

Foundations and awards

Administration and award of the Darling Foundation Prize: proposed dissolution

Report by the Director-General

BACKGROUND

1. WHO administers 14 foundation prizes, grants and fellowships that have generally been founded by, or set up in memory of eminent personalities in the field of health. The Director-General is the administrator of eight of these prizes, grants and fellowships; the six others are administered by the regional offices.
2. The Darling Foundation, a legacy of the League of Nations, was created in 1929, as a foundation governed by the laws of Switzerland, in memory of Dr S.T. Darling, a distinguished malariologist. When WHO was established in 1948, it took over the public health functions of the Health Organization of the League of Nations and also the administration of the Darling Foundation.
3. In 1997, the Executive Board, in its decision EB100(10), recommended to the respective foundation committees, inter alia, that they take the necessary steps to amend their regulations so as to replace the foundation committees by selection panels. In this way, the often large committees were superseded by smaller panels. However, the Darling Foundation Committee decided not to revise its membership; as a result, the Committee has remained composed of the Chairman and Vice-Chairmen of the Executive Board, and the Chairman of the competent Expert Committee on Malaria, or any other member of that Expert Committee designated by the Chairman.
4. **Awarding the Darling Foundation Prize.** In accordance with Article 2 of the Regulations of the Foundation, the Darling Foundation Committee, on the recommendation of the competent Expert Committee on Malaria, proposes to the Executive Board the award of the Darling Foundation Prize.
5. The Expert Committee on Malaria is convened by the Director-General only when the need arises. The last meeting of the Committee was held in October 1998; the Darling Foundation Prize has therefore not been awarded since 1999. Over the years, this has been a common occurrence, the longest period being from 1936 to 1951. It is not envisaged that a meeting of the Expert Committee will be convened in the foreseeable future.
6. The current situation has prompted the Swiss authorities exercising surveillance over the Foundation to recommend that the dissolution and liquidation of the Foundation should be considered

on the grounds that it is not fulfilling its purposes under Article 2 of the Deed of Foundation, which provides that the Foundation is to be established for the purpose of awarding a prize.

7. **Administration of the Foundation.** The administrative burden associated with the Darling Foundation is considerable, in view of the fact that the Foundation's funds amount to about CHF 34 000 and bearing in mind the following factors:

(1) The process of awarding the prize involves (i) a recommendation by an expert committee on malaria; (ii) a recommendation by a Darling Foundation Committee of six members; and (iii) a decision by the Executive Board.

(2) Unlike all but one of the other foundations administered by WHO, the Darling Foundation was established under the laws of Switzerland and as such, is under the surveillance of the Swiss authorities.¹ The principal administrative consequences of this are set out below.

- Any change to the Deed of Foundation² requires approval of the Swiss authorities. Even if not subject to their approval, any change to the Regulations of the Foundation must normally be reported to them. This involves lengthy processes that hamper WHO's ability to rationalize the Foundation's administration.
- The Deed identifies the manager of the Foundation's estate (who along with the Director-General is one of the two organs of the Foundation) and indicates how the funds must be invested. WHO's ability to rationalize the administration of the Foundation is thus further limited.
- In accordance with the Deed, the Director-General is the administrator of the Foundation. As the administrator, the Director-General must be registered with the appropriate Swiss authorities. This registration must be renewed every time a new Director-General is appointed. The Foundation is required to submit annually its financial reports to the Canton of Geneva, signed both by the Director-General and by the Foundation's auditor, who in accordance with the Deed, must be appointed each year by the Director-General to verify the Foundation's accounts. In practice, since the certification of accounts is made by WHO's External Auditor for WHO's accounts as a whole, and not the Foundation's accounts in particular, it is difficult to satisfy strictly the Swiss authorities' requirements. In addition, an annual tax declaration (also signed by the Director-General) must be submitted, even though the Foundation is exempt from tax. WHO has thus been submitting annual fiscal returns for the Foundation (namely, a *déclaration d'impôts pour les personnes morales, impôt fédéral direct, impôts cantonaux et communaux*) as well as reports, *rapports sur l'activité et l'administration de la fondation*, signed by the Director-General.

8. It is proposed – subject to all approvals and action required under Swiss law – to dissolve the Foundation and apply the funds in support of a WHO activity in the area of malaria prevention and control, to be identified in consultation with the Global Malaria Programme and, as necessary, in consultation with the Swiss authorities.

¹ The Jacques Parisot Foundation is also governed by the laws of Switzerland.

² Accessible online at <http://www.who.int/governance/awards/darling/statutes/en/index.html>.

9. It is understood that, if the Executive Board so agrees, the Director-General will take all action required under Swiss law to effect the dissolution, including, as necessary, representing the Foundation, overseeing the liquidation, designating an official to assist in the process and seeking all necessary approvals from the Swiss authorities.

ACTION BY THE EXECUTIVE BOARD

10. The Executive Board may wish to consider the following draft decision:

The Executive Board,

Having considered the report by the Director-General on administration and award of the Darling Foundation Prize: proposed dissolution, agrees to dissolve the Darling Foundation and requests the Director-General to take all necessary action to effect the dissolution subject to all approvals and action required under Swiss law.

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