from sources other than the assessed contribution budget (i.e. from voluntary contributions).

The Fund is credited with revenue from the following sources:

- under resolution WHA34.17 (1981), funds are received for programme support costs from voluntary sources and are calculated by applying a fixed percentage rate to total expenses. The resolution set a standard rate of 13% of project expenditure. The Director-General has made various exceptions to that standard rate, most importantly for emergencies. For 2018, programme support costs income of US\$ 156 million was earned on project expenditure, resulting in a computed average programme support cost rate of 9%
- administrative service agreements with other entities
- interest earned on voluntary funds is described in document EB122/3.

A summary of the Fund is provided below.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Balance as at 1 January</b>	<b>366 462</b>	<b>415 062</b>
<b>Revenue</b>		
Programme support costs	156 267	161 784
Finance revenue	54 204	48 078
Administrative service agreements with other entities	2 435	5 552
Other revenue	895	1 363
<b>Total revenue</b>	<b>213 801</b>	<b>216 777</b>
<b>Expenses</b>		
Staff and other personnel costs	80 686	150 630
Medical supplies and materials	252	4 048
Contractual services	18 524	25 620
Transfers and grants to counterparts	31	1 099
Travel	3 050	7 896
General operating expenses	19 484	25 551
Equipment, vehicles and furniture	1 912	4 701
<b>Total expenses</b>	<b>123 939</b>	<b>219 545</b>
<b>Less:</b>		
Transfer to Special Purpose Funds		45 560
Increase/(decrease) in allowance for doubtful accounts receivables – voluntary contributions <sup>a</sup>	6 603	272
<b>Balance as at 31 December</b>	<b>449 721</b>	<b>366 462</b>

<sup>a</sup> In 2018, there was an increase in the allowance for doubtful accounts under voluntary contributions, refer to Note 4.3.

Expenses under the Fund by major office are as follows:

Expenses by major office	31 December 2018	31 December 2017
	US\$ thousands	
Global and inter-regional activities	53 074	98 467
Regional Office for Africa	23 206	37 989
Regional Office for the Americas	5 538	12 035
Regional Office for the Eastern Mediterranean	10 514	20 933
Regional Office for Europe	7 829	12 991
Regional Office for South-East Asia	16 324	22 957
Regional Office for the Western Pacific	7 454	14 173
<b>Total expenses by major office</b>	<b>123 939</b>	<b>219 545</b>

### 6.1.b.ii Contingency Fund for Emergencies

This fund was established by the Sixty-eighth World Health Assembly in decision WHA68(10) (2015). The purpose of the fund is to provide temporary financing for the emergency field operations with a target capitalization of US\$ 100 million. A summary of the Fund is as follows.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Balance as at 1 January</b>	<b>18 294</b>	<b>17 077</b>
<b>Revenue</b>		
Contributions	39 985	12 988
<b>Total revenue</b>	<b>39 985</b>	<b>12 988</b>
<b>Expenses</b>		
Staff costs	1 169	742
Medical supplies and materials	3 116	1 232
Contractual services	5 435	3 600
Transfers and grants	2 275	545
Travel	2 476	1 903
General operating expenses	2 865	2 954
Equipment, vehicles and furniture	411	795
<b>Total expenses</b>	<b>17 747</b>	<b>11 771</b>
<b>Balance as at 31 December</b>	<b>40 532</b>	<b>18 294</b>

### 6.2 Member States – other

This note provides fund balance details for the Member States – other.

Description	31 December 2018	31 December 2017
	US\$ thousands	
Common Fund	137 596	135 999
Enterprise Fund (refer to note 6.2.a)	27 612	22 706
Special Purpose Fund (refer to note 6.2.b)	(890 783)	(1 262 462)
<b>Total Member States – other</b>	<b>(725 575)</b>	<b>(1 103 757)</b>

#### 6.2.a Enterprise Fund

This note provides fund balance details for the Enterprise Fund.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Enterprise Fund</b>		
Accident and Illness Insurance Fund	9 580	8 095
Concessions Fund	5 522	4 551
Garage Rental Fund	4 386	3 652
Global Conference and Training Centre - Tunis Fund <sup>a</sup>	1 091	
Insurance Policies Fund	1 997	1 966
Revolving Sales Fund	4 769	4 442
Shared Services Fund <sup>a</sup>	267	
<b>Total Enterprise Fund</b>	<b>27 612</b>	<b>22 706</b>

<sup>a</sup> New fund established in 2018 (refer to note 2.18).

