

Audited Financial Statements

for the year ended 31 December 2020



World Health
Organization

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Director-General's report

INTRODUCTION

1. In accordance with Article 34 of the Constitution and Financial Regulation XIII of the World Health Organization and the International Public Sector Accounting Standards (IPSAS), I have the honour to present the financial statements for the year ended 31 December 2020, which form part of the statutory components of the Financial Report. The financial statements that have been prepared in compliance with IPSAS are as follows:

- **Statement I. Statement of Financial Position**
- **Statement II. Statement of Financial Performance**
- **Statement III. Statement of Changes in Net Assets/Equity**
- **Statement IV. Statement of Cash Flow**
- **Statement V. Statement of Comparison of Budget and Actual Amounts**

2. The statutory components of the Financial Report have been audited by the Organization's External Auditor, the Comptroller and Auditor General of India, whose opinion is included with the Financial Report.

3. The Organization provides services to five other entities: the Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS), Unitaids, the International Agency for Research on Cancer (IARC), the International Computing Centre (ICC) and the Staff Health Insurance (SHI). Separate financial statements are prepared for each entity, which are subject to separate external audits. The funds managed by WHO on behalf of these entities¹ are included in the Statement of Financial Position (Statement I).

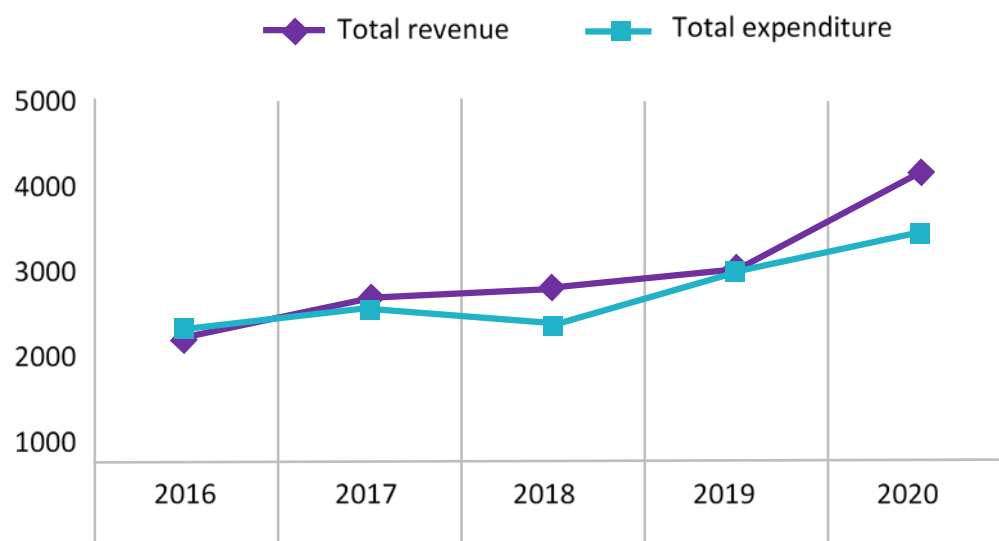
4. The Thirteenth General Programme of Work, 2019–2023, marked a new strategic direction for WHO. It is data-driven, results-oriented and country-focused, firmly grounded in the Sustainable Development Goals and triple billion targets for the Organization. The WHO Results Report (document A74/28) complements this Financial Report; both are integral parts of the transparent presentation of the Organization's work in 2020.

5. The outbreak of the coronavirus disease (COVID-19) pandemic early in 2020 posed unprecedented health and economic challenges worldwide and placed new and urgent demands on the Organization. Nonetheless, the Organization was able to respond and maintain its focus on the effective implementation of programmatic activities. With the help of partners and stakeholders, the Organization delivered robust support to help Member States combat the pandemic, including by putting protocols in place, procuring and delivering medical supplies and equipment, supporting the development of therapeutics and vaccines, and providing sound, evidence-based advice and public health messages.

6. The COVID-19 pandemic manifested itself in the activities of the Organization during 2020 and in the year-end statements of financial performance and financial position. There are examples of financial impacts throughout this report, including an increase in revenues of close to US\$ 1.6 billion and a near doubling of expenses for medical supplies and equipment as shown in Statement II.

7. For the year 2020, WHO reported the highest levels of revenue and expenditure in the history of the Organization. Fig. 1 summarizes the total revenue and expenditure over the past five years.

¹ Excluding IARC, whose funds are not managed by WHO.

Fig. 1. Revenue and expenditure 2016–2020 (US\$ millions)

8. Much of this growth has been due to the Organization's increased role in emergency response operations. Total expenditure for polio, outbreak and crisis response, and special programmes was US\$ 1691 million in 2020, up 24% compared to 2019. More than half of that amount, US\$ 912 million, relates to the COVID-19 response (its distribution by major office is shown in Table 2 below). During 2020, WHO responded to 53 graded emergencies, including two public health emergencies of international concern: the global COVID-19 pandemic and the poliovirus (ongoing since 2014).

FINANCIAL HIGHLIGHTS

9. WHO's total revenue in 2020 was US\$ 4299 million and total expenses were US\$ 3561 million, resulting in a surplus of US\$ 824 million, which includes finance revenue (e.g. interest and investment income) of US\$ 86 million, representing increases of 38% and 15% in revenue and expenses respectively.

10. The financial statements report all the Organization's revenue and expenses. The Organization's operations are managed under three fund groups: (1) the General Fund, which supports the programme budget, (2) Member States – other, and (3) the Fiduciary Fund (Note 2.18 gives particulars of each of the funds). This segregation of resources facilitates clearer reporting of WHO's revenues and expenses, for example in Schedule I of this report and in the following table.

Table 1. Financial highlights, all funds, years 2020 and 2019 and the biennium 2018–2019 (US\$ millions)

Description	Total 2020	Total 2019	Total 2018–2019
General Fund			
Assessed contributions	466	490	991
Voluntary contributions – programme budget	3 655	2 447	4 690
Total contributions – programme budget (GF)	4 121	2 937	5 681
Member States – other and Fiduciary Funds			
Other revenue – programme budget	39	32	184
Non-programme budget revenue	139	147	152
Total revenue (all sources)	4 299	3 116	6 017
Expenses – programme budget	3 063	3 022	5 314
Expenses – non-programme budget and other	498	66	123
Total expenses (all sources)	3 561	3 088	5 588
Finance revenue	86	61	102
Total surplus/(deficit)	824	89	531

11. The WHO financial statements for 2020 are compared with the approved budget for 2020–2021 of US\$ 5840.4 million in Statement V.¹ Although the Organization has adopted an annual financial reporting period as stipulated in Financial Regulation XIII,² the budgetary period remains a biennium (Financial Regulation II). Therefore, for the purposes of making comparisons between the actual expenses and the approved budget, the biennium's budget is set against two years of annual expenses.

FINANCIAL PERFORMANCE

REVENUE

12. Total revenue for 2020 was US\$ 4299 million, an increase of 38% compared with 2019 (US\$ 3116 million). The WHO's two main sources of revenue are assessed contributions and voluntary contributions. Revenue is recorded when amounts become due – on the first day of each calendar year for assessed contributions and the due dates of voluntary contributions specified in donor agreements. Revenue provides an important measure of the agreements signed and funding currently available. When amounts are due in future periods, according to the payment terms included in donor agreements, revenue is deferred and becomes available in future financial periods. Full details of all voluntary contribution revenue and deferred revenue, by contributor and fund, are contained in the Annex to the Financial Report.³

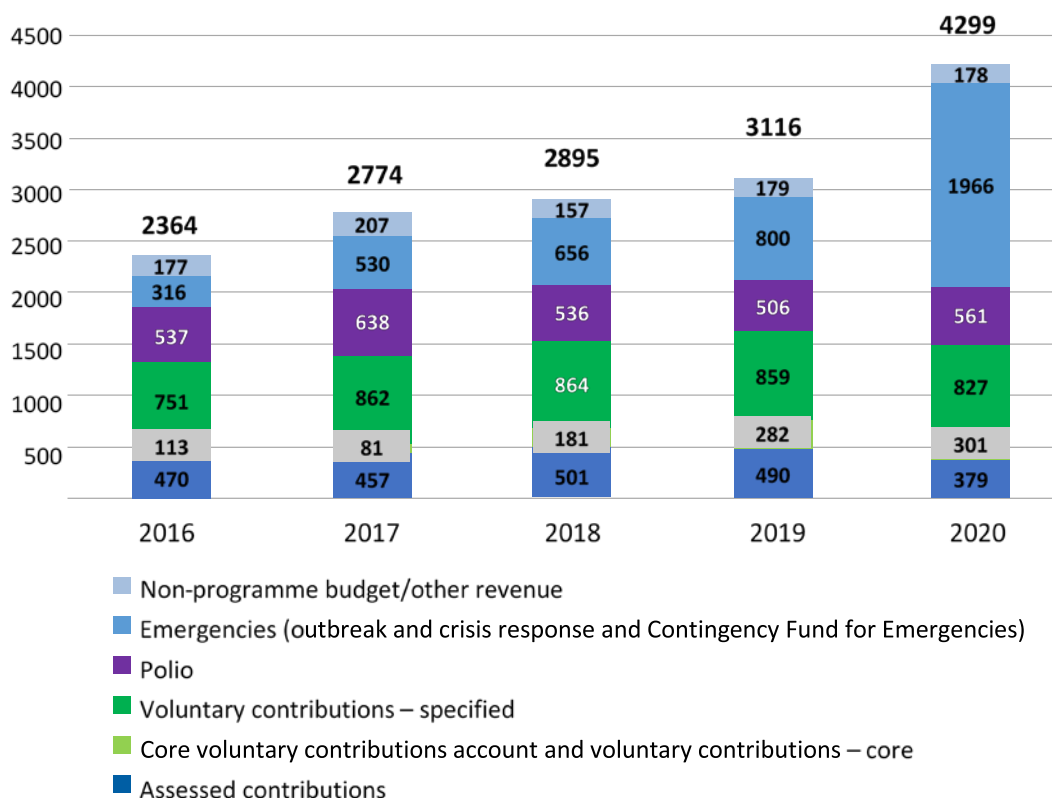
13. Revenue trends shows that that voluntary contributions have increased as a proportion of WHO's overall revenue from 80% five years ago (2016) to 89% last year, and assessed contributions show a corresponding decline in the same period from 20% to 11%. This trend accelerated in 2020 due to the influx of voluntary contributions received in response to the COVID-19 pandemic. Fig. 2 summarizes revenues and their component parts, 2016–2020.

¹ See resolution WHA72.1 (2019).

² See resolution WHA62.6 (2009).

³ Document A74/INF./4, the Annex to the Financial Report, is also available at: <http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/> (accessed 30 March 2021).

Fig. 2. Revenue trends, 2016–2020 (US\$ millions)

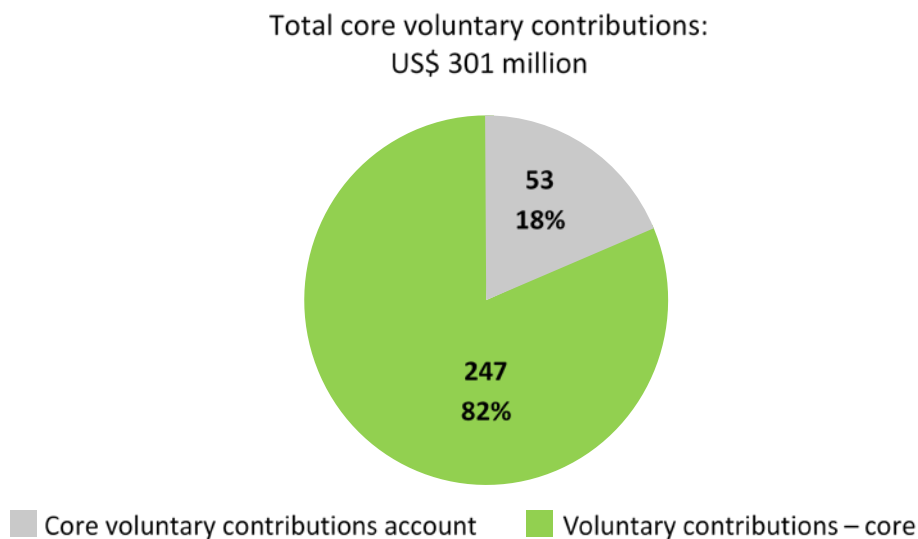


14. Of the total revenue for 2020 of US\$ 4299 million, assessed contributions and voluntary contributions to the programme budget account for US\$ 4120 million or 96% of total revenue (note that polio and emergencies are also mostly funded by voluntary contributions). Revenue for emergencies increased to US\$ 1966 million largely in response to the appeal launched under the COVID-19 Strategic Preparedness and Response Plan. This represents an increase of US\$ 1167 million, or 146%, while specified voluntary contributions remained stable in US\$ terms but decreased by 5% in overall proportion from 2019.

15. The core voluntary contributions include both fully or semi-flexible contributions to the programme budget through the core voluntary contributions account, and voluntary contributions – core (also referred to as thematic funds). The latter are earmarked at a global programme budget outputs level or higher, within which there is considerable flexibility for deployment according to need. Combined, the two sources of core voluntary contributions have increased from US\$ 113 million in 2016 to US\$ 301 million in 2020, giving the Organization more discretion over where best to direct the funds to fill gaps and enhance implementation of the programme budget.

16. A handful of donors have consistently supported the core voluntary contributions account, though its level of revenue decreased in 2020 to US\$ 53 million from US\$ 92 million in 2019. Key contributors in 2020 were Australia, Belgium, Denmark, Finland, France, the Netherlands, Sweden and Switzerland. At the same time, thematic funding increased by US\$ 57 million, or 30%, between 2019 and 2020. The key contributors to thematic areas were the European Commission, the German BMG Strategic Grant and Norway. The overall core voluntary contributions by component are summarized in Fig 3.

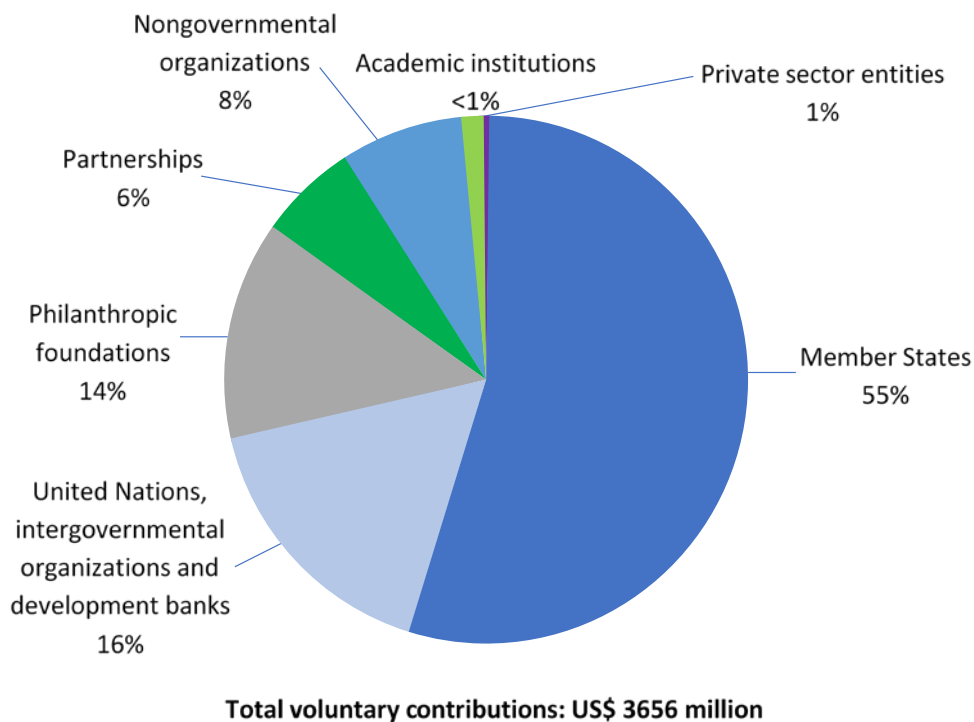
Fig. 3. Core voluntary contributors in 2020, by component (US\$ millions)



17. Member States continue to be the largest source of voluntary contributions, accounting for 55% of the total non-assessed (voluntary) contributions compared to 48% in 2019. In absolute terms, voluntary contributions from all categories of donors increased except for Partnerships where contributions slightly declined.

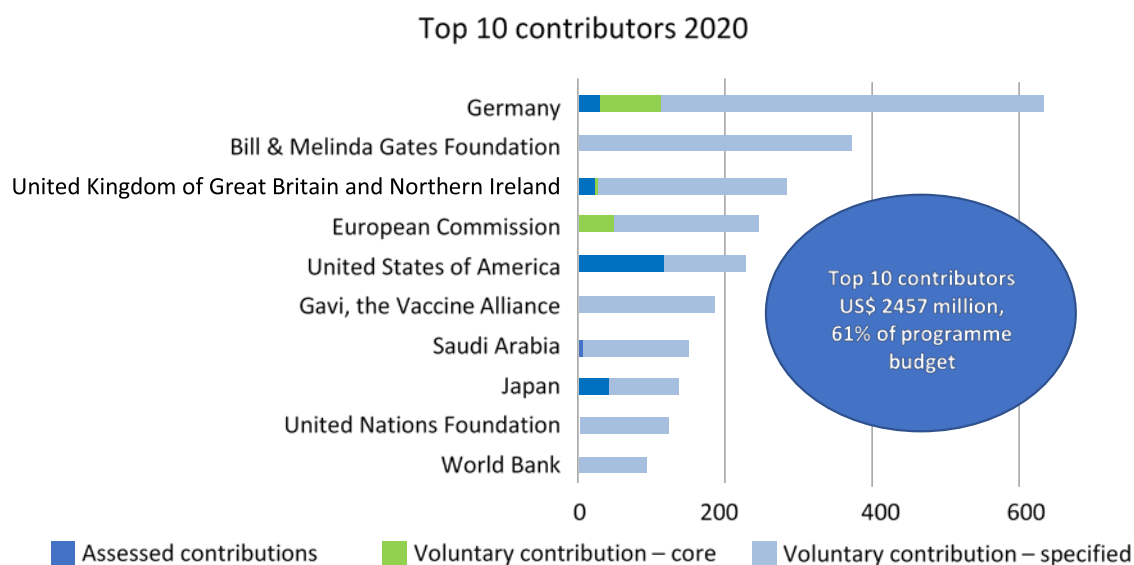
18. Fig. 4 illustrates the relative proportions of the various sources of voluntary contributions for 2020.

Fig. 4. Revenue from voluntary contributions for 2020, by source



19. The 10 largest contributors to the Organization are shown below, collectively they provide 61% of total assessed contributions and voluntary contributions (US\$ 2457 million).

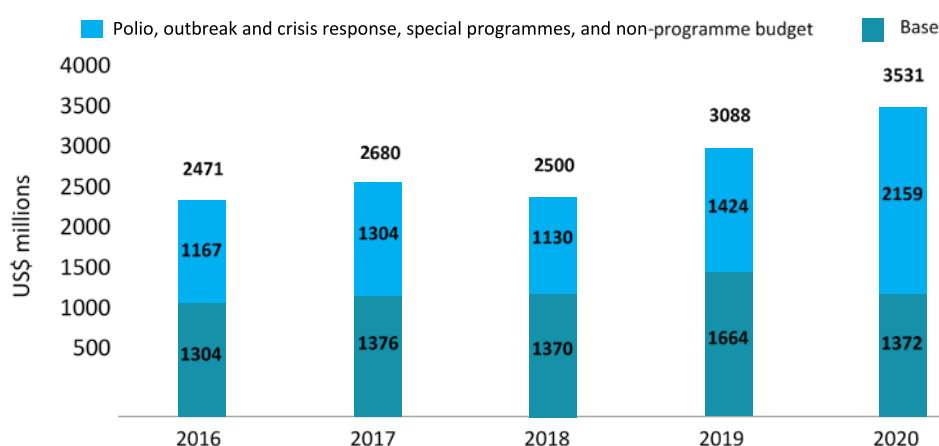
Fig. 5. Top 10 contributors to WHO for 2020, assessed and voluntary contributions (US\$ millions)



EXPENSES

20. Total expenses for 2020 were US\$ 3561 million (US\$ 3088 million in 2019), an increase of 15% from 2019. Expenses are recognized in the financial statements according to IPSAS 1 (Presentation of Financial Statements) – that is, when goods are received or services rendered. An overview of expenses from 2016 to 2020 is provided in Fig. 6.

Fig. 6. Expenses overview, 2016–2020 (US\$ millions)



21. Total expenditure increased from 2019 to 2020 (see Fig. 6 and Statement V of the financial statements). Expenses were highest in the non-base segment of the programme budget (polio eradication, emergency operations, and special programmes), which totalled US\$ 1691 million, an increase of 24% from 2019 (US\$ 1359 million). The main driver for the increase is the response to the COVID-19 pandemic where total expenditure in 2020 was US\$ 912 million. In regard to the triple billion targets, strategic priority one (one billion

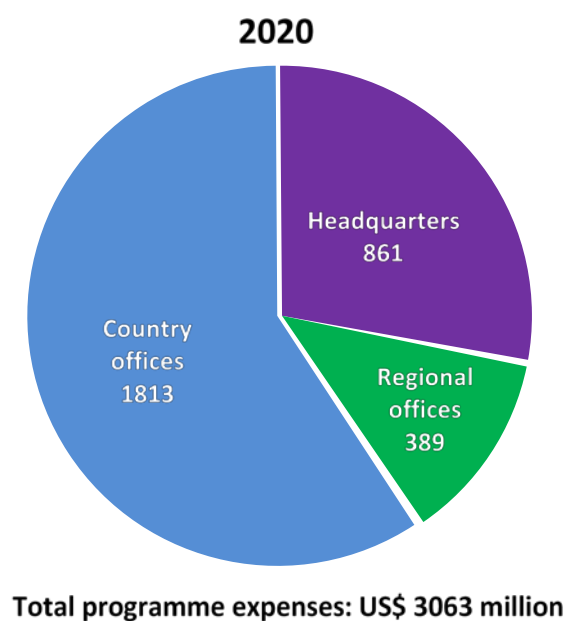
more people benefiting from universal health coverage) had the highest expenditure and percentage expenditure in 2020, with US\$ 557 million and 41% respectively. A summary of COVID-19 expenditure by major office is presented in Table 2.

