WORLD HEALTH ORGANIZATION

ORGANISATION MONDIALE DE LA SANTÉ

EIGHTEENTH WORLD HEALTH ASSEMBLY

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ORIGINAL: ENGLISH

COMMITTEE ON ADMINISTRATION, FINANCE AND LEGAL MATTERS

PROVISIONAL MINUTES OF THE FOURTH MEETING

Palais des Nations, Geneva
Tuesday, 11 May 1965, at 9.30 a.m.

CHAIRMAN: Professor R. VANNUGLI (Italy)

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Note: Corrections to these provisional minutes should be submitted in writing to the Chief, Records Service, Room A.843, within 48 hours of their distribution.

1. SUPPLEMENTARY BUDGET ESTIMATES FOR 1965: Item 3.3 of the Agenda (continued)

Accommodation for the Regional Office for Africa

At the invitation of the CHAIRMAN, Mr de CONINCK (Belgium), Rapporteur, read out the draft resolution proposed by the delegation of Senegal and circulated as document A18/AFL/18, as follows:

> The Eighteenth World Health Assembly,
>
> Having considered the cost estimates for the extension of the African regional office building as reported by the Director-General in connexion with the supplementary budget estimates for 1965, (document A18/AFL/10),
>
> INVITES all the Members in the African Region to make voluntary contributions as soon as possible to the African regional office building fund towards meeting the cost of the extension of the regional office accommodation.

Decision: The draft resolution proposed by the delegation of Senegal was approved unanimously.

2. AMENDMENTS TO FINANCIAL REGULATIONS: Item 3.15 of the Agenda (Official Records No. 140, Resolution EB35.R24 and Annex 15)

Dr AMOUZEGAR, representative of the Executive Board, introducing resolution EB35.R24, explained that the Executive Board was recommending a change in Regulation 6.2 of the Financial Regulations of WHO, which dealt with the Working Capital Fund.

Under that regulation the Working Capital Fund consisted of advances from Member States in accordance with the scale of assessment determined by the Health Assembly. Difficulties had arisen because any increase in the Working Capital Fund entailed additional assessments on Members and consequently legislative action by Member States. After considering the Director-General's report (Official Records No. 140, Annex 15, part 1), the Board had decided to recommend that the Fund should in future consist of two parts: Part I being advances from Member States as at present; and Part II being amounts transferred from casual income from time to time. Such a procedure would enable the Working Capital Fund to be increased without giving rise to legislation in Member States. The text of Financial Regulation 6.2 as recommended by the Board in its resolution EB35.R24 appeared in Official Records No. 140, Annex 15, part 2.

Mr BRADY (Ireland) said that he was prepared to support the Executive Board's draft resolution, although the procedure seemed somewhat irregular, as it entailed considering the amendment to the Financial Regulations before the main proposal to increase the amount of the Working Capital Fund.

Decision: The draft resolution as proposed by the Executive Board in resolution EB35.R24 was approved unanimously.

3. WORKING CAPITAL FUND: Item 3.13 of the Agenda
SCALE OF ASSESSMENT FOR AND AMOUNT OF THE WORKING CAPITAL FUND: Item 3.13.1 of the Agenda (Official Records No. 140, resolution EB35.R23 and Annex 17)

Dr AMOUZEGAR, representative of the Executive Board, introducing the item, said that when the Board had discussed the desirability of increasing the amount of the Working Capital Fund it was the general concensus of the members that the size of the Working Capital Fund should have a direct relation to the size of the effective working budget. As the effective working budget was increasing it would only be logical for the Working Capital Fund to be increased also. The Working

Capital Fund had been established at $ 4 000 000 when the effective working budget was only $ 19 000 000, and had remained unchanged although the effective working budget for 1966 was $ 42 000 000 - more than double that amount. The Director-General had therefore suggested that the Working Capital Fund should be increased from $ 4 000 000 to $ 7 000 000. However, in view of the resolution just adopted by the Committee - by which the composition of the Working Capital Fund would be changed so that it would consist of two parts - the Director-General had agreed with the recommendation of the Executive Board that the amount of Part I of the Fund should be increased by only $ 1 000 000. If additional resources should in the future be needed, the Director-General could make use of the new Part II of the Fund. The Executive Board had adopted its resolution EB35.R23 on the basis of the arguments adduced by the Director-General in his report to the Board, which was reproduced as Annex 17 to Part I of the Board's report on its thirty-fifth session (Official Records No. 140). The comments in paragraph 4.1 and the observations of the External Auditor reproduced in paragraph 4.3 had been found particularly telling.

