

Financial status report for the biennium

1998-1999:

Cluster of Noncommunicable Diseases



Noncommunicable Disease and Mental Health Cluster
World Health Organization
Geneva
2000

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Noncommunicable Disease Cluster

Introduction

This financial status report, for the biennium 1 January 1998 through 31 December 1999, provides information on income, resources and expenditures in relation to the programme budget for the Noncommunicable Disease cluster (NCD) of the World Health Organization (WHO). The 1998-1999 approved programme budget, as revised and presented in the document PPB/2000-2001, was used as the basis for this financial status report. The report is presented in US dollars.

The report covers implementation of the headquarters' budget, including transfers of budget from headquarters to regions, and direct implementation in the regions of the headquarters' budget. It excludes implementation of the budgets of counterpart programmes in the regions.

The report is based on figures as at 31 December 1999, as available in April 2000. The report is not the subject of a separate audit, but is based on the end of biennium figures from the WHO accounting system, which form the foundation of the audited WHO financial report.

The focus of this report is financial in nature, at a summary level for the cluster. The format used is a standard format developed and adopted jointly by the clusters and approved by WHO Chief Accountant.

Reorganization

In July 1998, in response to a directive from the Director-General, headquarters programmes were regrouped into nine operational clusters, of which NCD was one. An office of the Executive Director (ExD) for each cluster was formed, each containing a Management Support Unit (MSU) to provide efficient and decentralized administrative support to all units within the cluster.

Within the NCD cluster, the former Noncommunicable Diseases division was divided into three new specialized departments: Noncommunicable Disease Prevention (NCP), Noncommunicable Disease Surveillance (NCS) and Noncommunicable Disease Management (NCM). The Director-General also created the cabinet-level Tobacco-Free Initiative (TFI) within the cluster.

The Noncommunicable Disease Prevention department included the functional prevention component as well as the disease-oriented programmes of Cardiovascular Diseases (CVD) and Human Genetics (HGN). The Noncommunicable Disease Surveillance department included the functional surveillance component as well as the disease-oriented programmes of Diabetes (DIA) and Oral Health (ORH). The Noncommunicable Disease Management department included the functional management component as well as the disease-oriented programmes of Chronic Respiratory Diseases and Arthritis (CRA) and the Programme on Cancer Control (PCC). In the fall of 1999, the Programme on Cancer Control was transferred from the International Agency for Research on Cancer (IARC) in Lyon, France to WHO Headquarters. The Tobacco-Free Initiative was housed for budgetary purposes in the department of Noncommunicable Disease Prevention, although it is shown separately in this report.

Noncommunicable Disease Cluster

A second reorganization took place in August of 1999 with the merger of the management support unit of the cluster with that of the cluster of Social Change and Mental Health.

This report provides a picture of the financial results for the NCD cluster, by department and by source of funds (regular budget and other sources), for the full biennium period of 1 January 1998 through 31 December 1999. Since the cluster was formed in July 1998, after the beginning of the period, the report necessarily includes some income and expenditures originally administered separately by the former division. In addition, the reorganization shifted components and staff members among departments, and in some cases from other clusters, to gain efficiencies. Such shifts, where material, have been recognized in the report in the form of inter-departmental or inter-cluster transfers of budget and income. The resulting adjusted budget (the cluster operating budget) is intended to provide a better basis for comparison with the results by department.

Since this is the first financial report for the cluster as a whole, it is not possible to compare this period's financial status for the cluster to that of previous periods. Comparisons between current departments and the former divisions and programmes that merged to form them can be made only with caution, since the transformations were not direct.

Programme Budget and Cluster Operating Budget

This report relates income and expenditures to the WHO Programme Budget for 1998-1999. The WHO Programme Budget for 1998-1999 was originally prepared in 1996 and approved under the former organizational structure. The WHO Programme Budget for 2000-2001 was presented to the World Health Assembly (WHA) under the organization's current structure in May 1999, and included a revised presentation of the 1998-1999 budget reallocation to the current clusters, as a basis of comparison for the following biennium. This approved budget reallocation is the basis for this report.

The original NCD programme budget for 1998-1999 was US\$ 7.2 million, 69% of which was provided by the regular budget and 31% of which was expected to come from other sources, largely through contributions to the Voluntary Fund for Health Promotion (VFHP).

