

directing council



PAN AMERICAN
HEALTH
ORGANIZATION

XIII Meeting

Washington, D. C.
October 1961

regional committee

WORLD
HEALTH
ORGANIZATION

XIII Meeting



CD13/25 (Eng.)
28 August 1961
ORIGINAL: ENGLISH

Topic 36: SPECIAL FUND FOR HEALTH PROMOTION

The Executive Committee at its 43rd Meeting considered the report of the Director concerning the establishment of a Special Fund for Health Promotion based upon an agreement with the W. K. Kellogg Foundation, and approved the following resolution:

RESOLUTION II

"The Executive Committee,

Having examined the Director's report on the establishment of a Special Fund for Health Promotion; and

Taking into account the generous offer of a grant by the W. K. Kellogg Foundation,

RESOLVES:

1. To express its deep appreciation to the W. K. Kellogg Foundation for the very generous grant of \$3,750,000 for expanded program activities of the Pan American Health Organization, which will enable the Organization to proceed with the construction of a new Headquarters building.
2. To transmit the report of the Director on the creation of a Special Fund for Health Promotion (Document CE43/2: Part II) to the XIII Meeting of the Directing Council.
3. To recommend that the Directing Council authorize the Director to create a Special Fund for Health Promotion to which at least \$187,500 per year shall be appropriated from the Regular Budget of the Pan American Health Organization until an amount of \$3,750,000 has been committed for expanded program activities'.

In accordance with the above resolution the report of the Director, Document CE43/2, Part II, and its Addendum are attached hereto. In addition to the written report, the Director was able to report orally to the Executive Committee that the Board of Trustees of the W. K. Kellogg Foundation had approved the proposal and therefore had agreed to donate to the Pan American Health Organization the sum of \$3,750,000. A letter contract in support of the proposal had been reviewed by the Legal Department of the Pan American Union, which acts as adviser to the Bureau in legal matters, and was found to be in perfect order. In essence the proposed agreement with the W. K. Kellogg Foundation contains the following terms and conditions:

The W. K. Kellogg Foundation agrees to lend to the Pan American Health Organization the sum of \$3,750,000, which is payable in annual payments of \$187,500 beginning on 1 September 1962 and to be repaid in full on or before 1 January 1982, without interest. Instead of going to the W. K. Kellogg Foundation, however, these annual payments will be used to improve the health of the Americas through support of additional health programs as follows: beginning with the year 1962 the Organization shall establish a Special Fund for Health Promotion which will be used exclusively to finance certain expanded program activities and will be maintained by allocating to it from the regular budget of the Organization at least \$187,500 each year until the full amount of the loan of \$3,750,000 is paid into it. In making up the regular annual budget the amount of this allocation shall be considered as used in repaying the above loan, and the remaining items of the budget will cover and not reduce regular program activities, so that each payment to the Fund shall be treated as a repayment and credit on the above loan.

The Organization shall use this loan to expand activities relating to: (1) community water supplies; (2) nutrition; and (3) educational and training activities, including fellowships, although the Organization may from time to time revise these expanded activities upon approval by the Directing Council or the Conference, and give notice thereof to the Foundation.

The funds so loaned shall be used together with other funds agreed upon by the Organization for the purpose of erecting a Headquarters building for the Pan American Health Organization and for the Regional Office for the Americas of the World Health Organization on land to be donated by the Government of the United States of America. An appropriate plaque giving notice of this grant shall be placed and maintained in some public place in the building.

It will be recalled that the Directing Council at its XII Meeting requested the Director to maintain the level of his Proposed Program and Budget for 1962 at \$5,240,000 but to make provision in that budget for \$187,500 toward the cost of the new building. However, in anticipation

of the Directing Council authorization of the Special Fund for Health Promotion which, under the proposed agreement with the W. K. Kellogg Foundation, would permit the inclusion of health programs in substitution for the provision for the new building, the Director has included such provisions as Part IV in the Proposed Program and Budget for 1962 appearing in Official Document No. 35.

