



EXECUTIVE BOARD

Sixty-first Session

PROVISIONAL SUMMARY RECORD OF THE FIFTH MEETING

WHO Headquarters, Geneva
Friday, 13 January 1978, at 9h30

CHAIRMAN: Dr S. BUTERA



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MEMBERS AND OTHER PARTICIPANTS

(For list of members and other participants at the sixty-first session, see separately issued document of 12 January 1978.)

FIFTH MEETING

Friday, 13 January 1978, at 9h30

Chairman: Dr S. BUTERA

1. METHOD OF WORK OF THE HEALTH ASSEMBLY AND OF THE EXECUTIVE BOARD: Item 6 of the Agenda (Document EB61/4) (continued)

Recommendation in section 9.1.12 (continued)

Dr DLAMINI, referring to the discussion at the fourth meeting on that recommendation, proposed that ministers should be invited to speak from the rostrum only on important issues and should make points of order from their seats.

The DIRECTOR-GENERAL said that he had intended that his proposals should refer not only to ministers but to heads of delegations whatever their rank. He thought that such speakers should make not only points of order from their seats but also procedural motions and explanations of vote.

Dr DLAMINI concurred.

Recommendation in section 9.1.13

Dr VIOLAKI-PARASKEVA thought that in paragraph 7.2.1 of the document there should be a reference to Rule 38 of the Rules of Procedure of the Health Assembly in addition to Rule 85.

Mr FURTH (Assistant Director-General) concurred.

Recommendation in section 9.1.14

Professor REID supported the proposal. The existence of two lists and the question of withdrawals were delicate matters and any modification that made it possible to handle them more expeditiously would be welcome. He agreed that the change should be made by way of an amendment to Rule 102 of the Rules of Procedure.

Dr LEPPA said that at first sight the proposed change to Rule 102 appeared desirable. However, he wondered whether the new system of withdrawals might not have unforeseen effects on the equitable geographical distribution of seats. The assumption on which the proposal seemed to be based - that candidates not included in the final list of ten proposed by the General Committee would desire formally to withdraw - might not always prove realistic and a situation might arise in which some withdrew while others did not. That might affect the outcome of the vote. He asked for more background information from the Secretariat about the proposal and also wished to hear the views of other Board members before adopting a final position on the subject. It was clear that Rule 102 would have to be changed, since in its present form it did not allow the formal withdrawal of a candidature which a country might wish to make after learning the decision of the General Committee on the ten countries to be recommended.

Dr SEBINA did not think that the proposed amendment to Rule 102 would affect the geographical distribution of seats. Regional groups held many advance discussions about candidatures and, under the present arrangements, names were frequently withdrawn.

Mr GUTTERIDGE (Director, Legal Division) agreed that the proposed amendment should not affect a geographical distribution of seats. It related only to the withdrawals of candidates not included on the recommended list of ten.

Recommendation in section 9.1.15

Dr SEBINA welcomed the change proposed: experience had shown that there was no need for the full Committee on Credentials to recommend the acceptance of the formal credentials of delegates whose provisional credentials had already been accepted.

Recommendations in section 9.1.16

Mr PRASAD raised the general issue of improving the general debate in plenary meetings of the Assembly. The practice of holding committee meetings at the same time as the plenary resulted in a depleted attendance at the latter which was disheartening to speakers. The proposal that delegates should speak from the rostrum in the general debate was an improvement but the ten-minute limit was a considerable handicap, in view of the number of complimentary remarks which courtesy demanded; and the problem was made worse by the use of a flashing amber light clearly visible to all those present. He hoped the Secretariat would be able to suggest some further improvements.

The CHAIRMAN drew the attention of the Board to the draft resolution contained in the report before the meeting.

Decision: The draft resolution was adopted.

The CHAIRMAN asked the Rapporteurs to prepare a draft resolution recording the Board's decisions and recommendations with regard to other changes which should be made in the method of work of the Health Assembly and the Board.

2. STATEMENT BY THE REPRESENTATIVE OF THE WHO STAFF ASSOCIATIONS: Item 7 of the Agenda

The CHAIRMAN, in conformity with resolution EB57.R8, invited the representative of the WHO Staff Associations to take the floor.

Dr RAY (representative of the WHO Staff Associations) congratulated Dr Mahler on his nomination by the Board for reappointment as Director-General.

He believed that the Board was interested in the preoccupations of the staff. It was often said that the most precious resource of the Member States was their manpower and that surely applied equally to the Organization. He hoped that many Board members would comment on the points he raised in the interests of dialogue; their questions would also be most welcome.

The staff legitimately felt concerned about their careers and their work at a time when the role of the United Nations system was being subjected to a re-examination which many interpreted as an attack on its very purpose. Such a re-examination inevitably had repercussions on the staff - as was evidenced by resolution WHA29.48, and the decision of the United States of America to withdraw from ILO. The Staff Associations realized that any organization needed to adapt itself to the changing world and were prepared to collaborate in making the necessary changes, however painful, in WHO. However, although the international civil service had been largely modelled on national civil services, changes in political realities did not entail such great uncertainties for national civil servants as those currently faced by WHO staff. Many hard-working and long-serving staff members found themselves suddenly threatened by redundancy, while being publicly caricatured as pampered bureaucrats.

