

Report of the Programme, Budget and Administration Committee of the Executive Board

1. The seventeenth meeting of the Programme, Budget and Administration Committee of the Executive Board was held in Geneva on 17 and 18 January 2013. The meeting was chaired by Dr Jamal Thabet Nasher (Yemen).¹ The Committee adopted its agenda.²

Agenda item 2 Matters for review by, and/or recommendation to, the Executive Board

2.1 and 2.2 Draft twelfth general programme of work and proposed programme budget 2014–2015 (documents EB132/26 and EB132/27)

2. The Committee welcomed the progress made in the development of the draft twelfth general programme of work and proposed programme budget 2014–2015. In particular it noted that these documents include more information on the priorities, results structure and budget estimates. The Committee also acknowledged that these documents represent the main instruments to implement the reform, in particular the financing dialogue, and to set the direction for the next six years.

3. The Committee requested further clarification on how the eight strategic priorities were derived and how they relate to the original 26 priorities discussed in previous Member State consultations. It was suggested that the strategic priorities could be labelled as “leadership priorities” for the Organization, and that the two governance- and management-related priorities should be treated differently from the public health-related priorities.

4. The Committee requested greater clarity in the articulation of the results chain and accountability, in particular, a better elaboration was sought of the linkages between outputs and outcomes as well as more specificity in the formulation of outputs. The Committee requested that impact and outcome indicators be further developed to be consistent with other relevant agreed targets. In addition, the Secretariat should consider developing indicators for outputs for which the Secretariat is solely accountable.

5. Clarifications were requested on the methodology used to allocate financial and human resources to programme areas and major offices. Some Committee members raised concerns about the level of the initial budget allocations in some major offices, in particular the Regional Office for the Americas, as well as the significant reduction of this allocation for the Regional Office for South-East Asia. Moreover, the Committee requested that future budget allocations be based on a bottom-up costing of the outputs to be delivered across the three levels of the Organization.

¹ For the list of participants, see document EBPBAC17/DIV./1.

² See document EBPBAC/17/1.

6. The Committee noted the importance of the proposed programme budget in relation to the financing of the Organization and requested more information in relation to staffing levels and the availability and sources of funding for the proposed programme budget; information that would be very useful in the financing dialogue.

7. The Committee also requested more information on the next steps for the development of the two documents and on the opportunities Member States would have to provide detailed inputs and to consult further before the final approval of the general programme of work and the programme budget by the Health Assembly in May.

8. The Director-General confirmed that more work would be undertaken in all the areas raised by the Committee. Concerning the choice of the six strategic priorities on technical areas and the two related to governance and managerial reform, the Director-General explained that those decisions had been based on both the application of the criteria discussed by Member States during previous consultations as well as on the feedback from regional committees. It was emphasized that there is a need to refine the priorities following further input from the Member States.

9. Regarding the need to improve the results chain further, the Director-General acknowledged that more work needed to be undertaken during the coming weeks in preparation for the next Health Assembly. The result would be a better explanation of the linkages between the impacts, outcomes and outputs, together with a clear definition of the joint responsibility of the Member States and the Secretariat – as expressed through the outcomes – and the responsibility of the Secretariat – as expressed by the outputs. The reporting of the implementation of the Health Assembly resolutions adopted by Member States will also be a tool to review progress towards achievement of longer-term impacts. More detailed work will be undertaken on defining a robust framework for evaluation and performance assessment.

10. In responding to the issues around the budget figures, the Director-General highlighted that, given that the overall budget envelope for the Organization is not increasing, decisions on increasing resources for some areas must result in a decrease elsewhere. Further work on detailed costing and a definition of roles and responsibilities of the three levels of the Organization is being undertaken by working groups of the Secretariat. The results of these working groups will be presented, as they become available, to the governing bodies.

11. Finally, the Director-General drew attention to the upcoming meetings (including ad hoc meetings and Mission briefings) that will provide further opportunities to provide comments on both the draft twelfth general programme of work and the proposed programme budget for 2014–2015. Member States were asked to provide their detailed comments in writing by 15 February to the Secretariat. These inputs will be published online with Member State access only. At the same time these comments from Member States will further inform the finalization of the documents for the Sixty-sixth World Health Assembly and the eighteenth meeting of the Programme, Budget and Administration Committee in May. She confirmed that the next steps, and the timelines for the general programme of work and the proposed programme budget, will be made available during the upcoming Executive Board.

