

ICDDR, B
BOARD OF TRUSTEES MEETING

JUNE 7 1997

**PROGRAMME
OF THE
BOARD OF TRUSTEES MEETING**

JUNE 7 1997

8/5/97

BT/Jun.97

EXECUTIVE SESSION and FULL BOARD MEETING

Saturday 7 June 1997

PROGRAMME

8.30 a.m. - 10.30 a.m.	Executive Session (Trustees only)
10.30 a.m. - 10.45 a.m.	Morning Tea
	Full Board Meeting (trustees, donors, staff and other guests)
10.45 a.m. - 11.00 a.m.	Approval of Agenda
11.00 a.m. - 11.15 a.m.	Approval of Draft Minutes of Meeting held 2-4 November 1996
11.15 a.m. - 12.30 p.m.	Financial Report including Budget Update
12.30 p.m. - 2.00 p.m.	Lunch
2.00 p.m. - 2.30 p.m.	Centre's Response to Integrated Institutional Review Report
2.30 p.m. - 3.00 p.m.	Appointment of Chairperson
3.00 p.m. - 3.15 p.m.	Dates of Next Meeting
3.15 p.m. - 3.30 p.m.	Any Other Business
3.30 p.m. - 4.00 p.m.	Afternoon Tea

25/4/97

BT/Jun.97

EXECUTIVE SESSION

8.30 - 10.30 a.m.
Saturday 7 June 1997

AGENDA

1. Appointment of Director
2. Appointment of Finance Director
3. Appointment of Laboratory Sciences Division Director
4. Selection of Trustees

11/5/97

Exec.1/BT/Jun.97

STATUS OF RECRUITMENT, CENTRE'S DIRECTOR, ADG

An advertisement for the position was placed in the following:

1. Economist
2. Science
3. Nature
4. Lancet
5. New England Journal of Medicine
6. International Herald Tribune
7. Daily Star (Bangladesh)

Copies of the advertisement were sent to all donor agencies, trustees, former trustees, alumni, collaborating agencies, UN Headquarters, WHO, UNICEF, the Ford Foundation, the Rockefeller Foundation, the Population Council, and other associated agencies.

In response, 32 applications were received.

Geographic origin of applicants:

North America	8
Europe	5
Asia	11
Australia	0
Africa	4
Unknown	4

Age distribution of applicants:

Below 40 years	6
41 - 50 years	4
51 - 60 years	8
61 and over	1
Unknown	13

Years of experience of applicants:

Up to 15	7
16 - 20	2
21 - 25	6
26 - 30	3
30 and above	4
Unknown	10

Research Experience:

9 applicants mentioned that they had research experience.

Overseas Experience:

Yes	17
No	12
Unknown	3

Six candidates were short listed and interviewed by the members of the Search Committee.

The Chairman of the Search Committee will present the recommendation of the Committee in London on 7 June.

APPOINTMENT OF DIRECTOR, FINANCE DIVISION

The position of Finance Director was advertised in the *Economist* and national dailies and copies of the advertisement were sent to all donors, trustees, and collaborating institutions.

75 applications were received.

Through a process of close scrutiny involving the senior staff of the Centre a shortlist of four candidates was prepared. The shortlist automatically includes the incumbent and the former director of the division (who applied for the post).

The following also need to be considered:

1. It is now certain that the Centre will have a new Director soon after October 1997. It will be desirable for the new Director to have a say in the selection of a new member of the management team.
2. The Institutional Review made recommendations on the organisation of the Director's Office, specifically having Administration/Personnel and Finance within the Director's Bureau. The full implication of this recommendation needs to be studied sufficiently by the Board or the Centre management.

The options open to the Board are:

1. To proceed with the selection of a Finance Director with the participation of the new Director. This should be done soon. The new Finance head will be offered a 3 year contract after which the Board and the Centre management will have the opportunity to restructure the Director's Office (if found desirable). Interviews have been arranged in London during the Board Meeting.
2. To offer Mr. K. Tipping an extension of 6-12 months during which the new Director and the Board will have time to undertake a full examination of all the factors.

This is clearly dependent on the availability of Mr. Tipping.

11/5/97

Exec.3/BT/Jun.97

APPOINTMENT OF DIVISION DIRECTOR, LSD (D1)

The position of Division Director, Laboratory Sciences Division, has been advertised now for over a year. At the last Board Meeting no decision could be made. The available candidates were rejected. Since then we have identified two applicants, Professor V. Mathan and Dr. P. Echeverria.

The last review of the Laboratory Sciences Division in June 1996 indicated the need to have this post filled as a matter of high priority. The review recommended the qualifications of such a person to be as follows:

"An internationally recognised scientist with an M.D. or Ph.D. and an established record of research in infectious diseases and/or applied health sciences; experience in international activities associated with research and training programmes, proven record of grants and contract funding, administrative experience, strategic planning and team management."

Of the two candidates, Professor Mathan distinctly better meets the above. As head of one of the largest medical centres in India, he brings with him a wealth of experience which will be useful to the Centre. As a Trustee he was always positive and helpful to the Centre.

Accordingly, we strongly recommend the appointment of Professor Mathan to the position of Director of the Laboratory Sciences Division.

8/5/97

Exec.4/BT/Jun.97

SELECTION OF TRUSTEES

The Integrated Institutional Review Report recommended that:

The BOT seek members that have the ability to identify sources of funds from the private sector. If this recommendation is adopted choices must be made so that new members do not represent any conflict of interest.

It is understood that the above applies to the eleven members at large.

Therefore no action has been taken since the November 1996 Board of Trustees meeting to identify a suitable candidate to replace Dr. Maureen Law who completes six years of service as a member of the Board of Trustees, on 30 June 1997.

However, a letter has been sent to the Ministry of Health and Family Welfare regarding the extension (or substitution) of Major General M.R. (Ret'd) Choudhury whose term expires on 30 June 1997.

1/BT/JUN. 97

APPROVAL OF AGENDA

Draft
8/5/97

1/BT/Jun.97

FULL BOARD MEETING
Saturday 7 June 1997

AGENDA

1. Approval of Agenda
2. Report on decisions of Executive Session
3. Approval of Draft Minutes of Meeting held 2-4 November 1996
4. Financial Report including Budget Update
5. Centre's Response to Integrated Institutional Review Report
6. Appointment of Chairperson
7. Dates of Next Meeting
8. Any Other Business
 - a. Report from SWA

2/BT/JUN. 97

**REPORT ON DECISIONS OF
EXECUTIVE SESSION**

3/BT/JUN. 97

**APPROVAL OF DRAFT MINUTES
OF THE MEETING
HELD ON 2-4 NOVEMBER 1996**

DRAFT
31/3/97

3/BT/Jun.97

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES, ICDDR,B
HELD IN DHAKA, BANGLADESH,
SATURDAY 2 NOVEMBER - MONDAY 4 NOVEMBER 1996

The 35th Meeting of the Board of Trustees of ICDDR,B was held on Saturday 2, Sunday 3 and Monday 4 November 1996 in the Sasakawa Training Centre at the Centre's Mohakhali location.

The Chairperson of the Board of Trustees, Dr. Maureen Law, opened the meeting on 2 November 1996 at 8.30 a.m. by welcoming the Trustees, the Director, and staff. She offered a special word of welcome to the new Trustee Professor Marian Jacobs.

The following members were present, constituting a quorum:

Mr. Muhammed Ali
Major General M.R. Choudhury (Ret'd)
Prof. R.R. Colwell
Dr. D. Habte - Secretary
Dr. R.H. Henderson
Prof. M.E. Jacobs
Prof. F. Jalil
Dr. M. Law - Chairperson
Prof. P.F. McDonald
Mr. J.O. Martin
Dr. J. Rohde
Dr. Y. Takeda

The Chairperson reported that apologies had been received from Professor Chen Chunming, Dr. Tawfik Khoja, and Professor Cesar Victora. She advised that Professor Helena Makela and Dr. Masihur Rahman will join the meeting later.

SATURDAY MORNING SESSION - PERSONNEL AND SELECTION

At 8.40 a.m. Dr. Law requested Dr. Ralph Henderson to chair the Personnel and Selection Committee session of the Board Meeting. Full details are available in the separate Personnel and Selection Committee meeting report.

Dr. Henderson assumed the chair, declared the Personnel and Selection Committee meeting open with the following committee members and others present, welcomed everyone, and called the meeting to order:

Personnel and Selection Committee Members

Dr. R.H. Henderson (chairperson)
Mr. Muhammed Ali
Prof. F. Jalil
Dr. Y. Takeda
Dr. M. Law - ex-officio
Dr. D. Habte - ex-officio

Invited Trustees

Major General M.R. Choudhury (Ret'd)
Prof. R.R. Colwell
Prof. M.E. Jacobs
Prof. P.F. McDonald
Mr. J.O. Martin
Dr. J. Rohde

Invited Staff

Mr. W.Z. Ahmed
Mr. S.S. Ahsan
Dr. J. Albert
Ms J. Banfield (Minute Secretary)
Dr. G. Fuchs
Mr. M.A. Mahbub
Mr. K. Tipping
Prof. P. Vaughan
Mr. G. Wright

1. APPROVAL OF AGENDA

The agenda was approved.

2. APPROVAL OF MINUTES OF LAST MEETING

The minutes of the Personnel and Selection Committee meeting held on 1 June 1996 were approved.

3. STAFFING

3.1 OVERVIEW OF THE STAFFING SITUATION

It was noted that the Board's instructions on recruitment have continued to be followed although there has been a net increase in staff of 15 (14 in projects, 1 in core). At 30 September 1996 the total staff numbered 1017 compared to 1002 as at 31 March 1996. However, core staff have remained the same at 591.

Concern was expressed by the Committee at the continuing high level of staff numbers and the major expenditure involved. The Committee recommended serious consideration be given by the Board to reducing expenditure in line with revenue, while continuing current recruitment policies.

3.2 STATUS OF RECRUITMENT OF DIRECTOR

The Chairperson reported that the Search Committee will meet during the next two days and will present a report to the concluding session of the Board Meeting on 4th November.

3.3 RECRUITMENT OF OTHER INTERNATIONAL STAFF

a. Division Director Finance, D1

It was reported to the meeting that the Division Director of Finance, Mr. Kenneth J. J. Tipping, will be completing his six years employment contract on October 15, 1997.

It was agreed that the position needs to be advertised both locally and internationally and a suitable candidate recruited as per the Centre's recruitment procedure.

b. Division Director LSD, D1

The management's earlier efforts to identify a division director with research, fund raising, and administrative capabilities have not succeeded. A second advertisement was placed recently. In all, three potential candidates are currently on the short-list and more are expected. In the meantime Dr. John Albert has continued to head the division in an acting capacity (now two years running). The Director requested that his title be changed to "Interim Director".

It was also suggested that Board members actively assist in identifying a suitable candidate for this position.

It was agreed that the Director be given the authority to change the title as desired.

c. Senior Scientist, Social & Behavioural Sciences, P5

The meeting noted that Dr. James L. Ross, Senior Scientist, Social & Behavioural Sciences, who was initially on a reimbursable secondment by LSHTM since January 15, 1994 was given a fixed term contract for three years with effect from January 1, 1996. Dr. Ross voluntarily terminated his contract effective June 11, 1996.

It was reported to the meeting that advertisements for the position have been placed in the *Economist*, *Guardian Weekly*, and the *Bangladesh Observer*.

Copies of the advertisement have been sent to all donor agencies, collaborating institutions, UN agencies, former trustees, alumni, and The Ford Foundation.

Professor Patrick Vaughan presented a report on the applications received and indicated that a short-list of three candidates had been prepared. The Board authorised the Centre to proceed with the final selection and appointment of the Senior Scientist, Social and Behavioural Sciences.

d. Senior Epidemiologist (CHD), P5

The meeting noted that the position of Epidemiologist, CHD was advertised on July 7, 1995 both locally and internationally. Copies of the advertisement were sent to universities in the U.K. and the U.S.A., BOT members, donors, and UN agencies. Twenty applications were received and Dr. David Ross was selected for the post. However he declined to accept the position.

A further advertisement has been placed in the *Lancet* and *British Medical Journal*. Copies of the advertisement have been sent to all collaborating institutions and BOT members.

Professor Patrick Vaughan, Director of the Community Health Division, reported to the meeting on the applications received and that a short-list is being prepared.

It was agreed that approval be given for the appointment by the Centre of a suitable person for the position.

e. MCH-FP Physician

The meeting noted that Dr. L. A. de Francisco Sherpa's appointment was approved by the Board at its June meeting. Dr. Andres de Francisco was offered the job and has accepted the appointment.

f. Associate Director, ER&ID, P5

It was reported to the meeting that Mr. Graham Wright, Associate Director, ER&ID submitted his resignation effective November 7, 1996 to assume a new position in the Philippines. It was noted that interim arrangements will be made to partially fill the vacancy created.

However, it was understood that in the long term the post of ER&ID would be filled through the normal recruitment process.

3.4 NEW POSITIONS

a. Epidemiologist (HPED) P4

It was reported to the meeting that the Centre won an NIH grant to study the epidemiology and ecology of cholera in Bangladesh. The proposal incorporated a position of an Epidemiologist and Dr. A.K.M. Siddique, who is a co-principal investigator of the study, was offered the position at pay level P4 and has assumed the position as of 1 July 1996.

b. Head of Training P4

It was reported to the meeting that the Centre is embarking on expanding the training programme in the fields of Reproductive Health and Child Survival. In order to implement this, an international level staff member will be required.

A post classification exercise justified the position at pay level P4.

It was agreed to approve opening a position of Head of the Training and Education Department noting that the actual grade and functions might be modified in the light of recommendations of the Integrated Institutional Review. It was also noted that recruitment would depend on identification of funds from willing donors.

3.5 INFORMATION ON SECONDED STAFF

a. Health Economist CHD, P4

It was reported to the meeting that the Centre received an ODA grant for the development of health economics research capability within CHD.

An advertisement was published in the *Lancet*, *Economist*, and *Daily Star* (Bangladesh) and copies of the advertisement were sent to all donor agencies, Trustees, former Trustees and collaborating agencies.