Turning to specific issues, he said that the International Civil Service Commission (ICSC) had done valuable work since its establishment, but it had been greatly mistaken in its recommendations to the United Nations General Assembly on general service salaries in Geneva. The local staff associations had not been permitted to participate fully in the survey undertaken by the Commission. All seven associations concerned had made clear from the outset their objections to the methods adopted for that survey. In complete disregard of their views, ICSC had made recommendations to the General Assembly based on the survey which the administrations had accepted, again without consulting the staff. The staff had a right to reject such

arbitrary action. Furthermore, there were grounds for regarding the application of the new salary scale as illegal in that it violated the contractual rights of staff, was based on defective survey methods, and was not the outcome of negotiations with the staff. Although a special allowance protected the take-home pay of staff already serving, the hiring of new staff from January 1978 on the new salary scale meant that the United Nations and the specialized agencies in Geneva would be violating the principle of equal pay for equal work which appeared in the Universal Declaration of Human Rights.

A good staff/management relationship could be based only on negotiations and constructive dialogue. So far, international civil servants had not been permitted to exercise the right of collective bargaining established in ILO Conventions and ratified by Member States. Unilateral and imposed decisions could only lead to low morale and mistrust between staff and management. The governing bodies of WHO, although they had a legitimate role in dictating policy, were not above the law and should take decisions based on justice. While appreciating the efforts the Director-General had made to protect the acquired rights of staff in service at the end of 1977, the Staff Associations thought it was time for the staff to participate fully in determining their conditions of employment. The tendency of many governing bodies to denigrate the staff of their secretariats must be reversed if the organizations of the United Nations system were to achieve their aims.

The reduction of staff in pursuance of resolution WHA24.48 was proceeding on schedule, most of the abolished posts being at headquarters. In 1977, the Director-General had set up an ad hoc group of representatives of management and staff to examine the cases of those affected by the cuts. The group had worked to ensure that the reduction-in-force rules and regulations were fairly applied, and such cooperation between staff associations and administration could do much to preserve staff morale. The Staff Associations believed that the remaining reduction-in-force could be achieved with the least disturbance to the work of the Organization, and to the security of the staff, by taking advantage of attrition through retirement or resignation and by encouraging early retirement through financial incentives.

On the subject of the Staff Regulations, he noted that in 1977 the ILO Administrative Tribunal had held that it could not interpret Regulation 4.4, which stated that vacancies should be filled by the promotion of already serving staff in preference to persons outside, taking into account geographical distribution of staff. That was a serious matter, because it meant that staff regulations approved by the WHO Executive Board could not be enforced. The Staff Associations would consult similar bodies in other organizations on revisions to remove the anomaly. In addition, there were some inconsistencies between the Staff Rules of WHO and PAHO. At its fifty-ninth session the WHO Executive Board had approved the Director-General's recommendation to implement Staff Rule 275, which provided that any staff member with 10 years or more of service was entitled to termination benefits on separation from WHO. However, a similar proposal had been rejected by the PAHO Executive Board - so that two colleagues serving together had different entitlements, in spite of resolutions by the PAHO governing body calling for uniformity between PAHO and WHO rules and practices.

There had been two recent examples of Member States disregarding the rights of their nationals serving in United Nations organizations: a staff member of UNESCO had been prevented from returning to his duty station in spite of requests from the UNESCO Executive Board; and a PAHO staff member had been imprisoned without charges in 1976. He was confident that the WHO Executive Board would not countenance such action against any staff member of WHO, since the Constitution of WHO stated that all WHO personnel must enjoy such immunities as were necessary for the exercise of their functions.

He wished to make two proposals to safeguard the rights of staff in cases of dispute, namely: that the legal fees of any staff member who won his case before the Board of Inquiry and Appeal should be reimbursed; and that, as recommended by the ILO Administrative Tribunal, anyone involved in adverse administrative action against a staff member should not be permitted to participate in a subsequent appeal relating to the case.

The Staff Associations had noted with pleasure that the office of Ombudsman for headquarters and the European Regional Office had been made permanent. They had worked constructively with the administration to decide on the terms of reference and the procedure of appointment to the post. The Ombudsman had been successful in maintaining staff morale and resolving problems before they had reached the stage of litigation, and it was hoped that the principle would be extended in due course to other regional offices.

The large fluctuations in currency exchange rates had led to considerable inequities in post adjustments; in addition, many staff members in low-cost duty stations received unchanged emoluments while their private commitments in high-cost countries increased. The Headquarters Staff Association would consult with their regional colleagues about proposals to solve those problems.

Finally, the situation of many pensioners had deteriorated with the continuing fall in the value of the United States dollar. It would be one of the major tasks of staff associations in 1978 to propose a unified pension scheme to the next session of the United Nations General Assembly, but it would be difficult to develop a scheme acceptable to all.

