

WORLD HEALTH
ORGANIZATIONORGANISATION MONDIALE
DE LA SANTÉTHIRD WORLD HEALTH ASSEMBLYA3/17 ✓
11 April 1950

ORIGINAL: ENGLISH

WORKING CAPITAL FUND

Proposal by the Government of Australia

(Provisional Agenda Item A. F. & L. 12.3)

1. The Australian Government wishes to recommend to the World Health Organization the adoption of a principle used in the United Nations and in UNESCO in connexion with the assessment of the Working Capital Fund.

In the United Nations the size of the Working Capital Fund is fixed each year and the whole amount so fixed is allocated to all Member Governments in the same proportions as their contributions to the annual budget for the following year. The amount contributed to date to the Fund by each member is then credited against the assessment of that Member's liability.

This system has the advantage that the assessed Fund is always shared by Members in the same percentage as the Budget. The date of entry of a Member into the Organization does not affect its assessment since new Members are automatically assessed their full percentage contribution to the whole of the FUND. Certain Members of WHO appear never to have been assessed for the part of the Fund raised in 1948 because they joined the Organization after that date. In order to protect the interests of new Members of WHO it may of course be necessary to segregate part of the existing Fund in a Reserve for Contributions in Arrear before all members can be assessed for the full amount of the Working Capital Fund.

In the same way when a member resigns or its contribution is reduced, the assessments of the remaining members of the Working Capital Fund are automatically increased. This procedure is particularly advantageous to the Organization when, as in WHO at present, the contributions to the Working Capital Fund of resigning members are in fact unpaid.

It is therefore suggested that the Third World Health Assembly may desire to pass a resolution in the form set out below which is parallel to the annual Working Capital Resolution of the United Nations. The figure named in this Resolution will be subject to any change in the aggregate size of the Fund for 1951 which the Assembly may deem desirable:

The Third World Health Assembly

RESOLVES

- (i) that the Working Capital Fund shall be maintained to 31 December 1951 at the amount of \$4,000,000;
- (ii) that Members shall make advances to the Working Capital Fund in accordance with the scale adopted by the World Health Assembly for contributions of Members to the fourth annual budget; and
- (iii) that there shall be set off against this new allocation of advances the amounts paid by Members to the Working Capital Fund up to the financial year 1950, provided that, should the advance made by any Member to the Working Capital Fund up to the financial year 1950 exceed the amount of that Member's advance under the provision of paragraph (ii) hereof, the excess shall be set off against the amount of contributions payable by that Member in respect of the fourth annual budget, or any previous budget.

2. If a Member Government resigns from the Organization, its share in the Working Capital Fund would be reduced under the proposed scheme to nil. It is therefore suggested that any sum paid by a resigning member to the Working Capital Fund should be used first to meet any arrears of contributions due by that Member to the Organization and that the balance should be transferred to a special account. It is then suggested that the Executive Board recommend to the World Health Assembly the disposal of any sum so transferred. It may be appropriate to return a part of such sum forthwith to the Member in question. On the other hand, to the extent that the Working Capital Fund has been utilized to cover emergency expenditure or to finance arrears of contributions, it may be appropriate for the Organization to retain a proportion of the sum.

The World Health Assembly may therefore wish to incorporate some provision such as the following in the Financial Regulations and to adopt the following resolution:

The Third World Health Assembly

RESOLVES that the following regulation shall be incorporated in the Financial Regulations of the World Health Organization:

'When a government ceases to be a member of the Organization any sums contributed by it to the Working Capital Fund shall be used first to meet any arrears of contributions due by that government to the Organization. Any balance remaining shall be transferred to a special account, allocations from which shall be made by the World Health Assembly. The Executive Board shall provide the Health Assembly with recommendations on the most advantageous and equitable application of the special account.'

WORLD HEALTH
ORGANIZATIONORGANISATION MONDIALE
DE LA SANTÉTHIRD WORLD HEALTH ASSEMBLYA3/17 Rev.1 ✓
10 May 1950

ORIGINAL : ENGLISH

WORKING CAPITAL FUND

Revised Proposal by the Government of Australia
(Provisional Agenda Item A.F. & L. 12.3)

At the request of the Australian delegation, document A3/17, dated 11 April 1950 is revised as follows:

1. The Australian Government wishes to recommend to the World Health Organization the adoption of a principle used in the United Nations and in UNESCO in connexion with the assessment of the Working Capital Fund.

In the United Nations the size of the Working Capital Fund is fixed each year and the whole amount so fixed is allocated to all Member Governments in the same proportions as their contributions to the annual budget for the following year. The amount contributed to date to the Fund by each Member is then credited against the assessment of that Member's liability.

