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Regional Director's report – Implementation of the programme budget 2004–2005

This report provides an analysis of actual expenditure compared with budget provisions. The data are based on the Financial Report and the Audited Financial Statements for the period 1 January 2004–31 December 2005 (A59/28), presented to the Fifty-ninth World Health Assembly. This document should be read in conjunction with the Report of the Regional Director on the work of WHO in the European Region – 2004–2005 (EUR/RC56/4).

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Introduction

Background

1. In this document, the Secretariat is presenting information to the Regional Committee showing how the funds entrusted to the Regional Office, whether from the regular budget or from extrabudgetary resources, have been spent. The use of funds is shown in the official WHO categorization of 35 areas of work, so that the Committee can see which areas have benefited from priority funding.

Structure of this document

2. With the aim of achieving coordinated reporting in uniform formats, this paper draws its information from the following documents discussed at the Fifty-ninth World Health Assembly:

- *Financial report and audited financial statements for the period 1 January 2004–31 December 2005, and Report of the external auditor to the World Health Assembly (A59/28).*
- *Human resources: annual report 2005 (A59/35).*

Financial information

Level of the regular budget

3. In September 2002, the Regional Committee supported the strategic directions presented and welcomed the regular budget for 2004–2005 totalling US\$ 54 332 000, which represented a 3% increase compared to 2002–2003 (EUR/RC52/12 Add.1 refers).

4. Owing to continuing uncertainties with regard to the payment of contributions from Member States, the Director-General initially decided to establish the working budget allocation at 97%, hence temporarily reducing the European Region's regular budget to US\$ 53 139 000. The subsequent release of 2%, together with other minor adjustments, led to establishment of the final effective allocation for 2004–2005 for the European Region at US\$ 54 649 000.

Budget 2004–2005 by main category of expenditure

5. The effective allocation was budgeted by main category of expenditure as shown in Table 1.

Table 1. Regular budget allocation by main category of expenditure, 2004–2005 compared to 2002–2003

Main category of expenditure	2004–2005 (US\$ 000)	2002–2003 (US\$ 000)
Governing bodies	486	539
Salaries	29 912	26 793
Staff development and training	167	196
Common services	4 282	4 468
Inter-country activities	6 409	6 665
Country programmes	13 393	13 198
Total	54 649	51 859

6. Salary expenditure constituted 59% of the total regular budget. The salary expenditure for 2004–2005 is a net figure, after taking into account credits totalling US\$ 3.6 million from exchange rate hedging.

Voluntary contributions

7. The trend whereby technical programmes are increasingly supported by voluntary contributions has continued, with these representing more than 70% of the Office's overall funding during the biennium.

8. As in previous years, the continued high dependency on voluntary contributions is of concern to the Regional Office, as it makes medium-term planning and budgeting much more difficult than with more predictable, flexible and secure funding.

9. Unlike the regular budget, most voluntary contributions can be carried over from one biennium to another. The funds received in any given biennium therefore do not necessarily equal the funds programmed or available, or the funds expended.

Programme support costs

10. Programme support costs represent a charge that is applied to activities financed from voluntary contributions, in accordance with the terms of resolution WHA34.17, to defray some of the costs the Organization incurs in delivering these activities.

11. The regular programme support cost (PSC) charge is set at 13%, except for certain donor arrangements, where less is charged. The Regional Office is very concerned by the multitude of donor agreements to which a lower PSC charge is applied. Even the full 13% charge no longer covers the costs actually incurred by the Office for supporting activities funded from extrabudgetary sources. As a result of the many exceptions to the 13% rule, the actual average PSC charge paid by the donors during the past biennium was less than 7%.

12. While programme support costs are "earned" in one biennium, it is only in the next financial period that the amount, less a percentage retained by WHO headquarters as a handling charge, is actually released to the Regional Office. These funds are primarily used for administrative and other support required to implement extrabudgetary activities. From the biennium 2006–2007, a new procedure should allow programme support costs to be earned and used on a real-time basis.

13. During 2004–2005, the total amount available to the Regional Office from programme support costs was US\$ 19.1 million. This amount included US\$ 5.4 million received as a one-time windfall resulting from the change in PSC policy, from the previous system of earnings calculation to calculation on a real-time basis, to be introduced in 2006. This one-time additional amount was used to strengthen country offices, help establish the Situation Room and upgrade infrastructure, licences and security in WHO offices across the Region.