On the basis of the recommendation of the Executive Committee and review of the information contained in this document and its attachments the Directing Council may wish to enable acceptance of the grant by approving a resolution along the following lines:

Proposed Resolution

The Directing Council,

Having examined the Director's report and Resolution II of the 43rd Executive Committee on the establishment of a Special Fund for Health Promotion; and

Taking into account the generous offer of the grant by the W. K. Kellogg Foundation,

RESOLVES:

1. To express its deep appreciation to the W. K. Kellogg Foundation for the very generous grant of \$3,750,000 for expanded program activities of the Pan American Health Organization, which will enable the Organization to proceed with the construction of a new Headquarters Building.
2. To authorize the Director to create a Special Fund for Health Promotion to which at least \$187,500 per year shall be appropriated from the Regular Budget of the Pan American Health Organization until an amount of \$3,750,000 has been committed for expanded program activities.

Annex: Document CE43/2, Part II (Page 47-50), and Addendum.

Document CE43/2, Part II (p. 47-50), and Addendum

Topic 3: PROPOSED PROGRAM AND BUDGET
 OF THE
 PAN AMERICAN HEALTH ORGANIZATION FOR 1962

Part II: SPECIAL FUND FOR HEALTH PROMOTION

(Submitted to the 43rd Meeting of the Executive
Committee)

Part II: SPECIAL FUND FOR HEALTH PROMOTION

Resolution XIV of the XII Meeting of the Directing Council (Havana, 1960) authorized the Director, with the concurrence of the Permanent Subcommittee on Buildings and Installations, "to arrange financing for the construction of the headquarters building by means of a twenty-year loan, if possible interest free, and to provide in the regular annual budgets of the Organization the funds necessary to repay the loan in annual installments."

In accordance with this authorization, the Director undertook exploratory discussions with officials of the W. K. Kellogg Foundation to see if it were possible to arrange an interest-free loan to provide for construction costs of the building.

The officials of the Kellogg Foundation indicated that the policies of the Foundation did not envisage either the making of loans or the granting of funds for construction purposes. However, the Kellogg Foundation would be willing to consider a proposal for a grant of \$3,750,000 for expanded program activities.

Since the Directing Council in the above-cited resolution had already authorized construction funds from the regular budget, the Kellogg Foundation grant, if approved, will finance program activities which otherwise would have to be sacrificed in order to repay a 20-year construction loan.

After presenting this suggestion to the Permanent Subcommittee on Buildings and Installations (to which authority to act on behalf of the Organization regarding construction of the headquarters building was delegated by Resolution XIV of the XII Meeting of the Directing Council, and Resolution II of the 42nd Meeting of the Executive Committee) the Director was instructed to submit a proposal to the Kellogg Foundation for a grant for a Special Fund for Health Promotion, which incorporated the following general policies:

There is urgent need for vigorous action on the part of the health professions and health services and organizations to meet the rapidly growing requirements for better care of the ill, prevention of the spread of communicable diseases, protection of the mother and child, and protection of all people from unfavorable aspects of the environment. These needs are particularly acute in Latin America. The growth in population in Latin America was 2.6% per year from 1950-1958, as compared with 1.7% per year for the world and 1.7% per year for the United States of America. During the years in which the proposed Special Fund for Health Promotion will be in effect, it is estimated that the population of Latin America, estimated in 1960 at 206,000,000, will increase to 350,000,000. Moreover, the population in the Americas

is becoming increasingly concentrated in urban areas, and this tendency itself raises a host of new health problems.

The needs for safe and adequate water, facilities for disposal of waste, adequate diet, and better health organization and services are becoming increasingly important. Perhaps the most pressing problem is to assist governments in devising new and more efficient methods of applying existing health knowledge.

The priorities for these expanded activities appear at present to be: (1) community water supplies; (2) nutrition; and (3) educational and training activities, including fellowships. As the social, health, and economic conditions change, revision of priorities may have to be made.

