



EUROPE

**Regional Committee for Europe
Fifty-fourth session**

Copenhagen, 6–9 September 2004

Provisional agenda item 3

EUR/RC54/Inf.Doc./1
14 June 2004
40241
ORIGINAL: ENGLISH

**Regional Director's Report –
Implementation of the Programme Budget 2002–2003**

This report provides a detailed analysis of actual expenditure compared with budget provisions. The data are based on the Financial Report and Audited Financial Statements for the period 1 January 2002 – 31 December 2003 (A57/20) presented to the Fifty-seventh 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 – 2002–2003 (EUR/RC54/6).

Contents

	<i>Page</i>
Introduction	1
Background	1
Structure of this document	1
Financial information	1
Level of the regular budget	1
Budget 2002–2003 by main category of expenditure	2
Extrabudgetary funds	2
Programme support costs	3
Expenditure	3
Country expenditure.....	5
Human resources information	5
Human resources development	5
Human resources services	6
Staffing patterns	6
Conclusion.....	9

Introduction

Background

1. Since the end of the biennium 1992–1993, the Secretariat has presented information documents to the Regional Committee showing how the funds entrusted to the Regional Office, whether from the regular budget or as extrabudgetary resources, have been spent. Previously, the point of departure was the regional programme budget, which for many biennia was prepared according to a structure based on the Health for All (HFA) policy, with funds appropriated against the regional HFA targets.

Structure of this document

2. This information document follows the budget structure elaborated and used since 2000–2001 in order to facilitate meaningful comparisons.

3. In line with the ongoing reform and with the aim of achieving coordinated reporting in uniform formats, this paper draws its information from the following documents recently discussed at the Fifty-seventh World Health Assembly:

- *Financial report and audited financial statements for the period 1 January 2002 – 31 December 2003 and Report of the external auditor to the World Health Assembly (A57/20 and A57/20 Add.1).*
- *Human resources: annual report 2003 (A57/26).*

4. This paper first addresses financial information and then information related to human resources. While the information has its roots in the documents submitted to the World Health Assembly, some tables have been expanded and further details (which could not be accommodated in the global reports) have been given for the European Region.

Financial information

Level of the regular budget

5. In September 2000, the Regional Committee endorsed the strategic directions presented and welcomed the regular budget for 2002–2003 totalling US\$ 52 771 000, which represented zero real growth compared to 2000–2001 plus an increase of US\$ 1 072 000 as a result of interregional transfers pursuant to resolution WHA51.31. Although inflation/cost increase factors were not considered in arriving at these amounts, the European Region joined the exchange rate hedging mechanism which allowed some coverage against purchasing power losses during the biennium.¹

6. Owing to uncertainties with regard to the payment of contributions from Member States and the necessity to fund global security costs, the Director-General decided to establish the working allocation at 97.7%, hence reducing the European Region's regular budget to US\$ 51 557 000. This change, together with other minor adjustments, led to establishment of the effective allocation for 2002–2003 for the European Region at US\$ 51 859 000.

¹ Budget exchange rate: Dkr. 8.32 to the US\$. Average implementation rate: Dkr. 7.31 to the US\$.

Budget 2002–2003 by main category of expenditure

7. The effective allocation of US\$ 51 859 000 was budgeted by main category of expenditure as shown in Table 1.

Table 1. Regular budget allocation by main category of expenditure, 2002–2003 as compared to 2000–2001 (expressed in thousands of US dollars)

Main category of expenditure	2002–2003	2000–2001
Regional Committee (governing bodies)	539	446
Salaries	26 793	26 433
Staff development and training	196	204
Duty travel	903	880
Common services	4 468	4 929
Inter-country activities	5 762	8 839
Country programmes	13 198	7 494
Total	51 859	49 225

8. In 2002–2003, the allocation to activities and operations in countries increased by US\$ 5.7 million reflecting increased country activity related to the Regional Office's Country Strategy.

9. As can be seen, salary expenditure constituted 52% of the total regular budget. The salary expenditure for 2002–2003 is a net figure after taking into account credits totalling US\$ 4.5 million coming from regional inclusion in the exchange rate hedging mechanism.

Extrabudgetary funds

10. Technical programmes have been increasingly supported by extrabudgetary funds for programme implementation. After an almost sixty percent overall increase from biennium 1996–1997 to last biennium, there has been only a minor change in the availability of extrabudgetary resources from last biennium to 2002–2003. However, there continues to be an upward trend in funds available for technical work offset by a decline in funds supporting emergency and humanitarian assistance.

11. Unlike the regular budget, extrabudgetary balances can often be carried over from one biennium to another. The funds received in any given biennium therefore do not necessarily equal the funds available or the funds expended.

