ANNUAL REPORT OF THE CHAIRMAN OF THE EXECUTIVE COMMITTEE (Presented by Dr. Norman Gay (Bahamas))

According to Article 9.C of the Constitution of the Pan American Health Organization, one of the functions of the Directing Council is to review the annual reports of the Chairman of the Executive Committee. Hence it falls to me to report to the XXXII Meeting of the Directing Council on the work done by the Committee during the last 12-month period, during which the Executive Committee held its 98th and 99th Meetings.

98th MEETING OF THE EXECUTIVE COMMITTEE

The 98th Meeting of Executive Committee consisted of a single session held in the Headquarters building of PAHO in Washington, D.C., on 27 September 1986, the same day as the closing of the Meeting of the XXII Pan American Sanitary Conference.

The Meeting was attended by representatives of the Member Governments of the Executive Committee, which were those of Argentina, Bahamas, Brazil, Colombia, Honduras and Mexico, together with those of Ecuador, Saint Lucia and the United States of America, which had just been elected by the Conference to take the place of those of Canada, Costa Rica and Dominica, whose terms of office on the Executive Committee had ended. Also present were observers from Belize, Canada, Cuba, Guyana, Panama and Uruguay.

The new officers elected were myself as Chairman, Dr. Manuel Quijano Narezo (Mexico) as Vice Chairman, and Dr. Jorge Ernesto Bracho-Ofna (Ecuador) as Rapporteur.

New members were also elected to the various bodies of the Executive Committee, as follows:
1. Ecuador and Saint Lucia were elected to membership on the Award Committee, PAHO Award for Administration, in place of Canada and Dominica, whose terms on the Committee had ended.

2. The United States of America was elected member of the Subcommittee on Planning and Programming in place of Canada, which had ceased to be a member.

3. Brazil was elected to membership on the Special Subcommittee on Women, Health and Development, again in place of Canada.

4. Colombia and Saint Lucia were made members of the Standing Subcommittee on Inter-American Nongovernmental Organizations in place of Costa Rica and Dominica, outgoing members of the Committee.

99th MEETING OF THE EXECUTIVE COMMITTEE

Item 1: Opening of the Meeting

The 99th Meeting of the Executive Committee of the Pan American Health Organization was held in the Organization's Headquarters building in Washington, D.C., from 22 to 26 June 1987.

The Meeting was attended by representatives of the Committee's Member Governments: Argentina, Bahamas, Brazil, Colombia, Ecuador, Honduras, Mexico, Saint Lucia and United States of America, and by observers for Canada, Chile, Cuba, France, Guatemala, Trinidad and Tobago, and Venezuela, as well as for Spain. Also present in the meeting were observers from four intergovernmental organizations and one non-governmental organization. The Subcommittee on Planning and Programming and the Special Subcommittee on Women, Health and Development were represented in the meeting by their rapporteurs.

Eight plenary sessions and one closing session were held. The brevity of the Meeting was made possible by an intense and well-ordered effort and effective collaboration on the part of the entire Secretariat, which made it possible for the Executive Committee to carry out to the full the functions prescribed for it in Article 14 of the Constitution of the Pan American Health Organization, which are to authorize the Director to convocate meetings of the Council, to approve the provisional agendas of those meetings, to consider the proposed program and budgets prepared by the Director and submit it, together with recommendations, for consideration by the Council, and to advise that Governing Body on the matters of interest set forth hereafter.

In the absence of the Rapporteur, Dr. Jorge Ernesto Bracho-Oña (Ecuador), and in compliance with Article 11 of its Rules of Procedure, the Executive Committee elected Dr. José Tohme Amador, Minister of Public Health of Ecuador, Rapporteur pro tempore.
2. PROCEDURAL MATTERS

Item 2.1: Adoption of the Agenda

Pursuant to Article 5 of its Rules of Procedure, in its first plenary session the Executive Committee adopted the provisional agenda (Document CE99/1), Rev. 2), presented by the Director. In the present report, the proceedings of the 99th Meeting of the Executive Committee are considered in the order of the items of that Agenda.

Item 2.2: Representation of the Executive Committee at the XXXII Meeting of the Directing Council of PAHO, XXXIX Meeting of the Regional Committee of WHO for the Americas

In compliance with Article 14 of its Rules of Procedure, in its first plenary session the Executive Committee elected Dr. Manuel Quijano Narezo (Mexico) to accompany the Chairman of the Executive Committee as its representatives to the XXXII Meeting of the Directing Council, XXXIX Meeting of the Regional Committee of WHO for the Americas. Dr. Rodolfo Montero (Argentina) and Dr. Yanuario García (Honduras) were elected as alternate representatives.