1. Both the World Health Organization and the Pan American Health Organization recognize that the greatest problem in environmental sanitation is the provision of safe and adequate water supplies. Water-borne diseases are still one of the major health hazards in the many areas of the world. It is recognized that almost all the capital for construction of new and expanded water systems must come from the countries themselves. Help in the form of loans for at least demonstration projects is becoming available from international lending agencies. The PAHO/WHO has a fundamental responsibility for advising and assisting governments in the development of efficient and economical project proposals for construction of new facilities. It must also give continuing advice and assistance in the organizational, administrative, technical, legal, and financial aspects of water supply systems. (The PAHO/WHO will not, of course, provide loans). In addition, the Organization must provide education and training opportunities which will ensure that qualified professional and technical manpower is available for the proper implementation of such plans. Sanitary engineers, waterworks operators, experts on rate structures, efficient business managers of water utilities, etc., must be trained.

2. In the field of nutrition, the Organization has a wealth of scientific and technical "know-how" directly related to nutrition problems of Latin America, much of it developed from the research of the Institute of Nutrition of Central America and Panamá. This knowledge needs to be put to work through the established health and related services of governments. Specifically, PAHO/WHO must develop practical programs for assuring that the raw materials available inexpensively, and often abundantly, are converted into highly acceptable nutritional foods, so packaged and distributed as to reach those who need them most. The experience with the development of INCAPARINA has demonstrated the feasibility of this approach; the only need is for widespread application. This is but one example of the new kind of health activity which the health professions and organizations must accept and carry out if they are to meet their new responsibilities.

Since there is a great shortage of health and health-related personnel qualified to engage in this type of nutrition program, one of the first steps of PAHO/WHO will be to organize formal and informal educational opportunities for the preparation of such workers.

The countries will also need assistance from the Organization in establishing nutrition services as an integral part of health programs. This will require increase in the advisory staff of PAHO/WHO.

3. The shortage of trained health manpower throughout the Americas is well known. Cognizance of this problem was taken by the United States Senate Committee on Government Operations in its report of 9 May 1960, on Health in the Americas and the Pan American Health Organization.

Numerous groups and organizations are assisting governments in meeting these educational needs. Among the most important are the Kellogg Foundation, the Rockefeller Foundation, the International Cooperation Administration, the Organization of American States, the Institute of International Education, and the Educational Council for Foreign Medical Students. Despite these efforts, the problem is so great that more funds must be devoted to educational and training programs which will quickly and substantially increase the number of trained health workers. A comprehensive summary of the education and training needs and programs in the Americas is found in the 1959 Annual Report of the Director of the Pan American Sanitary Bureau.

The Executive Committee may wish to consider a resolution along the following lines:

Proposed Resolution

The Executive Committee,

Having examined the Director's report on the establishment of a Special Fund for Health Promotion; and

Taking into account the possible generous grant of the W. K. Kellogg Foundation,

RESOLVES:

1. To transmit the report of the Director on the creation of a Special Fund for Health Promotion to the XIII Meeting of the Directing Council.

2. To recommend that the Directing Council authorize the Director to create the Special Fund for Health Promotion if and when the grant from the W. K. Kellogg Foundation is received.



*executive committee of
the directing council*

PAN AMERICAN
HEALTH
ORGANIZATION

*working party of
the regional committee*

WORLD
HEALTH
ORGANIZATION



43rd Meeting
Washington, D. C.
May 1961

CE43/2 (Eng.)
ADDENDUM I
16 May 1961
ORIGINAL: ENGLISH

Topic 3: PROPOSED PROGRAM AND BUDGET OF THE PAN AMERICAN HEALTH
ORGANIZATION FOR 1962

Part II: SPECIAL FUND FOR HEALTH PROMOTION

A D D E N D U M

W. K. KELLOGG FOUNDATION
Battle Creek, Michigan

Emory W. Morris
President
General Director

May 15, 1961

Pan American Health Organization
1501 New Hampshire Avenue, N. W.
Washington 6, D. C.