Adjustments to the WHO programme budget for NCD

The Organization was administered under the previous structure during the first portion of 1998, and many adjustments to the original budget took place throughout the course of the biennium as a result of the reorganization. Budgetary adjustments, which were individually considered material, are presented in Table 1 of the detailed financial tables. These include:

- The largest budget adjustment was the increase of the cluster budget by US\$ 2.3 million representing the establishment of the Tobacco-Free Initiative cabinet project.
- An additional US\$ 1.6 million in support of noncommunicable diseases was received from the Director-General starting from the creation of the cluster and throughout the remainder of the biennium.
- An adjustment of US\$ 1.3 million was received from the Director-General as a result of the reorganization and funded the Executive Director and the Management Support Unit for the cluster.

The resulting cluster operational budget was US\$12.4 million, representing a 72% increase of funds from the original programme budget of US\$ 7.2 million.

Income and Resources

The 1998-1999 budget was financed from the following sources (Table 2, 3):

- The World Health Organization regular budget;
- Specified and unspecified extra budgetary contributions during 1998-1999 from donor countries, United Nations organizations and agencies, and other contributors;
- The balance brought forward from the previous biennium, 1996-1997, including interest accrued during that biennium for use in 1998-1999, net of the balance to be brought forward into the biennium 2000-2001, to ensure that operations continue without interruption.

The regular budget income of US\$ 9.5 million (Table 2) met the operating budget and exceeded the original programme budget of US\$ 5.0 million (Table 1) by 90%. The regular budget income was fully implemented.

Other sources of income received during the biennium, net of adjustments and transfers, totalled US\$9.4 million (Table 2), representing a 328% increase over the original programme budget amount. The primary reason for this increase was due to the extra-budgetary funding raised by the Tobacco-free Initiative. Transfers from other clusters accounted for US\$ 1.7 million and included funds to support cluster GHF Fellows (from the cluster of Communicable Diseases), funds for the Tobacco-free Initiative (transferred from Social Change and Mental Health cluster) and funds from the cluster of External Relations and Governing Bodies. The income from sources other than the regular budget was 65% implemented.

Of the US\$ 7.3 million of extra-budgetary contributions received (Table 7a), 15% were unspecified contributions and 85% were specified contributions. Specified income provides funding to projects that must often be of limited scope or duration to match funding. Unspecified income provides the cluster with greater flexibility to meet its strategic goals, to plan and achieve long-term objectives.

Table 7a provides a list of the contributions to the cluster by donor. Table 7b provides the same information, showing contributions by department.

Financial Implementation

Expenditure for the cluster during the biennium was US\$ 15.6 million (Table 2). The overall implementation rate against income for the cluster was 89% and implementation rate against budget was 126% (Table 4). Expenditure by department is shown in Tables 3 and 4.

Figure 1 shows a comparison of cluster operating budget, income and expenditure for each of the cluster departments and the Tobacco-free Initiative.

Table 5 shows the breakdown of expenditures by activity and staff for each department. Comparison to the budget is not possible because budgets were not originally developed for this breakdown of costs. Expenditures on staff include all staff, fixed-term and short-term, and for any length of appointment. Staff costs represent 68% of total expenditure in the cluster.

Table 6 shows implementation of cluster income in other headquarters clusters and in regions.

Summary Financial Status

The detailed financial tables presented on pages 12-21 provide information classified by department, by source of funds and by region. Detailed information is also presented on income by donor.

Conclusions and Perspectives for the Next Biennium

The cluster's overall receipt of income was in excess of the operating budget by 142%. And the overall implementation rate with respect to income was 89%. The 11% income received and not implemented at the close of the biennium represents in part the receipt of contributions at the end of the 1998-1999 for implementation in 2000-2001 as well as funds carried forward into 2000-2001 to ensure continued operations without disruption.

The cluster merged in March 2000 with the cluster of Social Change and Mental Health to create the cluster of Noncommunicable Disease and Mental Health. Consequently, future financial statements of the cluster will be based on this new operational structure.