Dr DE CAIRES explained that the PAHO Executive Committee had decided not to accept a proposal for termination benefits similar to those accorded by WHO Staff Rule 275 pending a decision by the United Nations General Assembly on the procedure for granting terminal benefits to contract staff. The Executive Committee recognized that the Director-General, as a result of the special problems caused at headquarters by the implementation of resolution WHA29.48, had been forced to take a temporary decision. The Executive Committee had not rejected the proposal, and its provisions would be applied retroactively if the United Nations General Assembly ruled in favour of the Director-General's new procedure.

Mr PRASAD said that the Board was not opposed to the legitimate rights of WHO staff. However, the slogan of "equal pay for equal work" could not be applied universally without bringing national governments to bankruptcy. International civil servants earned up to ten times more than those serving in the field under national governments.

Most Member States regarded resolution WHA29.48 as a fundamental recognition of the fact that WHO existed to improve the lives of millions of people. Such an aim must take priority over the privileges and interests of the staff. In fact, no staff claims should stand in the way of the implementation of that resolution.

Professor JAKOVLJEVIĆ said that the statement by the representative of the WHO Staff Associations had been less dramatically hostile to resolution WHA29.48 than had been the case on previous occasions. Nevertheless, he could not think that a resolution designed to cut down avoidable expenditure was contrary to the interests of the staff and they must cooperate in implementing the accepted policy of the Organization.

Dr SEBINA asked for clarification on a number of points mentioned by the representative of the WHO Staff Associations. He wondered in what way the Staff Association had been deprived of the important right to bargain on salaries, and why it was that they had not participated in the work of ICSC on the subject. He did not understand the comments on the arrests of staff members: did international conventions apply also to persons working in their own countries? Reference had been made to the Staff Regulations concerning promotions - but the administration must retain the right to look outside the Organization for candidates. Finally, he thought that resolution WHA29.48 constituted a turning-point in the history of the Organization. He congratulated WHO on setting up an ad hoc management/staff group which had worked amicably together to mitigate inequities to staff.

Professor REID endorsed the importance of effective dialogue between the Board and the Staff Associations. However, further information would be required on the points raised by the representative of the WHO Staff Associations if such a dialogue were to be achieved. It would be advantageous on future occasions if notice could be given of the issues to be raised, either in the form of a detailed exposition or a summary, the subsequent statement by the representative being adjusted accordingly. It would also be helpful to have the views of the Director-General on those issues.

Dr FRESTA pointed out, in connexion with the implementation of resolution WHA29.48, that although there could be no organization without workers, there were at the present time many workers without a place to work. The Health Assembly had the right to give the problems of WHO and its activities precedence over the problems of the staff.

There was also the matter of adequate information: the representative of WHO Staff Associations had raised points not covered in the ICSC report which Board members had received, and they were therefore unable to discuss them. He agreed with Professor Reid on the desirability of having a basic document in which all the issues were set out. Another solution would be to establish a working group within the Board to consider the problem. The important fact to emerge from the present discussion was that the representative of the WHO Staff Associations claimed that there had been no dialogue. The necessary conditions for a dialogue must be achieved if equitable solutions were to be found both for the Organization and for the staff concerned.

Mr ANWAR, commending the excellent statement made by the representative of the Staff Associations, recalled that recent years had seen a dramatic and welcome change in the running of the Organization in conformity with the hopes and aspirations of the peoples of the world. No longer could it be alleged that WHO operated for the benefit of its staff members as opposed to the needy populations of Member States. Not only from the standpoint of obtaining effective work, but also as a matter of simple justice, it was essential to have a contented staff. The Director-General was doing his best to strike a balance in the delicate task of making the transition period as painless as possible. However, if the Board were required, in the interests of the peoples of Member countries, to make sacrifices in terms of staff, it must be prepared to do so, albeit reluctantly and at the same time endeavouring to introduce any changes as painlessly as possible.

Dr DE CAIRES joined in congratulating the Staff Associations on the presentation of their views. WHO staff was undoubtedly loyal, and that loyalty was indeed being tested in the fire of resolution WHA29.48. The staff would, however, appreciate that the Director-General was faced with a difficult task, involving heartbreak both to him and his staff - since the necessary financial reductions would obviously have to come through staff reductions.

The Board was at a disadvantage in the sense that, since it was hearing the Staff Associations' statement without any introduction, it might be giving an impression of opposition to that statement - which he did not think was the case. It would accordingly be preferable, as Professor Reid had suggested, for the Board to receive in advance a brief statement, including the main points of reference, so that there could be a meaningful dialogue at the Board session; the Staff Associations were to some extent at a disadvantage if their views were expressed only orally.

Dr VALLE thought that, as well as the Staff Associations, the Organization itself was to be congratulated for having authorized at the Board a dialogue which would undoubtedly make for a better understanding of the situation. There could be no question that the better the staff were treated, the greater would be the level of productivity attained.