Attention: Dr. Abraham Horwitz, Director, Pan American
Sanitary Bureau

Gentlemen:

In response to your request for a grant of \$3,750,000 to provide for the continued growth of field programs of your Organization, while at the same time permitting construction of a permanent headquarters building in Washington, D. C., the W. K. Kellogg Foundation agrees to loan to the Pan American Health Organization the sum of \$3,750,000 upon the following terms and conditions:

(1) The amount of the loan will be paid to you in cash within thirty (30) days after you furnish us with evidence that contracts have been let for the construction of the building and that you will have sufficient funds available, when added to our loan, to fully complete and equip the building.

(2) The loan is to be repaid in full on or before January 1, 1982, without interest. A payment is to be made each year beginning September 1, 1962 in the amount of at least \$187,500. Should you cease to use and occupy the building for the purposes specified in paragraph numbered (3) below, the unpaid balance of the loan shall thereupon become due.

(3) The funds so loaned shall be used with the proceeds of sale of your land and buildings at 1501 and 1515 New Hampshire Avenue, N. W., Washington, D. C., your Building Reserve Fund, and other funds now or hereafter available to you for the purpose of erecting a headquarters building for your Organization and the Regional Office of the World Health Organization for the Americas on land to be donated by the Government of the United States located at 23rd Street and Virginia Avenue, N. W., Washington, D. C. The building so to be constructed shall cost not less than \$4,555,000 and shall be used to provide office space, council chambers for meetings of the governing bodies of the Organization and other meetings and for other facilities of your Organization. There shall be placed and maintained in some public place in the building an appropriate plaque giving notice of this grant.

(4) Beginning with the year 1962, you agree to establish a Special Fund for Health Promotion which will be used exclusively to finance certain expanded program activities. This Fund will be established and maintained by allocating to it from the regular budget of the Organization at least \$187,500 each year until the full amount of the loan of \$3,750,000 is paid into it. In making up your regular annual budget, the amount of this allocation shall be considered as used in repaying the above loan so that the remaining items of your budget will cover and not reduce regular program activities. Each payment made to the Fund thereupon shall be treated as a repayment and credit pro tanto on the above loan.

(5) The Special Fund for Health Promotion shall be used by you initially and from time to time for expanded activities as outlined in your request for grant, as follows:

1. Community water supplies;
2. Nutrition; and
3. Educational and training activities, including Fellowships.

As social, health and economic conditions change, revision of these expanded activities may be made by you from time to time upon approval of your Directing Council or Conference and giving notice to us.

(6) Each year you agree to provide us with a statement certified by your chief accounting officer as to the amount allocated and paid to the Special Fund, the disbursements made therefrom during the year, and the proposed use of the Fund for the ensuing year, and to give evidence of full compliance with this agreement. Also you will give us each year narrative and financial reports of all your activities.

(7) By the acceptance of the above loan and assenting hereto you waive immunity from suit and all other forms of judicial process for the purpose of any proceeding relating to enforcing repayment of the loan or the part thereof remaining unpaid.

If the terms and conditions upon which the above loan is granted are satisfactory, please assent thereto upon the enclosed carbon copy of this letter by your duly authorized officer, and return the signed copy to us.

Yours very truly,

W. K. KELLOGG FOUNDATION

By: (signed) Emory W. Morris

President

Pursuant to approval by the Directing Council of the Pan American Health Organization, Regional Committee of the World Health Organization, the undersigned, on behalf of the Pan American Health Organization, hereby gives assent to the terms and conditions above provided as those upon which a loan of \$3,750,000 is to be made to the Pan American Health Organization by the W. K. Kellogg Foundation.

PAN AMERICAN HEALTH ORGANIZATION

By:

Abraham Horwitz
Director

PAN AMERICAN SANITARY BUREAU

Dated: