



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



134th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 21-25 June 2004

Provisional Agenda Item 5.1

CE134/17 (Eng.)

7 May 2004

ORIGINAL: ENGLISH

STRATEGY FOR INCREASING THE RATE OF COLLECTION OF QUOTA ASSESSMENTS

1. The 44th Directing Council expressed its concern with regard to the rate of collection of quota assessments. In Resolutions CD44.R2, Collection of Quota Contributions, and CD44.R3, Review of the Authorized Level of the Working Capital Fund, the Directing Council requested that the Director of the Pan American Sanitary Bureau continue to monitor and report on the status of the collection of quota contributions, including the status of approved deferred payment plans.
2. The Director is pleased to inform the Executive Committee that total quota collections (current and arrears) for the 2002-2003 biennium exceeded total collections in each of the last three biennia. However, at the request of the Member States during the last meeting of the Directing Council, the Director is reporting on the progress of new initiatives to further support efforts to optimize the rate of quota collection.
3. Since the Directing Council, the Director has sent letters to all Member States concerning the discussions during and resolutions reached at that session, emphasizing the concern regarding the status of collection of assessed contributions and reiterating the Organization's need to have Member States meet their financial commitments to the Organization in a timely manner. In addition, the Secretariat has been in direct contact with those Member States with deferred payment plans to ensure compliance with their commitment under the plans. All Member States with approved deferred payment plans are in material compliance with their plans at this time.
4. Furthermore, in order to facilitate access to information on and transparency of quota assessment and reporting to its Member States, the Secretariat has provided access to the most current Statements of Quota Contributions Due on both the PAHO Intranet and Internet. This will enable ad hoc discussions with government officials and allow

both government officials and PAHO staff to review the status of collection of assessed contributions for PAHO and the Centers at any time.

5. In continuing efforts to meet the Secretariat's commitment to Governing Body resolutions regarding quotas, the Director requested recommendations from all PAHO/WHO Representatives and Center Directors concerning strategies to increase the rate of collection of Member States' quota assessments. The responses, which were creative and comprehensive, were elaborated upon and consolidated into one general document of guidelines for increasing the rate of receipt of assessed contributions, which was reviewed by senior management for implementation. The most pertinent recommendations include:

Acceptance of Local Currency in Payment of Quota Assessments

6. The United Nations and several of its specialized agencies, including WHO, currently follow the practice of accepting local currency in payment of quota assessments. Many Member States experience difficulties and delays due to these internal requirements concerning payments in United States dollars. By allowing the ministries of health to process local currency payments directly, without having to access the foreign currency market through the ministries of finance or central banks, the rate of collection, as well as the timing of payments, could be improved.

7. Although PAHO/WHO's offices, including Pan American centers are authorized to accept local currency in payment of purchases under the Revolving Fund for the Expanded Program on Immunization, as well as for trust fund contributions, the majority of offices still require additional local currency to meet the funding requirements of the office and the activities it supports. Currently, most offices fund their local currency accounts through the sale of United States dollars; the remaining offices require periodic wire transfers from Headquarters to meet their needs. The ability to accept local currency for quotas would limit the need to enter the foreign exchange market, reducing the transaction and exchange costs associated with the periodic sale of United States dollars.

8. In a controlled environment, the risks and costs to the Organization would be minimal. Currently, the Treasurer reviews the local currency balances of all PAHO offices and centers on a daily basis to ensure that balances are reasonable and currency exchange risks are mitigated. If the Treasurer determines that there is excess currency in any office, the funds are transferred to another United Nations office or to PAHO Headquarters, and any exchange difference is charged to the source of the excess funds. The addition of another source of local currency might increase these transfers in several of the offices whose local currency requirements are significantly less than the Member State's quota assessments. In the case where excess funds resulting from the receipt of

quota assessments must be transferred to PAHO Headquarters, the Member State would receive credit towards its quota assessment for the amount that was actually credited to the Organization's bank account. Therefore, the benefits to the Member States and to PAHO outweigh the potential increase in transaction costs.

9. PAHO Financial Regulation VI. Assessed Contributions currently states that contributions shall be assessed and paid in United States dollars. Therefore, Financial Regulation 6.6 would need to be amended and additional financial regulations would need to be added, as follows:

Financial Regulation VI

6.6 Contributions shall be assessed in United States dollars ~~and paid in U.S. dollars,~~ *and shall be paid in either United States dollars or such other currency or currencies as the Director shall determine.*

6.7 *Payments in currencies other than United States dollars shall be credited to Members' accounts at the United Nations rate of exchange in effect on the date of receipt by the Pan American Health Organization or at the market rate of exchange should conversion of excess currency be deemed prudent.*

Former Financial Regulations 6.7 through 6.9 shall be renumbered 6.8 through 6.10.

10. Upon approval by the Directing Council, the Member States will be informed of the availability of this modality of payment.

Encouragement of Installment Payments throughout the Financial Period

11. The Secretariat has noted the commitment and success of certain Member States in making periodic payments under an informal installment plan. This, combined with the ability to make payments in local currency, could facilitate incremental increases to the amounts remitted by Member States in difficult and fluid budgetary circumstances.

Encouragement of Quota Discussions at Every Level and Opportunity

12. Ensuring the prompt and full payment of Member States' assessed contributions constitutes an integral part of the responsibilities of PAHO/WHO Representatives and senior management. Therefore, prior to duty travel, senior managers are to obtain briefing documents on the status of the respective Member State's assessments and take every opportunity to discuss this with government officials. Upon completion of duty travel, managers should include in their formal travel report the discussions held, results, and any follow-up actions required.

Action by the Executive Committee

13. The Executive Committee is invited to consider the following resolution:

THE 134th SESSION OF THE EXECUTIVE COMMITTEE,

Having considered the report of the Director on the Strategy for Increasing the Rate of Collection of Quota Assessments (Document CE134/17);

Noting that while quota collections for the 2002-2003 biennium exceeded amounts collected in each of the last three biennia, the Director is committed to improving the collection rate of quota arrearages; and

Noting that the proposed strategy to improve the collection rate would require a revision to the Organization's Financial Regulations and Rules,

RESOLVES:

1. To take note of the report of the Director on the Strategy for Increasing the Rate of Collection of Quota Assessments (Document CE134/17).
2. To thank the Member States which have already made payments for 2004 and to urge all Member States to pay all their outstanding contributions as soon as possible.
3. To recommend to the 45th Directing Council the approval of a revision to the Organization's Financial Regulations, permitting payment of quota assessments in local currency, as follows:

Financial Regulation VI

- 6.8 Contributions shall be assessed in United States dollars ~~and paid in U.S. dollars,~~ **and shall be paid in either United States dollars or such other currency or currencies as the Director shall determine.**
- 6.9 **Payments in currencies other than United States dollars shall be credited to Members' accounts at the United Nations rate of exchange in effect on the date of receipt by the Pan American Health Organization or at the market rate of exchange should conversion of excess currency be deemed prudent.**

Former Financial Regulations 6.7 through 6.9 shall be renumbered 6.8 through 6.10.

4. To take note of the proposed revisions to the Organization's Financial Rules which will be considered for confirmation at the 135th Session of the Executive Committee immediately following the 45th Directing Council.
5. To thank the Director for her initiatives and request that she continue to inform the Member States of balances due and to report to the 45th Directing Council on the status of the collection of quota contributions.

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