The CHAIRMAN opened the general discussion on the item.

Dr LISICYN (Union of Soviet Socialist Republics) said that he appreciated that the change in the Financial Regulations relating to the Working Capital Fund under the resolution just adopted would make greater flexibility possible. He had noted, however, that the proposals appeared to be designed to meet a purely theoretical situation, because there had never been any case in which the Working Capital Fund had been completely exhausted, even in 1963, when some contributions had come in rather late. That seemed to show that the existing sum of $ 4 000 000 was entirely satisfactory and fully met the Organization's needs. From Table C in Appendix 3 to Annex 17 (Official Records No. 140, page 74) it would seem that requirements might exceed significantly the present level of the Working Capital Fund in May, June and September 1966. He did not for a moment challenge the accuracy of the estimates, but he was disturbed by the fact that no explanation was given to justify those figures. The Committee should also bear in mind that when the Director-General referred to serious lack of proportion between the Working Capital Fund and the regular budget he said nothing about the rapid rate of increase in the latter; that was a subject traditionally discussed by the other Committee and in plenary session. An increase in the Working Capital Fund would do nothing to solve that particular problem. An increase of $ 1 000 000 would mean that 90 per cent. of the Members of WHO would have to make additional contributions at a time when several States were in arrears of contributions. The real solution would be for all Members to honour their pledge to pay their assessment in good time. Indeed, the commitment was plainly stated in paragraph 5.4 of the Financial Regulations. If that regulation was strictly applied, it would guarantee sound finance and make an increase in the Working Capital Fund unnecessary.

Dr ALAN (Turkey) explained that his purpose in speaking was to seek information from the Secretariat, rather than to make general comments. First, he would like to know the number of Member countries in which the fiscal year coincided with the calendar year. Doubtless there were some where that was not the case; in Turkey, for instance, the fiscal year ran from 1 March. Secondly, what was the earliest date on which a country in the calendar fiscal year category would be in a position to complete the necessary formalities to enable it to pay its contribution to the Organization? In other words, what interval must elapse after 1 January before WHO could expect to receive the first contributions of the year? Thirdly had it ever happened that in any year WHO had found itself in a difficult position due to the fact that the Working Capital Fund had not been adequate to meet immediate expenses for current projects which could not be brought to an abrupt end?

Mr ROSE (Trinidad and Tobago) noted that the effect of the recommendation before the Committee would be that the majority of Member States would have to make additional contributions to the Working Capital Fund and, since governments always found difficulty in finding additional funds, he would like to ask a few questions in order to satisfy himself that the action proposed was really necessary.

Table C in Appendix 3 to Annex 17 contained a column showing the funds that would be needed month by month in 1966 to meet immediate obligations and the maximum requirement shown was $ 4 000 000, i.e. the same as the maximum amount of the Working Capital Fund as at present established. However, it appeared that the cash position of the Fund had never reached that figure, because of some contributions habitually coming in late in the year and of the inclusion of assessments on inactive Members (Annex 17, part 1, paragraph 4.1). He asked whether the proposal to increase the Fund to $ 5 000 000 was intended in some sort as an insurance against the contingency of a point being reached where the maximum $ 4 000 000 would be needed; in other words, in that eventuality, to offset the deficit due to the two causes he had mentioned.

Secondly, on the basis of the information given in Annex 17, he could see no logic in the suggestion that there should be a direct relationship between the Working Capital Fund and the effective working budget, and he would like further clarification on that point also.

Dr SUBANDRIO (Indonesia) said she was not clear as to the effect of the recommendation before the Committee. Would each Member State be required to pay its total budget assessment for the year, plus its additional contributions to the Working Capital Fund? To take the first country on the list, as an example, Afghanistan was assessed at $ 19 700 for 1965 (A18/AFL/13) and according to Appendix 2 to Annex 17 it appeared to have paid up $ 2410 to the Working Capital Fund. Was the latter sum to be added to, or subtracted from, the former?

Dr POPOVIC (Romania) said that, so far as he could see, the main reason advanced to justify an increase in the Working Capital Fund was the desire to avoid the Organization finding itself in a precarious financial situation. Fortunately, however, the Assistant Director-General had been able to report that the Organization's financial position was sound, so that there would seem to be no such danger, either at the moment or in the foreseeable future. Moreover, the situation in respect to collection of annual contributions had shown a marked improvement in recent years, thus contributing to stability in the Organization's financial position.

