The Regional Director has the honour to present this working paper in order to provide more detailed information about the sources from which the activities of the Regional Office are financed and about the methods of computation for the yearly budget estimates.

1. GENERAL PRINCIPLES AND PROCEDURES

1.1 Sources of Financing

1.1.1 Regular Funds

Two years ahead of the year of implementation, the Director-General informs Regional Directors of the amounts (termed "allocations") within which their regional programmes under the regular budget should be planned. Based on this tentative allocation each Regional Director plans his programme in consultation with governments. The projects accepted by him are included in the draft regional programme and budget estimates and presented to the Regional Committee for review and recommendations to the Director-General. One year ahead of the year of implementation the Director-General submits his budget to the Executive Board for review and recommendations and then to the World Health Assembly for approval. After it has been approved, the Director-General allocates the approved funds.
1.1.2 Voluntary Fund for Health Promotion

In resolution WHA13.24 the Thirteenth World Health Assembly established a Voluntary Fund for Health Promotion which includes several sub-accounts to be credited with voluntary contributions received in any usable currency, the value of contributions in kind, and interest earned on investments of money in the Fund. The implementation of activities financed or planned to be financed from the various special accounts of the Voluntary Fund for Health Promotion is subject to sufficient voluntary contributions becoming available.

1.1.3 United Nations Development Programme

On 1 January 1966 the Expanded Programme of Technical Assistance of the United Nations (EPTA) and the United Nations Special Fund (UNSF), which are described below, were combined to form the United Nations Development Programme (UNDP).

However, the special characteristics and operations of EPTA and UNSF, as well as the two separate funds, have been maintained in the UNDP, and, as hitherto, contributions may be pledged to the two programmes separately. In its Resolution 2029 (XX) creating the UNDP the United Nations General Assembly "reaffirms the principles, procedures and provisions governing the Expanded Programme of Technical Assistance and the Special Fund not inconsistent with Resolution 2029 (XX) and declares that they shall continue to apply to relevant activities within the United Nations Development Programme".

The World Health Organization participates in the United Nations Development Programme under the authorities given to the Director-General and to the Executive Board by the World Health Assembly for participation in the Expanded Programme for Technical Assistance and in the Special Fund.

1.1.3.1 United Nations Development Programme (Technical Assistance)

In addition to the activities under its regular programme and those financed from the various special accounts, WHO is also responsible for the health aspects of general economic development programmes undertaken under the United Nations Development Programme (Technical Assistance). Funds for the programme are mainly derived
from voluntary contributions pledged and paid by the governments to the Special Account for UNDP(TA). The technical aspects of the proposed programme under UNDP(TA) are negotiated by the governments with the executing and participating organizations, one of which is WHO.

A new system based on project budgeting on a continuous basis will be introduced for the Technical Assistance component of the UNDP as from 1 January 1969 and the biennial system which is now in force will be discontinued at the end of 1968.

The new procedures for operating this programme were approved by the Economic and Social Council at its 43rd Session, Resolution 1250 (XLIII) and by the United Nations General Assembly at its 1618th Plenary Session, Resolution 2279 (XXII).

In accordance with this new system, governments receiving assistance under the United Nations Development Programme, have been given target figures for 1969 and the three ensuing years within which they may request assistance to be provided by executing and participating agencies.

Governments may also request new activities as and when the need arises provided that their annual target figures are not exceeded.

The programmes for the years 1969 and 1970 shown in document EUR/RC18/3 Add.1 are based either on official government requests received prior to the time that this document was going to press or on preliminary consultations with governments and the most recent information available at that time.

1.1.3.2 United Nations Development Programme (Special Fund)

In resolution WHA12.51 the Twelfth World Health Assembly authorized the Director-General to co-operate with the United Nations Special Fund and to enter into working arrangements for the provision of services and the execution of projects; and in resolution WHA13.31 the Thirteenth World Health Assembly noted the agreement to be concluded between the Special Fund and WHO concerning the execution of Special Fund projects. Pursuant to these resolutions and to the agreement, WHO, acting as an executing and participating agency of the Special Fund or as a sub-contractor in some other executing and participating agency's project approved by the Special Fund,
is charged with the responsibility for implementing projects in the field of health. The estimated costs of such projects are included in document EUR/RC18/3 Add.1 and identified by asterisks and footnotes to distinguish them from UNDP (Technical Assistance) projects.

1.1.4 United Nations Children's Fund

The activities of UNICEF are financed by voluntary contributions primarily from governments. Its resources are used to meet (through the provision of supplies, training and advice) emergency and long-range needs of children, particularly in the developing countries. In projects jointly assisted by UNICEF and WHO, UNICEF's primary role is to provide supplies and equipment. Amounts which have been allocated by the UNICEF Executive Board for supplies and equipment for projects jointly assisted by UNICEF and WHO are shown in the proposed programme and budget estimates in the column headed "Funds allocated by UNICEF" and are denoted by asterisks for programmes in the first year. The amounts shown for the second year are based on the allocations proposed to the UNICEF Executive Board. For the third year the UNICEF Headquarters will provide the Director-General with a global figure for inclusion in the appropriate column in the consolidated programme and budget estimates of the World Health Organization.

