

Financial Report and Audited Financial Statements for the period

1 January 2010 – 31 December 2011

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**World Health
Organization**

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Director-General's report

1. I am pleased to present the Financial Report for the period 2010–2011. The Report provides information to Member States and other partners about the sources, allocation and uses of financial resources covering both the approved Programme budget, and other funds under the management of the Organization. The Report covers the total effective budget under all sources of funds, assessed and voluntary contributions, of US\$ 4540 million, as noted by the Sixty-second World Health Assembly in resolution WHA62.9. Further analysis of the use of funds is available in document A65/28, the performance assessment of Programme budget 2010–2011, which describes the implementation of the Programme budget 2010–2011, and the results achieved.
2. This introduction highlights the information concerning revenue, expenses, assets and liabilities that is given in detail in the statements, notes and schedules that follow, and sets the Organization's current financial situation in context.
3. In addition to the General Fund, which represents the programme budget, the Financial Report includes details of three further funds or groups of funds. The non-programme budget funds are:
 - (i) The Enterprise Fund, which is mainly made up of procurement activities undertaken on behalf of Member States;
 - (ii) The Fiduciary Fund, in which the Organization is managing revenue and expenditure on behalf of other entities consolidated within the WHO financial statements; and
 - (iii) The Special Purpose Fund, which includes other funds such as the real estate, and security funds, maintained for the purpose of financing these longer-term costs.
4. The details of the revenue and expenses for each of the four funds are provided in Schedule 1.
5. Details are also provided about the assets and liabilities of the Organization, together with information on cash flow and equity, in order to give a complete picture of the financial position of the Organization as at 31 December 2011.
6. The full implementation of the Global Management System has also been an important enabling factor in the complete implementation of the International Public Sector Accounting Standards (IPSAS). The first fully IPSAS-compliant financial statements will be prepared for the 2012 financial period. The Global Management System has also enabled an improvement in the timeliness and accuracy of data presented in this report. Delays in reporting between country, regional and headquarters offices no longer exist as all entries are now made in real-time into a single system. Managers across the Organization have access to a consistent set of data, which tracks implementation against the programme budget.
7. The Financial Report is submitted in accordance with Article 34 of the Constitution and Financial Regulation XIII. The financial statements, accounting policies and notes to the accounts have been prepared in compliance with WHO's Financial Regulations and Financial Rules and the United Nations System Accounting Standards. The statutory components of the Financial Report have been audited by the Organization's External Auditor, whose opinion is included in the Report.

FINANCIAL HIGHLIGHTS

Summary

8. Total revenue for 2010–2011 was US\$ 4848 million as shown in Table 1 below (figure for the biennium 2008–2009: US\$ 3859 million). Total revenue includes non-programme budget revenue recorded for the Special Purpose Fund, Enterprise Fund, and Fiduciary Fund. The major components include US\$ 179 million for reimbursable procurement, as well as revenue for partnerships outside the programme budget, such as the Stop TB Partnership, the Global Drug Facility, Roll Back Malaria, or

Health Metrics Network. Total revenue also includes the impact of movements in provisions made for the potential non-collection of both assessed and voluntary contributions.

9. Total expenses, including all funds, and the US\$ 485 million contributions in-kind noted below as an expense, were US\$ 4593 million.

Table 1 Financial highlights: all funds (US\$ million)

	Programme budget 2010–2011	Programme budget 2008–2009
Programme budget contributions	3844	3559
In-kind contributions	485	126
Total contributions for Programme budget	4329	3685
Reimbursable procurement	179	54
Non-Programme budget revenue	216	71
Change in provision for collections of contributions	71	(51)
Financial revenue	53	100
Total revenue, all sources	4848	3859
Total expenses	4593	3960
Net surplus/(deficit)	255	(101)

10. As shown in Table 2, total contributions for the Programme budget in 2010–2011, were US\$ 3844 million (the figure for the biennium 2008–2009 was US\$ 3559 million), being US\$ 945 million from Member States' assessments, and US\$ 2899 million from voluntary contributions. This excludes voluntary in-kind contributions (mainly vaccine donations), recorded as being equal amounts of both revenue and expenses.

11. The total programme budget expenses for 2010–2011 were US\$ 3866 million (also excluding in-kind contributions). A further total amount of US\$ 32 million was transferred to the Security and the Real Estate Funds as resolved by the World Health Assembly in resolutions WHA63.6 and WHA63.7 respectively. The net deficit between approved Programme budget revenue and expenditure was therefore US\$ 54 million.

Table 2 Financial highlights: Programme budget (US\$ million)

	Programme budget 2010–2011	Programme budget 2008–2009
Assessed contributions	945	940
Voluntary contributions	2899	2619
Programme budget contributions ^a	3844	3559
Total budget utilization ^a	3866	3774
Net surplus/(deficit) Programme budget	(22)	(215)
Transfers for security and real estate funds	(32)	0
Net result, including transfers	(54)	(215)

^a Does not include in-kind contributions

Further details on Programme budget implementation provided in Schedule 2.

Fund balances

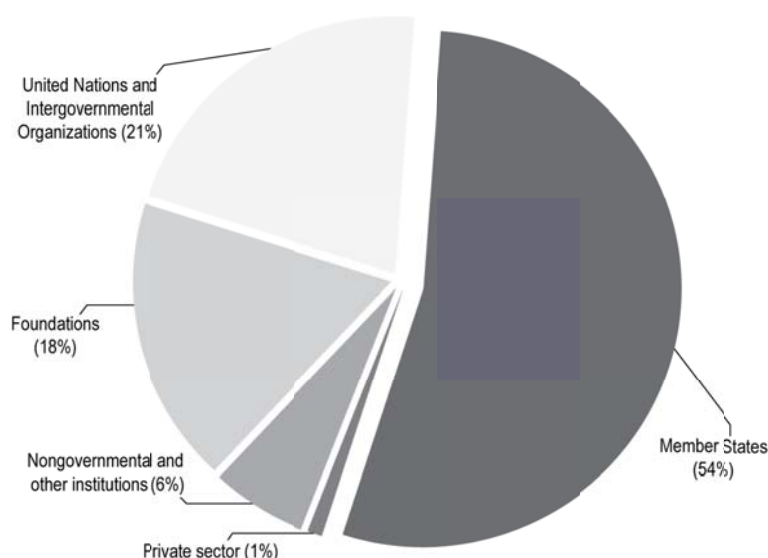
12. The Statement of changes in net assets/equity below provides information about the fund balances at the end of the financial period, previously referred to as “amounts carried forward”. The terminology and format are now in accordance with IPSAS. The Statement shows the fund balances relating to the Programme budget as at 31 December 2011 including US\$ 1483 million for voluntary funds. This balance is almost unchanged from the amount reported at the end of 2009, of US\$ 1432 million. These funds represent contribution agreements recorded in 2010–2011, for use in 2012–2013, and in some cases for the following biennium. An amount of US\$ 131 million from this balance will be used for the settlement of commitments made within the 2010–2011 period, the expenses for which will be recorded within the 2012 financial period. The remainder of this balance is planned for the financing of work plans for 2012–2013. However, the amount for WHO Base programmes within the Programme budget was US\$ 900 million, a reduction of some US\$ 300 million as compared to 31 December 2009. However, the component of voluntary funds carried forward for the Partnerships and special programmes within the Programme budget has increased. It is a concern that distribution of available funds within the Organization continues to be uneven, and is not always optimally aligned to the needs within the Programme budget.

13. Further balances within accumulated funds as at 31 December 2011 included US\$ 46 million held for the Special Purpose Fund, earmarked for real estate and security investments, US\$ 146 million for reimbursable procurement, mainly procurement to be carried out on behalf of the Government of Libya, and US\$ 118 million held on behalf of partnerships outside the Programme budget.

Revenue in 2010–2011

14. The total voluntary contributions were US\$ 3069 million, of which US\$ 2899 million were for the Programme budget (General Fund). In addition, US\$ 488 million was received as contributions in kind and in services. Excluding in-kind contributions, there has been an underlying increase in voluntary contributions of 17% compared to 2008–2009. Member States continued to be the largest source of voluntary contributions, contributing 54% of the total non-assessed (voluntary) budget. Revenue from the United Nations and intergovernmental organizations was 21%. The remaining voluntary contributions to the Organization came from foundations (18%), nongovernment organizations and other institutions (6%), and private sector donations (1%). Private sector voluntary contributions were primarily from the Kobe Group (for the WHO Kobe Centre), and from some pharmaceutical companies, in order to support the distribution of their in-kind contributions.

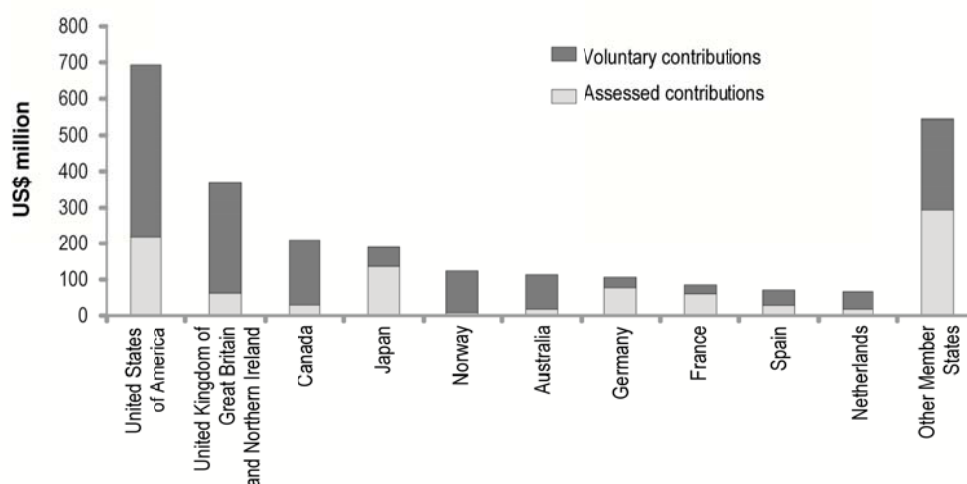
Figure 1. Sources of voluntary contributions



15. Many voluntary contributions are highly specified and often relate to individual projects and have differing reporting requirements within the framework of the planned results of the Programme budget. Full details of all recorded voluntary contributions in 2010–2011 are contained in the Annex to this report (document A65/29 Add.1).

16. The total contributions by Member States (voluntary contributions and assessed contributions) were US\$ 2568 million (or 64% of total voluntary and assessed contributions). The 10 largest Member State contributors are shown below.

Figure 2. Contributions from Member States 2010–2011 (US\$ million)



17. Member States' non-assessed revenue was US\$ 150 million. The Health Assembly approved the appropriation of the following amounts from this Fund in respect of the current financial period: US\$ 15 million for the regular budget (resolution WHA62.9); US\$ 22 million for the Real Estate Fund (resolution WHA63.7); and US\$ 10 million for the Security Fund (resolution WHA63.6). Following these appropriations, and after repayment of working capital and internal borrowings, there was a net negative movement on this account of US\$ 8 million (see Note 6.2 for details). The major source of this revenue was the collection of arrears of assessed contributions, added to the continued healthy rate of collection of current biennium assessed contributions. The closing balance on this account as at 31 December 2011 was US\$ 24 million.

Expenses in 2010–2011

18. The total expenses were US\$ 4593 million. The total expenses incurred for the implementation of the Programme budget were US\$ 3866 million, excluding the expenses recorded for in-kind contributions. Summary information by cost category is shown in Figure 3, and by major office in Figure 4. Further details of expenditure by cost category and major offices, and by strategic objective, are provided in Schedules 1 to 4 of this report.

19. Globally, salaries were the largest expense category and represented 46% of the total Programme budget. The percentage spent on salaries at headquarters was slightly higher, at 49%, largely due to the strengthening of the Swiss franc. Salary expense represents the total cost of employing staff including charges for base salary, post adjustment and any other types of entitlements (e.g. pensions and insurances) paid by the Organization. Costs for fellowships are also considered to be staff costs.

20. Contractual services are the second highest category of expense (14%) and represent the costs of contracts given to experts and service providers who support the Organization in achieving its planned objectives. The main components were for agreements for performance of work or consulting contracts given to individuals to perform activities on behalf of the Organization. Medical research activities are also included in contractual services.

21. Transfers and grants to counterparts accounted for 12% of the overall expenditure with the largest amounts being in the African Region and the Eastern Mediterranean Region (see Schedule 4). These amounts represent contracts signed with national counterparts (mainly health ministries) to perform activities that are in line with the Programme budget. A large portion of these expenses were related to capacity building at country level.

22. Travel constituted 7% of WHO expenses, being US\$ 295 million in 2010–2011 for the Programme budget. Within this amount, approximately 48% related to staff travel and 52% for the travel costs of participants in meetings and advisors (delegates of Member States and non-Secretariat personnel). Travel expenses include airfare, per diem and other travel-related costs. This does not include statutory travel for home leave and education, which is within staff costs.

23. Supplies, commodities and materials relate primarily to medical supplies purchased and distributed by the Organization. In-kind contributions of US\$ 458 million for vaccines received contributed to the increase in this expense when compared to the previous period.

24. The category of general operating expenses (5%) reflects WHO running costs, including utilities and other office costs mainly at the local level. Equipment, vehicles and furniture represented only about 2% of WHO total expenses and are significantly lower in the current biennium.

