



THIRTY-NINTH WORLD HEALTH ASSEMBLY

COMMITTEE B

PROVISIONAL SUMMARY RECORD OF THE FIRST MEETING

Palais des Nations, Geneva  
Wednesday, 7 May 1986, at 14h30

CHAIRMAN: DR W. KOINANGE (Kenya)

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Note

This summary record is provisional only. The summaries of statements have not yet been approved by the speakers, and the text should not be quoted.

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The final text will appear subsequently in Thirty-ninth World Health Assembly: Summary records of committees (document WHA39/1986/REC/3).

FIRST MEETING

Wednesday, 7 May 1986, at 14h30

Chairman: Dr W. Koinange (Kenya)

1. ELECTION OF VICE-CHAIRMEN AND RAPPORTEUR: Item 31 of the Agenda (Document A39/38)

The CHAIRMAN expressed gratitude for his election and welcomed all those present.

He drew attention to the third report of the Committee on Nominations (document A39/38) in which Mr H. Voigtländer (Federal Republic of Germany) and Mrs C. Parker (Jamaica) were nominated for the offices of Vice-Chairmen of Committee B. The person originally nominated for the office of Rapporteur was unable to assume that function and, therefore, the Chairman proposed the election of Mrs J. Caron (Canada) as Rapporteur.

Decision: Committee B elected Mr H. Voigtländer (Federal Republic of Germany) and Mrs C. Parker (Jamaica) as Vice-Chairmen and Mrs J. Caron (Canada) as Rapporteur.

2. ORGANIZATION OF WORK

The CHAIRMAN, pointing out that the Health Assembly had a heavy schedule, urged members to limit the length of their interventions, so that everyone who wished to participate in the debates might do so. Referring to the role of the representatives of the Executive Board in the work of the Committee, he pointed out that those representatives would express the views of the Board only and not those of their respective governments.

He suggested that, in accordance with the Health Assembly's previous decision, the working hours of the Committee should normally be from 9h00 to 12h30 and from 14h30 to 17h30.

It was so agreed.

The CHAIRMAN explained that, under the arrangements approved by the Health Assembly concerning its method of work, it would be possible for one main committee to meet concurrently with the debate in plenary on the reports of the Executive Board and the Director-General's report on the work of WHO. Accordingly, Committee B was scheduled to meet on Friday afternoon and Saturday morning of the current week. It could subsequently expect to meet almost continuously mornings and afternoons until the closure of the Health Assembly, with only a few interruptions to allow for brief plenary meetings.

3. REVIEW OF THE FINANCIAL POSITION OF THE ORGANIZATION: Item 32 of the Agenda

Financial report on the accounts of WHO for the financial period 1984-1985, report of the External Auditor, and comments thereon of the Committee of the Executive Board to Consider Certain Financial Matters prior to the Health Assembly (Article 18(f); Financial Regulations 11.3 and 12.9): Item 32.1 of the Agenda (Documents EB77/1986/REC/1, resolution EB77.R18 and decision EB77(6), A39/20 and A39/33)

Mr FURTH (Assistant Director-General), introducing the item, drew attention of delegates to the Financial Report reflecting the financial activities of the Organization for the biennium 1 January 1984 - 31 December 1985 (A39/20). The Committee would recall that at the time that the Health Assembly had decided to introduce biennial programme budgeting, it had also been decided that at the end of a biennial budget period the Director-General should submit a financial report covering the whole biennial budget period; similarly, the External Auditor was to submit a report on the accounts of the two-year financial period. At the Thirty-eighth World Health Assembly, the Director-General had submitted an interim financial report covering only the first year, 1984, of the two year financial period, and no report had been submitted by the External Auditor, who had not been required to do so under the Financial Regulations. For the current year, however, the biennial financial report was accompanied, as required by the Financial Regulations, by a report of the External Auditor.

In reviewing the overall financial situation of WHO as reflected in the Financial Report for the biennium 1984-1985, it was fair to conclude that at the end of 1985 WHO was in a fairly good financial position. That situation was reflected to some extent in the summary table on the Highlights of the 1984-1985 Financial Operations (document A39/20, Part I, page v). Total obligations incurred for the Integrated International Health Programme had increased from the biennium 1982-1983 to the biennium 1984-1985 by some \$ 47.2 million, from \$ 891.6 million to \$ 938.8 million. The increase had been due to an increase in obligations incurred under the regular budget of some \$ 34.0 million, by the Pan American Health Organization of \$ 9.7 million and by the International Agency for Research on Cancer of \$ 1.6 million. A very modest increase of \$ 1.9 million had also taken place in obligations incurred under extrabudgetary funds as a whole, although some of the individual sources of financing, such as the Trust Fund for the Special Programme for Research and Training in Tropical Diseases, the United Nations Development Programme and some other trust funds had actually decreased in obligations from one biennium to the next. The overall increase in obligations of \$ 47.2 million represented an increase of 5.3%, which compared favourably with the increase in total obligations of \$ 40.3 million, or 4.8%, during the biennium 1982-1983 over those incurred in 1980-1981. As the recent increase of 5.3% in obligations incurred was probably somewhat less than the rate of increase in the cost of living worldwide during 1984-1985, it could reasonably be assumed that in real terms there had been very little or no increase in WHO's total programme delivery from all sources of funds over the previous two biennia.

It was, however, extremely difficult to measure with any degree of precision on a worldwide basis the impact of increases in cost of living and of currency exchange rate movements and similar factors, particularly in view of the great diversity of activities in many different geographical locations under programmes financed from WHO's various resources. An attempt had nevertheless been made to measure the percentage real increase in expenditure for 1984-1985 over 1982-1983 under the regular budget only. As stated in paragraph 13 of the Introduction to the Financial Report, while in nominal terms the regular budget expenditure had increased by 7.5%, the Secretariat's estimate, in which several judgemental factors were involved, was that the increase in regular budget expenditure in real terms had been only approximately 1.9%. It should be understood that those percentage figures indicated expenditure increases, in both nominal and real terms, from one biennium to the next one, and bore no relation to increases or decreases, either nominally or in real terms, in the levels of budget estimates from one biennium to the next. The actual expenditures in both of the most recent biennia had of course been very different from, and in fact much less than, the estimates contained in the two budgets. Also of interest might be the fact that if the expenditure increase of 7.5% was broken down by organizational level, it would be seen that almost all of it - 7.2% - had been spent on country, intercountry and regional activities and that only 0.3% related to increased expenditures on WHO's governing bodies and global and interregional activities.