12. Table 2 shows the availability of extrabudgetary funds (or allotted amount) over four biennia.

Table 2. Availability of extrabudgetary resources, 1996–2003 (expressed in millions of US dollars)

	Allotted 1996–1997	Allotted 1998–1999	Allotted 2000–2001	Allotted 2002–2003
Technical areas	37.1	48.4	68.0	79.1
Emergency and humanitarian assistance	28.3	27.4	35.2	21.1
Total	65.4	75.8	103.2	100.2

13. Hitherto there has been initial resistance to do detailed planning of extrabudgetary resources, owing to the uncertainty of their availability at the time of budget preparation.² Although there was some improvement in the planning process during 2002–2003, the estimation of funds from other sources at the time of budget preparation was US\$ 63 million – a clear underestimation of the actual levels available.

Programme support costs

14. Programme support costs are applied to activities financed from extrabudgetary sources, in accordance with the terms of resolution WHA34.17. The current charge for programme support costs is 13%, except for some specific donation arrangements, where less is charged. This represents partial reimbursement of the cost of the related support and services provided in connection with project expenditures incurred under all other extrabudgetary sources of funds. While programme support costs are “earned” in one biennium, it is only in the next financial period that the amount “earned” (less a small percentage retained in WHO headquarters as a handling charge) is made available to the Regional Office (please note: for 2004–2005, this method of recording earnings has been changed to allow for expenditure during the period in which such amounts are earned). These funds are primarily used to supplement the administrative and other support required to implement extrabudgetary activities.

15. During 2002–2003, the total amount available to the Regional Office from programme support costs was US\$ 12.5 million. Of this amount, US\$ 7.3 million was carried over from 2000–2001.

Expenditure

16. Table 3 shows the expenditure by area of work for both the regular budget and other sources.

Table 3. Expenditure by area of work, 2002–2003, regular budget and other sources
(expressed in thousands of US dollars)

Code	Area of Work	Regular budget	Other sources	Total
CSR	Communicable disease surveillance	398	674	1 072
CPC	Communicable disease prevention, eradication and control		57	57
CRD	Research and product development for communicable diseases			
MAL	Malaria	8	1 489	1 497
TUB	Tuberculosis	577	6 217	6 794
NCD	Surveillance, prevention and management of noncommunicable diseases	360	676	1 036
TOB	Tobacco	523	1745	2 268
HPR	Health promotion	686	830	1 516
DPR	Disability/injury prevention and rehabilitation	11		11
MNH	Mental health and substance abuse	855	961	1 816
CAH	Child and adolescent health	415	1 358	1 773
RHR	Research and programme development in reproductive health	64	290	354
MPS	Making pregnancy safer	482	330	812
WMH	Women's health	48	95	143
HIV	HIV/AIDS	1 054	2 605	3659
HSD	Sustainable development	648	2 911	3 559
NUT	Nutrition	410	234	644
PHE	Health and environment	2 502	10 441	12 943
FOS	Food safety	328	4	332
EHA	Emergency preparedness and response	459	15 491	15 950
EDM	Essential medicines: access, quality and rational use	543	1 227	1 770
IVD	Immunization and vaccine development	1 129	7 980	9 109

² Please note that for 2004–2005 detailed planning of funds from other sources has been performed and updated on a continual basis. The Regional Office estimate of total extrabudgetary funds needed for 2004–2005 is currently US\$ 150 million (compared to US\$ 115 million presented to the RC in document EUR/RC52/12).

BCT	Blood safety and clinical technology	404	39	443
GPE	Evidence for health policy	4 084	5 585	9 669
IMD	Health information management and dissemination	4 668	136	4 804
RPC	Research policy and promotion	201	2 306	2 507
OSD	Organization of health services	1 634	3 271	4 905
GBS	Governing bodies	676	30	706
REC	Resource mobilization and external cooperation and partnership	1 108	1 166	2 274
BMR	Budget and management reform	1 340	89	1 429
HRS	Human resources development	2 240	89	2 329
FNS	Financial management	1 229	297	1 526
IIS	Informatics and infrastructure services	7 566	4 463	12 029
DGO	Director-General's and Regional Director's offices (including Audit, Oversight and Legal)	1 093	87	1 180
DDP	Director-General's and Regional Director's development programme	918		918
	Subtotal	38 661	73 173	111 834
COO	Country-level activities	13 198		13 198
	Total	51 859	73 173	125 032

17. Table 4 below gives a detailed breakdown of the Regional Director's Development Programme funds. As can be seen, funds were distributed to a large variety of programmes, with the following major issues receiving substantial funding from this source:

- Country work management system
- Health evidence network programme
- external evaluation of the Health care reform programme.