Table 2. COVID-19 expenditure by major office, 2020 (US\$ millions) and percentages

Office	US\$ millions	%
Africa	188	21%
Americas	87	9%
Eastern Mediterranean	178	20%
Europe	82	9%
South-East Asia	73	8%
Western Pacific	48	5%
Headquarters	255	28%
Grand total	912	100%

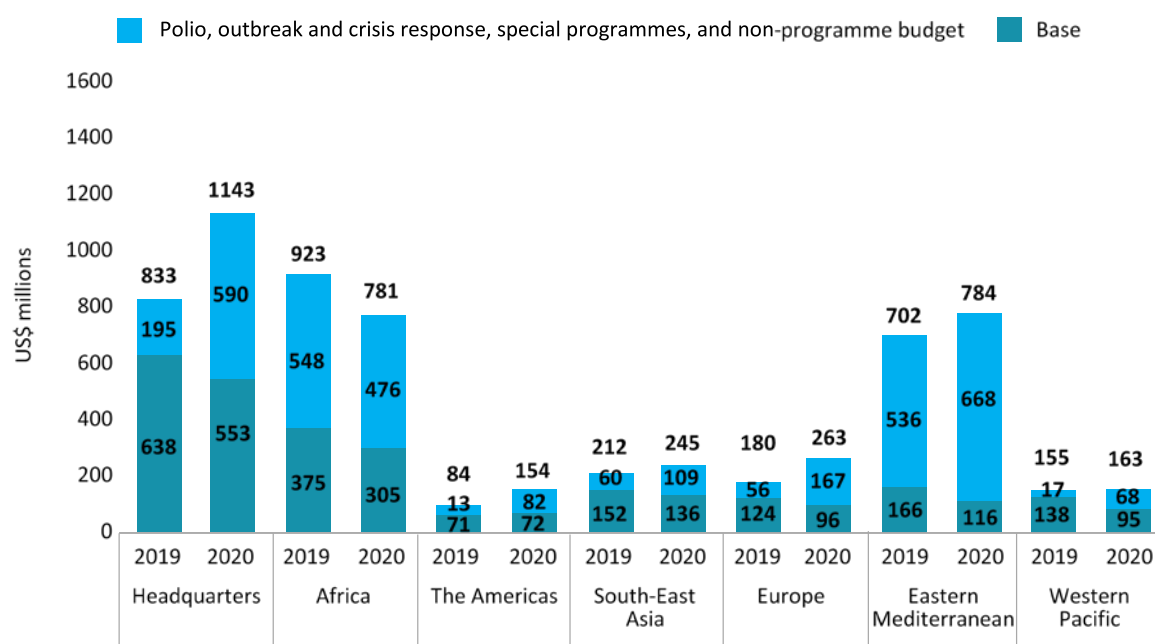
22. The proportion of programme budget expenses incurred by organizational level are shown in the Fig. 7, with 59% incurred in country offices and slightly more than one-quarter at headquarters. The former increased slightly in 2020, in line with the Organization's initiative to strengthen country office capacities.

Fig. 7. Programme budget expenses by organization level in 2020 (US\$ millions)



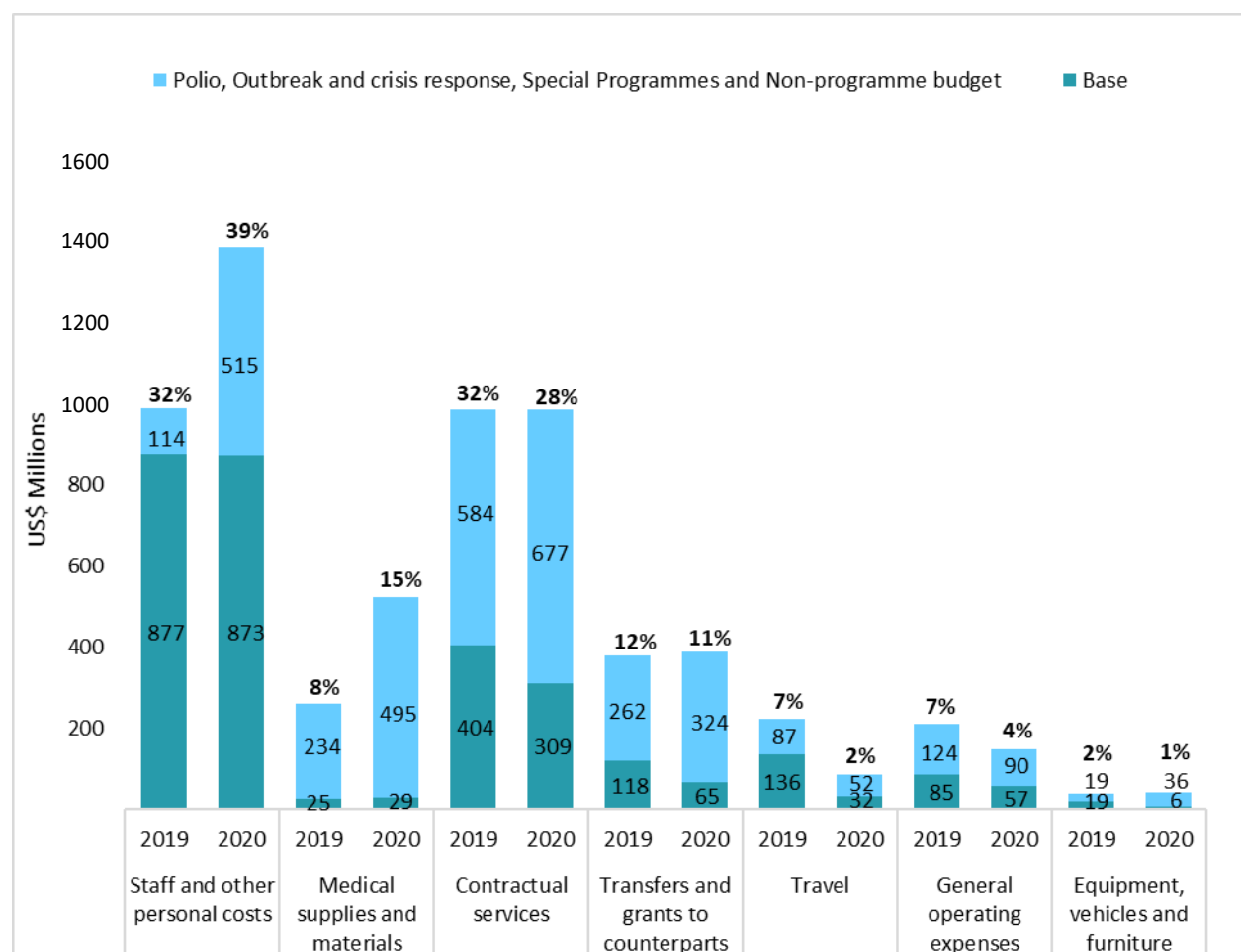
23. The total expenses incurred by each major office are shown in Fig. 8. Expenses increased in 2020 compared with 2019 in all major offices except for the African Region. The largest increase of US\$ 310 million (37%) was recorded under headquarters. The main driver behind this large increase was support to the COVID-19 response, including significant centralized procurement of medical supplies and equipment for global distribution. The African and Eastern Mediterranean regions continue to incur significant costs for polio eradication and responding to emergencies in the Democratic Republic of the Congo, the Syrian Arab Republic and Yemen.

Fig. 8. Total expenses by major office, 2019 and 2020 (US\$ millions)



24. Fig. 9 indicates expenses, by expense type, for 2020 and 2019, including a split of expenses between base programme and all other activities.

Fig. 9. Total expenses by expense type, 2019 and 2020 (US\$ millions)



25. Staff and other personnel costs were the largest category of expenses, which represents the total cost of employing staff, including base salary, post adjustment, and entitlements paid (e.g. pension, insurances, annual leave).

26. Total staff and other personnel costs increased in 2020 by US\$ 398 million compared with 2019, and its share of overall expenses grew to 39% (from 32% in 2019). This is due mainly to the higher actuarial valuation of after-service health insurance caused by lower long-term interest rates and lower projections of member contribution. In addition, a weaker US dollar and the strengthening of the Organization's capacity under the WHO Health Emergencies Programme contributed to higher costs for staff.

27. Contractual services were the second-largest category of expenses, accounting for 28% of the total in 2020 (32% in 2019). This represents the cost of contracts entered into with experts and service providers who support the Organization in achieving its planned objectives. The COVID-19 pandemic slowed the delivery of country-level public health activities, which led to a reduction of direct implementation expenditure by 18% compared to 2019. Table 3 provides a breakdown of the expenses included in contractual services.

Table 3. Contractual services, by type, 2019 and 2020 (US\$ millions)

Description	31 December 2020	31 December 2019
	US\$ millions	
Direct implementation	246	301
Contractual services – general	596	544
Research contracts	35	39
Special service agreements	82	77
Security, training and other costs	27	28
Total contractual services	986	988

28. The increase in contractual services in 2020 was highest at headquarters due to increased activities related to COVID-19. In the African and Eastern Mediterranean regions, the higher expenses were incurred for COVID-19 and polio eradication activities, primarily under agreements for performance of work. Regarding direct implementation, 50% of those expenses were incurred in the African Region and 49% in the Eastern Mediterranean Region, primarily for operations to combat the COVID-19 pandemic and to eradicate polio in the Democratic Republic of the Congo, Nigeria, Pakistan and Yemen.

29. Transfers and grants to counterparts represented 11% of total expenses in 2020 (12% in 2019) and were highest in the African and the Eastern Mediterranean regions. Due to the COVID-19 pandemic, the procurement of emergency supplies and equipment for third parties became the largest component of transfers and grants, representing 38% of the total. Expenditure pertaining to grants to national counterparts under direct financial cooperation agreements decreased by 33% as a result of the cancellation or postponement of vaccinations campaigns and limitations on field-based health activities.

30. General operating expenses represent the running and maintenance costs of WHO offices, including office rents and utilities and totalled US\$ 147 million in 2020. These are incurred mainly at the local level and represented 4% of total expenses in 2020 (7% in 2019). General operating expenses were highest in the African Region owing to the number of large country offices and programmes in that region. The large decrease of almost 30% from 2019 was mainly due to a policy change that triggered the reclassification to contractual services of costs previously included under general operating expenses.

31. Travel expenses fell dramatically, from US\$ 222 million in 2019 to US\$ 84 million in 2020, a decrease of 62%. Their share of overall expenses had a similar decline, making up 2% of the Organization's total expenses in 2020 compared with 7% in 2019. The significant decrease in travel expenses was a direct consequence of the travel constraints resulting from the COVID-19 pandemic. Furthermore, staff travel made up a smaller share of overall travel costs compared with 2019 (34% in 2020 compared with 44% in 2019), while the share of non-staff travel grew (e.g. consultants, meeting participants, delegates).

32. Expenses for medical supplies and materials nearly doubled in 2020, accounting for 15% of total expenses in 2020 against 8% in 2019. The large increase (US\$ 524 million in 2020 compared to US\$ 259 million in 2019) was due largely to the supply chain operations WHO set up to rapidly procure and deliver supplies and equipment needed to respond to the COVID-19 pandemic.

33. Equipment, vehicles and furniture represented 1% of WHO's total expenses in 2020, the same as for 2019. Although the proportion of expenses in this category is low, in absolute terms expenses were up by 14% in 2020 due to increased activity around the COVID-19 pandemic response and other emergencies.

FINANCIAL POSITION

ASSETS

Liquidity and investment management

34. The total amounts of cash, cash equivalents and investments at the end of 2020 and 2019 are summarized in Table 4.

Table 4. Cash, cash equivalents and investments, 2019 and 2020 (US\$ millions)

Description	Total 2020	Total 2019
Cash and cash equivalents	916	329
Short-term investments	3 879	3 266
Long-term investments	137	131
Total cash, cash equivalents, and investments	4 932	3 726
Less: cash, cash equivalents and investments held on behalf of other entities ¹	946	889
WHO cash, cash equivalents and investments	3 986	2 837

35. Investments are placed with a wide range of financial counterparties, whose credit risk is minimized by applying minimum credit quality requirements and maximum investment exposure limits, both by the counterparty and by groups of related counterparties. These terms are set out in agreed investment mandates. Short-term investments include US\$ 670 million of funds received during 2020 for COVID-19 response activities.

36. Investments are primarily made on a short-term basis in order to ensure that cash is available for programmatic needs. Funds are invested in conservative investment mandates with the primary goal of capital preservation. The return on the funds invested slightly outperformed the benchmark return. Yields on US Treasury bills of 6 to 12 months dropped from 1.6% to 0.1% in March 2020 as global central banks cut interest rates and implemented large stimulus programmes to counteract the economic impact of the COVID-19 pandemic. As a result, the average return on short-term investments in 2020 was 1.9%, which is lower than the 3.1% average return in 2019. Some funds for longer-term liabilities have been invested in securities, in accordance with the recommendations of the Advisory Investment Committee. The figures provided in Note 4.2 of the financial statements exclude long-term investment portfolios managed for the Staff Health Insurance Fund, which are reported separately. Finance revenue in the Statement of Financial Performance (Statement II) includes savings of US\$ 12.6 million from centralized foreign exchange purchasing of US\$ 439 million in 42 currencies.

37. The Organization receives contributions and makes payments in currencies other than the United States dollar and is exposed to foreign exchange currency risk arising from fluctuations in currency exchange rates. Translation into United States dollars of transactions expressed in other currencies is done at prevailing United Nations operational rates of exchange on the date of transaction. Assets and liabilities that are denominated in foreign currencies are translated at prevailing United Nations operational rates of exchange at the end of each month. Forward foreign exchange contracts are transacted in order to hedge non-United States dollar currency exposures and to manage short-term cash flows. These currency risk management measures have been effective in protecting the Organization's current budget from short-term volatility in exchange rates. Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance.

¹ Cash held on behalf of hosted entities (UNAIDS, Unitaid, the International Computing Centre and the Staff Health Insurance).

Accounts receivable

38. The balance of accounts receivable includes amounts due from Member States for assessed contributions, amounts due for voluntary contributions, and other receivables. For assessed contributions, the total amount due at 31 December 2020 amounted to US\$ 320 million and included US\$ 20 million of rescheduled arrears (US\$ 237 million at 31 December 2019, including US\$ 29 million of rescheduled arrears). Further information on the assessed contributions due is provided in document A74/30.

39. For voluntary contributions, the total amount of accounts receivable was US\$ 1472 million (US\$ 1340 million at the end of 2019). The slight increase in total accounts receivable is commensurate with an increase in revenue; however, for agreements signed in response to the COVID-19 Strategic Preparedness and Response Plan a large proportion of funds were transferred on signature. As a result, accounts receivable represents approximately 40% of the value of revenue for 2020 compared to 50% in prior years.

40. Non-current accounts receivable and deferred revenue represents funds due more than one year in the future (i.e. in 2022 and beyond). Overall, the non-current accounts receivable amount increased from US\$ 385 million at the end of 2019 to US\$ 460 million at the end of 2020. This amount is supported by signed agreements from 57 contributors, when future receivables and deferred revenue amounts become due for payment, the amounts are transferred to current period revenue. Full details of all voluntary contributions, including accounts receivable, by contributors are provided in the Annex to the Financial Report.¹

Inventory

41. The WHO inventory consists of medicines, vaccines, humanitarian supplies and publications. These are recorded as current assets until sold or distributed or until the expiration of their useful life. During 2020, the Organization held inventory in over 90 warehouse locations in 36 countries.

42. As at 31 December 2020, the Organization held inventory valued at US\$ 144.3 million (US\$ 59.2 million at 31 December 2019), an increase of US\$ 85.1 million or 144% compared to 2019. In addition, shipments in 2020 grew by 319% compared to 2019. The main reasons for the increase in shipments and higher levels of stock were to support the COVID-19 response and to build a larger stockpile of polio vaccines.

Property, plant and equipment

43. Property, plant and equipment includes land, buildings, furniture, fixtures and fittings, information technology equipment and vehicles owned by the Organization.

44. As at 31 December 2020, the total value of property, plant and equipment (net of accumulated depreciation) was US\$ 206.9 million (US\$ 180 million as at 31 December 2019). The composition of property, plant and equipment is provided in Table 5.

¹ Document A74/INF./4, the Annex to the Financial Report is also available at: <http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/> (accessed 30 March 2021).

Table 5. Summary of property, plant and equipment, 2019 and 2020

Description	2020	2019
	US\$ thousands	
Land and building	189 989	161 763
Vehicle and transport system	12 267	14 173
Computer and communications system	3 094	2 690
Machinery and specialized equipment	1 487	1 373
Furniture	74	76
Total	206 911	180 075

45. The owned land and building represents 92% of total property, plant and equipment. The increase between 2019 and 2020 is due to the ongoing construction of the new headquarters building. In addition to owned land and buildings, the Organization also rents office space and benefits from office space provided at no cost by host countries. Table 6 summarizes all premises occupied by the Organization.

Table 6. Summary of premises occupied by the Organization

Region	Owned	Rented	Rent-free office space
Headquarters	1	1	4
Africa	3	49	43
Eastern Mediterranean	6	33	18
Europe		25	23
South-East Asia		65	305
Western Pacific	2	7	11
Total	12	180	404

46. Vehicles represent 6% of total owned assets. The Organization commenced a major fleet renewal and safety programme, involving the replacement of less efficient vehicles with safer, more economic alternatives. It is expected that this will lead to a reduction in operating costs and a reduced impact on the environment. The introduction of tracking devices and driver training is expected to increase safety and reduce road traffic accidents involving WHO vehicles.

LIABILITIES

Staff liabilities

47. Based on the latest actuarial projections, the total amount required to settle current liabilities for staff entitlements was US\$ 85 million. A further US\$ 1860 million has been estimated for future non-current staff liabilities (giving a total of US\$ 1945 million). These liabilities cover the current and future health care scheme costs, expected costs for accrued annual leave, accrued repatriation grant, travel, and removal expenses.

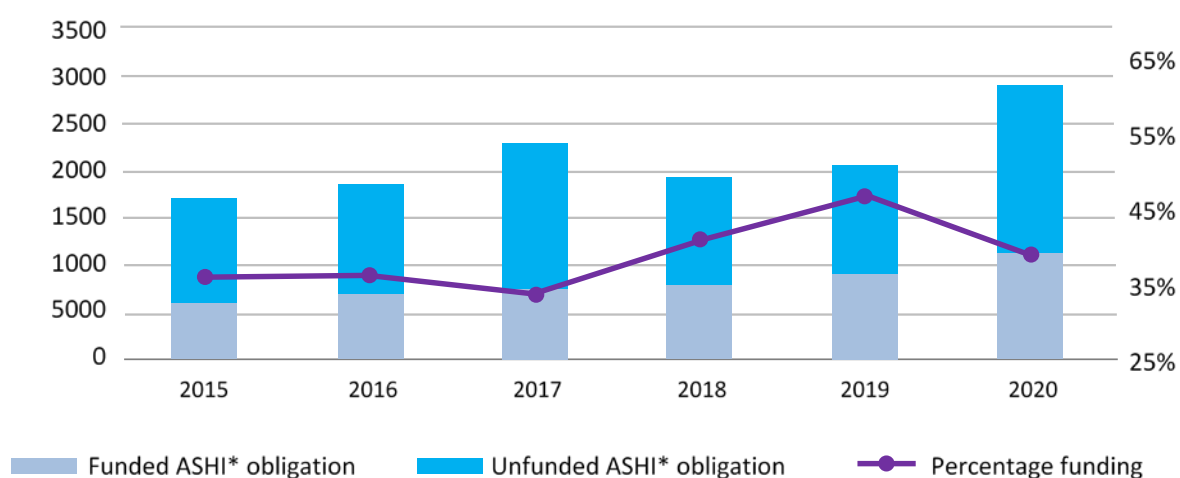
48. In 2020, after-service health insurance liability (unfunded) increased by US\$ 651 million, mainly due to the unfavourable current external environment. Annual leave balances increased by US\$ 30 million, due to the impact of staff not taking their planned leave entitlements due to the COVID-19 travel limitations. Furthermore, as an interim measure the normal limitation on carry-forward of annual leave balances has been relaxed at year-end resulting in an increase in liability. Note 4.12 on accrued staff benefits sets out the full liability.

49. The Staff Health Insurance liability is the largest component of the staff liabilities; the Staff Health Insurance scheme provides medical reimbursements for serving and retired staff members and their dependants

and covers more than 32 700 participants. The Staff Health Insurance Fund prepares a separate financial report and is subject to an external audit.¹

50. The 31 December 2020 actuarial valuation of the future liability of Staff Health Insurance was estimated at US\$ 2880 million (US\$ 2031 million in 2019), of which US\$ 1145 million (US\$ 947 million in 2019) or 36% is funded. Total funding increased by US\$ 198 million or 21% compared with 2019. The increase in liability is mainly due to the current external economic factors (e.g. lower interest rates, inflation etc.); however, it does not signify a long-term trend. Fig. 10 shows the funded liability from 2015 to 2020.

Fig. 10. Staff Health Insurance liability funding status, 2015–2020 (US\$ millions)



*ASHI – After-service health insurance

NET ASSETS/EQUITY

51. The Statement of Changes in Net Assets/Equity (Statement III) and the related notes provide information on fund balances as at 31 December 2020, the movement of these balances during 2020 and the balance from 31 December 2019. The total net assets/equity (carry forward) as at 31 December 2020 was US\$ 2589 million (US\$ 2136 million as at 31 December 2019).

52. Net assets/equity under the General Fund was US\$ 3732 million, an increase of US\$ 1049 million compared with the closing balance in 2019 of US\$ 2683 million. These funds represent contribution agreements recorded and not yet spent (refer to Note 6.1).

53. The negative balance in the net assets/equity attributable to “Member States – other” of US\$ 1212 million (as at 31 December 2019, US\$ 606 million) arises primarily from the unfunded long-term liabilities for Staff Health Insurance (see paragraphs 47 to 50 above).