The Committee might also wish to note that, as stated in paragraph 12 of the Introduction, administrative support costs represented 11.07% of all obligations incurred under all sources of funds. That compared with 12.32% for the biennium 1982-1983 and 12.48% for the biennium 1980-1981. The continuing reduction of administrative support costs had been the result of two main factors: first, constant and close control of administrative expenditures, partly facilitated by the development of electronic data processing, which had increased the efficiency of the administrative services, allowing them to support more technical activities without increased staff resources, and, second, the increase of the value of the US dollar over and above the budgetary rates of exchange for the Swiss franc and the major regional office currencies, which, because of the fact that expenditures for the administrative support services were incurred mostly in those currencies, had reduced the cost of those services in dollar terms proportionally much more than the cost of the Organization's technical programmes.

In the Introduction to document A39/20, the Director-General had highlighted a number of important points. One concerned the status of collection of assessed contributions, referred to in paragraph 5 of the Introduction. The overall rate of collection of contributions (94.4%) at the end of the biennium 1984-1985 had been less than at the end of the preceding biennium (when it had been 96.8%). There were no fewer than 76 Member States which on 31 December 1985 had not paid their 1984-1985 assessments in full. That was an increase from 68 Member States in a similar position at the end of 1983. Nineteen of the Members (as compared to 14 at the end of 1983) had not made any payment for the biennium. Fortunately those shortfalls and delays in the payment of contributions had not seriously inconvenienced the financial implementation of WHO's programmes, since an exceptionally large amount of

casual income (\$ 54.5 million) had been appropriated by the Health Assembly to help finance the budget and because the rise in the exchange value of the US dollar over and above the budgetary rate of exchange had reduced expenditure to a level even lower than that of income. However, the payment of assessed contributions on time was incumbent upon all Member States, large as well as small contributors. In January 1986, at its seventy-seventh session, the Executive Board had reviewed the situation in depth and in resolution EB77.R13, to be considered by the Committee under agenda item 32.2, had expressed its deep concern at the continued deterioration in the pattern of payments of contributions by Member States.

As already mentioned, there had been a budget surplus for the biennium 1984-1985. In fact, the size of the budget surplus - \$ 32.7 million - was higher than the amount of contributions in arrears for the effective working budget - \$ 26.1 million. As pointed out in paragraph 6 of the Introduction, had the surplus not arisen, WHO would have had to use all of its Working Capital Fund as well as to borrow some of the other available internal resources in order to meet its programme commitments. As explained in paragraphs 7 to 10 of the Introduction, the largest part of the budget surplus of \$ 32.7 million - \$ 21.5 million - had arisen from favourable developments in the US dollar/Swiss franc and major regional office currencies relationship. In connection with global and interregional activities, it might be recalled that in establishing the budgetary rate of exchange of 2.16 Swiss francs per US dollar for the programme budget for 1984-1985, the Health Assembly, in resolution WHA36.6 adopted three years previously, had requested the Director-General, in the event that the actual US dollar/Swiss franc exchange rate should exceed Swiss francs 2.16 per US dollar, to transfer to casual income any net savings resulting from such a development in the rates of exchange. In fact, the average accounting rate of exchange during the previous biennium had been 2.39 Swiss francs per US dollar, resulting in savings under the regular budget of slightly over \$ 8 million. Moreover, upward fluctuations of the actual average accounting rates of exchange in excess of 10% over the budget rates of exchange of four major regional office currencies (the CFA franc, the Indian rupee, the Danish krone and the Philippine peso), had resulted in net savings in the amount of \$ 13.4 million. Additional savings not related to currency fluctuations in a total amount of \$ 11.2 million at headquarters and in the six regions were as follows: savings in the amount of \$ 3.9 million had been effected in order to compensate for an error in the computation of the average cost factors for professional staff in the preparation of the 1984-1985 budget proposals; savings of nearly \$ 0.5 million in respect of the Organization's contributions to the United Nations Joint Staff Pension Fund had been made as a result of the reduction of the pensionable remuneration of staff in the professional and higher categories with effect from 1 January 1985; and savings of almost \$ 6.9 million had resulted from delays in the implementation of programmes and projects, including, savings accruing from vacant posts. Of the total budget surplus of \$ 32.7 million, it had been possible to credit only \$ 6.6 million as an income surplus to casual income on 31 December 1985. The remainder of the budget surplus would be credited to casual income as and when the \$ 26.1 million in arrears in contributions for the 1984-1985 financial period were received.

One particular aspect of the management of WHO's resources which had always been of considerable interest to the Committee was casual income. Casual income was derived from a number of sources, including the budget surplus. A comparative statement of casual income received and utilized over the most recent four years was given on page 22 of the Financial Report, from which it could be seen that casual income earnings were higher in 1985 than in 1984; \$ 39 million in 1985 as compared to \$ 34 million in 1984. The increase in 1985 had been due largely to the \$ 6.6 million income surplus for 1984-1985 which had been credited to casual income at the end of 1985. It was hoped that the more than \$ 26.1 million in arrears in contributions for 1984-1985 would be paid promptly, thus making it possible for the budget surplus for 1984-1985 of \$ 32.7 million to be fully reflected as cash in the casual income account in 1986.

The other principal source of casual income was interest earned on deposits made by WHO with banks pending the disbursement of those funds. Two factors determined such earnings: firstly, the rate of interest payable on those deposits, which was beyond the control of the Organization, and the second was the prompt payment of assessed contributions, which was within the control of Member States but was unpredictable. Another reason why it was too early to make any forecast of the total availability of casual income towards the end of the year was that if the exchange value of the US dollar in relation to the Swiss franc remained below the budgetary rate of 2.50 Swiss francs per US dollar, it would become necessary to use available casual income in order to finance the budgetary shortfall thus arising. That facility had been approved the previous year by the Health Assembly in resolution WHA38.4; under agenda item 32, the Health Assembly would be considering a proposal of the

Director-General, contained in document A39/19, to extend the facility, which had served the Organization so well during several past biennia, to the major regional office currencies.

He drew attention to the substantial Appendix contained in document A39/20, on extrabudgetary resources. The Appendix started on page 55 and on pages 58-67 contained brief summaries of contributions made by governments and others to the Voluntary Fund for Health Promotion and other funds available to WHO for programme purposes; it excluded contributions to funds such as the United Nations Development Programme and the United Nations Fund for Population Activities, as such contributions were not earmarked for WHO's activities. Pages 68-128 gave details in respect of the Voluntary Fund for Health Promotion, including contributions to individual accounts for project activities, and the expenditures incurred against such contributions. It went into a certain amount of detail which was required in order to satisfy the need of a number of donor governments and other donors for certified figures of expenditure incurred against contributions made by them to the Voluntary Fund for Health Promotion. He also drew attention to the summaries of contributions made to and expenses incurred for the Onchocerciasis Control Programme, the Primary Health Care Initiative Fund, the Sasakawa Health Trust Fund, the Special Programme for Research and Training in Tropical Diseases, the United Nations Development Programme and the United Nations Fund for Population Activities. Finally, he drew the attention of the Committee to the report of the External Auditor, contained in pages xv-xxx.

Mr PRESS (representative of the External Auditor) said that the report of the External auditor (document A39/20, Part II), which ranged over a number of topics that the External Auditor was either required to bring to attention or considered should be brought to attention, was the product of an examination of accounting records and procedures at WHO headquarters and in two regions; the help and cooperation from the staff of WHO during that exercise had been greatly appreciated.

Paragraphs 7-12 of the report drew attention to two issues that had arisen from the review of the final accounts figures. The first related to what was termed "direct financial cooperation", a new scheme that involved a new category of expenditure. As regards the second issue - that of unliquidated obligations - attention had been drawn to the fact that the level was high in relation to previous financial periods. It should be emphasized that the statement in the report that those two subjects had been noted for review in 1986-1987 in no way suggested that there was any reason to believe that WHO's procedures in those areas were unsatisfactory or had not been properly applied.

Paragraphs 13-83 dealt with the control of manpower, a very important topic not previously referred to in the External Auditor's reports. As indicated in paragraphs 14, 61 and 62, manpower costs accounted for a significant part of the budget both at headquarters and in the regions. A number of aspects of the subject, such as controls at field level and detailed reviews of the continuing need for posts in connection with the budget process, had yet to be reviewed. In the areas so far examined, however, as indicated in paragraph 81, the Organization had given careful consideration to the points made and had been quick to institute changes in its procedures where it was persuaded that improvements could be made.

Paragraphs 84-106 referred to reviews at regional level of the Organization's procedures for the monitoring and evaluation of its programmes and projects. In that area also, steps were being taken by the two regions visited to overcome the shortcomings that had been revealed in procedures. The work involved had not included a review of the operation of monitoring and evaluation at country level but, as stated in paragraph 107, such a review was planned for 1986-1987.

Dr TAPA (representative of the Executive Board) said that the first report of the Committee of the Executive Board to Consider Certain Financial Matters prior to the Health Assembly (document A39/33) covered the review by the Committee of the Director-General's Financial Report for the period 1 January 1984 to 31 December 1985 and the reports of the External Auditor.

In the course of its review, the Committee had paid particular attention to: the rate of collection of assessed contributions; the budget surplus for 1984-1985 and the elements composing it; the level of costs for administrative support; the new graphic presentation comparing the approved budget with the obligations incurred by appropriation section and by organizational level; the External Auditor's report on control of manpower and project monitoring and evaluation; the tables relating to the expenditure incurred under the Director-General's and Regional Directors' Development Programme; and the need for the exhaustive appendix on extrabudgetary resources. In concluding its examination of the financial report, the Committee had decided to recommend to the Health Assembly the adoption of the draft resolution contained in paragraph 17 of document A39/33.

Dr BISKUP (Federal Republic of Germany) noted that as a result of the error in calculating staff costs mentioned in paragraph 24 of the External Auditor's report, the budget approved for 1986-1987 was some \$ 6.5 million higher than it should have been; he considered that it ought in consequence to be reduced by that amount. To leave the budget unchanged and relinquish the sum in question as part of the budget surplus for 1986-1987 would be to defer unnecessarily restitution of the amount to Member States.

Concerning the various findings set out in paragraphs 37, 38, 42, 43, 55, 57-59, 66, 67, 69-70, 72, 74, and 76-80 of the report, he said that he looked forward to the introduction of the new authorization procedure for temporary staff which had been recommended by the External Auditor. Temporary secretarial staff and consultants should only be employed at headquarters and in the regions when such employment was demonstrably indispensable. A properly planned and conducted cycle of staffing surveys would constitute a valuable addition to the Organization's present system and would give assurance that its manpower resources were being effectively, efficiently and economically deployed.

Mr BOYER (United States of America) expressed appreciation of the information provided in the document under review.

With regard to the Financial Report, he noted, as both Mr Furth and the representative of the Executive Board had done, the large number of Member States that were in arrears in their contributions, some of them having been in that situation for a considerable time. The widespread impression that voluntary or extrabudgetary contributions could make up the shortfall should be dispelled, for it must be realized that such contributions were also declining, as the figures in the Appendix to document A39/20 showed; indeed they had decreased by 13.6% between 1982-1983 and 1984-1985. Economic realities were having a serious impact on the Organization in many places. He was also concerned about administrative costs and asked for clarification of the different figures given for the percentage of obligations for programme purposes charged to administrative support in the Financial Report (12.45%), the Programme Budget for 1986-1987 (15.67%) and document A39/33. It seemed that administrative costs were rising, and that should not be the case. Lastly, paragraph 13 of the Introduction to document A39/20 spoke of an estimated real growth or programme growth in the 1984-1985 regular budget of 1.9% over its predecessor, although - as he recalled - the budget had been adopted and a real reduction of 0.31% in programme activity had been expected. He asked for clarification of what would appear to be evidence that the Organization was unable to control expenditure on new programme activity.

Turning to the report of the External Auditor, he commended not only the traditional study which had been made of the Organization's finances but also the innovation in the form of detailed studies of specific subjects. The brief comments by the representative of the External Auditor on direct financial cooperation and unliquidated obligations had aroused his interest and he would appreciate further clarification of the issues involved.

The review of project monitoring and evaluation in two regional offices (paragraphs 84-106), like the similar review of two other regional offices in 1984, appeared to conclude that WHO was not making effective use of existing monitoring and evaluating systems, so that it was difficult to know whether WHO programme resources were being used correctly at country level. Since WHO was encouraging Member States to improve their monitoring and evaluation of their country health programmes, it ought to be able to perform at least as well itself, in that regard. He would therefore urge the Organization to give priority to improving that function.