This system has the advantage that the assessed Fund is always shared by Members in the same percentage as the Budget. The date of entry of a Member into the Organization does not affect its assessment since new Members are automatically assessed their full percentage contribution to the whole of the FUND. In order to protect the interests of new Members of WHO it may of course be necessary to segregate part of the existing Fund in a Reserve for Contributions in Arrear before all Members can be assessed for the full amount of the Working Capital Fund.

In the same way when a Member's contribution is reduced, the assessments of

the remaining Members of the Working Capital Fund are automatically increased. This procedure is particularly advantageous to the Organization when, as in WHO at present, the contributions to the Working Capital Fund of Members whose contributions may be reduced are in fact unpaid.

It is therefore suggested that the Third World Health Assembly may desire to pass a resolution in the form set out below which is parallel to the annual Working Capital Resolution of the United Nations. The figure named in this Resolution will be subject to any change in the aggregate size of the Fund for 1951 which the Assembly may deem desirable:

The Third World Health Assembly

RESOLVES

(1) that the Working Capital Fund shall be maintained to 31 December 1951 at the amount of \$4,000,000;

(2) that Members shall make advances to the Working Capital Fund in accordance with the scale adopted by the World Health Assembly for contributions of Members to the fourth annual budget; and

(3) that there shall be set off against this new allocation of advances the amounts paid by Members to the Working Capital Fund up to the financial year 1950, provided that, should the advance made by any Member to the Working Capital Fund up to the financial year 1950 exceed the amount of that Member's advance under the provision of paragraph (2) hereof, the excess shall be set off against the amount of contributions payable by that Member in respect of the fourth annual budget, or any previous budget.

WORLD HEALTH
ORGANIZATIONORGANISATION MONDIALE
DE LA SANTÉTHIRD WORLD HEALTH ASSEMBLYA3/17 Rev.1 Add.1 ✓
10 May 1950

ORIGINAL: ENGLISH

WORKING CAPITAL FUND
Further Proposals by the Government of Australia
(Provisional Agenda Item A.F. & L. 12.3)

In the previous paper presented by the Australian Government to the Third World Health Assembly reference was made to the advisability of establishing a Reserve against Contributions in Arrears.

The object of such a reserve would be:

- (a) To permit stability in the size of the Working Capital Fund which would then only cover the financing of delay in receipt of current contributions plus an amount for contingencies.
- (b) To make it equitable for new Members to be assessed their full budgetary proportion of the Working Capital Fund. It would not be appropriate to ask them to contribute to deficits incurred before they became Members.

The following Financial Regulation is therefore suggested for such a reserve:-

- "(i) Any session of the World Health Assembly may decide to transfer a sum to a Reserve against Contributions in Arrears so as to bring such Reserve up to an amount representing specific sums in respect of outstanding contributions which it is not anticipated will be received before the next session of the World Health Assembly
- (ii) Such transfers will be made either out of Budget Surpluses or out of sums paid up to the Working Capital Fund and annual adjustments may be made to ensure that the burden of transfers to the Reserve against Contributions in Arrears is borne equitably by the

remaining subscribers to the Budget of the year for which the contribution in arrears is due, after utilization of any sum paid up to the Working Capital Fund by the contributor in arrears.

- (iii) The amounts debited to the shares of Members in the Working Capital Fund or in the Budget surplus constitute the interest of Members in the Reserve against Contributions in Arrears. Upon payment of any contributions in arrears covered by the Reserve against Contributions in Arrears the Members having an interest in the part of the Reserve necessitated by those contributions in arrears shall be credited with a like amount against present or future sums due by them to the Organization."

WORLD HEALTH
ORGANIZATIONORGANISATION MONDIALE
DE LA SANTETHIRD WORLD HEALTH ASSEMBLYA3/17 Rev.1 Add.2 ✓
15 May 1950

ORIGINAL: ENGLISH

EFFECT OF AUSTRALIAN PROPOSALS FOR A RESERVE
AGAINST CONTRIBUTIONS IN ARREARS

(Agenda Item A,F & L 12.3)