CONCLUSION

54. The year 2020 was an extraordinarily challenging period. Countries across the world faced unexpected and unprecedented public health crises, while having to contend with the economic fallout resulting from the COVID-19 pandemic. WHO faced significant financial and programmatic challenges as well. Despite the obstacles, the Organization was able to increase its support to Member States by intensifying existing health programmes and introducing new initiatives, such as establishing supply chains for personal protective equipment and medical

¹ The Staff Health Insurance Fund report is available at https://www.who.int/about/finances-accountability/reports/SHI_Annual_Report_2019.pdf?ua=1 (accessed 30 March 2021).

devices. This increased level of activity is reflected in the Organization's financial results for 2020 and the highest levels of both income and expenditure ever witnessed in WHO's history. The increased investments can be seen as an expression of confidence in WHO's ability to spearhead an effective response to the pandemic worldwide, and a recognition of its singular position to directly support countries. The highest-ever expenditure figures demonstrate the Organization's capacity to deliver in extremely difficult circumstances. While the pandemic will continue to have financial implications for the Organization in 2021, this comprehensive and compliant report is a testament to the resilience and adaptability of the WHO's financial and accountability systems and the capability and commitment of WHO staff. This report also reinforces WHO's continuing commitment to openness, accountability and clarity in its financial and programmatic performance reporting.

Dr Tedros Adhanom Ghebreyesus
Director-General
Geneva, 30 March 2021

2020 Statement of Internal Control

Scope of responsibility

As Director-General of the World Health Organization, I am accountable to the World Health Assembly for the administration of the Organization and the implementation of its programmes. Under Financial Regulations I and XII, I am accountable for maintaining a sound system of internal control, including internal audit and investigation, to ensure the effective and efficient use of the Organization's resources and the safeguarding of its assets. Pursuant to Financial Regulation I, I have delegated authority and accountability to the Regional Directors, Deputy Director-General, Executive Directors, Chef de Cabinet, Assistant Directors-General, Directors, WHO Heads of Country Offices and other relevant staff. Every individual in the Organization has, to varying degrees of responsibility, a role to play in internal control.

Purpose of internal control

The system of internal control is designed to manage risks to an acceptable level rather than to eliminate all risks to the achievement of expected results and objectives. It can therefore provide reasonable but not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify, evaluate, prioritize and manage the risks to the Organization's objectives efficiently, effectively and economically.

Internal control is a key role of management and an integral part of the overall process of managing WHO's activities. As such, WHO management at all levels has the responsibility to:

- establish an environment and culture that promotes effective internal control;
- identify and assess risks that may affect the achievement of objectives, including the risk of fraud and corruption;
- specify and implement policies, plans, operating standards, procedures, systems and other control activities to manage the risks associated with any exposure identified;
- ensure an effective flow of information and communication so that all WHO personnel have the information they need to fulfil their responsibilities; and
- monitor the effectiveness of internal control.

From an operational perspective, WHO's internal control system operates continually at all levels of the Organization through internal control processes to ensure the above objectives.

This is WHO's fifth statement of internal control and applies for the year ended 31 December 2020, up to the date of the approval of the Organization's 2020 financial statements.

WHO's operating environment

WHO operates in more than 150 countries, sometimes in very challenging environments, and is therefore exposed to situations with a high level of inherent risk, including for the security of employees and its ability to maintain high standards of internal control. The context varies significantly among countries, which requires the adoption of differentiated risk profiles and approaches. All risks identified in WHO regions, country offices, divisions and departments are captured in a formal risk register, which is subject to regular review by managers and forwarded to more senior levels for attention, as required.

The Internal Control Framework and risk management

The WHO Accountability Framework, along with the corporate risk management policy and the WHO Internal Control Framework, are critical systems and structures to ensure that the Organization fulfils its mandate and achieves its objectives. Well-grounded risk management and internal control policies, systems and processes help to better

understand the risks that the Organization is exposed to, ensure that appropriate accountabilities and controls are in place to address those risks, and effectively pursue the Organization's activities.

For the sixth year, WHO has used internal control self-assessment checklists, completed by each of the Organization's country offices and departments, as a key tool to assess the status and effectiveness of its internal controls and raise awareness of the importance of internal control issues.

The WHO corporate risk management policy firmly embeds risk management in WHO's strategic and operational planning and budgeting cycles, as well as in the accountability and internal control frameworks. The key objective is to ensure that all of the risks inherent to the Organization's activities are fully understood, and that the appropriate strategy is chosen to manage them. The Organization is focused on advancing its risk maturity: it continues to increase staff awareness in risk management and has taken steps to build the related capacity, including in emergencies operations.

During 2020, the COVID-19 pandemic presented enormous challenges and brought the concept of risk management to the fore. It showed that proactive risk management remains key for good preparedness to face uncertainty and strengthened resilience. In that context, WHO country offices and departments have continued to identify and evaluate risks according to likely impact and probability and develop response plans to deal with them. This bottom-up risk management process is complemented by a top-down phase of validation and escalation. At the global level, the biggest challenges that WHO encounters in achieving its mandate are reflected in a corporate-level risk register (the WHO Principal Risks). An annual risk report is subsequently presented to Member States through the Executive Board.

As the Director-General of the Organization, I have the ultimate responsibility for assessing the risks associated with the implementation of the General Programme of Work and WHO's overall activities. I am assisted in this task by the Regional Directors, senior management and the WHO Risk Committee. The Committee plays a key role in ensuring that the most critical risks are identified and addressed in an efficient manner. Furthermore, I am supported by the Office of Compliance, Risk Management and Ethics, which facilitates and guides the Organization-wide risk management process. At the same time, as highlighted in the WHO corporate risk management policy, every WHO staff member has the responsibility to identify risks at his or her own level of work.

Review of the effectiveness of internal controls

My review of the effectiveness of WHO's system of internal control is based on the following.

- (a) An annual letter of representation. This is reviewed and approved by all the Regional Directors, Deputy Directors-General and Assistant Directors-General, and confirms the importance of ensuring that adequate internal controls are in place, along with other assurances. All issues raised in the letter of representation feed into the annual audit and financial statements.
- (b) The internal control self-assessment checklist, which is completed and submitted by all WHO country offices and WHO departments. The checklist is used by each office manager (country office and departments) to review all key controls and rate compliance. Despite the challenging operating environment as a result of the COVID-19 pandemic, the 2020 self-assessment exercise deemed internal controls to be strong overall. Across the Organization, most room for improvement has been identified in the area of monitoring, mainly due to COVID-19 restrictions causing limitations in undertaking oversight activities such as country compliance reviews, onsite verifications and other assurance mechanisms.
- (c) Reports issued by the Office of Internal Oversight. The internal audit reports, conducted under the 2020 audit workplan, provide objective information on compliance and control effectiveness, together with recommendations for improvement. Critical findings from these reports are summarized in the Annual Report of the Internal Auditor to the Health Assembly. Individual audit reports are available for review by Member States on request.

(d) Reports issued by the WHO External Auditor. The external audit provides independent oversight and reporting on WHO's compliance with financial rules and regulations. The external auditors present their key findings, observations and recommendations to the governing bodies. The new external auditors (Comptroller and Auditor General of India) have commenced their mandate following the Seventy-third World Health Assembly. They have completed four WHO country office audits in 2020 (Afghanistan, Ethiopia, Iraq and South Sudan) and an audit of the World Health Emergency programme's response to COVID-19 in 2020. For further information, please refer to the report of the External Auditor to the Seventy-fourth World Health Assembly (document A74/34).

(e) The work of the Independent Expert Oversight Advisory Committee. The Committee reviews all audit reports, risk reports, and financial reports, as well as other information relevant to the overall control framework. The Committee's reports are presented to the Executive Board, which identifies areas for potential improvement and advises how to address weaknesses with regard to risk management, and financial and internal control matters.

Most critical risk issues noted

After each WHO country office or department completed the risk register in 2020, the consolidated findings were reviewed by the Office of Compliance, Risk Management and Ethics and presented to the WHO Risk Committee. Having reviewed the findings, I have concluded that some of the key risks currently facing the Organization are as summarized in the table below.

Risk	Examples of ongoing and planned risk response actions
Failure to adequately manage multiple, simultaneous or consecutive Grade 3 emergencies	<ol style="list-style-type: none"> 1. Implementation of new surge policy and deployments from the emergency roster, with continuous implementation of emergencies procedures. 2. Implementation of standard operating procedures for emergencies and development of an operational toolkit. 3. Strengthening of national and international capacities to deploy and deliver critical functions.
Inability to eradicate polio by 2023	<ol style="list-style-type: none"> 1. Alignment of the programme with the resources available and sharing the costs of outbreak response among the affected countries in line with decision EB146(11). Strengthening of vaccine management, including forecasting need and funding, to ensure adequate stockpiles and support country response capacities. 2. Shifting of core functions in lower risk countries onto other WHO base programmes or domestic resources. 3. Mobilization of resources with investment cases at all three levels of the Organization and upholding of donor confidence through strengthened, cost-effective programme and financial transparency.
Cyberattacks – hacking or misuse of WHO digital assets	<ol style="list-style-type: none"> 1. Continuation of the integrated cybersecurity solution project. 2. Improvement of the cybersecurity awareness platform to include a role-based approach. 3. Continuous implementation and update of the cybersecurity policy and governance mechanisms.
Business continuity – WHO operations compromised due to a major security incident (e.g. a disease outbreak, a terrorist attack, security incident or a natural disaster)	<ol style="list-style-type: none"> 1. Strengthened business continuity plans for headquarters, regional offices and country offices with simulation exercises. 2. Higher level of IT services continuity through the adoption of cloud services, online collaboration services, and measures enabling all tasks to be performed remotely (e.g. equipment, remote meeting platforms). 3. Implementation at all locations of a continuing security risk management process under the United Nations security management system.

Risk	Examples of ongoing and planned risk response actions
Security – failure to effectively manage the security risk in WHO operations	<ol style="list-style-type: none"> 1. Establishment and implementation of an Organization-wide security governance structure. 2. Development of a strategy, operational plan and monitoring framework for security risk management measures. 3. Development of a sustainable funding mechanism for security preparedness and response measures in programmes and risk-based prioritization of available funds to cover field operations' needs.
Privacy and Data Protection – leakage and misuse of personal identifiable information and WHO confidential information	<ol style="list-style-type: none"> 1. Implementation of the Data Protection Policy and of a global data retention and storage policy and related governance structure for monitoring and compliance. 2. Development and implementation of operational guidelines in line with the Data Protection Policy. 3. Introduction of a privacy and data protection training programme for WHO staff members.
Sexual exploitation and abuse by the WHO workforce	<ol style="list-style-type: none"> 1. Drafting of a new policy on abusive conduct. 2. Establishment of an independent commission to address the allegations of sexual exploitation and abuse in the response to the tenth Ebola virus disease outbreak in the Democratic Republic of the Congo. 3. Strengthening the prevention of sexual exploitation and abuse at all three levels of the Organization, pursuant to decision EB148(4).
Implementation of programme activities – insufficient resources to finance the Thirteenth General Programme of Work, 2019–2023, and the COVID-19 limitations to delivering results at the country level	<ol style="list-style-type: none"> 1. Targeted resource mobilization comprising four pillars: (i) established government partners; (ii) philanthropic partners; (iii) funds, international development banks and multilateral organizations; and (iv) innovative financing and revenue producing activities. 2. Transformation of resource mobilization, communications and partnerships as part of an integrated external relations function. 3. Mitigation of COVID-19 limitations to country-level delivery: (i) re-programming and re-prioritization of planned activities; (ii) holding of virtual meetings, missions, trainings and online country support; (iii) hiring of local contractors for country support, with virtual support provided by international consultants and staff to overcome mobility issues; and (iv) increased collaboration with local partners and close involvement of WHO Collaborating Centres.

Each of the above risks has been discussed by the WHO Risk Committee, as well as with the relevant risk owners, to ensure that appropriate action is taken to address these risks.

Statement

Internal control, while operating effectively and no matter how well designed, has inherent limitations, including the possibility of circumvention. It can therefore provide only reasonable assurance. Furthermore, because of changes of conditions, the effectiveness of internal control may vary over time.

I am committed to addressing any weaknesses in internal controls that may be noted during the year and brought to my attention.

Based on the above, I conclude that, to the best of my knowledge and information, there are no material weaknesses that would prevent the external auditor from providing an unqualified opinion on the Organization's financial statements, nor are there other significant matters arising that would need to be raised in the present document for the year ended 31 December 2020 and up to the date of approval of the financial statements.



Dr Tedros Adhanom Ghebreyesus
Director-General
Geneva, 30 March 2021

Certification of financial statements for the year ended 31 December 2020

According to Financial Regulation XIII – Accounts and Financial Statements, the Financial Report for the World Health Organization for 31 December 2020 has been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) and the Financial Regulations of the World Health Organization and its Financial Rules. The financial statements for the year ended 31 December 2020, together with the notes to the statements and supporting schedules, have been reviewed and are approved.



Daniel John Walter
Comptroller a.i.



Dr Tedros Adhanom Ghebreyesus
Director-General

Geneva, 30 March 2021

Letter of transmittal

Girish Chandra Murmu



भारत के नियंत्रक एवं महालेखापरीक्षक
COMPTROLLER & AUDITOR GENERAL OF INDIA

LETTER OF TRANSMITTAL

1 April 2021

Dear Sir/Madam,

I have the honor to present to the Seventy-fourth World Health Assembly, the External Auditor's opinion on the financial statements of the World Health Organization for the financial year ended 31 December 2020.

I record my appreciation to the World Health Assembly for the honor and privilege to serve as External Auditor of WHO.

Yours sincerely,

Girish Chandra Murmu

The President of the Seventy-fourth World Health Assembly
World Health Organization
Geneva, Switzerland

Opinion of the External Auditor

Girish Chandra Murmu
 भारत के नियंत्रक एवं महालेखापरीक्षक
 COMPTROLLER & AUDITOR GENERAL OF INDIA

1 April 2021

Dear Dr. Ghebreyesus,

**OPINION OF THE EXTERNAL AUDITOR
 TO THE SEVENTY-FOURTH WORLD HEALTH ASSEMBLY ON THE
 FINANCIAL STATEMENTS OF THE WORLD HEALTH ORGANIZATION
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

I have the honour to present to you the above report which may kindly be transmitted to the Seventy-fourth World Health Assembly. All matters contained in the report have been communicated to the appropriate staff and management of the Organization.

I express my appreciation for the cooperation and assistance that I have received in the performance of my audit mandate.

Warm regards,

Yours sincerely,

Girish Chandra Murmu

Dr. Tedros Adhanom Ghebreyesus
 Director-General
 World Health Organization
 20, Avenue Appia
 CH -1211
 Geneva 27, Switzerland

INDEPENDENT AUDITOR'S REPORT

To the World Health Assembly

Opinion

We have audited the financial statements of the World Health Organization (WHO) which comprise the statement of financial position (statement I) as at 31 December 2020, the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flow (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WHO as at 31 December 2020, and its financial performance, changes in net assets/equity, cash flow, and comparison of budget and actual amounts for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of WHO in accordance with the ethical requirements relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information, which comprises the information included in the Director General's Report for the year ended 31 December 2020, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of WHO to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the management intends either to liquidate WHO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of WHO.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of WHO;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- (d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material

uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of WHO to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report;

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of WHO that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the WHO Financial Regulations.

In accordance with Regulation XIV of the WHO Financial Regulations, we will also issue a long-form report on our audit of the World Health Organization.



Girish Chandra Murmu
Comptroller and Auditor General of India

1 April 2021

Financial statements

World Health Organization

Statement I. Statement of Financial Position

As at 31 December 2020

(in US\$ thousands)

Description	Notes	31 December 2020	31 December 2019
Current assets			
Cash and cash equivalents	4.1	915 947	328 696
Short-term investments	4.2	3 879 420	3 259 451
Receivables – current	4.3	1 264 871	1 160 754
Staff receivables	4.4	13 105	12 834
Inventories	4.5	144 321	59 185
Prepayments and deposits	4.6	111 797	55 874
Total current assets		6 329 461	4 876 794
Non-current assets			
Receivables – non-current	4.3	460 065	385 107
Long-term investments	4.2	136 702	130 556
Property, plant and equipment	4.7	206 911	180 075
Intangibles	4.8	3 734	2 231
Total non-current assets		807 412	697 969
TOTAL ASSETS		7 136 873	5 574 763
LIABILITIES			
Current liabilities			
Contributions received in advance	4.9	96 496	71 274
Accounts payable	4.10	45 660	62 326
Staff payable	4.11	1 564	1 132
Accrued staff benefits – current	4.12	84 782	55 199
Deferred revenue – current	4.13	554 993	368 486
Financial liabilities	4.2	183 855	179 837
Other current liabilities	4.14	157 715	100 746
Inter-entity liabilities	4.15	946 225	889 192
Long-term borrowings – current	4.16	3 848	613
Total current liabilities		2 075 138	1 728 805
Non-current liabilities			
Long-term borrowings – non-current	4.16	151 691	125 131
Accrued staff benefits – non-current	4.12	1 859 772	1 194 424
Deferred revenue – non-current	4.13	460 065	385 107
Other liabilities – non-current	4.17	248	4 806
Total non-current liabilities		2 471 776	1 709 468
TOTAL LIABILITIES		4 546 914	3 438 273
NET ASSETS/EQUITY			
General Fund	6.1	3 732 066	2 683 439
Member States – other	6.2	(1 211 736)	(606 303)
Fiduciary funds	6.3	69 629	59 354
TOTAL NET ASSETS/EQUITY		2 589 959	2 136 490
TOTAL LIABILITIES AND NET ASSETS/EQUITY		7 136 873	5 574 763

The section on significant accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement II. Statement of Financial Performance

For the year ended 31 December 2020

(in US\$ thousands)

Description	Notes	31 December 2020	31 December 2019
REVENUE	5.1		
Assessed contributions		465 946	490 294
Voluntary contributions		3 704 226	2 491 819
Voluntary contributions in-kind and in-service		79 712	89 969
Other revenue		49 450	44 041
Total revenue		4 299 334	3 116 123
EXPENSES	5.2		
Staff costs		1 388 814	990 606
Medical supplies and materials		523 590	259 385
Contractual services		986 126	988 322
Transfers and grants		389 147	380 665
Travel		83 900	222 369
General operating expenses		147 297	209 027
Equipment, vehicles and furniture		30 301	26 327
Depreciation and amortization		12 023	11 100
Total expenses		3 561 198	3 087 801
Finance revenue	5.3	86 337	61 616
TOTAL SURPLUS / (DEFICIT) FOR THE YEAR		824 473	89 938

The section on significant accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement III. Statement of Changes in Net Assets/Equity

For the year ended 31 December 2020

(in US\$ thousands)

Description	Notes	31 December 2020	Other adjustments (refer to Note 4.12)	Surplus/(deficit)	31 December 2019
General Fund	6.1	3 732 066		1 048 627	2 683 439
Member States – other	6.2	(1 211 736)	(371 004)	(234 429)	(606 303)
Fiduciary Fund	6.3	69 629		10 275	59 354
TOTAL NET ASSETS/EQUITY		2 589 959	(371 004)	824 473	2 136 490

The section on significant accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement IV. Statement of Cash Flow

For the year ended 31 December 2020
(in US\$ thousands)

Description	31 December 2020	31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
TOTAL DEFICIT/SURPLUS FOR THE YEAR	824 473	89 938
Depreciation and amortization	12 023	11 100
Investment revenue presented as investing activities	(44 039)	(67 948)
Unrealized (gains)/losses on revaluation of long-term borrowings	2 364	1 778
(Increase)/Decrease in receivables – current	(104 117)	(53 575)
(Increase)/Decrease in staff receivables	(271)	222
(Increase)/Decrease in inventories	(85 136)	(21 712)
(Increase)/Decrease in prepayments and deposits	(55 923)	(25 184)
(Increase)/Decrease in receivables – non-current	(74 958)	(178 849)
Increase/(Decrease) in contributions received in advance	25 222	(15 380)
Increase/(Decrease) in accounts payable	(16 666)	17 836
Increase/(Decrease) in staff payable	432	(201)
Increase/(Decrease) in accrued staff benefits – current	29 583	2 813
Increase/(Decrease) in deferred revenue – current	186 507	(8 104)
Increase/(Decrease) in other current liabilities	56 969	25 520
Increase/(Decrease) in inter-entity liabilities	57 033	(34 753)
Increase/(Decrease) in accrued staff benefits – non-current	294 344	(3 884)
Increase/(Decrease) in deferred revenue – non-current	74 958	178 849
Increase/(Decrease) in other liabilities – non-current	(4 558)	2 500
Net cash flows from operating activities	1 178 240	(79 034)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment revenue presented as investing activities	44 039	67 948
(Increase)/Decrease in short-term investments	(619 969)	43 871
(Increase)/Decrease in long-term investments	(6 146)	(10 031)
Increase/(Decrease) in financial liabilities	4 018	78 426
(Increase)/Decrease in property, plant and equipment	(37 747)	(65 515)
(Increase)/Decrease in intangibles	(2 615)	(1)
Net cash flows from investing activities	(618 420)	114 698
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in long-term borrowings – current	3 235	7
Increase/(Decrease) in long-term borrowings – non-current	24 196	50 018
Net cash flows from financing activities	27 431	50 025
Net increase/(decrease) in cash and cash equivalents	587 251	85 689
Cash and cash equivalents at beginning of the year	328 696	243 007
Cash and cash equivalents at end of the year	915 947	328 696

The section on significant accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement V. Statement of Comparison of Budget and Actual Amounts

For the year ended 31 December 2020
(in US\$ thousands)

Description	Programme budget 2020–2021	Expenses 2020	Total expenses	Difference – Programme budget and expenses	Implementation (%)
Strategic priority					
1 One billion more people benefiting from universal health coverage	1 358 770	557 027	557 027	801 743	41%
2 One billion more people better protected from health emergencies	888 845	262 558	262 558	626 287	30%
3 One billion more people enjoying better health and well-being	431 079	108 194	108 194	322 885	25%
4 More effective and efficient WHO providing better support to countries	1 090 006	444 611	444 611	645 395	41%
Polio eradication, emergency operations and appeals, and special programmes	2 071 700	1 690 905	1 690 905	380 795	82%
Total	5 840 400	3 063 295	3 063 295	2 777 105	52%

Basis differences				
Tax Equalization Fund expenses		6 221	6 221	
Special arrangements		1 737	1 737	
Other non-programme budget utilization		37 943	37 943	
Total basis differences		45 901	45 901	
Timing differences				
Programme budget expenses for other periods		75 199	75 199	
Total timing differences		75 199	75 199	
Total expenses – General Fund		3 184 395	3 184 395	
Entity differences				
Expenses under the Common Fund, Enterprise Fund, Special Purpose Fund, and Fiduciary Fund		297 091	297 091	
In-kind/in-service expenses		79 712	79 712	
Total entity differences		376 803	376 803	
Total expenses as per the Statement of Financial Performance (Statement II)		3 561 198	3 561 198	

The section on significant accounting policies and the accompanying notes form part of the financial statements.