All Member States should welcome the new detailed section of the External Auditor's report dealing with the control of manpower, in view of the fact that manpower costs accounted for 71% of the WHO regular budget. To increase programme activity while making economies could only be achieved by tightening the manpower programme. Although the External Auditor had been satisfied with the control over the establishment of new posts, little had been said about the effectiveness of procedures to abolish unneeded posts. It was hoped that the issue could be given increased attention. Another disappointment had been the failure to address the question of the use of consultants to replace personnel in regular budget posts, a practice that seemed to be increasing. The External Auditor had stressed (paragraph 35) the need to ensure that expertise was not already available among the staff before consultants were hired, but it was also necessary to ensure that standard personnel practices with respect to full-time staff were not being disregarded because it was easier to use consultants. In that context, mention had been made of vacancy rates in professional posts of 14% at the Regional Office for Europe and of 31% at the Regional Office for the Western Pacific. He asked whether the budgeted costs of those posts were to be returned to budget surplus since the vacancies had not been taken into account.

The interesting statistics on the reclassification of general service posts (paragraph 29) indicated that the proportion of staff in higher graded posts had increased. The External Auditor also made excellent points regarding the potential savings on secretarial services. However, the report was unclear as to whether any redistribution of general service posts by decreasing the numbers in higher grades had been attempted. In the present difficult economic circumstances he found it unacceptable that the practice of assigning one secretary to one medical officer should be continued, especially since, as the External Auditor had pointed out, some units were hiring temporary staff at a time when nearby units were underemploying secretarial staff. Noting that the savings expected from use of the new word-processing equipment had not materialized, he considered that had resulted from under-use of such facilities by professional staff themselves. Use of the word processors by professional staff for drafting purposes would reduce the workload on secretaries and make further reduction of secretarial staff possible. He looked forward to greater attention to savings in that area in the future. Also on staff matters, he wished to ask why the cost of professional staff was \$ 13 600 higher in Copenhagen than in Geneva, and why staff costs in the Western Pacific Region accounted for only 48% of the budget when they amounted to 71% in Geneva. Lastly, he agreed with the External Auditor that there was a need for more extensive and more thorough use of internal management surveys. The United States delegation found it especially strange that the Administrative Management Unit could carry out studies of particular offices without reporting its findings to the senior management. The senior staff of WHO especially should be interested in suggestions for reform produced by an internal management unit and should welcome the opportunity to review those suggestions in order to make staff more efficient and resources go further. In general, he hoped that staff would understand that at a time of difficult financial circumstances tighter working conditions were inevitable and that sacrifices and less comfortable working arrangements would be essential. The External Auditor's detailed thoughts on the subject were greatly appreciated, and the United States delegation looked forward to his further review of the same question.

Mr SHU Guoqing (China) welcomed the Financial Report and commended the work of the External Auditor. Referring to paragraph 12 of the Introduction to document A39/20, he expressed appreciation of the fact that, in keeping with resolution WHA29.48, the total cost in 1984-1985 of the general service and support programmes and the cost of real estate operations at headquarters and in the regions financed under the regular budget and other sources of funds, had been held down to 12.45% of obligations incurred for programme purposes. WHO's limited resources should, as far as possible, be used for biomedical health activities and health services. In the existing difficult economic climate, he hoped that administrative management costs would be kept to the minimum and that new recruitment would be avoided, the services of existing staff being used more effectively. The possibility of institutional streamlining should also be explored.

Turning to paragraph 13 of the Introduction to the report, he welcomed the fact that the total obligations incurred under the 1984-1985 regular budget had increased by only 7.5% over the comparable figure for 1982-1983 and that a considerable share was for country, regional and intercountry activities. The tables showed that the effective working budget obligations for 1984-1985 had increased by 2.8% over the approved effective working budget. His delegation supported WHO's efforts to increase the budget for country programme activities as an effective means of attaining the health-for-all target. It hoped that further efforts would be made in that direction.

Referring to paragraph 33 of the report of the External Auditor, he observed that in 1984-1985 the regular budget appropriation for recruitment of consultants for WHO headquarters had been \$ 5.32 million. Optimum use should be made of that allocation in the interest of improved economic efficiency. The appropriate departments in countries receiving consultants should submit details of specific requirements and plans. He hoped that WHO would improve coordination between the operational and personnel units. Recruitment procedures should be simplified, travel expenses kept to the minimum, the selection and appointment of consultants accelerated and the activities of the consultants subjected to evaluation.

He commended the External Auditor's emphasis on economic returns and efficiency, particularly in the monitoring and evaluation of programmes, and welcomed his comments with respect to the Regional Office for the Western Pacific. He noted the conclusion in paragraph 105 that the regional offices had taken significant steps to introduce satisfactory procedures for the monitoring and evaluation of programmes and projects but that the standards of compliance with procedures varied and that the documentation of the results of

evaluation reviews was frequently unsatisfactory, though the regional offices were in general able to provide satisfactory explanations for shortcomings and information about the steps they were taking to overcome them. The External Auditor had noted that both of the regional offices considered were continuing to develop and improve their systems. China appreciated the efforts made by the Regional Office for the Western Pacific in the planning, monitoring and evaluation of projects and hoped they would help to promote further technical cooperation between WHO and China.

Mr SATO (Japan) said that his Government appreciated the Secretariat's continued efforts to balance the budget for 1984-1985. The situation, however, had been rapidly changing, mainly as a result of exchange rate fluctuations, and Japan therefore hoped that those efforts would be strengthened as far as possible during the current financial period.

Turning to the table of extrabudgetary contributions for WHO-assisted activities, beginning on page 58 of the report, he pointed out that his country's extrabudgetary contribution in 1984-1985 amounted to \$ 3.592 million; that included contributions to the Special Programme for Research and Training in Tropical Diseases and to the Onchocerciasis Control Programme as well as to the Voluntary Fund for Health Promotion. The amount of voluntary contributions from his Government had recently been increasing annually, largely as a result of the efforts of the Ministry of Health and Welfare, which was responsible for contributions to WHO.

The financial report showed that there was a deterioration in the collection of assessed contributions. The WHO Secretariat should appeal to ministries of health to take the necessary action to improve the situation, since other ministries were less able to appreciate the importance of WHO activities.