Item 2.3: Dates of the XXXII Meeting of the Directing Council of PAHO, XXXIX Meeting of the Regional Committee of WHO for the Americas

Pursuant to Articles 12.A and 14.A of the Constitution of the Pan American Health Organization, and to Article 1 of the Rules of Procedure of the Directing Council, at the proposal of the Director, in the first plenary session the Director was authorized to convocate the XXXII Meeting of the Directing Council of PAHO, XXXIX Meeting of the Regional Committee of WHO for the Americas to be held at the Organization's Headquarters in Washington, D.C., from 21 to 26 September 1987, as stated in Resolution I of the 99th Meeting of the Executive Committee.

Item 2.4: Provisional Agenda of the XXXII Meeting of the Directing Council of PAHO, XXXIX Meeting of the Regional Committee of WHO for the Americas

In Resolution II, the Executive Committee approved the provisional agenda of the XXXII Meeting of the Directing Council of PAHO, XXXIX Meeting of the Regional Committee of WHO for the Americas as drawn up by the Director.

3. COMMITTEE AND SUBCOMMITTEE REPORTS

Item 3.1: Report of the Subcommittee on Planning and Programming

This item did not require any decision by the Executive Committee on the matters considered by the Subcommittee in its meeting of April 1987, which were reported by Ms. Veta Brown, Rapporteur. On its primary function of examining the budget, the Subcommittee presented a separate report when this matter was taken up in a subsequent plenary session.
The main issue considered was the importance and advisability of cooperation among countries, both directly in the border areas and through the Pan American Centers. Numerous examples were cited of collaboration through CEPANZO, PANAPTOSA, CAREC, CEPIS and ECO and on the borders between Uruguay and Brazil, the United States of America and Mexico, Mexico and Belize, and Honduras and Nicaragua, which were successful thanks to the flexibility of the operations and the will to cooperate on both sides.

The Director reported on efforts made to further this cooperation, with and without direct intervention by PASB, and referred to the heartening cooperation between Honduras and Nicaragua as a "bridge to peace."

Item 3.2: Report of the Special Subcommittee on Women, Health and Development

This item was presented by Dr. Elu de Leóñero, Rapporteur of the Special Subcommittee on Women, Health and Development, who reported on the meeting held by that body in Washington, D.C., from 17 to 19 June 1987, and on the detailed study made by its members, the representatives of Argentina, Bahamas, Brazil, Honduras and Mexico, of the gains made and the policy to be pursued in the middle term. As a result of this study, the Special Subcommittee recommended emphasis on the regulatory aspect of health services during pregnancy, delivery and the puerperium, on proper use of technology and on the cesarean problem, and that research be done on the health of women and its socioeconomic, political and cultural conditioning factors, on risk behaviors in adolescence, on innovations in teaching to change adolescent life-styles that are hazardous to health; on the relationship between health services and maternal mortality, and on the occupational health of women and drug use, the effects of contraceptives on women's health, the role of women in health sector institutions, and the impact of AIDS on women and activities for the prevention of that disease.

After several discussions on this matter, a working group was set up consisting of the Rapporteur of the Special Subcommittee on Women, Health and Development, the Representatives of Colombia and the United States of America, and the Rapporteur of the Executive Committee, to reword the proposed resolution suggested by the Subcommittee. This group drew up a new text, which was presented and approved in the fifth plenary session as Resolution VII, proposing to the Directing Council the approval of a resolution covering the salient points of the item and of the opinions expressed in the discussion, which also brought out the need that the Special Subcommittee's meeting be held in April instead of in the days immediately preceding the Meeting of the Executive Committee so as to allow ample time for preparation of the report and for its study by the members of the Executive Committee. It was so decided, and the decision was officially reflected in the summary record of the fifth plenary session.
Item 3.3: Report of the Award Committee of the PAHO Award for Administration

The Award Committee of the PAHO Award for Administration, with the Representatives of Ecuador, Honduras and Saint Lucia as its members, held a session on 22 June and presented its report in the sixth plenary session. The Executive Committee approved Resolution IX noting the decision of the Award Committee to confer the PAHO Award for Administration, 1987, on Dr. John E. F. Hastings of Canada, and transmitting the report of the Award Committee to the XXXII Meeting of the Directing Council.

4. PROGRAM POLICY MATTERS

Item 4.1: Proposed Program Budget of the Pan American Health Organization for the Biennium 1988-1989

- Provisional Draft of the Program Budget of the Pan American Health Organization for the Biennium 1990-1991

- Provisional Draft of the Program Budget of the World Health Organization for the Region of the Americas for the Biennium 1990-1991

The item was introduced by Ms. Veta Brown, Rapporteur of the Subcommittee on Planning and Programming, who reported on the study of the budget made by the Subcommittee in its meeting of April 1987, before the World Health Assembly, held in May.

Among other things, she noted the importance of the revision made of the program classification, which, she said, was compatible with the WHO program classification and represented an essential step toward automation of the Organization's budgets.