1. Notes to the financial statements

Reporting Entity

The World Health Organization is an intergovernmental organization and a specialized agency of the United Nations. In accordance with its Constitution (which came into force on 7 April 1948), WHO acts as the directing and coordinating authority on international health work. The Organization's headquarters are located in Geneva, Switzerland. WHO also has six regional offices and more than 150 country offices.

Non-consolidated entities

WHO provides administrative services to the following non-consolidated entities:

- Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS)
- Unitaid
- International Agency for Research on Cancer (IARC)
- International Computing Centre (ICC)
- Staff Health Insurance (SHI)

These entities are governed by their own constitutions, bylaws and governance structures. They prepare their own financial statements and undergo separate external audit and certification. WHO has the same voting rights (except in Unitaid) as any other member or partner and transactions with these organizations are at arm's length. Assets and liabilities are owned by the respective organization; in the event of dissolution, the division of all assets and liabilities amongst members and partner organizations shall be agreed by constitution, bylaws and governance structure on the basis of a formula to be defined at that time.

Basis of preparation and presentation

The financial statements of the World Health Organization have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared using the historical cost convention. Investments and loans, however, are recorded at fair value or amortized cost. Where a specific matter is not covered by IPSAS, the appropriate International Financial Reporting Standards (IFRS) have been applied.

These financial statements have been prepared under the assumption that WHO is a going concern and will meet its mandate for the foreseeable future (IPSAS 1 – Presentation of Financial Statements).

These financial statements and notes are presented in United States dollars and all values are rounded to the nearest thousand, also denoted as US\$ thousands (US\$ 000s).

Functional currency and translation of foreign currencies

Foreign currency transactions are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange, which approximates to the exchange rates at the date of the transactions. The Operational Rates of Exchange are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange year-end closing rate. The resulting gains or losses are accounted for in the Statement of Financial Performance.

The non-United States dollar denominated assets and liabilities in the investment portfolios are translated into United States dollars at the month-end closing rate used by the custodian.

Materiality and the use of judgments and estimates

Materiality¹ is central to WHO's financial statements. The Organization's process for reviewing accounting materiality provides a systematic approach to the identification, analysis, evaluation, endorsement and periodic review of decisions taken involving the materiality of information, spanning a number of accounting areas. The financial statements include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

Financial statements

In accordance with IPSAS 1 (Presentation of Financial Statements), a complete set of financial statements has been prepared as follows:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets/Equity;
- Statement of Cash Flow;
- Statement of Comparison of Budget and Actual Amounts; and
- Notes to the financial statements, comprising a description of the basis of preparation and presentation of the statements, a summary of significant accounting policies, and other relevant information.

2. Significant accounting policies

2.1 Cash and cash equivalents

Cash and cash equivalents are held at nominal value and comprise cash on hand, cash at banks, collateral deposits, commercial paper, money market funds and short-term bills and notes. All investments that have a maturity of three months or less from the date of acquisition are included as cash and cash equivalents. This includes cash and cash equivalents held in the portfolios managed by external investment managers.

2.2 Investments and financial instruments

Financial instruments are recognized from the date when WHO becomes a party to the contractual provisions of the instrument until the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership. Investments are classified as being: (i) financial assets or financial liabilities at fair value through surplus or deficit; (ii) held-to-maturity; or (iii) bank deposits and other receivables. All purchases and sales of investments are recognized on the basis of their trade date.

Financial assets or financial liabilities at fair value through surplus or deficit are financial instruments that meet either of the following conditions: (i) they are held-for-trading or (ii) they are designated by the entity upon initial recognition at fair value through surplus or deficit.

Financial instruments in this category are measured at fair value and any gains or losses arising from changes in the fair value are accounted for through surplus or deficit and included within the Statement of Financial

¹ Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

Performance in the period in which they arise. All derivative instruments, such as swaps, currency forward contracts or options are classified as held-for-trading except for designated and effective hedging instruments as defined under IPSAS 29 (Financial Instruments: Recognition and Measurement). Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as current assets or non-current assets according to the time horizon of the investment objectives of each portfolio. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets. Due to the large number of individual securities within each portfolio, at any given time there may be a minority of securities with a maturity profile that is different from the time horizon of the objectives of that portfolio.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates which WHO has both the intention and the ability to hold to maturity. Held-to-maturity investments are stated at amortized cost using the effective interest rate method, with interest revenue being recognized on an effective yield basis in the Statement of Financial Performance. As at 31 December 2020, no held-to maturity investments were held by the Organization.

Bank deposits and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accrued revenue related to interest, dividends and pending cash to be received from investments are included herein. Bank deposits and other receivables are stated at amortized cost calculated using the effective interest rate method, less any impairments. Interest revenue is recognized on the effective interest rate basis, with the exception of short-term receivables for which the recognition of interest would be immaterial.

Other financial liabilities include payables and accruals relating to investments and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, with the exception of short-term liabilities for which the recognition of interest would be immaterial.

2.3 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Current receivables are for amounts due within 12 months of the reporting date, while non-current receivables are those that are due more than 12 months from the reporting date of the financial statements.

Voluntary contributions receivables are recognized based on the payment terms specified in a binding agreement between WHO and the contributor. Where no payment terms are specified, the full amount receivable is recognized as currently due. Assessed contributions receivable are recognized annually, at the beginning of the year as per the assessments approved by the Health Assembly. Receivables are recorded at their estimated net realizable value and not discounted as the effect of discounting is considered immaterial.

An allowance for doubtful accounts is recognized when there is a risk that the receivables may be impaired. Changes in the allowance for doubtful accounts are recognized in the Statement of Financial Performance (Statement II).

2.4 Inventories

WHO recognizes medicines, vaccines, humanitarian supplies, and publications as part of its inventory. Inventories are valued taking the lower amount of (i) cost or (ii) net realizable value, using a weighted average basis. A physical stock count is conducted once every year. Packaging, freight and insurance charges are allocated based on the total value of inventory purchases and added to the inventory value.

Where inventories have been acquired through a non-exchange transaction (i.e. inventories were donated as an in-kind contribution), the value of inventory is determined by reference to the donated goods' fair value at the date of acquisition.

When inventories are sold, exchanged or distributed, their carrying amount is recognized as an expense.

2.5 Prepayments and deposits

Prepayments relate to amounts paid to suppliers for goods or services not yet received. Deposits relate to amounts paid as security for the leasing of office space. Deposits and prepayments are recorded at cost.

2.6 Property, plant and equipment

Property, plant and equipment with a value greater than US\$ 5000 are recognized as non-current assets in the Statement of Financial Position. Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment losses. Property, plant and equipment acquired through a non-exchange transaction are recognized at fair value at the date of acquisition. WHO considers all assets of this type to be non-cash generating.

Depreciation is calculated on a straight-line basis over the asset's useful life except for land, which is not subject to depreciation. Property, plant and equipment are reviewed annually for impairment to ensure that the carrying amount is still considered to be recoverable. The estimated useful lives of the asset classes that make up property, plant and equipment are provided in the table below.

Asset class	Estimated useful life (in years)
Land	N/A
Buildings – permanent	60
Buildings – temporary	5
Furniture, fixtures and fittings	5
Vehicles and transport	5
Office equipment	3
Communications equipment	3
Audio visual equipment	3
Computer equipment	3
Network equipment	3
Security equipment	3
Other equipment	3

Improvements are capitalized over the remaining life of the asset when the improvement results in an increase in the useful life of the asset or adds usable space. The residual value of the asset and the cost of the improvement will be amortized over the adjusted useful life (remaining life). Normal repair and maintenance costs are expensed in the year when the costs are incurred.

2.7 Intangibles

Intangible assets that are above the pre-established threshold of US\$ 100 000 are stated at historical cost less accumulated amortization and any impairment losses. Intangible assets acquired through a non-exchange transaction are recognized at fair value at the date of acquisition. Amortization is determined over the estimated useful life of the assets using the straight-line method of amortization. The estimated useful life of software acquired externally is between two and six years.

WHO's intangible assets are assumed to have a residual value of zero as intangible assets are not sold or transferred at the end of their useful life. Intangible assets are reviewed annually for impairment. Some intangible assets may have a shorter useful life.

2.8 Leases

A lease is an agreement whereby the lessor conveys to the lessee (the Organization), in return for a payment or series of payments, the right to use an asset for an agreed period of time. Every lease is reviewed to determine whether it constitutes a financial or operating lease. Necessary accounting entries are done accordingly and disclosures are made for the leases above the threshold of US\$ 50 000 per year.

Where WHO is the lessor, lease revenue from operating leases is recognized as revenue on a straight-line basis over the lease term. All costs associated with the asset incurred in earning the lease revenue, including depreciation, are recognized as an expense.

2.9 Contributions received in advance

Contributions received in advance arise from legally binding agreements between WHO and its contributors – including governments, international organizations and private and public institutions – whereby contributions are received in advance of the amounts concerned falling due to the Organization.

2.10 Accounts payable and accrued liabilities

Accounts payable are financial liabilities for goods or services that have been received by WHO and invoiced but not yet paid for.

Accrued liabilities are financial liabilities for goods or services that have been received by WHO and which have neither been paid for nor invoiced to WHO.

Accounts payable and accrued liabilities are recognized at cost, as the effect of discounting is considered immaterial.

2.11 Employee benefits

WHO recognizes the following categories of employee benefits:

- short-term employee benefits that fall due wholly within 12 months following the end of the accounting period in which employees render the related service;
- post-employment benefits;
- other long-term employee benefits; and
- termination benefits.

WHO is a member organization participating in the United Nations Joint Staff Pension Fund (the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with participation of current and former employees of other organizations in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. WHO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify WHO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. WHO has therefore treated it as a defined contribution plan in line

with the requirements of IPSAS 39 (Employee Benefits). WHO's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance (Statement II).

2.12 Inter-entity liabilities

Inter-entity liabilities are cash balance held by WHO on behalf of hosted entities (refer to Notes 4.2 and 4.15).

2.13 Provisions and contingent liabilities

Provisions are recognized for future liabilities and charges where WHO has a present legal or constructive obligation as a result of past events, and it is probable that the Organization will be required to settle the obligation.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of WHO.

2.14 Contingent assets

Contingent assets will be disclosed when an event gives rise to a probable inflow of economic benefits or service potential and there is sufficient information to assess the probability of the inflow of economic benefits or service potential.

2.15 Deferred revenue

Deferred revenue derives from legally binding agreements between WHO and its contributors, including governments, international organizations and private and public institutions. Deferred revenue is recognized when:

- a contractual agreement is confirmed in writing by both the Organization and the contributor; and
- the funds are earmarked and due in a future period.

Deferred revenue also includes advances from exchange transactions.

Deferred revenue is presented as current if the revenue is due within one year and non-current if the revenue is due one year or more after the reporting date.

2.16 Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by WHO during the year and represents an increase in net assets/equity. The Organization recognizes revenue following the established criteria of IPSAS 9 (Revenue from Exchange Transactions) and IPSAS 23 (Revenue from Non-Exchange Transactions).

The main sources of revenue for WHO include but are not limited to:

Non-exchange revenue

- **Assessed contributions.** Revenue from contributions from Member States and Associate Members is recorded annually at the beginning of the year as per the assessments approved by the Health Assembly.
- **Voluntary contributions.** Revenue from voluntary contributions is recorded when a binding agreement is signed by WHO and the contributor. Where there are so-called subject to clauses in an agreement, WHO

does not control the resource and does not record the revenue and amount receivable until the cash is received. Where there are no payment terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized in the current period. Where payment terms specify payment after the year end, the amount is reported as deferred revenue. Where start date of the contract is after 31 December, revenue is recognized in the future accounting year.

- **Contributions in-kind and in-service.** Contributions in-kind and in-service are recorded at an amount equal to their fair market value as determined at the time of acquisition, based on an agreement between WHO and the contributor and upon confirmation from the receiving budget centre of the receipt of the goods or services. An entry corresponding to the expense is recorded in the same period that the contributions in-kind and in-service are recorded as revenue.

Exchange revenue

- **Reimbursable procurement, concessions, revolving sales and other exchange revenue.** Revenue from reimbursable procurement on behalf of Member States, revenue from the sale of goods or services and fees charged to manufacturer for pre-qualification services is recorded on an accrual basis at the fair value of the consideration received or receivable when it is probable that the future economic benefits and/or service potential will flow to WHO and those benefits can be measured reliably. The corresponding expense is recognized in the same year as the revenue.

2.17 Expenses

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows, consumption of assets, or incurrences of liabilities that result in decreases in net assets/equity. WHO recognizes expenses at the point where goods have been received or services rendered (delivery principle) and not when cash or its equivalent is paid.

2.18 Fund accounting

Fund accounting is a method of segregating resources into categories (i.e. funds) to identify both the source and the use of the funds. Establishing such funds helps to ensure better reporting of revenue and expenses. The General Fund, the Special Purpose Fund, the Enterprise Fund and the Fiduciary Fund serve to ensure the proper segregation of revenue and expenses. Any transfers between funds that would result in duplication of revenue and/or expenses are eliminated during consolidation. Intra-fund transfers such as programme support costs within the General Fund are also eliminated.

General Fund

The accounts contained under this fund support the implementation of the programme budget. The General Fund contains the following:

- **Assessed Contributions Fund.** This fund consolidates revenues and expenses arising from assessed contributions from Member States and other miscellaneous income.
- **Tax Equalization Fund.** In accordance with resolution WHA21.10 (1968), in which the Health Assembly decided to establish the Tax Equalization Fund, the assessed contributions of all Member States are reduced by the revenue generated by the staff assessment plan. In determining the reduction of assessed contributions to be applied to the Member States concerned, the Tax Equalization Fund is credited with the revenue from the staff assessment plan, the credits being recorded in the name of individual Member States, in proportion to their assessments for the biennium. For those Member States that levy income tax on emoluments received from the Organization by their nationals or others liable to such taxes, the credit from the staff assessment plan is charged with the estimated amount to be levied by those Member States.

Those amounts which have been charged are, in turn, used by the Organization to reimburse income tax paid by the staff concerned, as per resolution WHA21.10.

- **Working Capital Fund.** The Fund was established to implement the programme budget pending receipt of assessed contributions in arrears. In accordance with Financial Regulation VII, implementation of that part of the budget financed from assessed contributions may be financed from the Working Capital Fund and thereafter by internal borrowing against available cash reserves of WHO, excluding trust funds. Amounts borrowed are repaid from the collection of arrears of assessed contributions and are credited first against any internal borrowing and then against any borrowing from the Working Capital Fund.
- **Voluntary funds.** This fund consolidates revenue and expenses arising from the following funds:
 - Core voluntary contributions account
 - Voluntary Contributions Core Fund
 - Voluntary Contributions Specified Fund
 - Contingency Fund for Emergencies. This fund was established by the Health Assembly through decision WHA68(10) (2015). The purpose of the fund is to provide temporary financing for emergency field operations.
 - Special Programme for Research and Training in Tropical Diseases (TDR Trust Fund)
 - Special Programme of Research, Development and Research Training in Human Reproduction (HRP Trust Fund)
 - Special Programmes and Collaborative Arrangements Fund
 - Special Account for Servicing Costs Fund
 - Outbreak and Crisis Response Fund and Contingency Fund for Emergencies.
 - Fee for Services Fund. This fund was established to record, and report fees charged to manufacturers for pre-qualification services to assess the quality, safety and efficacy of medical produces (vaccines, medicines or diagnostics).
 - Supply Chain Fund. This fund was established to manage the supply chain operation initiative as a part of the COVID-19 pandemic response. It is used to record and report stockpile sales to external parties.

Member States – other

The following accounts are contained in Member States – other:

- **Common Fund.** This fund reflects the movement in the asset and liability accounts of the Organization resulting from changes in items such as inventory, fixed assets adjustment, construction-in-progress adjustment, depreciation, investment gain and losses and exchange gains and losses.
- **Enterprise Fund.** This fund contains accounts that generate self-sustaining revenue. The revenue and expenses under this fund are not included in the reporting of the programme budget. The Enterprise Fund contains the following:
 - **Accident and Illness Insurance Fund.** This fund was established as a self-insurance mechanism to provide coverage for staff members in case of accident and illness.
 - **Concessions Fund.** This fund was established to manage activities for concessionaries. It is financed from amounts paid by the concessionaires for space, equipment utilities and use of facilities made available by the Organization.

- **Garage Rental Fund.** This fund was established mainly to record and report activities for the maintenance of a garage facility in Geneva. It is financed by way of a charge towards usage of the garage facility by applicable staff members.
 - **Global Conference and Training Centre – Tunis Fund.** This fund was established in 2018 to manage the operations of the Global Conference and Training Centre in Tunis. The Fund receives revenue and incurs expenses for hosting meetings and conferences.
 - **Insurance Policies Fund.** This fund was established to manage activities for commercial insurance policies. It is financed from benefits received from the applicable commercial insurance policies.
 - **In-kind Contributions Fund.**¹ This fund was established to record and report in-kind contributions.
 - **Revolving Sales Fund.**² This fund was established to record and report activities for publications.
 - **Reimbursable Procurement Fund.**³ This fund was established to record, and report procurement activities undertaken on behalf of Member States or other United Nations organizations.
 - **Shared Services Fund.** This fund was established in 2018 to record and report revenue and expenses for services shared facilities with other United Nations agencies which are managed by WHO.
- **Special Purpose Fund.** The accounts contained under this fund represent transfers from the General Fund or appropriations by the Health Assembly. The revenue and expenses under this fund are not included in the reporting of the programme budget. The Special Purpose Fund contains the following:
- **Building Loan Fund.** This fund was established to record and report on a loan from the Swiss Government in support of expenses towards the construction of new building in Geneva. It is funded by the Swiss Government loan.
 - **Internal Service Cost Recovery Fund.** This fund was established to record, and report services provided between departments within the Organization.
 - **Infrastructure Fund.** This fund was established by the Seventieth World Health Assembly through decision WHA70(16) (2017) to consolidate reporting for Real Estate Fund and Information Technology Fund.
 - **Information Technology Fund.** This fund was established to meet current and future information technology requirements of the Organization. It may be financed by way of appropriation from the regular budget and from voluntary contributions including the Special Account for Servicing Costs.
 - **Intern Fund.** This fund was established to record and report operational costs under the intern programme. It is financed by way of a charge to the hiring department.
 - **Real Estate Fund.** This fund was established by the Twenty-third World Health Assembly through resolution WHA23.14 (1970). It is funded mainly by appropriation from the regular budget. The Real Estate Fund is also credited with receipts from rentals relating to real estate operations (other than garage rentals and income from the operation of concessions at headquarters), by way of a charge on salary cost of staff members and interest earned.
- The fund was established to meet the costs of the construction of new buildings or extensions to existing buildings, the acquisition of land that may be required and major maintenance and repairs

¹ Transactions under the In-kind Contributions Fund are from non-exchange transactions. Total revenue equals total expenses; hence there is no fund balance at year-end (refer to Note 2.16).

² In accordance with Health Assembly resolution WHA22.8 (1969) and resolution WHA55.9 (2002), the Revolving Sales Fund is credited with proceeds from the sale of publications, international certificates of vaccination, films, videos, DVDs and other information material. The related costs of production and printing are charged to the Fund.

³ Transactions under the Reimbursable Procurement Fund are from exchange transactions. Total revenue equals total expenses; hence, there is no fund balance at year-end (refer to Note 2.16).

of real estate assets owned by the Organization. Specific Health Assembly authorization is required for acquisition of land and construction of buildings or building extensions.

- **Maternity Fund.** This fund was established in 2018 as a new facility to support temporary backfilling of staff members on maternity leave. It is financed by way of a charge on salary cost of staff members.
- **Mobility Fund.** This fund was established to provide financing towards staff mobility entitlements such as assignment grant and reassignment grant. It is financed by way of a charge on salary cost of staff members.
- **Non-Payroll Staff Entitlements Fund.** This fund was established to provide financing towards staff entitlements such as home leave, education grant etc. It is financed by way of a charge on salary cost of staff members.
- **Post Occupancy Charge Fund.** This fund was established to finance corporate and administrative expenses of the Organization. It is financed by way of a charge on salary cost of staff members.
- **Polio Staff Fund.** This fund was established to manage staff liabilities due to the closure of the polio programme.
- **Staff Health Insurance Fund.** This fund was established to record and report net liability of the Organization. It is financed by way of a charge on salary cost of staff members and contributions from retirees.
- **Security Fund.** This fund was established to record and report security expenses. It may be financed by way of appropriation from the regular budget and from voluntary contributions including the Special Account for Servicing Costs.
- **Special Fund for Compensation.** This fund was established by the Director-General for the payment of periodic benefits awarded to staff members under WHO compensation rules for service-incurred accidents and illnesses. It may be financed by funds allocated to cover the cost of employing the staff member, and by way of any interest earned.
- **Stockpiles Replenishment Fund.** This fund was established to support emergency procurement needs, mainly for the Eastern Mediterranean Region.
- **Terminal Payments Fund.** This fund was established to finance the terminal emoluments of staff members, including repatriation grant, accrued annual leave, repatriation travel and removal on repatriation. It is financed by way of a charge on salary cost of staff members and any interest earned.