The Committee recommended that, in the Executive Board's consideration of the draft twelfth general programme of work and the proposed programme budget 2014–2015, it should take into account the comments made above.

2.3 WHO reform: update

- **Scheduling of meetings of governing bodies and the feasibility of shifting the financial year; and better assessment of the financial administrative implications of draft resolutions** (document EB132/5 Add.3, paragraphs 6–16 and 32–33)

12. The Committee unanimously supported the proposal by the Director-General to retain the current financial year.

13. With regard to the scheduling of the sessions of the governing bodies, the Committee supported the proposal to move the January sessions of the Programme, Budget and Administration Committee as well as the Executive Board to early February. However, the Committee preferred to maintain the current schedule of the sessions of the regional committees and the Health Assembly.

14. It was noted that this would allow the Secretariat to have a more complete set of data and information available (including feedback from the regional committees) in order to produce the relevant documents on time. It would also allow Committee members to have more time at the beginning of the year for their review of the meeting documentation.

15. The Committee recommended that information-sharing on issues such as income and expenditure against the approved programme budget would not be limited to the governing body meetings but would be an ongoing process, including provision of information on the Internet and at the Mission briefings.

- **Modalities for the independent evaluation of the WHO reform: stage two** (document EB132/5 Add.7)

16. The Secretariat made a brief introduction, noting that that the proposed modalities for the second stage of the independent evaluation are based on the recommendations outlined in the stage one report of the External Auditor.¹

17. The Committee broadly supported the modalities of the second stage evaluation outlined in the report, in particular, the focus on changes to ensure WHO's preparedness for reform implementation. The Committee emphasized that complementary work is being undertaken by the United Nations Joint Inspection Unit, and that formulation of the terms of reference should take this into account.

- **Implementation of WHO reform, 2012** (documents EB132/5 Add.8 and EB132/INF./3)

18. The Secretariat made a short introductory presentation on the principles behind the development of the progress report on implementation of reform and the related high-level implementation plan, and their content. In addition, it demonstrated the detailed implementation plan that is available on the WHO reform web site.

19. The Committee welcomed the documentation and the online reform implementation tracking tool at the following link: http://www.who.int/about/who_reform/en/index.html. In particular, it was noted that the format and structure of the documentation is useful for Member States when reviewing

¹ Document A65/5 Add.2.

the progress of reform. It was suggested that information relating to the human resources aspects of the various outputs be included in the implementation plan.

20. There is currently a significant shortfall in the reform implementation budget. The Director-General has shifted resources internally in order to proceed with implementation. Speaking on the budget shortfall, the Director-General noted that progress on implementation will be predicated on the availability of required resources and thanked those Member States which have made significant contributions both financially and in kind.

2.4 Implementation of Programme budget 2012–2013: update (document EB132/25)

21. The Committee welcomed the update on the implementation of the Programme budget 2012–2013, which was based on more realistic targets than those for the Programme budget 2010–2011. The Committee appreciated the progress made with the present budget towards achieving greater transparency and accountability. Furthermore it recognized the challenges posed by mobilizing, distributing and implementing flexible funds efficiently.

22. The Committee noted gaps in important programmatic areas across several WHO regions. In particular, it recognized the continued prevalence of funding gaps in the African Region. The Secretariat was requested to ensure fair and transparent levels of resource distribution across WHO so that the regions could maintain all the technical cooperation programmes presently in place within their countries, despite the resource-constrained environment.

23. The Committee noted the need to explore broader financing measures and to plan for increased effectiveness in the deployment of resources, and observed that increased effectiveness was required in implementation. It welcomed the establishment of the new Resource Mobilization Task Force and the Task Force's work to identify resources for making good any shortfalls.

24. At the same time, the Committee observed that there was currently a lack of information on financing for the future biennium; an update on the financing for the Programme budget 2014–2015 would be welcome during the financing dialogue, especially with regard to the early identification of shortfalls across the Organization.

25. The Secretariat welcomed the comments made and noted that the misalignment of funds to priorities was mainly due to highly earmarked funding that does not match the set priorities.