Detailed Financial Statements

Table 1 – NCD programme budget for 1998-1999

	Programme budget	Programme budget - detailed by WHO department and other components	Programme budget - breakdown by source of funds	
			Regular budget	Other sources
	US\$	US\$	US\$	US\$
Surveillance of noncommunicable diseases	1,945,000	1,945,000	1,007,000	938,000
Prevention of noncommunicable diseases	3,197,000	3,197,000	1,933,000	1,264,000
Management of noncommunicable diseases	2,065,000	2,065,000	2,065,000	0
Tobacco Free Initiative	0	0	0	0
Programme budget 1998-1999	7,207,000	7,207,000	5,005,000	2,202,000
Budgetary adjustment				
Director-General Support to NCD		1,552,600	1,430,000	122,600
Director-General Support to TFI		2,322,984	1,948,744	374,240
Creation of EXD & MSU		1,309,140	1,094,957	214,183
Transfer to clusters		-55,083	-55,083	
Transfer to region		-20,000	-20,000	
Regular budget surrendered at 31 Dec 99		-1,620	-1,620	
Variance on implementation		66,455	66,455	
Total adjustments		5,174,476	4,463,453	711,023
Cluster operating budget 1998-1999		12,381,476	9,468,453	2,913,023
Breakdown by Department:				
Surveillance of noncommunicable diseases		2,668,887	1,730,887	938,000
Prevention of noncommunicable diseases		3,916,787	2,652,787	1,264,000
Management of noncommunicable diseases		2,068,719	2,068,719	0
EXD & MSU		1,431,740	1,094,957	336,783
Tobacco Free Initiative		2,295,343	1,921,103	374,240
Total		12,381,476	9,468,453	2,913,023

Table 2 – Summary financial status for 1998-1999

		reference	Breakdown by source of funds		Total	Operating Budget
			Regular budget	Other sources		
			US\$	US\$		
Income	(a)	Table 7	9,468,453	8,090,820	17,559,273	
Adjustments:						
Transfers from other clusters(*)				1,737,844	1,737,844	
Transfers to other clusters		Table 6		-363,636	-363,636	
Transfers to Regions		Table 6		-37,427	-37,427	
Total	(b)		0	1,336,781	1,336,781	
Total income	(a)+(b)=(c)		9,468,453	9,427,601	18,896,054	12,381,476
Expenditures	(d)		9,468,453	6,131,815	15,600,268	
Excess (shortfall) of income over expenditures	(c-d)		0	3,295,786	3,295,786	
Opening balance 1 January 1998			0	2,100,765	2,100,765	
Interest accrued 98-99 for use in 2000-2001			0	205,800	205,800	
Excess (shortfall) of income over expenditures	(c-d)		0	3,295,786	3,295,786	
Closing balance 31 December 1999			0	5,602,351	5,602,351	

(*) Transfers from other clusters included US\$843 thousand from CDS, US\$627 thousand from HSC and US\$ 267 thousand from EGB.

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Table 3 – Summary financial status for 1998-1999 – by department and other components

		Department and Other Components					
		NCS	NCP	NCM	TFI	EXD/MSU	Total
		US\$	US\$	US\$	US\$	US\$	US\$
Income	(a) Table 7	3,509,976	2,809,828	2,536,363	7,168,068	1,535,038	17,559,273
Adjustments:							
Transfers from other clusters (*)					1,527,031	210,813	1,737,844
Transfers to other clusters	Table 6				-363,636		-363,636
Transfers to regions	Table 6			-13,245	-24,182		-37,427
Total Adjustments	(b)	0	0	-13,245	1,139,213	210,813	1,336,781
Total income	(a)+(b)=(c)	3,509,976	2,809,828	2,523,118	8,307,281	1,745,851	18,896,054
Expenditures	(d) Table 2	2,815,279	2,752,000	2,258,513	6,314,389	1,460,087	15,600,268
Excess (shortfall) of income over expenditures	(c-d)	694,697	57,828	264,605	1,992,892	285,764	3,295,786
Opening balance 1 January 1998		537,468	96,346	429,145	860,933	176,873	2,100,765
Interest accrued 98-99 for use in 2000-2001		39,170	70,350	0	96,280		205,800
Excess (shortfall) of income over expenditures	(c-d)	694,697	57,828	264,605	1,992,892	285,764	3,295,786
Closing balance 31 December 1999		1,271,335	224,524	693,750	2,950,105	462,637	5,602,351

Table 4 – Comparison of cluster operating budget, income and expenditures for 1998-1999 – by department and other components