Dr SUDSUKH (Thailand) welcomed Mr Furth's introduction to the Financial Report, the concise presentation by Dr Tapa and the fact that the Organization had achieved a good overall financial position through a number of measures, including the strengthening and development of computerized financial management.

He noted from paragraph 6 of the First Report of the Committee of the Executive Board to Consider Certain Financial Matters prior to the Thirty-ninth World Health Assembly (document A39/33) that there had been a saving of \$ 6 883 695 arising from delays in the implementation of programmes and projects. While most savings were to be welcomed, those arising from such causes could not be viewed favourably. Member States and WHO should do everything possible to speed up implementation rather than make such savings.

Dr GALAHOV (Union of Soviet Socialist Republics) observed that the Committee was considering WHO's Financial Report at a time when a shortage of financial resources constituted a most serious obstacle to the implementation of the Global Strategy for Health for All by the Year 2000 and when the Organization was endeavouring to make optimal use of available resources in accordance with Executive Board and Health Assembly resolutions. His delegation wished to emphasize its support for all measures designed to ensure stricter control over the implementation of regional programme budgets. He particularly welcomed the fact that the External Auditor had given special attention to the activities of regional offices and to such problems as the use of manpower in the Organization and the evaluation and monitoring of programmes and projects.

His delegation had repeatedly stressed the importance of regular, objective evaluation of programmes and projects as an essential prerequisite for the optimum use of financial and human resources. The Seventh General Programme of Work included a special section on monitoring and evaluation in which it was stated that the effectiveness with which the relevant measures were being implemented would be evaluated. However, the figures given in the report showed that the monitoring system was still in the process of being established.

The status of collection of assessed contributions shown in paragraph 5 of the introduction to the report of the External Auditor (document A39/20) was disturbing, since it showed that 76 Members, or about half the total, were in arrears, while 19 of them, i.e., 5 more than at the end of 1983, had not made any payment for the current biennium.

In view of the conditions described in paragraph 6 of the introduction to the Director-General's report and in paragraphs 23-25 of the report of the External Auditor, budget estimates must be calculated extremely accurately, avoiding any errors that would lead to unjustified increases. Any economies should be set against the budget for the 1988-1989 biennium, which would help to alleviate the problems of Member States in paying their assessed contributions. It was necessary to avoid and overcome deficiencies in the planning of the programme budget and to improve planning with the aim of achieving the optimal allocation of WHO's financial resources.

He had already noted the efforts made by the Organization to achieve a more rational use of its resources and hoped that those efforts would be intensified and yield positive results.

He expressed his satisfaction with the work carried out by the External Auditor and his staff and his appreciation of the Director-General's report. The Organization had received income from patent rights for the first time in 1985. How would the operation of the Special Account for Income Derived from Patent Policy, referred to in paragraph 14 of the introduction to the report of the External Auditor, be controlled? Would it be included in the WHO Financial Report, for the information of the Health Assembly or so that it could determine the purposes for which such resources were to be used?

Mr FURTH (Assistant Director-General), replying to the delegate of the Federal Republic of Germany, said that the error made in calculating the average cost factors for professional posts had resulted in their level being somewhat too high because account had not been taken of the fact that normally not all professional posts were occupied all the time. Although the Secretariat recognized its responsibility in the matter, the error was an objective one, like others made in calculating budget estimates. The WHO budget contained many average cost calculations - for professional and general service posts, fellowships, meetings and consultants - and in any budget of that size, with so many variables, there was always some unavoidable underbudgeting as well as overbudgeting. In other words, budgeting was not an exact science, but rather an art requiring appropriate methodology and, most important, fairly good judgement of the future evolution of prices and costs. That was why the Director-General was authorized to use savings on overbudgeted items to offset underbudgeting with respect to other items. In the case at issue, the Secretariat might have been unduly self-critical: it could have regarded the case as one of normal overbudgeting of an average cost factor and used the resulting savings to help pay for underbudgeted items. Nevertheless, since the error was due not to misjudging the evolution of prices and costs, but rather to a mistake in the application of a methodology devised by the Secretariat itself, it had been considered inadvisable to follow the normal practice of using the resulting savings to offset underbudgeting for other items. He therefore believed that the matter had been taken care of adequately and that the interests of the contributor had been amply protected.

Moreover, the amount of \$ 6.5 million to be relinquished as budget surplus for 1986-1987 would not necessarily become a cash or income surplus in the Casual Income Account at the end of 1987, but only if and when all contributions due for 1986-1987 were received - which was of course extremely unlikely to be the case by the end of the biennium.

Finally, another reason why he would be reluctant to lower the 1986-1987 budget by about \$ 6.5 million and to adjust the 1987 contributions accordingly was that the Secretariat was now engaged in the extremely difficult process of reducing approved programmes to ensure that expenditure for the biennium would not exceed the expected income; quite frankly, the Secretariat had counted on being able to use that sum as part of the much greater reduction that had to be made on account of the expected shortfall in contributions. If the programme budget were now to be reduced by \$ 6.5 million, it would of course be even more difficult to make the required programme reductions.

In reply to comments by the delegates of the United States and China concerning voluntary contributions, although it was true that those contributions made by Member governments had declined by \$ 16.9 million, or 13.6%, between 1982-1983 and 1984-1985, the Committee should consider all voluntary contributions, whether from governments or from other sources. If it did so, it would find that the decrease in total voluntary contributions was not quite \$ 8 million, or only 4.91%, and that the decrease in contributions to the Voluntary Fund for Health Promotion had been \$ 4.2 million, or only 5.4%. However, there was the significant fact, indicated on page 68 of the Financial Report, that outstanding pledges to the Voluntary Fund had increased from \$ 29.1 million at the end of 1983 to \$ 50.7 million at the end of 1985 - by \$ 21.6 million, or 74.27%. Although that was not indicated in the Financial Report, he was glad to be able to inform the Committee that outstanding pledges to the Voluntary Fund for Health Promotion by Member governments alone had also increased in the current biennium by \$ 9.6 million, or 45.15%. That seemed to indicate that the intention of governments and other donors actively to support the work of WHO by increasing voluntary contributions was by no means weakening.

