COMMITTEE B

PROVISIONAL SUMMARY RECORD OF THE SECOND MEETING

Palais des Nations, Geneva
Monday, 14 May 1973, at 2.30 p.m.

CHAIRMAN: Dr A. W. AL-MUFTI (Iraq)

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Note: Corrections to this provisional summary record should be submitted in writing to the Chief, Records Service, Room A.225, within 48 hours of its distribution.
1. REVIEW OF THE FINANCIAL POSITION OF THE ORGANIZATION: Item 3.5 of the Agenda

Mr FURTH, Assistant Director-General, introducing item 3.5 as a whole, said that, in submitting his Financial Report for the year ending 31 December 1972 in Official Records No. 208, the Director-General had pleasure in being able to report that the financial position of the Organization continued to be sound. However, the year had not been an easy one, for there had been financial problems related to the international monetary situation, although they had not been of the magnitude of those encountered in the previous or the current year, and inflation and its effect on expenditure were always present. Thus, the sound position illustrated in the Report and its various Exhibits and Schedules had been achieved not only through the provision of additional budgetary estimates approved by the Health Assembly in 1972 but also by consistent and continuous efforts by the Director-General and the entire staff to achieve maximum economies and make the best possible use of all available resources.

Although the form of presentation of the Financial Report was generally the same as in previous years, there had been a few changes in format. Information on all UNDP activities was now included in Part II, reflecting the merger on 1 January 1972 of its Technical Assistance and Special Fund components. The report of the External Auditor now appeared immediately after the Introduction and before the Exhibits and Schedules instead of at the end as in previous years. In conformity with the Amendments to the Financial Regulations adopted by the Twenty-fifth World Health Assembly in resolution WHA25.14, the External Auditor no longer certified each Exhibit but gave his overall "audit opinion" in Part III of his report.

The collection of contributions for 1972 had amounted to 93.7% of assessments as at 31 December 1972, slightly less than the proportions for 1971 and 1970 (94.7% and 94.9% respectively). The 1972 percentage was satisfactory on the whole; but it had to be borne in mind that, although contributions for that year had been due on 1 January 1972, as of 31 December 1972 some 37 Members had been wholly or partly in arrears with their 1972 contributions, in an amount totalling US$ 5 128 042, and 11 of the same Members had been wholly or partly in arrears with respect to contributions for years prior to 1972. Document A26/14 set out the status of collection of the 1973 contributions as at 31 March 1973, and the position concerning all arrears at the same date. Since then additional payments had been received in respect of arrears. As at the present date only 20 Members were wholly or partly in arrears in respect of their 1972 contributions, in an amount totalling US$ 1 474 102, and seven of those same Members remained wholly or partly in arrears in respect of contributions for years prior to 1972.

With regard to operations under the regular budget in 1972, he drew attention to Exhibit II on page 30 of Official Records No. 208, which showed that out of an effective working budget of US$ 86.0 million, approximately US$ 85.2 million, or 99.05% had been obligated, leaving a balance of some $ 816 000. The total obligations in 1972 under all sources of funds, which were shown in Appendix 1 on page 77, amounted to some US$ 115.3 million, of which the regular budget accounted for US$ 85.2 million, UNDP US$ 13.6 million, the Voluntary Fund for Health Promotion, US$ 5.0 million, and all other funds US$ 11.4 million. The same Appendix indicated that out of the total obligations of US$ 115.3 million incurred in 1972, US$ 5.8 million, or approximately 5%, had been in respect of administrative services.

Information on the casual income available at 31 December 1972 for appropriation by the Health Assembly was shown in Schedule 8 on page 52; it had amounted in 1972 to US$ 3.3 million. Miscellaneous income, which provided the bulk of the casual income account, had amounted to US$ 3.2 million in 1972. Documents A26/16 and A26/16 Add.1 showed the position with respect to the cash portion of the Assembly Suspense Account.

Schedule 13 on page 62 of Official Records No. 208 contained information on the Revolving Fund for Teaching and Laboratory Equipment for Medical Education and Training, which had been in operation since 1966. In 1972 there had been 36 new requests amounting to US$ 650 000, compared with 25 requests in 1971 amounting to US$ 417 000.
Referring to the reports of the External Auditor, which began on page 17 of Official Records No. 208, he said that for 1973 the reports included, in addition to the usual audit observations, a number of comments on other matters. He drew particular attention to pages 20 and 21, where the External Auditor commented on the method of financing and the financial implementation of projects. These comments had been prepared in response to the request of the Twenty-fifth World Health Assembly in resolution WHA25.2. The great majority of changes in projects and their financing related to inherent differences between actual obligations and budgetary estimates prepared over a year earlier, and changes in projects and project components resulting from changes in government priorities.