Mr. Milam (PASB) then presented Official Document 210 and explained its structure in detail, pointing out that it contained the current 1986-1987 figures as a reference point, the proposal for 1988-1989, and a long-range tentative projection for 1990-1991. Preparation of the budget for 1988-1989 had begun in May 1985, at which time PAHO's regular budget had been projected to increase by 14.7% and the WHO regular funds for the Americas by 15%, for a combined increase of 14.8%. These May projections, revised and updated, had been used in developing the WHO Regular Budget proposal for 1988-1989 for the Region of the Americas in early 1986, and this had also been done to the predictions for PAHO's regular budget projections.

The projections for the WHO Regular Budget for the Americas reflected cost increases of 8.8% with no program growth. The PAHO Regular Budget projection contained an increase of 9.6% without program growth. The two increases combined amounted to an increase of 9.4%.
Following extensive discussions in the Governing Bodies of the World Health Organization in May 1987, the increase in the WHO Regular Budget proposal for the Americas had been reduced from 8.8% to 8.3% owing to the recalculation of pensions approved by the General Assembly of the United Nations, which placed that Program Budget at $62,631,000, reflecting cost increases of 8.3%. The PAHO Regular Budget came to $121,172,000, reflecting cost increases of 7.7%. The combined Regular Program increase was 7.9%, with no program growth. The total for the program funded from the Regular Budget was $183,803,000. In other words, the original projection of $195,520,000 (reflecting an increase of 14.8%) made in May 1985 had been decreased by $11,717,000.

The Director then explained the process by which the program budget was constructed and the mechanisms for consultation of and participation by the governments in a frame of reference determined essentially by the current economic crisis and the ongoing changes and increase of needs in the health field generated by population factors and the emergence of new problems. He noted the efforts made to reduce costs without proposing any real increase in the programs. Finally, he suggested that the estimate of Miscellaneous Income--$3.6 million in Official Document 210--be raised to $4.8 million (the same figure as in 1986-1987), which would reduce by $1,200,000 the quotas due from the countries to finance the budget.

The discussion began with sincere commendations to the Director for his outstanding analysis of the situation now being faced by PAHO and its Member Countries and what PAHO intended to do about it. The analysis was brief, concise, and easily understandable by health officials of the Organization and the Member Governments. The trouble was that PAHO had to perform its constitutional tasks in the midst of a world economic crisis that not only affected negatively the health situation in the individual Member Countries, but also greatly limited their capacity to provide resources to international organizations. The Member Governments hoped that PAHO would be sensitive to the difficulties facing them, that it cease trying to do business as usual, and try to operate with more flexibility and greater effectiveness. The present budget proposal was a sincere response to those sensitivities on the part of the Director, who had cut in half the 15% increase originally budgeted for the biennium, producing a budget proposal that was only 7.7% higher than that for 1986-1987.

The session was animated, and the Director answered many questions, revealing the inner workings of the Organization's operations and its flexibility to adapt as required budgets that had begun to be formulated, in close consultation and collaboration with the Member Governments, far in advance of the changing real needs of the peoples in the Hemisphere.
Following its examination of the proposal, the Executive Committee voiced satisfaction with the efforts made to reduce and absorb costs, the response to the recommendations of the Subcommittee on Planning and Programming, the priority given to programs and direct cooperation with the countries and implementation of the guidelines contained in the document "Basic Principles for Action of the Pan American Health Organization, 1987-1990," approved by the XXII Pan American Sanitary Conference. The Committee made recommendations for the improvement of aspects of the presentation of future budgets to the Council.

The outcome of all this was Resolution V of the 99th Meeting of the Executive Committee which recommends to the XXXII Meeting of the Directing Council that it approve the proposed program budget of the Pan American Health Organization for the biennium 1988-1989, with an effective working budget of $121,172,000, by adopting the appropriation and assessment resolutions.

**Item 4.2: Andean Subregion, Joint Plan of Action**

This agenda item was placed before the participants solely for their information during the sixth plenary session, and called for the adoption of no resolution. Dr. Ochoa (PASB) reviewed the background of and activities under this Plan of Action, which is being conducted under the Cartagena and Hipólito Unanue Agreements. He explained that cooperation is organized in five priority areas determined by the Ministers of Health of Bolivia, Colombia, Ecuador, Peru and Venezuela, which are health services development, a maternal and child health program, tropical diseases (primarily malaria), essential drugs, and drug dependence.

Dr. Ochoa referred to the latest meetings held and to one to be held in Venezuela next September, and to the cooperation being provided in this work by a variety of technical cooperation agencies such as UNICEF, USAID, and the German GTZ agency.

The Observer for the Hipólito Unanue Agreement and the Representatives of Colombia and Honduras took the floor in the discussion, giving rise to a fruitful exchange of ideas and information.

