



COMMITTEE ON ADMINISTRATION, FINANCE AND LEGAL MATTERS

PROVISIONAL MINUTES OF THE THIRD MEETING

Palais des Nations, Geneva
Monday, 9 May 1966, at 2.30 p.m.

CHAIRMAN: Sir William REFSHAUGE (Australia)

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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. REVIEW OF THE FINANCIAL POSITION OF THE ORGANIZATION: Item 3.8 of the Agenda (document A19/AFL/10) (continued)

Mr SIEGEL, Assistant Director-General, Secretary, continuing his comments on points raised at the previous meeting, said that a comparison of total regular budget obligations with the total approved effective working budget was readily available since the figures had been prepared in reply to a questionnaire of the ad hoc committee of experts established by the General Assembly to examine the finances of the United Nations and the specialized agencies which had just met in Geneva. In 1957 the unused budget balance had been 3.52 per cent. with a cash surplus of \$ 90 530. In 1958 figures were 2.43 per cent., with a cash deficit of \$ 176 420; in 1959, 1.97 per cent., with a cash deficit of \$ 254 394; in 1960, 1.74 per cent., with a cash deficit of \$ 301 775; in 1961, 2.92 per cent., with a cash deficit of \$ 468 294; in 1962, 2.81 per cent., with a cash deficit of \$ 582 939; in 1963, 2 per cent., with a cash deficit of \$ 2 882 850. In 1964 the unused budget balance was 1.95 per cent. and the cash deficit was \$ 350 569, while in 1965 the unused budget balance was 2.94 per cent. and there was a cash deficit of \$ 361 355.

The amount of unused budget balance for 1965 was to some extent due to the provision made for appointing some of the servicing personnel needed for the new building in the last three months of 1965. Since the personnel had not, in fact, been required, that money had not been used to the full extent provided.

The Director-General was always trying to manage the financial affairs of the Organization in a prudent manner and he had endeavoured to avoid exceeding the actual financial resources available, or those which could be expected to become available within a few months of the end of the year.

With regard to the payment of contributions, the reason for an unusually small percentage being collected by the end of 1963 was that one of the highest contributors, due to legislative involvement, had been unable to make payment in full until shortly after the close of the year.

With regard to currency of payment of contributions, the Executive Board had considered the report of the Director-General at its thirty-seventh session and had decided, in resolution EB37.R39, to postpone further discussion on the question until its thirty-eighth session. It was unlikely that the Board would judge it possible for the Organization to carry out its duties efficiently unless it continued to receive contributions to the regular budget in United States dollars and Swiss francs, with a small amount of sterling. It had been impossible to find methods which would permit the Organization to work effectively otherwise. There were no instances of payments being made in any other way to regular budgets. The only case in which other currencies were accepted was in connexion with contributions made on a voluntary basis.

Since the Organization had taken possession of its own building it would no longer be necessary to reimburse funds to the United Nations for services to WHO, with certain exceptions, for example, the use of the Assembly building for the

Health Assembly for which the United Nations was paid on an agreed basis. The space allocations in the new building were less generous than before the move and were only adequate to meet present requirements. Since there was no space to spare, its use would have to be tightened up in the near future. It was obvious that considerable additional construction would be required if a future Health Assembly were to be held in WHO's own building. The possibility, which had been mentioned at the previous meeting, might be envisaged in the future, however. There was clearly a need in Geneva for some additional conference premises. The committee rooms in the Assembly building of the Palais des Nations were not of adequate size, for example. The United Nations was contemplating an addition to the building and whatever decision it might reach would be taken into account by WHO. The Executive Board building made only limited provision for any possible future increase in the Board's membership. If any considerable expansion should take place, some additional provision would have to be made.

Reference had been made to the relatively small figure of \$ 842 000 for projects financed from the United Nations Special Fund in 1965. The amount provided by the Special Fund for health projects had for several years given serious concern to the Director-General. The Secretariat had been endeavouring to obtain consideration for a number of projects, with relatively small success, but it was hoped that in the future more help would be available for water supply

and sanitation projects and that assistance could be given to governments with projects in those fields. There was, however, no real expectation of receiving much assistance from the Special Fund in the field of health, for reasons related to another item on the agenda which was to be dealt with by the Committee on Programme and Budget. He would suggest that consideration of the matter should be postponed until that Committee had dealt with it.