In conclusion, he said that, despite financial problems arising during the year from disruption of the international monetary situation and accelerated inflation, the Organization's financial situation remained sound and the 1972 programme had been carried out essentially as planned. The concerted efforts of the whole staff and a policy of strict economies had made it possible to minimize real cuts in programme activities.


The CHAIRMAN reminded the Committee that one of the functions of the World Health Assembly as defined by Article 18 (f) of the Constitution was "to supervise the financial policies of the Organization and to review and approve the budget". He also drew attention to Financial Regulations 11.5 and 12.4, which were particularly applicable.

Professor VANNUGLI, representative of the Executive Board, said that at its first meeting on 13 April 1973 the Ad Hoc Committee of the Executive Board had reviewed the financial report of the Director-General for 1972, and the reports of the External Auditor, as contained in Official Records No. 208. The third Report of the Ad Hoc Committee of the Executive Board (document A26/13) dealt with the whole subject. He drew particular attention to its paragraphs 4, 5 and 6.

In the course of its review of the reports of the External Auditor the Ad Hoc Committee had decided to invite the particular attention of the Twenty-sixth World Health Assembly to the detailed examination carried out by the External Auditor on the methods of financing and the financial implementation of projects. The Ad Hoc Committee had also noted that the External Auditor had mentioned the possible use of "standard costs" for simplifying the calculation of budget estimates, and that the question had been under study for some time.

Lastly, he drew attention to the draft resolution set out in paragraph 10 of document A26/13 which the Ad Hoc Committee recommended to the World Health Assembly for adoption.

Dr ALY (Egypt) drew attention to the statement by the External Auditor (page 20, Official Records No. 208) that "At present, no reports are prepared which would contain a comparison of the financial and technical progress of projects". Many delegations had shown their interest in such comparative studies at the Twenty-fifth World Health Assembly and he hoped that at its next session the World Health Assembly would be informed that progress had been made with respect to cost-effectiveness and cost-benefit analyses of projects.

He also drew attention to the statements by the External Auditor that 50 projects were entirely new, 58 were cancelled, 68 were postponed, and 31 projects from the "green pages" were implemented, and that there were differences between those figures and similar data extracted from preliminary information from the Regions. Some explanation was required, since such cancellations and postponements of carefully prepared projects caused financial loss for the Organization and the countries concerned.

Finally, he considered that the question of the use of "standard costs" or other possible methods for simplifying the calculation of budget estimates merited careful consideration.

Professor LYSICYN (Union of Soviet Socialist Republics) said that Official Records No. 208 and the brief financial report just given by the Assistant Director-General made it clear that the budget had grown substantially in 1972. In fact, it had increased by 14.4%
over 1971, which had resulted in an increase in the outstanding contributions of Member States amounting at the end of 1972 to 6.3% of the total contributions.

He welcomed the External Auditor's response to resolution WHA25.2, which called for more extensive information on the methods of financing of projects and on their financial implementation, and hoped that that important work would be continued.

Like the Egyptian delegate, he noted that there had been a number of changes in the projects approved by the Health Assembly, and he would be grateful if the External Auditor would provide an evaluation of that phenomenon and its impact on the finances of the Organization.

The External Auditor's proposal that less detailed information should be given in the programme and budget estimates should be viewed with caution because the details were often valuable to Member States. What was wanted was not less information but greater uniformity in the presentation of projects and programmes. In the Financial Report for 1972, definite progress had been made in the methodological and technological evaluation of the Organization's financial and programme activities, but still more could be done.

In his view, the most important question dealt with in the Assistant Director-General's statement had been that of the evaluation of the financial position of the Organization. The Assistant Director-General had said that the financial position was sound. However, attention should be called to the unfavourable consequences of changes in exchange rates which had taken place and of continuing inflation, which had made and would make supplementary budget estimates necessary. It was necessary to find a more flexible and acceptable way for Member States to discharge their financial obligations. For many years his delegation had stressed the need to check the rate of increase of the budget but the question was particularly pertinent at the present time. More and more delegations agreed on the need to stabilize the budget. At the same time it was essential to work out methods for accepting the payment of contributions - either in part or, in some cases, wholly - in national currencies or in kind. Criteria other than those established by the United Nations for the determination of Members' contributions should also be studied.