**Item 4.3: Caribbean Cooperation in Health**

This item was presented in the sixth plenary session by Dr. Alleyne (PASB), who reported on progress in the development of the Caribbean Cooperation in Health initiative and its promotion, its usefulness as a framework for technical cooperation among countries, and the possibility of widening its geographical scope to include Haiti. He referred to the ministerial mission headed by the Director of the Pan American Sanitary Bureau and comprising the Prime Minister of Guyana and the Ministers of Health of Jamaica, Antigua and Barbados, which had traveled to Rome, Paris, London, Bonn and Brussels to enlist collaboration in solving the subregion's health problems. Positive responses have already been received from Italy, France and Germany, which will provide support to the initiative.
The ensuing discussions brought out the need for training in project development, the benefits of the Inter-American Development Bank's cooperation in those projects, the importance of vector control throughout the subregion, and the delays caused by lack of technical knowledge in the preparation of programs.

It was also noted that Belize could benefit from this subregional cooperation without thereby forfeiting the advantages of cooperation with the Central American subregion. It was not considered necessary to adopt any resolution on this subject.

**Item 4.4: Aedes albopictus in the Americas**

This item was presented in the third plenary session by Dr. López Antuñano (PASB), who recalled the first introduction of *Aedes albopictus* to the United States of America in 1985 in a shipment of tires on a vessel from Japan and into Brazil in a shipment from Southeast Asia of bamboo shoots to be made into cellulose fiber for the textile industry. He said that this mosquito was an effective vector for the viruses of dengue, yellow fever and California, St. Louis, and San Angelo encephalitides, and that measures to control it were expensive.

In the discussion that arose on this subject reference was made to research and surveys conducted in different countries, and particularly in the United States and Brazil, and to the Plan of Action drawn up by the Organization under a resolution of the XXII Pan American Sanitary Conference. It was also noted that the Plan is technically feasible and that the mosquito may be "easy" to eradicate because it is an essentially intradomiciliary species.

The gist of the discussion was worked up into a proposed resolution, which the Rapporteur presented to the fifth plenary session and was approved with slight changes. This is Resolution VI, urging the countries to implement national plans of action for the control of *Aedes albopictus* which would include surveys and the establishment of surveillance systems, the control and eradication of new infestations, control of the vector during disease outbreaks, personnel training and the conduct of research on the distribution, modes of dispersal, breeding habitats and vectoral capacity of *Aedes albopictus*. It also requests the countries to report periodically on these matters. Finally, the Director is requested to support national efforts against *Aedes albopictus* as resources permit.

**Item 4.5: Emergency Preparedness and Disaster Relief Coordination**

In his presentation of this item, Dr. De Ville (PASB) described the technical, managerial and coordination issues of the program and stressed the importance of the recommendations approved by the Meeting of International Health Relief Assistance in Latin America, held in San José, Costa Rica, in March 1986.
All speakers expressed agreement with the recommendations of Costa Rica, underscoring the need for a rapid diagnosis in the wake of a disaster so that the Organization could coordinate aid; they were unanimous in their praise for the program's flexibility.

They also considered the persistence of problems over time, after the disaster is no longer news; activities for the training local officers, with the help of the United States of America, Canada and the Bureau; coordination with other organizations; and negotiations with the United Nations High Commissioner for Refugees (UNHCR) for the coordination of health assistance to refugees. The Director answered a number of questions and reported on preparations in the Bureau, where an emergency center and an Emergency Response Team have been established, and on the program's financial situation, which he did not think would pose major problems thanks to the support being provided particularly by Canada and the United States of America.

The points made in these discussions were reflected in the text of a proposed resolution that was approved in the sixth plenary session. This is Resolution VIII, which essentially endorses the recommendations of Costa Rica and asks the Member Governments to implement them and the Director to support and promote them.

Item 4.6: Coordination of Social Security and Public Health Institutions

In the fifth plenary session Dr. Castellanos (PASB) presented this item and the report on it (Document CE99/19) prepared by the Secretariat in compliance with Resolution XV of the XXX Meeting of the Directing Council.

The highlights of his description of the situation in Latin America are as follows:

- There are countries in which this coordination exists and the health ministries and social security institutions share the responsibility for the provision of health care to the population.
- There are two countries in which coordination is far advanced, with 70% of the population covered.
- There are nine countries in which coordination is relatively advanced, with nonsystematic financing and a coverage of 50% to 70%.
- There are five countries in which the process is in its beginning stages, and the health care coverage is less than 50%.

He referred to a variety of activities in countries, citing decentralization in Mexico, contracts between health secretariats and social security institutions in Brazil, health insurance in Argentina,
integration of health services in Peru, intersectoral contracting in Ecuador, and a new kind of health care in Costa Rica.

Among subregional activities, he referred to the participation of the social security sector in RESSCAP in Central America, the increasing involvement of the social security institutions in the Plan of Priority Health Needs in Central America and Panama, and a variety of schemes for the organization and financing of services in the Caribbean, involving considerable coordination efforts.