26. The Director-General commented that part of the shortfall in the Programme budget 2012–2013 is being dealt with, through the allocation of flexible funding to areas of strategic need across the Organization.

The Committee recommended that the Executive Board take note of the report contained in document EB132/25.

2.5 Scale of assessments for 2014–2015 (document EB132/28)

27. The Committee considered the report and observed that South Sudan is now included in the scale of assessments, and will be assessed retrospectively for the period October 2011 to December 2011 and for 2012, in line with the United Nations scale of assessments for that period.

The Committee recommended that the Executive Board should propose that the Sixty-sixth World Health Assembly adopt the proposed scale of assessments as set out in document EB132/28.

- **Scale of assessments for 2014–2015: foreign exchange risk management** (document EB132/28 Add.1)

28. The Committee was invited to comment upon the proposal to assess 50% of Member States' contributions in Swiss francs and 50% in United States dollars.

29. The Committee noted that changing the currency of assessment in this way will help currency risk management through a better matching of the currencies of income and expenditure. The Committee also noted that some other United Nations agencies with assessed contributions have split assessments to help manage this risk. The Committee raised a concern regarding the timing of the change: since the Swiss franc is now strong against the United States dollar, there may be a risk that this has an adverse impact on the Organization's finances in the short term. Clarification was provided that there is no right or wrong time to change the currency of assessment; the purpose is not to try to gain from the strength of the Swiss franc but rather to reduce currency risk by matching the main currencies of income with the main currencies of expenditure.

30. The Committee observed that the proposal would provide for income currencies that are more proportionate to the currencies of expenditure for the Organization, at the same time mitigating the currency effect on the Member States whose currencies more closely track the United States dollar. Thus, the proposal struck a balance between the currency needs of the Organization and those of the Member States.

31. The Committee observed, however, that implementing the proposal may involve practical problems for some Member States, who could experience difficulties in obtaining Swiss francs. The Secretariat was invited to investigate the possibility of setting an assessment threshold below which Member States would continue to be assessed solely in United States dollars.

32. One Committee member suggested that Member States be given the option to be invoiced on a voluntary basis in a split currency (United States dollars/Swiss francs), taking into consideration that less than 50% of the Organization's expenditure is in Swiss francs.

33. The Director-General said that the Secretariat will discuss with Member States in more detail the split assessment currency proposal in order to establish flexibility and fairness for all Member States.

The Committee recommended that the Executive Board take account of the points the Committee had raised in its consideration of the report contained in document EB132/28 Add.1; and that the Board consider whether to propose a draft resolution in respect of the matter raised in paragraph 8 on the currency of assessment for submission to the Sixty-sixth World Health Assembly.

2.6 Amendments to the Financial Regulations and Financial Rules (documents EB132/44 and EB132/INF./4)

34. The Secretariat introduced the two documents concerned, namely: the Secretariat's report, which outlines the changes to the Financial Regulations and Financial Rules; and a mock-up of a draft programme budget resolution for discussion if the World Health Assembly approves the entire programme budget, covering both assessed and voluntary sources, and noted that a corrigendum to the document EB132/44 will be issued.

35. The Secretariat acknowledged the delay in providing the report to Member States. In the discussion, Committee members thanked the Secretariat for its efforts to provide this important information, although most indicated that they would need more time to digest all the information provided in order to better understand the proposed changes to the Financial Regulations and Financial Rules and to refer back to their respective capitals before taking a final position on them.

36. Specific requests for information and clarification were made concerning the proposed changes, notably regarding the terminology used and the underlying budgetary concepts and definitions. As the Member States would henceforth not know, when approving the budget, whether the voluntary contribution component could eventually be fully funded, the question was posed whether there was any risk that expenditure commitments would be made without available funds.

37. Other questions concerned the link between the provisions in the proposed draft resolution and the financing dialogue between the Secretariat and Member States, and whether it would not be preferable first to achieve more clarity on all aspects of the financing dialogue before changing the related Financial Regulations and Financial Rules.

38. Additional issues raised included the handling of the carry-over from one budgetary cycle to the next, the level of information detail required for a financing dialogue, and the impact of certain principles of the newly-adopted International Public Sector Accounting Standards (IPSAS) on reporting budgetary figures.