Dr. Mahmud Khan, an Associate Professor at the University of Tulane, was selected as the most suitable candidate and was offered the position of Health Economist at pay level P4 on a reimbursable secondment from the Tulane University. He has accepted the position and will join the Centre in January 1997.

4. SELECTION OF TRUSTEES

4.1 It was reported to the meeting that Dr. Maureen Law concludes her second term of service as a Board Trustee in June 1997.

The Director was requested to obtain as many nominations as possible for potential candidates for a Board of Trustees position from a developed country in North America effective from 1 July 1997.

4.2 It was reported to the meeting that Mr. Jacques O. Martin's first term as a Trustee concludes on 30 June 1997.

It was agreed that Mr. Jacques O. Martin (Switzerland) be reappointed as a Board Trustee for another period of three years from 1 July 1997.

4.3 It was reported to the meeting that Dr. Yoshifumi Takeda's first term as a Trustee concludes on 30 June 1997.

It was agreed that Dr. Yoshifumi Takeda (Japan) be reappointed as a Board Trustee for another period of three years from 1 July 1997.

5. STAFF SALARIES

It was agreed that this be taken up at a combined session of the Personnel and Selection, and Finance, Committees.

Appropriate resolutions arising from the deliberations of the Personnel and Selection Committee will be tabled on 4 November 1996.

The meeting closed at 12.10 p.m.

COMBINED PERSONNEL AND FINANCE COMMITTEE MEETING

On Saturday 2 November at 11.00 a.m. a combined Personnel and Selection Committee and Finance Committee meeting was held chaired by Dr. Ralph Henderson to discuss the issue of salaries for staff.

The meeting acknowledged that it faces a dilemma. The high burden of personnel costs on the budget was recognized as one factor contributing to the chronic fiscal problems faced by the Centre over the past few years. At the same time, the meeting appreciated that the widening gap of salary level between the Centre and the United Nations scales was becoming a disincentive to staff eroding the Centre's competitive advantage in recruiting talent. The Committee was sympathetic to raising the salary levels but felt it would be unwise to do so and precipitate a cash deficit at the end of the year.

On Saturday 2 November from 12.10 p.m. to 12.30 p.m. Board members met with the Executive Committee of the Staff Welfare Association. It listened to the request for a salary raise and reiterated the sentiments felt by the Board at its earlier session.

SATURDAY AFTERNOON SESSION - FINANCE

On Saturday 2 November 1996 at 2 p.m. the Finance Committee of the Board of Trustees met to consider the finances of the Centre. This session was chaired by Dr. Jon Rohde, chairperson of the Finance Committee. Dr. A.K.M. Masihur Rahman was welcomed to his first meeting as a Board Trustee.

The following were present:

Finance Committee Members

Dr. M. Law - Chair of the Board
Dr. J.E. Rohde - Chairman
Mr. J.O. Martin
Dr. D. Habte - Director - ex-officio member

Board Members

Prof. R.R. Colwell
Maj. Gen. M.R. Choudhury (Retd.)
Dr. R.H. Henderson
Prof. F. Jalil
Prof. M. Jacobs
Prof. P.H. Makela
Prof. P.F. McDonald
Dr. A.K.M. Masihur Rahman
Dr. Y. Takeda

Guests

Ms Hellen Ohlin
Dr. David Sencer

Division Directors and invited staff

Dr. Rohde asked Mr. Ken Tipping, Finance Division Director, to present the Finance Report. Full details are available in the separate Finance Committee meeting report.

1. APPROVAL OF THE AGENDA

The draft agenda was approved with the addition of Bye-laws of the Endowment Fund Management Committee of International Centre for Diarrhoeal Research, Bangladesh under agenda item 6 - Any Other Business.

2. 1996 FORECAST

Net Operating Deficit after depreciation was budgeted at \$811,000. This is anticipated to increase by \$405,000 (49.9%) to \$1,216,000 because of the net effect of changes in income and expenditure.

Net Cash Surplus before depreciation was budgeted at \$18,000. This is now anticipated to decrease by \$382,000 to a deficit of \$364,000. Success in the effort to convince the EU to contribute to the costs of the early onset of the regular epidemic will reduce this deficit.

3. 1997 BUDGET

Net Operating Deficit is expected to be \$846,000 (1996 \$1,216,000) which is a decrease of \$370,000 (30.4%).

Net Cash Surplus before depreciation is expected to be \$29,000 compared to the forecast deficit of \$364,000 for 1996.

4. STAFF SALARIES AND ALLOWANCES

The Finance Committee met jointly with the Personnel and Selection Committee to consider any revision to the emoluments of national and international Staff.

This agenda item was included as part of the Personnel Selection Committee meeting.

The continuing erosion of remuneration of both national and international staff compared to United Nations scales, and its effect on retention and recruitment of staff was discussed again.

As there is likely to be a cash deficit for 1996 and an insignificant cash surplus for 1997 no change to staff remuneration and allowances was recommended.

5. REPORTS

a) ICDDR,B HOSPITAL ENDOWMENT FUND

General

The balance of the Hospital Endowment Fund at December 31, 1995 was \$3,369,350. Receipts for the first nine months of 1996 were \$209,268 giving a balance at September 30, 1996 of \$3,578,618. No hospital expenditure has been charged to the fund since inception.

Investment of the funds of the ICDDR,B Hospital Endowment Fund was a major activity with Tk.15,668,700 (US\$371,340) being invested in securities listed or to be listed on the Dhaka Stock Exchange.

Bye-laws

The Fund has been determined to be a Trust and will need to be registered as such. To comply with the Trust Act it will be necessary to amend the bye-laws. Our advisors are now looking at the bye-laws and will advise any changes required prior to trust registration.

The Board of Governors of the Fund have recognised the constraints that section 7 a) of the Fund's bye-laws imposes on distribution of capital gains (net of any capital losses) and have recommended that up to 50% of the net capital gains in any one year should be available to meet the running cost of the hospital if required.

As all changes to the bye-laws must be approved by the Board of Trustees it is suggested an appropriate resolution should be considered by the Board at its concluding session.

Investment with Morgan Stanley

The Fund has approximately \$3 million in cash which is currently invested in term deposits. The Fund considers that a more satisfactory return could be generated by investing \$2 million in Morgan Stanley's Total Fund Management portfolio. As this is a major investment the Fund considers it prudent to ask the Board for its approval prior to embarking on this investment. Accordingly it is suggested that a resolution should be presented to the Board for its consideration.

b) CENTRE FUND

To date the Centre Fund has raised \$2.15 million which is invested in Morgan Stanley's Total Fund Management Portfolio and being monitored by the Centre Fund Finance Committee. Other prospects have or are being approached as noted in the Director's report.

c) CENTRE FUND WASHINGTON OFFICE

At the November 1995 Board meeting it was resolved to use \$221,000 as a loan from the Reserve Fund to finance the Centre Fund activities in 1996. While no funds were found for the campaign itself, around \$2,150,000 have been added to the Centre Fund since inception. On the basis of this success, the Centre proposes to continue its North American based operations in 1997 with a budget of \$155,000. In past years the office has been funded by using the interest on the Reserve Fund term deposits. However this will only be possible in 1997 to the extent of about \$100,000 and the balance of \$55,000 has to come from the Centre's 1997 operating budget.

As no funding was found for the 1996 activities the amount of \$221,000 advanced by the Reserve Fund will be deducted from the interest income of that Fund in the 1996 annual accounts.

d). FIXED ASSET ACQUISITION AND REPLACEMENT FUND

It was reported to the Board that capital expenditure committed to the end of August 1996 totalled \$367,342. The balance remaining in the Fund at 31 August 1996 totalled \$338,500.

6. OTHER BUSINESS

a) RESERVE FUND

The Reserve Fund has approximately \$2 million in cash which is currently invested in term deposits. The cash deposits are the collateral for the Centre's overdraft facility with the American Express Bank (AMEX). The Centre considers that a more satisfactory return could be generated by investing \$2 million in Morgan Stanley's Total Fund Management in the moderate exposure portfolio. Such an investment would need the consent of AMEX. As this is a major change in investment policy Management considers it is essential to ask the Board for its approval prior to embarking on this investment. Accordingly it is suggested that an appropriate resolution should be presented to the Board at its concluding session.

b) CENTRE FUND MANAGEMENT COMMITTEE

The Centre Fund has formed a management committee named "The Endowment Management Committee of the International Centre for Diarrhoeal Disease Research, Bangladesh". This committee will perform tasks relating to the endowment funds managed by a United States of America based asset manager. To give legal status to this committee it is recommended that byelaws be issued.

c) ACCEPTANCE OF GRANTS

It was pointed out that the minutes of the meeting of the Finance Committee held on June 2 1996 included a request for a review of the Centre's existing policy on accepting grants from corporations to be included in the November 1996 meeting. The current policy is based on WHO guidelines and allows receipt of contributions from any source so long as the funds are for unrestricted expenditure. Some members of the Board took exception to this and asked the Centre management to review practices of other research institutions such as NIH for guidance in developing a new policy.

The Finance Committee session closed at 5.10 p.m.

INTEGRATED INSTITUTIONAL REVIEW REPORT

On Saturday 2 November at 5.25 p.m. Dr. Maureen Law chaired an informal session of the Board during which Dr. David Sencer gave a brief overview of the report of the Integrated Institutional Review held in September 1996. Dr. Law asked the meeting for comments and questions relating to the report which had previously been distributed. A lively discussion ensued and a number of questions were posed to Dr. David Sencer. It was noted that further consideration of this topic will take place on 3 November 1996 during the Programme Committee Meeting.

The session closed at 6.25 p.m.

SUNDAY 3 NOVEMBER 1996 - PROGRAMME COMMITTEE

At 8.30 a.m. on Sunday 3 November, in the Sasakawa Auditorium, Professor Helena Makela, chairperson of the Programme Committee, opened the meeting of the Programme Committee. She welcomed representatives of the donor community and members of the Centre staff.

As well as Centre staff, the following were present:

Board of Trustees Members

Mr. Muhammed Ali
Major General M.R. Choudhury (ret'd)
Prof. R.R. Colwell
Dr. D. Habte
Dr. R.H. Henderson
Prof. M.E. Jacobs
Prof. F. Jalil
Dr. M. Law
Prof. P.F. McDonald
Prof. H. Makela
Mr. J.O. Martin
Dr. A.K.M. Masihur Rahman
Dr. J. Rohde
Dr. Y. Takeda

Guests

Dr. D. Sencer
Dr. S. Srinivasen
Mr. B. Berwager

Donor Representatives

Ms Rowshan Akhter
Mr. Richard Brown
Dr. Mehtab Currey
Ms Hellen Ohlin
Mr. David Piet
Mr. Jason Reynolds
Mr. Brian Thorpe
Ms Y. Yoshimoto

Council of Division Directors

Mr. S.S. Ahsan
Dr. J. Albert
Dr. G. Fuchs
Mr. M.A. Mahbub
Prof. P. Vaughan
Mr. G. Wright

The meeting approved the agenda that had been distributed.

Professor Makela introduced the Director of ICDDR,B, Dr. Demissie Habte, to the meeting. Dr. Habte, on behalf of the Centre, extended a welcome to all attending the meeting.

1. **REPORT ON ACTIVITIES OF 1996 AND PLANS FOR 1997**

1.1 Overview

Dr. Habte presented to the meeting an overview of the activities of the Centre for the last six months. He referred to the Director's Report which had previously been distributed (copy attached to the official minutes).

Following Dr. Habte's overview, the Directors of the Clinical Sciences Division, Community Health Division, Laboratory Sciences Division, and Health & Population Extension Division, presented reports on activities for 1996 and plans for 1997. The Head of the Training and Education Department also presented a report on activities for 1996 and plans for 1997. (Copies of reports are attached to the official minutes.)

1.2 Clinical Sciences Division

The report on the progress made in improvements in the hospital premises and nursing conditions was received with satisfaction. The interdivisional work of the Nutrition Working Group was commended. Hospital infections was suggested as a topic of specific research. The committee heard the Division's plans of action in the face of severe budget restrictions in 1997. It deplored the apparent necessity to both reduce the number of beds in the ICU, and particularly to stop the activity of the Child Health Programme, with its stress on preventive aspects like nutritional counselling and immunization.

1.3 Laboratory Sciences Division

The work of the division to provide high quality laboratory support to the research of other divisions and its strengthening of activities in new areas like ARI and reproductive tract infections including HIV was commended. Particular note was made on the extension of the diarrhoea etiology surveillance to cover also pathogenic E. coli, which now allowed the identification of etiology in up to 80% of diarrhoea episodes. The possible need to include tuberculosis in the repertoire of the laboratory was pointed out. The question was raised of whether this emphasis on the service functions was sufficient as a long term strategy of the division.

1.4 Community Health Division

The progress in the Social and Behavioural Sciences programme was seen as particularly important. The ongoing development of the MCH-FP programme towards integrative treatment and emphasis on Child Health and on Reproductive Health was commended. The research on RTI/STD gives much needed background data for planning of action in the field of reproductive health. The results of the unlinked anonymous HIV testing in this study material are awaited with interest.

The value of the Demographic Surveillance System and its unique character in allowing longitudinal studies now extending over thirty years was stressed; in face of the current problems of funding of the DSS these aspects need to be considered very carefully. Other arguments presented for the continued maintenance of Matlab included the need of a field site for efficacy testing of interventions and training for field research. The future of Matlab must clearly be considered with utmost care.

1.5 Health and Population Extension Division

The division has continued to make good progress in operations research in its extension projects in collaboration with the Government of Bangladesh; a further international impact of the findings might be a future goal. The work within the Epidemic Control and Preparedness Programme was seen as a very important contribution both to local needs and to research of high international interest. Its continuation was strongly recommended, with additional attention, if possible, on early warning aspects.

1.6 Training and Education Department

The extensive work of the Department on various levels of training was commended. It is expected that the present trends of integrated case management in for example, WHO programmes, will be reflected in the training courses of the Centre.

