



Administration, Budget and Finance Committee of the Executive Board

Report on the eighth meeting

15 January 1998

This document summarizes discussions of the eighth meeting of the Administration, Budget and Finance Committee (ABFC) and contains its recommendations to the Executive Board at its 101st session.

Agenda item 1: Opening of the meeting

1. After welcoming the participants, the Chairman invited the Director-General to address the meeting. In his statement, the Director-General referred to the serious situation which had led to the evacuation of staff from the Regional Office for Africa during the second half of 1997. As regards the 1996-1997 programme budget, the financial situation had remained difficult, mainly again because of uncertainties over the payment of contributions. A reduction of 2.5% had been made in expenditures in order to cover for long-term arrears. It had also ensured that internal borrowing to cover for other, shorter, delays in payment was maintained at a manageable level, as reported to the Board in January 1997, while keeping programmes running to the maximum extent. As regards the 1998-1999 biennium, continuing uncertainties over collection of contributions had already resulted in his decision to withhold 3% of budget allocations worldwide. That figure was nevertheless lower than originally expected because the major contributor had made a substantial payment at the end of 1997, which had now been built into the projection for 1998-1999. As a consequence of that 3% withholding, the Organization would have to redouble its efforts to be more efficient so as to maintain expected programme results at the level approved in the programme budget.

2. The list of participants is attached as an Annex.

Agenda item 2: Adoption of the agenda (Document EBABFC8/1)

3. The Committee adopted its agenda, with the deletion of subitem 4.3 relating to transfers between appropriation sections, which were not required for the 1998-1999 biennium.

Agenda item 3: Matters related to the programme budget: efficiency plan for the financial period 1998-1999 (Document EB101/23)

4. Some members of the Committee wondered whether the document addressed all the concerns of the Assembly in resolution WHA50.26, in particular, the need to make savings in administrative and overhead costs, and to outline detailed plans. There was also concern that the redirection of resources to priority areas was made contingent on contributions being received in full. The Assembly had intended that the visibility of WHO should be enhanced by the transfer of efficiency savings to priority programmes, and it might be necessary to make such transfers in addition to any measures necessary to cope with arrears. The approach adopted in the document needed further justification.

5. Other speakers felt that a more pragmatic approach was necessary and that the impact of the efficiency measures could be evaluated only at the end of the biennium. It was nevertheless important to specify which types of activities were being targeted for efficiency measures. It was suggested to monitor programme by programme so that Board members could have a better understanding of how plans of action were being delivered, but at lower cost on account of the efficiency measures. The Committee also noted the difference between previous requests which transferred resources to priorities prior to budget adoption by cutting nonpriority programmes, and the present request which required delivery of all the results of the programme budget adopted in May 1997 (in both priority and nonpriority areas), but with less resources. It was confirmed that headquarters and all regions would be equally affected by the efficiency drive.

Recommendations to
the Executive Board

- (1) To note the report contained in document EB101/23 and the comments and concerns of the members of the Committee as outlined above.**
- (2) To invite the Director-General (i) to monitor carefully progress in achieving the 3% efficiency savings targets for 1999 based on plans of action; (ii) to identify the particular areas in which efficiencies were made in individual programmes and offices; (iii) to report progress thereon in detail to the Executive Board at its 103rd session in January 1999, with a final report to the Executive Board in January 2000. Every effort should be made by the Director-General to use efficiency savings for priority programmes.**

Agenda item 4: Financial matters**Agenda item 4.1: Status of collection of assessed contributions, including Members in arrears to an extent which would justify invoking Article 7 of the Constitution (Documents EB101/25 and EB101/26)**

6. The Committee noted that the situation with respect to contributions for 1997, although marginally better than in 1996, gave rise to concern as 22% of contributions were still outstanding. Overall, taking all years into account, total arrears amounted to US\$ 174 million as at 31 December 1997.

7. The Committee noted the situation as regards Members in arrears to an extent which would justify invoking Article 7 of the Constitution. The situation of Iraq, which had written to the Director-General, would be taken up by the Assembly as that country had already been deprived of its voting rights. The Director-General emphasized the constant effort being made to encourage Members to pay their contributions on time. The Committee also noted that the Executive Board special group for the review of the Constitution would be reporting on possible alternative measures regarding arrears of contributions.

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| Recommendations to the Executive Board | <p>(1) To adopt the draft resolution contained in paragraph 15 of document EB101/25 relating to the status of collection of assessed contributions.</p> <p>(2) To take note of the report contained in document EB101/26 relating to Members in arrears in the payment of their contribution to an extent which would justify invoking Article 7 of the Constitution; to request ABFC, at its ninth meeting in May 1998, to review the list of those countries recently concerned (taking into account resolution WHA41.7) and to formulate recommendations thereon to the Fifty-first World Health Assembly based on the status of those countries' arrears at that time.</p> |
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Agenda item 4.2: Casual income (Document EB101/27)

8. The Committee noted that the balance of casual income would be used to help finance the regular budget assessed contributions from Members in 1999. It also noted that the current estimated balance was US\$ 11.25 million, and that the final figure would be known only after completion of the Financial Report for 1996-1997, expected in March 1998.

Agenda item 4.4 Amendments to the Financial Regulations and Rules (Document EB101/36)

9. The Committee noted the proposal for four amendments to the Financial Regulations. Following discussion, it further noted that the Financial Statements of the Organization would continue to show details of both expenditures and income in the casual income account, and that apart from the change in returning casual income to Member States, there would be no major implications.