Once again he wished to raise the question of revising the Executive Board's method of assessing the Organization's programmes and their financing, in order to increase effectiveness and reduce expenditure. He appealed to delegations to consider attentively the many recommendations of the financial and administrative bodies of the United Nations which were working towards that end.

Dr SUMBUNG (Indonesia), noting that over 99% of the effective working budget for 1972 had been obligated, said that he would like proof that the resources were in fact being used as effectively as possible.

He welcomed the fact that the Organization adopted a flexible policy with regard to the programme and budget as approved. Since the former had to be based on national priorities, it was sometimes necessary to cancel or postpone projects because national requirements and priorities had changed.

He considered that the problems involved in establishing "standard costs" for the calculation of budget estimates should be very carefully considered.

Lastly, he wished to know to what extent the Organization was following the suggestion made at the previous World Health Assembly that local supplies and equipment should be used to a larger extent.

Mr FURTH, Assistant Director-General, answering points raised in the discussion, said that the statement by the External Auditor that no reports were at present prepared which contained a comparison of the financial and technical progress of projects was quite correct. In his view, it would be impossible to do so, but that did not mean that cost-benefit analyses could not be made. He explained that a project might be completed from the financial point of view within the first month, when all resources allocated to the project might have been obligated, but the technical experts involved might not have started their work, with the consequence that from the technical point of view implementation of the project had barely begun. An evaluation procedure was in fact built into each project. Quarterly evaluation reports were made on the progress of projects and on other occasions as well. There were systematic procedures for evaluation in the field and at the central
level, and the Executive Board's organizational studies were to a certain extent evaluation studies. The Executive Board at its most recent session had made a special evaluation of selected projects of more than 10 years' duration. Moreover, both the Executive Board and the World Health Assembly carried out programme review. There was in fact some discussion on evaluation at every Health Assembly.

The delegate of Indonesia had answered the second question raised by the delegate of Egypt regarding cancelled and postponed projects when he had said that projects had to conform to national requirements, which were liable to change. Thus, cancelled or postponed projects did not represent a loss for the Organization or the country concerned. In fact, as the External Auditor pointed out in his Report, the changes were rather minor and not of great significance. Although it was necessary to have detailed plans for projects and detailed country programmes containing projects with well defined objectives, it was not always wise to be too rigid in implementing them, as most Governments undoubtedly recognized.

Several delegates had referred to the important problem of "standard costs", which had been under consideration by the Secretariat for some time. The Secretariat was near the final stage of its study of the question and by the next Health Assembly it would certainly be possible to inform Members whether the decision was against or in favour of the use of "standard costs". WHO had had some experience with "standard" or "average" costs in the regular budget, for instance in respect of the costing of vacancies, which was based on averages of expenditure over a five-year period. However, there were potential problems in their use generally because of the highly decentralized structure of WHO, which might make a large number of standard costs necessary.

Referring to points raised by the representative of the Soviet Union, he pointed out that the External Auditor had drawn important conclusions from his examinations of the projects, which were set out in the middle of page 21 of Official Records No. 208. He agreed with him that great caution was required in studying "standard costs". The criterion should be that the use of "standard costs" should not increase the workload and should not reduce the accuracy of the budget estimates.

He had not said much about the unfavourable consequences of exchange rate fluctuations and inflation, because the question would arise in connexion with the 1973 revised supplementary budget estimates and the programme and budget proposals for 1974. In 1972 inflation had given rise to very serious problems, but monetary developments in that year had been less serious. The first crises had occurred in 1971, followed by the crisis of February 1973.

With regard to the possibility of finding a more flexible manner for the collection of contributions or using currencies other than the United States dollar for the budget, he said that the whole matter was under serious consideration by the Administrative Committee on Co-ordination (ACC), which had asked a subcommittee (CCAQ) to study it. The latter would have the full assistance of the International Monetary Fund.

Concerning the question of local procurement raised by the delegate of Indonesia, he said that since the External Auditor had referred to the subject in 1972, local project managers had been authorized to make purchases not exceeding a value of $ 500 locally without reference to the regional office or to headquarters. Previously the sum involved had been $ 50 and such purchases could be made in exceptional circumstances only. The main reason for not giving local project managers complete discretion in the matter was that the central procurement services at headquarters could effect great economies in purchasing, both because of the scale of their purchases and because of their experience.