2. **CENTRE'S RESPONSE TO THE REVIEW OF THE LABORATORY SCIENCES DIVISION**

This agenda item of the Programme Committee was actually discussed on Saturday 2 November at 10.30 a.m. The session was chaired by Dr. Maureen Law in the absence of Professor Helena Makela.

Dr. John Albert, Acting Director of the Division, presented the Centre's response to the Programme Review of the Laboratory Sciences Division held in May/June 1996. The report had been circulated to Board members. The Committee noted that the recommendations from the Review that did not require financial obligations are being implemented.

Several of the recommendations related to the need for the purchase of various items of equipment and space requirements.

Committee members suggested various avenues for procuring equipment, including through manufacturers, and surplus equipment from organisations such as NIH. It was suggested that the Centre creatively search for ways to strengthen its resources.

The Committee expressed concern at the inability of the Centre to provide \$31,000 for firefighting equipment. It recommended consideration be given to providing this equipment immediately to protect staff and equipment.

3. **REPORT ON THE INTEGRATED INSTITUTIONAL REVIEW**

Mr. Tim Rothermel, chairperson of the Donors' Support Group, assumed the chair for this session of the meeting. Mr. Rothermel invited Dr. David Sencer, leader of the Integrated

Institutional Review Team, to present the report to the meeting (a copy of the report is attached to the official minutes).

Following Dr. Sencer's presentation of the report Trustees and donors made comments on the recommendations contained in the report.

The report was generally seen as an excellent document and a good basis for future planning. More detailed discussion and consideration of the specific recommendations will surely be carried out in the next six months. The Centre's response is expected to be received at the next Board of Trustees meeting.

4. SELECTED PRESENTATIONS ON ACHIEVEMENTS

The following achievements with potential programmatic impact had been selected by the Centre for presentation to the Programme Committee session:

- Developing the components of the Reproductive Health Package
- Coping with Reproductive Tract and Sexually Transmitted Infections - Etiologic Spectrum and Management
- Matlab Reborn: Modernising Matlab to Face New Challenges

The above presentations were appreciated and commended.

5. PRESENTATION AND THANKS

During the Programme Committee session the Director, on behalf of the Centre, extended thanks to Mr. Tim Rothermel for his selfless service to the Centre. Mr. Rothermel has been chairperson of the Donors' Support Group for the last twelve years. The Director presented a gift to Mr. Rothermel from the staff of the Centre.

Mr. Rothermel responded indicating that it has been a privilege for him to be associated with ICDDR,B for many years.

CONCLUDING SESSION

Dr. Maureen Law, Chairperson of the Board of Trustees, opened the Full Board session at 2.30 p.m. on Monday 4 November 1996.

The following members of the Board of Trustees were present:

Mr. Muhammed Ali
Major General M.R. Choudhury (Ret'd)
Prof. R.R. Colwell
Dr. D. Habte - Secretary
Dr. R.H. Henderson
Prof. M.E. Jacobs
Prof. F. Jalil
Dr. M. Law - Chairperson
Prof. P.F. McDonald
Dr. A.K.M. Masihur Rahman
Dr. J. Rohde
Dr. Y. Takeda

Apology - Mr. J.O. Martin

The following guests and staff were present:

Dr. David Sencer
Mr. Tim Rothermel
Mr. Brent Berwager
Mr. S.S. Ahsan
Dr. J. Albert
Dr. G. Fuchs
Mr. M.A. Mahbub
Mr. K. Tipping
Prof. P. Vaughan
Mr. G. Wright

1. APPROVAL OF AGENDA

The agenda was adopted as presented.

2. APPROVAL OF DRAFT MINUTES OF MEETING HELD ON 3 JUNE 1996

The draft minutes of the Board of Trustees meeting held on 3 June 1996 were approved.

3. RESOLUTIONS FROM THE PERSONNEL AND SELECTION COMMITTEE MEETING

Dr. Ralph Henderson, Chairperson of the Personnel and Selection Committee, presented the draft resolutions from the Personnel and Selection Committee meeting held on 2 November. It was agreed that the draft resolutions as presented be accepted. The resolutions adopted are as follows:

- 1/BT/Nov.96 The Board resolved that the position of Division Director Finance be advertised locally and internationally and a suitable candidate recruited as per the Centre's recruitment procedure.
- 2/BT/Nov.96 The Board resolved that the Director be given authority to change the title of Dr. John Albert's position.
- 3/BT/Nov.96 The Board resolved that the Centre appoint a suitable person to the position of Senior Epidemiologist, CHD, (P5).
- 4/BT/Nov.96 The Board resolved to approve the opening of a position for "Head, Training and Education Department", noting that the actual grade and functions may be modified in the light of consideration of the Centre's future, and subject to the availability of funds from donors.
- 5/BT/Nov.96 The Board resolved that Mr. Jacques O. Martin (Switzerland) be reappointed as a Trustee for another period of three years from 1 July 1997.
- 6/BT/Nov.96 The Board resolved that Dr. Yoshifumi Takeda (Japan) be reappointed as a Trustee for another period of three years from 1 July 1997.

4. RESOLUTIONS FROM THE FINANCE COMMITTEE MEETING

Dr. Jon Rohde, Chairperson of the Finance Committee, presented the draft resolutions from the Finance Committee Meeting held on 2 November 1996. It was agreed that the draft resolutions as presented be accepted. The resolutions are as follows:

- 7/BT/Nov.96 The Board resolved to approve the 1997 Budget.
- 8/BT/Nov.96 The Board of Trustees authorises the ICDDR,B Hospital Endowment Fund to amend the bye-laws to the extent necessary to clarify wording and to comply with the Trust Act.

- 9/BT/Nov.96 The Board of Trustees authorises the ICDDR,B Hospital Endowment Fund to add the following sentences to bye-law 7 c) reading - "However, should the Board of Governors deem it necessary, after deducting any realized capital losses and after protecting the real capital value of the Fund, up to fifty per cent of the realized capital profits in any one year may be disbursed to the ICDDR,B hospital budget. The total distributed amount shall however not exceed seven and one half percent of the capital value of the Fund at the beginning of the year under consideration. The balance of net realized capital profits will accrue to the Investment Capital Account".
- 10/BT/Nov.96 The Board of Trustees authorises the ICDDR,B Hospital Endowment Fund to invest \$2 million in the moderate exposure portfolio of the Morgan Stanley "Total Fund Management" program.
- 11/BT/Nov.96 The Board resolved to approve that the amount of \$221,000 advanced to the International Child Health Foundation to cover the 1996 costs of the Centre's North American based operations be deducted from the interest income of the Reserve Fund (thus technically written off).
- 12/BT/Nov.96 The Board directs the Centre to continue to explore avenues to find funding for the Centre Fund campaign. However, in recognition of the importance of this campaign, should no funds be found for this campaign the Board resolved that the Centre use up to a maximum of \$155,000 to finance the 1997 campaign activities of which \$100,000 would be allocated from the Reserve Fund interest income and the remaining \$55,000 included in the 1997 operating expenditure budget of ICDDR,B.
- 13/BT/Nov.96 Subject to the bank overdraft collateral requirements of the American Express Banking Corporation being met, the Board of Trustees authorises ICDDR,B to invest \$2 million of the Reserve Fund in the moderate exposure portfolio of the Morgan Stanley "Total Fund Management" program.
- 14/BT/Nov.96 The Board of Trustees authorises the preparation and issuance of the bye-laws of The Endowment Management Committee of the International Centre for Diarrhoeal Disease Research, Bangladesh.
- 15/BT/Nov.96 The Board of Trustees urges the management to incorporate the costs of fund-raising into the Centre's operating budget.

5. RESOLUTIONS FROM THE PROGRAMME COMMITTEE MEETING

The Programme Committee was generally impressed with the progress of the Centre. No specific resolutions were tabled.

Report of the HIV Working Group: The committee was very pleased with the progress made in the past 6 months along the lines suggested at the previous Board Meeting. These include implementation of testing of all blood used for transfusion at the Dhaka Hospital, establishment of laboratory capability for HIV testing, start of HIV surveillance on unlinked anonymous testing principle, and preparing for counselling, training and education. The Committee looks forward to a report of further progress at its next meeting.

6. INTEGRATED INSTITUTIONAL REVIEW REPORT

The Board expressed appreciation to the donors and the members of the Integrated Institutional Review team for the excellent report on the review of the Centre conducted in September 1996.

While appreciating this is a review requested by the donors, the Board will be pleased to see the Centre's response to the various issues presented in the review report.

The Board looks forward to further discussions involving Centre stakeholders which it is hoped would take place prior to the June Board of Trustees Meeting and permit further consideration of the report at that time. It encourages Centre management to implement those recommendations which it judges can already improve operations, and will itself do so.

7. ACTIONS ON REPORT FROM STAFF WELFARE ASSOCIATION

The Board noted with appreciation the constructive understanding and support from the Executive of the Staff Welfare Association in a period of fiscal difficulty. Upward adjustment of staff salaries remains a desirable goal which will continue to be carefully considered.

However, no raise would be possible in 1997, given the Centre's financial state.

8. FORMAT OF BOARD OF TRUSTEES MEETINGS

a. Format of November Meeting

The June 1996 Board of Trustees Meeting decided to change the format of the November Board meeting. Board members reported that the changes instituted by the Centre management had been successful and had achieved the desired results. It was suggested for future meetings

consideration be given to holding a brief meeting of the Programme Committee following the presentations for preparation of a report and reflection by Board members.

Mr. Rothermel, speaking as chairperson of the Donors' Support Group, expressed appreciation for the changed format and indicated the satisfaction of the donors.

b. Format of June Meeting

The Director presented a report prepared by the Centre management suggesting changes to the format of the June Board of Trustees meeting.

After considerable discussion the meeting decided against any change to the format of the June 1997 Board Meeting in view of the decision to be made on the position of the Director.

The following points were made:

- i. As a special "donors" meeting may be held before the June Board Meeting consideration could be given to the two meetings being held consecutively.
- ii. The burden on Centre management in the production of reports is to be reduced for the June meeting.

9. **SELECTION OF TRUSTEES** (see also page 6)

- a. It was noted that Dr. Maureen Law concludes her second term of service to the Board of Trustees in June 1997.

It was agreed to initiate nominations for a replacement for Dr. Law from a developed country in the North American region for three years from 1 July 1997.

10. **DATES OF 1997 MEETINGS**

It was agreed that the dates of the 1997 Board of Trustees Meetings be as follows:

7-9 June 1997

1-3 November 1997

It was noted that the June meeting should be held in conjunction with the "brain-storming" session of the Donors' Support Group. No programme reviews of scientific divisions will take place during 1997.

11. ANY OTHER BUSINESS

11.1 Questionable Practices

At the closed session Professor Rita Colwell presented information on an organization in the United States which could affect the Centre's relationship with that organization. The Director assured the meeting that the Centre will disassociate itself from a relationship with any company, business, or subsidiary, that has proven questionable practices.

11.2 Future Meetings

Teleconferencing is likely to be available in Bangladesh in the next few years and should be considered for Board of Trustees meetings.

11.3 Resource Mobilization

The Board re-emphasised the importance of individual actions by Board members in support of resource mobilization done in close collaboration with the Centre management.

4/BT/JUN. 97

**FINANCIAL REPORT INCLUDING
BUDGET UPDATE**

ICDDR,B BOARD OF TRUSTEES MEETING

FINANCIAL REPORT INCLUDING BUDGET UPDATE - JUNE 7 1997

AGENDA

1. 1996 Audited Financial Statements and Auditors' Reports.
 - a) ICDDR,B
 - b) ICDDR,B Hospital Endowment Fund
2. 1997 Forecast.
3. Appointment of Auditors for 1997.
4. Miscellaneous.
 - a) Fixed Asset Acquisition and Replacement Fund
 - b) Bank Overdraft
 - c) Alternate Bankers

Annexures:

- "A" - 1996 Auditors' Report and Audited Financial Statements - Full.
- "B" - 1996 Auditors' Report and Audited Financial Statements - Abridged.
- "C" - 1996 ICDDR,B Hospital Endowment Fund Auditor's Report and Audited Financial Statements.

**1996 ICDDR,B AUDITED FINANCIAL STATEMENTS
 AND AUDITORS' REPORTS**

The audited Financial Statements are attached as annexures "A" and "B". The Financial Statements were signed on March 17, 1997. The abridged audited Financial Statements, annexure "B", are for inclusion in the Centre's Annual Report.

The auditors report was qualified on the ground that the Centre did not include the "ICDDR,B Employees Separation Payment Fund" assets and liabilities in its financial statements. The Centre does not agree with this qualification since the Centre has no effective control over the Funds in the ICDDR,B Employees Separation Payment Fund and the inclusion of such funds materially distorts the true financial position of ICDDR,B.

The audited financial statements do not contain the detailed information which we normally present to the Finance Committee. Accordingly, Finance Division has prepared the following tables from the audited accounts.

INCOME

Donor and Hospital Endowment Fund Contributions increased by \$551,000 (4.6%) from \$12,115,000 to \$12,666,000. This increase comprised:

	<u>1996</u>	<u>1995</u>	<u>DIFF.</u>
Restricted			
Projects/Programs	7,071,000	6,049,000	1,022,000
Fixed Assets	459,000	490,000	(31,000)
	<u>7,530,000</u>	<u>6,539,000</u>	991,000
Project Overhead	1,410,000	1,262,000	148,000
Total Restricted	<u>8,940,000</u>	<u>7,801,000</u>	1,139,000
Unrestricted			
General	3,400,000	4,026,000	(626,000)
Hospital Endowment Fund	326,000	-	326,000
Disaster Relief	-	288,000	(288,000)
Total Unrestricted	<u>3,726,000</u>	<u>4,314,000</u>	(588,000)
Total Contributions	12,666,000	12,115,000	551,000

EXPENDITURE

Operating Cash Cost increased by \$689,000 (5.6%) from \$12,307,000 to \$12,996,000. This increase comprised:

	<u>1996</u>	<u>1995</u>	<u>DIFF.</u>
Restricted			
Projects/Programs	7,071,000	6,049,000	1,022,000
Fixed Assets	<u>459,000</u>	<u>490,000</u>	<u>(31,000)</u>
Total Restricted	7,530,000	6,539,000	991,000
Unrestricted			
Programs	3,830,000	3,965,000	(165,000)
Management	<u>1,636,000</u>	<u>1,803,000</u>	<u>(167,000)</u>
Total Unrestricted	5,466,000	5,768,000	(302,000)
Total Operating Cash Cost	12,996,000	12,307,000	689,000

Depreciation increased by \$62,000 (7.4%) from \$841,000 to \$903,000.