At the time of considering the matter, the Executive Board had not had at its disposal full information on those aspects, and further information was now needed to enable the Committee to reach a judicious decision in the light of all the facts.

Dr LISICYN (Union of Soviet Socialist Republics) asked whether he was right in supposing that the acceptance of the recommendation of the Executive Board in its resolution EB35.R23, relating to the increase in Part I of the Working Capital Fund, would mean additional advances from about one hundred Member States. Also with regard to Part C of that same draft resolution, he would like to know why it had been felt that the Organization should be prepared to advance double the amount authorized in previous years for the provision of emergency supplies to Member States on a reimbursable basis.

Mr SIEGEL, Assistant Director-General, Secretary, welcoming the opportunity to provide further information on a matter of such importance, explained that the maintenance of the Working Capital Fund at an adequate size was the factor that had made it possible for the Organization to be able to report each year that the financial position was sound. That had been the position hitherto and it was purely because the Health Assembly had taken appropriate action on those lines sufficiently in advance that the Organization had been able to operate in an efficient and satisfactory way in so far as finance was concerned.

The Director-General had submitted to the Executive Board, at its thirty-fifth session, a proposal to increase the size of the Working Capital Fund gradually, so that in five years' time it would have reached a level representing a reasonable relationship to the size of the effective working budget. Under the arrangements in force up till now, provision had been made for a review of the amount of and scale of assessment for the Working Capital Fund every five years only, unless the Director-General considered that an interim review was required. Accordingly, the Director-General's proposal had been designed to meet the envisaged requirements of the Organization for the period up to and including the year 1970. The Executive Board had made an exhaustive study of the matter and had requested that additional tables be provided for that purpose, which were before the Committee (in Annex 17 of Official Records No. 140) in addition to the original information submitted to the Board.

Questions had been raised in respect to Table C in Appendix 2 to Annex 17. Admittedly some of the column headings were not as clear as they might have been. The last column of that table, on potential use of the Working Capital Fund in 1966, showed the maximum potential needs. The table had been based on past experience in respect to receipt of contributions and on the size of the effective working budget recommended by the Board for approval by the Health Assembly. It would be seen that the maximum figure, that for the month of June, stood at $ 10 000 000. The Executive Board, after its study, had made an alternative proposal which the Director-General had been able to accept because in his view the arrangements being recommended for both Part I and Part II of the Working Capital Fund would be sufficient to meet the envisaged requirements of the Organization.

Coming to specific questions that had been raised, he took up first the pertinent point about the need for a proportionate relationship between the Working Capital Fund and the effective working budget. As the Director-General had stated in his report to the Board, the present Working Capital Fund was clearly much too small to provide financial stability for the Organization; the cash balance of the fund was less than forty-five days' cash requirements of the Organization (Annex 17, part 1, paragraph 4.2). Moreover, in 1964 the assessment of the two largest contributors represented 44.87 per cent. of the total assessments and normally those contributors paid their contributions in the second half of the year. Any unusual delay in those payments might place the Organization in serious financial difficulties, such as had arisen in 1963 when the amount remaining in the Working Capital Fund at 31 December of that year had been sufficient only to meet cash needs for approximately eight days. It would be readily understood that the estimation of daily cash requirements had to be based on the size of the effective working budget. The Organization had been close to jeopardy in 1963 and the Director-General was concerned to avoid any recurrence of that situation in the future.

The point raised by the delegate of Turkey had a direct bearing on the need for a Working Capital Fund. He did not know the number of Member countries in which the fiscal year corresponded to the calendar year. The largest contributor had a fiscal year beginning on 1 July and that fact had certainly had an effect on its ability to pay its contribution to the Organization early in the year; that payment, which represented over 31 per cent. of the effective working budget, could never be expected before 1 July in any year.