Table 4. Distribution of funds from the Regional Director's Development Programme, 2002–2003
(expressed in US dollars)

Programme Title	US\$
Country work management system	150 000
Health evidence network and communication	111 578
Health care reform programme external evaluation	93 887
Poverty and health case study initiative	67 200
Way of working initiative	66 746
Director of Country support assistance	63 270
European Conference on Mental Health (2005) preparatory work	57 375
International Conference on Illicit Tobacco Trade	51 200
Biological, chemical and nuclear warfare guidelines	45 703
European advisory committee on health research meetings	43 431
Budapest Conference support	36 963
Healthy aging programme support	26 499
WHO publication <i>European food and health: The basis for action</i>	25 148
<i>European health report</i> printing	24 999
European network of health promoting schools – conference support	24 645
Staff health promotion activities	15 715
RC52 exhibits – “Poverty and health” and “50 years of work”	6 159
European Strategy on noncommunicable diseases prevention and control planning consultation	5 331
<i>The world health report 2000</i> consultation report translation	1 951
Total	917 800

18. The total financial implementation in 2002–2003 (both regular budget and other sources), broken down by expenditure category, is shown below in Table 5. It is to be noted that in this type of analysis there is no division between intercountry and country funds.

Table 5. Financial implementation by category of expenditure and source of funds, 2002–2003
(expressed in thousands of US dollars and in percentages)

Category of expenditure	Regular budget	%	Other sources	%	Total	%
Salaries and common staff costs	24 759	48	6 932	10	31 691	25
Short-term staff	7 617	15	20 918	29	28 535	23
Consultants	365	1	1 603	2	1 968	2
Temporary advisers	1 994	4	3 566	5	5 560	4
Meetings and travel on official business	3 459	7	4 738	6	8 197	7
Contracts	5 742	11	14 104	19	19 846	16
Supplies and equipment	1 815	3	8 225	11	10 040	8
General operating expenses	4 289	8	4 509	6	8 798	7
Fellowships and other educational activities	1 819	3	3 658	5	5 477	4
Other expenditures, including programme support costs			4 920	7	4 920	4
Total	51 859	100	73 173	100	125 032	100

Country expenditure

19. As shown in Table 1, the total regular budget investment in countries in 2002–2003 was approximately US\$ 13.2 million, divided under two headings: US\$ 7.0 million was invested in country activities as planned through biennial collaborative agreements (BCAs) and public health initiatives (PHIs); and US\$ 6.2 million was allocated to cover the running costs of the WHO liaison offices and to strengthen country presence.

In addition, 23.7 million was spent in country from other sources.

Table 6. Budget and expenditure summary, 2002–2003
(expressed in thousands of US dollars)

	Regular Budget (RB)	Other sources (OS)	Total activity
	Expenditure	Expenditure	Expenditure (RB + OS)
Total	13 198	23 779	36 977

Human resources information

Human resources development

20. Human resources development was one of the key issues addressed by the Regional Office during the biennium. The first element brought forward was for supervisor and staff member to agree on the work plan to be implemented by the latter during the period and, in relation to this, to agree on the training required to facilitate implementation of the plan. For this purpose the use of the performance management and development system (PMDS) was systematized throughout the Region and extensive training was given on its proper use.

21. Looking further ahead, the Regional Office also considered ways to maintain/enhance the technical competence of its staff in order to keep their skills at the leading edge of public health. For this purpose a number of initiatives were tested, including more systematic participation in professional association meetings, short-term rotation of staff, secondments to external organizations, publications and technical workshops/seminars. At the end of the biennium the Office chose to systematize this approach and to

specify its modalities in a new EURO policy on maintaining technical competence. This new policy is the Regional Office's flagship in human resources development.

22. During the previous and current biennia, the Office has worked intensively with headquarters in its competencies project, which has resulted in improved recruitment, mobility and career management techniques being implemented in the Region.

Human resources services

23. The Regional Office has focused on expanding its presence at field level through the creation of 66 field posts in 2002 and 2003. As a result of this, the human resources services (HRS) organized the selection, recruitment and appointment of 24 liaison officers (out of 26), one Head of country office (out of five) and nine professional technical officers. Furthermore, 26 administrative assistant posts were established in the liaison offices (effective 01 January 2004) and HRS are currently in the process of completing the selection, recruitment and appointment procedures for these posts.

Staffing patterns

24. A series of tables on staffing distribution at the Regional Office is presented in the following paragraphs. Staffing patterns are subject to change and the tables show the status as of 31 December 2003.

25. As can be seen in Table 7 below, gender distribution for fixed-term professional staff over the last twelve years shows a small but steady increase in the proportion of women. In 2003, a total of 13 professional fixed-term staff were appointed of whom 38.5% were women.