The delegates of China and the United States had referred to the question of administrative support costs. Those costs were definitely declining and not increasing, as was shown by the figures in paragraph 12 of the introduction to the Financial Report. As a proportion of total obligations, which seemed to be a more relevant indicator, administrative support costs had gone down from 12.99% in 1979 to 11.07% in 1984-1985. The figure of 15.67% in the programme budget document for 1986-1987, to which the delegate of the United States

had referred, reflected quite a different ratio: it was the budgetary estimate for 1986-1987 of the costs of administrative support services under the regular budget only as a percentage of the total regular budget only. That budgetary figure had also been declining, from 16.66% in the 1984-1985 budget to 15.67%, or nearly 1% less, for the 1986-1987 budget, as shown in the graphic presentation on page x of the Financial Report.

In connection with the comments made on real growth, it should be borne in mind that the percentage figures for nominal and real increases shown in paragraph 13 of the introduction to the Financial Report reflected increases in expenditure from one biennium to the next, whereas the figures for nominal and real increases set out in the budget document compared levels of budgetary estimates from one biennium to the next. Actual expenditure for the two most recent biennia had of course been very different from, and in fact much less than, the estimates contained in the two budgets. When referring to increases in nominal or real terms, it would obviously not make much sense to compare expenditures in 1984-1985 with the budget estimates for 1982-1983, the only thing that could be done was to speak of increases from one set of budget estimates to the next, or increases in expenditure for two succeeding biennia. One could of course compare the approved use of budget appropriations with the way expenditures were actually incurred during the same budget period. An overview of that comparison was given in the graphic presentations on pages x and xi of the Financial Report.

With regard to control of manpower, he agreed with many of the comments made during the debate, but wished to give some explanations in connection with the United States delegate's statement that manpower costs accounted for 71% of the WHO budget. It would be seen from paragraph 14 of the External Auditor's Report that staff costs for global and interregional activities - mainly at WHO headquarters - accounted for 71% of regular budget funds allocated to those activities; on the other hand, Table VII on page 46 of the Financial Report showed that salaries and common staff costs represented only 55.6% of the regular budget and only 45.5% of the total expenditure incurred by WHO in 1984-1985 from all sources of funds.

It was indeed a pity that the External Auditor's report said very little about the effectiveness of procedures for the establishment and abolition of posts and on the actual effect of those procedures. A true picture of the situation could be obtained only by examining and counting the approvals given in recent years to requests for the establishment and abolition of posts through those procedures. That would have shown that, between 1 January 1982 and the end of 1985, 71 posts had been established at the global and interregional levels, offset by the abolition of 70 posts at the same level. Moreover, in order to place the whole subject in the proper perspective, it should be borne in mind that, whereas in 1977 WHO had had 1358 full-time regular budget posts at that organizational level, the 1986-1987 programme budget provided for only 1021 full-time posts. Accordingly, in the decade 1977-1987, there had been a reduction of 337 full-time posts, or nearly 25%, at the global and interregional level. Finally, since such a large proportion of the total budgetary provision for global and interregional activities went towards the costs of staff posts, since programme activities were continuously increasing and, above all, changing, and since the programme planning instructions given to programme managers at headquarters for the past few budgetary exercises had allowed for no growth of activities in real terms and no increase in the number of posts unless those were offset by a corresponding reduction in post elsewhere, the review of staffing requirements inevitably constituted a large part of the work undertaken at all levels of the Secretariat when budget submissions were prepared and was definitely a major topic of discussion by the Headquarters Programme Committee during its review of the budget proposals.

The delegates of the United States and China had rightly pointed out that the number of consultants recruited each year appeared to be increasing. Nevertheless, that trend did not imply that consultants were being recruited to work on regular budget posts. At headquarters, at least, the increasing number indicated a need for additional technical and highly specialized expertise, *inter alia* in new fields such as AIDS and chemical safety. In the regions, the increasing number of consultants corresponded to the reduction of field project posts: between October 1982 and October 1984, the number of field staff had declined by 140 and had gone down by a further 60 in the period since October 1984. That decrease of some 200 staff members inevitably had to be compensated to some extent by an increase in consultant man/months and reflected a change in the type of technical cooperation that WHO undertook with its Member States - a smaller number of permanent staff members in the countries but a larger number of short-term missions by consultants. At headquarters, established procedures prevented any recruitment of consultants to fill vacant regular budget staff posts: consultants could only be recruited against the budget allocations specifically approved in the programme budget for that purpose.

The United States delegate had asked whether savings on vacant posts in the two regional offices surveyed by the External Auditor were to be returned as budget surplus. Although any

savings in the regional allocations resulting from vacant posts might be authorized by regional directors, subject to certain limitations, for approved programme purposes, it should be realized that, as a consequence of WHO's practice of incorporating past vacancy experience in the standard or average cost factors, the budgetary provision for a post did not automatically become a saving which could be used for other purposes when the post was vacant. Posts which were filled for the whole biennium were in fact underbudgeted and, in order to have sufficient funds for posts thus filled, use had to be made of savings made when other posts were vacant.

With regard to reclassification of general service posts at the higher levels, the Secretariat had provided the External Auditor with some interesting statistics and had also given him other figures which he had not included in his report but which should be considered before any conclusions were reached about the increase in higher gradings as a percentage of the whole staff. Those statistics related to the number of classification and reclassification cases reviewed annually under the established procedure and the number of requests approved or rejected. In the absence of those figures, and of any indication of whether the procedures were satisfactory and were being correctly applied, a simple comparison of the distribution of grades at headquarters at various dates was not a rational basis for concluding that there was an underlying trend towards higher gradings or, so to speak, a "grade creep." Some of the figures supplied to the External Auditor showed very clearly that in the decade 1974-1984 there had been a considerable change in both the number of general service staff and the pattern of grades. The 735 general service posts at headquarters in 1974 had been reduced to 599 by 1984 - thus with a reduction of 136 staff members, or 18.5%. Most of the staff reductions had been at the lower levels, G.2 level staff being reduced from 35 to 16, G.3 from 150 to 60, and G.4 from 248 to 177. Some of the work done at those levels had to be performed elsewhere, and the holders of some higher graded general service posts had had to assume additional duties. The change in the grading pattern of posts at headquarters between 1974 and 1984 should therefore not in itself be a cause of concern. It was easily explained by the abolition of a much larger percentage of lower graded posts than higher graded posts in the general service category, by the lesser need for lower graded general service staff as some lower level functions had been automated and computerized over the past ten years, and by the abolition of a relatively high proportion of junior professional posts, which had resulted in some of their functions being taken over by higher level general service posts. If the manner in which the post classification and reclassification procedures actually operated in specific cases had been examined, it would have been found that the classification of 300-400 posts was reviewed every year and that in most years some 20-25% of reclassification requests were not approved.