In answering the question of the delegate of Indonesia, he drew attention to the table appearing in Appendix 4 to Annex 17, which was based on the Executive Board's recommendation that the advances to the Working Capital Fund should be on an assessed basis of $ 5 000 000. The Director-General had recommended an assessed basis of $ 7 000 000, but had been able to accept the Board's proposal because it provided in addition for increases in Part II of the Working Capital Fund which would meet the needs. To take the example used by the delegate of Indonesia, Afghanistan, the present advance made by that country to the Working Capital Fund stood at $ 2410. That sum remained to the credit of Afghanistan and, in the event of the Board's recommendation being accepted, its revised advance would be assessed at $ 2500. Afghanistan would thus be required to pay an additional $ 90 only. The same held true for all Member States; the third column in that table showed the additional amounts each country would be required to pay to bring the assessed part of the Working Capital Fund to a level of $ 5 000 000. The Working Capital Fund was maintained as a separate account and existed for the purpose of enabling the Organization to maintain good financial management. The assessments for the Working Capital Fund were not related in any way to the assessments on Members to cover the effective working budget each year.

The delegate of the USSR had made some observations with which the Committee had already indicated its agreement; as for example on the question of prompt payment of contributions by Member States. It had approved a resolution on that subject the previous day. In his explanations regarding Table C in Appendix 3 to Annex 17, he had already dealt with the first question of the delegate of the USSR, and had clearly demonstrated, he thought, the need for an increase in the Working Capital Fund. The second question related to part C of the draft resolution contained in Executive Board resolution EB35.R23, which had not as yet been discussed. The provisions in question concerned arrangements under which the Director-General would have authority to make advances from the Working Capital Fund to meet unforeseen or extraordinary expenses, and it would be noted that under paragraph 1(2), he would be authorized to advance not more than $ 250 000 on his own authority, and up to a total of $ 1 000 000 with the prior concurrence of the Executive Board. The provision hitherto in force imposed a limitation of $ 500 000, and the reason for the recommended increase was explained in Annex 17, part 1, paragraph 6.5, where it was noted that a similar provision to that now proposed had been approved by the Second World Health Assembly, but had later been reduced because of the situation brought into being by the withdrawal from active participation in the Organization of a number of Members. Furthermore, the Organization now had a much larger membership than at the time the last Working Capital Fund resolution had been adopted, and therefore had a potential need for considerably larger sums to meet unforeseen or extraordinary expenses.

If he had failed to answer any point that had been raised, he would be glad to have his attention called to the matter.

Mr ROSE (Trinidad and Tobago) thanked the Secretary for his explanation regarding Table C in Appendix 3 to Annex 17. However he still did not understand the wide gap between the column in that table on potential use of the Working Capital Fund, representing an assessment of maximum needs, and the column on funds needed to meet immediate obligations, which presumably was based on actual past experience. Possibly, part of the explanation lay in the fact that such a large proportion of the funds was supplied by such a small proportion of the membership, but he would be glad to have some further enlightenment in view of the wide disparity between the two sets of figures.

The SECRETARY, in answer, said the explanation was to be found in Annex 17, part 2. The three tables appearing in Appendix 3 to Annex 17 had been prepared on the basis of the cash requirements of the Organization, and of the cash income anticipated from receipt of contributions. The cash requirements included the normal cash balances held in some ninety bank accounts throughout the world. Coming to Table C, he explained that the first two columns related to cash income and cash requirements for the year 1966. The third column showed the estimated use of the Working Capital Fund on a cash basis; in other words, the difference between income and requirements. It would be seen that in the middle of the year (June) the cash outlay might be expected to reach the figure of $ 6 000 000. The next column showed the funds needed to meet immediate obligations, representing outstanding obligations that would not have been paid for in cash but which would have to be met at some stage. The last column represented the total of cash outlay plus outstanding obligations. He hoped those explanations would serve to clarify the situation.

Mr BRADY (Ireland) said that the case made out in Annex 17, together with the explanations given by the Assistant Director-General, seemed to his delegation to justify an increase in the Working Capital Fund. The growth in the Organization's budget entailed added risks, requiring access to a Working Capital Fund adequate to defray expenses pending the receipt of contributions. Attention had been drawn to that matter from time to time by the External Auditor and his delegation considered it but prudent financial management to make adjustments to bring the level of the Working Capital Fund more into line with the present level of the budget.

It would be seen from the information given in Annex 17 that even at the level which the Director-General was proposing to work to ultimately, i.e. approximately 20 per cent. of the effective working budget, the Working Capital Fund would not be out of line with the practice of other organizations in the matter. Indeed, as the table in Appendix 1 to Annex 17 showed, all the other agencies listed had working capital funds in excess of the percentage relationship of that of WHO. His delegation therefore felt able to endorse the proposals put forward by the Executive Board.