In connexion with the recruitment of staff, it had been suggested that WHO should provide governments with more information on vacant posts. Such information had been provided regularly to those governments which did not, as yet, have an adequate number of nationals on the staff, as a step towards the improvement of the national and geographical distribution of the staff.

As he had mentioned in his opening statement (A19/AFL/10), it was expected that the electronic computer ordered by the Organization would be delivered in the next few weeks. Its immediate major use would be in relation to programme activities in health statistical and research information services. The plans for its use in administrative work were for the moment limited to the payroll and personnel records. With proper organization and highly trained staff a great deal could be achieved by the use of a computer and during the past eighteen months much work had been done in preparation for its effective use. A number of headquarters staff had been trained to use the computer and to write programmes in computer language. In addition, a few staff had been engaged from outside with

experience of computers. The computer staff therefore included members with a good knowledge of WHO and members with a good knowledge of computers. At the same time an attempt had been made to provide a large number of headquarters staff with an idea of the type of computer and its potentialities. Special short courses had been attended by about 175 staff members. He personally had attended a computer course in New York in 1965. In the future it was hoped to find ways of acquainting staff in the regions with the uses of the computer. If governments were interested, training courses and seminars might be arranged for Ministry of Health officials. There were a number of difficulties in the way of offering the services of the computer to governments but the possibility would certainly not be ruled out. It would depend on the nature of the work to be performed, and the time factor. It would be useful if the WHO computer and computer staff could, in time, help to develop a system including the writing of programmes in computer language which could be adapted for use at the national level. The question of providing services to other international organizations had been considered at the inter-agency level. A number of agencies had installed or ordered computers, while others had used or expressed the wish to use another agency's computer. The value of continuing co-ordination would lie in the possibility of adapting the programming done by one organization for the use of another. One difficulty was that computer manufacturers had not yet found it possible to adopt a unified programming language. When they had done so it would be easier to adapt programmes for use in different computers.

Dr LISICYL (Union of Soviet Socialist Republics) again asked what effect the financing of the supplementary estimates for 1966, which amounted to almost \$ 2 000 000, from casual income, would have on the budget estimates for future years. It might well be that difficulties would arise in 1967.

The SECRETARY said that the supplementary estimates for 1966 had arisen mainly as a result of changes in salaries and an allowance with effect from 1 January 1966, which would have repercussions in the future. Provision had been made in the 1967 budget to take account of changes in salaries which would take place in 1966. If, however, supplementary estimates should be needed for another purpose in 1967, it was not possible at the present stage to say whether casual income would be available to finance them or not.

2. FINANCIAL REPORT ON THE ACCOUNTS OF WHO FOR 1965, REPORT OF THE EXTERNAL AUDITOR, AND COMMENTS THEREON OF THE AD HOC COMMITTEE OF THE EXECUTIVE BOARD: Item 3.8.1 of the Agenda (resolution EB37.R48; Official Records No. 150; document A19/AFL/13)

The CHAIRMAN said that the External Auditor, Mr Brunskog, was unfortunately indisposed. He had informed the Chairman that he had no comments to make. If the Committee had no objection, therefore, they might proceed in his absence to consider the Financial Report on the Accounts of WHO for 1965, and the Report of the External Auditor (Official Records No. 150) and the comments thereon of the Ad Hoc Committee of the Executive Board.

Dr WATT, representative of the Executive Board, Chairman of the Ad Hoc Committee, introduced his Committee's second report (document A19/AFL/13). The Ad Hoc Committee commended highly the Financial Report on the Accounts of WHO for 1965, and the Report of the External Auditor, which reflected an excellent state of financial health. The absence of any serious problems was particularly noteworthy. The External Auditor had also confirmed that the financial and administrative work of the regional offices was being well performed.

Part of the External Auditor's Report was devoted to a new item, the International Agency for Research on Cancer. The accounts of the Agency had been presented in the Financial Report in a manner which complied with the financial regulations of both the World Health Organization and the Agency, which was just getting under way but which was in a satisfactory financial position.

The Ad Hoc Committee recommended to the Nineteenth World Health Assembly the adoption of the resolution set forth in paragraph 7 of document A19/AFL/13, which in effect would accept the Director-General's Financial Report and the Report of the External Auditor for 1965.

Mr WACHOB (United States of America) expressed his delegation's satisfaction at the way in which the Director-General had presented the accounts of the International Agency for Research on Cancer.

With regard to the payment of contributions, he noted that one and a half million dollars remained outstanding from active Members of the Organization, which was half a million dollars more than the previous year. His delegation stressed

the need for the payment of contributions in the year for which they were due, if the Organization was to carry out its programmes without recourse to the Working Capital Fund.

He would welcome an explanation of the increase in the share of common services under Programme Activities, shown on page 37 of the Financial Report, which amounted to approximately 50 per cent. more than in 1964. He also wished to know the reasons for the increase of approximately \$ 100 000 over 1964 for printing.

On page 33 of the Financial Report, he noted that, although there was a contribution to the Special Account for the Yaws Programme of \$ 6918, no obligation had been made against funds for that year, nor had any been made for 1964. Were the contributions to the yaws programme perhaps being held for a special project?

The SECRETARY explained that the main reason for the increase in the share of common services costs for 1965 was that there had been considerable expenditure, over and above normal costs, on supplies and equipment for the new building. There had also been certain increases in rentals for office space in Geneva. The increase for printing was essentially due to increased printing costs and to the number of pages of technical publications produced by the Organization in 1965.

With regard to the Special Account for the Yaws Programme, it had been thought, prior to 1965, that the funds should be allowed to accumulate until they sufficed to finance one or two good projects. A project had been planned for 1965 but for

technical reasons the government concerned had not wished to proceed with it. Two projects had, however, been planned for 1966: one was already in operation and the other would begin in the next few weeks.

Dr DIBA (Iran), Rapporteur, read the following draft resolution proposed by the Ad Hoc Committee of the Executive Board in paragraph 7 of the second report of the Ad Hoc Committee of the Executive Board (document A19/AFL/13):

The Nineteenth World Health Assembly,

Having examined the Financial Report of the Director-General for the period 1 January to 31 December 1965 and the Report of the External Auditor for the same financial period, as contained in Official Records No. 150; and

Having considered the report of the Ad Hoc Committee of the Executive Board on its examination of these reports,

ACCEPTS the Director-General's Financial Report and the Report of the External Auditor for the financial year 1965.

Decision: The draft resolution was approved unanimously.

3. STATUS OF COLLECTION OF ANNUAL CONTRIBUTIONS AND OF ADVANCES TO THE WORKING CAPITAL FUND: Item 3.8.2 of the Agenda (resolution EB37.R17; document A19/AFL/18)

The SECRETARY introduced the Director-General's report on the collection of annual contributions and of advances to the Working Capital Fund (document A19/AFL/18), to which was attached a statement indicating the situation as at 30 April 1966. Collections of contributions from active Members had amounted to

\$ 10 789 762, or 26.38 per cent. of the assessments on active Members, which was somewhat lower than the corresponding percentages of collections for 1964 and 1965, which had been 31.45 per cent. and 38.22 per cent. respectively. Since the report had been prepared, additional payments had been received from five countries, amounting to \$ 194 004. Part 3, on pages 4 and 5 of the statement as at 30 April 1966, showed that the additional advances to the Working Capital Fund established by resolution WHA18.14 as due and payable prior to 31 December 1967 had been paid in full by forty-five Members.

Part 4 of the statement, referring to arrears of contributions, showed the status of the instalment payments due from certain Members under the provisions of resolutions WHA9.9 and WHA15.9, which authorized special arrangements.

On 1 January 1966 the arrears of contributions of active Members had been \$ 2 361 938. Payments received since that date in respect of those arrears amounted to \$ 911 162, reducing such arrears to \$ 1 450 776 at 30 April 1966, which compared with \$ 1 179 480 at 30 April 1965. A separate agenda item concerning those Members subject to the provisions of paragraph 2 of resolution WHA8.13 and Article 7 of the Constitution, had been submitted by the Ad Hoc Committee of the Executive Board in accordance with resolution EB37.R48. The Ad Hoc Committee had asked the Director-General to cable to the Members concerned and to ask for a reply by 10 May so that the Committee on Administration, Finance and Legal Matters would be able to deal with the matter at one of its next meetings.

Part 6 of the statement showed the unpaid contributions of China for the years prior to 1966, and part 7 showed the unpaid contributions of inactive Members for the years prior to 1966.

Since the document had been prepared, payments had been received from the Dominican Republic for the arrears of 1964 and part payment for 1965; from Bolivia for the balance of its instalment due for 1965; and from Yugoslavia in respect of part of the additional advance to the Working Capital Fund.

Dr LAYTON said that, although the situation in regard to the collection of contributions had seemed to be improving in 1964, when contributions received by 30 April had amounted to 31.45 per cent. of the assessments on active Members, and in 1965, when the corresponding figure had been 38.22 per cent., it now seemed to have deteriorated. Was the reason known for that deterioration, which seemed to show an element of disregard for the Financial Regulations? According to Financial Regulation 5.4, contributions and advances were considered "as due and payable in full within thirty days of the receipt of the communication of the Director-General" requesting them to remit their contributions and advances to the Working Capital Fund, "or as of the first day of the financial year to which they relate".

The SECRETARY said that if account was taken of payments received by the first week in May, the collection of contributions for active Members amounted to 26.85 per cent. of assessments. The situation as at 30 April 1966 had been less

favourable than in the two preceding years because two of the larger contributors had not made such large payments as formerly by that time, and a number of other countries which had previously paid all their contributions by 30 April had not done so in 1966. If the two large contributors had paid at the same rate and in the same way as in previous years, a level of over 39 per cent. of assessments would have been reached, a higher figure than ever before.

The Secretariat would be willing to invite the attention of all Members, as it had done periodically, to the need for paying contributions and advances by the date prescribed in the Financial Regulations. The reminder would no doubt help governments and ministries in making arrangements for payment.

Dr DIBA (Iran), Rapporteur, read the following draft resolution on the status of collection of annual contributions and of advances to the Working Capital Fund:

The Nineteenth World Health Assembly,

1. NOTES with satisfaction the status, as at 30 April 1966, of the collection of annual contributions and of advances to the Working Capital Fund, as reported by the Director-General;
2. CALLS the attention of Members to the importance of paying their annual contributions as early as possible in the Organization's financial year, in order that the approved annual programme can be carried out as planned;
3. URGES Members in arrears to make special efforts to liquidate their arrears during 1966; and
4. REQUESTS the Director-General to communicate this resolution to Members in arrears and to draw attention to the fact that continued delay in payment could have serious financial implications for the Organization.

Dr LAYTON (Canada) proposed that the words "with satisfaction" in paragraph one should be deleted, since they did not reflect the feeling of the Committee.

Decision:

(1) The proposal by the delegate of Canada, to delete the words "with satisfaction" in paragraph one, was adopted.

(2) The resolution, as thus amended, was approved.

4. ESTABLISHMENT OF A REVOLVING FUND FOR TEACHING AND LABORATORY EQUIPMENT FOR MEDICAL EDUCATION AND TRAINING: Item 3.13 of the Agenda (Resolutions WHA18.39; Official Records No. 148, resolution EB37.R15 and Annex 12; Official Records No. 149, Chapter III, paras 198-205; and document A19/AFL/20)

Dr WATT, representative of the Executive Board, said that the Board had been much impressed by the views expressed by members of the Board who were familiar with the needs of developing countries. The basic idea was simply that funds should be made available for the purchase of key items of teaching and laboratory equipment by countries where currency difficulties would otherwise make the acquisition of such equipment impossible. The Executive Board felt that serious consideration should be given at the present Health Assembly to the proposal to establish a revolving fund which would be added to over a period of time, and which would in fact have financial implications for governments for ten years. Resolution EB37.R15 contained two important provisions designed to facilitate the working of the fund. The first was that the full estimated cost of the requested purchase, and shipping costs, should be deposited with the Organization in local currency in advance. The second was that the total expenditure for any one Member for any one request should be limited to ten per cent. of the usable balance of the fund at the time the request was received.

The CHAIRMAN drew the Committee's attention to document A19/AFL/20 containing revised resolutions on the subject submitted by the delegation of India. Only the resolution contained in Annex 1 was pertinent to the agenda item under discussion; it read:

The Nineteenth World Health Assembly,

Recognizing that trained manpower is of fundamental importance for health programmes, and realizing that the shortage of teaching and laboratory equipment in medical and paramedical schools is a great handicap in imparting medical education, especially in the developing countries;

Having considered the recommendations of the Executive Board to establish a revolving fund to finance, on a reimbursement basis, the purchase of teaching and laboratory equipment for medical and paramedical education and training; and

Considering that the establishment of such a revolving fund would provide valuable assistance to Members,

1. DECIDES to establish a revolving fund to finance, on a reimbursement basis, without service charge, requests from governments to purchase teaching and laboratory equipment for medical and paramedical education and training;
2. AUTHORIZES the Director-General to accept in reimbursement for such purchases the national currency of the Member concerned subject to the following provisions:
 - (1) that the full estimated cost of the requested purchase and shipping costs be deposited with the Organization in advance; and
 - (2) that the total expenditure for any one Member for any one request be limited to ten per cent. of the usable balance of the fund at the time the request is received;
3. AUTHORIZES the Director-General to exchange the various currencies accumulated in the fund for convertible currencies available in the regular budget, provided the Organization can make use of such currencies in its programmes;
4. DECIDES to include an amount of \$ 100 000 in the Supplementary Estimates for 1966 as the first of ten instalments to commence operation of the fund;

5. REQUESTS the Director-General to include similar amounts for the same purpose in the budgets for the years 1968 to 1976; and

6. REQUESTS the Executive Board and the Director-General to review and consider the policies and conditions governing the operation of the fund at least once every five years; however, special review or consideration may be requested by either at any time deemed necessary.

Dr RAO (India) congratulated the Director-General on the study he had carried out on establishing a revolving fund for teaching and laboratory equipment for medical education and training. His delegation was particularly satisfied that the Director-General had made budgetary provision to initiate that fund. It was also gratified that the Executive Board, at its thirty-seventh session, had endorsed the Director-General's proposals, especially since the original idea to establish the fund had come from his delegation.

His delegation considered that a fund such as that proposed would be able to provide most valuable assistance to very many developing countries, especially since the shortage of teaching and laboratory equipment in medical and paramedical schools was a hindrance to the advancement of medical education in developing countries. However, while the positive steps taken by the Director-General and the Executive Board were most welcome and while on the whole his delegation agreed with the resolution adopted by the Executive Board at its thirty-seventh session, it intended putting forward certain amendments which would, in its opinion, increase the effectiveness of the proposal.

In the first place it was convinced that the importance of the assistance that the fund would give was such that it should be initiated immediately and, for that reason, it had considered the report on casual income and the status of the Assembly expense account very carefully and had found that, after the

available casual and other income set aside for purposes proposed by the Executive Board, its Ad Hoc Committee and the Director-General had been used up, a balance of just over \$ 200 000 remained. In view of the urgency of setting up the fund as soon as possible, his delegation proposed that at least half of that balance be used to finance it. If the Nineteenth World Health Assembly were to approve that proposal, the revolving fund could begin to operate immediately. For that reason, his delegation had submitted the draft resolution contained in Annex I to document A19/AFL/20, in which it was also provided that the second instalment of \$ 100 000 should not be made until 1968 - thus reducing the 1967 budget by that amount.

Professor PESONEN (Finland) said that it was important to establish criteria as to the type of equipment covered by the proposal; otherwise there might be difficulty in deciding which requests were receivable, especially in the case of hospital equipment, which was used not only for teaching but for treatment and research, although the type of equipment required for the teaching of the basic medical sciences should not present any problem.

Dr AL WAHBI (Iraq) said that in his view the equipment most urgently needed was that required for the teaching of physiology, biochemistry and the other basic medical sciences, and it was on the understanding that the fund would provide such equipment that he had seconded the proposal when it had first been introduced at the Eighteenth World Health Assembly. He fully supported the proposal of the delegation of India that was before the Committee.

Dr MAHFUZ ALI (Pakistan) said that his delegation supported the Indian proposal, but hoped that a further contribution to the fund would be made in 1967 as well as in 1968.

Mr HOOGWATER (Netherlands) welcomed the proposal submitted by the delegation of India, but suggested that the words "provided the Organization can make use of such currencies in its programme" be deleted from paragraph three.

The SECRETARY said that the Director-General's proposals for the establishment of a revolving fund, as contained in Official Records No. 148, Annex 12, had been that a fund be established to finance, on a reimbursement basis, the teaching and laboratory equipment for medical and paramedical education and that the teaching equipment would include text-books, periodicals and the audiovisual aids required for such education.