The delegate of the United States had referred to the "excellent points" made by the External Auditor and his "detailed thoughts" on the subject of potential savings on secretarial services and the secretarial ratio, but in fact a close perusal of paragraphs 44-55 of the External Auditor's Report showed that those points and thoughts were not the External Auditor's but the Director-General's. Indeed, the External Auditor did not claim to have carried out an audit on the matter, but had merely reported on the action taken by WHO. The survey reported on in detail in paragraphs 44-48 had been carried out independently by WHO's Administrative Management unit, not by the External Auditor. It had been the Director-General who had decided in the light of that report to agree to a trial implementation of the recommendations in the Communicable Diseases Division; it had been the Administrative Management unit that had prepared a report on the trial, including certain recommendations agreed to by the Director-General; and it had been the Director-General who had decided that the practice of assigning one secretary to one medical officer was unacceptable and that, as a rule of thumb, a ratio of two secretaries to three professionals should not be exceeded on a divisional basis. The External Auditor's only comment on the subject appeared in paragraph 55, in which he gave his support to that initiative by senior management and stated that he proposed to examine in 1986-1987 the nature and results of the reviews that would be carried out as a result of the instructions issued by the Director-General in February 1986. Since then much further progress had been made in reducing the professional/secretarial ratio and for all the major technical programmes at headquarters there was now a marginal excess of only 12 secretarial posts over and above the recommended norm of 3:2. It should be stressed that that recommended ratio must be regarded as a rule of thumb, not as an ironclad rule for every programme, since it had never been intended for indiscriminate implementation across the board at headquarters. Some programmes naturally could manage with a considerably lower ratio and others might be fully justified in having a higher one.

The delegate of the United States had expressed surprise at the fact that the Administrative Management unit could make studies of particular offices without reporting to senior management on its findings. There again, there seemed to have been a misunderstanding of the External Auditor's Report. Administrative Management surveys - whether relating to subjects of interest only to a particular programme, only to headquarters, or only to a particular region - were all transmitted to senior management, including, apart from the immediate client and his supervisors, the Director-General, the Assistant Director-General in charge of administrative services, the Director of Personnel and General Services and Internal Audit. A Regional Director of course received copies of any report on a matter of concern to his office or region. The point that the External Auditor made in paragraph 57 was that the Administrative Management unit was not required to produce for senior management an annual or biennial report on its activities and achievements. That was quite a different matter, which had been corrected at the External Auditor's suggestion: the Administrative Management unit would henceforth prepare a periodic report for the Director-General and would introduce a system whereby its clients would be required to prepare progress reports on implementation, perhaps six months and two years after the survey reports had been issued. Those reports would contain explanations as to the recommendations that had been accepted, the reasons why others had been rejected and details of implementation status and follow-up schedules.

He assured the delegate of China that due note had been taken of his remarks on consultants and recruitment and that every effort was being made to simplify the relevant procedures. Note had also been taken of the comments of the delegate of Japan and the Secretariat had learned with particular pleasure that extrabudgetary contributions from Japan had been increasing. The delegate of Thailand had expressed regret over the fact that some of the savings that were being returned to Member States in a form of a budget surplus had arisen because of delays in the implementation of the programme. That was of course regrettable, but was unavoidable for a number of reasons. In the case of a budget of some \$ 520 million for the biennium 1984-1985, a slippage of under \$ 7 million due to delays in implementation was relatively small.

In reply to the specific question asked by the delegate of the USSR, the new Special Account for Income Derived from Patent Policy had been referred to in paragraph 14 of the introduction to the Financial Report, established by the Director-General in pursuance of resolution WHA35.14. The reason why the matter had been raised in the report was that under WHO Financial Regulation 6.6 the Director-General was obliged to report to the Executive Board on the establishment of any new Special Account. In that particular case, an agreement had been drawn up in April 1985 between the Organization and a pharmaceutical and medical equipment firm in the United Kingdom whereby the company was to pay WHO £50 000, of which £40 000 had already been paid in 1985 and the balance would be paid in 1986 in exchange for WHO's rights in a method for the prediction and detection of ovulation which had a potential for simple, rapid and accurate laboratory tests and would eventually be marketed as a kit for home use. Those patent rights had been developed under the Special Programme of Research, Development and Research Training in Human Reproduction. The agreement also included provisions for a preferential pricing structure for the public sector and as, was stated in paragraph 14, the income amounting to \$ 53 910 was being paid back into the Human Reproduction Programme and was being used to promote research on vaccines for fertility regulation. The account was referred to in Statement II on page 9 of the Financial Report, under item 1.2, Other Organization's Funds.

Dr NAKAJIMA (Regional Director for the Western Pacific) expressed his appreciation of the advice given by the External Auditor. With regard to the vacant posts referred to in paragraphs 76 and 77 of the External Auditor's report, he explained that the Regional staff was used mainly as operational staff for WHO programmes. Very strict selection criteria were being applied, based not only on candidates' scientific and technical qualifications, but also on personality and ability to adapt to the working environment, among other cultural and social factors. The 21 vacancies mentioned in the report had existed on 31 December 1984, when the Philippines had experienced an unusual situation. Certain tragic events had been followed by a sudden fall in the peso/dollar exchange rate, entailing a drastic reduction in post adjustment, very rapid inflation and some security problems. Those considerations had to some extent made it difficult to recruit staff. Out of the 21 vacant posts, 11 had since been filled, nine were being filled by consultants, and one post had been abolished. The number of vacancies had thus been reduced by approximately one half. He confirmed that the \$ 3 140 000 saved from regular budgetary provisions for long-term posts had been distributed as described in paragraph 77 of the report, after careful consideration by the Regional Programme Committee.

The figure of 48% for staff costs in the Western Pacific Region was explained by the low unit cost of professional posts and, especially, of general service posts, salaries in Manila being considerably lower than in cities like Geneva or Copenhagen.