He stressed the desirability of instituting periodic evaluations as had been done in PAHO, but bearing in mind the views expressed by the staff; such evaluations could result in self-criticism, in turn leading to the achievement of real economies. It was essential, among other factors, to be sure that staff were allocated to posts suited to their own particular qualifications.

Dr ACUÑA (Regional Director for the Americas) referring to the position of PAHO with regard to Staff Rule 275, emphasized that, following the adoption of resolution WHA29.48, the Region of the Americas had been the only region which had not recommended any cuts in its staff at regional headquarters. This was because the expenditure pattern in PAHO already reflected a proportion of far more than 60% of the regional budget for direct technical cooperation to Member States. The Executive Committee of the Directing Council of PAHO, after studying the amendments to the Staff Rules transmitted to it, had decided that it had no reason to adopt Staff Rule 275 since no specific proposal for reduction of staff had been introduced. However, any decision that might be taken in that respect by the United Nations would be applied retroactively as from 1976.

Professor DE CARVALHO SAMPAIO joined in expressing appreciation for the statement by the Staff Associations. The Board should recognize that a problem did exist to which a solution must be found, since no organization could accomplish really good work unless its staff was satisfied. He therefore believed that Professor Reid's suggestion was a sound one, and that

any paper presented by the Staff Associations should be accompanied by supplementary information from the Director-General.

Dr KASONDE associated himself with the remarks made by the previous speaker. He expressed his sympathy to the Staff Associations, particularly with regard to redundancies. It was of course difficult for representatives of the Executive Board to arrive at any decisions since they were not fully aware of the stage negotiations had reached within the Organization. Accordingly, in addition to the paper to be presented by the Staff Associations, it would be useful to have a document from the Director-General outlining the most recent developments in the situation.

Dr FARAH said that the statement made on behalf of the Staff Associations raised questions both of substance and of form. As had been suggested by a number of members, it might be useful to receive an advance document, which would be in accordance with the provisions of Rule 11 of the Board's Rules of Procedure. He would, however, be reluctant to see an item placed on future agendas for Board sessions that might lead to the presentation of complaints by the staff to the Board directly, thus giving the Board something of the character of an appeals tribunal. He would welcome comment from the Director-General as to whether he considered that to be a sound procedure; or whether it would not be preferable for the Board merely to hear a statement on behalf of the Staff Associations, to comment thereon, and to leave the matter with the Director-General.

Dr LEPPA agreed with previous speakers that the matter was far too important to be discussed without any prior preparation. He would accordingly strongly support Professor Reid's suggestion. Resolution EB57.R8 provided an adequate framework for that procedure.

Dr MWAKALUKWA felt that the point of view of the Staff Associations had been most clearly put. However, the implementation of resolution WHA29.48 was crucial to the achievement of the goal of "Health for all by the year 2000". He was unable to see the link established by the representative of the Staff Associations between resolution WHA29.48 and the withdrawal of support from ILO by the United States of America.

Dr CUMMING felt that there were a number of points giving rise to concern. He was sure that all members of the Board were convinced of the loyalty and diligence of the staff at a particularly difficult time. He agreed with Professor Reid that there was a need for further preparation before hearing a statement by the Staff Association. However, he could not help sharing the concern voiced by Dr Farah that it would be undesirable to interfere in the relationship between the staff and the Director-General. It was moreover hard to see what role the Board could play when negotiations were possibly under way. It seemed to him that the basic intention in having a statement on behalf of the Staff Associations presented to the Board was to provide background knowledge to the consideration of the agenda, and he felt that the Board should not go beyond that procedure. He would however be glad to hear the views of the Director-General on the matter.

Dr DLAMINI felt that the staff of WHO deserved considerable sympathy from the Board, and he assured them that the Board fully appreciated their loyalty. Nevertheless, the matters being brought up by the Staff Associations were in fact governed by formal decisions taken by the Health Assembly and aimed at reorienting the work of WHO to meet its constitutional role. The Staff Associations wished to enter into a fuller dialogue with the Board - but it was hard to see in what way the Board could act in relation to a decision already taken by the Health Assembly. Any possible dialogue could only be the preliminary stage to a future consideration of the matter by the Health Assembly.

Dr FRESTA maintained that any issue which seemed of a really serious nature could properly be raised in the Board. The manner in which the staff had received the decision embodied in resolution WHA29.48 did to some extent give the impression that there were underlying factors worthy of the Board's attention.

Mr ANWAR, concerning the extent to which the Board ought to involve itself in staff matters, said that there should be an opportunity for a representative of the Staff Associations to make a statement, thus establishing some communication between the staff as a whole and the

Board. After that the Board would have an opportunity to make its comments, of which the Director-General would take due note. To go beyond that would involve a somewhat complicated process and one that might cut across the relationship between the Director-General and his staff.

Dr VIOLAKI-PARASKEVA wished, through the Staff Associations' representative, to thank the whole staff of WHO for the valuable work they were accomplishing, which was of the highest quality. She was of the opinion that any dialogue should be between the staff and the Director-General himself. In all events, it should be remembered that resolution WHA29.48 called only for cutting down on avoidable and non-essential activities.