He had two small points to raise. Under the arrangement proposed for Part I of the Working Capital Fund in the draft resolution recommended by the Executive Board for adoption, he presumed that the 1966 scale of assessment referred to therein was the scale which would be adopted by the Health Assembly at a later stage. Secondly, his understanding was that adoption of part B, paragraph 2, of that draft resolution would mean that casual income would be used immediately to transfer $ 500 000 to the credit of Part II of the Working Capital Fund. However, it was stated in Annex 17, Part 1, paragraph 5.1.4, that, should sufficient casual income be available each year from 1965 through 1969 to make the maximum transfers to Part II of the Working Capital Fund recommended by the Director-General, by the end of 1969 the total amount available in Part II would be $ 3 000 000. That statement, coupled with the provision in the draft resolution, suggested to him that the transfers of casual income over the five years in question would be of the order of from $ 500 000 to $ 600 000. He would like to know whether the Director-General in fact intended to make transfers of that magnitude, in the event of the draft resolution being adopted.

Dr SUBANDRIO (Indonesia) asked to be assured that she was right in assuming that the additional amounts to be provided by Member States represented only the difference between the revised assessments and the existing assessments; i.e. in the case of Afghanistan, the example already cited, the amount would be $ 90; and that the payment would be non-recurring. Secondly, would payment have to be made in 1965 or 1966? Thirdly, she would like some explanation of the fact that the assessment for some Members was higher under the existing scale than under the revised scale; Burma was a case in point.

Dr CAYLA (France) thought the general discussion had served to clear up a number of important points, so that his delegation was now ready to support the draft resolution put forward by the Executive Board.

There was one point of detail which he would like to have cleared up. Taking the figures given in the tables appearing in Appendix No. 2 to Annex 17 of Official Records No. 140, based on the assumption that Part I of the Working Capital Fund would be increased to $ 7 000 000, it would seem that the inclusion of the three new full Members, Malawi, Malta and Zambia, would in fact bring the total up to $ 7 240 000 or else that the additional assessment on all the other Members would have to be reduced accordingly. The same would apply to the tables in Appendix 4.

Mr THORP (New Zealand) said his delegation had some hesitation about introducing a fixed relationship between the amount of the Working Capital Fund and the effective working budget, as proposed by the Executive Board, having regard to the rate of growth in the budget in the past and the likely rate of growth in the years to come. On the basis of the latest forecast for the effective working budget, a sum of approximately $ 8 000 000 would be required to bring the Working Capital Fund up to 20 per cent. of the effective working budget. To achieve a growth of $ 4 000 000 would mean that $ 800 000 would have to be transferred to the Working Capital Fund each year from casual income, rather than the amount envisaged of $ 500 000. He would like some explanation of the apparent discrepancy, particularly as, under the terms of the draft resolution proposed by it, the Executive Board would be required to review the assessment of advances to the Working Capital Fund in 1970.

Secondly, since it might not prove possible to transfer an average amount of $ 800 000 each year from casual income, perhaps the Secretary might attempt to forecast the rate of transfer for the next few years. Specifically, he would like to know whether the Director-General believed that it would be possible by 1970 to achieve a Working Capital Fund equal to but not exceeding 20 per cent. of the effective working budget for the year; if not, it might well be difficult for the Executive Board to assess whether the 20 per cent. principle in fact was appropriate to the Organization's needs.

Mr WACHOB (United States of America) said that, in view of the statement in Annex 17 to the effect that any cases which might arise in the future requiring withdrawals from the Working Capital Fund had potentially much larger financial implications than heretofore, his delegation would like to know whether the Director-General's authority to make advances from the Working Capital Fund under section C of the Executive Board draft resolution had actually been used in the past; if so, for what purposes, and if not, what were the general purposes now envisaged for which the provision would be used?

Dr AL-WAHBI (Iraq) said that his Government had studied the proposals regarding the Working Capital Fund most carefully and his delegation was prepared to support the Executive Board draft resolution as it stood. Nevertheless, he was somewhat concerned as to the bearing the resolution would have on the use of casual income and on the budget ceiling, and he would like all the implications in that regard to be cleared up.