In reply to the delegate of the Netherlands, he explained that the Director-General would have to decide whether any request came within that definition and that the reason for the inclusion of the phrase the delegate was proposing to delete was to ensure as far as possible that the fund be a revolving fund. If the Organization were to accept currencies it could not use, the fund would no longer be a revolving fund but would be full of miscellaneous currencies that would block its further operation.

Mr WACHOB (United States of America) said that the draft resolution submitted by the delegation of India proposed that \$ 100 000 be set aside as the first of ten instalments for the operation of the fund, which would eventually reach a total figure of \$ 1 000 000. In his delegation's view, the optimum

size of the fund would depend on the rate at which the initial \$ 100 000 turned over. Before deciding on a definite target, the situation should be reviewed after its first year of operation. For that reason, his delegation proposed the deletion of the phrase "as the first of ten instalments" in paragraph four of the resolution. As a consequence, paragraph five would have to be deleted. The rate of turnover should be reviewed as early as possible, preferably by the Executive Board at its thirty-ninth session. His proposal therefore, implied the deletion of the last two lines of paragraph six and the substitution, after "operation of the fund" of "at its thirty-ninth session".

Mr HOOGWATER (Netherlands) said that he withdrew his proposed amendment in the light of the explanation given by the Secretary.

The SECRETARY, referring to the amendment proposed by the delegation of the United States of America, pointed out that, in his original proposal to the Board, the Director-General had anticipated that the fund would reach one million dollars after ten years. Addressing the Board at its thirty-seventh session, the Director-General's representative had drawn attention to the fact that, even with a sum of only \$ 100 000, the fund would turn over a number of times during its first year if it operated as smoothly as was hoped. He had added that the proposal would enable the Organization to assume an important new function and to meet a very definite need. It would enable it to start modestly and to allow for future growth. Even if the fund were limited to \$ 100 000 in the first year it was possible, if local currencies could be converted for hard currencies, that the volume in one year might exceed \$ 100 000 and that the ultimate objective might not only be achieved but even exceeded.

Professor VANNUGLI (Italy) said that his delegation supported the amendment proposed by the delegation of the United States of America since an early review of the operation of the fund was essential.

Dr LAYTON (Canada) said that his delegation was unreservedly in favour of setting up a revolving fund, which would be a most valuable mechanism for the promotion of medical education in developing countries. In view of the Organization's lack of experience in that regard the amendment proposed by the delegation of the United States of America was logical. However, he wondered whether the Executive Board would not encounter difficulties in reviewing the operation of the fund at its thirty-ninth session in January 1967.

The SECRETARY said that, if the Assembly were to agree to setting up the fund immediately, it would have been in operation for approximately seven months by January 1967 when the Board would meet and review the budget estimates for 1968.

Dr AL WAHBI (Iraq) said that he did not think it would be practical to review the fund's operation after a period of only six or seven months. At its thirty-ninth session, the Executive Board would not have sufficient information to enable it to assess the fund's achievements adequately. Consequently, his delegation could not accept the amendment proposed by the delegation of the United States of America and would prefer to retain the proposal of the delegation of India.

Professor AUJALEU (France) said that his delegation had serious doubts about the third operative paragraph of the resolution. An amount of \$ 100 000 was to be placed in the fund for one particular year. Each time

purchases were made, the fund would have to disburse dollars and receive local currencies in exchange. The Director-General would then have to replace the non-convertible currencies received by convertible currencies. However, in some cases that would be extremely difficult, if not impossible, and the result would be that the fund would become blocked.

The SECRETARY pointed out that paragraph three was intended to give the Director-General authority to exchange any currency accumulated in the fund for convertible currencies only when such currencies could be used in connexion with the Organization's work. It might take longer than a year before such currencies could be used. The purpose of the paragraph was to avoid situations where the Director-General would be unable to make use of the currencies concerned.

Dr WONE (Senegal) supported the amendment proposed by the delegate of the United States of America; the Executive Board should be in a position to make an effective review of the situation in January 1967, even though the lapse of time was somewhat short.

He proposed the following drafting changes: in the French text of paragraph four, the insertion of the word "initiale" after "dotation"; the deletion of the words "and the Director-General" in the original paragraph six, and the addition of a request to the Director-General to report to the Twentieth World Health Assembly.