39. In response to these questions and concerns, the Secretariat stressed that, as per the Rules already in force, no expenditure could be incurred without a corresponding identified source of funding and budget line. However, for the avoidance of any doubt, wording could be added to the effect that commitments must be subject to available funding. In the context of allocating funds across categories, the Secretariat added that all conditions attached to voluntary contributions would need to be respected. Finally, it was noted that discussions towards full accrual budgeting in the United Nations system were at an early stage of internal discussions in which WHO was participating.

40. It was agreed that the Secretariat would provide revised draft resolutions reflecting the points made and more information on the above-mentioned issues by the following week, so that Member States could have a chance to discuss and comment on this matter more fully during the Executive Board at its forthcoming session.

41. It was also acknowledged that further dialogue may be necessary following the session of the Executive Board, and that the Secretariat will provide further information in the following weeks, in parallel with budget reform.

42. Based on the above, the Secretariat would submit a revised version of the two draft resolutions to the next meeting of the Committee, with final decisions to be taken by the Health Assembly.

The Committee agreed with the proposed course of action and recommended that the Executive Board consider the comments and concerns reflected above.

2.7 Evaluation: update and proposed workplan for 2013 (document EB132/30)

43. The Committee welcomed the actions initiated in relation to the implementation of the evaluation policy, in particular the efforts to strengthen the evaluation culture across WHO, which had been made during the 2012–2013 transition period since the approval of the policy by the Executive Board.

44. In noting the matters contained in the report of the Secretariat, the Committee requested additional information on the specific roles and responsibilities of the Global Network on Evaluation in relation to the quality assurance of evaluation outputs and in the selection of the items for the Organization-wide evaluation plan and the preparation of the inventory. The Secretariat confirmed that the Global Network on Evaluation would play an important role in the systematic collection of evaluation information and in improving quality control of individual evaluations through fostering common methods and harmonizing practices. The Committee also recommended that the Global Network on Evaluation collaborate with the WHO reform team to inform its work.

45. The Committee further suggested that future reporting could be improved by provision of more analysis of the total work performed during the period. Examples included: the coverage of evaluation of the programme budget, the actual evaluations performed versus those planned, and the presentation of the inventory by theme or category of evaluation. The Committee also underlined the importance of the inclusion of a summary of the lessons learnt from the evaluations, and how they were used to improve the work of the Organization, in the annual reporting feedback to Member States. The Secretariat confirmed that these matters would be considered in developing future reports to the Committee.

46. In recognizing that evaluation represents a resource cost to the Organization, the Committee recommended that the Secretariat review its capacity to implement the evaluation policy fully in 2014–2015.

The Committee recommended that the Executive Board take note of the report contained in document EB132/30.

2.8 Real estate (document EB132/33)

47. The Committee noted the continued need for refurbishment of the Organization's real estate and the progress made in 2011 and 2012 in addressing safety- and security-related priorities.

48. The need for long-term solutions and sustainable strategies to address the serious infrastructure challenges facing the Organization was pointed out.

49. The Committee requested an update of the Organization's refurbishment strategy for the headquarters buildings, noting the need to incorporate information on long-term operations and maintenance cost control.

50. The report of the Secretariat was noted. The Committee requested for additional clarification on the impact on the global refurbishment and other priority projects previously identified before endorsing the approval of the construction of a new country sub-office in Garowe, Puntland, Somalia.

The Committee noted that the Secretariat will provide updated information to the Committee at its meeting in May 2013.

2.9 Human resources: annual report (document EB132/38 and EB132/38 Corr.1)

51. The Committee welcomed the richness of the annual report and noted the progress and achievements described therein, recognizing that these are an illustration that the Organization's staff are its most important asset. The Committee also noted that the performance of the Department of human resources management has improved significantly.

52. Nevertheless, there was room for further improvement and the Committee asked that the report be adjusted in the future to take into account the importance of the following: reporting based on full-time equivalent staff numbers rather than headcounts; the inclusion of financial information and an analysis of the financial consequences of any changes relating to human resources by region/country; a close link to and alignment with the Organization's programme budget; and details of the availability of information and communications technology systems and infrastructure for optimizing the provision of support to the implementation of the Organization's work. The Committee appreciated the data now included on AMRO/PAHO and asked that the provision of this additional information not only be continued in future reports but also be expanded.