Dr AFRIDI (Pakistan) endorsed the stand taken by the delegate of New Zealand regarding the 20 per cent. principle. He had attempted to make certain projections of expenditure on the one hand and of additions to the Working Capital Fund on the other, and his calculation showed that, with a transfer from casual income each year in the amount of $ 500 000 the Working Capital Fund would be unlikely in the next few years to exceed more than 14 per cent. of the effective working budget. The tendency would be for governments to regard the 20 per cent. relationship as somewhat extravagant. Accordingly, it would make acceptance of the proposals less painful and not affect the issue if the words "equal to" were deleted from operative paragraph 1 of section B of the Executive Board draft resolution. He accordingly proposed that that be done and that the word "adequate" be inserted in their place.

The SECRETARY, answering points raised, said he would first take up the questions relating to the scale of assessment to be applicable to the Working Capital Fund. In that connexion, he referred the Committee to Annex 17 of Official Records No. 140, containing the Director-General's report on the question to the Executive Board at its thirty-fifth session. In that report, it was noted that the Working Capital Fund had been established as from 1 January 1961 under resolution WHA13.41; and that the scale of assessment now used for calculating advances by Members to the Working Capital Fund was the scale for 1961 approved by resolution WHA13.18. The latter resolution, however, provided that the scale of assessment should be reviewed in five years' time in order to take account of changes which occurred from time to time in the scale of assessment applied by the Organization in financing the annual budget. If it were decided that the scale of assessment for 1966 to be adopted by the Health Assembly should be applied, adjustments of the type to which the delegate of Indonesia had made reference would have to be introduced; in other words, there would have to be adjustment upwards or downwards for some countries to reflect the changes in the scale of assessment adopted. The table in Appendix 4 to Annex 17 showed that there were a few countries to which credits would be due, on the basis of a Working Capital Fund (Part I) of $ 5 000 000 and application of the anticipated scale of assessment for 1966. He would point out that the table would have to be adjusted in line with the Health Assembly decision on the 1966 scale of assessment, which would take account also of the admission of the three new Members.

Under the draft resolution recommended by the Executive Board, provision was made in section A, operative paragraph 1(3) that the additional advances should be due and payable prior to 31 December 1967. Accordingly, if the draft resolution was adopted, the additional amounts indicated could be paid at any time before that date.

The delegate of Pakistan had confirmed the figures cited by the delegate of New Zealand, so that he need not deal with that question. He well understood why questions had been raised regarding the various sets of figures. The confusion had no doubt arisen from the fact that the Director-General's report to the Executive Board (Annex 17) dealt with a different set of figures to those now before the Committee, because the Executive Board had recommended a different way of dealing with the matter. The Director-General had accepted that alternative solution because it represented a less painful way of raising the funds needed for the Working Capital Fund, even though there was no assurance at the present stage that the needed funds could be raised. The Director-General therefore assumed that the Health Assembly would wish him to call attention to the problem that would arise in the event of casual income in succeeding years not being available in sufficient amount to enable him to increase the Working Capital Fund to an amount not in excess of 20 per cent. of the effective working budget for the year. He would assume that the amendment proposed by Pakistan, if adopted, would not preclude that level being reached.

To the points raised regarding the possible adequacy of casual income in the years to come, he could only reply on the basis of experience. By the end of 1965, he would expect casual income to have accumulated in sufficient amount to enable the

Director-General to transfer $ 500 000 to the Working Capital Fund as proposed under section B, operative paragraph 3, of the draft resolution recommended by the Executive Board, thus ensuring adequate working funds for 1966.

There had been few instances in the past when it had been necessary for the Director-General to use his authority to draw on the Working Capital Fund for meeting unforeseen or extraordinary expenses, because of the fact that the Organization had been able to finance supplementary budget estimates out of available casual income. But that happy position could not be expected to be maintained in the future since, if the draft resolution recommended by the Executive Board was adopted, most of the resources becoming available under casual income would be utilized to build up an adequate Working Capital Fund. He accordingly anticipated that WHO would find itself in a similar position to other international organizations; i.e. it would have to use the Working Capital Fund to finance supplementary budget estimates if the need for imposing a supplementary assessment on Members in any year was to be avoided.

He was aware that he had given no precise answer as to the amount of casual income likely to be available in future years. He was unable to make any specific estimate but hoped that there would be enough to enable the Director-General to finance operations, pending receipt of contributions from Member States.