1. The first step necessary would be for the determination by the Health Assembly of the contributions in arrears against which it was desired to reserve. Contributions for 1950 would not be included as a budget surplus is planned to cover these. The determination of the Conference cannot be anticipated but for purposes of illustration is assumed to be as follows:

| | <u>1948</u> | <u>1949</u> | <u>Total</u> |
|----------------|----------------|----------------|------------------|
| Argentina | 86.300 | 89.365 | 175.665 |
| Albania | - | 2.013 | 2.013 |
| Bolivia | 1.705 | 4.025 | 5.730 |
| Bulgaria | 3.304 | 6.843 | 10.147 |
| Byelorussia | 10.107 | 10.466 | 20.573 |
| Chile | 20.992 | 21.737 | 42.729 |
| China | 279.891 | 289.832 | 569.723 |
| Columbia | 7.504 | - | 7.504 |
| Cuba | 5.969 | - | 5.969 |
| Czechoslovakia | - | 43.475 | 43.475 |
| Ecuador | 1.023 | 2.415 | 3.438 |
| Guatemala | 1.023 | 2.415 | 3.438 |
| Hungary | 6.230 | 9.661 | 15.891 |
| Italy | 97.962 | 101.441 | 199.403 |
| Nicaragua | 853 | - | 853 |
| Panama | 1.023 | - | 1.023 |
| Paraguay | 853 | 2.013 | 2.866 |
| Peru | 4.093 | 9.661 | 13.754 |
| Ukrainian SSR | 39.263 | 40.657 | 79.920 |
| USSR | 295.829 | 306.337 | 602.166 |
| Uruguay | 3.752 | 8.856 | 12.608 |
| | <u>867.676</u> | <u>951.212</u> | <u>1.818.888</u> |

2. The next step is the set-off against arrears of any sums paid up to the Working Capital Fund by the members in arrear. This step is particularly appropriate where the assessment of such a member is to be eliminated in the next budget leaving the member a surplus in the Fund over

its new allocated percentage. In other cases the set-off should perhaps not always be effected. It is assumed in this case that none of the members listed in 1 have made payments to the Fund.

3. The next step is to consider the budget surpluses for 1948 and 1949. These are 1948 \$866.464 and 1949 \$467.000. For the purpose of dealing with the 1948 surplus it will be necessary to extract it from the Working Capital Fund reducing this to \$3.13m.

About 19% of these surpluses are attributable to the contributors in arrear and can be set off against their arrears. These would have to be set off against each individual item of arrears but the total effect would be approximately as follows:

| | <u>1948</u> | <u>1949</u> | <u>Total</u> |
|-------------------------|----------------|----------------|--------------------|
| Arrears | 867.676 | 951.212 | 1.818.888 |
| Proportion of surpluses | 164.643 | 88.730 | 253.373 |
| Net arrears | <u>703.033</u> | <u>862.482</u> | <u>\$1.565.515</u> |

4. The size of the required Reserve is now ascertained as \$1,565,515. This will be brought into being as follows:

| | | | |
|--|------|---------|--------------------|
| Transfer of balance of | | | |
| Budget Surpluses | 1948 | 701.821 | |
| | 1949 | 378.270 | 1,080.091 |
| Debit against share of members paid up in the reduced Working Capital Fund of \$3.13m. | | | <u>485.424</u> |
| | | | <u>\$1.565.515</u> |

5. To determine how equitably to charge this \$485.424 it will be necessary to split the following sums amongst the members who have paid up to the Working Capital Fund in the ratio of their respective contributions to the 1948 and 1949 budgets.

| | | | |
|------------|-------------------|---|------------------|
| 1948 ratio | 703.033 - 701.821 | = | 1.212 |
| 1949 ratio | 862.482 - 378.270 | = | 484.212 |
| | | | <u>\$485.424</u> |
| | | | ===== |

6. If the Working Capital Fund were to be maintained at \$3.13m this would require the members whose shares have been debited with the \$485.424 to resubscribe this amount. It is probable however that, now that arrears of contributions have been eliminated from the Fund, it would be adequate at \$2.5m.

This however assumes a Fund in which there are no arrears of contributions to the Fund itself. Either therefore the whole Fund would have to be reassessed amongst the paying membership or if none of the assessments of the contributors in arrear were eliminated the Fund would have to be maintained at a level of about \$3.1 million. In either case the paying membership would have to subscribe to the Fund about \$480,000 for 1951 as this is the sum needed to put the finances of the Organization in order.

7. The share of members in the Reserve can be readily ascertained by dividing the Budget Surpluses of \$1,080,091 in the proportions they would have been credited to members if set off against future contributions. To this sum will be added the amounts debited to the Working Capital Fund under paragraph 5 above. Thus the result of all the processes set out above can be demonstrated in a single column table.

UNITED NATIONS

NATIONS UNIES

WORLD HEALTH
ORGANIZATION

ORGANISATION MONDIALE
DE LA SANTÉ

THIRD WORLD HEALTH ASSEMBLY

A3/17 Rev.1 Add 2 Corr.1
16 May 1950

ENGLISH ONLY

EFFECT OF AUSTRALIAN PROPOSALS FOR A RESERVE
AGAINST CONTRIBUTIONS IN ARREARS

After the title, add:

"Paper presented by the Delegation of Australia."