## 6.2.b Special Purpose Fund

This note provides fund balance details for the Special Purpose Fund.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Special Purpose Fund</b>		
Building Loan Fund	(45 450)	(19 515)
Infrastructure Fund	138 662	134 546
Internal Service Cost Recovery Fund	2 776	3 534
Maternity Fund <sup>a</sup>	2 311	
Mobility Fund	24 423	18 592
Non-Payroll Staff Entitlements Fund	10 258	12 928
Polio Staff fund	47 746	50 000
Post Occupancy Charge Fund	22 614	12 431
Security Fund	2 794	2 794
Special Fund for Compensation	(9 457)	(8 693)
Staff Health Insurance Fund	(1 126 753)	(1 497 478)
Stockpiles Replenishment Fund	13 787	12 544
Terminal Payments Fund	25 506	15 855
<b>Total Special Purpose Fund</b>	<b>(890 783)</b>	<b>(1 262 462)</b>

<sup>a</sup> New fund established in 2018 (refer to note 2.18).

### 6.2.b.i Infrastructure Fund

This fund was established by the Health Assembly in decision WHA70(16). The summary of the fund is as follows:

Description	31 December 2018	31 December 2017
	US\$ thousands	
Real Estate Funds	118 244	111 458
Information Technology Funds	20 418	23 088
<b>Total Infrastructure Fund</b>	<b>138 662</b>	<b>134 546</b>

#### 6.2.b. i.(a) Real Estate Fund

This fund was established by the Health Assembly in resolution WHA23.14 (1970). The Fund is used to meet the costs of: the construction of buildings or extensions to existing buildings; the acquisition of land that may be required; and major repairs and alterations to WHO's existing office buildings and to residences leased to staff by the Organization. Specific Health Assembly authorization is required for the acquisition of land and the construction of buildings or extensions to existing buildings.

The summary of the fund is as follows:

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Balance as at 1 January</b>	<b>111 458</b>	<b>95 725</b>
<b>Revenue</b>		
Appropriation received in accordance with resolution WHA63.7		10 000
Transfer for special projects <sup>a</sup>		4 231
Rents collected	3 324	2 252
Other revenue	10 658	10 632
<b>Total revenue</b>	<b>13 982</b>	<b>27 115</b>
<b>Expenses</b>		
Staff and other personnel costs	230	17
Medical supplies and materials	5	
Contractual services	2 879	7 849
Travel	(331)	(2)
General operating expenses	3 599	2 547
Equipment, vehicles and furniture	814	971
<b>Total expenses</b>	<b>7 196</b>	<b>11 382</b>
<b>Balance as at 31 December</b>	<b>118 244</b>	<b>111 458</b>

<sup>a</sup> In 2017, US\$ 2.6 million by AFRO, US\$ 1.7 million by headquarters and US\$ 1.0 million by WPRO was transferred to the Real Estate Fund. US\$ 1.2 million was transferred back to AS Fund.

Expenses under the Real Estate Fund are as follows:

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Expenses by major office</b>		
Headquarters	2 553	6 286
Regional Office for Africa	3 261	4 624
Regional Office for the Eastern Mediterranean	514	442
Regional Office for South-East Asia	641	30
Regional Office for the Western Pacific	227	
<b>Total expenses</b>	<b>7 196</b>	<b>11 382</b>

### 6.2.b.i (b) Information Technology Fund

This Fund was established to meet the Organization's current and future administrative requirements. It may be financed by way of appropriation from the regular budget and from voluntary contributions including the Special Account for Servicing Costs. The summary of the Fund is as follows:

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Balance as at 1 January</b>	<b>23 088</b>	<b>4 141</b>
<b>Revenue</b>		
Appropriation received in accordance with resolution WHA63.7 and decision WHA70(16)		15 000
Transfer for special projects <sup>a</sup>		14 900
<b>Total revenue</b>		<b>29 900</b>
<b>Expenses</b>		
Staff and other personnel costs	871	3 016
Contractual services	1 179	6 595
Travel	81	167
General operating expenses	(15)	760
Equipment, vehicles and furniture	554	415
<b>Total expenses</b>	<b>2 670</b>	<b>10 953</b>
<b>Balance as at 31 December</b>	<b>20 418</b>	<b>23 088</b>

<sup>a</sup> In 2017, US\$ 14.9 million was transferred from AS Fund.