Table 7. Gender distribution of Regional Office fixed-term professional staff
(at all duty stations)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Female	28%	31%	30%	31%	27%	24%	28%	31%	31%	34%	33%	33%
Male	72%	69%	70%	69%	73%	76%	72%	69%	69%	66%	67%	67%

26. The overall gender picture of the full workforce in the Region is somewhat different, with 60% women and 40% men.

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

Professional staff								
	Fixed-term P		Fixed-term NPO		Short-term P*		All P staff	
Female	27	33%	13	54%	78	53%	118	46%
Male	55	67%	11	46%	70	47%	136	54%
Total	82	100%	24	100%	148	100%	254	100%

General service staff						
	Fixed-term		Short-term GS*		All GS-staff	
Female	114	81%	124	63%	238	70%
Male	27	19%	74	37%	101	30%
Total	141	100%	198	100%	339	100%

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

27. Table 8 also shows the number of fixed-term and short-term staff in the profession and general service categories. The percentage of fixed-term staff in both categories has increased during the last biennium to 42%. Overall, 58% of staff were employed on short-term contracts. This represents a decrease from 69% at 31 December 2001.

28. The global WHO contractual reform was introduced in July 2002. A committee was established in the Regional Office to review the long-term needs of the Region. All long-term short-term staff have now been identified and the exercise has now begun of converting into fixed-term staff those staff members for whom long-term functions have been identified.

29. At the end of the biennium, the Regional Office had a staff of 593 as shown in Table 9 below, which also gives the distribution of staff by grade and contractual status.

Table 9. Grade distribution of Regional Office staff
(at all duty stations)

Grade	Fixed-term	Short-term*	Total	% of all staff
UG	1		1	0.2
D1	7		7	1.2
P6	1		1	0.2
P5	35	18	53	8.9
P4	25	43	68	11.4
P3	10	26	36	6.1
P2	3	11	14	2.3
P1		4	4	0.7
NO-A		29	29	4.9
NO-B	24	2	26	4.4
NO-C		1	1	0.2
Ad hoc		14	14	2.3
Total	106	148	254	42.8
C1		5	5	0.8
C2	2	44	46	7.8
C3	13	39	52	8.8
C4	22	45	67	11.3
C5	74	45	119	20.1
C6	14	13	27	4.6
C7	16	2	18	3.0
Ad hoc		5	5	0.8
Total	141	198	339	57.2

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

30. It should be noted that the definition of fixed-term and short-term staff is related to the contractual status of a staff member and not to the funding source. For example, not all staff funded from the regular budget are fixed-term and conversely some fixed-term staff are funded from other sources.

31. The geographical distribution of staff continues to be a topic of much debate. The global figures are presented in *Human resources: annual report (A57/26)*. As can be seen from Table 10 below, internationally-recruited professional staff have been recruited from a total of 45 countries both within and outside the Region.

Table 10. Geographical distribution of internationally-recruited professional staff in the WHO Regional Office for Europe (including countries outside the Regional Office)

Country name	Total fixed-term staff	Total short-term staff* (excluding national professional officers)	Grand Total
Albania	1		1
Argentina		2	2
Armenia	1	1	2
Australia	1	1	2
Austria	1		1
Belgium	3	2	5
Brazil		1	1
Bulgaria	1	5	6
Canada	4	1	5
Croatia	1	1	2
Denmark	7	9	16
Estonia		1	1
Finland	1	4	5
France	5	5	10
Georgia	1	1	2
Germany	5	9	14
Greece	2	2	4
Iceland	1		1
India	3		3
Iran (Islamic Republic of)		1	1
Ireland	1		1
Italy	4	12	16
Japan		1	1
Kazakhstan		2	2
Kyrgyzstan		1	1
Latvia	1	1	2
Lithuania	3		3
Malta	1		1
Mongolia		1	1
Netherlands	2	4	6
Philippines	1		1
Poland	3		3
Portugal		1	1
Republic of Korea	1		1
Republic of Moldova		2	2
Romania	2	3	5
Russian Federation	4	6	10
Spain	3	2	5
Sweden		3	3
Switzerland		1	1
Turkey	1	2	3
Turkmenistan		1	1
Ukraine		1	1
United Kingdom	8	16	24
United States of America	9	8	17
Total	82	114	196

*includes staff currently employed and those on statutory breaks

Conclusion

32. In this paper, the Regional Office has sought to further elaborate on the official global statistics report submitted to the fifty-seventh World Health Assembly at the end of the biennium, in order to provide its Member States with a more comprehensive view of the current trends in its activities in the Region. It is the aim of the Regional Office Secretariat to continue to provide this type of transparency in future biennia. Although efforts have already been made to improve reporting on other sources of funds for 2002–2003, the Regional Office intends to put further emphasis on the analysis of its operations funded under other sources and to fine-tune the implementation of and reporting on a fully integrated budget in the Region. Between the current and next reporting periods (end of the biennium 2004–2005), the Regional Office, in collaboration with WHO headquarters, will take a close look at its administrative information systems in order to find ways in which they might be improved. It also intends to expand its evaluation-related activities and systems, in order to further enhance transparency and to allow its governing bodies to make decisions based on high-quality and timely information.