53. The Committee commended the work done on e-Learning and looked forward to receiving further information on the standard quality certification for e-learning programmes ("Open ECB-check") and other developments in this area, and in the future to include information on who participates in the e-learning, disaggregated by gender and geographical location.

54. Committee members appreciated the data now provided on non-staff contracts and expressed their wish to see further analyses of these data and of the implications of any trends in future reports.

55. The Committee asked that more information and measures also be included in the report concerning the way in which the Organization proposes to deal with the long-term under-representation of some countries.

56. The Committee was concerned that the Department of human resources management was not adequately resourced. There was an agreement that a human resources department that is properly staffed and funded is vital for ensuring that its activities are implemented.

57. The Committee expressed concern that there has been no significant improvement in reaching gender parity, particularly in the more senior grades. It was agreed that a more coordinated approach to Organization-wide recruitment should be put into place.

58. The Committee took note of the number of staff retiring in the next five to 10 years and asked that steps be taken in good time to ensure prudent succession planning and good knowledge transfer. The Committee acknowledged that the work of WHO depended on the quality of its staff, underlining the importance of having highly qualified staff at the country level, and that the grades of posts offered should adequately reflect the level of expertise being sought. The Committee suggested that the retirement of staff be used as an opportunity to review the skill set of the Organization and looked forward to receiving more information on WHO's strategies for dealing with their replacement.

59. The Committee expressed support for a viable mobility scheme and noted the Organization's plans to scale up efforts in this area, including the use of established rosters and further reliance on generic post descriptions. This flexibility will be key for enabling the Organization to respond easily to changing situations. The Committee underscored that it would also help to promote development and provide learning opportunities for staff. Nevertheless, the Organization must remain sufficiently flexible to permit external expertise to be brought in when needed.

60. The Director-General acknowledged the difficult time staff had gone through during the period of financial constraints and related staff cuts and that this has inevitably had an impact on staff morale. She indicated that there has been some improvement in recent months. She also noted that the Global Policy Group will continue to consider ways in which to mobilize the Organization's human resources, including through cross-regional collaboration, and to identify further cost efficiencies.

The Committee recommended that the Executive Board take note of the report contained in documents EB132/38 and EB132/38/Corr.1.

2.10 Report of the International Civil Service Commission (document EB132/39)

61. The Secretariat explained that the Organization was informed that in Decision 67/551, the General Assembly requested the ICSC to maintain the current New York post adjustment multiplier to 31 January 2013, with the understanding that the normal operation of the post adjustment system would resume on 1 February 2013. All other items have been deferred, as per General Assembly decision 67/552, to its first resumed session, which is expected to take place in March 2013.

The Committee recommended that the Executive Board take note of the report by the Secretariat contained in document EB132/39.

2.11 Amendments to Staff Regulations and Staff Rules (document EB132/40 and EB132/40 Add.1)

62. The Committee acknowledged the work done by the Secretariat with regard to the proposed changes to the Staff Rules. Some members noted that, given the importance of the document, it should have been distributed earlier. The Director-General stated that for future Committee meetings, the Organization would endeavour to provide the voluminous documentation requested by the Committee earlier.

63. The Committee welcomed and supported the proposed changes to the Staff Rules. The Committee noted the comprehensive proposals to the changes to the appointment policy of the Organization and added that such changes were pragmatic, realistic and necessary; they will afford the Organization flexibility in the management of its staff and enable it to respond quickly to changes in programmatic priorities and funding.

64. The Committee appreciated the efforts of the Secretariat to respond to the request of the Executive Board (in resolution EB128.R4) to strengthen the criteria and introduce a new basis for staff members to be granted a continuing appointment, and supported the proposed changes in this regard.

65. In response to a question from the Committee as to how the criteria for granting continuing appointments in the future would be determined, the Organization stated that discussions are ongoing, including with Staff Association representatives, as to what the criteria should be. Once the criteria are finalized, they will be published and available to all staff members.