He noted that coordination was most successful where the coverage of the social security services was greatest. He also referred to the importance of the political approach to the issue and of clearly identified financing for the proper functioning of health institutions. Finally, he noted that strategies must be responsive to differences in the stages of development of the countries, that only social security could provide the additional resources needed to fill the gaps in the services provided by the public sector, and that it was essential to involve the social security institutions in PAHO’s technical cooperation activities.

An extensive discussion followed in which the speakers considered specific aspects of the question and told of experiences in their own countries.

It was pointed out that the dichotomy between the health ministry and social security was the outcome of a historical development in which the latter was becoming more important and generating the greater part of the funds allocated for health, and that what was needed was articulation and coordination, without absorption or integration.

Reference was also made to health care as a constitutional right in most of the countries. It was the inability of the public sector to satisfy that right that had prompted the rapid growth of social security, and commendatory remarks were made about the coordination achieved in Costa Rica, which had improved living standards and brought mortality down.

Several speakers advocated decentralization of services, and the Observer for ALIFAR asked that the Latin American pharmaceutical industry always be taken into account in this regard.

In the discussions it also emerged that the countries needed to adopt political decisions responsive to their particular situations and adopt the information they acquired to their own cultural, legal and economic realities, and that health for all was not the business of the health ministries alone, but everybody’s, and that, therefore, whatever cooperation among countries the Organization could promote was of vital importance.
The outcome of the discussion was a proposed resolution that the Rapporteur submitted for consideration in the seventh plenary session. Following a brief discussion, it was decided to establish a working group consisting of the Rapporteur and the Representatives of Argentina and Mexico to produce an amended text. Finally, in the eighth and last plenary session, the Executive Committee adopted, with slight changes, the text that constitutes Resolution XV, in which the Executive Committee proposes to the XXXII Meeting of the Directing Council the adoption of a detailed resolution recommending that the Member Governments and the Bureau continue cooperating on coordination of the various institutions in charge of guarding the health of all.

**Item 4.7: Acquired Immunodeficiency Syndrome (AIDS) in the Americas**

Acquired Immunodeficiency Syndrome (AIDS) in the Americas was an agenda item that the 99th Meeting of the Executive Committee considered with deep interest. In his presentation, Dr. St. John (PASB) said that human immunodeficiency virus was causing an epidemic that posed an unprecedented threat to all countries, both developed and developing. One hundred twelve countries had officially reported over 50,000 cases of AIDS to WHO, but the Organization estimated the number of asymptomatic persons at between five and ten million. The AIDS epidemic was just beginning and its ultimate magnitude was difficult to estimate; it would require all peoples in the Region to mobilize their energies and resources to undertake a series of measures against the disease and develop strategies for stopping its spread without at the same time ceasing to maintain respect for human dignity.

He recognized, however, that control of the disease would be both difficult and costly because there was not yet any vaccine or effective treatment against it. He gave many details on the magnitude of the infection in the different regions of WHO, and particularly in the Americas, on which he cited the latest available data, noting that the United States of America, Brazil, Canada and Haiti accounted between them for 95% of all cases in the Region. In any case, PAHO now estimated that the number of actual cases might be two to four times the number of reported cases.

Predictions were alarming because the disease has an incubation period that can last from five to ten years in which asymptomatic carriers of the virus could pass undetected.

The economic impact of AIDS could be dire, as it directly threatens the adult population between the ages of 20 and 50. By 1991, for example, it was estimated that AIDS would generate close to $16 billion in direct health care costs in the United States of America.

The reaction worldwide had been enormous, and everywhere there was ostracism and isolationism. In the Americas, it had even been proposed that travelers be required to show negative blood tests.
Yet, he added, against that background there was room for some optimism in view of the phenomenal scientific progress made in a short time: the virus had been isolated, its genetic makeup was now known as well as its key proteins and the way it worked inside the cell itself. There was now a drug, AZT, although it was imperfect, expensive and toxic, and research was going forward on possible vaccines.

There was also WHO's Special Program on AIDS, which had mobilized not only funds, but the will to confront the problem all over the world. The Program had two purposes: to prevent transmission of the AIDS virus and to reduce the impact associated with HIV infections. The principal components were 1) the formation of national AIDS committees to direct the program; 2) initial assessment of the spread of AIDS in selected populations through seroprevalence surveys; 3) the development of intensive surveillance with appropriate laboratory support; 4) training at all levels for health care workers; 5) the implementation of preventive measures, including health education; and 6) a plan for the care of HIV-infected persons and AIDS patients.

The Pan American Health Organization had charge of the WHO Special Program in the Americas, for which it had already mobilized over $1.1 million in non-Regular funds. It was providing assistance and financial support to the formulation and execution of national programs and was seeking another $5 million for the pursuit of AIDS research in Latin America and the Caribbean under a contract with the U.S. National Institutes of Health.

Finally, Dr. St. John referred to the rapid growth of the effort being made under WHO's Special Program, which had mobilized $6 million for AIDS in 1986 and $36 million in 1987, and projected the mobilization of another $80 million in 1988, and that WHO/PAHO had made a total commitment to the war on AIDS and the Member Countries would now have to do the same.