Fiduciary Fund

This fund accounts for assets that are held by WHO in a trustee or agent capacity for others and that cannot be used to support the Organization's own programmes. The Fund includes the assets of the partnerships that are administered by the Organization and whose budgets are not approved by the Health Assembly. The Fund did not contribute to the Programme budget 2020–2021, and at 31 December 2020 contained the following:

- Alliance for Health Policy and System Research Fund
- European Observatory on Health Systems and Policies
- Expanded Special Project for Elimination of Neglected Tropical Diseases (ESPEN) Fund
- Partnership for Maternal, Newborn and Child Health Fund
- Staff Association Fund
- WHO Framework Convention on Tobacco Control (FCTC)

2.19 Segment reporting

As required under IPSAS, WHO reports on segments based on its regional structure. Revenue, expenses, assets and liabilities are reported for each major office (region). The use of major offices is in line with the decision-making practices of the Member States and the Secretariat, with respect to the allocation of resources. WHO's programme budget is presented by major office, which supports using major offices as the segments. Furthermore, the accountability for results and management of assets and liabilities lies with the heads of each regional office.

2.20 Statement of Cash Flow

The Statement of Cash Flow (Statement IV) is prepared using the indirect method.

2.21 Budget comparison

WHO's budget and accounting basis differ. Budgets within the Organization are approved on a modified cash basis rather than the full accrual basis of IPSAS. In addition, budgets are prepared on a biennial basis.

Although WHO's financial statement covers all the activities of the Organization, budgets are approved only for the General Fund. There are no approved budgets for other funds. All funds are administered in accordance with the Financial Regulations and Financial Rules.

As required under IPSAS 24 (Presentation of Budget Information in Financial Statements), the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing, presentation and entity differences. There may also be differences in formats and classification schemes adopted for the presentation of financial statements and the budget.

Through the adoption of resolution WHA72.1 (2019), the Seventy-second World Health Assembly approved the Programme budget 2020–2021. The Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the basis used to prepare the budget and financial statements differ, Note 7 reconciles the actual amounts presented in Statement V to the actual amounts presented in the Statement of Cash Flow (Statement IV).

3. Note on the restatement/reclassification of balances

On this occasion, there is no information to provide under this note.

4. Supporting information to the Statement of Financial Position

4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, investments in money market funds, collateral deposits, bank deposits, and short-term highly liquid investments with original maturity dates of three months or less from the date of acquisition.

Cash and cash equivalents are held for the purpose of meeting the short-term cash requirements of the Organization, rather than for longer-term investment purposes. They are held on behalf of the Organization, including the General Fund, the Special Purpose Fund, the Enterprise Fund, the Fiduciary Fund and non-WHO entities administered by the Organization. The figures include cash and cash equivalents held in the portfolios managed by external investment managers. The table below shows cash and cash equivalents by major office.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Major office		
Headquarters	146 563	64 772
Regional Office for Africa	26 364	31 559
Regional Office for the Eastern Mediterranean	19 520	11 779
Regional Office for Europe	743	1 557
Regional Office for South-East Asia	1 545	9 338
Regional Office for the Western Pacific	3 453	3 209
Cash at banks, investment accounts, in transit and on hand	198 188	122 214
Headquarters	717 759	206 482
Cash and cash equivalents held by investment portfolios	717 759	206 482
Total cash and cash equivalents	915 947	328 696

4.2 Investments and financial instruments

Details of the accounting policies for investments and financial instruments are provided in Note 2.2.

WHO's principal investment objectives in descending order of priority are:

- the preservation of capital;
- the maintenance of sufficient liquidity to meet the payment of liabilities as they fall due; and
- the optimization of investment returns.

The Organization's investment policy reflects the nature of its funds, which may be held either for a short term to finance the implementation of pending health programmes, or for a longer term to meet its long-term liabilities.

WHO's investments include funds managed for other entities (refer to Note 4.15). The total amounts invested on behalf of other entities are as follows.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Staff Health Insurance	215 435	132 392
International Computing Centre	33 359	28 899
Unitaid	499 452	570 844
Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS)	197 979	157 057
Total inter-entity liabilities	946 225	889 192

An analysis of the Organization's investments is provided in the following table.

Investments and financial instruments (in US\$ thousands)

Description	Internally managed funds	Externally managed funds					Foreign exchange hedging contracts	Grand total as of 31 December 2020	Grand total as of 31 December 2019
	Time deposits and cash	Short-term portfolio A	Short-term portfolio B	Short-term portfolio C	Short-term portfolio D	Long-term portfolio			
Investments under current Assets									
Cash and cash equivalent held by investment portfolio	586 258	66 416	15 129	27 622	22 333	1	131 501	717 759	206 482
Short-term investments									
Financial assets at fair value through surplus or deficit – held for trading	875	1 814	165	1	383		2 363	20 566	23 804
Financial assets at fair value through surplus or deficit – upon initial recognition		932 304	160 442	573 204	862 151		2 528 101	2 528 101	1 952 126
Bank deposits & other receivables	1 314 224	7 912	701	1 497	3 181		13 291	1 327 515	1 295 453
Total short-term investments	1 315 099	942 030	161 308	574 702	865 715		2 543 755	20 566	3 879 420
Total investments under current assets	1 901 357	1 008 446	176 437	602 324	888 048		2 675 256	20 566	4 597 179
Investments under non-current assets									
Long-term investments									
Financial assets at fair value through surplus or deficit – upon initial recognition						136 702	136 702	136 702	130 556
Total long-term assets							136 702	136 702	130 556
Total investments under non-current assets							136 702	136 702	130 556
Financial liabilities under current liabilities									
Financial liabilities at fair value through surplus or deficit for trading	(19 746)	(5 237)			(4 021)		(9 258)	(34 716)	(63 720)
Payables and accruals		(115 040)	(5 095)				(120 135)		(148 315)
Total financial liabilities	(19 746)	(120 277)	(5 095)		(4 021)		(129 393)	(34 716)	(183 855)
Total financial liabilities under current liabilities	(19 746)	(120 277)	(5 095)		(4 021)	136 702	(129 393)	(34 716)	(179 837)
Total investment – net	1 881 611	888 169	171 342	602 324	884 027	136 702	2 682 565	(14 150)	4 550 026

Short-term investments

Short-term investments relating to funds held to finance the implementation of pending health programmes are invested in cash and high-quality short-term government, agency and corporate bonds and time deposits as defined in the approved investment policy. Investments included within “financial assets at fair value through surplus or deficit” include fixed-income securities and derivative instruments held to cover projected liabilities and any unexpected cash requirements. Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as short-term investments where the investment time horizon objective of these portfolios is less than or equal to one year. For short-term tactical investment reasons, the external managers of these portfolios may from time to time decide to lengthen temporarily the average duration of these portfolios to slightly longer than one year. This will not change the short-term classification of these financial assets unless the investment time horizon objective of the portfolio and the duration of its benchmark have been changed to more than one year. At the end of 2020, there were no investments in the held-to-maturity portfolio. Other receivables include accrued revenue on investments and receivables from investments that were sold before 31 December 2020 and settled after that date.

Description	31 December 2020	31 December 2019
Financial assets at fair value through surplus or deficit – held-for-trading	23 804	11 872
Financial assets at fair value through surplus or deficit – upon initial recognition	2 528 101	1 952 126
Bank deposits and other receivables	1 327 515	1 295 453
Total short-term investments	3 879 420	3 259 451

Time deposits

Hedged time deposits in currencies other than United States dollars can yield greater interest earnings when forward currency exchange rates are favourable. The currency exchange rate risk of these time deposits is fully hedged using forward foreign exchange contracts.

Description	31 December 2020	31 December 2019
Time deposits in US dollars	1 000 000	625 000
Time deposits in non-US dollars	312 856	748 664
Total time deposits	1 312 856	1 373 664

Long-term investments

Long-term investments for the Terminal Payments Fund are placed in line with the approved investment policy and are invested in high-quality, medium-dated and long-dated, government, agency and corporate bonds. The financial assets at fair value through surplus or deficit upon initial recognition in the Terminal Payments Fund investment portfolio are classified as long-term investments in accordance with the investment time horizon objective of the portfolio and the duration of its benchmark, which are both greater than one year. The majority of these investments are invested in an externally managed global bond fund.

Description	31 December 2020	31 December 2019
Financial assets at fair value through surplus or deficit – upon initial recognition	136 702	130 556
Total long-term investments	136 702	130 556

Financial liabilities

Financial liabilities disclosed under “financial liabilities at fair value through surplus or deficit – held-for-trading” include derivative transactions such as foreign exchange forward contracts and interest rate swaps. Financial

liabilities disclosed under “payables and accruals” relate to other financial liabilities from investments, including assets purchased before 31 December 2020 and settled after that date.

Description	31 December 2020	31 December 2019
Financial liabilities at fair value through surplus or deficit – held-for-trading	63 720	31 522
Payables and accruals	120 135	148 315
Total financial liabilities	183 855	179 837

The fair value hierarchy

The fair value hierarchy represents the categorization of market pricing to indicate the relative ease with which the value of investments held by WHO can be realized.

The majority of the financial instruments held by WHO have quoted prices in active markets which are classified as Level 1. Derivative instruments which are transacted over the counter are classified as Level 2 because their fair value is observable – either directly as a price, or indirectly after being derived from prices. The instruments shown under the Level 2 fair value measurement category consist of foreign currency hedging forward contracts and derivative contracts in the externally managed portfolios.

Description	Level 1	Level 2	Total
	US\$ thousands		
Cash and cash equivalents	96 555		96 555
Short-term investments			
Financial assets at fair value through surplus or deficit – held-for-trading		21 932	21 932
Financial assets at fair value through surplus or deficit – upon initial recognition	2 183 607		2 183 607
Total short-term investments	2 183 607	21 932	2 205 539
Long-term investments			
Financial assets at fair value through surplus or deficit – upon initial recognition	136 702		136 702
Financial liabilities			
Financial liabilities at fair value through surplus or deficit – held-for-trading		(59 696)	(59 696)
Total	2 416 864	(37 764)	2 379 100

Risk management

WHO is exposed to financial risks including credit risk, interest rate risk, foreign exchange risk and investment price risk. The Organization uses derivative financial instruments to hedge some of its risk exposures. In accordance with WHO’s Financial Regulations, funds not required for immediate use may be invested. All investments are carried out within the framework of the investment policy approved by the Director-General. Some portfolios are managed by external managers appointed by the Organization to manage funds in accordance with a defined mandate. The Advisory Investment Committee reviews regularly the investment policies, the investment performance and the investment risk for each investment portfolio. The Committee is composed of external investment specialists who can make investment recommendations to the Director-General.

Nature of financial instruments

Investments are categorized as follows.

Investments with short-term maturities. These investments are invested in cash and high-quality short-dated government, agency, and corporate bonds as defined in the approved investment policy.

Investments with long-term maturities. These investments comprise funds managed for the Terminal Payments Fund as defined in the approved investment policy. They are invested in high-quality medium-dated and long-dated, government, agency, corporate bonds and an externally managed global bond index fund.

Credit risk

WHO's investments are widely diversified in order to limit its credit risk exposure to any individual investment counterparty. Investments are placed with a wide range of counterparties using minimum credit quality limits and maximum exposure limits by counterparty established in investment mandates. These limits are applied both to the portfolios managed internally by the Organization's Treasury Unit, and to the portfolios managed by external investment managers. The Treasury Unit monitors the total exposure to counterparties across all internally and externally managed portfolios.

The credit risk and liquidity risk for cash and cash equivalents are minimized by investing only in major financial institutions which have been designated with strong investment grade credit ratings by primary credit rating agencies. The Treasury Unit regularly reviews the credit ratings of the approved financial counterparties and takes prompt action whenever a credit rating is downgraded. The investments with long-term credit ratings are summarized as follows.

Minimum rating category	Total asset value US\$ thousands
AAA	461 558
AA+	615 452
AA	197 098
AA-	338 845
A+	108 267
A	157 693
A-	235 095
Not rated	561 358
Total	2 675 366

Where the investments and securities are not rated for credit worthiness by the major credit ratings agencies (for example, fixed income securities issued by sovereigns, collateralized mortgage obligations issued by sovereign backed agencies and investment funds), the Treasury Unit ensures that the deposits and securities and the constituent securities in the investment funds are issued by issuers whose credit ratings are equal to or better than the single A minimum credit rating requirement for WHO investments as set out in the investment guidelines for the external portfolio managers which are agreed with the Advisory Investment Committee, and the investment grade minimum credit rating requirement for investments for the Terminal Payments fund, which is also agreed with the Advisory Investment Committee.

Interest rate risk

WHO is exposed to interest rate risk through its short-term and long-term fixed-income investments. The metric investment duration is a measure of sensitivity to changes in market interest rates, and the effective average duration of the Organization's investments as at 31 December 2020 was one year for short-term investments (excluding the bank deposits) and seven years for long-term investments. An increase of 1 % in the interest rate would cause a decrease of 1% in the value of the short-term investments (excluding bank deposits) and a decrease of 7% in the value of the long-term investments. The interest rates on short-term bank deposits are fixed at the time of investment; their values are not affected by any subsequent movement in interest rates.

Fixed-income derivative instruments may be used by external investment managers to manage interest rate risk under strict investment guidelines. Interest rate instruments of this type are used for portfolio duration management and for strategic interest rate curve positioning.

The interest rate swaps held in the WHO portfolios as at 31 December 2020 are summarized below.

Currency/ Notional amount (in thousands)	(US\$ thousands)	Pay/Receive	Maturity	
US dollar	27 900	27 900	Pay floating one month/Receive floating three months	January 2023
US dollar	28 200	28 200	Pay Fixed/Receive Floating	June 2024
Subtotal	56 100			

The net outstanding interest rate and bond futures contracts are summarized below.

Long positions

Products	Exchange ^a	No. of contracts
US 2-year T-Note MAR 2021	CME	241
Canadian Bankers' acceptance 3m DEC 2022	Montreal	414
Canadian Bankers' acceptance 3m MAR 2023	Montreal	649
Eurodollar DEC 2021	CME	10
Eurodollar JUN 2021	CME	8

Short positions

Products	Exchange ^a	No. of contracts
US 5-year T-Note MAR 2021	CME	657
US 2-year T-Note MAR 2021	CME	65
Eurodollar MAR 2021	CME	29

^a CME refers to Chicago Mercantile Exchange Board.

Foreign exchange currency risk

WHO receives contributions and makes payments in currencies other than the United States dollar. Consequently, the Organization is thus exposed to foreign exchange currency risk arising from fluctuations in currency exchange rates. Exchange rate gains and losses on the purchase and sale of currencies, revaluation of cash and bank book balances, and all other exchange differences are adjusted against the funds and accounts eligible to receive interest under the interest apportionment programme. The translation of transactions expressed in other currencies into the United States dollar is performed at the United Nations Operational Rates of Exchange prevailing at the date of transaction. Assets and liabilities that are denominated in foreign currencies are translated at the United Nations Operational Rates of Exchange year-end closing rate. Forward foreign exchange contracts are transacted to hedge foreign currency exposures and to manage short-term cash flows. Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance (Statement II).

In addition, 50% of assessed contributions are calculated in Swiss francs to reduce the currency risk of headquarters expenses in that currency.¹

¹ See resolution WHA66.16 (2013).

Hedging foreign exchange exposures on future payroll costs: The United States dollar value of non-dollar expenses in 2020 has been protected from the impact of movements in foreign exchange rates through the transaction of forward currency contracts during 2020. As at 31 December 2020 these forward foreign currency exchange hedging contracts by currency are summarized as follows.

Currency forward bought	(in thousands)	Net amount sold (US\$ thousands)	Net unrealized gain/(loss) (US\$ thousands)
Swiss franc	153 500	165 808	8 052
Euro	118 800	137 878	8 291
Egyptian pound	253 200	14 572	719
Indian rupee	1 584 000	20 517	681
Malaysian ringgit	42 000	9 887	511
Philippine peso	848 100	16 818	696
Total		365 480	18 950

There was a net unrealized gain on these contracts of US\$ 18.9 million as at 31 December 2020 (unrealized loss of US\$ 2.1 million as at 31 December 2019). Realized gains or losses on these contracts will be recorded on maturity of the contracts and applied during 2021.

Hedging foreign exchange exposures on receivables and payables: Currency exchange risk arises as a result of differences in the exchange rates at which foreign currency receivables or payables are recorded, and the exchange rates at which the cash receipt or payment is subsequently recorded. A monthly programme of currency hedging is in place to protect against this foreign currency risk. On a monthly basis, the exposures in respect of receivables and accounts payable are netted by currency and each significant net foreign currency exposure is bought or sold forward using a forward foreign exchange contract equal and opposite to the net currency exposure.

These exposures are re-balanced at each month-end to coincide with the setting of the monthly United Nations Operational Rates of Exchange. Through this process the exchange gains or losses realized on the forward foreign currency contracts match the corresponding unrealized exchange losses and gains on the movements in net receivables and accounts payable. As at 31 December 2020, the total forward foreign currency exchange hedging contracts by currency were as follows.

Currency forward sold	(in thousands)	Currency forward bought (US\$ thousands)	Net unrealized gain/(loss) (US\$ thousands)
Australian dollar	9 000	6 854	(86)
Canadian dollar	11 500	8 991	(36)
Swiss franc	29 000	32 864	45
Euro	363 350	428 732	(18 592)
Pound sterling	280 000	370 772	(11 819)
Norwegian kroner	330 500	38 293	(502)
Swedish kroner	207 800	25 403	(159)
Total		911 909	(31 149)

There was a net unrealized loss on these contracts of US\$ 31.1 million as at 31 December 2020 (unrealized net loss of US\$ 12.1 million as at 31 December 2019). Realized gains or losses on these contracts will be recorded on the maturity of the contracts and applied during 2021.

The above table includes data for hedging contracts that are transacted by WHO on behalf of other entities as follows.

Unitaid:

Currency forward sold	(in thousands)	Currency forward bought (US\$ thousands)	Net unrealized gain/(loss) (in US\$ thousands)
Euro	171 500	193 154	(17 483)
Pound sterling	258 000	341 036	(11 508)
Total		534 190	(28 991)

Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS):

Currency forward sold	(in thousands)	Currency forward bought (US\$ thousands)	Net unrealized gain/(loss) (US\$ thousands)
Australian dollar	9 000	6 854	(86)
Canadian dollar	5 000	3 912	(13)
Swiss franc	10 000	11 332	25
Total		22 098	(74)

Forward foreign exchange contracts for hedged time deposits in currencies other than United States dollars:

Forward foreign exchange contracts are used to hedge the foreign currency risk of deposits in currencies other than United States dollars, as shown in the table below.

Currency forward bought (in thousands)		Net amount sold (US\$ thousands)	Net unrealized gain/(loss) (US\$ thousands)
Euro	169 700	202 103	(6 826)
Pound sterling	153 851	197 820	(12 044)
Total		399 923	(18 870)

Forward foreign exchange contracts to manage operational cash flows: Forward foreign exchange contracts are also used to manage short-term cash flows of foreign currency balances to minimize foreign currency transaction risk. At 31 December 2020, a total net amount of 94.6 million Swiss francs and 180 million Danish kroner were forward sold against the United States dollar, and 5.4 million Canadian dollars and 6.4 million euros were forward purchased against the United States dollar. The maturity dates of these forward foreign exchange contracts were in January 2021. Net unrealized losses on these contracts amounted to US\$ 1.9 million as at 31 December 2020 (unrealized losses of US\$ 1.1 million as at 31 December 2019).

Sensitivity of forward foreign exchange contracts to movements in the relative value of the United States dollar: A 1% appreciation in the relative value of the United States dollar against the forward foreign exchange hedging contracts detailed above would result in an increase in the net unrealized gain of US\$ 10.9 million. A 1% depreciation in the relative value of the United States dollar would result in an increase in the net unrealized loss of US\$ 11.1 million.

Forward and spot foreign exchange contracts and other derivative financial instruments are held within the externally managed investment portfolios: In accordance with the investment guidelines set up for each externally managed portfolio, the external investment managers use forward and spot foreign exchange contracts, futures contracts and interest rate swap contracts to manage the currency and interest rate risk of groups of securities within each portfolio. The net values of these instruments as at 31 December 2020, as evaluated by the Organization's investment custodian, are recorded by portfolio under "financial assets/liabilities at fair value through surplus or deficit – held-for-trading". The outstanding forward and spot foreign exchange contracts are summarized hereafter.

Net sold amount	(in thousands)	US dollar equivalent (in thousands)
Canadian dollar	224 449	174 963
Euro	29 151	35 067
Pound sterling	44 321	58 329
Japanese yen	15 403 747	148 297
Total		416 656

A 1% appreciation in the relative value of the United States dollar against the above-mentioned forward foreign exchange hedging contracts would result in an increase in the unrealized gain of US\$ 4.2 million. A 1% depreciation in the relative value of the United States dollar would result in an increase in the unrealized loss of US\$ 4.3 million.

4.3 Receivables

As at 31 December 2020, total receivable (current and non-current) amounted to US\$ 1638 million (US\$ 1546 million as at 31 December 2019). The receivable balance includes outstanding amounts for both assessed and voluntary contributions. Receivables are split between current and non-current based on the payment terms of when the amounts become due.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Accounts receivable – current		
Assessed contributions receivable ^a	305 314	218 039
Voluntary contributions receivable ^b	1 011 976	954 437
Other receivables	17 527	26 224
Allowance for doubtful accounts receivable	(69 946)	(37 946)
Total accounts receivable – current	1 264 871	1 160 754
Accounts receivable – non-current		
Outstanding rescheduled assessments receivable ^a	14 946	18 614
Voluntary contributions receivable ^b	460 065	385 107
Allowance for doubtful accounts receivable	(14 946)	(18 614)
Total accounts receivable – non-current	460 065	385 107
Total accounts receivable	1 724 935	1 545 861

^a See document A74/30 for details of the status of collection of assessed contributions.

^b See document A74/INF./4 for details of voluntary contributions receivable.

As at 31 December 2020, the total allowance for doubtful accounts receivable was US\$ 84.9 million (US\$ 56.6 million at 31 December 2019). This figure comprises an allowance of US\$ 83.6 million for assessed contributions and an allowance of US\$ 1.3 million for voluntary contributions.

The allowance for assessed contributions receivable – current includes: (i) all amounts receivable from prior years; (ii) rescheduled assessments currently due; and (iii) amounts due for the current year from Member States in arrears to an extent that would justify invoking Article 7 of the Constitution, less any subsequent payments received before the preparation of the financial statements. The allowance for assessed contributions – non-current includes all non-current rescheduled assessments.