Figure 3. Programme budget expenses by category (US\$ million)

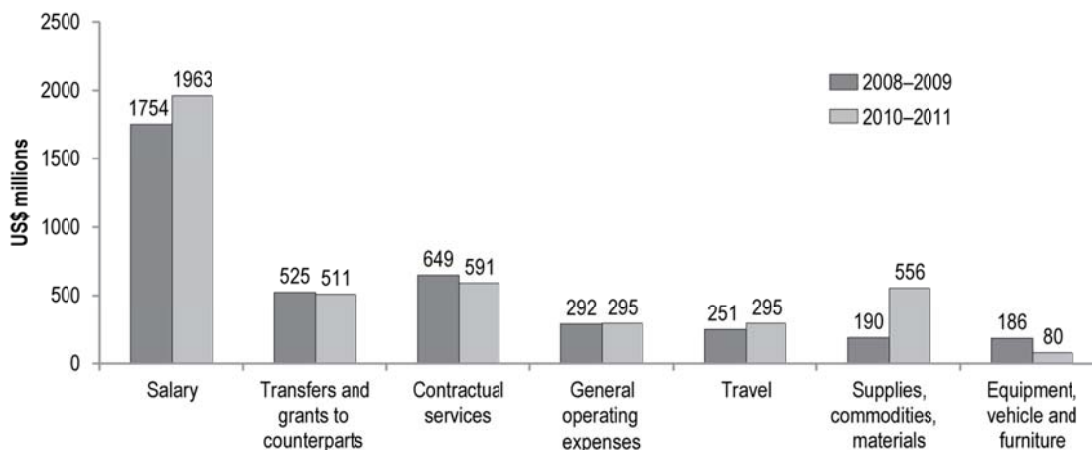
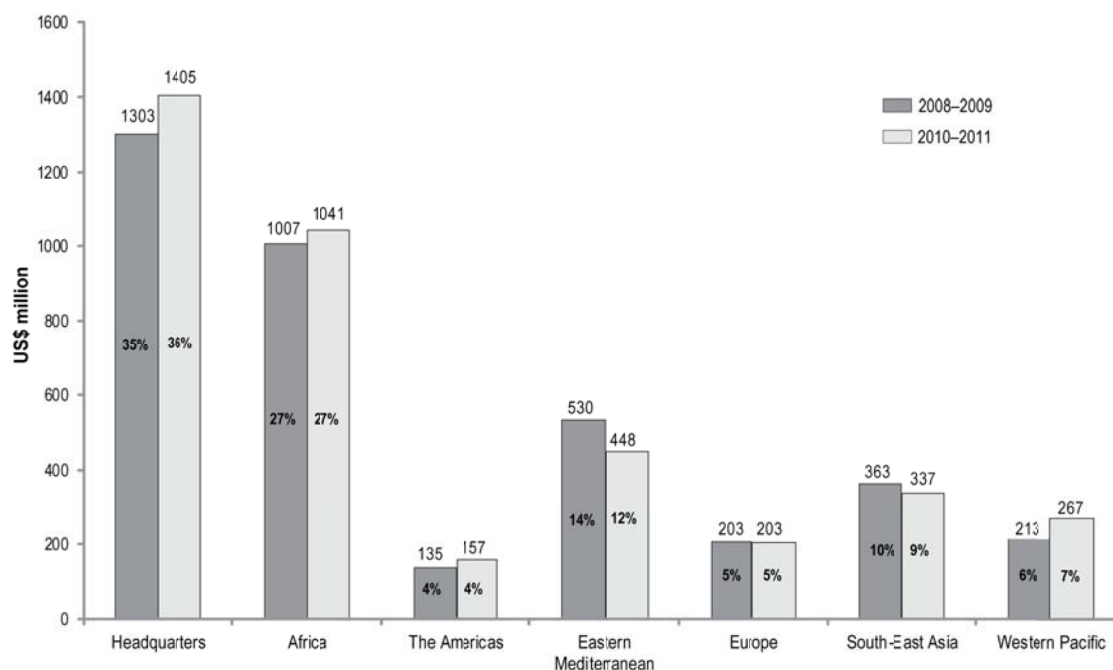


Figure 4. Programme budget expense by major office (excluding in-kind contributions) (US\$ million)



ASSETS

25. Total cash and cash equivalents at the end of the period were US\$ 248 million with a further US\$ 2714 million held in investments. The investments were primarily short term in order to ensure that cash is readily available for programmatic needs. Some funds for longer-term liabilities are invested in securities in accordance with the recommendations of the Advisory Investment Committee. The total cash and cash equivalents balance available for WHO's programmatic activities was US\$ 1325 million. US\$ 747 million was held in cash in WHO's accounts on behalf of other entities – the African Programme for Onchocerciasis Control, UNAIDS, the International Drug Purchase Facility (UNITAID) and the International Computing Centre – under administrative agreements. A further US\$ 528 million was held in cash and investments for the Staff Health Insurance Fund, with the remainder held for other WHO liabilities. See Note 5.1 for further information.

26. Investment returns were very low in the period, a net financial return of US\$ 24 million, reflecting a fall in US dollar interest rates to near zero per cent during the biennium as the global financial crisis led to a very challenging investment environment. WHO's prudent investment policy is geared to ensuring capital preservation, but this conservative approach yielded reduced investment returns due to the extremely low interest rates. Included within this figure were foreign exchange losses arising mainly from the sharp fall in the value of the US dollar and the subsequent differences between rates of exchange used for accounting purposes and those actually realized.

27. The figure for accounts receivable represents amounts due from Member States for assessed contributions and from donors for voluntary contributions. The total receivable for assessed contributions, including rescheduled payments, amounted to US\$ 110 million; this is significantly improved from the level of US\$ 191 million as at 31 December 2009. The rate of collection of assessed contributions for 2010–2011 was strong at 93% for the biennium 2010–2011 as a whole (see document A65/29 Add.1 for details).

28. For voluntary contributions, there was a significant increase in the total amount receivable, reported as US\$ 898 million as at 31 December 2011, compared to US\$ 404 million as at 31 December 2009. The increase is due to the new recording of 2010–2011 signed agreements with amounts due in future bienniums for a total of US\$ 546 million. This amount is reported as amounts receivable and deferred revenue, split under current and non-current categories. This amount was not

previously recorded or reported. Recording of these amounts provides visibility of future revenue coming to the Organization, which assists in the Organization's overall revenue planning, further clarifies the overall financial situation of the Organization, and is required under IPSAS. As these deferred revenue amounts become due for payment, the amounts will be transferred from deferred revenue to the current period revenue, and made available for expenses incurred. After deducting the US\$ 546 million from amounts receivable, receivables have decreased from the previous biennium (US\$ 351 million in 2010–2011 from US\$ 404 million in 2008–2009), a situation that reflects the Organization's closer review and follow up on outstanding receivables. Details of voluntary contribution receivables by donor are shown in Schedule 4 of the Annex to the Financial Report (document A65/29 Add.1).

LIABILITIES

Deferred revenue, advances and provisions for doubtful receivables

29. The deferred revenue of US\$ 546 million is recorded for future period revenue (see also paragraph 25 on amounts receivable under "Assets" and Schedule 3 of the Annex to the Financial Report (document A65/29 Add.1). The total value of Member States' contributions received in advance was US\$ 70 million (see Note 5.8). These advances will be applied as revenue in 2012. As in past financial periods, WHO has created a full provision related to all outstanding assessments from Member States. The Organization has also, for the first time, made a provision against voluntary contributions previously recorded as revenue, but for which collection is now considered doubtful. While donors historically have had a very good record of paying all voluntary contributions once agreements are signed, during the course of this biennium it became apparent that amounts totalling US\$ 10.1 million may not be collected, and accordingly a provision has been made for this amount.

Staff liabilities

30. Based on the latest actuarial projections, the total required to settle current and future liabilities for staff entitlements was US\$ 151 million. These future liabilities are to pay for accrued annual leave, accrued repatriation grant and travel and the cost of future removal of staff upon separation. As at 31 December 2011, the total amount accrued for these liabilities by the Organization was US\$ 82 million. A plan has been put in place to increase the accrual rates so as to cover the deficit progressively over the next 14 years.

31. The Organization also has a liability for the current and future payments due for Staff Health Insurance benefits. This scheme provides medical reimbursements for serving and retired staff members, and their dependents, subject to strict rules and limits. The actuarial valuation of the future liability has been increasing in recent years and reached US\$ 1237 million at the end of 2011. This increase is driven both by increasing health care costs and the growing number of retired staff in comparison to active staff members. WHO has funds of US\$ 439 million to cover this future liability, which is currently unfunded by US\$ 798 million. In order to establish a long-term provision to ensure full financing of this liability, changes to the staff health insurance contribution rate were approved in 2011, affecting both the Organization and the scheme participants.

FOREIGN EXCHANGE RISKS

32. The purchasing power of the approved 2010–2011 Programme budget was adversely affected by the appreciation of the Swiss franc. This has been a long-term trend and has been mentioned in previous reports. Forward currency contracts have been put in place to protect the value of the 2012–2013 Programme budget against any further appreciation in the value of the Swiss franc, but this cannot address the longer-term impact of the erosion in the purchasing power of the US dollar, when the majority of WHO's contributions (both assessed and voluntary) are denominated in US dollars. In 2010–2011 some programmes were required to make adjustments to plans in order to ensure that staff commitments could be fully met. The impact of the strong Swiss franc on projected salary costs for 2012–2013 was a contributing factor to the downsizing in headquarters, which begun in 2011 with a view to more accurately reflecting the approved budgets for the coming biennium.

ADMINISTRATIVE COSTS

33. WHO administrative functions are grouped under strategic objective 13, which deals with the provision of enabling services to facilitate programmatic delivery by WHO. A few additional administrative functions, notably legal, internal audit and translation services are included within strategic objective 12.

34. Financing of administrative costs for WHO is currently provided from four sources:

1. WHO regular budget (assessed contributions);
2. Programme support costs (a charge on voluntary contributions, see further explanation below);
3. Fees for administrative services for hosted entities (UNITAID, UNAIDS, the International Computing Centre, UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases); and
4. Post occupancy charge (a charge via staff payroll to all sources of funds, except for the hosted entities with fees arrangements, see further explanation below).

Programme support costs

35. Programme support costs (PSC) were established by the World Health Assembly in 1973 (resolution WHA34.17) and apply a 13% charge to voluntary contributions in order to provide funding for administrative costs in relation to the implementation of the project being financed by the contribution. As was noted in the WHO reform discussions on funding of administrative costs during the special session of the Board in November 2011,¹ the average rate of PSC earned has fallen to approximately 7%, due to an increased number of exceptional arrangements to apply lower percentages (e.g. for polio, emergencies and special procurement arrangements). This level is insufficient to cover the administrative costs incurred in implementing the voluntary contributions.

Post occupancy charge

36. Due to the reduction in the PSC rate, coupled with the increased burden, described above, on use of PSC, it was recognized during 2008–2009 that an additional source of financing was required. A fixed percentage of gross staff salary costs (8.5%) is currently charged to all programmes and partnerships, called the post occupancy charge. This took effect in January 2010 and replaced the previously existing 2% charge for the financing of staff training needs, and the 2.5% “common cost fund” to pay for the WHO share of United Nations system wide costs. The money thus raised has been used to finance the direct overhead costs that most closely correlate to post occupancy by a staff member, namely office space costs, building maintenance, IT provision, staff training and staff security – the last of which has increased substantially as a result of much higher common system security costs.

37. The total expenses incurred for administrative items was US\$ 570.8 million for 2010–2011. This includes US\$ 422.6 million for strategic objective 13, with a further amount of US\$ 148.2 million from the post occupancy charge. This charge is included within the gross salary costs recorded for all strategic objectives, and therefore is not reported in the implementation table for strategic objective 13 in order to avoid double counting (see also Note 6.9b). In 2008–2009, the expenses incurred for strategic objective 13 were US\$ 508 million with a further US\$ 58 million from the common cost fund. As requested by the Executive Board at its special session,² a study will be carried out to investigate further the total administrative costs across the Organization and to propose alternative sustainable financing mechanisms.

¹ See the summary record of the fourth and fifth meetings of the Board at its special session in November 2011.

² See decision EBSS2(3).

CONCLUSION

38. WHO revenue and expenditure reached record levels in the 2010–2011 biennium. Difficulties arose, however, due to the uneven distribution of revenue as compared to both expenses and programme budget needs.

39. WHO has a complicated financial situation: approval of the programme budget does not automatically lead to full financing, and much of the financing received is highly earmarked. Earmarking provides reassurance to the donor that funding is used for agreed projects; however, it constrains the Organization's ability to allocate financing towards its priorities and means that some departments' or offices' requests for staff financing may not be satisfied. Part of the increased expenses recorded in 2010–2011 arose from cost increases attributable to inflation and exchange rate trends, notably the depreciation of some of WHO's major funding currencies against its largest expenditure currency, the Swiss franc. This structural currency imbalance requires urgent attention in order to avoid financial difficulties for the Organization in this biennium and to put the Organization on a sustainable course for future bienniums.

Dr Margaret Chan
Director-General



Geneva, 8 March 2012

Certification of financial statements

The financial statements, notes to the statements and supporting schedules are approved.



Nicholas R. Jeffreys
Comptroller



Dr Margaret Chan
Director-General

8 March, 2012

Letter of transmittal



भारत के नियंत्रक - महालेखापरीक्षक
COMPTROLLER & AUDITOR GENERAL OF INDIA

VINOD RAI

No.1560-IR/3-2011
27 March 2012

LETTER OF TRANSMITTAL

The President of the Sixty-Fifth World Health Assembly
World Health Organization
Geneva
Switzerland

Dear Sir/Madam,

I have the honour to present to the Sixty-Fifth World Health Assembly a certified copy of the Financial Statements of the World Health Organization for the financial period 1 January 2010 - 31 December 2011, together with my opinion thereon.