Mr BREIE, External Auditor, agreed that an evaluation study should include not only the financial but also the technical aspects. It was not, however, within the competence of the External Auditor to examine projects from the technical point of view. His task was to examine the financial aspects only, and he had done so in his report.

Dr ALY (Egypt), referring again to the External Auditor's statement in his report that 58 projects had been cancelled and 68 had been postponed noted that Mr Furth had said that those cancellations did not involve any financial loss. He wished to be reassured that all the projects had been cancelled before they had involved any expenditure.

Mr FURTH, Assistant Director-General, said that if a project was described as cancelled it meant that implementation had never been started, although it might have been
planned and even approved. If a project was stopped after expenditure had been incurred it would be described as "modified".

The CHAIRMAN invited the Committee to consider the draft resolution submitted by the Ad Hoc Committee of the Executive Board in paragraph 10 of its third report (document A26/13).

Decision: The draft resolution was approved.

3. STATUS OF COLLECTION OF ANNUAL CONTRIBUTIONS AND OF ADVANCES TO THE WORKING CAPITAL FUND: Item 3.5.2 of the Agenda (Official Records No. 206, resolutions EB51.R11 and EB51.R18; Documents A26/14 and A26/15)

Mr FURTH, Assistant Director-General, introducing document A26/14, described the additional developments that had taken place since 31 March 1973. Contributions in full for 1973 had been received from a further 24 Members – Afghanistan, Bahrain, Bangladesh, Barbados, Bulgaria, France, Greece, Guyana, Ireland, Ivory Coast, Jordan, Kuwait, Malawi, Malaysia, Mongolia, Rwanda, Saudi Arabia, Senegal, Somalia, Trinidad and Tobago, Turkey, Upper Volta, Viet-Nam, and Zambia. Partial payment of contributions for 1973 had been made by 11 Members – China, Congo, Cyprus, Federal Republic of Germany, India, Indonesia, Liberia, Mauritius, New Zealand, United Kingdom of Great Britain and Northern Ireland, and Yugoslavia. Thus, the total collections with respect to the 1973 working budget up to 14 May 1973 amounted to US$ 29 890 429, or 33.09% of the total assessments for 1973. All the active Members of the Organization had paid their advances to the Working Capital Fund. With regard to the status of contributions for which the Health Assembly had authorized special arrangements in its resolutions WHA9.9, WHA15.9, WHA24.9, and WHA25.7, one country, Haiti, had since 31 March paid the instalment due in 1971, amounting to US$ 6655. Of the countries in arrears with contributions for years prior to 1973, 15 had since 31 March 1973 paid all or part of the sums due, the amount received being US$ 1 024 049.

Mrs OTERO (Cuba) informed the Committee that her Government was ready to deposit part of its contribution for 1973.

Mr COIMBRA (Brazil) said that the contribution of Brazil for 1972 was in process of being transmitted to the World Health Organization.

Dr MIKEM (Togo) said that steps were being taken by his Government to pay the remainder of its contribution for 1973.

Mr FURTH, Assistant Director-General, informed the Brazilian delegation that US$ 250 000 of the US$ 604 890 outstanding had already been received. Indeed, whole or partial payments of the arrears of contributions for years prior to 1973 had been made by Bolivia, Brazil, Burundi, Congo, Costa Rica, Egypt, Gabon, Haiti, Laos, Peru, Sierra Leone, Syrian Arab Republic, Uruguay, Venezuela, and Yugoslavia.

Mr COIMBRA (Brazil) said that full payment of his country's contribution was being made.

Dr PHOUTTHASAK (Laos) pointed out that since he had arrived in Geneva, he had deposited a cheque for US$ 33 610 with the Organization, representing the annual contribution of his Government for 1972.

Mr FURTH, Assistant Director-General, confirmed that that was so. Laos was among the 15 Members which had paid all or part of the contributions due for years prior to 1973.

At the invitation of the CHAIRMAN, Dr MIKEM (Togo), Rapporteur, read out the following draft resolution:

The Twenty-sixth World Health Assembly,

1. NOTES the status, as at 31 March 1973, of the collection of annual contributions and of advances to the Working Capital Fund, as reported by the Director-General;
2. CALLS THE ATTENTION of Members to the importance of paying their annual contributions as early as possible in the Organization's financial year, in order that the approved annual programme can be carried out as planned;

3. URGES Members in arrears to make special efforts to liquidate their arrears during 1973; and

4. REQUESTS the Director-General to communicate this resolution to Members in arrears and to draw their attention to the fact that continued delay in payment could have serious financial implications for the Organization.