With regard to the point made by the representative of the Staff Associations concerning the fluctuation of the US dollar, she suggested that it might be possible to evolve some mechanism to attenuate the consequences for Geneva-based staff if the value of the US dollar decreased in relation to the Swiss franc.

Professor REID said that his suggestion for written submission of the Staff Associations' views had been made with the sole purpose of ensuring that the Board's discussion was as useful as possible. He had certainly not intended to suggest any departure from constitutional proprieties. The role of the Director-General in relation to his staff was clear, and should be firmly supported by the Board. He would like to hear the Director-General's opinion.

Dr HASAN supported the proposal of Professor Reid. He was sympathetic to the staff in their present position, but he felt that there was little the Board could do. It was an established fact that avoidable expenditure would have to be reduced in order to provide for activities more directly benefiting Member countries. It could be left to the Director-General to decide how best to achieve the necessary cuts - by not filling vacant posts, for instance, or by transferring headquarters staff to the regions. At future sessions of the Board, it would seem desirable for the statement by the Staff Associations' representative to be complemented by a statement by the Director-General.

Dr ABDUL HADI said that the statement by the representative of the Staff Associations not only showed that the staff felt a measure of insecurity but also brought into question the implementation of resolution WHA29.48. That resolution, which was historic in the sense that it marked a turning-point in the action of WHO, afforded the possibility of using to good account the valuable experience of the staff, since, although headquarters activities would be reduced, field activities would be intensified. As regards the relationship between the staff and the Board itself, he asked whether in the past there had not been a committee, comprising both WHO staff and members of the Executive Board, which had provided that link.

He expressed warm appreciation for the work of all categories of staff in WHO, who had attained a high standard of efficiency. If the Organization now thought it necessary to change its methods of work, the staff should respond to the requirements of that change. That could only be achieved by means of a direct dialogue between the staff and the Director-General.

The DIRECTOR-GENERAL said that it was quite clear that the Organization would be undergoing still more changes: he could not visualize the Organization looking the same in 10 years' time as it did now. Continuous modification would certainly be required, and it was essential for the governing bodies of the Organization, together with the Secretariat, to be in control of the changes. It would be a period in which considerable demands would be made on the Organization's ability to adapt.

He believed in collective participation, and therefore considered that it was useful for the staff - not only at headquarters but at all regional offices and in the field - to convey to the Board their feelings. Their statement could also be partly regarded as their appraisal of the politically elected representatives of the Organization. It was clear that, if those representatives did not succeed in making the personnel work effectively for the Organization's objectives, they had failed.

It was also possible that the staff might raise issues that the Board would wish to present to the Health Assembly. He himself might one day feel entitled to ask, for example,

whether the Board would consider the question of a strike; and whether the right to strike was in conformity with the Staff Regulations. These were however issues that would perhaps have to be handled at other levels within the United Nations system. The staff might also raise the question of collective bargaining - an issue on which there was clearly disagreement between the staff and himself. Although he was himself a staff member, he was also in an elected position and had to protect both the Member States and the staff. To his knowledge, collective bargaining had not been accepted by WHO's governing bodies. Whether it should or should not be accepted was an issue that the Board might wish to discuss with the staff, but he himself interpreted the situation as a right to consultation.

There were other issues on interpretation of policies that might well be debated by the Board, which might then wish to instruct, direct, counsel or advise the Director-General accordingly.

It was the Director-General's constitutional obligation to try to move the Organization forward, and that obligation could in no circumstances be usurped. Discussion should therefore never degenerate into arguments over issues that were clearly the responsibility of the Director-General or the Regional Directors. That would merely be an embarrassment to the Board.

Resolution WHA29.48 was an historic resolution of symbolic significance, and the attitude of the staff to its implementation was of great importance. An increasing group of highly motivated staff was concerned both with the resolution itself and with the spirit in which it was implemented, and were trying not only to work with fewer staff but also to make WHO programmes more socially relevant to Member States. There should be no misunderstanding about their motivation and loyalty.

He suggested that in future the Staff Associations should prepare a statement and that the Director-General should append annotated comments; cross-references could be given if the issues raised were linked with other items of the agenda. The comments should be in as neutral a tone as possible, giving what the Director-General believed to be the proper position; for instance, he himself did not feel that the statement regarding the International Civil Service Commission altogether reflected what had really taken place. The Director-General should also indicate where he felt that the issues were impinging upon his prerogatives. The Board could of course request explanations in such cases. He agreed with previous speakers that it could only be to the detriment of the Organization as a whole - to the staff, to the Director-General and to the Board - if the statement of the Staff Associations' representative were to give rise to a position in which the Board was regarded as a kind of court of appeal.