Yours sincerely

Vinod Rai
Comptroller and Auditor General of India
External Auditor

Opinion of the External Auditor

INDEPENDENT AUDITOR'S REPORT

To
The World Health Assembly

Report on the Financial Statements

We have audited the accompanying Financial Statements of the World Health Organization, which comprises the statement of financial position as at 31 December 2011, the statement of financial performance, statement of changes in net assets/equity, statement of cash flows, statement of accounting policies, notes to the financial statements and schedules 1 to 4 for the financial period 1 January 2010 to 31 December 2011.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with United Nations System Accounting Standards (UNSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the World Health Organization as at 31 December 2011, and its financial performance and of its cash flows for the period 1 January 2010 to 31 December 2011 in accordance with UNSAS.

Report on Other Legal and Regulatory Requirements

Further, in our opinion, the transactions of the World Health Organization 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 and Financial Rules.

In accordance with Regulation XIV of the Financial Regulations, we will also issue a long-form Report on our audit of the World Health Organization.



Vinod Rai
Comptroller and Auditor General of India
External Auditor
New Delhi, India

27 March 2012

Financial statements

World Health Organization

Statement of financial performance

*For the biennium ended 31 December 2011
(in US dollars)*

	Notes	2010–2011	2008–2009
Revenue			
Member States' assessed contributions	4.2	945 114 400	940 124 310
Net collections/(provisions) for doubtful receivables	5.10	71 214 511	(51 214 139)
Voluntary contributions	4.3	3 068 776 545	2 618 527 583
Voluntary contributions in-kind and in-services	4.4	487 591 404	126 490 981
Reimbursable procurement	4.5	179 008 153	53 678 321
Other operating revenue	4.6	41 935 770	71 501 694
Finance revenue	4.7	53 462 824	100 025 380
Total revenue		4 847 103 607	3 859 134 129
Expenses			
	4.8		
Staff and other personnel costs		1 935 108 508	1 763 424 134
Supplies, commodities, materials		706 373 844	214 188 468
Contractual services		650 258 791	657 707 939
Transfers and grants to counterparts		514 452 770	525 186 395
Travel		317 998 869	255 591 911
General operating expenses		345 324 177	317 645 790
Equipment, vehicles and furniture		93 760 543	207 807 250
Finance costs	4.7	29 345 847	19 050 235
Total expenses		4 592 623 349	3 960 602 121
Total surplus/(deficit) for the period		254 480 258	(101 467 992)

The statement of accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement of financial position

As at 31 December 2011
(in US dollars)

	Notes	2010–2011	2008–2009
ASSETS	5.18		
Current assets			
Cash and cash equivalents	5.1	248 295 136	303 834 547
Investments	5.1a	2 713 833 801	2 109 071 801
Accounts receivable – current	5.2	747 812 022	553 954 842
Staff receivables	5.3	9 805 637	18 489 838
Prepayments	5.4	1 567 910	10 434 832
Interest receivable	5.5	2 017 729	7 943 075
Total current assets		3 723 332 235	3 003 728 935
Non-current assets			
Accounts receivable – non-current	5.2	265 332 190	46 784 658
Deposits	5.4	362 303	274 302
Land and buildings	5.6	97 950 420	97 950 420
Total non-current assets		363 644 913	145 009 380
TOTAL ASSETS		4 086 977 148	3 148 738 315
LIABILITIES			
Current liabilities			
Contributions received in advance	5.8	100 728 551	86 480 970
Deferred revenue – current	5.8	321 397 775	
Accounts payable	5.9	32 287 143	32 706 196
Provision for doubtful receivables	5.10	119 923 818	191 138 329
Other current liabilities	5.11	36 538 901	186 298 431
Inter-entity liabilities	5.12	746 723 082	513 099 744
Total current liabilities		1 357 599 270	1 009 723 671
Non-current liabilities			
Long-term borrowings	5.13	21 007 421	22 542 079
Accrued staff benefits	5.14	81 875 366	47 650 032
Staff health insurance	5.15	527 818 250	450 906 103
Deferred revenue – non-current	5.8	224 896 093	
Total non-current liabilities		855 597 130	521 098 213
TOTAL LIABILITIES		2 213 196 400	1 530 821 884
NET ASSETS		1 873 780 748	1 617 916 430
NET ASSETS/EQUITY			
Net assets/reserves			
Member States' equity in capital assets	6.1a	76 792 400	75 408 341
Accumulated surpluses/(deficits)			
<i>Non-restricted (Member States)</i>			
Member States – regular budget		3 847 124	(55 409 733)
Member States – other		192 399 034	57 777 485
Total non-restricted (Member States)		196 246 158	2 367 752
<i>Restricted</i>			
Voluntary funds		1 482 565 742	1 432 435 490
Fiduciary Fund		118 176 448	107 704 847
Total restricted		1 600 742 190	1 540 140 337
Total accumulated surpluses/(deficits)		1 796 988 348	1 542 508 089
TOTAL NET ASSETS/EQUITY		1 873 780 748	1 617 916 430
TOTAL LIABILITIES AND NET ASSETS/EQUITY		4 086 977 148	3 148 738 315

The statement of accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement of changes in net assets/equity

For the biennium ended 31 December 2011
(in US dollars)

	Notes	Opening balance	Changes 2010–2011	Ending balance
Net Assets/Reserves				
Member States' equity in capital assets	6.1a	75 408 341	1 384 059	76 792 400
Accumulated surpluses/(deficits)				
<i>Non-restricted (Member States)</i>				
Member States – regular budget				
Assessed contributions		(111 394 116)	68 459 451	(42 934 665)
Member States' non-assessed income	6.2	32 202 907	(8 347 516)	23 855 391
Tax Equalization Fund	6.3	(7 218 524)	(855 079)	(8 073 602)
Working Capital Fund	6.4	31 000 000		31 000 000
Total Member States – regular budget		<u>(55 409 733)</u>	<u>59 256 856</u>	<u>3 847 124</u>
Member States – others				
Special Purpose Fund	6.5	28 827 418	17 658 650	46 486 067
Enterprise Fund	6.7	28 950 068	116 962 899	145 912 967
Total Member States – others		<u>57 777 485</u>	<u>134 621 549</u>	<u>192 399 034</u>
<i>Total non-restricted (Member States)</i>		<u>2 367 752</u>	<u>193 878 405</u>	<u>196 246 158</u>
<i>Restricted</i>				
Voluntary funds		1 432 435 490	50 130 252	1 482 565 742
Fiduciary Fund	6.8	107 704 847	10 471 601	118 176 448
<i>Total restricted</i>		<u>1 540 140 337</u>	<u>60 601 853</u>	<u>1 600 742 190</u>
Total accumulated surpluses/(deficits)		<u>1 542 508 089</u>	<u>254 480 258</u>	<u>1 796 988 348</u>
Net assets/equity at end of period		<u>1 617 916 430</u>	<u>255 864 317</u>	<u>1 873 780 748</u>

The statement of accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement of cash flows

For the biennium ended 31 December 2011
(in US dollars)

	2010-2011	2008-2009
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Surplus or deficit</i>	254 480 258	(101 467 992)
Increase/(decrease) in Member States' equity in capital assets	1 384 059	1 666 479
<i>Non-cash movements</i>		
(Increase)/decrease in accounts receivable	(193 857 180)	7 270 903
(Increase)/decrease in staff receivables	8 684 201	16 607 431
(Increase)/decrease in prepaid expenses	8 866 922	(819 987)
(Increase)/decrease in non-current receivables	(218 547 533)	(21 768 354)
Increase/(decrease) in deposits	(88 000)	(274 302)
Increase/(decrease) in contributions received in advance	14 247 581	27 181 582
Increase/(decrease) in deferred revenue – current	321 397 775	
Increase/(decrease) in accounts payable	(419 054)	(264 407 049)
Increase/(decrease) in provision for doubtful receivables	(71 214 511)	51 214 139
Increase/(decrease) in other liabilities	(149 759 531)	162 219 653
Increase/(decrease) in accrued staff benefits	34 225 335	(734 058)
Increase/(decrease) in deferred revenue – non-current	224 896 093	
Net cash flows from operating activities	234 296 416	(124 978 033)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(604 762 000)	138 118 286
Interest receivable	5 925 346	16 147 879
Net cash flows from investing activities	(598 836 655)	155 932 644
CASH FLOWS FROM FINANCING ACTIVITIES		
Inter-entity liabilities	233 623 338	(132 261 065)
Staff health insurance liability	76 912 147	67 296 364
Repayment of loans	(1 534 658)	(1 666 479)
Net cash flows from financing activities	309 000 827	(66 631 180)
Net increase/(decrease) in cash and equivalents	(55 539 412)	(35 676 569)
Cash and equivalents at beginning of period	303 834 547	339 511 116
Cash and equivalents at end of period	248 295 136	303 834 547

The statement of accounting policies and the accompanying notes form part of the financial statements.

Statement of accounting policies

1.1 Basis of preparation and presentation

The accounting policies and financial practices applied are based on the WHO Financial Regulations and Financial Rules.¹ Where the Regulations and Rules do not provide explicit provisions, the requirements of the United Nations System Accounting Standards (UNSAS) apply. The financial statements, accompanying notes and schedules are all in accordance with UNSAS.

These financial statements have been prepared on the going concern basis, conforming to the historic cost convention using the accrual method of accounting.

The financial statements, notes, schedules and accompanying tables are presented in US dollars.

The United Nations System Accounting Standards (UNSAS), Revision VIII, allows for the phased implementation of International Public Sector Accounting Standards (IPSAS). As a result WHO has been gradually adopting IPSAS before its full implementation as from 2012. During the financial period 2010–2011 WHO has fully adopted the following standards:

IPSAS 2	Cash Flow Statements
IPSAS 4	The Effects of changes in Foreign Exchange Rates
IPSAS 6	Consolidated Financial Statements – Accounting for Controlled Entities
IPSAS 14	Events after the Reporting Date
IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers).

WHO has concluded that the following Standards are not currently applicable to the Organization:

IPSAS 7	Accounting for Investments in Associates
IPSAS 8	Financial Reporting of Interests in Joint Ventures
IPSAS 10	Financial Reporting in Hyperinflationary Economies
IPSAS 11	Construction Contracts
IPSAS 16	Investment Property
IPSAS 22	Disclosure of Financial Information About the General Government Sector
IPSAS 26	Impairment of Cash-Generating Assets
IPSAS 27	Agriculture.

1.2 Revenue recognition (operating revenue)

Assessed contributions – Revenue from assessed contributions from Members and Associate Members for the effective working budget 2010–2011 is recorded on an accrual basis as per the assessments approved by the Health Assembly. In accordance with Financial Regulation 7.1, pending receipt of assessed contributions, implementation of the regular budget may be financed from the Working Capital Fund and thereafter by internal borrowing against available cash reserves of the Organization, excluding trust funds. A provision is established for delays in collection of contributions amounting to 100% of the assessed contributions outstanding as at 31 December 2011. The net increase/decrease of the provision for the current biennium is shown in the statement of financial performance. When outstanding assessed contributions are paid, the amounts are credited first against any outstanding internal borrowing and then against any borrowing from the Working Capital Fund. In accordance with the Financial Regulation 7.3, any payments of arrears of contributions due from Member States that are not required to repay borrowings from internal borrowing and from the Working Capital Fund are credited to Member States' non-assessed income.

¹ Note: With effect from 1 January 2010 the Financial Regulations and Financial Rules have been amended and renumbered in accordance with resolution WHA62.6.

New Members – Revenue from assessed contributions from new Members is subject to Financial Regulation 6.11.

Voluntary contributions – Voluntary contributions are recorded on an accrual basis. Formal funding agreements signed by both parties are required in order to recognize an asset before the receipt of cash. When the entire funding is payable up front, revenue equal to the funding set out in the agreement is recognized when the agreement is signed. If the receipt of funds is conditional on a certain future date and is supported by a signed agreement, deferred revenue is recorded in the statement of financial position – refer to Note 5.8. In the previous biennium, no entry was made to record deferred revenue. This change in policy is necessary to become IPSAS compliant. The impact of the change is to increase both assets (amounts receivable) and liabilities (deferred revenue).

Special account for servicing costs – The special account for servicing costs earn revenue based on the related expenses under voluntary contributions in the financial period 2010–2011 as per resolution WHA34.17. In the period 2008–2009 revenue under the Special Account for Servicing Costs Fund was earned on revenue earned under voluntary contributions.

Contributions in kind or in services – Contributions in kind or in services received by WHO are treated both as revenue and expenses, are recorded at market value.

Revenue-producing activities – Revolving Sales Fund – Revenue is recorded at fair value of the consideration received. The revenue is reflected under the Enterprise Fund.

1.3 Accounts receivable

Accounts receivable are recorded at their estimated realizable value. Consistent with existing Financial Regulations and Rules, WHO created a full provision for delays in Member States' assessed contributions. A provision for doubtful voluntary contribution receivables was made as at 31 December 2011 – refer to Note 5.10.

1.4 Provisions and contingent liabilities

WHO recognizes a provision for all present obligations for which a probable outflow of resources will be required to settle the obligation and for which the value of the obligation can be reasonably estimated. These provisions are recorded as an expense in the period in which they occur and a corresponding liability is established in the statement of financial position. Contingent liabilities however relate to potential future outflows which do not meet the criteria of a provision (i.e. they are not probable or cannot be reasonably estimated). If a contingent liability is not considered remote it should be disclosed in the notes to the financial statements.