The allowance for voluntary contributions receivable is based on a detailed review of all amounts receivable more than one year overdue and a review of amounts less than one year overdue where there is evidence that the amount is unlikely to be received.

With certain contributors, WHO signs agreements that may span many years of implementation. These agreements do not state the payment terms for the transfer of instalments; instead, they are reimbursed based on the quarterly expenses incurred. WHO records the full amount of revenue in the financial year in which the agreement is signed and recognizes the full receivable as currently due. As at 31 December 2020, the total receivable shown as currently due under this arrangement was US\$ 131 million outstanding, of which US\$ 15.6 million outstanding was due on agreements ending in 2022 and beyond. (US\$ 400.6 million outstanding as currently due at 31 December 2019, of which US\$ 88.4 million outstanding was due on agreements ending in 2021 and beyond).

The movement in the allowance for doubtful debts is as follows.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Opening balance – assessed contributions	49 537	47 598
Increase/(decrease) in allowance for doubtful accounts receivable	34 032	1 939
Ending balance – assessed contributions	83 569	49 537
Opening balance – voluntary contributions	7 023	9 881
Write-off of accounts receivable previously provided	(6 537)	(284)
(Decrease)/increase in allowance for doubtful accounts receivable (refer to Note 5.1)	837	(2 574)
Ending balance – voluntary contributions	1 323	7 023
Total allowance for doubtful accounts receivable	84 892	56 560
Allowance for doubtful accounts receivable		
Allowance – current	69 946	37 946
Allowance – non-current	14 946	18 614
Total allowance for doubtful accounts receivable	84 892	56 560

The total allowance for doubtful accounts on voluntary contributions was US\$ 1.3 million (US\$ 7 million at 31 December 2019). During 2020, from the total provision, US\$ 6.5 million relates to an agreement with the Government of Guinea on technical assistance to the Ebola virus disease emergency response in Guinea through the World Bank, which was approved for write-off (refer to Note 9 for details).

4.4 Staff receivables

In accordance with WHO's Staff Regulations and Staff Rules, staff members are entitled to certain advances including those for salary, education, rent and travel.

The total balance of staff receivables amounted to US\$ 13.1 million as at 31 December 2020 (US\$ 12.8 million as at December 2019). The largest balance relates to education grant which represents advances made to staff for the 2020 portion of the 2020–2021 school year.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Salary advances	394	323
Education grant advances	11 406	11 121
Rental advances	1 038	1 193
Travel receivables	271	216
Other staff receivables	(4)	(19)
Total staff receivables	13 105	12 834

4.5 Inventories

The total value of inventory as at 31 December 2020 was US\$ 144.3 million (US\$ 59.2 million as at 31 December 2019). The movement of inventory items during the year is shown in the table below:

Description	31 December 2019	Net additions	Net shipments	Net disposals and expired items	Net inventory in-transit	31 December 2020
US\$ thousands						
Medicines, vaccines and humanitarian supplies	54 143	382 930	294 121	6 687	1 835	138 100
Publications	5 042	2 312	863	270		6 221
Total inventory	59 185	385 242	294 984	6 957	1 835	144 321

Total expenses relating to inventories during the period (net shipments, net disposals and expired items) amounted to US\$ 302 million (US\$ 94.7 million as at 31 December 2019). In 2020, shipments grew 319% compared to 2019, mainly due to the Organization's role in the procurement and distribution of personal protective equipment and other supplies for the COVID-19 response. The expenses relating to inventories are reported in the Statement of Financial Performance (Statement II) under "Medical supplies and materials". The year-end inventory balance includes shipping cost of 10%.

4.6 Prepayments and deposits

The total value of prepayments as at 31 December 2020 was US\$ 111.8 million (US\$ 55.9 million in 2019). These represent payments to suppliers in advance of the receipt of goods or services. The largest component of prepayment (US\$ 81.6 million) relates to procurement of polio vaccine through the United Nations Children's Fund. It is common practice for technical service contractors to request payments in advance to support project work. When goods or services are delivered, prepayments are applied to the appropriate expense account.

Prepayments include US\$ 3.7 million of deposits (US\$ 3.8 million as at 31 December 2019). Deposits represent amounts given to landlords as a security to rent office space.

4.7 Property, plant and equipment

As at 31 December 2020, the total value of recognized property, plant and equipment (net of accumulated depreciation) was US\$ 206.9 million (US\$ 180 million as at 31 December 2019).

Details of the total property, plant and equipment are as follows:

Property

The total value of property (net of accumulated depreciation) was US\$ 190 million (US\$ 161.7 million as at 31 December 2019). The addition of US\$ 30.9 million was mainly for the headquarters construction project. The details of property are as follows.

Major office	31 December 2019	Additions	Disposals/Transfers	Impairments	Depreciation	31 December 2020
US\$ thousands						
Headquarters						
Land	1 000					1 000
Buildings	31 991				(1 082)	30 909
CIP	105 322	30 289				135 611
Total property – headquarters	138 313	30 289			(1 082)	167 520
Regional Office for Africa						
Land	103					103
Buildings	3 842	605			(597)	3 850
CIP	689		(505)			184

Major office	31 December 2019	Additions	Disposals/ Transfers	Impairments	Depreciation	31 December 2020
Total property – Regional Office for Africa	4 634	605	(505)		(597)	4 137
Regional Office for the Eastern Mediterranean						
Buildings	18 291				(403)	17 888
CIP						
Total property – Regional Office for the Eastern Mediterranean	18 291				(403)	17 888
Regional Office for the Western Pacific						
Buildings	525				(81)	444
CIP						
Total property – Regional Office for the Western Pacific	525				(81)	444
Total WHO						
Land	1 103					1 103
Buildings	54 649	605			(2 163)	53 091
CIP	106 011	30 289	(505)			135 795
Total property – WHO	161 763	30 894	(505)		(2 163)	189 989

Equipment

The total value of equipment (net of accumulated depreciation) was US\$ 16.9 million (US\$ 18.3 million as at 31 December 2019). The details of equipment are as follows.

Asset category	31 December 2019	Additions	Depreciation	Disposals/ Transfers	Impairments	31 December 2020
US\$ thousands						
Vehicles and transport equipment	14 173	3 744	(5 523)	(72)	(55)	12 267
Computer and communications equipment	2 690	2 519	(2 114)	(1)		3 094
Machinery and specialized equipment	1 373	1 136	(1 024)	2		1 487
Furniture	76	32	(32)	(2)		74
Total equipment – WHO	18 312	7 431	(8 693)	(73)	(55)	16 922

The total depreciation for 2020 was US\$ 10.9 million (refer to Note 5.2) – US\$ 2.2 million for property and US\$ 8.7 million for equipment including five vehicles impaired, with a carrying value of US\$ 54 915.

In locations where WHO does not own the land, surface rights were granted at no cost. No value for land has been recognized as the Organization does not have the ability to dispose of these rights in a commercial transaction.

The Organization also continues to use the fully depreciated assets, the total purchase cost was US\$ 69.4 million. The fully depreciated assets were increased in 2020 by 5% (or 166 items). Most increases were under the categories of computer and communications equipment (93), machinery and specialized equipment (41), and vehicle and transport equipment (24).

Details of fully depreciated assets in use are as follows.

Asset category	Fully depreciated equipment in service as at 31 December 2020
	units
Vehicles and transport equipment	1 155
Computer and communications equipment	1 672
Machinery and specialized equipment	452
Furniture	48
Total equipment – WHO	3 327

4.8 Intangibles

Intangible assets held as at 31 December 2020 amounted to US\$ 3.7 million (US\$ 2.2 million as at 31 December 2019). All projects relate to the implementation of purchased software.

Asset category	31 December 2019	Additions	Disposals/transfers	Impairments	Amortization	31 December 2020
	US\$ thousands					
Software acquired	2 231	1 462			(1 112)	2 581
Software under development		1 153				1 153
Total intangible assets	2 231	2 615	0		(1 112)	3 734

4.9 Contributions received in advance

The amount for contributions received in advance mainly concerns payments received from Member States in 2020 for their 2021 assessed contributions. The balance for advance payments for voluntary contributions reflects funds received for agreements starting in 2021. Unapplied and unidentified receipts are amounts received in 2020 but not yet matched as at 31 December 2020.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Assessed contribution advances	52 608	40 226
Advances for voluntary contributions	29 404	27 500
Unapplied and unidentified receipts	13 958	2 889
Other advances	526	659
Total contributions received in advance	96 496	71 274

4.10 Accounts payable

Accounts payable represents the total amount due to suppliers by major office as at 31 December 2020.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Headquarters	8 181	19 594
Regional Office for Africa	7 445	9 794
Regional Office for the Eastern Mediterranean	21 282	20 849
Regional Office for Europe	4 259	3 181
Regional Office for South-East Asia	1 810	5 120
Regional Office for the Western Pacific	2 683	3 788
Total accounts payable	45 660	62 326

4.11 Staff payable

The balance of staff payable represents the total amount outstanding to staff as at 31 December 2020. Salaries payable consist of balances due to staff pending the finalization of clearance certificates. Bank returns are balances due to staff for which the payment is pending the receipt of updated bank account information.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Salaries payable	1 393	1 043
Bank returns	171	89
Total staff payable	1 564	1 132

4.12 Accrued staff benefits

Accrued staff benefits include terminal payments, staff health insurance, group accident and illness insurance and liabilities due to service-incurred death or disability (Special Fund for Compensation).

Terminal Payments

The Terminal Payments Fund was established to finance the terminal emoluments of staff members, including repatriation grants, accrued annual leave, repatriation travel and removal on repatriation. It is funded by a charge made to salary.

Liabilities arising from repatriation benefits and annual leave are determined by independent consulting actuaries. However, the accrued leave is calculated on a walk-away basis – that is, as if all staff separated immediately – and, therefore, is not discounted.

The latest actuarial study (as at 31 December 2020) estimated the full terminal payment liability to be US\$ 151.3 million (short-term liability, US\$ 80.3 million; long-term liability, US\$ 71 million) compared to US\$ 114 million as at 31 December 2019, a net increase of US\$ 37.3 million, which is recognized by nature of expense, in the Statement of Financial Performance (Statement II). The main reason for the increase is the temporary change in the annual leave pay-out policy for 2021 (from 30 days to 45 days) due to COVID-19 measures. This calculation does not include costs for the end-of-service grant, separation by agreement or abolishment of posts. The defined benefit obligation amounted to US\$ 79.7 million (US\$ 72 million as at 31 December 2019) for terminal entitlements, and US\$ 71.6 million (US\$ 42 million as at 31 December 2019) for annual leave which is included in the terminal payments current balance.

Special Fund for Compensation

In the event of a death or disablement attributable to the performance of official duties of an eligible staff member, the Special Fund for Compensation covers all reasonable medical, hospital, and other directly related costs, as well as funeral expenses. In addition, the Fund provides compensation to disabled staff members (for the duration of the disability) or to the surviving family members.

WHO accounts for the Special Fund for Compensation as a post-employment benefit. Actuarial gains and losses are recognized in the net assets/equity (Statement III), in accordance with IPSAS 39 (Employee Benefits).

As per the actuarial study, the total liability was US\$ 53.2 million at 31 December 2020 (US\$ 45.4 million as at 31 December 2019). The increase in liability is mainly due to a lower discount rate and expected annual growth. In accordance with IPSAS 39 (Employee Benefits), the actuarial loss of US\$ 4.6 million (loss in of US\$ 26.6 million in 2019) was charged directly to net assets/equity (Statement III) in 2020, additionally US\$ 3.2 million (US\$ 0.7 million in 2019) was charged by nature of expense in the Statement of Financial Performance (Statement II).

Accident and Illness Insurance

The Accident and Illness Insurance Fund was established to cover benefit payments in the event of death, permanent disability, loss of function and sick leave to staff members of WHO, PAHO, IARC, the International Computing Centre, Unitaid and UNAIDS. It is funded by contributions from staff and their organizations.

Liabilities for these benefits are determined by professional consulting actuaries and recorded as other long-term benefits. In accordance with IPSAS 39 (Employee Benefits), a net decrease of US\$ 1.1 million was recognized by nature of expense, in the Statement of Financial Performance (Statement II).

As per the actuarial study, the total liability was US\$ 5.1 million at 31 December 2020 (US\$ 6.2 million at 31 December 2019).

Staff Health Insurance

The Secretariat manages its own health insurance scheme as a separate entity. The Staff Health Insurance has its own governance structure and provides for the reimbursement of a major portion of expenses for medically recognized health care incurred by staff members, retired staff members and their eligible family members. The Staff Health Insurance is financed by the contributions made by the participants (one third) and the Organization (two thirds) and from investment income.

The Organization accounts for after-service staff health insurance as a post-employment benefit. Actuarial gains and losses are recognized in the net assets/equity in accordance with IPSAS 39 (Employee Benefits).

Professional actuaries determined the 2020 defined benefit obligation for the Staff Health Insurance based on personnel data and payment experience provided by WHO. As at 31 December 2020, the unfunded defined benefit obligation amounted to US\$ 1735 million (US\$ 1084 million in 2019). The liability increased mainly due to the change in discount rate, which is driven by economic conditions and the amendment to the Staff Health Insurance rules.

In accordance with IPSAS 39 (Employee Benefits), the actuarial loss of US\$ 366 million (US\$ 35.4 million gain in 2019) was charged directly to net assets/equity (Statement III) in 2020, and US\$ 285 million (US\$ 10.3 million charges in 2019) was charged to staff cost (refer to Note 5.2).

Further details on Staff Health Insurance liability can be found in the annual report of the Staff Health Insurance scheme.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Accrued staff benefits – current		
Terminal payments	80 353	49 941
Special Fund for Compensation	1 268	1 100
Accident and Illness Insurance	3 161	4 158
Total accrued staff benefits – current	84 782	55 199
Accrued staff benefits – non-current		
Terminal payments	70 938	64 048
Special Fund for Compensation	51 911	44 273
Accident and Illness Insurance	1 982	2 078
Staff Health Insurance	1 734 941	1 084 025
Total accrued staff benefits – non-current	1 859 772	1 194 424
Accrued staff benefits		
Terminal payments	151 291	113 989
Special Fund for Compensation	53 179	45 373
Accident and Illness Insurance	5 143	6 236
Staff Health Insurance	1 734 941	1 084 025
Total accrued staff benefits	1 944 554	1 249 623

**Actuarial summary of terminal payments, the Staff Health Insurance and the Special Fund for Compensation
(in US\$ thousands)**

Description	Terminal payments (other than accrued leave)	Special Fund for Compensation	Accident and Illness Insurance	Staff Health Insurance
Reconciliation of defined benefit obligation				
Defined benefit obligation as at 31 December 2019	71 989	45 373	6 236	2 031 401
Service cost	7 582	3 556	4 744	72 710
Interest on defined benefit obligation	2 039	717	17	31 467
Actual gross benefit payments	(5 853)	(697)	(4 520)	(34 494)
Actual administrative expenses		(388)	(679)	(2 583)
Actual contributions by participants				12 605
Plan amendments				293 124
(Gain)/Loss on defined benefit obligation due to financial assumption changes	2 628	1 264	26	428 941
(Gain)/Loss on defined benefit obligation due to other assumption changes	1 327	3 354	(681)	25 874
Defined benefit obligation as at 31 December 2020	79 712	53 179	5 143	2 859 045
Reconciliation of incurred but not paid reserve				
Incurred but not paid reserve as at 31 December 2019				21 567
Interest on incurred but not paid reserve for 2020				336
(Gain)/Loss on incurred but not paid reserve				(547)
Incurred but not paid reserve as at 31 December 2020				21 356
Reconciliation of assets				
Assets as at 31 December 2019				968 943
Actual gross benefit payments for 2020	(5 853)	(697)	(4 520)	(59 634)
Actual administrative expenses		(388)	(679)	(4 432)
Organization contributions during 2020	5 853	1 085	5 199	87 229
Participant contributions during 2020				44 072
Interest on Staff Health Insurance assets for 2020				21 400
Gain/(Loss) on plan assets				87 882
Assets as at 31 December 2020				1 145 460
Reconciliation of unfunded status				
Defined benefit obligation				
Active	79 712	17 962		1 696 955
Inactive		35 217	5 143	1 162 090
Incurred but not paid reserve				21 356
Total defined benefit obligation	79 712	53 179	5 143	2 880 401
Plan assets				
Gross plan assets				(1 145 460)
Total plan assets				(1 145 460)
Net liability (asset) recognized in Statement of Financial Position	79 712	53 179	5 143	1 734 941
(Gain)/Loss on defined benefit obligation	3 955	4 618	(655)	366 386
Current	8 774	1 268	3 161	
Non-current	70 938	51 911	1 982	1 734 941
Net liability (asset) recognized in Statement of Financial Position	79 712	53 179	5 143	1 734 941
Annual expense for 2020				
Service cost	7 582	3 556	4 744	72 710
Interest on (surplus)/deficit	2 039	717	17	10 403
Past service (credit)/cost				293 124
Remeasurements	3 955	Not Applicable	(655)	Not Applicable
Total expense recognized in Statement of Financial Performance	13 576	4 273	4 106	376 237
Actuarial (gain)/loss recognized in net assets/equity	Not Applicable	4 618	Not Applicable	366 386
Expected contributions during 2021				
Contributions by WHO	8 865	1 274	4 708	31 055
Contributions by participants				70 695
Total expected contributions for 2021	8 865	1 274	4 708	101 750

Staff health insurance sensitivity analysis

2020 discount rate	US\$ (thousands)
Current discount rate assumption minus 1%	3 724 723
Current discount rate assumption	2 880 401
Current discount rate assumption plus 1%	2 275 361
31 December 2020 defined benefit obligation	US\$ (thousands)
Current medical inflation assumption minus 1%	2 193 553
Current medical inflation assumption	2 880 401
Current medical inflation assumption plus 1%	3 802 371
Approximate duration of defined benefit obligation	28 years

Actuarial methods and assumptions

Each year the Organization identifies and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the Organization's employee benefits. Actuarial assumptions are required to be disclosed in the financial statements, in accordance with IPSAS 39 (Employee Benefits). In addition, each actuarial assumption is required to be disclosed in absolute terms.

In 2020, the Organization performed a roll-forward valuation to estimate the liabilities. Normally, a full valuation is done every three years.

Measurement date

All plans: 31 December 2020

Discount rate

Terminal payments (other than accrued leave): The weighted-average discount rate used is 2.1% (decrease from 3% in the prior valuation). Based on a yield curve approach that reflects the expected cash flows with weights of 100% on the Aon AA Above Median Curve outside of Switzerland. The resulting discount rate is rounded to the nearest 0.1%.

Staff Health Insurance: Europe, 0.2% (decrease from 0.6% in prior valuation); the Americas, 2.9% (decrease from 3.5% in prior valuation); Other Countries, 2.7% (decrease from 3.7% in prior valuation).

Discount rates are based on the yields of high-grade corporate bonds. WHO uses a yield curve approach, which reflects the expected cash flows and assumed currency exposure—specific to the ASHI—for each grouping of offices. The liability is assumed to be incurred in Swiss francs, euros, and US dollars, based on the approximate liability mix for each grouping of offices and the following yield curves. These curves were recommended by the United Nations for use in its retiree medical valuations, based on consultations with Aon: Switzerland—SIX Swiss Exchange curve, Euro Zone—iBoxx Euro Zone curve, and the United States— Aon Hewitt AA Above Median curve.

The discount rates for the 31 December 2020 valuation are based on the geographic locations of the offices, as described in the section below entitled Regional groupings for all purposes except claims costs. The resulting rate is rounded to the nearest 0.1%.

Special Fund for Compensation: The weighted-average discount rate used is 1.1% (decrease from 1.6% in the prior valuation). Based on a yield curve approach that reflects the expected cash flows with weights of 25% on the Aon AA Above Median Curve outside of Switzerland and 15% on the SIX Swiss Exchange yield curve for Switzerland and 60% on the iBoxx Euro Zone curve. The resulting discount rate is rounded to the nearest 0.1%.

Accident and Illness Insurance: The weighted-average discount rate used is 0.0% (decrease from 0.4% in the prior valuation). Based on a yield curve approach that reflects the expected cash flows with weights of 30% on the Aon AA Above Median Curve outside of Switzerland and 70% on the SIX Swiss Exchange yield curve for Switzerland. The resulting discount rate is rounded to the nearest 0.1%.

Annual general inflation

Terminal payments (other than accrued leave): The weighted-average inflation rate used is 2.0%. The regional weightings used are 100% on United States rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.

Staff Health Insurance: Europe 1.1%, the Americas 2.0%, and Other Countries 1.9%. The rates are based on the United Nations common assumptions (for long-duration plans) as directed by the United Nations System Task Force on Accounting Standards. Specifically, the rate for Europe is a weighted average of the rates for Switzerland (1.0%) and the Euro Zone (1.4%), and 2.0% for the United States with the result rounded to the nearest 0.1%.

The currency weightings for each claims region are assumed to be the same currency weightings for offices located in those regions. The currency weightings used are as follows: for Europe, 80% Swiss francs and 20% euros; for the Americas, 100% US dollars; and for Other Countries, 80% US dollars and 20% euros.

Special Fund for Compensation: The weighted-average inflation rate used is 1.5%. The regional weightings used are 15% on Swiss, 60% Euro Zone and 25% on United States rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.

Accident and Illness Insurance: The weighted-average inflation rate used is 1.0%. The regional weightings used are 70% on Swiss and 30% on United States rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.

Annual salary scale

All plans: General inflation, plus 0.5% for productivity growth, plus merit/promotion increases.

Regional groupings for all purposes except claims costs

Terminal payments (other than accrued leave): Not applicable

Staff Health Insurance: Based on: the Regional Office for Europe and headquarters, which are grouped as Europe; the Regional Office for the Americas, which constitutes the Americas; and the African Region, the Eastern Mediterranean Region, the South-East Asia Region, and the Western Pacific Region, which are grouped as Other Countries.

Special Fund for Compensation: Not applicable

Accident and Illness Insurance: Not applicable

Repatriation travel and removal on repatriation

Terminal payments (other than accrued leave): Calculated using the projected unit credit method with service prorated, and an attribution period from the entry on duty date to separation. A 2% increase is applied for incurred but not paid benefits.