Total Expenditure increased by \$751,000 (5.7%) from \$13,148,000 to \$13,899,000.

ICDDR,B BALANCE

Net Operating Deficit increased by \$200,000 (19.4%) from \$1,033,000 to \$1,233,000.

Cumulative Operating Deficit increased by \$1,233,000 (17.7%) from \$6,972,000 to \$8,205,000.

Cash Operating Deficit, after adjusting for loss on sale of fixed assets of \$1,000 (1995 \$Nil), increased by \$137,000 (71.4%) from \$192,000 to \$329,000.

Cumulative Cash operating Surplus decreased by \$329,000 (18.0%) from \$1,827,000 to \$1,498,000.

Resolution FIN:01

The Board resolved to accept the audited Financial Statements of the Centre for the year ended December 31 1996.

**1996 ICDDR,B HOSPITAL ENDOWMENT FUND
AUDITED FINANCIAL STATEMENTS AND AUDITORS' REPORTS**

The audited Financial Statements are attached as annexure "C". The audit was completed and the Financial Statements were signed without qualification on March 17, 1997.

INCOME AND DISTRIBUTION

The income of the Fund for the year increased by \$545,402 (265.5%) from \$205,397 to \$750,799. This increase comprised:

	<u>1996</u>	<u>1995</u>	<u>DIFF.</u>
Bank Interest and Dividends	201,281	139,315	61,966
Donations	42,147	60,808	(18,661)
Fund Raising Activities	5,624	5,274	350
Profit on Sale of Shares	<u>501,747</u>	<u>-</u>	<u>501,747</u>
Total Income	<u>750,799</u>	<u>205,397</u>	<u>545,402</u>

The income was distributed to the various Investment Capital Accounts \$424,592 (1995 \$109,493) in accordance with the Fund bye-laws and the remaining \$326,207 disbursed to ICDDR,B. There was no allocation to ICDDR,B in 1995 or prior years. The distribution comprised:

	<u>1996</u>	<u>1995</u>	<u>DIFF.</u>
Donations	42,147	60,808	(18,661)
Fund Raising Activities	5,624	5,274	350
Inflation Reserves	123,359	95,904	27,455
Profit on Sale of Shares	253,462	-	253,462
ICDDR,B	326,207	-	326,207
Investment Income Account		<u>43,411</u>	<u>(43,411)</u>
Total Distribution	<u>750,799</u>	<u>205,397</u>	<u>545,402</u>

Since inception the Fund has raised \$4,120,149. The capital value, after disbursing \$326,207 to ICDDR,B, was \$3,793,942 at the end of 1996.

Resolution FIN:02

The Board resolved to accept the audited Financial Statements of the ICDDR,B Hospital Endowment Fund for the year ended December 31 1996.

1997 FORECAST

A review of the 1997 budget based on data available at March 31, 1997 indicates that, though there will be up and down movements in both income and expenditure, there is unlikely to be any material change in the forecast of a net cash surplus of US\$29,000 and a net operating deficit of US\$846,000.

APPOINTMENT OF AUDITORS FOR 1997

ACNABIN & Co., Dhaka, and Price Waterhouse, Calcutta were the auditors for 1996.

Both auditors continue to perform an effective audit and give constructive management letters.

Management recommends that ACNABIN & Co. and Price Waterhouse be appointed as joint auditors for the year 1997 at a fee not to exceed \$14,000. The fee for 1996 was \$14,000.

Resolution FIN:03

The Board resolved to appoint ACNABIN & Co. and Price Waterhouse as joint auditors for the year 1997 at a fee not to exceed \$14,000.

MISCELLANEOUS

a). **Fixed Assets charged to Fixed Asset Acquisition and Replacement Fund**

Capital expenditure charged to the fund for 1996 totalled \$250,655 comprising Information Technology Update \$123,241, Hospital Buildings \$62,122, Computers \$37,775, Laboratory and Hospital Equipment \$11,171 and Others \$16,346. The balance at December 31 1996 was \$892,847 and is reserved for the Matlab Training Centre, Dhaka hospital and site renovations and information technology upgrade.

In accordance with the Board resolution which initiated the fund and its use, Board approval of the charge is requested.

Resolution FIN:04

The Board resolved to approve expenditure of \$250,655 from the Fixed Asset Acquisition and Replacement Fund for 1996.

b). **Bank Overdraft**

The Centre's current US\$2 million overdraft facility with American Express Bank carries no undrawn commitment fees, is secured by the term deposits of the Reserve Fund and will expire on July 13, 1997. The facility is used for the balance of margins on letters of credit and any overdraft. The current cash flow projection indicates a possible need to borrow up to \$750,000 during the traditionally low receipts months of June to August which will be borrowed, at interest, from the ICDDR,B Hospital Endowment Fund as approved in the June 1995 Board meeting. Though there may only be a very temporary, if any, need to use the overdraft we need to keep the facility in place as collateral for letter of credit margins. In view of this management requests Board approval to renew the overdraft agreement for the year to July 13, 1998.

Resolution FIN:05

The Board resolved to authorize the continuation of the overdraft facility of up to \$2 million with the American Express Bank for the year to July 13 1998.

c). **Alternate Bankers**

Over the last decade the world wide banking scene has undergone major changes in both where and how banks operate. At the moment the Centre, can effectively use only American Express (our current banker), Citibank or Hongkong Bank on foreign currency transactions. We have examined the services these banks offer and have found that we have more to gain if the Centre moves to Hongkong Bank.

The Hongkong and Shanghai Banking Corporation Limited (Hongkong Bank) have recently started operations in Bangladesh. Hongkong Bank offers full banking operations in all the major countries which the Centre conducts business. Additionally Hongkong Bank offers its clients real time banking and access to account balances through its Hexagon (HSBC Group's Computer-Controlled Global Electronic Financial Services System) system. The Centre sees both cash and productivity benefits in a possible move from American Express Bank to Hongkong Bank. No final decision will be made until the Centre has fully explored the ramifications and Hongkong Bank opens a branch in Gulshan. As a prelude to a possible change of bankers the Centre suggests that the Board approves the appointment of Hongkong Bank and authorises the Centre to enter into an agreement for the use of Hexagon.

Resolution FIN:06

The Board resolved to authorize the appointment of Hongkong and Shanghai Banking Corporation Limited as bankers to the Centre with signatories and limits exactly the same as with American Express Bank. Additionally the Board resolved to authorise a) the Director to sign the Hexagon agreement, b) the Division Director, Finance together with any other Division Director to be the initial Primary Delegates, c) the initial primary delegates may appoint further Delegates and d) the Code Reset Delegate shall be the Division Director, Finance or any person appointed in writing by him or the Director.

SUMMARY OF RESOLUTIONS

Resolution FIN:01

The Board resolved to accept the audited Financial Statements of the Centre the year ended December 31 1996.

Resolution FIN:02

The Board resolved to accept the audited Financial Statements of the ICDDR,B Hospital Endowment Fund for the year ended December 31 1996.

Resolution FIN:03

The Board resolved to appoint ACNABIN & Co. and Price Waterhouse as joint auditors for the year 1997 at a fee not to exceed \$14,000.

Resolution FIN:04

The Board resolved to approve expenditure of \$250,655 from the Fixed Asset Acquisition and Replacement Fund for 1996.

Resolution FIN:05

The Board resolved to authorize the continuation of the overdraft facility of up to \$2 million with the American Express Bank for the year to July 13 1998.

Resolution FIN:06

The Board resolved to authorize the appointment of Hongkong and Shanghai Banking Corporation Limited as bankers to the Centre with signatories and limits exactly the same as with American Express Bank. Additionally the Board resolved to authorise a) the Director to sign the Hexagon agreement, b) the Division Director, Finance together with any other Division Director to be the initial Primary Delegates, c) the initial primary delegates may appoint further Delegates and d) the Code Reset Delegate shall be the Division Director, Finance or any person appointed in writing by him or the Director.

AUDITORS' REPORT

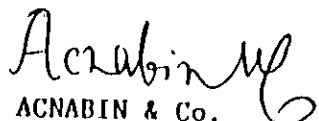
TO THE BOARD OF TRUSTEES OF INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH

We have audited the accompanying Statement of Financial Position of INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH (ICDDR,B) as of December 31, 1996 and the related Statements of Activity (Operating Fund) and Cash Flows for the year then ended. These financial statements are the responsibility of ICDDR,B's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in note 16, US\$11,470,295 being the accumulated balance of the "ICDDR,B Employees Separation Payment Fund" at December 31, 1996 and invested with Generali Worldwide Insurance Company Limited of Guernsey, Channel Islands has not been recognised in these accounts.

Except for the above, in our opinion, the financial statements referred to above, together with the notes thereon, present fairly, in all material respects, the financial position of ICDDR,B as of December 31, 1996 and the results of its activities and its cash flows for the year then ended, in conformity with the accounting policies disclosed in Note 2.


ACNABIN & Co.
Chartered Accountants


Price Waterhouse
Chartered Accountants

Dhaka, March 17, 1997

ACNABIN & CO

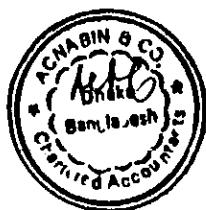


Price Waterhouse

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 1996

	Notes	1996	1995
FIXED ASSETS:			
Cost	3	12,905,277	12,235,435
Less: Accumulated Depreciation	3	<u>8,651,307</u>	<u>7,787,536</u>
		<u>4,253,970</u>	<u>4,447,899</u>
CURRENT ASSETS:			
Inventories	4	479,670	480,175
Accounts receivable			
Donors	5	1,318,684	1,505,440
Others	6	1,370,932	849,452
Centre Endowment Fund Investments at cost (Market value as at December 31, 1996 US\$2,291,788	15	2,150,000	-
Cash and bank balances	7	1,400,840	2,975,562
Deposits with banks against Reserve Fund	8	<u>2,315,843</u>	<u>2,214,463</u>
		<u>9,035,969</u>	<u>8,025,092</u>
LESS: CURRENT LIABILITIES:			
Accounts payable			
Donors	5	1,750,129	2,485,741
Others	9	<u>3,038,841</u>	<u>3,672,935</u>
		<u>4,788,970</u>	<u>6,158,676</u>
NET CURRENT ASSETS		4,246,999	1,866,416
TOTAL NET ASSETS	US\$	<u>8,500,969</u>	<u>6,314,315</u>



PRICE WATERHOUSE

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH

STATEMENT OF ACTIVITY (OPERATING FUND)
FOR THE YEAR ENDED DECEMBER 31, 1996

	Notes	1996	1995
INCOME			
Contributions	5	12,340,032	12,114,554
LESS: Transferred to Fixed Asset Fund to the extent of capital expenditure funded by Donors	10	<u>459,295</u> 11,880,737	<u>489,954</u> 11,624,600
Contribution from ICDDR,B Hospital Endowment Fund		326,207	-
Exchange gains		90,207	54,820
Other receipts		816,748	735,042
		<u>13,113,899</u>	<u>12,414,462</u>
EXPENDITURE			
Personnel salaries and benefits - local		6,526,461	6,242,402
Personnel salaries and benefits - international		2,244,552	2,037,583
Consultancy - local and international		76,155	208,195
Mandatory Committee Meetings	17	109,127	112,151
Travel		430,129	291,746
Supplies and materials		1,509,539	1,502,165
Repairs and maintenance		217,759	209,154
Rent, communication and utilities		459,762	480,945
Printing and publications		239,765	201,047
Other expenditure	18	1,630,513	1,321,361
		<u>13,443,762</u>	<u>12,606,749</u>
Deficit before depreciation		329,863	192,287
Provision for depreciation	3	902,953	840,692
DEFICIT FOR THE YEAR	US\$	<u>1,232,816</u> =====	<u>1,032,979</u> =====

THE ACCOMPANYING NOTES 1, 2,3,5, 10, 16, 17, AND 18 ARE AN INTEGRAL PART OF THIS STATEMENT

Deen

Director
ICDDR,B

Whelan
Member
Board of Trustees

This is the Statement of Activity (Operating Fund) referred to in our report of the date.

Acnabin
ACNABIN & Co.
Chartered Accountants
Dhaka, March 17, 1997

Price Waterhouse
Price Waterhouse
Chartered Accountants

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 1996 (Cont.)

	Notes	<u>1996</u>	<u>1995</u>
FINANCED BY:			
Fixed Asset Fund	10	4,253,970	4,447,899
Fixed Asset Acquisition and Replacement Fund	11	892,847	267,072
Centre Endowment Fund	15	2,150,000	-
Reserve Fund	12	2,148,708	2,214,963
Operating Fund	13	(944,556)	(615,619)
TOTAL FUNDS	US\$	8,500,969	6,314,315

THE ACCOMPANYING NOTES 1 TO 16 AND 19 ARE AN INTEGRAL PART OF THIS STATEMENT

Seeew

Director
ICDDR,B

Whism

Member
Board of Trustees

This is the Statement of Financial Position referred to in our report of same date.