Dr ALAN (Turkey) said that the discussion had served to convince his delegation that the Executive Board's proposals were worthy of full support. The table given in Appendix 1 to Annex 17 of Official Records No. 140 showed that WHO's relative position in respect to the percentage size of its Working

Capital Fund was low in comparison with that of the United Nations and other agencies. The Organization was a large one, with a big operational programme and, in order to be able to meet the calls upon it, must have a larger Working Capital Fund than hitherto. The Table C in Appendix 3 of the same Annex showing the estimated use of the Working Capital Fund for the year 1966 plainly indicated that the present Working Capital Fund was inadequate, so that in the future the Organization might find itself in the position of being unable to finance its operations, pending the receipt of contributions from Members. For all those reasons, his delegation strongly supported an increase in the amount of the Working Capital Fund. As to the amendment proposed by the delegate of Pakistan, the proposed change would appear to present no great difficulties for the Organization.

Dr LISICYN (Union of Soviet Socialist Republics) said that, although the Secretary's explanations served to clear up many points, no further grounds had been adduced in the discussion to warrant his delegation changing its stand on the matter. The Organization's financial position remained stable and satisfactory, as had been amply attested in the discussion under agenda item 3.12. It had been clearly confirmed that the way to ensure proper financing of WHO's activities was for every Member to observe the provisions of Regulation 5.4 of the Organization's Financial Regulations by paying contributions in due time, i.e. at the beginning of each financial year. Budgeting procedures of Member States could be adapted to take that provision into consideration.

The concern of the Director-General was based on what had happened in 1963 when there had been a longer delay than usual in the payment of certain contributions. Nevertheless, even in that most disturbing period, the resources of the Working Capital Fund had never been entirely exhausted and the whole background and experience confirmed the stable nature of the Organization's financial machinery. No case had been made out to show that an increase in the Working Capital Fund was essential. Moreover, even the relatively small increase proposed by the Executive Board would mean that some hundred Members would be called upon for additional advances in varying sums, so that the situation of those already in arrears of contributions would in fact be worsened. Furthermore, even the increased Working Capital Fund would not be adequate to meet all the estimated needs, as set out in Table C (Official Records No. 140, Annex 17, Appendix 3). He therefore failed to see that the additional burden that would be entailed on Members was really necessary and his delegation would have to abstain in the vote on the draft resolution proposed by the Executive Board.

Mr WACHOB (United States of America) asked how the Director-General would be guided in applying the provisions of operative paragraph 2 of section B of the draft resolution recommended by the Executive Board in the event of the adoption of the amendment proposed by the delegate of Pakistan to operative paragraph 1.

The SECRETARY said he would again point out that the Organization had been able to report a healthy financial position at the end of each year thanks to the wisdom of the Health Assembly in making adequate provision for the Working Capital

Fund over the years. The proposals before the Committee would, in the Director-General's opinion, ensure a continuance of that position, provided that Member States continued to pay their contributions in due time and possibly at an earlier date in the year than at present. More security would be provided for the next few years if Part I of the Working Capital Fund were to be increased to $ 7 000 000 rather than $ 5 000 000. He was uncertain as to how the Director-General would be guided in the event of the Pakistan amendment being approved. The term "adequate" would require to be defined; and if the definition were left to the Director-General's discretion, he would assume that it was tantamount to "equal to but not in excess of 20 per cent of the effective working budget".

The CHAIRMAN put to the vote the amendment proposed by Pakistan.

Decision: The amendment proposed by the delegate of Pakistan was rejected by 13 votes to 7, with 54 abstentions.

The CHAIRMAN put to the vote the draft resolution recommended by the Executive Board in resolution EB35.R23 (Official Records No. 140, pages 17 and 18).

Decision: The draft resolution was approved by 73 votes to none, with 6 abstentions.

4. ADJUSTMENT IN THE SCALES OF ASSESSMENT FOR 1964 AND 1965 (UNITED REPUBLIC OF TANZANIA): Item 3.9 of the Agenda (Resolution EB35.R18; Official Records No. 140, Annex 11)

The CHAIRMAN invited the representative of the Executive Board to introduce the item.

Dr AMOUZEGAR, representative of the Executive Board, said that the former States of Tanganyika and Zanzibar had been assessed individually by the Seventeenth World Health Assembly for the years 1964 and 1965, each at the minimum assessment of 0.04 per cent. With the merging of those two States into the United Republic of Tanzania, it had become necessary to adjust those assessments. The United Nations Committee on Contributions had recommended that the United Republic be assessed at the minimum of 0.04 per cent. in the United Nations. The Executive Board was now recommending that the Health Assembly cancel the present assessments against the two former States and assess the United Republic at 0.04 per cent. for the years 1964 and 1965.