### 6.3 Fiduciary Fund

This note provides fund balance details for the Fiduciary Fund.

Description	31 December 2018	31 December 2017
	US\$ thousands	
<b>Fiduciary Fund</b>		
Alliance for Health Policy and System Research Fund	18 286	14 040
European Observatory on health systems and policies	5 989	7 223
ESPEN Fund	11 124	6 983
Global Health Workforce Alliance Fund		1 089
Partnership for Maternal, Newborn and Child Health Fund	7 349	4 291
Roll Back Malaria Partnership Fund		(481)
Staff Association Fund <sup>a</sup>	208	
WHO Framework Convention on Tobacco Control	16 907	8 459
<b>Total Fiduciary Fund</b>	<b>59 863</b>	<b>41 604</b>

<sup>a</sup> New fund established in 2018 (refer to note 2.18).

## 7. Supporting information to the Statement of Comparison of Budget and Actual Amounts

In May 2017, the Health Assembly adopted resolution WHA70.5 on the Programme budget 2018–2019, in which it approved the budget for the financial period 2018–2019, under all sources of funds, namely, assessed and voluntary contributions of US\$ 4421.5 million. WHO's budget is adopted on a biennial basis by the Health Assembly.

WHO's budget and financial statements are prepared using a different accounting basis. The Statement of Financial Position (Statement I), Statement of Financial Performance (Statement II), Statement of Changes in Net Assets/Equity (Statement III), and Statement of Cash Flow (Statement IV) are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is established on a modified cash basis (i.e. actual expenses are used to measure the budget utilization).

As per the requirements of IPSAS 24 (Presentation of Budget Information in Financial Statements), the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any differences in terms of basis, timing, entity and presentation. The General Fund, as per Note 2.18, represents the programme budget results, except for the Tax Equalization Fund expenses, other non-programme budget utilization and all in-kind/in-service expenses which are not included in the programme budget results.

As required by IPSAS 24 (Presentation of Budget Information in Financial Statements), reconciliation is provided on a comparable basis between the actual amounts as presented in Statement V and the actual amounts in the financial accounts identifying separately any basis, timing, entity and presentation differences.

Basis differences occur when the components of the approved programme budget are used for activities other than the implementation of technical programmes. Examples of this include Tax Equalization Fund expenses, other non-programme budget utilization and special arrangements.

Timing differences represent the inclusion in WHO's financial accounts of programme budget expenses in other financial periods.

Entity differences represent the inclusion in WHO's financial accounts of the amounts against two funds: Member States – other and the Fiduciary Fund. These funds do not form part of the Organization's programme budget.

Presentation differences concern differences in the format and classification schemes in the Statement of Cash Flow (Statement IV) and the Statement of Comparison of Budget and Actual Amounts (Statement V).

A reconciliation between the actual amounts on a comparable basis in Statement V and the actual amounts in Statement IV for December 2018 is presented below.

Description	2018			
	Operating	Investing	Financing	Total
	US\$ thousands			
<b>Actual amount on a comparable basis (Statement V)</b>	(2 291 881)			(2 291 881)
Basis differences	32 204	(707 500)	30 483	(644 813)
Timing differences	85 610			85 610
Entity differences	90 155	(1 778)		88 377
Presentation differences	2 499 133	(34 071)		2 465 062
<b>Actual amount in the Statement of Cash Flow (Statement IV)</b>	<b>415 221</b>	<b>(743 349)</b>	<b>30 483</b>	<b>(297 645)</b>



## 8. Segment reporting

### 8.1 Statement of Financial Position by segments

As at 31 December 2018 (In thousands of US dollars)