Dr ALENCASTRE GUTIERREZ said that the statement of the representative of the Staff Associations had been most enlightening. He had himself recently experienced a strike of health workers and knew only too well that dialogue between staff and administration was of basic importance. WHO had taken a step forward in initiating such a dialogue. The Organization held a position of some prestige because of the quality of its staff; indeed, the selection procedures employed ensured that high quality. However, if the staff failed in their responsibilities, the whole Organization would be criticized.

The problems of developing countries and of increasing unemployment were known to all. Implementation of resolution WHA29.48 called for a decentralization of staff. However, there should be enough advisory staff at regional offices, since he had observed that when advice was available projects worked well and moved ahead, but where advisory staff did not grasp the problems, projects advanced only slowly. Technical methods of rationalizing staff administration should not create unemployment. He suggested that some staff members might return to their countries of origin, where, with their excellent experience, they would be well received.

Dr RAY (representative of the WHO Staff Associations) thanked the members for taking such a lively interest in the staff and for expressing their confidence in its quality. He also thanked the Director-General for confirming that the staff were beginning to work in the new spirit of WHO.

He thought there might have been some misunderstanding concerning his earlier reference to resolution WHA29.48. The prior circulation of a statement at future sessions would

prevent such misunderstandings. In referring to resolution WHA29.48, he had wished to stress that resolutions adopted by the governing bodies of WHO did affect the staff. He did not challenge or question that resolution in any way: the staff believed that it was revolutionary and necessary. He had further wished to indicate that the implementation of the resolution had so far proceeded quite smoothly, thanks to the cooperative spirit of all concerned, the strenuous and dedicated work of the Ad Hoc Group on Reduction in Force, and the support the Group had received from the Director-General. He expressed his satisfaction that the implementation of painful decisions was proceeding in the best way possible, again thanks to the assistance of the Director-General.

As regards the relationship between the Staff Associations, the Director-General's constitutional obligations, and the role of the Executive Board, he said that the Staff Associations had not at any time brought to the Board problems existing solely between the Director-General and themselves, but had presented issues that opposed them to certain outside bodies such as the International Civil Service Commission. The Organization was fortunate in having a democratic Director-General who believed in staff participation. Although it was inevitable that the Director-General and the Staff Associations would differ on some matters, there had been no issue so far in which the staff had not participated.

He agreed with the Director-General that the statement by the representative of the WHO Staff Associations could be regarded as a collective appraisal. The main objective of that statement was to keep the Board informed of the preoccupations of the staff and of their attitude towards the decisions made by the governing bodies and their implementation. In no way did the staff wish to usurp the constitutional prerogatives of the Director-General. The Executive Board could be instrumental in initiating certain actions: for example, if the Board felt that the International Civil Service Commission (ICSC) had not allowed full participation of the staff, it could ask the Health Assembly to suggest that ICSC changed its method of work. In that way the Board had a legitimate role to play. It was therefore important that it should be given all the background information available. The Staff Associations agreed with the proposal that in future its statement should be circulated prior to Board sessions, and would welcome appended comments by the Director-General.

In answer to Dr Sebina, he said that the staff had strenuously opposed the methodology adopted by ICSC, since they believed that no valid conclusion would be achieved thereby. ICSC had persisted in using that methodology and, in the staff's opinion, had produced a poor response to its inquiries. Objections had been submitted to ICSC in writing.

With reference to Staff Regulations 4.1 and 4.4, he stressed that there was no questioning of the authority of the Director-General or the Regional Directors to appoint staff. The ILO Administrative Tribunal had been unable to interpret those regulations, and the Staff Associations intended to propose amendments to give the regulations legal validity.

He pointed out that WHO staff had chosen not to go on strike, when staff of other United Nations agencies had done so, because they believed strongly in collaboration and negotiation and because they had had productive and cooperative relations with the administration. The staff demanded the right of full participation in WHO's work and in the decisions taken that affected both that work and employment conditions within the Organization.

The CHAIRMAN proposed that in future the representative of the Staff Associations should provide a statement in advance of the session, with appended comments by the Director-General and that the text of the statement made at the present session should be distributed as an Information Document.

It was so agreed.

The CHAIRMAN thanked Dr Ray for his clear explanation of the problems facing the staff. He had no doubt that satisfactory solutions would be found, in the spirit of constructive and loyal cooperation that prevailed between the Director-General and his staff.

3. TRANSFERS BETWEEN SECTIONS OF THE APPROPRIATION RESOLUTION FOR 1977: Item 8 of the Agenda (Document EB61/47)

Mr FURTH (Assistant Director-General), introducing the item, said that the report dealt with the transfers between sections of the Appropriation Resolution for 1977 that had become necessary since the previous session of the Board. The report was submitted for information only, since transfers effected had been made within the authority given to the Director-General under paragraph C of the Appropriation Resolution for 1977. The transfers had been effected in order to meet the latest requirements for the implementation of the programme. The appendix attached to the report showed separately the transfers made from the Director-General's and Regional Directors' Development Programmes; the utilization of those funds was reported separately (document EB61/WP/4) and would be discussed in conjunction with item 12.