Mr HOOGWATER (Netherlands) said that when he had made his proposal to delete the last phrase of paragraph three he had had in mind possible situations such as described by the delegate of France. The Organization could, of course, take

the risk implied in paragraph three if the phrase were retained. The only alternative would be to make paragraph three conditional on paragraph two, non-convertible currencies being accepted only when it was certain that the Organization could use them.

Professor AUJALEU (France) supported that view.

The SECRETARY agreed that the risk referred to by the previous speakers was very real. There was a danger that the fund might sink below its capital level and, in theory, if currencies which the Director-General could not employ were accepted, the fund would come to an end. If the resolution were adopted without the United States amendment, a further \$ 100 000 would be placed in the fund in 1968. It was clear that paragraph three could be left as it was, the potential danger being recognized by the Assembly; or that paragraph could be attached as a condition to paragraph two, such condition to be met before the Director-General went ahead with the purchase of any items requested. That was the reason for which paragraph six had provided for a review of the policies and conditions governing the operation of the fund after five years.

Dr CASTILLO (Venezuela) said that it was vital for the fund to be kept active and to be used by the largest possible number of developing countries. He stressed the importance of fixing a time limit for the countries receiving assistance to reimburse the amounts received. Otherwise, the fund might become too small to meet the need for which it had been established.

The SECRETARY drew attention to the provision in paragraph two (1) to the effect that the full estimated cost of the requested purchase and shipping costs be remitted to the Organization in advance. Secondly, there was the possibility that the requests received might exceed the initial amount in the fund. The Director-General would then meet the requests in the order in which they had been received until the funds were exhausted, and would then meet other requests as and when local currencies could be converted into hard currencies.

Mr THORP (New Zealand) said that he assumed that local currencies could be changed back into convertible ones in cases where the Organization had a project in the country concerned. He asked whether the Secretary could indicate how that system would work in practice.

The SECRETARY explained that priority would have to be given to projects in countries where local currency could be used, for example, to help pay staff members already working on projects in the country concerned, the convertible currency thus becoming available being used to replenish the fund. In reply to the delegate of New Zealand, he said that paragraph three gave the Director-General authority to exchange the currencies accumulated for convertible currencies. He would have to work on the assumption that any currencies placed in the fund were not subject to local currency restrictions.

Dr AL-ADWANI (Kuwait), referring to paragraph two (2), proposed that requests from any particular Member be limited to ten per cent. of the usable balance of the fund in any one year.

The SECRETARY explained that the Board had considered the possibility mentioned by the previous speaker, but had rejected it in order to make it possible for the rate of turnover of the fund to be increased.

The CHAIRMAN suggested that the amendment proposed by the United States of America and the drafting changes referred to by the delegate of Senegal be submitted in writing and discussed at the following meeting.

It was so agreed.

The meeting rose at 4.45 p.m.

WORLD HEALTH
ORGANIZATION

NINETEENTH WORLD HEALTH ASSEMBLY



ORGANISATION MONDIALE
DE LA SANTÉ

A19/AFL/Min/3 Corr.1
13 May 1966

ENGLISH ONLY

COMMITTEE ON ADMINISTRATION, FINANCE AND LEGAL MATTERS

PROVISIONAL MINUTES OF THE THIRD MEETING

CORRIGENDUM

Page 23: immediately after the second paragraph, insert:

Dr ROUHANI (Iran) said that fears had been expressed lest operative paragraph 3 of the draft resolution might lead to an accumulation of unsuitable currencies. He could see no reason for such fears since the last clause of that paragraph explicitly stated that currencies would be accepted only if the Organization could make use of them in its programmes. Furthermore, since the Secretary had said that it might take more than a year before some currencies could be used, he doubted whether it would be possible for an effective assessment of the operation of the fund to be made at the thirty-ninth session of the Executive Board.



COMMITTEE ON ADMINISTRATION, FINANCE AND LEGAL MATTERS

PROVISIONAL MINUTES OF THE THIRD MEETING

CORRIGENDA

Page 8, last three lines

delete With regard to the payment of contributions . . . previous year.

insert With regard to the payment of contributions, he noted that as of the end of 1965 one-and-a-half million dollars in current year contributions remained outstanding from active Members of the Organization, which was half a million dollars more than was outstanding at the end of the previous year.

Page 19, first line

delete would depend on the rate

insert could better be determined after a review of the rate

Page 19, second and third lines

delete Before deciding on a definite target, the situation should be reviewed after its first year of operation.