Description	Headquarters	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents	187 188	22 480	0	24 423	2 237	3 204	3 475	243 007
Short-term investments	3 303 322	0	0	0	0	0	0	3 303 322
Receivables – current	1 740 996	2 733	(643 221)	719	418	5 241	293	1 107 179
Staff receivables	6 578	2 591	0	1 306	505	800	1 276	13 056
Inventories	18 378	1 432	0	17 138	0	200	325	37 473
Prepayments and deposits	11 208	987	0	12 618	1 438	4 179	260	30 690
<b>Total current assets</b>	<b>5 267 670</b>	<b>30 223</b>	<b>(643 221)</b>	<b>56 204</b>	<b>4 598</b>	<b>13 624</b>	<b>5 629</b>	<b>4 734 727</b>
<b>Non-current assets</b>								
Receivables – non-current	206 258	0	0	0	0	0	0	206 258
Long-term investments	120 525	0	0	0	0	0	0	120 525
Property, plant and equipment	84 521	13 670	0	23 113	971	1 163	1 263	124 701
Intangibles	3 189	0	0	0	0	0	0	3 189
<b>Total non-current assets</b>	<b>414 493</b>	<b>13 670</b>	<b>0</b>	<b>23 113</b>	<b>971</b>	<b>1 163</b>	<b>1 263</b>	<b>454 673</b>
<b>TOTAL ASSETS</b>	<b>5 682 163</b>	<b>43 893</b>	<b>(643 221)</b>	<b>79 317</b>	<b>5 569</b>	<b>14 787</b>	<b>6 892</b>	<b>5 189 400</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Contributions received in advance	84 552	102	0	0	0	2 000	0	86 654
Accounts payable	13 894	10 303	0	14 232	2 432	2 005	1 624	44 490
Staff payable	293	496	0	199	77	169	99	1 333
Accrued staff benefits – current	25 128	12 696	0	4 589	3 540	3 255	3 178	52 386
Deferred revenue – current	376 590	0	0	0	0	0	0	376 590
Financial liabilities	101 411	0	0	0	0	0	0	101 411
Other current liabilities	(15 681 483)	6 779 823	144 628	4 200 851	1 275 985	1 949 357	1 406 065	75 226
Inter-entity liabilities	923 945	0	0	0	0	0	0	923 945
Long-term borrowings – current	606	0	0	0	0	0	0	606
<b>Total current liabilities</b>	<b>(14 155 064)</b>	<b>6 803 420</b>	<b>144 628</b>	<b>4 219 871</b>	<b>1 282 034</b>	<b>1 956 786</b>	<b>1 410 966</b>	<b>1 662 641</b>
<b>Non-current liabilities</b>								
Long-term borrowings – non-current	73 335	0	0	0	0	0	0	73 335
Accrued staff benefits – non-current	861 895	123 149	0	37 583	107 106	44 661	32 757	1 207 151
Deferred revenue – non-current	206 258	0	0	0	0	0	0	206 258
Other liabilities – non-current	2 306	0	0	0	0	0	0	2 306
<b>Total non-current liabilities</b>	<b>1 143 794</b>	<b>123 149</b>	<b>0</b>	<b>37 583</b>	<b>107 106</b>	<b>44 661</b>	<b>32 757</b>	<b>1 489 050</b>
<b>TOTAL LIABILITIES</b>	<b>(13 011 270)</b>	<b>6 926 569</b>	<b>144 628</b>	<b>4 257 454</b>	<b>1 389 140</b>	<b>2 001 447</b>	<b>1 443 723</b>	<b>3 151 691</b>
<b>NET ASSETS/EQUITY</b>								
General Fund	18 574 324	(6 644 552)	(772 958)	(3 999 060)	(1 223 127)	(1 879 742)	(1 351 464)	2 703 421
Member States – other	20 792	(224 749)	(14 436)	(178 280)	(137 578)	(106 189)	(85 135)	(725 575)
Fiduciary funds	98 317	(13 375)	(455)	(797)	(22 866)	(729)	(232)	59 863
<b>TOTAL NET ASSETS/EQUITY</b>	<b>18 693 433</b>	<b>(6 882 676)</b>	<b>(787 849)</b>	<b>(4 178 137)</b>	<b>(1 383 571)</b>	<b>(1 986 660)</b>	<b>(1 436 831)</b>	<b>2 037 709</b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>	<b>5 682 163</b>	<b>43 893</b>	<b>(643 221)</b>	<b>79 317</b>	<b>5 569</b>	<b>14 787</b>	<b>6 892</b>	<b>5 189 400</b>

## 8.2 Statement of Financial Performance by segments

For the year ended 31 December 2018 (In thousands of US dollars)