As in past years and as mentioned in the report (paragraph 12), the Director-General might find it necessary to make additional transfers between sections at the time of closure and audit of the accounts for 1977. The Director-General proposed that, should that be the case, he should report to the Committee of the Executive Board to Consider Certain Financial Matters Prior to the Health Assembly. As the report was submitted for information, the Board was requested only to note the transfers made.

Dr ANDREW (adviser to Dr de Caires) asked whether details of the financing of particular projects of interest were available.

Mr FURTH (Assistant Director-General) said that, although no document was available giving detailed information on every project, the Secretariat was ready to provide any information a member might request. The Financial Report to be presented at the Thirty-first World Health Assembly would have an annex to be issued probably as a separate document that would indicate changes in the financing of projects. In addition, Information System Programme profiles were almost complete and these would also, in future, give detailed information on projects that could be made available.

Dr VALLE asked how such transfers could be made after the end of the year in question.

Mr FURTH (Assistant Director-General) said that the accounts for 1977 had not yet been closed and that the External Auditor had not yet examined them. The financial regulations permitted the Director-General to make transfers in order to balance the accounts prior to closure, which would take place only in February/March 1978.

Dr VALLE said that in some regional offices such transfers were not possible after the end of the year. He was pleased to note that that flexibility existed at headquarters.

Decision: The Board took note of the transfers effected between sections of the Appropriation Resolution for 1977.

4. TRANSFERS BETWEEN SECTIONS OF THE APPROPRIATION RESOLUTION FOR 1978: Item 9 of the Agenda (Document EB61/44)

The CHAIRMAN, introducing the item, said that the draft resolution contained in the report should be deleted.

Mr FURTH (Assistant Director-General) said that the approved budget estimates for 1978 had been adjusted in the light of the revised programme budget proposals for 1978 and 1979. These had necessitated certain transfers between sections of the Appropriation Resolution for 1978. The transfers were listed in the appendix to the report, which reflected separately the transfers made from the Regional Directors' Development Programmes. Details of those transfers were given separately (document EB61/6, page 9 and Annex 2) and would be considered under item 12. The other transfers, which were relatively minor, related entirely to regional activities and were within the ceiling of 10% authorized in paragraph C of the

Appropriation Resolution for 1978. The report also provided a brief explanation of the need for the transfers. As the report was submitted for information, the only action required of the Board was to note the transfers effected.

Decision: The Board took note of the transfers effected between sections of the Appropriation Resolution for 1978.

5. USE OF CASUAL INCOME TO REDUCE ADVERSE EFFECTS OF CURRENCY FLUCTUATIONS ON THE PROGRAMME BUDGET: Item 10 of the Agenda (Document EB61/5)

Mr FURTH (Assistant Director-General), introducing the item, said that, for the last six years, the problem of currency instability and, in particular, the effect of fluctuating exchange rates on the Organization's budget had been discussed at nearly every Health Assembly and every January session of the Board. The size of the problem, in terms of its impact upon WHO, had grown to disquieting proportions; that impact was quantified in the report (paragraph 3). An estimated amount of some \$ 3.9 million, which was the loss in 1977 caused by the difference between the budgetary rate of exchange of 2.65 Swiss francs per US dollar and the monthly accounting rates of exchange, could now be added to the given figure for 1977 of US\$ 7 391 000. Consequently, the 1977 figure should be revised to read US\$ 10 291 000 (footnote 3 should be deleted), and the total figure should be revised to US\$ 52 120 000. Similarly the figure US\$ 18 135 500 (subparagraph 3 (iii)) should be changed to US\$ 22 035 500, and the total figure should again be changed to US\$ 52 120 000. Those changes did not take into account the impact of the dollar devaluation on the budgets for 1978 and 1979 to be discussed in subsequent items.

Contrary to earlier hopes and expectations, the value of the US dollar, on which the Organization's budget and income were based, had continued to decline, especially in relation to the Swiss franc, the currency in which 33% of the budget was spent. With a current accounting rate of exchange of 2.01 Swiss francs per US dollar (and a current market rate of the day of 1.97 Swiss francs per US dollar), the situation called for some remedial action in order to protect the Organization's programme. The impact of devaluation could be seen in the following examples. In April 1971 the accounting rate of exchange had been 4.32 Swiss francs per US dollar. The current rate of 2.01 Swiss francs per US dollar represented a drop in the value of the US dollar in relation to the Swiss franc of 53%. The rate of exchange used in the preparation of the budget for 1978 and 1979 had been 2.65 Swiss francs per US dollar. The current rate of 2.01 Swiss francs per US dollar showed a difference of 24%. Over the past 12 months the accounting rate of exchange had reached a high point of 2.55 Swiss francs per US dollar in March 1977 and a low point of 2.01 Swiss francs per US dollar in January 1978: a difference of 21%. By way of further illustration: if WHO had to purchase an item of equipment that had cost 4320 Swiss francs early in 1971, the item, with a budgetary provision of \$ 1000 in the 1971 budget would have required a provision of \$ 2150 in the 1978 budget, assuming no inflation or price increases since 1971; similarly, if a provision had been included in the 1978 budget for the purchase of an item costing 2650 Swiss francs, the budget provision would have been \$ 1000, but the amount currently required was \$ 1318. Those examples showed some of the problems the Director-General had to face. If it had not been necessary to make additional assessments and supplementary appropriations since 1971 to cover the losses due to the decline of the dollar, the 1977 budget of \$ 147 million would have been lower by some \$ 30 million. The impact of the decline in the value of the dollar on the budgets for 1978 and 1979 was still to be faced.