Areas of work

14. In this report, all the figures have been taken from the audited financial report for 1 January 2004 to 31 December 2005 (A59/28). These figures are net of all credits such as exchange rate hedging, reimbursements received from other agencies, etc., and reflect a net implementation of US\$ 155 million, an increase of 29% over the previous biennium.¹

¹ The financial figures that appear in the Regional Director's technical report (EUR/RC56/4) relate to programmatic investments and reflect the gross amount, which equals approximately US\$ 160 million (US\$ 159 893 937).

Table 2. Expenditure by area of work, 2004–2005 (expressed in thousands of US dollars)

Code	Area of work	Regular budget	Other sources	Total
CSR	Communicable disease surveillance	1 421	1 045	2 466
CPC	Communicable disease prevention, eradication and control		96	96
MAL	Malaria	232	1 544	1 776
TUB	Tuberculosis	750	9 098	9 848
NCD	Surveillance, prevention and management of noncommunicable diseases	1 253	431	1 684
TOB	Tobacco	520	1 349	1 869
HPR	Health promotion	663	1 013	1 676
INJ	Injuries and disabilities	124	367	491
MNH	Mental health and substance abuse	1 183	3 232	4 415
CAH	Child and adolescent health	785	1 072	1 857
RHR	Research and programme development in reproductive health	102	459	561
MPS	Making pregnancy safer	927	524	1 451
WMH	Women's health	68	350	418
HIV	HIV/AIDS	682	6 409	7 091
HSD	Sustainable development	556	3 452	4 008
NUT	Nutrition	574	356	930
PHE	Health and environment	2 751	13 438	16 189
FOS	Food safety	494	52	546
EHA	Emergency preparedness and response	631	10 997	11 628
EDM	Essential medicines: access, quality and rational use	1 076	997	2 073
IVD	Immunization and vaccine development	1 018	10 225	11 243
BCT	Blood safety and clinical technology	381	413	794
GPE	Evidence for health policy	4 982	7 449	12 431
IMD	Health information management and dissemination	5 087	1 128	6 215
RPC	Research policy and promotion	355	2 057	2 412
OSD	Organization of health services	3 525	8 521	12 046
GBS	Governing bodies	626	81	707
REC	Resource mobilization and external cooperation and partnership	456	150	606
BMR	Programme planning, monitoring and evaluation	803	236	1 039
HRS	Human resources development	2 519	1 216	3 735
FNS	Budget and financial management	1 748	682	2 430
IIS	Infrastructure and informatics services	8 477	9 344	17 821
DGO	Director-General, Regional Directors and independent functions	1 309	915	2 224
SCC	WHO's presence in countries	8 571	2 048	10 619
	Total	54 649	100 746	155 395

15. Table 3 provides a breakdown of the Regional Director's Development Programme Fund, distributed to a variety of programmes, with the following themes receiving most funding:

- developing and maintaining partnerships
- reforms in the way of working
- support to emergency missions (e.g. Kosovo, Pakistan).

Table 3. Distribution of funds from the Regional Director's Development Programme, 2004–2005

Programme title	US\$
Support for developing and maintaining partnerships	139 535
Reforms in the way of working	69 812
Support for healthy cities and urban governance	49 136
Regional meeting of directors of blood transfusion services	25 146
Support towards Pakistan emergency–earthquake	23 157
Development of a European strategy on child and adolescent health	21 407
Development of communicable disease networks	19 227
Printing of health questions brochure	18 910
Translation into Russian of <i>The world health report 2005</i>	16 739
Support for Kosovo mission	8 042
Support for global report on health systems research	6 719
Development of communication products for specific events, including WHO health awareness events	4 929
Support for mental health conference in Helsinki, Finland	777
Total	403 535

16. The financial implementation in 2004–2005, broken down by expenditure category, is shown below in Table 4.

Table 4. Financial implementation, by category of expenditure and source of funds, 2004–2005 (expressed in thousands of US dollars and in percentages)