ACNABIN

ACNABIN & Co.
Chartered Accountants

Price Waterhouse

Price Waterhouse
Chartered Accountants

Dhaka, March 17, 1997

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1996

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) of revenues over expenses	(1,232,816)	(1,032,979)
Adjustments to reconcile net cash from operating activities		
Depreciation	902,953	840,692
Loss/(Profit) on disposal of fixed assets	926	(172)
Decrease/(Increase) in assets		
Accounts receivable		
Donors	186,756	226,973
Others	(521,480)	(28,006)
Inventories	505	(71,794)
Increase/(Decrease) in liabilities		
Accounts payable		
Donors	(735,612)	(1,280,404)
Others	(634,094)	1,176,979
Cash Surplus/(Deficit) from operating activities	<u>(2,032,862)</u>	<u>(168,711)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(709,950)	(809,216)
Contribution to North American office	(221,000)	(230,000)
Proceeds from the sale of fixed assets	-	173
Interest on capital fund deposits	154,745	96,114
Donor capital fund contributions	1,335,725	772,341
Net cash from investment activities	<u>559,520</u>	<u>(170,588)</u>
Net Increase/(Decrease) in cash and equivalents	<u>(1,473,342)</u>	<u>(339,299)</u>
Cash and equivalents beginning of year	5,190,025	5,529,324
Cash and equivalents end of year	3,716,683	5,190,025

Seeu
Director
ICDDR,B

Wuwan
Member
Board of Trustees

This is the Statement of Cash Flows referred to in our report of same date.

Acnabin
ACNABIN & Co.
Chartered Accountants
Dhaka, March 17, 1997

Price Waterhouse
Price Waterhouse
Chartered Accountants

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH

NOTES TO THE FINANCIAL STATEMENTS
AS ON DECEMBER 31, 1996

1. NATURE OF ACTIVITIES

The International Centre for Diarrhoeal Disease Research, Bangladesh ("Centre") was established in 1978 by an Ordinance of the Government of The People's Republic of Bangladesh to provide for the establishment of an international centre in Bangladesh with multinational scientific collaboration and financial contributions to conduct research in diarrhoeal diseases and the directly related subjects of nutrition and fertility with special relevance to developing countries and for matters ancillary thereto. The activities of the Centre are mainly funded by various Governments and international organisations.

2. SIGNIFICANT ACCOUNTING POLICIES

a) These financial statements have been prepared on a going concern basis, in accordance with generally accepted accounting principles on the historical cost convention and in the manner as prescribed and approved by the Board of Trustees.

b) "Income" and "Expenditure" of the Centre for the year have been accounted for on an accrual basis.

c) Other receipts mainly include interest, fees and charges for services provided to staff and third parties.

d) Contributions have been considered as income on the following bases:

Central Funds have been accounted for to the extent they relate to the current period and those pertaining to future periods have been carried forward.

Project Funds received during the year but not expended have been carried forward as contributions received in advance. Correspondingly, amounts equal to the expenses incurred but not yet reimbursed by donors have been treated as contributions receivable. Project funds include overhead recoveries at the rate provided for in the various Donor agreements.

e) Grants in kind by way of various services rendered by different Donors and those directly paid by Donor(s) to other organisation(s) and institution(s) for project/service work carried out by them on behalf of the Centre have not been considered in these accounts.

f) Fixed assets acquired up to August 1981 have been brought to account at material cost only. Subsequent thereto incidental expenses such as labour, freight, insurance, etc. have also been taken into consideration in arriving at the cost of fixed assets. Fixed assets other than gifted motor vehicles, costing less than \$200 are expensed on acquisition. Depreciation on fixed assets has been charged on the "Straight Line" method based on the estimated useful lives of such assets.



PRICE WATERHOUSE

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g) Inventories are valued at invoice price plus incidental expenses such as labour, freight, insurance, etc. less a provision to cover obsolete and slow moving items. Inventories issued at weighted average cost to Service Centres are expensed when issued and the stock of such items remaining unconsumed at the year end not being material is not included in the closing stock. However, inventories issued to Matlab Health Complex are accounted for in the manner indicated above.

h) Currency conversion of non-US currencies to US Dollars:

Advances, liabilities, cash and bank balances are translated into US Dollars at the prevailing year end exchange rates.

All items other than those stated above are translated into US Dollars at the rates of exchange prevailing at the beginning of that month.

The exchange rates used for the currency conversion calculated on the prevailing average of the buying and selling rates as published by the Central Bank are as follows:

Currency	Average monthly exchange rates	Year end exchange rate
	Taka	Taka
US \$ 1.00	41.4641	42.1950
UK £ 1.00	64.6524	70.7028



PRIME WATERHOUSE

3. FIXED ASSETS

PARTICULARS	C O S I			D E P R E C I A T I O N			NET
	At January 1 1996	Additions/ Disposals In 1996	At December 31 1996	At January 1 1996	Additions Disposals In 1996	At December 31 1996	At December 31 1996
Freehold Land	71,362	7,955	79,317	-	-	-	79,317
Buildings	3,798,675	101,130	3,899,805	1,385,440	202,319	1,587,759	2,312,046
Equipment	7,086,261	556,879	7,643,140	5,577,725	566,570	6,144,295	1,498,845
Furniture	146,684	1,845	148,529	117,221	13,582	130,803	17,726
Vehicles	1,932,602 12,135,584	39,782 707,571	1,072,384 12,843,155	7,707,150 7,787,538	81,300 863,771	788,450 8,651,307	287,914 4,181,848
Capital Work in progress	99,851	(37,729)	62,122	-	-	-	62,122
1996 US\$	12,235,435	869,842	12,905,277	7,787,538	863,771	8,651,307	4,253,970
1995 US\$	11,426,439	808,998	12,235,435	6,947,063	840,473	7,787,536	4,447,899

(a) External additions and disposals/write offs of fixed assets in the year comprised \$709,950 (1995: \$809,216) and \$40,108 (1995: \$220) respectively.

(b) External additions and disposals/write offs for depreciation in the year comprised \$902,953 (1995: \$840,692) and \$39,182 (1995: \$219) respectively.

Two plots of land measuring 4.10 and 0.51 acres situated at Mohakhali (Dhaka) and at Matlab (Chandpur), received as donations from the Government of the People's Republic of Bangladesh and a private individual respectively, have not been valued and therefore not incorporated in these accounts.

Cost of buildings includes an amount of \$103,488 spent by the Centre on the extension of the Institute of Public Health building, owned by the Government of the People's Republic of Bangladesh and which is at present partly accommodating the Centre.

No provision for depreciation on fixed assets has been made up to December 31, 1982.

4. INVENTORIES

	1996	1995
Supply stores	330,307	321,315
Maintenance stores	134,454	113,977
	464,761	435,292
Stores in transit	31,432	61,406
	496,193	496,698
Less: Provision for obsolete and slow moving stock	16,523	16,523
US\$	479,670	480,175



PRICE WATERHOUSE

5. CONTRIBUTIONS

XXXXX	1996				
	(Due)/ Advanced at 1.1.96	Received during the Year	(Due)/ Advanced 31.12.96	Income for the Year	1995 Income
Central Funds:					
Arab Gulf Fund	(100,000)		(200,000)	100,000	(150,000)
Australia - AusAID		242,060		242,060	305,729
Bangladesh	37,950	707,188	62,388	662,750	439,250
Belgium - BADC		222,830		222,830	709,623
Canada - CIDA	(363,742)	582,880		219,138	510,256
Child Health Foundation		5,000		5,000	
China					(20,000)
Netherlands		474,858		474,858	496,706
Saudi Arabia	(58,000)	58,382	(58,000)	58,382	59,196
Sri Lanka		7,928		7,928	4,003
Sweden - SIDA	(162,604)	439,541		276,937	338,849
Switzerland - SDC	506,202			506,202	703,751
United Kingdom - ODA	92,674	317,096	136,170	273,600	447,018
United States - AID		275,000		275,000	300,000
UNFPA					131,269
UNICEF		175,000	100,000	75,000	250,000
Disaster Relief Activities	(15,308)	15,308			287,851
Total Central Funds (A)	US\$ (62,828)	3,523,069	60,558	3,399,663	4,313,503
Project Funds:					
Aga Khan Foundation	21,908	23,162	(57,861)	102,929	25,809
American Express Foundation (c)	18,917		18,917		41,083
Asian Development Bank	(11,600)	11,600			22,149
Australia - AusAID	7,974	80,438	7,974	80,438	5,076
Bayer Ag					9,136
Belgium - BADC	229,011	190,306	198,645	220,672	181,749
European Union	58,321	124,419	25,495	157,245	146,860
Ford Foundation	615,927	431,521	787,103	460,345	369,238
IDRC	(51,877)	111,526	29,417	30,432	59,272
Japan		680,000		680,000	702,846
Johns Hopkins University	(6,617)	104,565	(10,857)	108,805	26,546
New England Medical Centre	8,227	60,000	(10,091)	78,318	51,773
Netherlands	167,614	321,229	55,299	433,544	224,207
Norway - NORAD	13,151	111,179	(579)	124,909	164,075
Population Council	(11,071)	134,766	2,227	121,468	9,691
Proctor & Gamble (c)	49,933		31,534	18,399	67
Rand Corporation	(7,918)	315,104	10,974	296,212	38,301
Rockefeller Foundation	77,034		50,812	26,222	20
Sweden - SIDA	72,970	186,727	38,499	221,198	172,325
Switzerland - SDC	52,468	549,615	45,440	556,641	598,811
- Red Cross	95,996	150,000	25,832	220,364	210,453
Thrasher Foundation		50,970	12,089	38,801	
United Kingdom - ODA	41,313	397,819	3,858	435,276	171,025
United States - USAID etc.	37,800	3,650,626	(234,159)	3,922,585	3,983,686
University of Alabama	11,458		3,363	8,095	30,542
UCD Sidac		15,248	3,844	11,404	
UNDP/WHO	(700,000)	350,000	(700,000)	350,000	350,000
UNICEF	26,677	45,273	(19,937)	91,887	62,246
Wander AG	(13,684)		(23,447)	9,763	32,434
WHO	50,194	98,193	54,633	93,754	36,889
Others (b)	(11,193)	73,821	22,065	40,563	74,742
Total Project Funds (B)	US\$ 1,043,129	8,268,107	370,887	8,940,349	7,801,051
Total Contributions (A+B)	US\$ 980,301	11,791,176	431,445	12,340,032	12,114,554
(a)					
Fixed Asset Funds					
Australia - AusAID					30,887
Government of Bangladesh	US\$				251,000
Japan		710,000		710,000	
United Kingdom - ODA		166,430		166,430	
Total Fixed Assets Funds		876,430		876,430	281,887

a) (Due)/advanced contributions comprise, due \$1,318,684 (1995: \$1,505,440) and advanced \$1,750,129 (1995: \$2,485,741).

b) Contributions in 1996 from Others for project funds were received from Bangladesh-DGHS, East West Inc., George Mason Foundation, Helen Keller International, International Atomic Energy Centre, Lederle Praxis, Social Development Research Centre and University of Iowa.

c) Funds received through Child Health Foundation.

During 1996 contributions in kind, for specific and general activities, were received from Bangladesh, Belgium, British Executive Service Overseas, Child Health Foundation and Ford Foundation.



PRICE WATERHOUSE

6. ACCOUNTS RECEIVABLE - OTHERS	<u>1996</u>	<u>1995</u>
Advances to employees:		
Official	269,507	93,450
Investment loans	182,545	171,931
Rent and utilities	52,595	59,552
Other	<u>10,219</u>	<u>12,143</u>
	514,866	337,076
Operating advances to Projects (including cash and bank balances of the projects \$12,078 (1995: \$10,999))	43,053	26,706
Advances to Suppliers and Others	553,410	406,143
Deposits and other receivables	10,021	3,206
Current account with ICDDR,B		
Hospital Endowment Fund	249,582	76,321
	-----	-----
US\$	1,370,932	849,452
	=====	=====

7. CASH AND BANK BALANCES		
Cash in hand	948	988
	-----	-----
Cash at banks:		
Taka Accounts		
American Express Bank Ltd., Dhaka		
Current account (convertible)	16,204	44,339
Current account	6,686	4,573
Agrani Bank, Dhaka		
Current account	74,995	(11,318)
Time Deposit	<u>4,621</u>	<u>-</u>
	102,506	37,594
	-----	-----
US\$ Accounts		
American Express Bank Ltd.		
New York		
Current account	206,996	381,521
Dhaka		
Current account (NORAD)	46,412	816
Current account	81,574	161,318
Current account (USAID-MCH/FP)	247,206	130,689
Current account (USAID-UIEP)	47	47
Time deposit	<u>700,000</u>	<u>2,250,000</u>
	1,282,235	2,924,391
	-----	-----
UKE Account		
American Express Bank Ltd., London		
Current account	15,151	12,589
	-----	-----
US\$	1,400,840	2,975,562
	=====	=====

8. DEPOSITS WITH BANKS AGAINST RESERVE FUND		
American Express Bank Ltd. -		
Dhaka		
Time deposit	2,309,000	2,197,000
Current account	6,843	17,463
	-----	-----
US\$	2,315,843	2,214,463
	=====	=====



WAKE WATERHOUSE

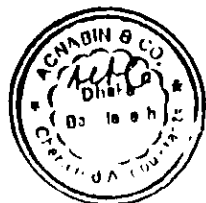
9. ACCOUNTS PAYABLE - OTHER	<u>1996</u>	<u>1995</u>
Supplies and materials	144,883	260,781
Expenses and other	2,847,394	3,364,076
Security and other deposits	46,564	48,078
	-----	-----
US\$	<u>3,038,841</u>	<u>3,672,935</u>
	=====	=====

10. FIXED ASSET FUND		
Balance as at January 1	4,447,899	4,479,376
Add: Capital expenditure funded by		
Donors	459,295	489,954
Fixed Assets Acquisition and		
Replacement Fund (Note 11)	250,655	318,613
Operating Fund (Note 13)	-	649
	-----	-----
	5,157,849	5,288,592
Less: Transferred to Operating Fund (Note 13)		
Written down value of fixed assets		
sold/written off	926	1
Depreciation for the year	902,953	840,692
	-----	-----
US\$	<u>4,253,970</u>	<u>4,447,899</u>
	=====	=====

The fixed asset fund reflects contributions from Donors and Centre's expenditure for fixed assets and is equal to the net book value of fixed assets.

11. FIXED ASSET ACQUISITION AND REPLACEMENT FUND		
Balance as at January 1	267,072	300,535
Add: Net interest earned on deposits	-	3,263
Donor contribution	876,430	281,887
	-----	-----
	1,143,502	585,685
Less: Funds utilised for replacement		
of fixed assets (Note 10)	250,655	318,613
	-----	-----
US\$	<u>892,847</u>	<u>267,072</u>
	=====	=====

The fund was created to provide for the acquisition or replacement of fixed assets. It is the intention to build the fund up to an amount equal to the provision for depreciation by Donor contributions, by annual transfers from the Operating Fund and by income earned on investment of the fund.