The External Auditor had expressed some concern regarding the secretarial ratio of approximately 1:1. The Administrative Management Unit was to study the matter with a view to bringing about improvements. In any case, the unit cost of general service staff in the Western Pacific Region was not so high from an operational point of view. The introduction of electronic data processing, which, it was hoped, would improve working efficiency, had been a little slow. In addition, there was the peculiar problem posed by the high fertility rate prevailing among the Regional Office's female staff. At any given time approximately 10% of the female staff were either pregnant or on maternity leave. Consequently, even the present 1:1 ratio was not sufficient. The question of programme and project monitoring and evaluation had been discussed with the External Auditor at an early stage. The programme and budget monitoring system had now been computerized. However, a special problem arose, since implementation of a programme did not necessarily mean that the budget appropriation for that programme was fully expended. If the budget provided for one consultant month in a particular country, for example, savings could be made by recruiting a consultant from a nearby country. The programme would then have been fully implemented, but the budget appropriation would not have been fully expended. Efforts were being made to improve the situation, and WHO's newly developed programme and budget audit might provide a solution.

Dr ASVALL (Regional Director for Europe) thanked the External Auditor for his report and for the very interesting and useful discussions that had taken place during his visits to the Regional Office for Europe. It was clear that when an evaluation of the kind under consideration was carried out it was not easy to know exactly what lay behind the figures, since the extent to which maximum use would be made of available resources to solve the problems at hand could not always be put down on paper.

Paragraph 61 of the External Auditor's report showed that staff costs at the Regional Office for Europe were higher than at headquarters or in Manila, but that was a reflection of the value of the US dollar. In order to understand that situation it was necessary to bear in mind that, in the 1984-1985 budget, prepared in 1982, an exchange rate of 7 Danish kroner to the dollar had been used as an apparently prudent safeguard. However, it so happened that the dollar had strengthened in 1984-1985, with the consequence that the Regional Office had surrendered an amount of \$ 5 690 000 as an exchange rate saving. The result had been that the average cost of a professional staff member had been reduced from the budgeted amount of \$ 178 830 to \$ 143 900; a similar reduction had taken place in respect of general service staff - from approximately \$ 66 000 to approximately \$ 50 000.

The upward trend in the grading of posts recorded between 1974 and 1984 reflected the change in the role of the Regional Office and in its work pattern over that period. In 1974 the Regional Office had been giving individual technical advice, and in a few countries it had had a large number of professional posts in relatively low grades. In 1984 the Regional Office had had practically no field staff left; the remaining few had been doing work of another kind requiring a much higher grade. Simultaneously, in the Regional Office itself there had been a change from fairly simple technical work to work that was much more complicated, with an increase in the number of programmes having a lower proportion of supportive professional staff and with more concentration on highly qualified professional staff capable of providing the lead in the new and difficult health-for-all development activities, including the country programmes.

In recent years there had been a large increase in the work done by the Regional Office with regard to country programmes. Long-range and medium-term programmes had been established, as well as seven new programme areas. Moreover, activities had been completely reoriented to fit in with the Regional Strategy for Health for All. That meant that units were very small, usually consisting of one professional staff member serving as project manager, who had to cover a wide range of tasks. Project managers were classified in the P.5 grade, since it was believed that they corresponded to a unit chief at headquarters.

Some comments had been made regarding the vacancies for professional posts mentioned in paragraph 69 of the External Auditor's report, which indicated that when the review had been carried out - in 1984 - eight of the 57 professional posts in executive management and technical programmes had been vacant. That was not entirely correct, since three of the professional posts concerned had not been budgeted until 1985; thus there had been only five vacancies. Of course, when a vacancy arose as a result of problems encountered in recruitment, the Regional Office was almost invariably obliged to employ an experienced consultant in order to keep the programme going.

Some comments had also been made on paragraph 74 of the report, concerning secretarial ratios. In the Regional Office for Europe it was felt that there ought to be more than one secretary per professional, since the output of professional staff members was very high and covered a wide range of activities. Every effort had been made to absorb the increased workload by internal rationalization, partly through the extensive introduction of automatic data processing systems. Quite a number of programme managers were using word processors, as were some directors.

The work done by the secretarial staff in the Regional Office for Europe was very special. The question had been considered in repeated internal and external reviews. In 1981 an important study had been made with a view to ascertaining how professional staff could be spared administrative tasks so that they could concentrate on the work that they really ought to be doing. The result had been that secretaries had been given much more responsibility than before for the performance of highly skilled administrative tasks like monitoring, and the Regional Office had thus been able to cope with the vast increase in work in intercountry and country programmes with only a very small increase in staff.

The Regional Office for Europe had been extremely satisfied with the extensive support which it had received from the Administrative Management unit at headquarters. During the past two years the latter had carried out eight major studies on the Regional Office's behalf, and a ninth study was in the course of preparation. The unit had helped the Regional Office to streamline its activities and to rationalize its staff posts. Senior management was always informed of the unit's findings, and all the unit's reports went directly to the Director of Programme Management and the Regional Director himself, who took the final decision on them. The Regional Office had responded to every suggestion made by the unit. In addition, it had undertaken a large number of management training schemes for its staff, with help from outside consultants.

As far as the comments on programme and project monitoring and evaluation were concerned, the critical comments made by the External Auditor concerning the documentation prepared as a result of the evaluation were correct. However, account should be taken of the fact that the Regional Office had been trying out an entirely new management procedure and that consequently all staff members had had to work with a different type of documentation and with different procedures. The conclusions drawn from the evaluation discussions had been carried forward into the next planning cycle. A programme review was consistently carried out every two years, just before new planning was embarked upon. In addition to the internal programme reviews, the Regional Office's programmes were regularly reviewed by EACMR and other programme evaluation groups. The Regional Office's procedures had been extensively reconsidered after the External Auditor had made his comments, and the Regional Programme Committee had drawn up a new evaluation procedure to be introduced in the autumn of 1986.

A very positive experience had been recorded in the evaluation of the Regional Office's cooperative programme with Portugal, in which a new approach developed by a headquarters group had been used. The audit team had felt that the funds available for cooperation with Portugal should continue to be used as "seed money" and that the elaboration of the medium-term programmes and the discussions and negotiations relating to them had sometimes been as important as the cooperative activities themselves. WHO was considered by the Portuguese health authorities as an organization that could help ministers of health to enlist the support of various types of pressure groups, and its advocacy role had been demonstrated during parliamentary discussions in which the Organization's policies and documents had been quoted. The general conclusion had been that the use of WHO resources had been judicious and that the Organization's impact on decision-making in Portugal had been far greater than could have been anticipated from its very modest financial participation.

The meeting rose at 17h55.

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