Description	Headquarters	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
<b>Revenue</b>								
Assessed contributions	500 751						1	500 752
Voluntary contributions	2 290 868				46			2 290 914
Voluntary contributions in-kind and in-service	62 496							62 496
Other revenue	52 450	(2 549)		224	(1 234)	(921)	(749)	47 221
<b>Total revenue</b>	<b>2 906 565</b>	<b>(2 549)</b>		<b>224</b>	<b>(1 188)</b>	<b>(921)</b>	<b>(748)</b>	<b>2 901 383</b>
<b>Expenses</b>								
Staff costs	398 883	221 920	34 159	95 742	74 215	52 445	53 854	931 218
Medical supplies and materials	22 156	33 943	1 894	78 060	6 109	29 585	4 939	176 686
Contractual services	152 609	198 243	13 747	238 764	41 818	54 603	21 521	721 305
Transfers and grants	13 043	89 731	1 587	109 783	14 822	16 826	26 604	272 396
Travel	78 728	54 158	10 497	16 988	13 113	8 052	10 154	191 690
General operating expenses	33 898	61 795	7 320	35 207	15 315	18 135	5 866	177 536
Equipment, vehicles and furniture	2 161	7 062		2 788	404	2 392	679	15 486
Depreciation and amortization	2 649	5 907		2 939	692	834	512	13 533
<b>Total expenses</b>	<b>704 127</b>	<b>672 759</b>	<b>69 204</b>	<b>580 271</b>	<b>166 488</b>	<b>182 872</b>	<b>124 129</b>	<b>2 499 850</b>
<b>Finance revenue</b>	<b>48 348</b>	<b>(650)</b>	<b>(5)</b>	<b>(5 621)</b>	<b>363</b>	<b>(2 044)</b>	<b>95</b>	<b>40 486</b>
<b>TOTAL (DEFICIT)/SURPLUS FOR THE YEAR<sup>a</sup></b>	<b>2 250 786</b>	<b>(675 958)</b>	<b>(69 209)</b>	<b>(585 668)</b>	<b>(167 313)</b>	<b>(185 837)</b>	<b>(124 782)</b>	<b>442 019</b>

<sup>a</sup> The revenue balance shows a high surplus for headquarters and deficits for other offices. This is a consequence of the policy of centralized accounting for revenue and decentralized accounting for expenses.

## 9. Amounts written-off and ex-gratia payments

During 2018, a total of US\$ 413 678 was approved as write-off (US\$ 453 915 in 2017). This amount is comprised of: US\$ 2982 relating to travel advances from former staff members; US\$ 365 837 relating to old cases of supplier advances and credit memos; and US\$ 44 859 relating to missing pension contributions or other miscellaneous from former staff members. All amounts were deemed impossible to recover.

In 2018, ex-gratia payments amounting to US\$ 1422 were approved (US\$ nil in 2017).

## 10. Related party and other senior management disclosures

Staff members considered to be “key management personnel” are the Director-General, regional directors and all other ungraded staff.

The number of key management personnel who held these positions over the course of the year was 24. The table below details their aggregate remuneration.

Description	US\$ thousands
Compensation and post adjustment	5 456
Entitlements	347
Pension and health plans	1 682
<b>Total remuneration</b>	<b>7 485</b>
<b>Outstanding advances against entitlements</b>	<b>188</b>
<b>Outstanding loans (in addition to normal entitlements, if any)</b>	<b>–</b>

The aggregate remuneration of key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions.

Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified. Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund.

The Regional Director for the Americas is included among the key management personnel. However, as the Regional Director is receiving all entitlements and benefits from PAHO, the entitlements and benefits concerned are disclosed in PAHO’s financial statements and not in WHO’s financial statements.

During the year, no loans were granted to key management personnel beyond those widely available to staff outside this grouping.

## 11. Events after the reporting date

WHO’s reporting date is 31 December 2018. The financial statements were authorised for issue on 29 March 2019, the date at which they were submitted to the External Auditor by the Director-General. On the date of the signing of these accounts, no material events, favourable or unfavourable, had arisen between the balance sheet date and the date when the financial statements were authorized for issue that would have had an impact on the financial statements.

## 12. Contingent liabilities, commitments and contingent assets

### Contingent liabilities

As at 31 December 2018, WHO had a number of legal cases pending. Most involve disputes that are not recorded because the likelihood of repayment has been determined to be remote. However, there are three cases involving contractual disputes that are to be considered contingent liabilities. The total potential cost to the Organization is estimated at US\$ 278 987 (US\$ 288 407 as at 31 December 2017).