PRICE WATERHOUSE

12. RESERVE FUND

Balance as at January 1	2,214,963	2,351,612
Add: Net interest earned on deposits	154,745	92,851
Donor contribution	-	500
	<u>2,369,708</u>	<u>2,444,963</u>
Less: Amount written off to support the cost of North American office of the Centre	221,000	230,000
	<u>2,148,708</u>	<u>2,214,963</u>
	US\$ <u>2,148,708</u>	<u>2,214,963</u>

The fund was created to enable the Centre to attain better financial stability and to enable it to retain a satisfactory level of work in case of uneven flow of resources beyond its control. The fund comprises donations, transfers from operating account and income earned on investment of the fund.

13. OPERATING FUND

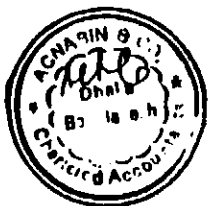
	<u>1996</u>	<u>1995</u>
Balance as at January 1	(615,619)	(422,684)
Add: Surplus/(Deficit) for the year	(1,232,816)	(1,032,979)
Central capital expenditure	-	(649)
	<u>(1,848,435)</u>	<u>(1,456,312)</u>
Less: Transfer from Fixed Asset Fund (Note 10)		
Written down value of fixed assets sold/written off	926	1
Depreciation for the year	902,953	840,692
	<u>(901,027)</u>	<u>(840,691)</u>
	US\$ <u>(944,556)</u>	<u>(615,619)</u>

14. ICDDR,B HOSPITAL ENDOWMENT FUND

The ICDDR,B Hospital Endowment Fund was created to raise money through donations and other fund raising activities and to use the income earned on the investment of those funds for patient care in the Centre's hospitals. The Governors of the Fund are empowered to invest all such moneys and all investment income not immediately required for patient care in bank deposits, listed securities inside or outside Bangladesh and as subscriptions to limited companies which are about to be listed. This accumulated fund which at December 31, 1996 was \$4,120,149 (1995: \$3,369,350) is not reflected in the books of account as it is not considered a part of the Centre's assets.

15. CENTRE ENDOWMENT FUND

The Fund was created to raise donations from Governments or their Agencies, Foundations, Corporations and Individuals. The income earned from the investment of those funds will be re-invested until such time as the income is sufficient to meet the running costs of the US ICDDR,B office. The investment of funds is monitored by the Centre Fund Finance Committee.



PRICE WATERHOUSE

16. EMPLOYEES RETIREMENT FUNDS

The Centre operates a retirement fund called "ICDDR,B Employees Separation Payment Fund" for all National employees under an agreement with the Generali Group of UK. During the year the Centre and staff members contributed 14.8% and 7.4% of the base pay respectively to the fund. The amounts so accumulated were remitted, net of employee settlements, to Generali Group on a quarterly basis by the Centre. The Generali Group is empowered to invest the fund available with them as considered profitable by them and at the end of each calendar year the profits earned from these investments are distributed among the staff members' accounts.

This accumulated fund which at December 31, 1996 was estimated at \$11,470,295 (1995: \$10,478,530) is not reflected in the books of account as it is not considered a part of the Centre's assets.

The Centre operates and manages a fund called "ICDDR,B Severance Pay Fund" for Community Health Workers since July 1, 1987. The balance of this fund is \$ 101,368 (1995: \$135,385).

17. MANDATORY COMMITTEE MEETINGS

The expenses include an amount of \$15,824 (1995: \$12,501) paid as honorarium to the members of the Board of Trustees.

18. OTHER EXPENDITURE

	<u>1996</u>	<u>1995</u>
Training and dissemination	376,387	342,550
Staff development and training	227,661	115,746
Contractual services	372,533	117,015
Other services	481,390	551,675
Hospital patient food	107,419	122,334
Other items	65,123	72,041
	-----	-----
	US\$ 1,630,513	1,321,361
	=====	=====

19. OTHERS

The previous year's figures have been rearranged and regrouped, wherever considered necessary, to conform to the current year's presentation.

Figures appearing in these Financial Statements have been rounded off to the nearest US dollar.

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Director
ICDDR,B

[Handwritten signature]

Member
Board of Trustees



[Handwritten signature]
PRICE WATERHOUSE

AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH

We have audited the financial statements of INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH (ICDDR,B) for the year ended December 31, 1996, from which the abridged financial statements were derived. In our report of same date we expressed an opinion that the financial statements from which the abridged financial statements were derived, present fairly, in all material respects, except that "ICDDR,B Employees Separation Payment Fund" balance as at December 31, 1996 for US\$11,470,295 and corresponding investments with Generali Worldwide Insurance Company Limited of Guernsey, Channel Islands, has not been recognised in these accounts.

In our opinion, the accompanying abridged financial statements, except for the above, are consistent, in all material respects, with the financial statements from which they were derived and on which we expressed a qualified report.

For a better understanding of the Centre's financial position and the results of its operations for the year and of the scope of our audit, the abridged financial statements should be read in conjunction with the financial statements from which the abridged financial statements were derived and our report thereon.

Acnabin & Co.

ACNABIN & Co.
Chartered Accountants

Dhaka, March 17, 1997

Price Waterhouse
Price Waterhouse
Chartered Accountants

ACNABIN & CO



Price Waterhouse

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH
Statement of Financial Position (US\$ 000) - Abridged

	<u>1996</u>	<u>1995</u>
Assets	13,290	12,473
Cash and deposits	3,717	5,190
Accounts receivable	2,690	2,355
Centre Endowment Fund Investments	2,150	-
Inventories	479	480
Property, plant and equipment	4,254	4,448
Total liabilities and fund balances	13,290	12,473
Liabilities	4,789	6,159
Accounts payable and other	4,789	6,159
Fund balances	8,501	6,314
Fixed assets	4,254	4,448
Fixed asset acquisition and replacement	893	267
Centre Endowment Fund	2,150	-
Reserve	2,148	2,215
Operating	(944)	(616)

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH
Statement of Activities (US\$ 000) - Abridged

	<u>1996</u>	<u>1995</u>
Income	13,114	12,415
Donors' contributions	12,340	12,115
Other items - net	774	300
Expenditure	14,347	13,448
Personnel	8,771	8,280
Depreciation	903	841
Other items	4,673	4,327
Operating deficit	1,233	1,033

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGLADESH
Statement of Cash Flows (US\$ 000) - Abridged

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities	(2,033)	(169)
Cash flows from investment activities	560	(170)
Net Increase/(Decrease) in cash and equivalents	(1,473)	(339)
Cash and equivalents beginning of year	5,190	5,529
Cash and equivalents end of year	3,717	5,190



PRICE WATERHOUSE

DONOR'S' CONTRIBUTIONS (US\$ 000)

	<u>1996</u>	<u>1995</u>
Revenue Contributions	12,340	12,115
Aga Khan Foundation	103	26
American Express Foundation via CHF		41
Arab Gulf Fund	100	(150)
Australia - AusAID	322	311
Bangladesh	663	445
Belgium - BADC	444	391
Canada - CIDA	219	510
European Union	157	147
Ford Foundation	460	369
IDRC	30	59
Japan	680	703
Netherlands	908	721
New England Medical Center	78	52
Norway - NORAD	125	164
Population Council	121	10
Rand Corporation	296	38
Rockefeller Foundation	26	
Saudi Arabia	58	59
Sri Lanka	8	4
Sweden - SIDA	498	511
Switzerland - SDC	1,063	1,302
- Red Cross	220	210
Thrasher Foundation	39	
United Kingdom - ODA	709	618
United States - USAID etc.	4,306	4,284
UNDP/WHO	350	350
UNFPA		131
UNICEF	167	312
WHO	94	37
Disaster relief		288
Others	96	172
Capital Contributions	876	282
Australia - AusAID		31
Bangladesh		251
Japan	710	
United Kingdom - ODA	166	

Contributions in 1996 from Others were received from Bangladesh-DGHS, Child Health Foundation, East West Inc., George Mason Foundation, Helen Keller International, International Atomic Energy Center, Lederle Praxis, Procter & Gamble (via CHF), Social Development Center, UCB Sidac, University of Alabama, University of Iowa and Wander AG.

During 1996 contributions in kind, for specific and general activities, were received from Bangladesh, Belgium, British Executive Service Overseas, Child Health Foundation (CHF) and Ford Foundation.

Deere

Director



Waman

Member, Board of Trustees

PRICE WATERHOUSE

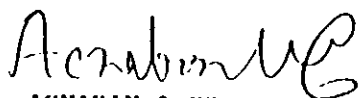
AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF ICDDR,B HOSPITAL ENDOWMENT FUND

We have audited the accompanying Statement of Financial Position of ICDDR,B HOSPITAL ENDOWMENT FUND as of December 31, 1996. This Statement of Financial Position is the responsibility of ICDDR,B's management. Our responsibility is to express an opinion on this Statement of Financial Position based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Statement of Financial Position is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Financial Position. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, and to the best of our information and according to the explanations given to us, the Statement of Financial Position referred to above, together with the notes thereon, presents fairly, in all material respects, the financial position of ICDDR,B Hospital Endowment Fund as of December 31, 1996 in conformity with the accounting policies disclosed in Note 2.



ACNABIN & CO.
Chartered Accountants



Price Waterhouse
Chartered Accountants

Dhaka, March 17, 1997



ICDDR,B HOSPITAL. ENDOWMENT FUND

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 1996

	Notes	<u>1996</u>	<u>1995</u>
INVESTMENTS AT COST:			
Shares and Debentures	3	422,364	198,032
CURRENT ASSETS:			
Cash on Deposit and at Bank	4	<u>3,621,160</u>	<u>3,247,639</u>
		<u>\$US 4,043,524</u>	<u>3,445,671</u>
		=====	=====
REPRESENTED BY:			
INVESTMENT CAPITAL ACCOUNT	5	3,735,057	3,310,465
INVESTMENT INCOME ACCOUNT	6	58,885	58,885
CURRENT ACCOUNT WITH ICDDR,B		<u>249,582</u>	<u>76,321</u>
		<u>\$US 4,043,524</u>	<u>3,445,671</u>
		=====	=====

THE ATTACHED NOTES 1 TO 7 CONSTITUTE AN INTEGRAL PART OF THIS STATEMENT OF FINANCIAL POSITION.

Demissie Habte

Prof. Demissie Habte
Member of the Board of Governors

K.J.J. Tipping

K.J.J. Tipping
Member of the Board of Governors

This is the Statement of Financial Position referred to in our report of same date.

Acnabin & Co.

ACNABIN & Co.
Chartered Accountants

Dhaka, March 17, 1997

Price Waterhouse

Price Waterhouse
Chartered Accountants

ICDDR,B HOSPITAL ENDOWMENT FUND

NOTES TO THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 1996

1. NATURE OF ACTIVITIES

The ICDDR,B Hospital Endowment Fund (here-in-after referred to as the "Fund") was established on June 6, 1991 by a resolution of the Board of Trustees of the International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR,B) to be a permanent resource which will generate a stream of income from the invested capital of the Fund to complement other sources of income for running the operations of ICDDR,B's hospitals in Dhaka and Matlab.

2. SIGNIFICANT ACCOUNTING POLICIES

- a) This Statement of Financial Position has been prepared on a going concern basis and in accordance with generally accepted accounting principles on the historical cost convention.
- b) The Statement of Financial Position of the Fund has been prepared in the manner as prescribed and approved by the Board of Governors.
- c) The Governors of the Fund are empowered to invest all capital and all investment income not immediately required for running the operations of ICDDR,B hospitals in bank deposits, publicly listed securities inside and outside Bangladesh and subscriptions to limited companies which are about to be listed.
- d) Income of the Fund for the year has been accounted for on the cash receipt basis.
- e) Investments are carried at cost.
- f) Currency conversion of non-US currencies to US dollars:

All advances, liabilities, investments and bank balances are translated into US dollars at the prevailing year end exchange rate.

All items other than those stated above are translated into US dollars at the rate of exchange prevailing at the beginning of that month.

The exchange rates used for the currency conversion, calculated on the prevailing average of the buying and selling rates as published by the Central Bank, are as follows:

Currency	Average monthly exchange rates	Year end exchange rate
US \$ 1.00	Taka 41.4641	Taka 42.1950



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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- g) Currency translation adjustments arising from the conversion of Taka to US dollars, not being significant, are borne by ICDDR,B.
- h) To protect the capital of the Fund an amount equal to the approximate rate of inflation is transferred annually from the Investment Income Account to the Inflation Reserve on December 31 and is based on the investment and cash asset currency mix on January 1 of the same year. The inflation for 1996 was estimated at 2.75% for US dollars assets and 6.9% for Bangladesh taka assets.
- i) In any one year 50% of the realised capital profits after deducting realised losses and protecting the real capital of the Fund may be disbursed to the ICDDR,B hospital budget. The total distributed amount shall however not exceed seven and one half per cent of the value of the Fund at the beginning of the year. The balance of net realised capital profits will accrue to the Investment Capital Account under Profit on Sale of Investments.