The circumstances that had led to the proposal to use a certain amount of available casual income to help reduce the adverse effects of currency fluctuations on the programme budget were explained at some length in the report (paragraphs 6-11). It was hoped at the time of the preparation of the report, in October 1977 (when the accounting rate of exchange still stood at 2.33 Swiss francs per US dollar), that the adoption of the measures proposed would make it possible to avoid submission of a supplementary budget for 1978 and additional requirements for 1979. Those hopes were disappointed within a very short time as a result of the further drastic decline in the value of the dollar in November and December. However, in the opinion of the Director-General, that did not diminish the usefulness of the proposed measures, which would, if adopted, still reduce the possibility of the Health Assembly

appropriating in 1978 either more or less funds than were required to carry out the Organization's programme in 1978 and 1979.

It was proposed that, subject to a maximum amount to be decided by the Health Assembly (which it was proposed should be US\$ 2 million per year in 1978 and 1979), the Director-General should be authorized to charge against available casual income additional costs to the Organization under the regular programme budget resulting from differences between the WHO budgetary rate of exchange and the accounting rates, with respect to the US dollar/Swiss franc relationship prevailing in a given financial period. Although, as the report pointed out, the proposed authorization might not afford complete protection to the Organization's regular programme budget in the event of a large drop in the dollar below the budgetary rate of exchange for the Swiss franc (this was because of the necessary limits on such use of casual income), it would provide some protection against a moderate decline in the yearly average of the monthly accounting rates of exchange below the budgetary rate of exchange. If, for example, the Board and the Health Assembly were to approve the supplementary budget for 1978 proposed by the Director-General, the budgetary rate of exchange for that year would become 2.21 Swiss francs per US dollar. It was possible that the average exchange rate in 1978 would be far below that budgetary rate. If, in addition, the measures proposed by the Director-General were to be adopted, it would be possible to cope without difficulty with further budgetary losses resulting from an average accounting rate for 1978 of as low as 2.12 Swiss francs. The advantages of such an arrangement over the adoption of a larger supplementary budget, increased by US\$ 2 million, to bring down the budgetary rate to 2.12 Swiss francs were twofold: a larger supplementary budget would involve an irrevocable appropriation of US\$ 2 million, while the adoption of the proposed measures would involve merely a conditional authorization to use casual income up to the limit of US\$ 2 million if required; a larger supplementary budget would increase the level of the effective working budget, while the utilization by the Director-General of the proposed facility would not affect that level.

Under the current conditions of fluctuating market exchange rates, the possibility had to be recognized that any budgetary exchange rate - particularly one that was fixed one or two years in advance - might have been set at too low a level. It was possible that the value of the dollar might increase as rapidly as it had declined. In fact, it would be pure luck if the budgetary rates of exchange of 2.21 and 2.17 Swiss francs per US dollar proposed for 1978 and 1979 respectively should ultimately correspond to the average accounting exchange rates in those two years. If the additional costs to the Organization resulting from unfavourable exchange rates were to be charged to available casual income up to a certain limit, as proposed, it would seem appropriate to transfer to casual income the net savings arising from the favourable exchange rates. Member States would thus have the assurance that if the budgetary exchange rates were set at too low a level, resulting in too high an effective working budget, the net savings arising from the difference between that rate and the higher average accounting rate in the operating year would be transferred to casual income, thus, in effect, being put at the disposal of Member States. For the reasons stated in the report (paragraph 15), it was proposed that the amount required to be transferred to casual income in such circumstances should be subject to the same ceiling that might be adopted for the use of casual income to cover additional costs resulting from unfavourable exchange rates. That did not mean that if, as a result of a large drop in the value of the Swiss franc or a rise in the dollar, savings in excess of \$ 2 million were to occur in 1978 or 1979, the Director-General would not be authorized to transfer such larger amounts to casual income; it meant that, having regard to inflationary trends and other factors affecting the implementation of the regular programme budget, such transfers to casual income were not required to exceed \$ 2 million in any one financial year.

In summary, the proposed measures, involving either charges against or transfers to casual income up to a given amount, were a necessary complement to a budgetary rate of exchange that - since for practical reasons it had to be fixed with precision two or even three years before its effective date - could not be a realistic forecast of future market rates under the prevailing system of fluctuating exchange rates. Even in normal circumstances, the budgetary rate of exchange was likely to provide either greater or lesser funds than required for the regular programme.

He drew attention to the draft resolution contained in the report.

The meeting rose at 12h40