Category of expenditure	Regular budget	%	Other sources	%	Total	%
Salaries and common staff costs	32 347	59	20 786	21	53 132	34
Short-term staff	5 597	10	24 322	24	29 919	19
Consultants	189	0	1 268	1	1 457	1
Temporary advisers	1 376	3	4 426	4	5 802	4
Meetings and travel on official business	3 121	6	6 429	6	9 550	6
Contracts	4 407	8	16 430	16	20 837	13
Supplies and equipment	1 152	2	6 423	6	7 575	5
General operating expenses	5 136	9	13 491	13	18 627	12
Fellowships and other educational activities	1 325	2	3 910	4	5 235	3
Other expenditures, including programme support costs			3 262	3	3 262	2
Total	54 649	100	100 746	100	155 395	100

Country expenditure

17. As shown in Table 5, regular budget and expenditure from other sources in countries in 2004–2005 was US\$ 39.303 million.

18. The four countries that benefited most from budgetary funding during the biennium were Albania, Bosnia and Herzegovina, the Russian Federation, and Ukraine.

Table 5. Expenditure summary, 2004–2005 (expressed in thousands of US dollars)

Country expenditure	Regular budget (RB)	Other sources (OS)	Total activity
	Expenditure	Expenditure	Expenditure (RB + OS)
Technical area	5 911	25 409	31 320
Country presence	7 482	501	7 983
Total	13 393	25 910	39 303

Human resources information

Human resources development

19. Human resources development continues to be an important priority for the Regional Office, as reflected in the Regional Director's Programme for 2005–2010, in its Development Process No. 9: Sustaining and developing skills. It is based on the rationale that, to sustain and further improve the Regional Office's capacity to meet the needs of its Member States, its staff must be and must remain at the leading edge of knowledge and technology in public health. This is achieved through a variety of means including, but not limited to, forums, professional conferences, research and publications, peer reviews, on-site and distance education and lectures.

20. On the basis of the Office's programmatic and operational priorities, individual staff development plans are constituted and the final learning priorities are set by the executive management. During the biennium, learning activities were carried out in strategic areas (results-based management, evidence-based approach, resource mobilization and partnership, evaluation and reporting, health systems management and development, and risk communication) and on core competences (effective interpersonal, presentation and written communication, management and leadership). Effort was also placed on team building across divisional lines through interdivisional retreats, and on the training of administrative country staff to prepare them for the delegation of authority to country offices.

21. Better resourcing of learning activities was made possible through the creation of the Global Staff Development Fund, and greater training coordination and synergy was established between the Regional Office and WHO headquarters through the Global Learning Committee.

Human resources services

22. During 2004 and 2005, the Regional Office focused on improving the contractual conditions of its staff and adjusting the balance between temporary and fixed-term staff. This contractual reform resulted in the establishment of 163 posts during the biennium. Of these, 60 posts were established in Copenhagen and 103 in the country offices and centres. The selection of 26 administrative assistants for the country offices has also been finalized, resulting in a clear improvement of management capacity in the field.

Staffing patterns

23. A series of tables on staffing distribution at the Regional Office is presented in the following paragraphs, reflecting the situation that prevailed on 31 December 2005.

24. As can be seen in Table 6 below, gender distribution for fixed-term professional staff over the last ten years shows a small but steady increase in the proportion of women, reflecting increasing efforts by

the Regional Office to improve its gender balance at the professional level. In 2005, a total of 29 professional fixed-term staff were appointed, of whom 55% were women, raising the proportion of women professionals from 33% to 40% during the biennium.

Table 6. Gender distribution of Regional Office fixed-term professional staff (at all duty stations)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Female	30%	31%	27%	24%	28%	31%	31%	34%	33%	33%	37%	40%
Male	70%	69%	73%	76%	72%	69%	69%	66%	67%	67%	63%	60%

25. Table 7 shows the number of fixed-term compared to short-term staff in both the professional and the general service categories. The percentage of fixed-term staff in both categories has increased during the past biennium from 43% to 57% as a result of the contractual reform exercise.