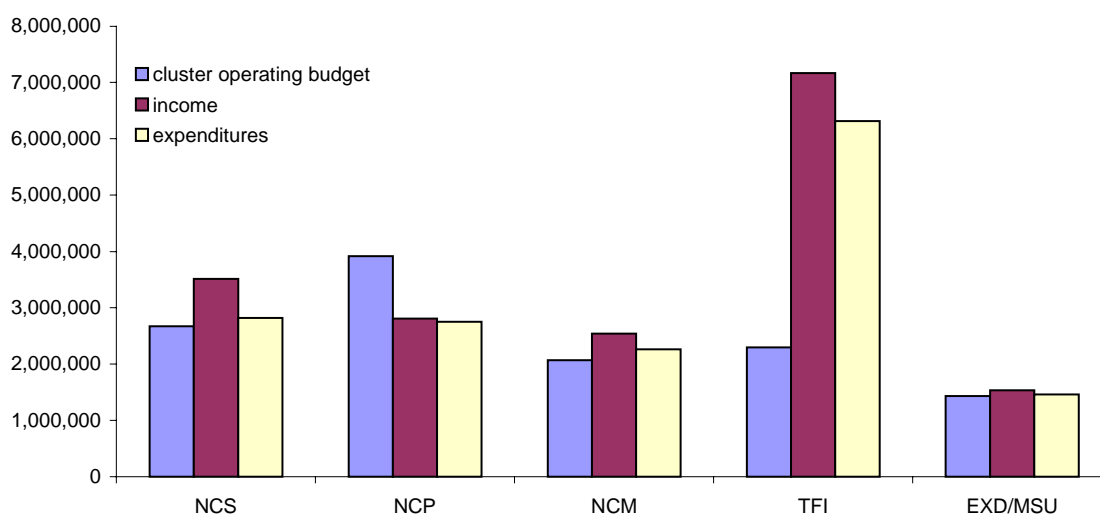
	Cluster operating budget	Total income	Expenditures	Implementation rates	
				Expenditures/ budget	Expenditures/ income
				US\$	US\$
Surveillance of noncommunicable diseases	2,668,887	3,509,976	2,815,279	105%	80%
Prevention of noncommunicable diseases	3,916,787	2,809,828	2,752,000	70%	98%
Management of noncommunicable diseases	2,068,719	2,536,363	2,258,513	109%	89%
Tobacco Free Initiative	2,295,343	7,168,068	6,314,389	275%	88%
Executive Director & MSU	1,431,740	1,535,038	1,460,087	102%	95%
Total	12,381,476	17,559,273	15,600,268	126%	89%

Table 1

Table 2

Table 2

Figure 1 – Cluster operating budget, income and expenditure for 1998-1999 - by department and other components



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Table 5 – Expenditures for activities and staff for 1998-1999 by department and other components

		<u>Expenditures</u>	
		US\$	
Surveillance of noncommunicable diseases			
	Activities	965,047	34%
	Staff	<u>1,850,232</u>	66%
		2,815,279	
Prevention of noncommunicable diseases			
	Activities	1,068,690	39%
	Staff	<u>1,683,310</u>	61%
		2,752,000	
Management of noncommunicable diseases			
	Activities	640,120	28%
	Staff	<u>1,618,393</u>	72%
		2,258,513	
Tobacco Free Initiative			
	Activities	2,267,611	36%
	Staff	<u>4,046,778</u>	64%
		6,314,389	
Executive Director & MSU			
	Activities	114,694	8%
	Staff	<u>1,345,393</u>	92%
		1,460,087	
Total			
	Activities	5,056,162	32%
	Staff	<u>10,544,106</u>	68%
Grand total		<u><u>15,600,268</u></u>	

Table 6 – Transfers to other HQ clusters and regions/countries in 1998-1999

	NCS	NCP	NCM	TFI	EXD/MSU	TOTAL
	US\$	US\$	US\$	US\$	US\$	US\$
Total other HQ clusters (*)	0	0	0	363,636	0	363,636
Regions						
AFRO	0	0	0	22,600	0	22,600
AMRO	0	0	0	0	0	0
EMRO	0	0	0	0	0	0
EURO	0	0	0	1,582	0	1,582
SEARO	0	0	13,245	0	0	13,245
WPRO	0	0	0	0	0	0
Total for Regions	0	0	13,245	24,182	0	37,427
Grand total	0	0	13,245	387,818	0	401,063

(*) Transfer to other cluster was made to FCH for tobacco and women.