Decision: The draft resolution was approved.

The CHAIRMAN invited the Committee's consideration of document A26/15 relating to the unpaid contributions of China included in the undistributed reserve.

Mr. FURTH, Assistant Director-General, introducing the document, said that, after the adoption on 10 May 1972 of resolution WHA25.1 by the Twenty-fifth World Health Assembly, restoring all its rights to the People's Republic of China and recognizing the representatives of its Government as the only legitimate representatives of China to WHO, China, early in 1973, had made a payment of US$ 1,955,634, representing the portion of the 1972 assessment on China as from 10 May 1972. The Director-General had since received from the Permanent Mission of China in Geneva a communication dated 29 January 1973 containing a request that the account unpaid under the heading of China be deleted. Actions taken by the United Nations General Assembly and by the General Conference of UNESCO with regard to the arrears of China had resulted in China not being required to pay the arrears due to those Organizations. In WHO, the arrears recorded against China, amounting to US$ 26,673,954, related to the period prior to 10 May 1972, during which the People's Republic of China had not been able to participate in the Organization's activities. The Director-General therefore recommended that action be taken by the World Health Assembly to meet the request of the People's Republic of China. The arrears recorded as due by China formed part of the non-cash portion of the Assembly Suspense Account, since they were budgetary surpluses against which no obligations had ever been incurred. If the Health Assembly wished to meet the request of the People's Republic of China, it could do so by authorizing the Director-General to adjust the Organization's accounts by cancelling the arrears of contributions recorded as being due from China for the period prior to 10 May 1972. If the Health Assembly did that it would not need to consider resolution EB51.R11, which had been adopted by the Executive Board before the request from the People's Republic of China had been received.

Dr. LIN WEI (China) said that it was well known that the People's Republic of China was not responsible in any way for the commitments incurred by the Chiang Kai-shek clique. The World Health Assembly now recognized the representatives of the People's Republic of China as the only lawful representatives of China to the World Health Organization. A contribution of US$ 1,955,634 had been made for the period 10 May to 31 December 1972, and there were therefore no arrears to be paid.

The CHAIRMAN called attention to the draft resolution before the Committee in document A26/15, which read:

The Twenty-sixth World Health Assembly,
Recalling that the Twenty-fifth World Health Assembly, in resolution WHA25.1 adopted on 10 May 1972, decided to restore all its rights to the People's Republic of China and to recognize the representatives of its Government as the only legitimate representatives of China to the World Health Organization;
Having noted the request of the Government of the People's Republic of China "... that the account unpaid under the heading of China be deleted ... ";
Recalling that the arrears of contributions recorded in the accounts of the Organization as being due by China relate only to the period prior to 10 May 1972, date on which all its rights were restored to the People's Republic of China, and during which period the People's Republic of China was not able to participate in the activities
of the World Health Organization, and that those arrears form part of the non-cash portion of the Assembly Suspense Account;

Noting resolution 3049 (XXVII) adopted by the General Assembly of the United Nations;

AUTHORIZES the Director-General to adjust the accounts of the Organization by cancelling the arrears of contributions recorded as being due by China for the period prior to 10 May 1972, amounting to $ 26 673 954, and reducing by the same amount the non-cash portion of the Assembly Suspense Account.

Dr LIN WEI (China) proposed that the second preambular paragraph of the draft resolution should note that the People's Republic of China could not enter into any commitments incurred by the Chiang Kai-shek clique.

Dr SACKS, Secretary, suggested that in that case the second preambular paragraph should read:

"Having noted the statement of the Government of the People's Republic of China that "China cannot enter into any commitment whatsoever regarding the accumulated debts incurred by the Chiang Kai-shek clique during the period when the latter unlawfully occupied the place of China in WHO. The question of the unpaid contributions of the People's Republic of China simply does not exist. The Permanent Mission of China therefore demands that the account unpaid under the heading of China be deleted."

Decision: The draft resolution, as amended, was adopted.