3. INVESTMENTS AT COST

	<u>1996</u>	<u>1995</u>
Quoted on the Dhaka Stock Exchange		
Shares	58,816	198,032
Debentures	<u>11,850</u>	<u>-</u>
	70,666	198,032
Unquoted		
Initial Public Offering Placements	351,698	-
	-----	-----
	\$US 422,364	198,032
	=====	=====

(Market Value of Quoted Investments as of December 31, 1996 \$152,455
(1995 \$192,591))



PRICE WATERHOUSE

4. CASH ON DEPOSIT AND AT BANK

Cash on deposit		
Taka Accounts		
Agrani Bank, Dhaka	9,954	21,106
US\$ Accounts		
American Express Bank Ltd., Singapore	3,581,512	2,375,500
Banque Indosuez, Dhaka	-	380,000
Cash at banks:		
Taka Accounts		
Agrani Bank, Dhaka - savings account	2,071	462,364
American Express Bank Ltd., Dhaka - current account (convertible)	993	7,733
US\$ Accounts		
American Express Bank Ltd., Dhaka - current account	26,630	936
	<u>US\$ 3,621,160</u>	<u>3,247,639</u>

5. INVESTMENT CAPITAL ACCOUNT

	<u>1996</u>	<u>1995</u>
DONATIONS		
Balance as at January 1	3,186,673	3,125,865
Donations received	<u>42,147</u>	<u>60,808</u>
Balance as at December 31	<u>3,228,820</u>	<u>3,186,673</u>
FUND RAISING ACTIVITIES		
Balance as at January 1	27,888	22,614
Net Funds raised	<u>5,624</u>	<u>5,274</u>
Balance as at December 31	<u>33,512</u>	<u>27,888</u>
INFLATION RESERVE - DOLLAR		
Balance as at January 1	86,623	-
Transfer from Investment Income Account	<u>75,802</u>	<u>86,623</u>
Balance as at December 31	<u>162,425</u>	<u>86,623</u>
INFLATION RESERVE - TAKA		
Balance as at January 1	9,281	-
Transfer from Investment Income Account	<u>47,557</u>	<u>9,281</u>
Balance as at December 31	<u>56,838</u>	<u>9,281</u>
PROFIT ON SALE OF INVESTMENTS		
Profit	501,747	-
Less Transfer to Investment Income Account	<u>248,285</u>	<u>-</u>
Balance as at December 31	<u>253,462</u>	<u>-</u>
TOTAL	\$US 3,735,057	3,310,465



PRICE WATERHOUSE

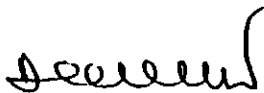
6. INVESTMENT INCOME ACCOUNT	<u>1996</u>	<u>1995</u>
Balance as at January 1	58,885	15,474
Add Investment Income		
Bank Interest	192,809	135,364
Dividends	<u>8,472</u>	<u>3,951</u>
	260,166	154,789
Add Transfer from Profit on Sale of Investments	<u>248,285</u>	-
	508,451	154,789
Less Transfer to		
Inflation Reserve - Dollar	75,802	86,623
Inflation Reserve - Taka	<u>47,557</u>	<u>9,281</u>
	123,359	95,904
Balance prior to Distribution	385,092	58,885
Less Distribution to ICDDR,B Hospital	<u>326,207</u>	-
Balance as at December 31	US\$ 58,885	58,885
	=====	=====

7. OTHERS

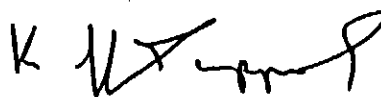
The Statement of Financial Position has been prepared using figures extracted from ICDDR,B books of account in which the transactions of the Fund are incorporated.

The previous year's figures have been rearranged and regrouped, wherever considered necessary, to conform to the current year's presentation.

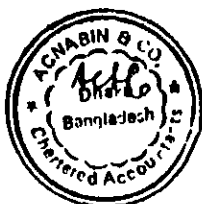
Figures appearing in the Statement of Financial Position have been rounded off to the nearest US dollar.



Prof. Demissie Habte
Member of the Board of Governors



K.J.J. Tipping
Member of the Board of Governors



PRICE WATERHOUSE

5/BT/JUN. 97

**CENTRE'S RESPONSE TO
INTEGRATED INSTITUTIONAL REVIEW REPORT**

**CENTRE'S RESPONSE TO THE REPORT OF THE INSTITUTIONAL REVIEW
OF ICDDR,B:THE CENTRE FOR HEALTH AND POPULATION RESEARCH***

The Centre found the review report to be a perceptive analysis of the problems of the Centre as well as its achievements. The report affirms the Centre's research and management actions and indeed many of the observations and recommendations have already been (or are being) implemented. We realise that implementation requires the active participation of the donor community as well as the Centre.

The following are the responses to the specific list of recommendations contained in the Review Report.

1. **Maintain the Strategic Plan as a Dynamic not Static Instrument**

The RT recommends that the leadership of the Centre continues its encouragement of the planning process through interdivisional groups and at all levels of the research and support staff to assure that there is full understanding of the Plan and that it remains a dynamic document.

Response:

The need to maintain the Strategic Plan as a dynamic document is accepted. The biennial work plan will continue to be used to implement this suggestion. The existence of Scientific Working Groups along the Centre's research themes and made up of individuals representing different disciplines from different divisions, will help to promote a multi-disciplinary approach to maximise the Centre's potential.

* The Review Report was submitted to the Board of Trustees and Donors' Support Group Meetings in November 1996.

2. Establish Global Priorities for Research in Child Health

The RT recommends that a neutral party such as a foundation convene a meeting to propose priorities in child health research for the developing countries. Such priorities could guide funding agencies, WHO, the Centre and other research institutions in the use of their resources.

Response:

Several international bodies have attempted to address this, including WHO, UNICEF, the World Bank, and most recently the Ad Hoc Committee on Health Research Relating to the Future Intervention Options. A number of reports are available. It is not clear therefore whether another forum is useful or indeed desirable.

On the eve of the 20th anniversary of the pledge by governments and organizations to support the Centre as an international organization, the Board and donors are planning a meeting to prepare for a large forum that will examine and/or endorse global health priorities, and to define the potential role of the ICDDR,B model as an institutional arrangement to address these health challenges.

3. Improve Collaboration with Developing Countries

The RT recommends that the Centre and the donor community give priority to collaborative efforts that would link investigators from the developing countries to institutions in the developed countries for their academic experience. Then the investigators could be linked to the Centre for opportunities to conduct research in a meaningful environment with excellent supervision. The Centre should also enhance its role in strengthening regional and national research capability.

Response:

The Centre fully supports this recommendation. The Centre has excellent collaboration with relevant institutions in Bangladesh (nearly 40 in 1997). This includes joint research, training of nationals, and provision of technical assistance. The Centre is poised to make important contributions in the implementation of the Fifth Health and Population Project of the Government of Bangladesh through the World Bank Consortium as well as with the European Union (DG1).

The Centre's involvement with other countries in the region as well as with other Third World countries such as those in Africa, is limited by lack of funds, and the Centre's full potential to assist these countries remains unexploited.

4. **Strengthen the Social Science Component in the Centre**

The RT recommends that the social science unit within CHD be strengthened. The first order of business should be the recruitment of a senior scientist to head the unit. This would enable the development of research proposals specifically addressing socio-medical issues of relevance to the Centre's mandate. The RT further recommends strengthening of the links between CHD and HPED on social science and epidemiological methods. Such skills should be used throughout the divisions when applicable.

Response:

A female head of the Social and Behavioural Sciences Programme has been recruited, and will join the Centre on 1 June 1997. Additionally 3 junior staff are in training at the London School of Hygiene and Tropical Medicine, some of whom will be expected to proceed towards a Ph.D. degree. A range of collaborative projects are under way, including with the Health and Population Extension Division, and links with the Department of Anthropology, Jahangirnagar University, have been established.

The ongoing effort to integrate social science research in all the scientific divisions will continue.

5. **Maintain Research Integrity in Bilaterally Funded Projects**

The RT recommends that the Council of Directors constitutes a scientific advisory board to review the design and make recommendations for changes to strengthen the design of projects by assuring that evaluation tools are built in from the onset. This would increase general applicability of the findings, improve regional collaborations and stimulate comparative evaluation and implementation research.

Response:

Informal peer review of action-oriented (operational) research is currently in existence, primarily through the use of consultants from the Population Council and Johns Hopkins University who come for short visits several times a year to assess new and ongoing project activities. The Centre will develop a system that ensures operations research proposals are submitted to a systematic peer review process for approval prior to commencement.

6. Improve Data Management

The RT recommends that special appeals be made to the donors for the capital investment needed to match that already pledged to bring the electronic data management system up to contemporary standards.

Response:

The Centre concurs and implementation has been initiated. ODA (UK) has already supported the Centre with the purchase of new computer hardware and the training of computing staff. However, the Centre still needs to update its information and computing capacity, including local and international networking.

7. Better Utilize Matlab and the DSS

The RT recommends that:

- a. priority be given to upgrading the data systems so that the data is more readily available to other investigators. Allowing this access would do much to alleviate the criticism from without;**
- b. a long term plan for the DSS be developed;**
- c. Matlab be utilized as a site for international training courses on field research methodology.**

Response:

All the recommendations are in the process of being implemented.

Subsequent to the Review Report, a review of Matlab was conducted by an experienced consultant. The second review concludes that Matlab is required and needs to respond to new challenges. The Public Health Sciences Division is in the process of re-examining the reviewers' suggestions, and changes are expected to be implemented accordingly. A review of the DSS is due to be undertaken soon, with support from ODA/UK.

The construction of facilities in Matlab to accommodate increased family planning training activities has started with financial assistance from the Government of Japan. This will strengthen the use of Matlab for international training courses, including field research methodology.

8. Assess Possible Changes in Training Methods and Content

The RT recommends that the Centre, in collaboration with other training centres and international organizations, explore ways in which training methods could be brought up to date. Training methods, dealing particularly with policy and planning, could be expanded through use of electronic media.

Response:

This will be explored. However, the Centre's comparative advantage is in providing hands-on training in the areas of expertise rather than in the expansion of formal training programmes or courses.

9. Improve Donor Coordination

The RT recommends that

- a. There should be an annual meeting of the Donor Support Group, the key Centre staff and the Executive Committee of the BOT for discussions of matters of mutual interest. This meeting should be structured with a prepared agenda that is circulated in advance. This would allow for productive exchange of viewpoints. It would be helpful if representation from the various donor headquarters could also participate on a regular basis in this meeting.**
- b. To the greatest extent possible the donor community agree on a single auditing requirement.**
- c. The Donor Support Group and the Centre should develop a plan for external review of proposals that will be unitary and satisfy the requirements of both.**

Response:

The Centre fully supports recommendation a. and b. but leadership and implementation rest with the donor community itself. The External Review process is being followed for all scientific and research proposals.

10. **Maintaining Leadership**

The RT recommends that the Director consider strengthening the Director's Bureau by establishing a post within it for a senior scientist. Under the overall guidance and supervision of the Director, the scientist would be responsible for, *inter alia*, science policy, interdivisional coordination of scientific matters, chairing Scientific Review Committees and Ethics Committee and acting as Director in the absence of the Director. The RT recognizes that this position should not detract from the leadership and responsibilities of the Division Directors but should assist with the many responsibilities of the Director's position. The RT further recommends that the BOT allow for the establishment of the post, but that the Director decides the best division of labor. It is important that both the Director and the senior scientist agree on the division of labor.

Response:

There is no doubt that the Director would benefit from assistance in dealings on scientific and related matters. In particular, supervision of the Training and Education Department, DISC, and Coordination of Committees takes considerable time and effort. In the past few years, this was carried by the Associate Director in charge of External Relations and Institutional Development (ERID), and it was done very satisfactorily despite the fact that the person (Mr. Graham Wright) had no qualification in the health sciences. Success was largely due to the fact that Mr. Graham Wright had been with the Centre for over 7 years and knew it very well. It cannot be assumed that the next head of ERID will be equally effective.

The suggestion to have a scientific director needs to be closely examined.

The Centre management believes that the responsibility for the science of the Centre should remain primarily with the division directors and therefore is hesitant to support the suggestion of appointing a scientific director. The most workable solution is to maintain the status quo and recruit a suitable replacement for Graham Wright, preferably one with a scientific background.

With regard to delegation of some of the Director's responsibilities, these could be given over to Division Directors. The practice of rotating the position of Acting Director amongst Division Directors while the Director is away, should continue as this system works well.

11. **Strengthen External Governance**

- a. The RT recommends that the BOT seek members that have the ability to identify sources of funds from the private sector. If this recommendation is adopted choices must be made so that new members do not represent any conflict of interest.

If the BOT is to concentrate its efforts on improving the fiscal situation and overall management issues, it may be that the Board should delegate some of its concerns about scientific matters to another body. A Scientific Council could provide for the technical oversight. If such were to be formed it should be structured so that it could function for both the BOT and the donors.

- b. The RT recommends that the Director work with the BOT and the donor community to see if such an arrangement is feasible. Such a Council would have to take the place of some of the various review functions currently carried out, and should not be an additional review body.**

Response:

The Board has already initiated measures in this direction by acknowledging the need of an increased role for the Board in fund-raising. The resulting change in the composition of the Board justifies the formation of a Scientific Council.

In addition, consideration should be given to involving representatives of the donor community in the governance of the Centre. This is likely to attract more commitment of donors to the Centre.

One suggestion is to reserve 2-3 places on the Board for donor representatives. Another is to have them co-opted as full voting members on a rotation basis. One of these should be the chairperson of the donors' support group.

12. Maintaining Core Services

The RT recommends that:

- a. The Centre continue its aggressive policy of examining each core position to determine its necessity.**
- b. Donors work to direct as many funds as possible to maintaining those positions which would lower the costs of project research and increase the competitiveness of international grant proposals from the Centre.**
- c. The Centre work with donors who are unable to fund core activities to attempt to incorporate into projects support for certain core positions from the above roster which have relevance to the project.**

Response:

The Centre concurs fully.

13. Improve Managerial Efficiency

The RT recommends that the current Administration and Personnel and Finance Divisions be shown as functions of the Director's Bureau. This should be done in a manner that does not imply loss of status, but actually status gained.

Response:

The Centre Director currently works very closely with the directors of both these divisions. We have no fundamental opposition to the recommendation but doubt it will improve managerial efficiency any further. We concur that the two separate divisions must work closely with the Director's Bureau and therefore the organogram can be changed to reflect the recommendation of the change of structure.

14. Allow More Budget Flexibility

The RT recommends that the Centre should introduce systems of devolved budgets. Budget holders should be trained and a budget holder's manual should be written and issued to every budget holder, along with copies of Standing Orders and Standing Financial Instructions. The manual should set out the limits of the budget holders powers. It should also provide some motivators. As a policy, for example, the Centre should try to accept that savings or extra income generated by positive management action should be retained by the department responsible. However, fortuitous savings or surpluses may not automatically be used within the department and may have to go into central funds to help the corporate position.