Figure 2 – Transfers to other clusters and regions/countries in 1998-1999

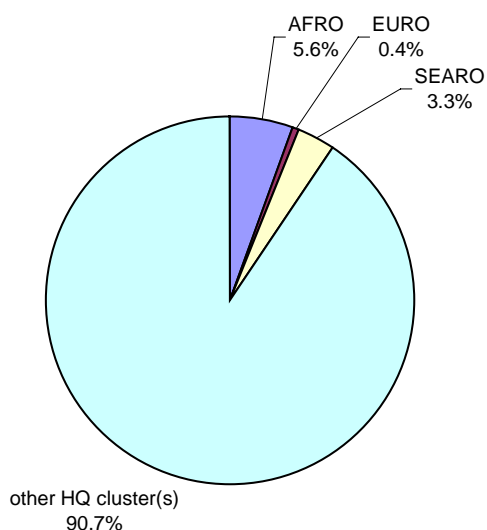


Table 7a – Contributions and other income received 1998-1999

	Unspecified	Specified	Total
	US\$	US\$	US\$
Contributions to the Voluntary Fund for Health Promotion:			
Alk-Abello A/S	8,470		8,470
Allegopharma Joachim Ganzer KG	8,470		8,470
Association Dentaire Française		99,970	99,970
Asta Medica AG	8,470		8,470
Astra Haessle AB, Sweden		15,000	15,000
Astrazeneca	8,470		8,470
Australia	78,144	298,840	376,984
Bone and Joint Decade 2000-2010	24,408		24,408
Borrow Dental Milk Foundation	268,551		268,551
Canada		435,095	435,095
Centre Européen d'études du diabète		65,063	65,063
Chugai Pharmaceutical Co LTD	5,000		5,000
Colgate-Palmolive Co	118,129		118,129
DFID - UK	317,460	317,460	634,920
Eli Lilly and Company		24,995	24,995
Espe Dental-Medizin GMBH & CO, KG	11,300		11,300
Finland		637,137	637,137
France	16,694		16,694
Gaba International AG		24,000	24,000
Gertrude Hirzel Foundation		628,931	628,931
Glaxo Wellcome Inc		74,991	74,991
Glaxo Wellcome Research and Development	8,470		8,470
Hoechst Marion Roussel, INC	8,470		8,470
International Association of Allergology & Clinical Immunology	25,000		25,000
Institut de Recherches Internationales Servier		14,981	14,981
International Development Research Centre		136,054	136,054
International Osteoporosis Foundation	4,804		4,804
International Thrombosis Education Initiative	6,271		6,271
International Union Against Cancer		59,077	59,077
Ivoclar AG		16,950	16,950
Japan		1,100,000	1,100,000
Life College School of Chiropractic		111,650	111,650
Merck & Co	8,470		8,470
Miscellaneous	5,547		5,547
Netherlands		230,000	230,000
New Zealand	19,974		19,974
Norway		121,874	121,874
Novartis	8,470		8,470
Novo Nordisk A/S		85,000	85,000

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	Unspecified	Specified	Total
	US\$	US\$	US\$
Pharmacia & Upjohn AB	8,470	105,000	113,470
Procter & Gamble Europe	15,000		15,000
Province of British Columbia		45,200	45,200
Rhône-Poulenc Rorer	8,470		8,470
SA Hologic Europe NV		48,214	48,214
Schering-Plough	8,470		8,470
Sepracor INC	8,470		8,470
SmithKline Beecham		100,000	100,000
Stallergenes	8,470		8,470
Sweden		606,060	606,060
Synthelabo	8,470	25,000	33,470
Teijin Limited	5,000		5,000
UCB Farchim SA	8,470		8,470
UNFIP		716,625	716,625
Unilever	10,000		10,000
Université de Liège	9,000		9,000
University of Maryland		36,000	36,000
USA		25,000	25,000
Wyeth-Ayerst Research	5,000		5,000
Sub-total	1,072,332	6,204,167	7,276,499
% of category	15%	85%	
Other income			
Associate professional officers		103,298	103,298
AS funds		711,023	711,023
Sub-total	0	814,321	814,321
% of category	0%	100%	
Sub-Total	1,072,332	7,018,488	8,090,820
% of category	13%	87%	
WHO regular budget		9,468,453	9,468,453
Total income	1,072,332	16,486,941	17,559,273
% of total	6%	94%	