66. The Director-General stated that, in developing the proposed Staff Rule changes (which form part of the overall WHO management reform) her primary concern was to ensure the long-term sustainability of the Organization. Accordingly, she had to balance two important factors: (a) the need to offer an attractive compensation package to staff members; and (b) the need to ensure that the Organization's future financial liabilities are manageable.

67. The Committee requested amendments to the two resolutions and to the proposed new text for Staff Rule 040 set out in EB132/40. The amendments stem from the fact that the United Nations General Assembly has not yet decided on the recommendations of the International Civil Service Commission that are contained in the Commission's 2012 report (document A/67/30).

68. The amended resolutions are as follows:

Resolution 1

The Executive Board,

CONFIRMS, in accordance with Staff Regulation 12.2, the amendments to the Staff Rules that have been made by the Director-General:

- (1) with effect from 1 February 2013, concerning the effective date of amendments to the Staff Rules; appointment policies; completion of appointments; abolition of post including the reassignment process; standards of conduct for staff members; working hours and attendance; appeals process; and terminal remuneration; and
- (2) with effect from 1 January 2013, concerning the remuneration of staff in the professional and higher categories including the revised rates of staff assessment in conjunction with gross base salaries, subject to the adoption of a resolution by the United Nations General Assembly of the recommendations on the International Civil Service Commission in its report for 2012 (document A/67/30).

Resolution 2

The Executive Board,

Having considered the report on amendments to the Staff Regulations and Staff Rules¹ and noting that the sixty-seventh session of the United Nations General Assembly deferred consideration of the United Nations Common System agenda item until the first resumed session of the sixty-seventh session of the United Nations General Assembly,

RECOMMENDS to the Sixty-sixth World Health Assembly the adoption of the following resolution, contingent on the adoption of a resolution at the first resumed session of the sixty-seventh session of the United Nations General Assembly on the 2012 report of the International Civil Service Commission and the base/floor salary scale therein:

The Sixty-sixth World Health Assembly,

Noting the recommendations of the Executive Board with regard to remuneration of staff in ungraded posts and of the Director-General,

1. ESTABLISHES the salaries of Assistant Directors-General and Regional Directors at US\$ 172 301 gross per annum before staff assessment, resulting in a modified net salary of US\$ 134 111 (dependency rate) or US\$ 121 443 (single rate);
2. ESTABLISHES the salary of the Deputy Director-General at US\$ 189 599 gross per annum before staff assessment, resulting in a modified net salary of US\$ 146 219 (dependency rate) or US\$ 131 590 (single rate);
3. ESTABLISHES the salary of the Director-General at US\$ 233 161 gross per annum before staff assessment, resulting in a modified net salary of US\$ 176 713 (dependency rate) or US\$ 157 152 (single rate);
4. DECIDES that those adjustments in remuneration shall take effect on 1 January 2013.

¹ Document EB132/40.

69. The proposed new text for Staff Rule 040 has been revised to include the following footnote:

*The effective date of Appendices 1 and 2 is subject to the adoption of a resolution by the United Nations General Assembly on the recommendations of the International Civil Service Commission in its report for 2012 (document A/67/30).

The Committee recommended that the Executive Board adopt draft resolutions 1 and 2 above.

Agenda item 3 Matters for information or action by the Committee

3.1 General management update; and efficiency savings and cost containment measures taken in WHO (documents EBPBAC17/2 and EBPBAC17/INF./1)

70. The Committee welcomed the Secretariat's update on the upgrade of the Global Management System, and the information provided on the associated costs and the progress made. Efforts made towards decreased customization were supported by the Committee and the importance was emphasized of PAHO's alignment with the Global Management System.

71. The Committee also welcomed the update on activities in the General Management area and in particular the information provided with regard to information technology. For the future, it suggested the provision of a more regular update on information technology-related questions, for example in the form of an annual report.

72. A review of the overall costs of information technology and the strategic vision in this area should be included as part of the reporting and discussion within the annual report. The Committee requested more information about the estimated costs of US\$ 97.7 million for headquarters and regional offices and suggested a discussion of the appropriateness of this level, following review of the comparative study with other United Nation organizations.

73. A question was raised regarding the appropriateness of modernization initiatives in the information technology area prior to the finalization of the full costing study. The Secretariat clarified that the initiatives are ongoing activities, that the global network, for example, is functioning well, and that the potential for efficiency savings is reviewed regularly. There is no project that will be delayed because of the comparative study.