Professor VANNUGLI, Representative of the Executive Board, reported that the Ad Hoc Committee of the Executive Board had held its second meeting on 7 May 1973 to consider the question of Members in arrears to an extent which might cause the provisions of Article 7 of the Constitution to be invoked. Bolivia, Paraguay, and El Salvador had made payments in either 1972 or 1973, and the Ad Hoc Committee had requested the Director-General to send telegrams to those Members asking them to pay their arrears before 14 May 1973 or to inform the Director-General of their reasons for failing to do so. The Dominican Republic had made no payment to the Organization since 1966. It had proposed to pay its full contribution for 1971 and to liquidate its arrears for the years 1965 to 1970 in four equal instalments during the period 1972-1975, but it had not so far made any of those payments. The Ad Hoc Committee had therefore decided to recommend to the Twenty-sixth World Health Assembly the suspension of the voting privileges of the Dominican Republic, and it had asked the Director-General to inform the Government of the Dominican Republic of that recommendation.

Dr SAENZ (Uruguay) suggested that it would be scarcely worthwhile to suspend the voting privileges of a Member who never took part in the deliberations of the Health Assembly. He proposed that the Director-General should establish contact with the Government of the Dominican Republic suggesting the payment of part of the arrears in a certain period of time and suggesting also that the Dominican Republic should send a delegation to take part in the Twenty-sixth World Health Assembly.

Dr AVILES (Nicaragua) supported the proposal made by the delegate of Uruguay and urged the Committee to consider the situation that would arise as a consequence of applying Article 7 of the Constitution.

Mr GONZALEZ PALACIOS (Spain) also supported the proposal of the delegate of Uruguay. It was necessary to avoid implementing Article 7, because that was a very serious step to take. The reasons why the Dominican Republic had not paid its contributions were not yet known.

Dr DESLOUCHES (Haiti) similarly supported Dr Sáenz's proposal. The Dominican Republic should be considered as a special case, and it would be regrettable to take an action that
would prevent a Member from taking part in the Health Assembly. Such action would, moreover, impair the Organization's universality.

Mr LAWRENCE (United States of America) said that the attitude of his delegation to the non-payment of arrears was one of concern. The time must come when continued failure to pay would lead to the application of Article 7. However, he thought it would be wise in this instance to follow the proposal made by the delegate of Uruguay and postpone action until later in the session.

Mr TANIGUCHI (Japan) agreed that it would be desirable to defer any decision until later in the session, in order to give the Dominican Republic as much time as possible to pay its contributions.

Dr SACKS, Secretary, reminded the Committee that the item under discussion was one of those that had to be completed by Committee B before Committee A could consider the programme and budget estimates for 1974.

Dr SUMBUNG (Indonesia) said that Article 7 of the Constitution had never yet been applied in the World Health Organization, and all delegates were reluctant to apply it. The political and economic conditions in the Dominican Republic were the reasons why that country had not yet paid its contributions. He thought that the Health Assembly should defer application of Article 7 and give a further opportunity to the Dominican Republic to pay its contributions up to 1972. The matter would then be considered again at the next Health Assembly.

Dr COLLER (Mexico), said that another factor which might be taken into consideration was that the Region of the Americas was the only region in which countries paid contributions to two health organizations. The Pan American Health Organization had been in existence since 1902 and, by virtue of an agreement between it and WHO, acted as the WHO Regional Office for the Americas. The arrangement had the advantage that it made larger funds available to implement programmes in the region but the payment of two contributions put a considerable strain on some countries.

Dr AVILES (Nicaragua), said that the Japanese delegate's proposal to defer a decision on the application of Article 7 to the Dominican Republic would delay the work of the Health Assembly. For that reason he asked the delegates to support the proposal made by the Uruguayan delegate. The Committee might recommend that the Director-General should remind the Dominican Republic of its duty to fulfil its obligations and should invite it to send a delegate to the next Health Assembly to explain the situation.

The CHAIRMAN requested the Rapporteur to draft a resolution taking into account the views which had been expressed.

5. REPORT ON CASUAL INCOME AND STATUS OF THE ASSEMBLY SUSPENSE ACCOUNT: Item 3,5,4 of the Agenda (Documents A26/16 and A26/16 Add.1)

Professor VANNUGLI, Representative of the Executive Board, said that the Ad Hoc Committee of the Executive Board had taken note of the amount of available casual income when it had examined the supplementary budget estimates for 1973. As indicated in document A26/32, paragraph 9, the Ad Hoc Committee was recommending to the Health Assembly that the supplementary estimates should be financed in the first instance from available casual income.