The discussion on this subject was long and lively. The most wide-ranging issues and problems were touched upon, not only technical, epidemiological, economic and organizational aspects, but also health education, personnel training, relations with the press and the media in general, and the need to reconcile the respect for the rights and dignities of man as a free being with the obligations and duties he must fulfill as a social being.

The discussion was closed by the Director in a statement in which he talked about the new crisis that AIDS is presenting to health services and the delicate nature of the context in which action must be taken, which profoundly affected different aspects of human behavior.

In the eighth plenary session the Executive Committee approved Resolution XII proposing to the XXXII Meeting of the Directing Council the approval of a detailed resolution urging Member Countries to start AIDS prevention and control programs with the support of the PASB.
5. ADMINISTRATIVE AND FINANCIAL POLICY MATTERS

Item 5.1: Report on the Collection of Quota Contributions

In his presentation of this item in the first plenary session, Mr. McMoil (PASB) reported that on 1 January 1987 total arrears of contributions due for years prior to 1987 had amounted to US$11,525,193. Payments on those arrears received from 1 January to 18 June 1987 had totalled $4,024,243, and between the latter date and the opening of the meeting, Costa Rica had made an additional payment of $4,828, thus reducing those arrears to $7,496,122. The amount of arrears in the preceding year had been $8,105,285.

As of 18 June, payments of assessments for 1987 amounted to $14,191,072, which represented 25% of the assessments for the year. The corresponding percentage in 1987 had been 7.

Regarding the application of the provisions of Article 6.B of the Constitution to Member Governments in arrears in the payments of their contributions, the situation at the time of the Executive Committee's meeting was as follows:

- The Government of Haiti had paid $119,152.74 in 1987 and was no longer subject to Article 6.B.
- The Government of Paraguay had exceeded by $9,633.50 its deferred payment commitment for 1986, but had not yet made a quota payment in 1987; the balance due under its plan in 1987 were $133,918.30.
- The Government of the Dominican Republic had not made any quota payment as yet, and had not made its payment intentions known.
- The Government of Bolivia was now also subject to the application of Article 6.B, being in arrears for more than two years of assessed contributions.

The Director noted the difficulties created by slow payment of contributions, uncertainty about the funds that would be available, and the fact that delays in payment unfairly penalized countries that paid their assessments on schedule.

In regard to the countries subject to the application of Article 6.B of the Constitution, the Director explained the steps he had taken and the facilities granted them, in some cases--such as the Dominican Republic--without result. Conversely, he commended the efforts being made by Haiti and Nicaragua to pay their contributions.

There followed a discussion in which the main subject was the possibility of suggesting that the XXXII Meeting of the Directing Council actually apply the sanctions provided in Article 6.B of the Constitution,
and it was concluded that this would have to be done, however painful it might be.

In the fourth plenary session the Rapporteur presented a proposed resolution reflecting these conclusions of the discussions. This is Resolution III, which was unanimously approved.

**Item 5.2: Interim Financial Report of the Director for the Year 1986**

In presenting this item, Mr. McMoil (PASB) gave a detailed account of the content of the Report of the Director (Official Document 214), which shows, in addition to the financial transactions of PAHO for the period 1 January 1985 to 31 December 1986 and the financial position of the Organization at the end of that period, financial statements for the Caribbean Epidemiology Center (CAREC), the Caribbean Food and Nutrition Institute (CFNI), and the Institute of Nutrition of Central America and Panama (INCAP), together with an auditor's report on the Pan American Health and Education Foundation (PAHEF). He said that the rate of collection of quota contributions during 1986 (82% of current assessments) appeared low, but compared favorably with the WHO collection rate in 1986 (72.2%). Net miscellaneous income ($1,224,525) fell short of the anticipated figure of $2,400,000 owing to lower interest rates on PAHO investments and an increase in currency exchange losses in 1986.

In the discussion that followed there was praise for the Organization's financial management, and the Secretariat answered a number of questions on losses caused by exchange rate fluctuations, on the administration of the Pan American Centers, the problems of textbooks, and use of the Revolving Fund for the Procurement of Essential Drugs.

The Rapporteur presented a proposed resolution on this agenda item, which was approved in the fourth plenary session. This is Resolution IV, in which the 99th Meeting of the Executive Committee takes note of the Interim Financial Report of the Director for the Year 1986, transmits it to the XXXII Meeting of the Directing Council, expresses concern over the potential impact of delayed payment of quota assessments, and congratulates the Director on having maintained the Organization in a sound financial position.

**Item 5.3: Management of WHO's Resources**

In the sixth plenary session the Director explained that this item had been placed on the agenda in compliance with a resolution of the Executive Board of WHO recommending to the World Health Assembly that it request the Regional Committees (in this case the Directing Council of PAHO) to review the Director-General's Introduction to the program budget for 1988-1989. However, since the WHO Secretariat had prepared a document on this subject, which was to be considered by the Program Committee of the Executive Board of WHO in late June, it was too early to deal with the matter at that time. The consensus was that the item was to be held over for consideration by the XXXII Meeting of the Directing Council, at a time when that document of the WHO Secretariat would have become known.
Item 5.4: Amendments to the Staff Rules of the Pan American Sanitary Bureau

In presenting this item during the seventh plenary session, Mr. Gauthier (PASB) told the Executive Committee that the amendments related to decisions taken by the United Nations General Assembly at its Forty-first Session (1986), based on a recommendation of the International Civil Service Commission (ICSC), and were designed to maintain closest possible similarity between the Staff Rules of the PASB and those of WHO. He added that the budgetary implications were negligible.

The document presented in connection with this item (Document CE99/3) contained two proposed resolutions, one to confirm the amendments and another to establish, in consequence of them, the remuneration of personnel in ungraded posts. Both proposals were unanimously approved as Resolutions X and XI of the 99th Meeting of the Executive Committee.

Item 5.5: Hiring Under Local Conditions of Employment for the Mobilization of National Resources

Consideration of this item began with a statement by Ms. Veta Brown (Rapporteur of the Subcommittee on Planning and Programming), who reported on the study of the matter made by the Subcommittee in its meeting of April 1987, as the Executive Committee had asked it to do. In this meeting it had been seen that the Secretariat had made a review of the situation of personnel in this new category, for which purpose it had consulted staff representatives. The Secretariat had indicated that the proposed rules would be implemented on a limited basis—primarily in the Pan American Centers—and that this implementation would initially affect only support staff and that application to professional staff would be decided later.

The Subcommittee had recommended that the wording of several Rules be revised to make them more precise, and that manuals be produced to define criteria, procedures and mechanisms for their application, with which the Director agreed. In closing, the Rapporteur said that Subcommittee understood that the Rules presented at that juncture had been amended in light of the views expressed in the April meeting.

Mr. Gauthier (PASB) then referred to the background of the subject and spoke of the difficulty of preparing provisions to cover a new type of contracting, that in every respect would be regulated by national laws and labor practices. Nevertheless, an effort had been made to provide for aspects that might not be covered in those national laws. This effort had been made by the heads of Administration, Personnel and Legal Affairs, and staff representatives, to review the provisions presented to the Subcommittee on Planning and Programming, which had made some changes and additions in them.
In the ensuing discussion, the Secretariat answered many questions of participants, who repeatedly urged the need for caution in advancing into this area, and to keep the Governing Bodies periodically informed. Some proposals for improving the wording of Rules to make them clearer were accepted.

The Rapporteur embodied these ideas and proposals in a proposed resolution that was presented in the eighth plenary session and approved with slight amendments as Resolution XIII, in which the 99th Meeting of the Executive Committee amended and approved the rules proposed by the Director for hiring under local conditions of employment for the mobilization of national resources.

Item 5.6: PAHO Building Fund and Maintenance and Repair of PAHO-owned Buildings

Mr. Tracy (PASB) reported on this item in the eighth plenary session, noting, among other things, that the new building at 2121 Virginia Avenue, replacing the Governor Shepherd Building, had been completed in January 1987, that repairs to the granite facade of the Headquarters building, approved by the Executive Committee at its 97th Meeting, had been re-bid in April 1987, and would cost $75,000 less than expected, that the windows and fins of the Headquarters building would have to be repaired at a cost of $135,000, and that the air-conditioning system would also need to be reconfigured. The new system would take air directly from the outside in the late fall and early spring, and thus cost less to operate. The estimated cost was $60,000.

He then gave details on the leasing of office space at 2121 Virginia Avenue. The developer had agreed to lease all the space not occupied by PAHO to the US Department of State, without taking into consideration the Organization's legal option to lease an extra 10,000 square feet of office space after seven years. He explained that, under current law, the United States Government had eminent domain and intended to exercise it to secure occupancy by Federal Court decision. The Bureau could not impede court proceedings, but intended to preserve its rights; any recourse would be to the developer rather than to the United States Government.

The ensuing discussion was for information purposes, after which the Executive Committee approved Resolution XIV, in which it approved the two aforementioned projects, for recaulking the fins and windows of the Headquarters building, and the reconfiguring of the air conditioning system.

Item 5.7: Policy Guidelines Regarding the Pan American Centers

This item, too, was considered during the seventh plenary session, and was presented by Mr. Tracy (PASB), who referred to the major impact of the United Nations salary scales and conditions of employment on the Pan American Centers, and reported in detail on the studies done toward
the application in them of hiring under local conditions of employment, which the Committee had discussed and approved under item 5.5 of its agenda. These provisions would be applied in the Pan American Centers.