74. The Committee emphasized the importance of aligning information technology with the technical requirements and other supporting systems, as well as underlining the need for it to support the overall strategy and objectives of the Organization.

75. The Committee welcomed the establishment of a new unit for compliance and risk management. However, a question was raised as to whether the combination of compliance and risk management into one unit was an optimal solution. Under subitem 3.4, the Secretariat agreed to implement the recommendation of the Independent Expert Oversight Advisory Committee. Concerns were raised regarding the capacity of the new unit and the knowledge at the level of senior management with regard to this topic.

76. A close linkage was suggested between risk management and risk communication. The Committee requested regular updates on the Organization's risks, and in this context questions were raised with regard to the timeline for the finalization of the ongoing initiatives. The Secretariat committed to provide a first corporate risk register to the Executive Board in May 2013.

77. With regard to cost containment measures, a breakdown of the salary costs for the different months was requested.

The Committee noted the reports of the Secretariat on the general management update, and on efficiency savings and cost containment measures taken in WHO, contained in documents EBPBAC17/2 and EBPBAC17/INF./1.

- **Study of the costs of administration and management at WHO: preliminary recommendations** (document EBPBAC17/INF./2)

78. A presentation was given on the preliminary recommendations arising from the study of the costs of administration and management at WHO.

79. In the subsequent discussion, Member States were unanimous in stressing that this presentation had greatly helped them in understanding better the issues associated with administrative and management costs, including potential options for financing them adequately and fairly. This was an important aspect of the whole WHO reform work, underpinning most of the related debate on financing, and the information thus gained therefore needed to be disseminated widely among the membership to inform any further discussions in the context of the financing dialogue.

80. Members of the Committee expressed concerns about the continuing cross-subsidization of the Organization's voluntarily-funded programmes by its assessed contributions, as evidenced once again by the study. The Committee also wanted to see adequate cost recovery from partnerships; it was confirmed that this aspect would be included in the final report.

81. The Director-General stressed that at the heart of the problem was the need for the WHO membership to acknowledge that administrative and management costs are an important and legitimate part of WHO's business model and, in consequence, these costs needed to be funded adequately.

82. The Director-General further reminded the Committee that it had been WHO's Member States which had adopted the resolution establishing the programme support cost rate at 13 %. However, due to individually negotiated arrangements, that rate had gradually been eroded. Thus, the debate should not centre on the issue of programme support costs and appropriate rates for these, but on how best to fund the totality of WHO's administrative and management costs, and how to ensure that those costs are effectively managed.

83. The Committee queried the harmonization of the programme support cost rate among United Nations bodies. Clarification was provided that, if harmonization of programme support cost rates across United Nations organizations were to be pursued, the emphasis should be on the methodologies in applying the rates, taking into account the differing business models and mandates of individual organizations.

84. The Director-General committed to institute further internal managerial discussions on how best to advance cost recovery, with those discussions being led by the Global Policy Group; and also to adhere to whatever policy decisions might be taken by WHO's Member States on the level of funding required and the mechanisms for effecting cost recovery.

The Committee agreed with the proposed course of action and requested that the final report be submitted to it well in advance of the next meeting in May 2013.

3.2 Report of the Office of Internal Oversight Services (document EBPBAC17/3)

85. The Committee expressed appreciation for the report and the ongoing work of the Office of Internal Oversight Services in reinforcing the overall accountability of the Organization. Although it welcomed the strengthening of the Office in the biennium 2012–2013 with the addition of new staff, the Committee reiterated its concerns expressed in previous sessions, that the human resources for internal oversight are still insufficient, and recommended a further strengthening of the Office, notably to ensure that the objectives of audit coverage, risk management, and evaluation can be met.

86. The Secretariat assured the Committee that although available resources were currently being used to tackle priority risk areas, it was envisaged that the Office's capacity would be further strengthened for the biennium 2014–2015, in particular, to support implementation of the new evaluation policy and development of the evaluation function.