1.5 Property and equipment

Land and buildings are recorded at historical cost and are not depreciated. The full expense of equipment is recorded in the financial period in which it is acquired. An inventory of equipment with a cost value of US\$ 2500 or above is maintained and the total value disclosed in the notes. Gains or losses on the disposal of property has been recognized as part of operating revenue.

1.6 Employee benefits

Employee benefits are recognized as expenses on an accrual basis. Similarly, terminal payments to staff members, including repatriation grant, accrued annual leave, repatriation travel and removal on repatriation, are all expensed on an accrual basis. As per actuarial valuations, the current accruals for employee benefits are not sufficient to cover all future costs.

1.7 Pension Fund

WHO is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to staff. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the Pension Fund consists of its mandated contribution at the rate established by the United Nations General Assembly, together with any

share of any actuarial deficiency payments under Article 26 of the Regulations of the 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. At the time of this report the United Nations General Assembly had not invoked this provision.

1.8 Financial risks

The Organization is exposed to certain financial risks including foreign currency exchange risk and credit risk. The Organization uses forward foreign exchange contracts to hedge currency risk exposure. In accordance with Financial Regulation 11.1, funds not required for immediate use may be invested. All investments are carried out within the framework of investment policies approved by the Director-General. These policies are regularly reviewed by the Advisory Investment Committee, whose members are external investment specialists. The Committee makes regular recommendations to the Director-General. The range of investment types are:

- *Short-term fixed income in US dollars* – These are invested in cash and high-quality, short-dated, government, agency, and corporate bonds as defined in the approved investment policy;
- *Long-term fixed income in US dollars* – These are invested in high-quality, medium- and long-dated, government, agency, and corporate bonds. They represent funds managed for the Staff Health Insurance Fund and the Terminal Payments Account, as defined in the approved investment policy; and
- *Equity investments in US dollars* – In accordance with approved investment policy, this portfolio represents funds managed for the Staff Health Insurance Fund.

Foreign currency exchange risk – The Organization receives voluntary and assessed contributions and makes payments in currencies other than US dollars. It is exposed to foreign exchange currency risk arising from fluctuations in the 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 WHO general investment plan.

Credit risk – The credit risk associated with contributions from donors and on other accounts receivable is considered above in the note on accounts receivable.

The Organization is not subject to significant liquidity or price risk.

Foreign currency translation – Translation into US dollars of transactions expressed in other currencies is effected at the prevailing United Nations accounting rate of exchange, as applicable at the date of the transaction. Assets and liabilities that are denominated in foreign currencies are translated at the rates of exchange prevailing on the first day of the month for purposes of reporting. Realized/unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the statement of financial performance.

1.9 Tax Equalization Fund

In accordance with Health Assembly resolution WHA21.10, under which the Tax Equalization Fund was established, the assessed contributions of all Members are reduced by the revenue generated by the staff assessment plan. In determining the reduction of assessed contributions to be applied to the Members concerned, the Tax Equalization Fund is credited with the revenue from the staff assessment plan, the credits being recorded in the name of individual Members, in proportion to their assessments for the biennium. For those Members 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 the Members concerned. 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.

1.10 Savings on prior periods' unliquidated obligations

Unliquidated obligations relating to prior financial periods are settled during the current financial period in accordance with the Financial Regulations. Variances on settlement are debited/credited to the relevant account.

1.11 Fund accounting

Fund accounting is a method of segregating resources into categories, (i.e. funds) to identify both the source and use of the funds. Establishment of 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 all serve to ensure proper segregation of income 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. The four types of funds are further explained below.

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

- Member States' assessed contributions
- Member States' non-assessed income
- Tax Equalization Fund
- Working Capital Fund
- Voluntary funds (core, specified and partnerships)
- Special account for servicing costs (also referred to as programme support costs)

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 accounts:

- Real Estate Fund
- Security Fund
- Information Technology Fund
- Revolving Fund for Teaching and Laboratory Equipment
- Post Occupancy Charge Fund

Enterprise Fund – This Fund contains accounts that generate self-financing revenue. The revenue and expenses under this Fund are not included in the reporting of the Programme budget. The Enterprise Fund contains the following accounts:

- Revolving Sales Fund¹
- Special account for concessions
- Insurance policies account
- Procurement activities
- Other self-financing activities

¹ In accordance with Health Assembly resolutions WHA22.8 and WHA55.9, this 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.

Fiduciary Fund – This Fund accounts for assets that are held by WHO in a trustee or agent capacity for others and cannot be used to support the Organization’s own programmes. The Fund includes partnerships which are administered by WHO and whose budgets are not approved by the Health Assembly. Similarly, financial activities related to financing the Organization’s long-term liabilities are managed through this Fund. The Fund is not available for operations and does not contribute to the Programme budget 2010–2011. The Fiduciary Fund contains the following accounts:

- Staff health insurance
- Secretariat of the Framework Convention on Tobacco Control
- Stop TB Partnership Global Drug Facility
- Roll Back Malaria Partnership secretariat
- Health Metrics Network
- Partnership for Maternal, Newborn and Child Health
- United Nations System Standing Committee on Nutrition

Notes to the financial statements

2. *Statement of objectives*

- 2.1 The objective of the World Health Organization, contained in Article 1 of the Constitution, is the “attainment by all peoples of the highest possible level of health”.
- 2.2 In order to achieve this objective, the functions of the Organization have been established and are contained in Article 2 of the Constitution.
- 2.3 The Eleventh General Programme of Work, 2006–2015, approved by Health Assembly resolution WHA59.4 provides the policy and programmatic framework for the Programme budget 2010–2011. Resolution WHA62.11 refines the framework of the Medium-term strategic plan 2008–2013 and its underlying budgets.
- 2.4 The Sixty-second World Health Assembly in May 2009, in resolution WHA62.9, noted the total effective working budget of US\$ 4540 million for the financial period 2010–2011. The Health Assembly also noted that the figure for voluntary contributions required to meet estimated expenditure not financed through net assessments on Members was US\$ 3596 million.

3. *Disclosure of consolidated and non-consolidated entities*

3.1 Non-consolidated entities WHO provides administrative services to a number of entities. Each of these entities produces a full set of financial statements that are subject to a separate audit. The following five entities have their own governing bodies and are not controlled by the Health Assembly:

- Trust Fund for the Joint United Nations programme on HIV/AIDS (UNAIDS)
- International Drug Purchase Facility (UNITAID)
- International Agency for Research on Cancer (IARC)
- International Computing Centre (ICC)
- African Programme for Onchocerciasis Control (APOC)¹

¹ Includes residual values for the former Onchocerciasis Control Programme.

3.2 Consolidated entities

WHO administers or participates in a large number of global health partnerships, and maintains some special programmes and collaborative arrangements. These contribute to the achievement of WHO's objectives and as such were reflected in the Programme budget 2010–2011, under the Special programmes and collaborative arrangements segment of the budget. The activities implemented by WHO have been consolidated in the financial report under the General Fund. The activities held under the Special programmes and collaborative arrangements segment of the budget, following a revision made at the beginning of 2010, are as follows:

- Alliance for Health Policy and Systems Research
- Codex Alimentarius Commission
- European Observatory on Health Systems and Policies
- Collaboration with partners in the GAVI Alliance
- Global Health Workforce Alliance
- Global Polio Eradication Initiative
- Health and Nutrition Tracking Service
- Intergovernmental Forum on Chemical Safety
- UNICEF/UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases
- UNDP/UNFPA/WHO/World Bank Special Programme of Research, Development and Research Training in Human Reproduction
- HIV Vaccine Initiative (including the African AIDS Vaccine Programme)
- Vaccine research partnerships
- Partnership for the control of neglected tropical diseases
- WHO/UN Programme on Prequalification of Medicines
- WHO-FAO-OIE agreement on the management of avian influenza and other emerging diseases
- WHO Centre for Health Development (Kobe)
- World Alliance for Patient Safety
- Stop TB Partnership, including Green Light Committee and Global Laboratory Initiative

In addition, the following partnerships, are not included within the Programme budget. They are therefore consolidated in the financial report, but are outside the Programme budget and the General Fund.

- Secretariat of the WHO Framework Convention on Tobacco Control
- Stop TB Partnership Global Drug Facility
- Roll Back Malaria Partnership secretariat
- Health Metrics Network
- Partnership for Maternal, Newborn and Child Health
- United Nations System Standing Committee on Nutrition

4. Supporting information to the statement of financial performance

4.1 Statement overview

The statement of financial performance consolidates revenue and expenses for all activities throughout the Organization. The statement segregates operating activities from those arising from financing operations. Further details by fund and by major office are presented in Schedules 1, 2, 3 and 4.

4.2 Member States' assessed contributions

Resolution WHA62.9 approved a budget of US\$ 4540 million for the period 2010–2011. Details of the status of collections can be found in document A65/30. The total budget to be financed from assessed contributions as per resolution WHA62.9 paragraph 3.3 for the period 2010–2011 is US\$ 945 million which has been recognized as revenue for the period to 31 December 2011 and assessed to Member States. US\$ 16 million was transferred to the Tax Equalization Fund in 2011 (See Note 6.3). In addition, US\$ 15 million was transferred from Member States' non-assessed income. The net balance available for the Programme budget of the biennium is US\$ 944 million (See Note 6.1).

4.3 Voluntary contributions

Total voluntary contributions to WHO were US\$ 3615 million in 2010–2011. Of that amount, US\$ 546 million is reported as deferred revenue (refer to Note 5.8) leaving a net amount of US\$ 3069 million reported as revenue in the current period. These contributions represent revenue recognized from governments, intergovernmental organizations, institutions, other United Nations organizations and bodies, as well as the private sector.

4.4 Contributions in kind and in services

The Organization receives non-cash (in-kind and in-service) contributions from Member States and other donors. In 2010–2011 WHO received in-kind or in-service contributions amounting to US\$ 487.6 million (US\$ 126.5 million in 2008–2009). In-kind and in-service contributions increased significantly in 2010–2011 compared with the previous biennium due to vaccines donated in response to the pandemic (H1N1) 2009. Details of all in-kind and in-service contributions by donor are provided in Schedule 5 in document A65/29 Add.1.

	2010–2011	2008–2009
In-kind	457 630 709	109 713 461
In-service	29 960 695	16 777 520
Total	487 591 404	126 490 981

4.5 Reimbursable procurement

WHO procures medicines and vaccines on behalf of Member States and other United Nations agencies. The total revenue recognized for 2010–2011 for reimbursable procurement was US\$ 179 million (US\$ 54 million in 2008–2009). The revenue and expenses related to reimbursable procurement forms part of the Enterprise Fund and are not reported against the Programme budget.

4.6 Other operating revenue

In the financial period 2010–2011 the Organization earned fees for hosting other entities such as UNAIDS, the International Drug Purchase Facility (UNITAID), the International Computing Centre (ICC) and the African Programme for Onchocerciasis Control (APOC). Other sources of earnings also included the sale of publications and royalties earned.

	2010–2011	2008–2009
Administrative service agreements with other entities	12 870 337	12 747 026
Savings on previous period obligations	9 626 757	36 029 276
Revolving Sales Fund income	6 585 330	11 069 082
Rental income	6 530 023	3 318 870
Others	6 141 935	8 170 298
Gains on sale of assets	181 388	167 143
Total other operating revenue	41 935 770	71 501 694

4.7 Financial revenue and costs

Total interest earnings of US\$ 53.5 million in 2010–2011 less foreign exchange and other losses of US\$ 29.3 million for the same period, produced a net overall financial gain of US\$ 24.1 million.

	2010–2011	2008–2009
Finance revenue		
Interest on cash and bank deposits	19 528 753	45 780 732
Interest on investments	33 934 071	54 244 648
Total finance revenue	53 462 824	100 025 380
Finance costs		
Exchange gains/(losses)	(17 936 779)	(30 388 383)
Other financial expenses	(11 409 068)	11 338 148
Total finance costs	(29 345 847)	(19 050 235)
Net finance revenue / costs	24 116 977	80 975 145

4.8 Expenses

WHO recognizes expenses at the point where goods have been delivered or services rendered. An encumbrance represents a firm commitment or obligation for goods and services which have not been delivered. Encumbrances are not reported in the statement of financial performance but are presented in the Programme budget utilization Schedule 2 to Schedule 2.2.

4.8a Staff and other personnel costs: This amount is equal to the total cost of employing staff at all locations; it includes charges for base salary, post adjustment and any other types of entitlements (e.g. pensions and insurances) paid by the Organization. Costs for fellowships are also considered to be staff costs.

4.8b Supplies, commodities, materials: The majority of these costs relate to medical supplies purchased and distributed by the Organization. In-kind contributions are also included at cost; the expenditure has significantly increased mainly due to the recording of US\$ 458 million of vaccines received in kind (refer to Note 4.4). This nomenclature refers to medical supplies and literature in the previous biennium.

4.8c Contractual services: This represents expenses for service providers. The main components are for agreements for performance of work or consulting contracts given to individuals to perform activities on behalf of the Organization. Medical research activities are also included in contractual services.

4.8d Transfers and grants to counterparts: This represents non exchange contracts signed with national counterparts (mainly health ministries) to perform activities which are in line with the WHO Programme budget. Funds are expensed at the point of time when the funds are

transferred to the contractual partner. These expenditures are also referred to as “direct financial cooperation”.

4.8e Travel: The cost of travel for WHO staff, non-staff participants in meetings, consultants and representatives of Member States paid by the Organization is included in the total travel costs. Travel expenses include airfare, per diem and other travel-related costs. This does not include statutory travel for home leave and education grant which is accounted for within staff costs.

4.8f General operating expenses: This amount represents general operations to support country offices, regional offices and headquarters; it includes utilities, telecommunication (fixed telephone, mobile phone, internet and global network expenses), and rents.

4.8g Equipment, vehicles and furniture: WHO expenses the full cost of equipment, vehicles and furniture at the point of delivery. No expenses for depreciation are currently recorded under the United Nations System Accounting Standards. The costs are significantly lower in comparison to the previous biennium as fewer purchases have been made.

5. *Supporting information to the statement of financial position*

The notes in this section provide further details of the information presented in the statement of financial position and changes in equity.

5.1 Cash and cash equivalents

Cash and cash equivalents are held on behalf of the Organization, including the General Fund, Special Purpose Fund, Enterprise Fund, Fiduciary Fund and non-WHO entities administered by WHO. The detail of cash held by non-WHO entities is shown under Note 5.12. The Organization has no undrawn borrowing facilities as at 31 December 2011.

	2010–2011	2008–2009
Cash at banks, in transit and on hand		
Headquarters	151 927 914	257 634 656
Regional and country offices	11 672 014	(44 727 992)
Country offices bank accounts		
Regional Office for Africa	42 717 755	53 465 224
Regional Office for the Eastern Mediterranean	33 195 565	19 592 269
Regional Office for South-East Asia	4 735 362	10 572 509
Regional Office for the Western Pacific	2 802 657	6 316 694
Regional Office for Europe	859 493	1 563 935
Headquarters	384 376	(582 748)
<i>Total cash and cash equivalents</i>	<u>248 295 136</u>	<u>303 834 547</u>

5.1a Investments:

Deposits and securities: Funds in currencies other than US dollars are accounted at their US dollar equivalent based on the United Nations accounting rate of exchange. Securities are accounted for at current market value. Market values are determined using the market price for a particular security on the last business day of the year. The investment policy reflects the nature of the WHO funds, which may be held for the short term, pending programme implementation, or for the longer term in order to meet liabilities under the Staff Health Insurance Fund and other long-term funds of the Organization. Investments are recorded at current market value and investment income is recorded on an accrual basis. Held-to-maturity investments are recorded at amortized cost until maturity.

Short-term fixed income in US dollars – These are invested in cash and high-quality, short-dated, government, agency, and corporate bonds as defined in the approved investment policy.

Long-term fixed income in US dollars – These are invested in high-quality, medium- and long-dated, government, agency, and corporate bonds. They represent funds managed for the Staff

Health Insurance Fund and the terminal payments account as defined in the approved investment policy.

Equity investments in US dollars – In accordance with approved investment policy, this portfolio represents funds managed for the Staff Health Insurance Fund.

In accordance with the approved investment policy, a securities lending programme is managed by the custodian. Under the programme some securities are lent short term to banks and financial institutions with high credit ratings, and cash collateral is obtained of more than 100% of the value of the securities lent. The securities lending programme does not affect WHO's unencumbered title to the securities lent which are included in the investments figures. The value of securities on loan as at 31 December 2011 was US\$ 59.2 million.

	2010–2011	2008–2009
Deposits		
Bank deposits	1 225 000 000	1 125 100 000
Total deposits	1 225 000 000	1 125 100 000
Securities		
Short-term fixed income	1 113 470 662	661 382 716
Long-term fixed income	299 744 090	270 236 092
Equity investments	75 619 049	52 352 993
Total securities	1 488 833 801	983 971 801
Total investments	2 713 833 801	2 109 071 801

5.1b Cash and investments available for programmatic activities: Of the total cash and investments balance of US\$ 2962 million (US\$ 248 million of cash plus US\$ 2714 million of investments), US\$ 1325 million was available for WHO programmatic activities. The remaining cash relates to funds held on behalf of other organizations and those needed to settle future liabilities.

	2010–2011	2008–2009
Total cash and investments	2 962 128 937	2 412 906 348
Restricted cash and investments		
Funds held on behalf of other entities (Note 5.12)	746 723 082	513 099 744
Staff health insurance	527 818 250	450 906 103
Accounts payable, provision and other liabilities	280 832 869	219 074 541
Accrued benefits	81 875 366	47 650 032
Total restricted cash and cash equivalents	1 637 249 567	1 230 730 420
Total available for WHO programmatic activities	1 324 879 370	1 182 175 928

5.1c Hedging foreign exchange exposures on future payroll costs: The value of non-dollar payroll expenditures in 2012 has been protected from the impact of movements in foreign exchange rates against the United States dollar. Protection was effected through the transaction of forward currency contracts during 2011. As at 31 December 2011, the forward foreign currency exchange hedging contracts by currency were as follows:

Currency forward bought	Net amount	Equivalent in US dollars	Unrealized gain/(loss) (US dollars)
CHF	343 200 000	363 174 603	(14 904 261)
EGP	94 800 000	15 773 710	(361 886)
EUR	84 000 000	108 527 132	(4 944 797)
INR	858 000 000	16 250 000	(968 699)
MYR	27 600 000	8 706 625	(48 332)
PHP	705 600 000	16 254 319	(183 169)
Total		528 686 389	(21 411 144)

There was an unrealized net loss on these contracts of US\$ 21.4 million as at 31 December 2011 (nil at 31 December 2009). Realized gains or losses on these contracts will be recorded on maturity of the contracts and applied during 2012–2013.

5.1d Hedging foreign exchange exposures on receivables and payables: Currency exchange risk arises through differences between 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 performed to hedge this foreign currency risk. On an ongoing monthly basis the awards, accounts receivable and accounts payable exposures 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 settings of the monthly United Nations exchange rates. Through this process the exchange gains or losses realized on the forward foreign currency contracts match the corresponding exchange losses and gains on the movements in the net contributions, accounts receivable and accounts payable. As at 31 December 2011, the total forward foreign currency exchange hedging contracts by currency were as follows:

Currency forward sold	Net amount	Equivalent in US dollars	Unrealized gain/(loss) (US dollars)
AUD	13 200 000	13 319 879	(128 841)
CAD	89 300 000	87 207 031	(506 111)
CHF	5 000 000	5 291 005	(29 988)
EUR	79 400 000	102 583 979	(414 232)
GBP	178 900 000	276 080 247	(1 263 239)
SEK	30 150 000	4 357 566	(29 931)
Total		488 839 707	(2 372 342)

There was an unrealized net loss on these contracts of US\$ 2.4 million as at 31 December 2011 (unrealized net loss of US\$ 3.3 million as at 31 December 2009). Realized gains or losses on these contracts will be recorded on maturity of the contracts and applied during 2012–2013.

5.1e 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. As at 31 December 2011, these forward foreign currency exchange contracts by currency were as follows:

Currency bought	Amount forward bought	Currency sold	Amount forward sold	Unrealized gain/(loss) (US dollars)
AUD	1 000 000	CHF	945 600	15 151
CAD	1 000 000	CHF	915 300	7 043
NOK	1 700 000	CHF	269 648	(3 178)
SEK	1 000 000	CHF	135 373	1 126
Total			2 265 921	20 142

The maturity dates of these forward foreign exchange contracts were in January and February 2012. Unrealized net gains on these contracts amounted to US\$ 20 000 as at 31 December 2011 (unrealized net gains of US\$ 1.8 million as at 31 December 2009). Realized gains or losses on these contracts will be recorded on maturity of the contracts and applied during the financial period 2012–2013.

5.2 Accounts receivable

As at 31 December 2011, total accounts receivable amounted to US\$ 1013 million (US\$ 600 million as at 31 December 2009). The receivable balance includes outstanding amounts for both assessed and voluntary contributions. Details of assessed contribution receivables are available in Annex I of the Status of collection of assessed contributions (A65/30). Details of voluntary contribution receivables are available in schedule 4 of the Annex to the Financial Report (A65/29 Add.1) Other receivables of US\$ 5 million (US\$ 3.8 million as at 31 December 2009) comprise payments due from international organizations and other debtors.

	2010–2011	2008–2009
Accounts receivable		
Member States assessed contributions receivable – current biennium	62 602 859	130 880 093
Member States assessed contributions receivable – previous biennium	6 739 828	13 473 579
Outstanding rescheduled assessments receivable – non-current	40 436 097	46 784 658
<i>Total assessed contributions receivable</i>	109 778 784	191 138 330
Voluntary contributions receivable – current	673 063 547	403 980 686
Voluntary contributions receivable – non-current	224 896 093	
Revolving sales	289 686	1 095 080
Other receivables	5 116 102	3 801 592
Total accounts receivable	1 013 144 212	600 015 688
Current and non-current receivables		
Current accounts receivable	747 812 022	553 231 030
Non-current accounts receivable	265 332 190	46 784 658
Total current and non-current receivables	1 013 144 212	600 015 688

5.3 Staff receivables

The total balance of staff receivables amounted to US\$ 9.8 million as at 31 December 2011, reduced from US\$ 18.5 million as at 31 December 2009. The decrease was in part due to a change in accounting policies for education grants and for travel advances. Prior to the implementation of the Global Management System the payment of per diems and education grants was considered an advance and recorded as a receivable. Post implementation of the Global Management System, travel payments and education payments were considered as expenditure at the time of payment which is consistent with the “delivery principle”. When the

staff member experiences a variation in travel or education costs that results in money owing to the Organization a receivable is recorded.

Salary advances are allowed when a staff member will be absent over a pay-day on approved leave or official travel. An advance may also be exceptionally granted in cases of emergency, such as a death in the immediate family, loss due to flood or fire, prepayment of rent in very exceptional cases, or crimes causing financial loss to the staff member. All salary advances are approved by the Regional Director or the Director of Human Resources.

The total balance of US\$ 5.1 million of salary advances includes US\$ 930 709 which relates to outstanding amounts owed by former staff members for which follow up has already been initiated.

It should be noted that in the financial period 2010–2011 write-offs of US\$ 473 280 were approved in relation to salary and other advances which were not collectable (see Note 5.16 for further details). The figures reported below are net of these write-offs.

Rental advances are payable only in field duty stations. Regional Directors may approve such advances for internationally recruited staff members who require funds to pay advance rentals. These advances are limited to the equivalent of twelve months' rental and are recovered by deductions over a twelve-months period.

Other staff receivables relate primarily to staff health insurance receivables and pension recoveries.

	2010–2011	2008–2009
Salary advances	5 141 268	4 316 088
Travel advances	2 264 846	4 448 522
Rental advances	1 454 683	1 916 942
Other staff receivables	881 197	2 817 172
Education grants	63 643	4 991 114
Total staff receivables	9 805 637	18 489 838

5.4 Prepayments and deposits

The total value of prepayments is US\$ 1.6 million (US\$ 10.4 million as at 31 December 2009). These represent payments to suppliers in advance of receipt of goods or services. It is common practice for technical service contractors to request funds in advance of a project to support work during the project. When goods or services are delivered prepayments are applied to the appropriate expenditure account.

Deposits of US\$ 362 303 (US\$ 274 302 as at 31 December 2009) represents amounts given to landlords as a security to rent office space.

5.5 Interest receivable

This represents amounts due from banks for interest earned on term deposits during the period. The total value of interest receivable is US\$ 2 million (US\$ 7.9 million as at 31 December 2009).

5.6 Land and buildings

These assets represent WHO's properties at headquarters and in regional office locations. The properties have been purchased, constructed or received as donations. The land upon which buildings have been erected is either owned by the Organization or has been made available by the host country concerned at no cost or at a nominal annual ground rent. The cost of land and buildings at each location comprises the following:

	2010-2011	2008-2009
Headquarters	67 971 982	67 971 982
Regional Office for the Eastern Mediterranean	12 088 203	12 088 203
Regional Office for Africa	8 257 182	8 257 182
Regional Office for the Western Pacific	8 149 758	8 149 758
Regional Office for South-East Asia	1 483 295	1 483 295
Total land and buildings	97 950 420	97 950 420

5.7 Non-expendable equipment

The total value of non-expendable equipment as at 31 December 2011 was US\$ 99.9 million (US\$ 75.3 million as at 31 December 2009). In accordance with established accounting policy, non-expendable equipment (including furniture, computers and other office equipment and motor vehicles) is charged as an expense at cost. An inventory of non-expendable equipment is maintained and the value disclosed in these notes. For reporting purposes, only those items with a cost value of US\$ 2500 and above are included.

5.8 Deferred revenue and advances

Deferred revenue represents multi-year agreements signed in 2010-2011 but for which the revenue recognition has been deferred to future financial periods. Deferred revenue is recorded for the first time in 2011 financial statements as WHO moves to IPSAS compliance. There was no deferred revenue previously recorded as the income was only recorded when it became due; therefore, no information is available to provide a comparative figure as at 31 December 2009. Details of deferred income, by fund and by donor are available in Schedule 3 of the Annex to the financial report (document A65/29 Add.1).

	2010-2011
Deferred revenue	
Current deferred revenue	321 397 775
Non-current deferred revenue	224 896 093
Total deferred revenue	546 293 868

The majority of contributions received in advance relate to Member States that had made advance payments in 2011, either in full or in part, against their assessed contributions for 2012 and future years. Details of assessed contributions received in advance are available in Annex 3 of the Secretariat's report on the status of collection of assessed contributions (document A65/30). Advance payments for voluntary contributions relate to funds received from agreements starting in 2012. Details of voluntary contributions received in advance are available in Schedule 6 of the Annex to the financial report (A65/29 Add.1). Unapplied and unidentified receipts represent amounts received in 2011 but not yet matched as at 31 December 2011.

	2010-2011	2008-2009
Contributions received in advance		
Assessed contributions advances	70 276 957	54 821 108
Advances for voluntary contributions	26 740 312	20 600 446
Unapplied and unidentified receipts	2 329 995	10 732 036
Advances to the secretariat of the Framework Convention on Tobacco Control	1 381 287	327 380
Total contributions received in advance	100 728 551	86 480 970

5.9 Accounts payable

This represents the total amount outstanding to suppliers as at 31 December 2011 by major offices.

	2010–2011	2008–2009
Headquarters	11 260 434	24 462 102
Regional Office for the Eastern Mediterranean	7 585 127	151 336
Regional Office for Africa	5 210 396	1 027 286
Regional Office for the Western Pacific	4 016 424	6 186 014
Regional Office for South-East Asia	2 938 249	871 847
Regional Office for Europe	1 276 513	7 612
Total accounts payable	32 287 143	32 706 196

5.10 Net collection/(provision for) doubtful receivables

The total provision for doubtful receivables reported in the statement of financial position is US\$ 119.9 million (US\$ 191.1 million as at 31 December 2009), comprising a provision of US\$ 109.8 million for assessed contributions and US\$ 10.1 million for voluntary contributions.

A provision for 100% of the outstanding assessed contributions was recorded as at 31 December 2011. The net decrease in the provision attributable to the current period of US\$ 81.4 million is recorded in the statement of financial performance. The balance of US\$ 109.8 million for the assessed contributions is included in the above total.

	2010–2011	2008–2009
Opening balance – assessed contributions	191 138 329	139 924 190
Plus: Outstanding current biennium assessed contributions	62 602 859	130 880 093
Less: Collections made for previous biennium	(143 962 404)	(79 665 954)
<i>(Collection) / Provision – assessed contributions</i>	<i>(81 359 545)</i>	<i>51 214 139</i>
Ending balance – assessed contributions	109 778 784	191 138 329
Plus: Provision for doubtful receivables – voluntary contributions	10 145 034	-
Ending balance	119 923 818	191 138 329

A provision of US\$ 10.1 million for voluntary contributions has been recorded this year against the Special Account for Servicing Costs Fund (refer to Note 6.11). This provision was recorded based on a detailed review of all receivables more than one year overdue in order to assess any receivables where the collection was doubtful. The largest amount relates to an overdue receivable from Italy for US\$ 9.1 million relating to the operation of the WHO Rome office. There was no similar provision recorded in 2009.

The net collection of doubtful receivables in 2010–2011 reported in the statement of financial performance is US\$ 71.3 million (provision of US\$ 51.2 million in 2009), comprising collection of US\$ 81.4 million from assessed contributions offset by the voluntary contribution provision of US\$ 10.1 million.

5.11 Other current liabilities

The total balance for other current liabilities as at 31 December 2011 is US\$ 36.5 million (US\$ 186.3 million as at 31 December 2009). These amounts relate to various short-term liabilities as detailed below. The latest actuarial study estimated the full future liability for the special account for compensation to be US\$ 12 million as at 31 December 2011. The overall balance of other liabilities has decreased significantly as a result of the cancellation of all

remaining unliquidated obligations related to prior periods. These obligations were primarily settled through payments to suppliers (69%), refunds to the respective awards where still active (24%), refunded to the Member States other income or special account for servicing costs (6%), or adjusted to staff benefit accruals (1%).

	2010–2011	2008–2009
Accrual for goods and services	16 183 798	
Accrual for restructuring costs	12 671 130	
Staff payable	7 137 972	1 892 438
Other liabilities	7 022 038	
Special account for compensation	6 106 483	5 926 806
Foundations	3 651 698	3 699 821
Pension payable to UNJSPF	3 603 401	(1 730 783)
Insurance payable	2 753 778	5 074 805
Due to estates of deceased staff members	273 148	276 463
Unliquidated obligations		157 205 943
Payable to PAHO	(22 864 545)	13 952 937
Total other current liabilities	36 538 901	186 298 431

5.12 Inter-entity liabilities

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

	2010–2011	2008–2009
International Drug Purchase Facility (UNITAID)	489 540 112	224 749 864
Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS)	240 492 054	271 360 688
International Computing Centre (ICC)	11 942 469	13 192 766
African Programme for Onchocerciasis Control (APOC)	4 748 447	3 713 093
Other transfers		83 334
Total inter-entity liabilities	746 723 082	513 099 744

5.13 Long-term borrowings

The Health Assembly, in resolutions WHA55.8 and WHA56.13, authorized the Director-General to proceed with the construction of a new building at headquarters for WHO and UNAIDS at an estimated cost of CHF 66 million, of which WHO's share was estimated at CHF 33 million. The Swiss Confederation agreed to provide an interest-free loan to WHO and UNAIDS of CHF 59.8 million of which WHO's share is CHF 29.9 million. The Health Assembly also approved the use of the Real Estate Fund for the repayment over a 50-year period of WHO's share of the interest-free loan provided by the Swiss Confederation with effect from the first year of completion of the building. WHO has repaid its share of US\$ 1 534 658 for 2010–2011 (US\$ 1 666 479 for the period 2008–2009).

5.14 Accrued staff benefits

Non payroll staff entitlements account – This account provides for non payroll staff entitlements. These consists of education grants, education grant travel, home leave, recruitment and assignment travel, assignment grants and transportation of personal effects.

Terminal payments account – This account was established to provide for financing the terminal emoluments of staff members, including repatriation grants, accrued annual leave, repatriation travel and removal on repatriation. It is funded by a budgetary provision set for 2010–2011 at 2.5% of salary and post adjustment for fixed term staff.

It should be noted that the accrual does not reflect the Organization's full long-term liability for staff benefits. The latest actuarial study estimated the full future liability to be US\$ 151 million

as at 31 December 2011. This calculation did not include costs for end of service grant, and separation by mutual agreement on abolishment of posts.

	2010–2011	2008–2009
Terminal payments	56 530 276	50 207 183
Non-payroll staff entitlements	25 345 090	(2 557 151)
Total accrued staff benefits	81 875 366	47 650 032

5.15 Staff health insurance

The revenue of the Staff Health Insurance Fund consists of contributions received in respect of both active and retired staff (of which one third is paid by the participants and two thirds by the Organization) as well as interest and earnings on investments. In order to ensure the adequate funding of future claims from retired staff, a fixed percentage (currently 25%) of active staff contributions is set aside each year. The remaining 75% of contributions are required to meet current claims from active staff. Further details on staff health insurance are reported separately to the Headquarters Surveillance Committee for Staff Health Insurance.

It should be noted that the fund balance for after service health insurance is not sufficient to meet all future costs. The latest actuarial calculation as at 31 December 2011 estimates the full liability for WHO to be US\$ 1236 million. The net unfunded liability is US\$ 792 million (US\$ 1236 million less plan assets specific to WHO of US\$ 444 million).

	2010–2011	2008–2009
Balance as at 1 January	450 906 103	383 609 739
Revenue		
Contributions collected	208 300 552	169 688 551
Income on fixed investments	23 275 140	10 594 569
Interest	4 995 086	16 875 159
Total revenue	236 570 778	197 158 280
Expenses		
Claims paid	147 288 455	126 085 603
Operating expenses	12 370 176	3 776 312
Total expenses	159 658 631	129 861 915
Balance as at 31 December	527 818 250	450 906 103

5.16 Administrative waivers, amounts written-off, ex-gratia payments

During 2010–2011, several administrative waivers were approved. In the Regional Office for South-East Asia an amount of US\$ 3819 was approved for a local cost subsidy, where it was deemed impossible to recover the report on subsidy utilization from the recipient. In the Regional Office for the Western Pacific an administrative waiver was approved for US\$ 7653 for a case involving a travel agent that went into litigation. At headquarters an administrative waiver totalling US\$ 94 565 was approved by the Comptroller in respect of a number of cases for which collection was not considered likely. The cases, which related to various interagency receivables, dated back to 2005.

Two ex-gratia payments were authorized by the Comptroller. The first concerned a case in which a temporary advisor incurred hospital fees of CHF 626 while in attendance at a WHO meeting. The second involved CHF 2500 which were paid to an intern who was defrauded of rental payments.

A major exercise was conducted to resolve some long-standing issues relating to staff receivables. A total of US\$ 473 280 were approved for write-off. This balance related primarily to advance salary, rental, travel and education grant payments for former staff members where

recovery was deemed impossible. In some cases the write-offs were for staff members who have since died, while others related to cases where former staff cannot be located despite attempts to contact them.

5.17 Contingent liabilities

As at 31 December 2011 the Organization had a number of pending legal cases. Most involve disputes that are not disclosed because the likelihood of repayment has been determined to be remote. However, there are three cases involving contractual disputes which are to be considered contingent liabilities. The total potential cost to the Organization is estimated at US\$ 138 000.

5.18 Reclassification of 2008–2009 comparative figures

As part of an effort to continue to improve the format of the financial statements in preparation for IPSAS, a number of adjustments were made to the current account mappings in the statement of financial performance and the statement of financial position.

- *Investments*: In the financial period 2008–2009 financial statements the investments were included in the cash and cash equivalent figure of US\$ 2 412 906 348. As part of the gradual implementation towards IPSAS it was decided that as investment represented a material balance, it would be more accurate to split the investments and cash in the period 2010–2011. It was therefore necessary to make a similar adjustment for the previous period to segregate the US\$ 2 109 071 801 of investments from the cash balances of US\$ 303 834 547.
- *Prepayments*: In the period 2010–2011 a new financial statement heading was created to present the amount of deposits related to real estate rentals. For the period 2008–2009 an amount of US\$ 274 302 relating to these deposits was reclassified from prepayments to deposits.
- *Contributions received in advance*: At the end of a biennium the Organization sometimes receives funds for which additional follow up is required with banks in order to determine the source. At the end of the period 2008–2009 these pending charges of US\$ 69 914 were treated as a liability rather than accounted for as a “contribution in advance” as they are in the period 2010–2011.
- *Accounts payable*: In the financial period 2010–2011 WHO further refined the definition of the accounts payable balance to include only balances that related to liabilities owing to suppliers of goods and services. All other liabilities such as insurance liabilities, pensions payable and other staff payables were reclassified from accounts payable to other liabilities. For comparability a similar reclassification was necessary for the period 2008–2009 in the amount of US\$ 172 570 816.

6. Supporting information to the statement of changes in net assets/equity

6.1 Member States regular budget – assessed contributions

Resolution WHA62.9 is the appropriation resolution for the financial period 2010–2011. This note provides details of financing and related expenditure of assessed contributions, along with the appropriations from Member States' non-assessed income for 2010–2011. The status of the funds available highlights the net surplus/(deficit) on the Member States' regular budget.

	Assessed contributions	Non-assessed income	Total
Balance as at 1 January 2010	(111 394 115)	32 202 907	(79 191 208)
Programmatic revenue and expenses			
Net assessments to Member States	945 114 400		945 114 400
Appropriations	15 000 000	(15 000 000)	
Tax equalization reimbursements	(16 274 400)		(16 274 400)
<i>Effective programme budget</i>	<u>943 840 000</u>	<u>(15 000 000)</u>	<u>928 840 000</u>
Programmatic expenses related to 2010–2011	(917 587 910)		(917 587 910)
Programmatic expenses related to 2008–2009	(6 583 896)		(6 583 896)
<i>Net surplus/(deficit)</i>	<u>19 668 194</u>	<u>(15 000 000)</u>	<u>4 668 194</u>
Collections and provisions of contributions			
Unpaid assessments for current biennium	(62 602 859)		(62 602 859)
Contributions in arrears received in current period		143 962 404	143 962 404
Repayment of internal borrowing	111 394 116	(111 394 116)	
<i>Net increase/(decrease) from collections</i>	<u>48 791 257</u>	<u>32 568 288</u>	<u>81 359 545</u>
Member States non-assessed income			
Interest		1 004 545	1 004 545
Savings on unliquidated obligations		5 079 650	5 079 650
Transfer to Information technology and security funds		(32 000 000)	(32 000 000)
Net non-assessed income		<u>(25 915 805)</u>	<u>(25 915 805)</u>
<i>Balance as at 31 December 2011: assessed and non-assessed</i>	<u>(42 934 664)</u>	<u>23 855 391</u>	<u>(19 079 274)</u>
Balance in Working Capital Fund			31 000 000
Deficit in Tax Equalization Fund			(8 073 603)
Balance as at 31 December 2011: total Member States – regular budget			<u>3 847 123</u>
Less: provisions for firm commitments (encumbrances) (See Schedule 2)			(18 465 356)
Total Member States funds available (deficit)			<u>(14 618 233)</u>

6.1a Member States' equity in capital assets

During the financial period, capital assets are expensed as purchased, thus reducing the respective fund balances appropriated. At the end of each financial period, an entry is passed to capitalize the assets and credit Member States' equity. As at 31 December 2011, Member States' equity in capital assets was US\$ 76.8 million.

6.2 Member States' non-assessed income

This fund (formerly referred to as the Miscellaneous Income Fund) is used to consolidate all sources of income attributable to Member States other than current period assessed contributions. The fund earns income from interest, exchange gains/(losses), cancellation of prior period obligations, and any other miscellaneous income. The Health Assembly resolved to appropriate US\$ 22 million to the Real Estate Fund (resolution WHA63.7) and US\$ 10 million to the Security Fund (resolution WHA63.6) in 2010. A further US\$ 15 million was appropriated for financing the regular budget in 2010–2011 (resolution WHA62.9).

	2010–2011	2008–2009
Balance as at 1 January	32 202 907	13 821 140
Revenue		
Receipt of arrears of contribution	143 962 404	79 665 954
Savings on unliquidated obligations	5 079 650	8 800 373
Interest	1 004 545	3 929 245
Other income		3 796 115
Total revenue	150 046 600	96 191 687
Less:		
Repayment of working capital and internal borrowing	111 394 116	32 809 920
Appropriation for the Real Estate Fund	22 000 000	
Appropriation for the regular budget	15 000 000	45 000 000
Appropriation for the Security Fund	10 000 000	
Sub-total	158 394 116	77 809 920
Balance as at 31 December	23 855 391	32 202 907

6.3 Tax Equalization Fund

A full description of the governance of the Tax Equalization Fund is provided in the statement of accounting policies above.

	2010–2011	2008–2009
Balance as at 1 January	(7 218 524)	(4 926 152)
Staff assessment plan from Member States	16 274 400	11 284 310
Less:		
Tax reimbursement to staff members (resolution WHA62.9)	17 129 478	13 576 682
Balance as at 31 December	(8 073 602)	(7 218 524)

6.4 Working Capital Fund

In accordance with Financial Regulation VII, pending the receipts of assessed contributions, implementation of the regular budget may be financed from the Working Capital Fund and thereafter by internal borrowing against available cash reserves of the Organization, excluding trust funds. Amounts borrowed are repaid from the collection of arrears of assessed contributions and are credited first against any internal borrowing outstanding and then against any borrowing outstanding from the Working Capital Fund. In resolution WHA62.9, the Health Assembly decided to maintain the level of the Working Capital Fund at US\$ 31 million.

6.5 Special Purpose Fund

The Information Technology Fund, Real Estate Fund and Security Fund all received appropriations from Member States' non-assessed income (see Note 6.2) in the financial period

2010–2011. The Post Occupancy Charge Fund replaces the Common Charges Fund and the Staff Development Fund. The table below reflects the balances in these accounts.

	2010–2011	2008–2009
Post Occupancy Charge Fund	22 744 158	22 304 804
Real Estate Fund	18 120 580	2 818 721
Security Fund	4 650 455	162 459
Internal Services Fund	803 923	
Information Technology Fund	117 006	3 587 459
Revolving Fund for teaching and laboratory equipment	49 945	(46 025)
Total	46 486 067	28 827 418

6.6 Real Estate Fund

This fund was established by the Twenty-third World Health Assembly in resolution WHA23.14. The Real Estate Fund is funded by appropriations from the regular budget. In 2010–2011 there was an appropriation of US\$ 22 million from Member States' non-assessed income (see Note 6.2). The Real Estate Fund is also credited with receipts of rentals relating to real estate operations.

The Fund is used to meet the cost of construction of buildings or extensions to existing buildings, the acquisition of land which may be required, and major repairs and alterations to the Organization's existing office buildings and residences leased to staff by the Organization. Specific Health Assembly authorization is required for acquisition of land and construction of buildings or building extensions.

	2010–2011	2008–2009
Balance as at 1 January	2 818 721	4 174 665
Revenue		
Appropriation from non-assessed income	22 000 000	
Other revenue	1 559 574	48 397
Rents collected	2 766 107	774 722
Total revenue	26 325 681	823 119
Expenses		
Headquarters	5 472 954	(267 006)
Regional Office for the Eastern Mediterranean	3 988 762	1 316 147
Regional Office for Africa	728 255	1 038 235
Regional Office for the Western Pacific	541 914	
Regional Office for Europe	291 936	
Regional Office for South-East Asia		91 688
Total expenses	11 023 822	2 179 064
Balance as at 31 December	18 120 580	2 818 721

6.7 Enterprise Fund

The balances in the accounts below make up the Enterprise Fund. The large increase in the procurement activities relates to €100 million received for the purchase of medical supplies for the Government of Libya.

	2010–2011	2008–2009
Procurement activities	136 243 010	17 812 514
Revolving Sales Fund	4 545 263	8 145 305
Special account for concessions	2 721 629	2 444 365
Garage rental	1 833 932	1 238 635
Insurance policies account	569 133	(695 182)
Income derived from patent policy		4 430
Total	145 912 967	28 950 068

6.8 Fiduciary Fund

This Fund includes partnerships that are administered by WHO and whose budgets are not approved by the Health Assembly. The balances in the accounts below make up the Fiduciary Fund.

	2010–2011	2008–2009
Stop TB Partnership Global Drug Facility	103 376 461	107 034 407
Health Metrics Network	8 804 618	
Roll Back Malaria Partnership	3 310 147	(10 356)
Partnership for Maternal, Newborn and Child Health	2 202 105	(3 598)
United Nations System Standing Committee on Nutrition	400 465	
Secretariat of the Framework Convention on Tobacco Control	70 404	1 148 659
Other fiduciary funds	12 248	(464 265)
Total	118 176 448	107 704 847

6.9 Eliminations

Eliminations as reported in the statement of financial performance by major funds (Schedule 1) are accounting entries used in consolidation to remove the effect of inter-fund transfers that would otherwise overstate revenue and expenditure of the Organization. To facilitate these entries an eliminations fund has been employed to ensure all entries are recorded in the general ledger. The main categories of the inter-fund transfers to be eliminated are segregated between those within the General Fund and those across the major funds.

6.9a General Fund elimination

Programme support costs – An expense is recorded against each voluntary contribution for support costs in accordance with donor agreements. The corresponding revenue from the support charges is recorded in the Special Account for Servicing Costs Fund. Both revenue and expenses are eliminated at the end of the financial period.

Revenue	2010–2011
Special Account for Servicing Costs Fund	131 400 502
Expenses	
Voluntary Fund - General Fund elimination	131 400 502

Eliminations across funds:

Programme support costs – Similar to the elimination of support costs charged to voluntary contributions an elimination entry is also required for programme support costs levied against contributions received in the Special Purpose Fund, Enterprise Fund and the Fiduciary Fund.

	<u>2010–2011</u>
Revenue	9 462 642
Expenses	
Fiduciary Fund	7 729 565
Enterprise Fund	1 730 612
Special Purpose Fund	2 465
Total expenses	<u>9 462 642</u>

- 6.9b Post occupancy charges** – The Director-General approved the introduction of the post occupancy charge with effect from January 2010. The charge is applied as a staff cost and is used to fund enabling and supportive functions that are most directly related to the level of staffing, namely, human resources management and administration, staff development and learning, information and communication technology (infrastructure, user support and applications management), payroll administration and United Nations common security costs. At the end of the financial period the staff cost expenses related to the post occupancy charge need to be eliminated along with the corresponding revenue recorded in the Special Purpose Fund.

	<u>2010–2011</u>
Revenue	148 172 570
Expenses	
Staff and other personnel costs	<u>148 172 570</u>

- 6.9c Transfers from partnerships** – A number of partnerships which are consolidated in the WHO's financial report have budgetary provisions to contribute to the WHO Voluntary Fund. These contributions are recorded as an expense within the partnership and the corresponding entry is recorded as revenue in the Voluntary Fund. These inter-fund transfers are eliminated at the end of each financial period.

	<u>2010–2011</u>
Voluntary funds revenue	4 191 869
Fiduciary Fund expenses	
Transfers and grants to counterparts	
Roll Back Malaria Partnership	3 546 376
Stop TB Partnership Global Drug Facility	215 493
Contractual services	
Partnership for Maternal, Newborn and Child Health	200 000
General operating expenses	
United Nations System Standing Committee on Nutrition	230 000
Total expenses	<u>4 191 869</u>

6.10 Transfers between funds

In the financial period 2010–2011 there were a number of transfers between funds. The largest transfer relates to the appropriations coming from the Regular Budget of US\$ 32 million to the Real Estate and Security Fund of US\$ 22 million and US\$ 10 million respectively (see Note 6.2 for details). In addition transfers were made as a result of reclassification of partnerships to the Fiduciary Fund in accordance with the approved Programme budget. An adjustment of US\$ 620 298 was required to move remaining conversion fund balances from insurance operations outside of the Voluntary Fund.

Transfers to Fiduciary Fund from voluntary funds	2010–2011
Health Metrics Network	10 261 366
Roll Back Malaria Partnership	7 842 426
United Nations System Standing Committee on Nutrition	5 151 039
Partnership for Maternal, Newborn and Child Health	501 184
Other fiduciary funds	373 390
Total transfers to Fiduciary Fund	24 129 405
Transfers to Enterprise Fund from voluntary funds	
Insurance policy account	620 298
Total transfers from voluntary funds	24 749 703

6.11 Special Account for Servicing Costs Fund

This 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:

- (i) under resolution WHA34.17, funds are received for support costs from voluntary sources, including funds-in-trust arrangements with governments and other entities, and the Voluntary Fund. Amounts are calculated by applying a fixed percentage rate to total project expenditures;
- (ii) administrative service agreements with other entities; and
- (iii) interest earned on voluntary funds as described in document EB122/3.

In 2010 the Organization revised the accounting for support costs earnings. The support cost revenue is earned on the basis of related programmatic expenditure and is no longer earned at the point of revenue recognition. The programme support costs charged to the project and the corresponding revenue to the support cost fund continue to be eliminated and are not reflected in the Statement of Financial Performance. This more conservative policy has reduced the overall fund balance in the Special Account for Servicing Costs Fund.

	2010–2011	2008–2009
Balance as at 1 January	63 580 703	41 846 396
Revenue		
Programme support costs	251 390 030	224 107 607
Interest	(8 866 109)	29 356 107
Administrative service agreements with other entities	12 870 337	14 664 329
Other income	8 195 536	226 525
WHA appropriations (resolutions WHA60.8 and WHA 61.6)		19 939 792
Hedging operations		5 195 706
Total revenue	263 589 794	293 490 066
Expenses		
Global and interregional activities	81 102 922	132 478 717
Regional Office for Africa	44 113 575	49 433 964
Regional Office for the Western Pacific	15 414 407	14 654 600
Regional Office for Europe	15 219 570	19 710 883
Regional Office for South-East Asia	14 359 451	24 515 954
Regional Office for the Americas	13 434 647	4 257 914
Regional Office for the Eastern Mediterranean	12 258 004	26 703 727
Total expenses	195 902 576	271 755 759
Less :		
<i>Bad debts provision and charges</i>	14 145 034	
<i>Advances for administrative services made to the UNICEF/UNDP/World Bank/ WHO Special Programme for Research and Training in Tropical Diseases</i>	3 228 867	
<i>Write-offs' and other uncollectable amounts</i>	2 170 040	
<i>Advances for administrative services made to the secretariat of the WHO Framework Convention on Tobacco Control</i>	540 000	
Balance as at 31 December	111 183 980	63 580 703

Advances for administrative services to the UNICEF/UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases. In the financial period 2010–2011 the Special Programme experienced financial difficulties. The amount of contributions from the cosponsors and other donors was not sufficient to cover all of the financial commitments incurred for the biennium. It was agreed that the amounts due to WHO for administrative services (rents and other overheads) were to be deferred until 2012–2013. To cover the shortfall funds were made available from the Special Account for Servicing Costs Fund.

Advances for administrative services to the secretariat of the WHO Framework Convention on Tobacco Control. Similarly the secretariat of the Framework Convention also experienced financial difficulties in the period 2010–2011. The secretariat was also not able to pay WHO for administrative services (rents and overheads) as funds from cosponsors and donors were insufficient. In order to cover the shortfall, funds were made available from the Special Account for Servicing Costs Fund. In 2012 the secretariat has received new funding and has already repaid the overdue amounts to WHO.

Bad debt provisions and other charges. As referenced in Note 5.10, an amount of US\$ 10.1 million was needed to cover a provision for accounts receivable which are unlikely to be recovered. The largest portion of this provision relates to the Government of Italy for US\$ 9.1 million. Other charges are made in respect of contribution balances wrongly converted at the time the Global Management System was introduced in 2008.

Write-offs and other uncollectable amounts. This amount of US\$ 2.17 million includes write-offs of US\$ 473 280 for staff receivable as described in Note 5.16. A further amount of US\$ 1.696 million was deemed uncollectable from the Russian Federation for emergency preparedness which in fact was never intended for this project.

Programme budget implementation

Schedule 1

Statement of performance by major funds

	General Fund				Special Purpose Fund	Enterprise Fund	Other Fiduciary Fund	Eliminations	Total	Percentage
	Regular budget	Voluntary contributions	Eliminations	Subtotal						
Revenue										
Member States' assessments	945 114 400			945 114 400					945 114 400	
Net collections/(provisions) for doubtful receivables	81 359 545	(10 145 034)		71 214 511					71 214 511	
Voluntary contributions		2 898 612 838		2 898 612 838	425 151		173 930 426	4 191 869	3 068 776 545	
In-kind and In-service donations		485 296 965		485 296 965			2 294 439		487 591 404	
Procurement activities						179 008 154			179 008 154	
Other operating revenue	5 079 651	19 337 652		24 417 304	153 328 059	11 822 977	540 000	148 172 570	41 935 770	
Programme support costs revenue		140 863 143	(131 400 502)	9 462 642				9 462 642	0	
Finance revenue	1 004 545	51 405 526		52 410 071	468 143		584 610		53 462 824	
Total revenue	1 032 558 141	3 585 371 090	(131 400 502)	4 486 528 729	154 221 352	190 831 131	177 349 474	161 827 080	4 847 103 607	
Expenses										
Staff and other personnel costs	749 269 294	1 213 866 805		1 963 136 099	69 106 101	8 965 459	42 073 420	148 172 570	1 935 108 508	42%
Supplies, commodities, materials	3 895 903	551 904 153		555 800 056	418 239	54 976 842	95 178 707		706 373 844	15%
Contractual services	64 581 131	526 084 913		590 666 044	34 414 330	1 847 043	23 531 375	200 000	650 258 791	14%
Transfers and grants to counterparts	29 355 345	482 086 731		511 442 076	319 180	25 000	6 428 383	3 761 869	514 452 770	11%
Travel	30 815 176	264 435 969		295 251 146	9 654 280	225 492	12 867 951		317 998 869	7%
General operating expenses	53 018 836	242 038 946		295 057 782	44 371 191	2 973 738	3 151 466	230 000	345 324 177	8%
Equipment, vehicles and furniture	10 365 599	69 296 747		79 662 346	10 276 917	3 744 345	76 935		93 760 543	2%
Project support costs		131 400 502	131 400 502		2 465	1 730 612	7 729 564	9 462 642	0	0%
Finance costs		29 345 847		29 345 847					29 345 847	
Total expenses	941 301 284	3 510 460 613	131 400 502	4 320 361 395	168 562 703	74 488 530	191 037 802	161 827 080	4 592 623 349	100%
Surplus/(deficit)	91 256 857	74 910 477	0	166 167 335	(14 341 351)	116 342 601	(13 688 327)	0	254 480 258	
Transfers between funds	(32 000 000)	(24 780 226)		(56 780 226)	32 000 000	620 298	24 159 928		0	
Total surplus/(deficit) for the period	59 256 857	50 130 251		109 387 109	17 658 649	116 962 899	10 471 601		254 480 258	
Fund balance – 1 January 2011	(55 409 734)	1 432 435 490		1 377 025 756	28 827 418	28 950 068	107 704 847		1 542 508 089	
Adjustments to fund balance										
Fund balance – 31 December 2011	3 847 124	1 482 565 741		1 486 412 865	46 486 067	145 912 967	118 176 448		1 796 988 347	

Schedule 1.1

General Fund expenses

	Programme budget 2010-2011			Programme budget 2008-2009			General Fund total			
	Assessed contributions	Voluntary funds	Total from 2010-2011	Assessed contributions	Voluntary funds	Total from 2008-2009	Assessed contributions	Voluntary funds	General Fund total expenses	
Strategic objectives										
1	Communicable diseases	70 386 077	1 667 626 496	1 738 012 574	145 452	21 158 593	21 304 045	70 531 530	1 688 785 090	1 759 316 619
2	HIV/AIDS, tuberculosis and malaria	40 241 531	415 495 671	455 737 202	124 134	9 542 248	9 666 382	40 365 664	425 037 920	465 403 584
3	Chronic noncommunicable conditions	36 758 852	61 390 469	98 149 321	417 500	864 107	1 281 607	37 176 352	62 254 576	99 430 928
4	Child, adolescent, maternal, sexual and reproductive health, and healthy ageing	48 821 412	143 146 808	191 968 220	324 562	5 823 891	6 148 452	49 145 974	148 970 698	198 116 673
5	Emergencies and disasters	15 327 524	306 025 237	321 352 761	77 351	1 388 654	1 466 006	15 404 876	307 413 891	322 818 767
6	Risk factors for health	30 016 571	66 552 242	96 568 813	367 015	3 131 347	3 498 362	30 383 586	69 683 589	100 067 175
7	Social and economic determinants of health	15 483 741	21 575 364	37 059 105	56 548	400 857	457 404	15 540 289	21 976 221	37 516 509
8	Healthier environment	30 109 860	54 970 270	85 080 130	105 524	1 247 572	1 353 096	30 215 384	56 217 842	86 433 226
9	Nutrition, food safety and food security	18 056 503	44 235 331	62 291 834	72 030	275 312	347 342	18 128 533	44 510 643	62 639 176
10	Health systems and services	121 017 987	177 833 849	298 851 836	883 659	8 935 364	9 819 023	121 901 645	186 769 213	308 670 858
11	Medical products and technologies	26 026 735	111 690 412	137 717 147	208 893	1 752 279	1 961 171	26 235 627	113 442 691	139 678 318
12	WHO leadership, governance, and partnerships	196 409 074	68 441 920	264 850 993	1 036 094	1 611 267	2 647 361	197 445 168	70 053 186	267 498 354
13	Enabling and support functions	268 932 043	142 863 970	411 796 013	2 765 133	11 336 151	14 101 284	271 697 177	154 200 120	425 897 297
Total		917 587 910	3 281 848 039	4 199 435 949	6 583 896	67 467 640	74 051 536	924 171 806	3 349 315 679	4 273 487 485

Non-programme budget utilization

Tax Equalization Fund

Other non-programme budget utilization

Total non-programme budget utilization

Finance costs

Eliminations to other funds

Total expenses - General Fund

17 129 478		17 129 478
	398 585	398 585
17 129 478	398 585	17 528 063
	29 345 847	29 345 847
	131 400 502	
941 301 284	3 510 460 613	4 273 487 485

Schedule 2

Programme budget utilization 2010–2011 – General Fund

Strategic objectives		Programme budget	Programme budget utilization			Balance	Percentage implementation
			Expenses	Encumbrances ^{a/}	Total	Programme budget	Programme budget
1	Communicable diseases	1 268 353 000	1 738 012 574	49 053 233	1 787 065 807	(518 712 807)	141%
2	HIV/AIDS, tuberculosis and malaria	633 880 000	455 737 202	21 242 367	476 979 568	156 900 432	75%
3	Chronic non-communicable conditions	145 949 000	98 149 321	2 574 294	100 723 615	45 225 385	69%
4	Child, adolescent, maternal, sexual and reproductive health, and healthy ageing	332 698 000	191 968 220	7 361 089	199 329 309	133 368 691	60%
5	Emergencies and disasters	364 023 000	321 352 761	30 263 915	351 616 676	12 406 324	97%
6	Risk factors for health	161 680 000	96 568 813	3 090 227	99 659 040	62 020 960	62%
7	Social and economic determinants of health	62 647 000	37 059 105	1 940 752	38 999 857	23 647 143	62%
8	Healthier environment	114 364 000	85 080 130	2 938 345	88 018 475	26 345 525	77%
9	Nutrition, food safety and food security	120 385 000	62 291 834	1 870 897	64 162 731	56 222 269	53%
10	Health systems and services	474 204 000	298 851 836	12 406 854	311 258 689	162 945 311	66%
11	Medical products and technologies	115 127 000	137 717 147	3 616 209	141 333 356	(26 206 356)	123%
12	WHO leadership, governance, and partnerships	222 717 000	264 850 993	1 980 775	266 831 769	(44 114 769)	120%
13	Enabling and support functions ^{b/}	523 887 000	411 796 013	10 831 220	422 627 233	101 259 767	81%
Programme budget utilization		4 539 914 000	4 199 435 949	149 170 177	4 348 606 126	191 307 874	96%

^{a/} Encumbrances equal a firm commitment or obligation for goods and services which have not yet been delivered.

^{b/} General Fund expenses includes US\$ 148 million of Post Occupancy Charge Fund, transferred to the Special Purpose Fund to finance additional enabling and support functions in strategic objective 13 bis. See Note 6.9b.

*Schedule 2.1**Programme budget utilization 2010–2011 – assessed contributions*

		Programme budget	Programme budget utilization			Balance	Contingency Withholding ^{b/}	Balance after Contingency Withholding	Percentage Implementation
Strategic objectives			Expenses	Encumbrances ^{a/}	Total	Programme budget	Programme budget	Programme budget	Programme budget
1	Communicable diseases	74 035 000	70 386 077	890 510	71 276 588	2 758 412	394 250	2 364 162	97%
2	HIV/AIDS, tuberculosis and malaria	40 762 000	40 241 531	1 274 794	41 516 325	(754 325)	218 500	(972 825)	102%
3	Chronic non-communicable conditions	38 038 000	36 758 852	1 000 660	37 759 512	278 488	204 750	73 738	100%
4	Child, adolescent, maternal, sexual and reproductive health, and healthy ageing	46 497 000	48 821 412	927 564	49 748 976	(3 251 976)	201 250	(3 453 226)	107%
5	Emergencies and disasters	16 090 000	15 327 524	230 362	15 557 886	532 114	89 500	442 614	97%
6	Risk factors for health	31 368 000	30 016 571	1 010 046	31 026 617	341 383	161 250	180 133	99%
7	Social and economic determinants of health	15 456 000	15 483 741	411 110	15 894 851	(438 851)	80 750	(519 601)	103%
8	Healthier environment	30 198 000	30 109 860	841 612	30 951 472	(753 472)	157 750	(911 222)	103%
9	Nutrition, food safety and food security	18 748 000	18 056 503	206 165	18 262 668	485 332	97 250	388 082	98%
10	Health systems and services	130 799 000	121 017 987	4 286 467	125 304 454	5 494 546	749 750	4 744 796	96%
11	Medical products and technologies	27 631 000	26 026 735	807 079	26 833 813	797 187	143 000	654 187	98%
12	WHO leadership, governance, and partnerships	179 551 000	196 409 074	1 613 488	198 022 562	(18 471 562)	829 750	(19 301 312)	111%
13	Enabling and support functions	294 667 000	268 932 043	4 854 906	273 786 949	20 880 051	1 391 500	19 488 551	93%
Programme budget utilization		943 840 000	917 587 910	18 354 764	935 942 673	7 897 327	4 719 250	3 178 077	100%

^{a/} Encumbrances equal a firm commitment or obligation for goods and services which have not yet been delivered.

^{b/} Contingency withholding represents a budget reduction for non payment of Member States' assessed contributions.

Schedule 2.2

Programme budget utilization 2010–2011 – voluntary funds

	Programme budget	Programme budget utilization			Balance Programme budget	Percentage implementation Programme budget	
		Expenses	Encumbrances ^{d/}	Total			
1	Communicable diseases	1 194 318 000	1 667 626 496	48 162 723	1 715 789 219	(521 471 219)	144%
2	HIV/AIDS, tuberculosis and malaria	593 118 000	415 495 671	19 967 573	435 463 244	157 654 756	73%
3	Chronic noncommunicable conditions	107 911 000	61 390 469	1 573 634	62 964 103	44 946 897	58%
4	Child, adolescent, maternal, sexual and reproductive health, and healthy ageing	286 201 000	143 146 808	6 433 526	149 580 333	136 620 667	52%
5	Emergencies and disasters	347 933 000	306 025 237	30 033 553	336 058 790	11 874 210	97%
6	Risk factors for health	130 312 000	66 552 242	2 080 181	68 632 423	61 679 577	53%
7	Social and economic determinants of health	47 191 000	21 575 364	1 529 642	23 105 006	24 085 994	49%
8	Healthier environment	84 166 000	54 970 270	2 096 733	57 067 003	27 098 997	68%
9	Nutrition, food safety and food security	101 637 000	44 235 331	1 664 732	45 900 063	55 736 937	45%
10	Health systems and services	343 405 000	177 833 849	8 120 386	185 954 235	157 450 765	54%
11	Medical products and technologies	87 496 000	111 690 412	2 809 130	114 499 542	(27 003 542)	131%
12	WHO leadership, governance, and partnerships	43 166 000	68 441 920	367 287	68 809 206	(25 643 206)	159%
13	Enabling and support functions	229 220 000	142 863 970	5 976 315	148 840 284	80 379 716	65%
Programme budget utilization		3 596 074 000	3 281 848 039	130 815 414	3 412 663 452	183 410 548	95%

^{d/} Encumbrances equal a firm commitment or obligation for goods and services which have not yet been delivered.

Schedule 3**Settlement of encumbrances from previous biennium assessed contributions**

	Balance Programme budget 2008–2009	Contingency withholding ^{a/}	Balance Programme budget 2008–2009 after contingency withholding	Encumbrances 2008–2009	Total available for 2010–2011	Expenses in 2010–2011	Remaining encumbrances	Balance 2008–2009	
Strategic objectives									
1	Communicable diseases	(566 441)	660 000	(1 226 441)	621 305	(605 136)	145 452	101 954	(852 542)
2	HIV/AIDS, tuberculosis and malaria	(376 752)	346 000	(722 752)	187 947	(534 805)	124 134	(90)	(658 849)
3	Chronic noncommunicable conditions	2 305 651	454 000	1 851 651	593 362	2 445 013	417 500	404	2 027 108
4	Child, adolescent, maternal, sexual and reproductive health, and healthy ageing	4 860 936	603 000	4 257 936	451 243	4 709 179	324 562	0	4 384 617
5	Emergencies and disasters	(1 308 134)	231 500	(1 539 634)	151 696	(1 387 938)	77 351	868	(1 466 157)
6	Risk factors for health	3 447 832	478 500	2 969 332	489 130	3 458 462	367 015	(2 928)	3 094 375
7	Social and economic determinants of health	(2 282 949)	157 500	(2 440 449)	67 502	(2 372 947)	56 548	(0)	(2 429 495)
8	Healthier environment	(1 091 490)	392 000	(1 483 490)	244 130	(1 239 360)	105 524	0	(1 344 884)
9	Nutrition, food safety and food security	2 048 512	274 500	1 774 012	140 929	1 914 941	72 030	0	1 842 911
10	Health systems and services	(6 124 410)	1 283 500	(7 407 910)	1 325 795	(6 082 115)	883 659	994	(6 966 768)
11	Medical products and technologies	(114 220)	299 000	(413 220)	319 685	(93 535)	208 893	0	(302 428)
12	WHO leadership, governance, and partnerships	(5 096 661)	1 707 500	(6 804 161)	1 372 144	(5 432 017)	1 036 094	10 815	(6 478 926)
13	Enabling and support functions	14 413 163	2 702 000	11 711 163	3 406 074	15 117 237	2 765 133	(1 425)	12 353 530
Programme budget utilization		10 115 038	9 589 000	526 038	9 370 940	9 896 978	6 583 896	110 592	3 202 490

^{a/} Contingency withholding represents a budget reduction for non payment of Member States' assessed contributions.