Participants in the discussion that followed asked questions of detail on some of the Centers, on whether the new contracts would be permanent, on the gradual transfer of their administration to the countries themselves—a process that would have to be carefully watched—and on the very duration of the Centers.

In summary, the discussion brought out clearly that the purpose of the administrative changes was to make the operations of the Centers more rational and functional, and to justify their continuance until the countries were able to take over themselves the functions of the Centers.

This agenda item required no decision, and the Chairman said so at the end of the debate, adding that the summary records would reflect the discussion that had taken place.

6. GENERAL INFORMATION MATTERS

Item 6.1: Statement by the Representative of the PAHO/WHO Staff Association

In his statement to the Committee in the seventh plenary session, Dr. Gillespie, Representative of the PAHO/WHO Staff Association, referred to two subjects that would be considered by the 99th Meeting under subsequent agenda items: amendments to the Staff Rules of the PASB (item 5.4) and hiring under local conditions of employment for the mobilization of national resources (item 5.5). He explained that the Association had no amendment to propose in the Staff Rules, but did have some reservations about a possible impact on future general services benefits over the long term. Although the Staff Association had participated in the drafting of the new rules on hiring under local conditions of employment, he made several criticisms and voiced concern that more people at less cost might not necessarily mean greater technical output or improvement in the quality of technical cooperation.

Also, among other things, he voiced concern over the reduction that the new rules would bring about in contributions to the Organization's health and pension funds, meager progress in the appointment of women to posts in PASB, and arbitrary cuts being made by the United Nations in pensions to the detriment of the acquired rights of staff.

Discussion of this item concluded with a statement by the Representative of the United States of America, who recognized that problems could arise from the new personnel policy, and suggested the implementation of a system to monitor the application of the new system
so as not to deny any rights, but without forgetting that personnel costs accounted for 70% of the budgets of international organizations, and it was hence natural in times of crisis to find the best way to reduce these costs.

The Director said he shared the concern of the Staff Association about the consequences of a financial crisis that had necessitated a freezing of posts and the blocking of the salary scale, which in the long run would hinder the hiring of highly qualified staff. Because of this, the Organization was adopting new mechanisms of cooperation in order not only to maintain quality, but also to expand its assistance to countries through the measures he was proposing to the Committee.

Item 6.2: Report of the V Inter-American Meeting, at the Ministerial Level, on Animal Health

In its eighth plenary session, Dr. Arambulo (PASB) presented a detailed report on the V Inter-American Meeting, at the Ministerial Level, on Animal Health, which had been held at Headquarters in Washington, D.C., from 27 to 30 April 1987. The highlights of that meeting were:

- A review of collaboration between the agricultural and health sectors and of resource mobilization for animal health programs of importance to human health and to the livestock economy;

- An examination of the budgets of the Pan American Foot-and-Mouth Disease Center and Pan American Zoonoses Center for the biennium 1988-1989;

- The launching of a renewed effort to eradicate foot-and-mouth disease in South America by the year 2000;

- Consideration of the problems of eradication of human rabies in the major cities of Latin America; and

- Strengthening food protection programs.

All the details of this presentation were recorded in the summary record of the eighth plenary session. The Executive Committee did not find it necessary to take any decision on this item.

Item 6.3: Resolutions of the Fortieth World Health Assembly of Interest to the Executive Committee

Address by Dr. Halfdan Mahler, Director-General of WHO

Before this item was taken up, at the opening of the eighth plenary session Dr. Halfdan Mahler, Director-General of WHO, made a speech to the Executive Committee in which he extolled the ideals by which he was guided, as the head of the World Health Organization, to
promote a value system that transcended all political ideologies and favored the balanced development of human beings in equity and without allowing zeal for economic progress to leave any part of mankind unserved.

Next, Dr. Knouss (Deputy Director, PASB) presented agenda item 6.3, noting that, in compliance with the suggestion made at the 97th Meeting of the Executive Committee and as a departure from past practice, a written analysis had been prepared of the regional significance to the Executive Committee of the 38 resolutions approved by the Fortieth World Health Assembly in May 1987, in connection with the program, financial and administrative problems facing the Organization, notably those on the state of collection of assessments, the program budget for 1988-1989, the Special Program on AIDS, the Eighth General Program of Work of WHO and the Technical Discussions on Economic Support for National Health-for-All Strategies, and support to the Caribbean Cooperation in Health initiative.

The discussions examined in detail the various aspects of these resolutions and of the important problems addressed in them.

Finally, the Director-General himself, Dr. Mahler, summed up some of the subjects discussed, and commended the willingness of the Region to work with the other Regions in the framework of the World Health Organization.

This item did not require the adoption of any resolution by the Executive Committee.

7. OTHER MATTERS

At the end of the proceedings of the 99th Meeting of the Executive Committee, there was a brief discussion in which it was unanimously agreed that the members of the Executive Committee that would represent this Governing Body in the meetings of the Directing Council and Pan American Sanitary Conference could not at the same time be representatives of their countries to those meetings.