In addition, international professional and higher category staff based in Geneva filed a joint complaint before the Administrative Tribunal of ILO against the pay cut resulting from the implementation of decisions of the International Civil Service Commission regarding post adjustment and other compensation matters. If the complaint is successful, WHO may have to pay the difference retroactively from February 2018.

### Operating lease commitments

WHO enters into operating lease arrangements for renting office space in various country offices. Future minimum lease rental payments for the following periods are as follows.

Description	Total	
	US\$ thousands	
	Year 2018	Year 2017
Under 1 Year	11 195	7 292
1 to 5 years	12 107	6 656
5 years +	461	1 258
<b>Total operating lease commitments</b>	<b>23 763</b>	<b>15 206</b>

The Organization has no outstanding leases qualifying as finance leases at the reporting date.

WHO leased office space to six tenants. As at 31 December 2018, total revenue from the leasing activities was US\$ 0.8 million (US\$ 0.8 million as at 31 December 2017).

### Contingent assets

In accordance with IPSAS 19 (Provisions, Contingent Liabilities and Contingent Assets), contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2018, there are no material contingent assets to disclose.

## Schedule I. Statement of Financial Performance by major funds

For the year ended 31 December 2018

(In thousands of US dollars)

Description	General Fund				Member States – other			Fiduciary fund	Subtotal	Eliminations <sup>a</sup>	Total	Percentage
	Regular budget	Voluntary funds	Eliminations <sup>a</sup>	Subtotal	Common Fund	Enterprise Fund	Special Purpose Fund					
<b>Revenue</b>												
Assessed contributions	500 751			500 751	1				1		500 752	17%
Voluntary contributions		2 236 776		2 236 776				56 836	56 836	(2 698)	2 290 914	79%
Voluntary contributions in-kind and in-service						62 496			62 496		62 496	2%
Other revenue	(359)	181 770	(150 741)	30 670	146	15 758	186 448	413	202 765	(186 214)	47 221	2%
<b>Total operating revenue</b>	<b>500 392</b>	<b>2 418 546</b>	<b>(150 741)</b>	<b>2 768 197</b>	<b>147</b>	<b>78 254</b>	<b>186 448</b>	<b>57 249</b>	<b>322 098</b>	<b>(188 912)</b>	<b>2 901 383</b>	<b>100%</b>
<b>Expenses</b>												
Staff costs	416 761	549 064		965 825		18 850	104 899	15 987	139 736	(174 343)	931 218	37%
Medical supplies and materials	3 385	127 469		130 854	6 167	39 390	5 680	89	51 326	(5 494)	176 686	7%
Contractual services	43 233	651 476		694 709	(27 166)	440	49 658	10 518	33 450	(6 854)	721 305	29%
Transfers and grants	11 820	257 095		268 915		2 466	894	4 531	7 891	(4 410)	272 396	11%
Travel	27 415	160 221		187 636		138	13	4 012	4 163	(109)	191 690	8%
General operating expenses	26 331	265 863	(150 741)	141 453	(32)	13 154	15 853	3 617	32 592	3 491	177 536	7%
Equipment, vehicles and furniture	3 621	16 682		20 303	(8 485)	20	4 605	236	(3 624)	(1 193)	15 486	1%
Depreciation and amortization					13 533				13 533		13 533	1%
<b>Total expenses</b>	<b>532 566</b>	<b>2 027 870</b>	<b>(150 741)</b>	<b>2 409 695</b>	<b>(15 983)</b>	<b>74 458</b>	<b>181 602</b>	<b>38 990</b>	<b>279 067</b>	<b>(188 912)</b>	<b>2 499 850</b>	<b>100%</b>
<b>Finance revenue</b>	<b>(4 032)</b>	<b>55 074</b>		<b>51 042</b>	<b>(14 533)</b>	<b>1 110</b>	<b>2 867</b>		<b>(10 556)</b>		<b>40 486</b>	
<b>TOTAL SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(36 206)</b>	<b>445 750</b>		<b>409 544</b>	<b>1 597</b>	<b>4 906</b>	<b>7 713</b>	<b>18 259</b>	<b>32 475</b>		<b>442 019</b>	
<b>Fund balance – 1 January 2018</b>	<b>34 340</b>	<b>2 259 537</b>		<b>2 293 877</b>	<b>135 999</b>	<b>22 706</b>	<b>(1 262 462)</b>	<b>41 604</b>	<b>(1062 153)</b>		<b>1 231 724</b>	
<b>Direct adjustments to net assets/equity</b>							<b>363 966</b>		<b>363 966</b>		<b>363 966</b>	
<b>Fund balance – 31 December 2018</b>	<b>(1 866)</b>	<b>2 705 287</b>		<b>2 703 421</b>	<b>137 596</b>	<b>27 612</b>	<b>(890 783)</b>	<b>59 863</b>	<b>(1 029 678)</b>		<b>2 037 709</b>	