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| Recommendation to the Executive Board | To adopt the draft resolution contained in document EB101/36. |
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Agenda item 5: Other administrative matters to be considered by the Executive Board at its 101st session

Agenda item 5.1: Other financial matters

- Follow-up to the report of the External Auditor (Document EB101/28)**

10. The representative of the External Auditor addressed the Committee, indicating the progress made in his work and the plans for reporting to the Fifty-first World Health Assembly. He confirmed that the External Audit report covered all sources of funds, and that the audit was carried out in accordance with United Nations Common

Auditing Standards, WHO Financial Rules and Regulations and, where applicable, any specific conditions stipulated by donors of extrabudgetary funds in their agreements with WHO.

11. The Committee also considered the question of an appropriate forum for discussing technical audit matters. There was a proposal before the Committee that its existing mandate should be expanded to include the functions of an audit committee, and that it should be renamed Administration, Budget, Finance and Audit Committee. The Committee noted that consideration of the External Audit report and the review of the Financial Report, on behalf of the Executive Board, were already within its mandate. Reasons for and against establishing a separate audit committee or expanding the ABFC mandate were reviewed. The Committee invited the Secretariat and the External Auditor to consider appropriate additions to the ABFC terms of reference to cover this subject and agreed to return to this matter at its meeting in May 1998.

Recommendations to
the Executive Board

- (1) **To note progress made with respect to follow-up of the External Auditor's report.**
- (2) **To authorize the Committee to continue to pursue the question of expanding its terms of reference to include matters pertaining to that of an audit committee, and to request the Committee to report further to the Board as soon as possible, including on the issue of a separate committee.**

Agenda item 5.2: Personnel matters

- Employment and participation of women in the work of WHO (Document EB101/30)

12. The Committee noted that the percentage of women in the professional and higher category had reached 27.7%, still short of the original 30% target that had recently been increased to 50% by the Fiftieth World Health Assembly. It also noted that for the first time statistics were shown for the percentage of short-term professionals, consultants and temporary advisers who were women (36% to 40%), and that 29% of members of scientific and advisory groups were women. The relative differences between regions were highlighted.

13. The Committee emphasized the continuing need for further progress, in particular in seeking women candidates and ensuring that short-lists always contained at least one woman candidate.

Recommendation to
the Executive Board

To note the report contained in document EB101/30, to stress the importance of this issue, and to invite the Director-General to pursue all possible efforts and report further to the Executive Board at its 103rd session in January 1999

- Report of the International Civil Service Commission (Document EB101/31)

14. The Committee was informed of recommendations of the International Civil Service Commission and the conclusions of the General Assembly of the United Nations thereon. The recommendations for a new base/floor salary scale had been adopted on the basis of a "no gain no loss" principle. A decision on the Geneva post adjustment had been postponed. New methodologies for General Service salary surveys had been approved, together with decisions on performance management and appointment of limited duration.

Recommendation to
the Executive Board

To note the report contained in document EB101/31.

- Confirmation of amendments to the Staff Rules (Document EB101/37)

15. The Committee noted the proposed amendments to the Staff Rules.

Recommendation to
the Executive Board

To adopt the two draft resolutions contained in paragraph 10 of document EB101/37.

Agenda item 5.3: Other matters

- Real Estate Fund (Document EB101/29)

16. The latest situation of the Real Estate Fund was noted. The information was updated to the effect that an overspend of about 7% might be expected on the local area network project at headquarters. The Committee noted that this project, which involved recabling the whole headquarters site, was a crucial component of WHO's information technology strategy. One member of the Committee emphasized the advantages it would bring to information exchange with external sources as well as within the Organization.

17. The Committee noted that a number of projects approved for the Regional Office for Africa had been held in abeyance pending developments in Brazzaville. It also noted a statement concerning the need for a more definitive decision regarding its location.

18. The Committee noted that no new projects were proposed under the Real Estate Fund.

Recommendation to
the Executive Board

To note the report contained in document EB101/29 and the progress made on the various projects financed by the Real Estate Fund.

Agenda item 6: WHO reform: committees of the Executive Board

19. This was a matter considered in a joint session with the Programme Development Committee (PDC), and the conclusions of the two committees are contained in the PDC report (document EB101/3).

ANNEX

LIST OF PARTICIPANTS

Members, alternates and advisers

Dr B. Wasisto (Member, Chairman)
Dr H. M. Abednego (Adviser)
Ms M. Djamaluddin (Adviser)
Mrs A. Lantu-Luhulima (Adviser)
Ms D. H. Moehario (Adviser)
Mr H. Ugroseno (Adviser)

Dr A. Badran (Alternate to Professor I. Sallam)

Dr C. Morel (Member)
Mr L. Coelho de Souza (Adviser)

Dr A. Sanou Ira (Member)

Mr H. Voigtländer (Member)
Mr U. Kalbitzer (Adviser)

Dr Y.-S. Shin (Member)

Other Executive Board members, alternates and advisers

Dr B. Austveg
Ms E. Helsing
Ms A. Kern
Mr A. Kingham
Dr M. Pico
Professor A. L. Pico
Dr T. J. Stamps
Ms M. C. Tosonotti
Mr E. Van Der Wal
Mr G. Warrington

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