As the assessments for 1964 had been applied as unbudgeted assessments, that action would reduce the amount of the unbudgeted assessments by the equivalent of 0.04 per cent. in 1964, or $ 13 870. The assessments for 1965 were part of the budgetary income for that year and the adjustment would mean a decrease in income for the year of 0.04 per cent., or $ 15 760. To replace that loss of income, the Board was recommending an increase in the amount of miscellaneous income appropriated in 1965 by $ 15 760.

In its resolution EB35.R18, the Board was recommending that the Health Assembly adopt a resolution which would effect the necessary adjustments.

The CHAIRMAN, noting that there were no comments, assumed that the Committee was ready to approve the draft resolution contained in resolution EB35.R18.

Decision: The draft resolution contained in resolution EB35.R18 was approved.

5. REPORT ON CASUAL INCOME: Item 3.12.5 of the Agenda
STATUS OF THE ASSEMBLY SUSPENSE ACCOUNT: Item 3.12.6 of the Agenda
(Document A18/AFL/14 and Corr.1)

The CHAIRMAN invited the Secretary to introduce the items.

The SECRETARY said that the report before the Commiteee (A18/AFL/14 and Corr.1) gave a summary of the casual income available as at 30 April 1965 (amount: $ 2 275 674) and of the uses proposed for it.

The Executive Board was recommending (resolution EB35.R26) to the Health Assembly that $ 552 000 of casual income be used to help finance the proposed programme and budget estimates for 1966 (para. 3.1 of document A18/AFL/14). It was customary for the Committee to transmit to the Committee on Programme and Budget a recommendation on the amount of casual income to be taken into account in establishing the budget ceiling for the effective working budget each year.

The Committee had already acted on the Executive Board's proposals that the Health Assembly approve the supplementary estimates for 1965, amounting to $ 1 147 000, to be financed from casual income; that an amount of $ 500 000 be transferred from casual income to the Working Capital Fund; and that casual income be appropriated to offset the adjustments necessitated by the merging of

Tanganyika and Zanzibar into a single State (paras. 3.2, 3.3 and 3.4). The position was recapitulated in paragraph 4 which showed that an amount of $ 47 044 would remain in casual income, after taking account of the recommendations.

The Committee might wish to recommend to the Committee on Programme and Budget that $ 552 000 be used to help finance the programme and budget estimates for 1966, as recommended by the Executive Board.

Mr WACHOB (United States of America) said that the United States Government continued to be interested in the casual income available to the Organization, from the standpoint both of sources from which it was derived and ways in which it was to be used. The United States of America had accordingly welcomed the inclusion in the Executive Board's report on the proposed programme and budget estimates for 1965 (Official Records No. 133) of the tables given in Appendix 17, which showed the sources from which casual income was derived and the amounts remaining in each of the three categories at 31 December for each of the ten previous years. Similar tables had not been included in the Board's report on the proposed programme and budget estimates for 1966 and his delegation hoped that it would be found possible to provide such tables each year. It would further suggest that one of the tables be designed to show the amount of casual income actually derived from each of the three sources for each calendar year covered, and not simply the amounts remaining as of 31 December each year. That information would enable governments to get a better idea of the amount of casual income that might be anticipated in the succeeding year, without having to refer to several different sections of the annual Financial Report.

On a different aspect, he reminded the Committee of the suggestion made by his delegation the previous year to the effect that it would be helpful if the Executive Board were, at its thirty-fifth session, to review the Organization's practice of appropriating the fixed amount of $ 500 000 in casual income to reduce Members' assessments each year, and report to the Health Assembly. That reminder was not intended to affect the recommendation relating to the year 1966, but rather to ensure consideration of the long-range problem. The amount of casual income accruing during 1964 had been stated to be approximately $ 2 000 000. The Committee's action designed to modify the level of the Working Capital Fund would result in earmarking for that purpose a certain amount of casual income each year, so that the total amount accruing could not be fully utilized to reduce Members' assessments. His delegation was not suggesting that any particular amount, either in terms of dollars or percentage, be established as a target figure for that purpose, but felt that it would be valuable if the Executive Board, in January 1966, were to conduct a review from the policy standpoint and report to the Nineteenth World Health Assembly.

The meeting rose at 12.30 p.m.