Table 7. Gender distribution of Regional Office staff (at all duty stations)

Professional staff								
	Fixed-term		Fixed-term National professional officers		Short-term*		All professional staff	
Female	52	40%	17	46%	92	64%	161	52%
Male	77	60%	20	54%	52	36%	149	48%
Total	129	100%	37	100%	144	100%	310	100%

**includes staff currently employed and those on statutory breaks.*

General service (GS) staff						
	Fixed-term		Short-term*		All GS-staff	
Female	149	75%	91	64%	240	70%
Male	50	25%	51	36%	101	30%
Total	199	100%	142	100%	341	100%

**includes staff currently employed and those on statutory breaks.*

26. At the end of the biennium, the Regional Office had a work force of 651, as shown in Table 8 below, which also gives the distribution of staff by grade and contractual status.

Table 8. Grade distribution of Regional Office staff (at all duty stations)

Grade	Fixed-term	Short-term*	Total	% of all staff
UG	1		1	0.2
D2	1		1	0.2
D1	6		6	0.9
P6	6	1	7	1.1
P5	49	6	55	8.4
P4	41	31	72	11.0
P3	17	24	41	6.3
P2	7	13	20	3.1
P1	1	8	9	1.4
NO-A	10	49	59	9.0
NO-B	27	8	35	5.4
NO-C				0.0
Ad hoc		4	4	0.6
Total	166	144	310	47.6
C1		5	5	0.8
C2	12	19	31	4.8
C3	12	31	43	6.6
C4	32	50	82	12.6
C5	111	29	140	21.5
C6	20	7	27	4.1
C7	12	1	13	2.0
Total	199	142	341	52.4

*includes staff currently employed and those on statutory breaks.

27. The geographical distribution of staff continues to be a topic of much debate. The global figures are presented in *Human resources: annual report (A59/35)*. As can be seen from Table 9 below, fixed-term professional staff have been recruited from a total of 40 countries both within and outside the Region. The list of countries is based on staff in all WHO locations in the Region.

Table 9. Geographical distribution of *internationally-recruited* professional staff in the WHO Regional Office for Europe (including country offices)

Country name	Total fixed-term staff	Total short-term staff* (excluding national professional officers)	Grand total
Argentina	2		2
Armenia	1		1
Australia	1		1
Austria	1		1
Azerbaijan	1		1
Belgium	5		5
Bulgaria	3	1	4
Canada	2	2	4
Croatia	2		2
Denmark	8	13	21
Estonia		1	1
Finland	2	2	4
France	8	4	12
Georgia	3		3
Germany	12	9	21
Greece	2		2
Hungary		2	2
Iceland	1	2	3
India	2		2
Iran (Islamic Republic of)		1	1
Ireland	2	1	3
Israel		1	1
Italy	13	6	19
Japan		1	1
Kazakhstan	1	1	2
Kyrgyzstan	1		1
Latvia	2		2
Lithuania	3		3
Malta	1		1
Mongolia	1		1
Netherlands	4	4	8
Norway	1	1	2
Philippines	1		1
Poland	3		3
Portugal		1	1
Republic of Korea	1		1
Republic of Moldova	1	2	3
Romania	2	3	5
Russian Federation	9	4	13
Singapore		1	1
Spain	3	4	7
Sudan	1		1
Sweden	1	1	2
Switzerland		2	2
Turkey	1	1	2
Turkmenistan	1	1	2
United Kingdom	12	8	20
United States of America	8	6	14
Uzbekistan		1	1
Total	129	87	216

*includes staff currently employed and those on statutory breaks.

Conclusion

28. In conclusion, the biennium 2004–2005 was a period of transformation in the European Region, a period during which the Regional Office's financial envelope increased significantly, along with its capacity to manage and implement programmes.

29. The biennium 2004–2005 also saw priority put on the Office's human resources. Through close collaboration with WHO headquarters and other partners, a new policy has been put in place to help maintain the technical competence of the Office's staff. Capacity in the field has been substantially improved thanks to the recruitment of a new generation of managers and the transfer of an increasing amount of programme resources (both human and financial) to the country offices.

30. The biennium 2004–2005 was also a period of emergency, during which the Regional Office's expertise was increasingly sought to help address emerging needs within and outside the Region, leading it to strengthen its emergency preparedness plans and response capacity towards a broad variety of threats that could affect its Member States in the future.

31. While much progress has been made, still more remains to be done. The Office's needs continue to exceed the resources available. Continually growing demands are being put on its infrastructure, staff, programmes and response capacity. Efforts to mobilize more resources and collaboration with more partners are just some of the ways in which the Regional Office will continue to assume its responsibilities towards the Member States.