Mr FURTH, Assistant Director-General, introducing agenda item 3,5,4, said that the relevant documents were A26/16 and A26/16 Add.1 which brought the position up to the date of opening of the Twenty-sixth Assembly. They were presented in order to help the Committee in deciding how much of the available casual income it wished to be used to help finance the proposed programme and budget estimates for 1974. In accordance with resolution WHA26.1, Committee B had to consider the amount of available casual income to be used for that purpose before Committee A could consider the budget estimates and recommend the amount of the effective working budget for 1974. The Director-General had recommended in paragraph 2 of document A26/16 that all the casual income, amounting to US$ 3 508 500, should be used to help finance the supplementary budget estimates for 1973, a recommendation which had been
endorsed by the Ad Hoc Committee of the Executive Board in its report (document A26/32). If the Committee and the Assembly accepted that recommendation, there would be no casual income available to help finance the 1974 budget.

Document A26/16 Add. 1 indicated that a further amount of US$ 52 415 had accrued in the Assembly Suspense Account as a consequence of the payment of arrears of contributions by Haiti and Uruguay. The cash portion of the Assembly Suspense Account represented casual income. There would therefore also be sufficient casual income available to reduce the assessment of Pakistan for 1972 and 1973 if the Health Assembly decided to adopt the recommendation of the Executive Board (resolution EB51,R48) to that effect.

The CHAIRMAN reminded the Committee that it had to submit a report on the question before the Committee A considered agenda item 2.2.2. A draft report would be circulated for consideration.


Professor VANNUGLI, Representative of the Executive Board, introducing resolution EB51,R5, said that at its fifty-first session, the Executive Board had examined the Director-General's proposals to change the titles of sections 6, 7 and 8 in the Appropriation Resolution for 1973. Such changes would bring the presentation of the Organization's activities more into line with the programme and would make the titles of the sections of the Appropriation Resolution consistent with the terminology employed in the Fifth General Programme of Work Covering a Specific Period. It would also bring the titles of the sections into line with the classification of programmes approved by the Twenty-fifth Health Assembly for future programmes and budgets. The Executive Board had therefore adopted resolution EB51,R5, recommending that the Health Assembly should approve changes in the titles of sections 6, 7 and 8 in the Appropriation Resolution for 1973 (resolution WHA25.46).

Dr SUMBUNG (Indonesia) said that he wondered whether there was any urgent need to modify resolution WHA25.46. The Executive Board had expressed the view that by revising the titles of some sections, the Appropriation Resolution would be brought more into line with the programme, but such changes might cause confusion in established projects since the differences in terminology were considerable and the new titles were more comprehensive in meaning. He enquired whether there was to be any change in the details of the programmes in the sections concerned.

Mr FURTH, Assistant Director-General, said that the change in the titles of certain sections did not imply a change in the implementation of projects financed under them. The new titles had been included in the model programme classification structure submitted to the Twenty-fifth World Health Assembly for use in the 1975 programme and budget estimates. The Health Assembly had approved the model without comment on that point. The new titles also appeared in the proposed Appropriation Resolution for 1974 which was to be considered by Committee A, and it therefore seemed desirable to use them also in the 1973 Appropriation Resolution in order to facilitate comparison between budget years.

Decision: The draft resolution proposed by the Executive Board in resolution EB51,R5 was approved.

7. SUPPLEMENTARY BUDGET ESTIMATES FOR 1973: Item 3.3 of the Agenda (Official Records No. 206, resolution EB51,R7 and Annex 3; Document A26/32)

Professor VANNUGLI, Representative of the Executive Board said that the Director-General had submitted to the Executive Board at its fifty-first session, supplementary budget estimates for 1973 amounting to US$ 673 000 in order to cover unforeseen increases in the salaries of general service category staff and in post adjustment for headquarters staff which had been brought about by the increasingly rapid rises in the cost of living in Geneva. The details were set out in Official Records No. 206, Annex 3. In its resolution EB51,R7, the Executive Board had recommended that the Health Assembly should adopt a resolution approving the supplementary estimates proposed by the Director-General. It had also requested the
Ad Hoc Committee of the Executive Board to examine before the current Health Assembly further developments that the Director-General might report on which would effect the supplementary estimates. The Director-General had submitted a report to the Ad Hoc Committee indicating that additional supplementary estimates would be required for 1973 as a result of the international monetary developments of February 1973. The total supplementary estimates amounted to US$ 5 494 100.