<sup>a</sup> Eliminations as reported in the “Statement of financial performance by major fund (Schedule 1)” are accounting adjustments made to remove the effect of inter-fund transfers that would otherwise overstate revenue and expenses of the Organization. These accounting adjustments are done through a separate elimination fund established for this purpose.

## Schedule II. Expenses by major office – General Fund only

For the year ended 31 December 2018

(In thousands of US dollars)

Description	Headquarters	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
<b>Expenses</b>								
Staff costs	442 457	220 578	34 150	97 639	64 570	53 450	52 981	965 825
Medical supplies and materials	12 017	23 485	1 894	78 670	6 294	6 536	1 958	130 854
Contractual services	132 092	193 669	13 696	238 645	40 751	55 074	20 782	694 709
Transfers and grants	13 616	87 766	1 541	110 165	14 822	14 527	26 478	268 915
Travel	76 147	53 264	10 366	16 936	12 746	8 037	10 140	187 636
General operating expenses	15 384	54 654	7 315	34 370	8 416	16 735	4 579	141 453
Equipment, vehicles and furniture	1 616	10 047		5 056	837	2 027	720	20 303
<b>Total expenses</b>	<b>693 329</b>	<b>643 463</b>	<b>68 962</b>	<b>581 481</b>	<b>148 436</b>	<b>156 386</b>	<b>117 638</b>	<b>2 409 695</b>
<b>Percentage of expenses by expense type across major office</b>								
Staff and other personnel costs	46%	23%	4%	10%	7%	6%	5%	100%
Medical supplies and materials	9%	18%	1%	60%	5%	5%	1%	100%
Contractual services	19%	28%	2%	34%	6%	8%	3%	100%
Transfers and grants to counterparts	5%	33%	1%	41%	6%	5%	10%	100%
Travel	41%	28%	6%	9%	7%	4%	5%	100%
General operating expenses	11%	39%	5%	24%	6%	12%	3%	100%
Equipment, vehicles and furniture	8%	49%	0%	25%	4%	10%	4%	100%
<b>Total percentage</b>	<b>29%</b>	<b>27%</b>	<b>3%</b>	<b>24%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	<b>100%</b>
<b>Percentage of expenses by expense type within each major office</b>								
Staff and other personnel costs	64%	34%	50%	17%	44%	34%	45%	40%
Medical supplies and materials	2%	4%	3%	14%	4%	4%	2%	5%
Contractual services	19%	30%	20%	41%	27%	35%	18%	29%
Transfers and grants to counterparts	2%	14%	2%	19%	10%	9%	23%	11%
Travel	11%	8%	15%	3%	9%	5%	9%	8%
General operating expenses	2%	8%	11%	6%	6%	11%	4%	6%
Equipment, vehicles and furniture	0%	2%	0%	1%	1%	1%	1%	1%
<b>Total percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Schedule III. Financial overview – all funds, 2018, 2016–2017 and 2014–2015***For the year ended 31 December 2018**(In millions of US dollars)*

Description	Total 2018	Total 2016–2017	Total 2014–2015
Assessed contributions	501	927	955
Voluntary contributions – programme budget	2 243	3 828	3 839
<b>Total contributions – programme budget</b>	<b>2 744</b>	<b>4 755</b>	<b>4 794</b>
Non-programme budget revenue	95	159	123
Voluntary contributions in-kind and in-service	62	225	180
<b>Total revenue (all sources)</b>	<b>2 901</b>	<b>5 139</b>	<b>5 097</b>
Expenses – programme budget	2 292	4 572	4 357
Expenses – non-programme budget and other	146	354	511
Expenses – in-kind and in-service	62	225	175
<b>Total expenses (all sources)</b>	<b>2 500</b>	<b>5 151</b>	<b>5 043</b>
Finance revenue	41	140	28
<b>Total surplus/(deficit)</b>	<b>442</b>	<b>128</b>	<b>82</b>

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