Staff Health Insurance: Not applicable

Special Fund for Compensation: Not applicable

Accident and Illness Insurance: Not applicable

Repatriation grant, termination indemnity, and grant in case of death

Terminal payments (other than accrued leave):	Using the projected unit credit method with accrual rate proration. A 2% increase is applied for incurred but not paid benefits.
Staff Health Insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

Accrued leave

Terminal payments (other than accrued leave):	The liability is set equal to the walk-away liability – that is, as if all staff separated immediately. Plus 2% increase is applied for incurred but not paid benefits.
Staff Health Insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

Abolition of post, end-of-service grant, and separation by mutual agreement

Terminal payments (other than accrued leave):	These benefits are considered termination benefits under IPSAS 39 (Employee Benefits) and, therefore, are excluded from the valuation.
Staff Health Insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

United Nations Joint Staff Pension Fund

WHO is a member organization participating in the United Nations Joint Staff Pension Fund (the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. WHO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify WHO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, WHO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 (Employee Benefits). WHO's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

WHO's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization

shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as of 31 December 2019, and a roll forward of the participation data as of 31 December 2019 to 31 December 2020 will be used by the Fund for its 2020 financial statements.

The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.2% (139.2% in the 2017 valuation). The funded ratio was 107.1 (102.7% in the 2017 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2017, 2018 and 2019) amounted to US\$ 7 546.92 million, of which 6.9% was contributed by WHO.

During 2020, contributions paid to the Fund amounted to US\$ 199.2 million (2019 US\$ 184.4 million). Expected contributions due in 2021 are approximately US\$ 215 million.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at www.unjspf.org.

4.13 Deferred revenue

Deferred revenue on voluntary contributions represents multi-year agreements signed in 2020 or prior years but for which the revenue recognition has been deferred to future financial periods. The balance on voluntary contributions is split into current and non-current deferred revenue, depending on when the funds are available to the Organization to spend. Further details of voluntary contributions by fund and by contributor are available on the WHO Programme budget web portal and the WHO website.¹

Deferred revenue on reimbursable procurement relates to revenue recognized where supplies or services have not been delivered to requesting parties at year end. As reimbursable procurement is an exchange transaction,

¹ WHO Programme budget web portal – <http://open.who.int/2020-21/home> (accessed 9 April 2021) and details of voluntary contributions by fund and by contributor, 2020 (document A74/INF./4) available at – <http://www.who.int/about/finances-accountability/reports/en/> (accessed 30 April 2021).

revenue is recorded on an accrual basis. The entire amount of deferred revenue for reimbursable procurement is current.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Voluntary contributions	551 117	364 091
Reimbursable procurement	3 876	4 395
Total deferred revenue – current	554 993	368 486
Voluntary contributions	460 065	385 107
Total deferred revenue – non-current	460 065	385 107
Total deferred revenue	1 015 058	753 593

4.14 Other current liabilities

The total balance for other current liabilities as at 31 December 2020 was US\$ 151.7 million (US\$ 100.7 million as at 31 December 2019). The largest component is various year-end accruals totalling to US\$ 120 million. The main element under other liabilities relates to balance collected to settle shipping and freight component for goods procurement (US\$ 15 million), retention fees payable (US\$ 6 million) and cargo insurance (US\$ 2 million).

Description	31 December 2020	31 December 2019
	US\$ thousands	
Accrual for uninvoiced goods and services	96 961	59 735
Accrual for restructuring cost	500	1 309
Accrued staff liability	19 569	19 532
Accrual for refunds payable	2 845	2 592
Pension payable	1 450	915
Insurance payable	1 983	1 698
Foundations	3 258	3 277
Other liabilities	31 149	11 688
Total other current liabilities	157 715	100 746

The balance for foundations concerns funds that WHO holds in trust and for whose financial and administrative management the Organization is responsible. As at 31 December 2020, the foundations with funds in trust were as follows.

- Down Syndrome Research Prize Foundation in the Eastern Mediterranean Region
- Dr A.T. Shousha Foundation
- Dr Comlan A.A. Quenum Prize for Public Health
- Ihsan Doğramacı Family Health Foundation
- Léon Bernard Foundation
- Francesco Pocchiari Fellowship
- Foundation for the State of Kuwait Prize for the Control of Cancer, Cardiovascular Diseases and Diabetes in the Eastern Mediterranean Region
- State of Kuwait Health Promotion Foundation
- United Arab Emirates Health Foundation
- Dr Lee Jong-Wook Memorial Prize for Public Health

4.15 Inter-entity liabilities

WHO hosts a number of entities through administrative service agreements. As cash for all entities is managed by the Organization, liabilities exist with these entities for funds held on their behalf. The total amounts due per entity are as follows (refer to Note 4.2).

Description	31 December 2020	31 December 2019
	US\$ thousands	
Staff Health Insurance	215 435	132 392
International Computing Centre	33 359	28 899
Unitaid	499 452	570 844
Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS)	197 979	157 057
Total inter-entity liabilities	946 225	889 192

4.16 Long-term borrowings

Resolution WHA55.8 (2002) and resolution WHA56.13 (2003), authorized construction of a new building at headquarters for WHO and UNAIDS at an estimated cost of 66 million Swiss francs, of which WHO's share was estimated at 33 million Swiss francs. The Swiss Confederation agreed to provide an interest-free loan to WHO and UNAIDS of 59.8 million Swiss francs, of which WHO's share is 29.9 million Swiss francs. In the resolutions mentioned above, the World Health Assembly also approved the use of the Real Estate Fund for the repayment over a 50-year period of the Organization's share of the interest-free loan provided by the Swiss Confederation with effect from the first year of the completion of the building.

The Swiss Confederation 30-year bonds rate was -0.356% at Dec 2020 (-0.16% for 2019). Hence, in line with prudent accounting principles, the non-current outstanding amount of US\$ 23.7 million for the UNAIDS building loan was not discounted.

In 2015, following decision WHA67(12) (2014), the Organization signed a new loan agreement of 140 million Swiss francs for the planning and construction of a new WHO building in Geneva. A total of US\$ 131.8 million had been received as of 31 December 2020 (US\$ 103 million as at 31 December 2019).

Of the total amount outstanding on the loan, US\$ 3.8 million will be due in the next 12 months and is shown as a current liability, which is separately disclosed.

The outstanding balance of the loan at 31 December 2019 was US\$ 155.6 million (US\$ 125.7 million at 31 December 2019) and is made up as follows.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Current liabilities		
WHO/UNAIDS building	677	613
WHO headquarters building (new)	3 171	
Total current liabilities	3 848	613
Non-current liabilities		
WHO/UNAIDS building	23 703	22 080
WHO headquarters building (new)	127 988	103 051
Total non-current liabilities	151 691	125 131
Total long-term borrowings	155 539	125 744

4.17 Other liabilities – non-current

The total balance for other liabilities non-current as at 31 December 2020 was US\$ 0.2 million (US\$ 4.8 as at 31 December 2019). The balance represents retention amounts from various suppliers for the new Geneva building project.

5. Supporting information to the Statement of Financial Performance

5.1 Revenue

Assessed contributions

Assessed contributions for 2020 were US\$ 465.9 million¹ (US\$ 490.3 million for 2019).

Description	31 December 2020	31 December 2019
	US\$ thousands	
Assessed contributions	500 373	493 869
(Increase)/Decrease in allowance for doubtful accounts	(34 031)	(1 939)
Assessed contributions net of allowance	466 342	491 930
Refund to France – Tax equalization fund	(396)	(1 636)
Total Assessed contributions	465 946	490 294

In May 2019, the Seventy-second World Health Assembly adopted the resolution for the financial period 2020–2021,² in which it approved a total effective budget of US\$ 5840.4 million (including US\$ 1000 million for emergency operations and appeals). In resolution WHA72.1, the Health Assembly further resolved that the total assessment on Member States in respect of the financial period 2020–2021 would be US\$ 956.9 million.

Following resolution WHA66.16 (2013), where the total annual assessed contribution for a Member State is US\$ 200 000 or more, the contribution is assessed half in United States dollars and half in Swiss francs. Where the annual assessed contribution for a Member State is less than US\$ 200 000, the contribution is assessed in United States dollars only.

The annual assessment for 2020 amounted to US\$ 488.9 million or US\$ 246.7 million and 247.2 million Swiss francs per year using the May 2019 exchange rate. Contributions are due from 1 January, so the Swiss franc portion of the assessment was recorded at the January 2020 exchange rate, which resulted in an exchange gain on recording of US\$ 11.4 million.

In December 2018, through an exchange of letters between WHO and the Government of France, residents working in the IARC were granted tax exemption on the salaries and emoluments paid by IARC. Therefore, the excess tax equalization contribution from France of US\$ 0.4 million (US\$ 1.6 million for 2019) was refunded.

Voluntary contributions

Voluntary contributions for 2020 were US\$ 3704 million (US\$ 2492 million for 2019).

Description	31 December 2020	31 December 2019
	US\$ thousands	
Voluntary contributions	3 705 063	2 489 245
(Increase)/Decrease in allowance for doubtful debts	(837)	2 574
Voluntary contributions net of allowance	3 704 226	2 491 819

¹ See document A74/30 for details of the status of collection of assessed contributions.

² Resolution WHA70.5

These contributions represent revenue recognized from governments, intergovernmental organizations, institutions, other United Nations organizations as well as nongovernmental organizations. A portion of the revenue reported in 2020 relates to agreements that continue in future years. Further details of voluntary contributions by fund and by contributor are contained in the Annex to the Financial Report.¹

The figure for total voluntary contributions reported of US\$ 3704 million is after the deduction of (i) refunds to contributors – these amounted to US\$ 6.2 million (US\$ 12.7 million for 2019); (ii) reductions in revenue recognized in prior years due to evidence arising in the current year that amounts will no longer be collected – these amounted to US\$ 12.4 million (US\$ 15.5 million for 2019); and (iii) the adjustment of payment terms with the effect of increasing deferred revenue and decreasing current revenue for revenue recognized in previous years – these amounted to US\$ 1.4 million (US\$ 4.6 million for 2019).

In line with the accounting policy, agreements signed in one financial year stating a start date of the agreement in the following financial year will be recorded and revenue recognized in the following financial period based on the start date. At the time of financial statements preparation, US\$ 75 million of revenue or deferred revenue was recorded in January 2021 based on agreements signed in 2020. Where cash was received for these agreements before 31 December 2020, funds have been recorded as advances and disclosed under Note 4.9.

Voluntary contributions in-kind and in-service

WHO receives non-cash contributions from Member States and other contributors. In 2020, the Organization received in-kind and in-service contributions amounting to US\$ 79.7 million (US\$ 90 million as at 31 December 2019).²

Description	31 December 2020	31 December 2019
	US\$ thousands	
In-kind – medical supplies and materials	35 592	63 514
In-kind – office space and field supplies	12 170	11 513
In-kind – contractual services	20 919	
In-service	11 031	14 942
Total voluntary contributions in-kind and in-service	79 712	89 969

In addition, WHO also benefits from land made available from the host governments either at no cost or at a token rent. As the title to the land remains with the government, the value of land is not recognized in the financial statements. The table below indicates the locations where land has been made available to WHO to construct or purchase premises.

Region	Country	City
Headquarters	Switzerland	Geneva
Africa	Equatorial Guinea	Malabo
Africa	Nigeria	Maiduguri, Borno State
Africa	Republic of South Sudan	Juba
Eastern Mediterranean	Afghanistan	Kabul
Eastern Mediterranean	Egypt	Cairo
Eastern Mediterranean	Jordan	Amman
Eastern Mediterranean	Pakistan	Islamabad

¹ Document A74/INF./4, the Annex to the Financial Report, is also available at: <http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/> (accessed 30 April 2021).

² Further details of in-kind and in-service contributions are available on the WHO Programme budget web portal available at: <http://open.who.int/2020-21/home> (accessed 9 April 2021) and on the WHO website: <http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/> (accessed 30 April 2021).

Region	Country	City
Eastern Mediterranean	Somalia	Garowe
Eastern Mediterranean	Tunisia	Tunis
South-East Asia	India	New Delhi
Western Pacific	Philippines	Manila
Western Pacific	Solomon Islands	Honiara

Other revenue

In 2020, other revenue totalled US\$ 49.4 million (US\$ 44 million as at 31 December 2019). This mainly represents earnings generated from: fees for services (pre-qualification fees); hosting entities such as UNAIDS, Unitaid, and the International Computing Centre; reimbursable procurement; and staff contributions for accident and illness insurance. Other sources of earnings include supply chain fees, rental income, insurance refunds and sale of publications and royalties.

Reimbursable procurement pertains to medicines, vaccines, equipment and other supplies procured by WHO on behalf of Member States and other United Nations agencies. The revenue and expenses (refer to Note 5.2) related to reimbursable procurement form part of the Enterprise Fund and are not reported against the programme budget.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Fees for service	32 465	30 722
Reimbursable procurement	2 586	1 030
Royalties, sales and rental income	4 430	7 378
Other income	9 969	4 911
Total other revenue	49 450	44 041

5.2 Expenses

Staff costs

Staff and other personnel costs reflect the total cost of employing staff at all locations and include charges for base salary, post adjustment and all other entitlements (such as pensions and insurances) paid by the Organization. Staff costs also include the movement in the actuarial cost for staff health insurance, special fund for compensation, terminal payments and accident and illness insurance liability (refer to Note 4.12) that is recognized in the Statement of Financial Performance (Statement II).

Description	31 December 2020	31 December 2019
	US\$ thousands	
Salary cost	1 004 118	927 334
Actuarial cost	284 530	(10 305)
Other personnel costs	100 166	73 577
Total staff costs	1 388 814	990 606

Medical supplies and materials

Medical supplies and materials are mainly purchased and distributed by WHO to support programmatic activities in countries. These include vaccines, medicines, medical supplies, hospital running costs, including fuel, as well as related shipping costs. The medical supplies expense includes the cost of reimbursable procurement – refer to Note 5.1 (Other revenue) and medical supplies received as in-kind contributions.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Medical supplies	487 998	195 871
Medical supplies – in-kind	35 592	63 514
Total medical supplies and materials	523 590	259 385

Contractual services

Contractual services represent expenses incurred for suppliers such as experts and service providers who are engaged by WHO to support the Organization's programmatic activities. The main components within contractual services are direct implementation (activities such as vaccination campaigns implemented by WHO in collaboration with national governments); general contractual services (agreements for performance of work for outsourcing professional services, outreach activities, construction services, programme-related operating costs, etc.); consulting and research contracts; and special service agreements with individuals to perform activities on behalf of the Organization. Security expenses are also included in contractual services.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Direct implementation	246 042	300 768
Contractual services general	575 317	543 633
Consultants and research contracts	34 742	39 265
Special service agreements	82 363	76 569
Security and other costs	26 743	28 087
Services in-kind	20 919	
Total contractual services	986 126	988 322

Transfers and grants

Transfers and grants to counterparts include grants provided to national counterparts (mainly ministries of health), letters of agreement signed with other counterparts to perform activities that are in line with the Organization's objectives, fellowship expenses and equipment purchased for third parties. Transfers and grants to government ministries are referred to as direct financial cooperation. Funds are normally expensed at the time of transfer to the contractual partner. Counterparts are required to report back on the use of funds to ensure that they are used according to the agreement, and WHO performs on-site monitoring and spot checks of ongoing activities on direct financial cooperation and post-facto review of selected direct financial cooperation based on risk assessments. WHO may withhold further funding to recipients of transfers and grants on the basis of performed assurance activities if the requirements of the agreement have not been met.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Direct financial cooperation	118 744	177 244
Grant letters of agreement	121 021	138 650
Equipment procured for third parties	148 009	62 397
Fellowships	1 373	2 374
Total transfers and grants	389 147	380 665

Travel

The cost of travel includes both WHO staff and non-staff participants in meetings, consultants, staff on development assignment and representatives of Member States paid by the Organization. Travel expenses include airfare, per diem and other travel-related costs.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Travel	83 900	222 369

General operating expenses

General operating expenses reflect the cost of general running costs incurred to maintain country offices, regional offices and headquarters. This includes utilities, telecommunication, office rent, maintenance and repair costs to keep assets operating at their present condition, software licences, courtesy expenses that are incurred during meetings and training, and other minor operating costs. Catastrophic accident and illness insurance premiums are also included in this category. "Other in-kind" pertains to the office rent, supplies and other items that were received as in-kind contributions

Description	31 December 2020	31 December 2019
	US\$ thousands	
General operating costs	135 131	197 409
Hospitality	(4)	105
Other in-kind	12 170	11 513
Total general operating expenses	147 297	209 027

Equipment, vehicles and furniture

Total expenses for 2020 were US\$ 30.3 million (US\$ 26.3 million for 2019), which represents purchases of items below the capitalization threshold.

Depreciation and amortization

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment over their useful lives. All capitalized items above threshold were depreciated as per policy.

Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives. It relates to purchased software.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Depreciation	10 911	10 141
Amortization (refer to Note 4.8)	1 112	959
Total depreciation and amortization	12 023	11 100

5.3 Finance revenue

Total finance revenue includes amounts related to funds administered by WHO on behalf of other entities (refer to Note 4.15). The investment income relating to other entities is allocated to those entities. In addition, interest is apportioned based on average fund balance and reported as finance revenue for the fund.

The details of finance revenue are as follows.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Investment revenue	61 130	94 273
Bank charges and investment management fees	(3 280)	(3 189)
Net realized foreign exchange gains or (losses) ^a	20 678	(1 125)
Net unrealized foreign exchange gains or (losses)	30 973	3 311
Actuarial revaluation gains or (losses) on the Terminal Payments Fund and the Accident and Illness Insurance Fund	(3 300)	(2 083)
Actuarial interest cost related to valuation of the Terminal Payments Fund and the Accident and Illness Insurance Fund	(2 773)	(3 246)
Net total finance revenue (WHO and other entities)	103 428	87 941
Investment revenue and foreign exchange gains and losses apportioned to other entities	(17 091)	(26 325)
Total net finance revenue for WHO	86 337	61 616

^a Includes differences due to rounding of the financial statements to the nearest thousand US dollars.

6. Supporting information to the Statement of Changes in Net Assets/Equity

6.1 General Fund

This note provides fund balance details for the General Fund.

Description	Notes	31 December 2020	31 December 2019
		US\$ thousands	
Regular budget	6.1.a	61 153	56 483
Voluntary funds	6.1.b	3 670 913	2 626 956
Total General Fund		3 732 066	2 683 439

6.1.a Regular budget

This note provides details of revenue and expenses of the regular budget.

Description	Member States Assessed Contributions Fund	Tax Equalization Fund	Working Capital Fund	Total
	US\$ thousands			
Balance as at 1 January 2020	20 878	4 605	31 000	56 483
Net Member States' assessed contributions (refer to Note 5.1)	466 342			466 342
Tax equalization appropriations	(10 500)	10 500		
Finance expenses	7 545			7 545
Miscellaneous revenue	1 041			1 041
Programmatic expenses	(463 641)			(463 641)
Tax reimbursements to staff members		(6 221)		(6 221)
Refunds/Adjustments		(396)		(396)
Balance as at 31 December 2020	21 665	8 488	31 000	61 153

Under resolution WHA72.1, US\$ 10.5 million was approved to transfer to the Tax Equalization Fund and to maintain the Working Capital Fund at its existing level of US\$ 31 million.

6.1.b Voluntary funds

This note provides fund balance details for the core, specified and partnerships of the Voluntary Fund.

Description	Notes	31 December 2020	31 December 2019
US\$ thousands			
Core voluntary contributions account		118 659	71 421
Voluntary Contributions Core Fund		316 597	184 010
Voluntary Contributions Specified Fund		1 302 539	1 183 264
Special Programme for Research and Training in Tropical Diseases (TDR Trust Fund)		31 270	24 122
Special Programme of Research, Development and Research Training in Human Reproduction (HRP Trust Fund)		54 724	43 758
Special Programmes and Collaborative Arrangements Fund		285 987	153 023
Special Account for Servicing Costs Fund	6.1.b.i	518 866	421 924
Outbreak and Crisis Response Fund		957 029	475 834
Contingency Fund for Emergencies	6.1.b.ii	30 945	32 326
Fee for service fund – exchange transactions		48 860	37 274
Supply Chain Fund		5 437	
Total voluntary funds		3 670 913	2 626 956

6.1.b.i Special Account for Servicing Costs Fund

The Special Account for Servicing Costs Fund (AS Fund) was established in order to support the costs of servicing activities financed from sources other than the assessed contribution budget (i.e. from voluntary contributions).

The Fund is credited with revenue from the following sources:

- under resolution WHA34.17 (1981), funds are received for programme support costs from voluntary sources and are calculated by applying a fixed percentage rate to total expenses. The resolution set a standard rate of 13% of project expenditure. The Director-General has made various exceptions to that standard rate, most importantly for emergencies. For 2020, programme support costs income of US\$ 185.2 million was earned on project expenditure, resulting in a computed average programme support cost rate of 7%.
- administrative service agreements with other entities.
- interest earned on voluntary funds is described in document EB122/3.

A summary of the Fund is provided below.

Description	31 December 2020	31 December 2019
US\$ thousands		
Balance as at 1 January	421 924	449 721
Revenue		
Programme support costs	185 196	182 950
Finance revenue	64 065	66 749
Administrative service agreements with other entities	3 706	4 158
Other revenue	86	173
Total revenue	253 053	254 030
Expenses		
Staff and other personnel costs	94 459	200 504
Medical supplies and materials	605	1 147

Description	31 December 2020	31 December 2019
Contractual services	20 948	40 077
Transfers and grants to counterparts	89	993
Travel	548	7 303
General operating expenses	36 746	27 205
Equipment, vehicles and furniture	1 879	7 172
Total expenses	155 274	284 401
Less:		
Increase/(Decrease) in allowance for doubtful accounts receivables – voluntary contributions ^a	837	(2 574)
Balance as at 31 December	518 866	421 924

^a In 2020, there was an increase (decrease in 2019) in the allowance for doubtful accounts under voluntary contributions (refer to Note 4.3).

Expenses under the Fund by major office are as follows.