1.2 Composition of the Regular Budget

1.2.1 Organizational Meetings

Estimated costs for Regional Committee meetings are submitted by the Regional Directors to the Director-General.

1.2.2 Operating Programme - which is subdivided into:

1.2.2.1 Regional Offices covering all costs of the Regional Offices, which exercise directing and co-ordinating functions under the authority of the Director-General for field activities within the respective regions.

1.2.2.2 Field Activities covering all costs of Regional Health Officers, WHO Representatives, country and inter-country programmes.
1.2.3 Other Statutory Staff Costs

These costs include terminal payments, the contribution of WHO to the United Nations Joint Staff Pension Fund, staff insurance, dependants allowance and other allowances, travel on initial recruitment or repatriation, travel on home leave, transporation of personal effects and reimbursement of income tax.

1.3 Computation of the Regular Budget Estimates

1.3.1 Filled Posts

All costs are computed in accordance with the actual entitlements of the incumbents except that, a percentage on gross salaries is being provided for all staff members who would be entitled to the payment of terminal emoluments should they leave the Organization. This percentage has been established in the light of experience.

1.3.2 Vacant Posts

These costs are computed on the assumption that the incumbents will be appointed at the base step of the salary scale for the grade concerned, and the related costs are calculated accordingly and based on a full year except when a post is to be discontinued before 31 December.

1.3.3 Delays in Filling New Posts

A deduction is made from the total estimates equivalent to four months' delay in filling each new professional post. The average delay period of four months for all professional posts is based on past experience.

1.4 Computation of the UNDP(TA) Estimates

From 1969 onwards, posts and fellowships will be costed on the basis of a new proforma cost determined by the United Nations Development Programme. These costs will be applied to the projects of all agencies including those, such as WHO, which normally prepare their budgets on an actual cost basis. Supplies and equipment, however, will continue to be calculated on the basis of the estimated actual cost in US Dollars.
2. SPECIFIC COMMENTS ON THE PROPOSED PROGRAMME AND BUDGET ESTIMATES FOR THE EUROPEAN REGION

In the light of the foregoing general principles and procedures, the Regional Director submits the following comments to assist the Regional Committee in its study of the proposed programme and budget estimates for 1970.

2.1 Sources of Financing

2.1.1 Regular Funds

The regular budget for the Region is shown on pages 1-115 of document EUR/RC18/3.

2.1.2 Proposals under the Voluntary Fund for Health Promotion including the Special Account for Community Water Supply and the Malaria Eradication Special Account are shown on pages 117-131.

2.1.3 United Nations Development Programme (Technical Assistance)

The programme and budget estimates are given in document EUR/RC18/3 Add.1.

2.1.4 United Nations Development Programme (Special Fund)

The only references in the Regional estimates appear in document EUR/RC18/3 Add.1 under Bulgaria, Malta, Poland and Turkey where they are indicated by asterisks under the column headed "Project".

2.1.5 United Nations Children's Fund

Both the approved and the proposed contributions of UNICEF appear in the column headed "Funds allocated by UNICEF" in documents EUR/RC18/3 and EUR/RC18/3 Add.1.

2.2 Form of presentation of the Regular Budget

In order to facilitate the consolidation of all regional estimates with those of Headquarters, the presentation of the European Region estimates follows as closely as possible the pattern established for the Official Records.
2.2.1 Other Statutory Staff Costs

In Summary 1 on page 1 all figures include "other statutory staff costs". It is necessary to include these costs in all costings in the document in order to show the total costs of the various activities.

2.2.2 Regional Office

Under the Regional Office heading, the estimated costs for the various posts reflect the base salary only and exclude "other statutory staff costs", the totals for which are shown on page 10. These totals are carried to Summary 1 on page 1.

2.2.3 Regional Health Officers and WHO Representatives

The same principles apply to estimates for Regional Health Officers shown on pages 11 and 12, and WHO Representatives on page 13. These totals are carried to Summary 1 on page 1.

2.2.4 Country Programmes

Under country programmes the position is different. The total cost including "other statutory staff costs" is shown against each post. The totals of country projects shown on page 57 tally with Summary 4 on page 4. These totals are carried to Summary 1, page 1.

2.2.5 Inter-Country Programmes

Similarly, the totals for inter-country projects on page 115 include "other statutory staff costs". These totals tally with Summary 5 on page 5. They are carried to Summary 1, page 1.