Interest accrued in 1998-1999 for use in 2000-2001

205,800

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Table 7b – Contributions and other income received 1998-1999, by department

	EXD	NCM	NCP	NCS	TFI	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Contributions to the Voluntary Fund for Health Promotion:						
Unspecified						
Alk-Abello A/S		8,470				8,470
Allegopharma Joachim Ganzer KG		8,470				8,470
Asta Medica AG		8,470				8,470
Astrazeneca		8,470				8,470
Australia					78,144	78,144
Bone and Joint Decade 2000-2010		24,408				24,408
Borrow Dental Milk Foundation				268,551		268,551
Chugai Pharmaceutical Co LTD		5,000				5,000
Colgate-Palmolive Co				118,129		118,129
DFID – UK		95,200	127,060	95,200		317,460
Espe Dental-Medizin GMBH & CO, KG				11,300		11,300
France					16,694	16,694
Glaxo Wellcome Research and Development		8,470				8,470
Hoechst Marion Roussel, INC		8,470				8,470
International Association of Allergology & Clinical Immunology		25,000				25,000
International Osteoporosis Foundation		4,804				4,804
International Thrombosis Education Initiative		6,271				6,271
Merck & Co		8,470				8,470
New Zealand					19,974	19,974
Novartis		8,470				8,470
Pharmacia & Upjohn AB		8,470				8,470
Procter & Gamble Europe				15,000		15,000
Rhône-Poulenc Rorer		8,470				8,470
Schering-Plough		8,470				8,470
Sepracor INC		8,470				8,470
Stallergenes		8,470				8,470
Synthelabo		8,470				8,470
Teijin Limited		5,000				5,000
UCB Farchim SA		8,470				8,470
Unilever				10,000		10,000
Université de Liège		9,000				9,000
Wyeth-Ayerst Research		5,000				5,000
Miscellaneous		1,047			4,500	5,547
Sub-total, unspecified	0	307,780	127,060	518,180	119,312	1,072,332
% of total	0%	12%	5%	15%	2%	6%
Specified						
Association Dentaire Française				99,970		99,970
Astra Haessle AB, Sweden			15,000			15,000
Australia					298,840	298,840
Canada					435,095	435,095
Centre Européen d'études du diabète				65,063		65,063
DFID - UK					317,460	317,460
Eli Lilly and Company				24,995		24,995
Finland					637,137	637,137
Gaba International AG				24,000		24,000
Gertrude Hirzel Foudation				628,931		628,931
Glaxo Wellcome Inc					74,991	74,991
Institut de Recherches Internationales Servier			14,981			14,981
International Development Research Centre					136,054	136,054
International Union Against Cancer					59,077	59,077

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	EXD	NCM	NCP	NCS	TFI	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Ivoclar AG				16,950		16,950
Japan					1,100,000	1,100,000
Life College School of Chiropractic		111,650				111,650
Netherlands				230,000		230,000
Norway					121,874	121,874
Novo Nordisk A/S				85,000		85,000
Pharmacia & Upjohn AB					105,000	105,000
Province of British Columbia					45,200	45,200
SA Hologic Europe NV		48,214				48,214
SmithKline Beecham					100,000	100,000
Sweden					606,060	606,060
Synthelabo				25,000		25,000
UNFIP					716,625	716,625
University of Maryland				36,000		36,000
USA				25,000		25,000
Sub-total, Specified	0	159,864	29,981	1,260,909	4,753,413	6,204,167
% of total	0%	6%	1%	36%	66%	35%
Other income						
Associate Professional Officers	103,298					103,298
AS Funds	336,783				374,240	711,023
Sub-total, Other income	440,081	0	0	0	374,240	814,321
% of total	29%	0%	0%	0%	5%	5%
Regular Budget	1,094,957	2,068,719	2,652,787	1,730,887	1,921,103	9,468,453
	71%	82%	94%	49%	27%	54%
Total income	1,535,038	2,536,363	2,809,828	3,509,976	7,168,068	17,559,273
	100%	100%	100%	100%	100%	100%

Interest accrued in 1998-1999 for use in 2000-2001

70,350 39,170 96,280 205,800