87. Committee members noted the strengthening of the investigation function; however, they questioned whether the impact of the recent involvement of the Office in the investigation of allegations of harassment had detracted from the focus on fraud and misconduct cases. Recalling that an evaluation of the implementation of the harassment policy was to be performed, the Committee proposed that the review should consider whether changes to the current responsibilities for harassment policy could not be considered in the light of the establishment of the new Ethics Office. The Director of the Office of Internal Oversight Services confirmed that investigation of allegations of harassment had indeed made significant calls on the resources of the Office; however, he reassured the Committee that this had not prevented assessment of allegations of fraud. Rather, it had reduced the capacity of the Office to perform cross-cutting analyses of potential areas of fraud in its consideration of proactive fraud detection measures.

The Committee noted the report contained in document EBPBAC17/3.

3.3 Implementation of internal and external audit recommendations (document EBPBAC17/4)

88. The Secretariat noted that the Committee had specifically requested the additional update on the external and internal audit recommendations that are over two years old (i.e. audits issued before 2011) in May 2012. Further progress had been made in closing the audit reports after November 2012 (the point at which the paper had been prepared), thereby reducing to 10 the number of open audit reports issued before 2011. More than 200 open recommendations had been closed between March 2012 and January 2013.

89. The Committee welcomed the progress made and confirmed that the report adequately responded to the request it had made at its last session. The practices introduced to enhance procurement processes and procedures were welcomed. The Committee further emphasized the importance of having staff with the right competencies, especially at the country level. For future reports the Committee wished to have further qualitative analysis on the open recommendations in order to facilitate the identification of recurrent risks and the required prevention strategies.

The Committee noted the report by the Secretariat contained in document EBPBAC17/4.

3.4 Report of the Independent Expert Oversight Advisory Committee (document EBPBAC17/5)

90. The Chair of the Independent Expert Oversight Advisory Committee introduced the Committee's report on its last two meetings, held in July and November 2012. In her introductory remarks, she

stressed the accountability focus of the Independent Expert Oversight Advisory Committee's work and summarized the main conclusions and recommendations contained in the report.

91. The Programme, Budget and Administration Committee welcomed the report and thanked the Independent Expert Oversight Advisory Committee for its important and insightful contributions towards enhancing the Organization's administration, management and accountability. It found the report valuable and relevant to a number of areas on the Organization's agenda, notably regarding WHO reform, the programme budget, WHO's future financing, and enterprise risk management.

92. The Director-General confirmed that the Secretariat would take forward the recommendations contained in the report and that WHO's leadership training would henceforth include mandatory components on financial management and control, and on risk management.

93. As had been recognized by some Committee members, some of the points highlighted in the report had already been followed up by the Secretariat, such as the WHO reform implementation plan. The Director-General acknowledged that WHO would henceforth make more use of web-based communications with its membership in order to keep them more regularly updated on progress.

The Committee noted the report contained in document EBPBAC17/5.

3.5 Reports of the Joint Inspection Unit (document EBPBAC17/6)

94. In reviewing the report, the Committee noted the important and increasing role of the Joint Inspection Unit in assisting the organizations covered by its mandate in the task of evaluating reform options. In recent years, it had been called upon several times as an important tool in the reform work of various agencies, including WHO, and its independence and system-wide perspective were appreciated.

95. The representative of the Joint Inspection Unit pointed out that 70% of the Unit's reports were in fact system-wide and that all of its reports dating back to its establishment in 1968 could be viewed and downloaded on its web site www.unjiu.org. As of 2013, the web site also contained the new electronic follow-up system, which permitted a specific consultation of the acceptance and implementation status on the part of participating agencies in regard to each Joint Inspection Unit report, as well as related statistical information.

96. The Joint Inspection Unit Inspector added that the recent evaluation work carried out by the Unit on behalf of WHO in the context of the WHO reform effort could provide an impetus for the increased use of the Unit by the membership of participating agencies, in particular for comparative purposes across the United Nations system in regard to ways and means of dealing with common problems faced by all agencies.

97. The Secretariat would henceforth include the statistics on the acceptance status of recently-issued Joint Inspection Unit reports by WHO as part of its regular periodic reporting on Joint Inspection Unit matters to the Committee.

The Committee noted the report contained in document EBPBAC17/6.

Agenda item 4. Adoption of report and closure of meeting

98. The Committee adopted its report.

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