Expenses by major office	31 December 2020	31 December 2019
	US\$ thousands	
Global and interregional activities	84 427	136 067
Regional Office for Africa	22 162	54 379
Regional Office for the Americas	3 574	7 514
Regional Office for the Eastern Mediterranean	14 408	18 939
Regional Office for Europe	7 101	25 506
Regional Office for South-East Asia	15 660	22 949
Regional Office for the Western Pacific	7 942	19 047
Total expenses by major office	155 274	284 401

6.1.b.ii Contingency Fund for Emergencies

This Fund was established by the Sixty-eighth World Health Assembly in decision WHA68(10) (2015). The purpose of the Fund is to provide temporary financing for the emergency field operations with a target capitalization of US\$ 100 million. A summary of the Fund is as follows.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Balance as at 1 January	32 326	40 532
Revenue		
Contributions	22 849	51 265
Total revenue	22 849	51 265
Expenses		
Staff costs	636	602
Medical supplies and materials	2 661	4 968
Contractual services	16 607	31 548
Transfers and grants	647	7 972
Travel	853	5 077
General operating expenses	2 440	8 488
Equipment, vehicles and furniture	386	816
Total expenses	24 230	59 471
Balance as at 31 December	30 945	32 326

6.2 Member States – other

This note provides fund balance details for the Member States – other.

Description	Notes	31 December 2020	31 December 2019
US\$ thousands			
Common Fund		306 342	244 313
Enterprise Fund	6.2.a	35 513	34 291
Special Purpose Fund	6.2.b	(1 553 591)	(884 907)
Total Member States – other		(1 211 736)	(606 303)

6.2.a Enterprise Fund

This note provides fund balance details for the Enterprise Fund.

Description	31 December 2020	31 December 2019
US\$ thousands		
Enterprise Fund		
Accident and Illness Insurance Fund	12 796	11 176
Concessions Fund	5 137	6 916
Garage Rental Fund	5 695	5 113
Global Conference and Training Centre - Tunis Fund	1 898	1 940
Insurance Policies Fund	4 633	3 543
Revolving Sales Fund	4 357	4 637
Shared Services Fund	997	966
Total Enterprise Fund	35 513	34 291

6.2.b Special Purpose Fund

This note provides fund balance details for the Special Purpose Fund.

Description	Notes	31 December 2020	31 December 2019
US\$ thousands			
Special Purpose Fund			
Building Loan Fund		(126 224)	(98 652)
Infrastructure Fund	6.2.b.i	172 153	164 475
Internal Service Cost Recovery Fund		3 761	3 584
Maternity Fund		4 157	3 760
Mobility Fund		38 128	32 754
Non-Payroll Staff Entitlements Fund		15 617	9 346
Polio Staff fund		46 223	46 508
Post Occupancy Charge Fund		37 108	17 924
Security Fund		3 896	4 844
Special Fund for Compensation		(45 036)	(37 499)
Staff Health Insurance Fund		(1 731 939)	(1 081 023)
Stockpiles Replenishment Fund		16 530	12 095
Terminal Payments Fund		11 645	36 977
Intern Fund		390	
Total Special Purpose Fund		(1 553 591)	(884 907)

6.2.b.i Infrastructure Fund

This Fund was established by the Health Assembly in decision WHA70(16). The summary of the Fund is as follows.

Description	Notes	31 December 2020	31 December 2019
US\$ thousands			
Real Estate Funds	6.2.b.i.(a)	140 966	135 588
Information Technology Funds	6.2.b.i.(b)	31 187	28 887
Total Infrastructure Fund		172 153	164 475

6.2.b.i.(a) Real Estate Fund

This Fund was established by the Health Assembly in resolution WHA23.14 (1970). The Fund is used to meet the costs of: the construction of buildings or extensions to existing buildings; the acquisition of land that may be required; and major repairs and alterations to WHO's existing office buildings and to residences leased to staff by the Organization. Specific Health Assembly authorization is required for the acquisition of land and the construction of buildings or extensions to existing buildings.

The summary of the Fund is as follows.

Description	31 December 2020	31 December 2019
US\$ thousands		
Balance as at 1 January	135 588	118 244
Revenue		
Appropriation received in accordance with decision WHA70(16)		7 500
Transfer for special projects ^a		3 557
Contributions from payroll	9 817	8 929
Finance revenue	2 379	3 036
Rental income	2 214	3 354
Other revenue		185
Total revenue	14 410	26 561
Expenses		
Staff and other personnel costs	37	161
Medical supplies and materials	33	8
Contractual services	3 208	5 054
Transfers and grants		30
Travel	(2)	(503)
General operating expenses ^b	5 338	3 314
Equipment, vehicles and furniture	418	1 153
Total expenses	9 032	9 217
Balance as at 31 December	140 966	135 588

^a In 2019, the following amounts were transferred to the Real Estate Fund: US\$ 1.5 million by headquarters, US\$ 0.9 million by the Regional Office for South-East Asia, and US\$ 1.2 million by the Regional Office for the Western Pacific.

^b In 2020, US\$ 3.46 million was advanced to the Information Technology Fund for an IT project in the new headquarters building.

Expenses under the Real Estate Fund by major office are as follows.

Description	31 December 2020	31 December 2019
US\$ thousands		
Expenses by major office		
Headquarters	6 288	3 524
Regional Office for Africa	1 269	2 965
Regional Office for the Eastern Mediterranean	1 367	421
Regional Office for the Western Pacific	108	2 307
Total expenses	9 032	9 217

6.2.b.i(b) Information Technology Fund

This Fund was established to meet the Organization's current and future administrative requirements. It may be financed by way of appropriation from the regular budget and from voluntary contributions including the Special Account for Servicing Costs. The summary of the Fund is as follows.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Balance as at 1 January	28 887	20 418
Revenue		
Appropriation received in accordance with decision WHA70(16)		15 000
Transfer for special projects ^a	14 065	
Total revenue	14 065	15 000
Expenses		
Staff and other personnel costs	941	977
Contractual services	7 070	3 708
Travel	47	157
General operating expenses	847	1 636
Equipment, vehicles and furniture	2 860	53
Total expenses	11 765	6 531
Balance as at 31 December	31 187	28 887

^a US\$ 10.6 million was transferred from the Special Account for Servicing Costs Fund, and US\$ 3.46 million was advanced from the Real Estate Fund for an IT project in the new headquarters building.

6.3 Fiduciary Fund

This note provides fund balance details for the Fiduciary Fund.

Description	31 December 2020	31 December 2019
	US\$ thousands	
Fiduciary Fund		
Alliance for Health Policy and System Research Fund	13 699	15 743
European Observatory on Health Systems and Policies	6 871	6 132
ESPEN Fund	17 083	15 907
Partnership for Maternal, Newborn and Child Health Fund	4 957	6 962
Staff Association Fund	235	6
WHO Framework Convention on Tobacco Control	26 784	14 604
Total Fiduciary Fund	69 629	59 354

7. Supporting information to the Statement of Comparison of Budget and Actual Amounts

In May 2019, the Health Assembly adopted resolution WHA72.1 on the Programme budget 2020–2021, in which it approved the budget for the financial period 2020–2021, under all sources of funds, namely, assessed and voluntary contributions of US\$ 5840.4 million. WHO's budget is adopted on a biennial basis by the Health Assembly.

WHO's budget and financial statements are prepared using a different accounting basis. The Statement of Financial Position (Statement I), Statement of Financial Performance (Statement II), Statement of Changes in Net Assets/Equity (Statement III), and Statement of Cash Flow (Statement IV) are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is established on a modified cash basis (i.e. actual expenses are used to measure the budget utilization).

As per the requirements of IPSAS 24 (Presentation of Budget Information in Financial Statements), the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget

are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any differences in terms of basis, timing, entity and presentation. The General Fund, as per Note 2.18, represents the programme budget results, except for the Tax Equalization Fund expenses, other non-programme budget utilization and all in-kind and in-service expenses that are not included in the programme budget results.

As required by IPSAS 24 (Presentation of Budget Information in Financial Statements), reconciliation is provided on a comparable basis between the actual amounts as presented in Statement V and the actual amounts in the financial accounts identifying separately any basis, timing, entity and presentation differences.

Basis differences occur when the components of the approved programme budget are used for activities other than the implementation of technical programmes. Examples of this include Tax Equalization Fund expenses, other non-programme budget utilization and special arrangements.

Timing differences represent the inclusion in WHO's financial accounts of programme budget expenses in other financial periods.

Entity differences represent the inclusion in WHO's financial accounts of the amounts against two funds: Member States – other and the Fiduciary Fund. These funds do not form part of the Organization's programme budget.

Presentation differences concern differences in the format and classification schemes in the Statement of Cash Flow (Statement IV) and the Statement of Comparison of Budget and Actual Amounts (Statement V).

A reconciliation between the actual amounts on a comparable basis in Statement V and the actual amounts in Statement IV for December 2020 is presented below.

Description	2020			
	Operating	Investing	Financing	Total
	US\$ thousands			
Actual amount on a comparable basis (Statement V)	(3 063 295)			(3 063 295)
Basis differences	45 901	(615 978)	27 431	(542 646)
Timing differences	75 199			75 199
Entity differences	376 803	(6 119)		370 684
Presentation differences	3 743 632	3 677		3 747 309
Actual amount in the Statement of Cash Flow (Statement IV)	1 178 240	(618 420)	27 431	587 251

8. Segment reporting

8.1 Statement of Financial Position by segments

As at 31 December 2020 (in US\$ thousands)

Description	Headquarters	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
ASSETS								
Current assets								
Cash and cash equivalents	864 322	26 364	0	19 520	743	1 545	3 453	915 947
Short-term investments	3 879 420	0	0	0	0	0	0	3 879 420
Receivables – current	2 139 373	3 865	(890 343)	1 528	958	8 922	568	1 264 871
Staff receivables	6 212	2 829	0	1 017	744	824	1 479	13 105
Inventories	92 849	8 450	0	40 752	0	1 629	641	144 321
Prepayments and deposits	86 529	271	0	18 214	253	3 966	2 564	111 797
Total current assets	7 068 705	41 779	(890 343)	81 031	2 698	16 886	8 705	6 329 461
Non-current assets								
Receivables – non-current	460 065	0	0	0	0	0	0	460 065
Long-term investments	136 702	0	0	0	0	0	0	136 702
Property, plant and equipment	168 640	11 362	0	22 255	466	2 792	1 396	206 911
Intangibles	3 734	0	0	0	0	0	0	3 734
Total non-current assets	769 141	11 362	0	22 255	466	2 792	1 396	807 412
TOTAL ASSETS	7 837 846	53 141	(890 343)	103 286	3 164	19 678	10 101	7 136 873
LIABILITIES								
Current liabilities								
Contributions received in advance	96 419	77	0	0	0	0	0	96 496
Accounts payable	8 181	7 445	0	21 282	4 259	1 810	2 683	45 660
Staff payable	433	463	0	328	27	150	163	1 564
Accrued staff benefits – current	41 602	18 788	0	8 232	6 201	4 961	4 998	84 782
Deferred revenue – current	554 993	0	0	0	0	0	0	554 993
Financial liabilities	183 855	0	0	0	0	0	0	183 855
Other current liabilities	(19 929 874)	8 463 625	136 096	5 688 437	1 678 974	2 404 414	1 716 043	157 715
Inter-entity liabilities	946 225	0	0	0	0	0	0	946 225
Long-term borrowings – current	3 848	0	0	0	0	0	0	3 848
Total current liabilities	(18 094 318)	8 490 398	136 096	5 718 279	1 689 461	2 411 335	1 723 887	2 075 138
Non-current liabilities								
Long-term borrowings – non-current	151 691	0	0	0	0	0	0	151 691
Accrued staff benefits – non-current	1 432 175	95 222	0	45 804	216 549	39 897	30 125	1 859 772
Deferred revenue – non-current	460 065	0	0	0	0	0	0	460 065
Other liabilities – non-current	248	0	0	0	0	0	0	248
Total non-current liabilities	2 044 179	95 222	0	45 804	216 549	39 897	30 125	2 471 776
TOTAL LIABILITIES	(16 050 139)	8 585 620	136 096	5 764 083	1 906 010	2 451 232	1 754 012	4 546 914
NET ASSETS/EQUITY								
General Fund	24 073 254	(8 270 374)	(1 010 992)	(5 496 219)	(1 606 880)	(2 302 573)	(1 654 150)	3 732 066
Member States – other	(330 917)	(226 177)	(14 444)	(161 265)	(262 292)	(127 842)	(88 799)	(1 211 736)
Fiduciary funds	145 648	(35 928)	(1 003)	(3 313)	(33 674)	(1 139)	(962)	69 629
TOTAL NET ASSETS/EQUITY	23 887 985	(8 532 479)	(1 026 439)	(5 660 797)	(1 902 846)	(2 431 554)	(1 743 911)	2 589 959
TOTAL LIABILITIES AND NET ASSETS/EQUITY	7 837 846	53 141	(890 343)	103 286	3 164	19 678	10 101	7 136 873

8.2 Statement of Financial Performance by segments

For the year ended 31 December 2020 (in US\$ thousands)

Description	Headquarters	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
Revenue								
Assessed contributions	465 946							465 946
Voluntary contributions	3 704 225				1			3 704 226
Voluntary contributions in-kind and in-service	79 712							79 712
Other revenue	57 959	(4 298)		726	(2 481)	(1 407)	(1 049)	49 450
Total revenue	4 307 842	(4 298)		726	(2 480)	(1 407)	(1 049)	4 299 334
Expenses								
Staff costs	688 280	259 669	66 530	126 395	112 715	68 360	66 865	1 388 814
Medical supplies and materials	100 839	65 667	3 991	207 292	57 529	60 446	27 826	523 590
Contractual services	272 047	287 719	18 144	251 733	58 972	62 453	35 058	986 126
Transfers and grants	26 778	81 701	57 442	156 860	15 011	31 883	19 472	389 147
Travel	32 586	32 260	2 828	6 664	3 249	1 812	4 501	83 900
General operating expenses	36 155	41 998	3 284	28 255	13 841	17 164	6 600	147 297
Equipment, vehicles and furniture	13 056	6 769	1 981	4 111	1 172	1 335	1 877	30 301
Depreciation and amortization	2 658	4 419		2 720	397	1 134	695	12 023
Total expenses	1 172 399	780 202	154 200	784 030	262 886	244 587	162 894	3 561 198
Finance revenue	88 620	(612)	5	(751)	(200)	(553)	(172)	86 337
TOTAL (DEFICIT)/SURPLUS FOR THE YEAR^a	3 224 063	(785 112)	(154 195)	(784 055)	(265 566)	(246 547)	(164 115)	824 473

^a The revenue balance shows a high surplus for headquarters and deficits for other offices. This is a consequence of the policy of centralized accounting for revenue and decentralized accounting for expenses.

9. Amounts written-off and ex-gratia payments

During 2020, a total of US\$ 6 658 234 was approved for write-off (US\$53 748 in 2019).

- i. This is primarily due to an unrecoverable amount from the Government of Guinea (US\$ 6 536 688). This amount was part of an agreement with the World Bank for Ebola-related response activities that started in September 2014; the agreement was amended in 2015 to add funding and to extend the end-date to 31 December 2016. When Guinea was declared Ebola-free in 2015–2016, the focus of work under the agreement shifted from outbreak response to capacity-building, without the agreement being amended. Although the final report documents the full expenditure amount of the agreement, reprogramming, delays in implementation, late reporting, personnel changes, and the protracted emergency in Guinea inhibited the timely transfer of a balance of US\$ 6.5 million. A provision was made for this amount in the 2018 Audited Financial Statements, as payment was deemed doubtful. It is now determined that the amount is unrecoverable and is therefore written off.
- ii. In addition, US\$ 121 546 was written off. This amount is comprised of US\$ 106 531 relating to payments made to former staff members due to delayed human resource actions, pension and travel-related costs; US\$ 15 015 relating to old cases of supplier advances and credit memos; all amounts are deemed unrecoverable.

In 2020, one ex-gratia payment amounting to US\$ 6600 was approved (US\$ 275 953 in 2019).

10. Related party and other senior management disclosures

Staff members considered to be key management personnel include the Director-General, the Regional Directors and all other ungraded staff.

The number of key management personnel who held these positions over the course of the year was 25. The table below details their aggregate remuneration.

Description	US\$ thousands
Compensation and post adjustment	6 313
Entitlements	327
Pension and health plans	1 824
Total remuneration	8 464
Outstanding advances against entitlements	84
Outstanding loans (in addition to normal entitlements, if any)	8 548

The aggregate remuneration of key management personnel includes net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions.

Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified. Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund.

The Regional Director for the Americas is included among the key management personnel. However, as the Regional Director is receiving all entitlements and benefits from PAHO, the entitlements and benefits concerned are disclosed in PAHO's financial statements and not in WHO's financial statements.

During the year, no loans were granted to key management personnel beyond those widely available to staff outside this grouping.

11. Events after the reporting date

WHO's reporting date is 31 December 2020. The financial statements were authorized for issue on 30 March 2021, the date at which they were submitted to the External Auditor by the Director-General. On the date of the signing of these accounts, no material events, favourable or unfavourable, had arisen between the balance sheet date and the date when the financial statements were authorized for issue that would have had an impact on the financial statements.

12. Contingent liabilities, commitments and contingent assets

Contingent liabilities

As at 31 December 2020, WHO had a number of legal cases pending. Most involve disputes that are not recorded because the likelihood of repayment has been determined to be remote. However, there is one case involving contractual disputes that is to be considered contingent liabilities. The total potential cost to the Organization is estimated at US\$ 318 066 (US\$ 312 032 as at 31 December 2019).

Operating lease commitments

WHO enters into operating lease arrangements for renting office space in various country offices. In 2020, WHO incurred US\$ 13.2 million in rental expenses for office space. Future minimum lease rental payments for premises above the threshold of US\$ 50 000 per annum for the following periods are as follows.

Description	Total	
	US\$ thousands	
	Year 2020	Year 2019
Under one year	13 967	12 794
One to five years	20 271	21 586
Five years +	4 532	2 182
Total operating lease commitments	38 770	36 562

The Organization has no outstanding leases qualifying as finance leases at the reporting date.

As at 31 December 2020, total revenue from the leasing office space was US\$ 0.6 million (US\$ 0.9 million as at 31 December 2019). There is no minimum payment commitment for 2021 and beyond.

Contingent assets

In accordance with IPSAS 19 (Provisions, Contingent Liabilities and Contingent Assets), contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2020, there are no material contingent assets to disclose

Schedule I. Statement of Financial Performance by major funds

For the year ended 31 December 2020
(in US\$ thousands)

Description	General Fund				Member States – other			Fiduciary Fund	Subtotal	Eliminations ^a	Total	Percentage
	Regular budget	Voluntary funds	Eliminations	Subtotal	Common Fund	Enterprise Fund	Special Purpose Fund					
Revenue												
Assessed contributions	465 946			465 946							465 946	11%
Voluntary contributions		3 655 390		3 655 390				51 327	51 327	(2 491)	3 704 226	86%
Voluntary contributions in-kind and in-service						79 712			79 712		79 712	2%
Other revenue	1 041	219 266	(181 321)	38 986		13 733	211 387	253	225 373	(214 909)	49 450	1%
Total operating revenue	466 987	3 874 656	(181 321)	4 160 322		93 445	211 387	51 580	356 412	(217 400)	4 299 334	100%
Expenses												
Staff costs	406 247	710 349		1 116 596	61	17 591	420 347	18 272	456 271	(184 053)	1 388 814	39%
Medical supplies and materials	4 959	507 579		512 538	(21 998)	37 945	5 179	190	21 316	(10 264)	523 590	15%
Contractual services	30 530	907 740		938 270	(41 662)	21 605	63 095	14 306	57 344	(9 488)	986 126	28%
Transfers and grants	9 178	368 680		377 858	8 712	164	(4)	5 081	13 953	(2 664)	389 147	11%
Travel	3 924	79 028		82 952		47	339	572	958	(10)	83 900	2%
General operating expenses	12 640	290 390	(181 321)	121 709	215	15 438	18 279	2 804	36 736	(11 148)	147 297	4%
Equipment, vehicles and furniture	2 384	32 088		34 472	(9 328)	380	4 471	79	(4 398)	227	30 301	1%
Depreciation and amortization					12 023				12 023		12 023	0%
Total expenses	469 862	2 895 854	(181 321)	3 184 395	(51 977)	93 170	511 706	41 304	594 203	(217 400)	3 561 198	100%
Finance revenue	7 545	65 155		72 700	10 052	947	2 639	(1)	13 637		86 337	
TOTAL SURPLUS/(DEFICIT) FOR THE YEAR	4 670	1 043 957		1 048 627	62 029	1 222	(297 680)	10 275	(224 154)		824 473	
Fund balance – 1 January 2020	56 483	2 626 956		2 683 439	244 313	34 291	(884 907)	59 354	(546 949)		2 136 490	
Direct adjustments to net assets/equity							(371 004)		(371 004)		(371 004)	
Fund balance – 31 December 2020	61 153	3 670 913		3 732 066	306 342	35 513	(1 553 591)	69 629	(771 103)		2 589 959	

^a Eliminations as reported in the Statement of Financial Performance by major fund (Schedule I) are accounting adjustments made to remove the effect of inter-fund transfers that would otherwise overstate revenue and expenses of the Organization. These accounting adjustments are done through a separate elimination fund established for this purpose.

Schedule III. Financial overview – all funds, 2020, 2018–2019 and 2016–2017

For the year ended 31 December 2020

(in US\$ millions)

Description	Total 2020	Total 2018–2019	Total 2016–2017
Assessed contributions	466	991	927
Voluntary contributions – programme budget	3 655	4 690	3 828
Total contributions – programme budget	4 121	5 681	4 755
Other revenue – programme budget	39	63	37
Non-programme budget revenue	59	121	122
Voluntary contributions in-kind and in-service	80	152	225
Total revenue (all sources)	4 299	6 017	5 139
Expenses – programme budget	3 063	5 314	4 572
Expenses – non-programme budget and other	418	123	354
Expenses – in-kind and in-service	80	151	225
Total expenses (all sources)	3 561	5 588	5 151
Finance revenue	86	102	140
Total surplus/(deficit)	824	531	128

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