The Ad Hoc Committee therefore recommended that the Health Assembly should adopt, instead of the resolution proposed in resolution EB51/R7, the draft resolution on pages 2, 3 and 4 of document A26/32.

As was indicated in paragraph 9 of that document and in operative paragraph 1 of the draft resolution, the Ad Hoc Committee proposed that the revised supplementary estimate should be financed in the first instance from available casual income, which amounted to US$ 3 508 500. With regard to the required balance of US$ 1 985 600, the Ad Hoc Committee considered that it could be met as an exceptional measure out of the provisions for credits to the Terminal Payments Account which were contained in the approved 1973 budget.

Mr FURTH, Assistant Director-General, said that as outlined in Director-General's Report to the Ad Hoc Committee (document A26/32, Annex 1), the changes in rates of exchange which had followed the devaluation of the United States dollar in February 1973 had had serious consequences for the approved programme for 1973 and for the proposed programme for 1974. The estimated cost of those programmes had been based on the rates of exchange prevailing in the summer of 1972 when the budget estimates for 1974 had been prepared. At that time the rate of exchange for the Swiss franc was 3.84 to one US dollar. At present, the corresponding rate was 3.23, which entailed an increase of approximately 19% in dollars to cover the Organization's expenditure in Swiss francs; this amounted to about 35% of the budget. A similar situation existed with regard to some other currencies used by WHO to pay for its activities. The Secretariat had recalculated the estimated cost of implementing the approved 1973 programme on the basis of the latest currency exchange rate. The additional cost involved was US$ 4 821 100, in addition to the amount of US$ 673 000 required to cover cost of living increases in Geneva, as already recommended by the Executive Board in January. The total additional requirements for 1973 therefore amounted to US$ 5 494 100.

The recalculation of the budget estimates had taken account only of minimum requirements for main items of expenditure; no allowance had been made for cost increases, which could not yet be calculated accurately. It was hoped that such cost increases would be sufficiently small for the Director-General to endeavour to meet them by operating with maximum economy. It should be recalled that the Director-General had been able to meet the additional budgetary requirements resulting from the revaluation of the Swiss franc in May 1971, without an increase in the approved budget for 1971 to 1973. The additional costs had been absorbed by postponing or reducing activities and by slowing down the growth of the Terminal Payments Account.

Economies in operations were also absorbing losses due to fluctuating rates of exchange and unforeseen increases, such as the increase in the education grant which was costing the Organization about US$ 30 000 more; an increase of US$ 100 000 in the cost of common services; and increases in the amount of pensionable remuneration serving as the basis of the contributions by staff members and by the Organization to the United Nations Joint Staff Pension Fund, which would cost US$ 900 000 in 1973. Unforeseen increases thus totalling over one million dollars were being absorbed within the budget for 1973.

In view of the international monetary situation and the accelerated rate of inflation, it was impossible to foresee what further budgetary requirements might arise. The Director-General was therefore unable to suggest any further savings which might be made in order to meet the current additional budgetary requirements. The Organization was faced with serious budgetary problems arising from factors entirely beyond its control. He hoped that the supplementary estimates would be approved.

Professor LISICYN (Union of Soviet Socialist Republics) said that he understood the method proposed by the Ad Hoc Committee to finance the revised supplementary estimates, which would not involve increased contributions from Member States in 1973. However, he would like to know what the implications of such a solution would be for 1974 and subsequent years.
Dr ALY (Egypt) said that he supported the recommendations made by the Ad Hoc Committee in its draft resolution. It was a pity that the international monetary system made it necessary to contemplate increased contributions from Member States. He enquired what measures the Organization had in mind to cope with the situation if the monetary crisis recurred.

Mr de GEER (Netherlands) said that the supplementary estimates were reasonable in view of international monetary developments. He would have preferred to have raised the amount needed not from casual income, as recommended by the Executive Board, but by increasing the assessments of Member States for 1973, as had been originally proposed by the Director-General. Furthermore, the Terminal Payments Account should not be used for budgetary purposes. He appreciated, however, that there were considerable administrative difficulties in requesting Member States to pay supplementary assessments for 1973, and he would therefore accept the proposals contained in the draft resolution, while stressing that it should be, as stated in operative paragraph 1 "an exceptional measure".

The meeting rose at 5.35 p.m.