Response:

Budget devolution and preparation of manuals, standing orders and instructions are being implemented. In addition, an incentive system will be built to encourage Divisions to develop innovative schemes of cost savings and/or income generation.

15. Division Should Have Discretionary Funds

The RT recommends that there be discussions of the various proposals in the Council of Directors and that priority be given to those that foster interdivisional collaboration. Such funds could be used as planning grants and for pilot activities, which would foster more international grant proposals.

Response:

The Divisions have some such funds, but any substantial increase in the level of funds will require increased "core" contributions from donors.

16. **Consolidate Audits**

The RT recommends that donors consider whether sending in their own contracted auditors on such a scale is cost-effective use of their own resources or whether their requirements could be met by a joint audit or the Centre audit currently conducted by Price Waterhouse.

The RT recommends that technical assistance be sought to write Standing Orders and Standing Financial Instructions for the Centre.

Response:

The Centre strongly recommends that there should be donor coordination for a single auditing requirement. The Centre will issue Standing Orders and Standing Financial Instructions.

17. **Contain Costs at the Clinical Research & Service Centre**

The RT recommends that the Director convene an interdivisional group to work with the GOB and the Municipality of Dhaka to study ways of improving services that could lead to lighten the case load at CRSC. For example, the Clinical Sciences Division and the Training and Education Department could work with the HPED to help the GOB and the Municipality of Dhaka to establish patient-friendly diarrhoea treatment centres in key locales in Dhaka that would be identified as part of "The Cholera Hospital". Since the residents of Dhaka identify with "The Cholera Hospital" attempts could be made to transfer the hospital's identity to the treatment centres.

Response:

This has been attempted in the past when ICDDR,B initiated a pilot "health centre" in the city in collaboration with Dhaka City Corporation and a local NGO. The experiment failed after one year when one of the partners withdrew. Recently the Centre has submitted a proposal for financial assistance from the E.U. to strengthen diarrhoea treatment centres in various thanas within Dhaka and environs. This is to be done in conjunction with the Government of Bangladesh. We have yet to receive approval from the E.U. In the meantime, studies are in progress to examine consequences of introducing charges to patients in the hospitals.

18. Improve Commercial Potential of Research Findings

The RT recommends that the Centre continually monitor its findings to determine their commercial potentials. The Centre should explore the feasibility of allowing individual researchers and their staff to share in any royalties that may ensue. This could act to motivate recognition of commercial potential as an initiative to recognizing commercial potential.

Response:

This will be explored. Scientists at the Centre have developed diagnostic agents for one of which the Centre received some funds. Initial discussions have taken place with the Social Marketing Corporation in a joint venture to market rice based ORS.

19. Continue to Seek Endowment Funds

The RT recommends that the Centre continue its present relationship with the Child Health Foundation, but carefully monitor the success or lack thereof of fund raising.

The RT further recommends that members of the Board be encouraged to assist in the identification and solicitation of potential donors.

Response:

The Centre concurs and will continue to seek endowment funds.

20. Conduct a Strategic Review of Human Resource Policies

The RT recommends that there should be a major review of the human resource issues. This should cover:

- . whether it is appropriate to continue the UN pay relationship formula;**
- . if it is, then to define it more clearly;**
- . whether using the UN pay formula also means that the WHO "other personnel" policies should continue to be used;**
- . a review of the pay structure, should the length of pay scales be altered;**
- . should efficiency bars be introduced;**
- . performance evaluation systems including some form of management by objective;**
- . performance related pay;**
- . strategies for reducing the numbers of permanent posts in a manner least hurtful to effective long-service staff.**

Response:

The Centre agrees that such a study should be undertaken and a request for funds has been sent to ODA. The review should be wide-ranging and should also include all recruitment and retirement procedures.

21. Improve Supervisory and Managerial Skills

The RT recommends that the managerial aspects of career development be transferred to Administration and Personnel and a plan of management training be developed.

Response:

The Centre concurs and in-country training programmes are being investigated.

22. Improve External Communications to the Public

The RT recommends that the Centre seek a short term consultant to assist in drawing up a communication strategy. On the basis of that strategy, the consultant should determine the level of resources necessary to meet strategic goals.

Response:

The Centre concurs and will look for donor support for its implementation.

23. Continue to Improve Internal Communication

The RT recommends that continued efforts be made by senior staff to encourage participation by junior staff in scientific discussions and meetings.

Response:

The Centre concurs and senior staff will re-enforce participation of junior staff in discussions.

24. Explore New Ways of Information Dissemination

The RT recommends that the Centre begin moving towards use of the Internet as a major method of communication with both the research and practicing public health community. "Home pages" and "mailing lists" are now part of the mainstream of communication and the Centre should move rapidly to participate. The Centre should consider the cost-effectiveness of electronic publication of JDDR. If sufficient numbers of the readers can access the Internet, the cost of mailing and printing could be recovered for other activities.

Response:

The Centre concurs that it increase the use of the Internet. To this end, the Centre will examine the financial and other implications of such a move.

6/BT/JUN. 97

APPOINTMENT OF CHAIRPERSON

8/5/97

6/BT/Jun.1997

ELECTION OF CHAIRPERSON OF THE BOARD

By-law 26 gives the procedures for electing a new Chairperson of the Board. This By-law reads as follows:

"IV. ELECTIONS

26. As per Resolution 16/November 81 the Board agreed that the following procedure shall replace that of Resolution 7/June 81. Procedure for electing the Chairman of the Board of Trustees.
- (a) Each member of the Board proposes one name only by secret ballot. The name obtaining a simple majority of votes should be elected Chairman.
 - (b) If the candidate elected is unable or unwilling to serve the procedure shall be repeated in full.
 - (c) If there is no majority the two names with the highest number of votes will be regarded as candidates.
 - (d) Each member of the Board will elect one candidate only by secret ballot. A simple majority of members present and voting will elect the candidate.
 - (e) A ballot with two names is regarded as void.
 - (f) Should a tie vote occur the incumbent Chairman will not vote."

A list of previous Chairpersons of the Board, with their terms, follows:

Dr. J. Sulianti Saroso	1979-80 and 1980-81
Prof. M.A. Matin	1981-82
Prof. D.J. Bradley	1982-83
Prof. J. Kostrzewski	1983-84
Dr. I. Cornaz	1984-85
Prof. D. Bell	1985-86, 1986-87, 1987-88
Prof. D. Rowley	1988-89
Dr. P. Sumbung	1989-90, 1990-91, 1991-92
Dr. D. Ashley	1992-93
Dr. M. Law	1993-94, 1994-95, 1995/96, 1996/97

ACTION REQUIRED

1. Appoint, by resolution, a Chairperson for a period of one year from 1 July 1997 to 30 June 1998.

7/BT/JUN. 97

DATES OF NEXT MEETING

25/4/97

7/BT/Jun.97

DATES FOR 1997 AND 1998 MEETINGS

As per an earlier decision of the Board that meetings should be held in Dhaka on the first Saturday, Sunday, and Monday, of June and November each year, the programme for meetings for 1997 and 1998 is as follows.

The Board decided at its November 1996 meeting that no programme reviews of scientific divisions would be held during 1997. It is suggested that these recommence in 1998 as follows:

BOARD OF TRUSTEES MEETING - NOVEMBER 1997

Friday 31st October	Trustees arrive
Saturday 1st November	Personnel & Selection Committee Meeting Finance Committee Meeting
Sunday 2nd November	Programme Committee Meeting
Monday 3rd November	Donors' Support Group Meeting Executive Session of Full Board

Programme Committee Review of PHSD - June 1998

Tuesday 2nd June	Reviewers arrive
Wednesday 3rd June to Friday 5th June	Review of Public Health Sciences Division and write-up of report

BOARD OF TRUSTEES MEETING - JUNE 1998

Friday 5th June	Trustees arrive
Saturday 6th June	Personnel & Selection Committee Meeting Finance Committee Meeting
Sunday 7th June	Programme Committee Meeting
Monday 8th June	Executive Session of Full Board

Programme Committee Review of HPED - November 1998

Tuesday 3rd November	Reviewers arrive
Wednesday 4th November to Friday 6th November	Review of Health & Population Extension Division and write-up of report

BOARD OF TRUSTEES MEETING - NOVEMBER 1998

Friday 6th November	Trustees arrive
Saturday 7th November	Personnel & Selection Committee Meeting Finance Committee Meeting
Sunday 8th November	Programme Committee Meeting
Monday 9th November	Donors' Support Group Meeting Executive Session of Full Board

Action Required:

1. Confirm dates of Board of Trustees Meetings for November 1997 and June and November 1998.
2. Confirms dates of Programme Committee Reviews of the Public Health Sciences Division in June 1998 and the Health and Population Extension Division in November 1998.
3. Finalise dates and programme for Centre's Forum.

8(a)/BT/JUN. 97

REPORT FROM SWA

ADDRESS OF THE PRESIDENT, STAFF WELFARE ASSOCIATION (SWA) ICDDR,B

BOARD OF TRUSTEES' MEETING

JUNE, 1997, LONDON

INTERNATIONAL CENTRE FOR DIARRHOEAL DISEASE RESEARCH, BANGALDESH

MOHAKHALI, DHAKA - 1212

BANGLADESH

MAY 25, 1997

ADDRESS OF PRESIDENT, STAFF WELFARE ASSOCIATION (SWA), ICDDR,B

Honourable Chairperson, Dr. Maureen Law and the distinguished Members of the Board of Trustees.

First of all, on behalf of the members of the ICDDR,B Staff Welfare Association, the members of the Executive Committees of Dhaka and Matlab, SWA and on my own behalf, I would like to extend to you all our warm and hearty welcome to the London meeting of the Board of Trustees.

Hon'ble Chairperson :

I am greatly thankful and obliged to Dr. R.H Henderson, the then Acting Chairman, who called me for a meeting with him here in Dhaka on April 23, 1997 for certain constructive discussions on matters related to the Centre's well being. I am also thankful to Dr. R.H Henderson as he was kind enough to permit me to send this representation to you and to the other distinguished Trustees relating to staff salary raise/revision for discussions and review in any of the sessions of the Board meeting, that you deem appropriate. Further, I am also thankful to Prof. Demissie Habte, Director of the Centre who also very kindly agreed to allow me to send this representation to you before the meeting.

Hon'ble Chairperson and the Trustees :

As President of the SWA, let me inform you that the most vital issue that concerns the employees of the Centre at this moment, is the salary issue. I have had already elaborated earlier in details with supporting papers during the last 4 (four) full BOT meetings here in Dhaka. But unfortunately until to date no positive steps have been taken. SWA realises the limitations of the Centre's financial status but the SWA also very firmly believes that if you all sympathetically look into the matter, at least some thing could be done to redress the longstanding grievances. I would emphatically like to mention here that the Centre is maintaining its high reputation of "Centre of excellence" not only by the contributions made by the top scientists and the top administrators of the Centre but through concerted efforts by all the staff members of the Centre. We hear that there are constraints of fund but the SWA and the employees of the Centre in general do not find any instance that due to this shortage of fund any developmental or scientific work in the Centre remained suspended. But unfortunately the fate of all the employees is remaining unchanged for the last several years. This needs your immediate attention.

Hon'ble Chairperson and the Trustees :

Today, I would like to draw your attention to the most important and vital issue i.e "salary adjustment" which concerns almost 100% employees of the Centre. The Centre's NO & GS level salary structures were already 30-35% behind the salary structure of other UN agencies situated in Bangladesh. With the recent UN salary raise of 23% for GS level (Revision 18) and 43% for NO level (Revision 11) which has been made retroactive effective from September, 1996 has further widened the gap and the ICDDR,B standard below 50-60% of the local UN salaries now. This has totally demoralized the staff. This definitely is not a healthy sign for the Centre. At the same time we are perhaps defying Article LI of the Ordinance where it is clearly stated "Salaries and emoluments of non-international level positions should be comparable to those paid by the United Nations Organizations in Bangladesh".

I would like to further draw your attention here that is already a strong indication that the Parliament in its budget session in June, 1997 is going to raise the salary of the Government employees by a considerable percentage. The price curve of essential commodities is going up day by day. Once this is announced the prices of all essential commodities will further go up. That will make the lives of our employees very difficult. SWA thus feels and request you all that some thing must/should be done in this June BOT meeting for the welfare of the employees of this Centre.

Hon'ble Chairperson and the Trustees :

We know that this almost has become a convention not to raise any issue relating to salaries or other staff benefits in June BOT meeting. But Madams and Sirs, SWA on behalf of all the NO and GS level staff members request you to earnestly consider and review the following points in this meeting, as a very special case :

1. On salary revision 18 and 11 of GS and NO level staff respectively effective September 1, 1996 by which ICDDR,B salary structure has gone down 50-60% in comparison with the salary structure of other UN agencies in Bangladesh.
2. High inflation rate over the past few years.
3. Continuous money devaluation for last few years.
4. Increasing high prices of all the essential commodities for maintaining our day to day lives.
5. Apprehension of further inflation, money devaluation and price raise of all essential commodities, etc. shortly after the next budget is approved.

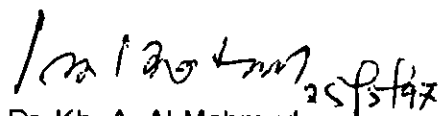
The SWA had Executive Committee meetings, extended meetings comprising members from all levels of staff, group meetings and they all expressed their great concern about the present situation prevailing in the Centre. They all requested me as President, SWA to request you to review the salary adjustment of the ICDDR,B staff members in line with other UN agencies of Bangladesh during this June 1997 BOT meeting and for taking a positive decision by raising the existing salary by a honourable and considerable percentage, with retroactive effect.

We earnestly hope that you will do something this time, in your London meeting, to restore the morale of the staff and make their lives a little comfortable and to enable them to devote whole heartedly to the work of the Centre.

We wish the London meeting to be a milestone in the history of ICDDR,B.

With best regards to you all.

Sincerely yours,



Dr. Kh. A. Al-Mahmud
President
Staff Welfare Association