



*executive committee of  
the directing council*

PAN AMERICAN  
HEALTH  
ORGANIZATION

*working party of  
the regional committee*

WORLD  
HEALTH  
ORGANIZATION



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Topic 9: REPORT ON THE COLLECTION OF QUOTA CONTRIBUTIONS

PAYMENT OF QUOTA CONTRIBUTIONS IN LOCAL CURRENCIES

The XII Meeting of the Directing Council (Havana, 1960), in considering the Director's report on the collection of quota contributions, approved Resolution XIX as follows:

"The Directing Council,

Having examined the report on the collection of quota contributions (Document CD12/10);

Considering that some countries may encounter difficulties in the payment of the assessed quotas to the Pan American Health Organization as the result of various factors, among them regulations connected with monetary controls and, particularly, foreign exchange controls; and

Considering that the timely payment of their contributions by the Governments is fundamental to the development of the Pan American Sanitary Bureau programs approved by the Member Countries,

RESOLVES:

1. To request the Pan American Sanitary Bureau to study the possibility of having the Member Countries pay part of the assessed quotas in their respective national currencies.

2. That consideration be given to the possibility of having part of the aforesaid payments made in the form of services such as fellowships of the Organization offered by countries that are in a technical position to do so.

3. That the possibility be studied of paying in the currency of the Member Country a proportion of the expenses incurred in implementing programs in its territory.

4. To request the Bureau to study formulas that will enable countries in arrears to make payment of the amounts necessary to amortize their obligations, applying, wherever possible and in each case, those measures that will make feasible the settlement of these obligations by means of the payment of a portion of these arrears in their respective national currencies.

5. To recommend to the Director that he convey the information herein requested to the 43rd Meeting of the Executive Committee for its consideration."

The Pan American Health Organization has always assessed and collected quota contributions from its Member Governments in dollars. Article 60 of the Pan American Sanitary Code of 1924 (an international treaty ratified by all 21 Member Governments of the Organization) established that "for the purpose of discharging the functions and duties imposed upon the Pan American Sanitary Bureau a fund ... shall be collected by the Pan American Union, apportioned among the signatory Governments on the same basis as are the expenses of the Pan American Union." The Pan American Union expenses are assessed against the Member Governments and paid by them in dollars.

Paragraph 5.5 of the Financial Regulations of the Pan American Sanitary Bureau, approved at the V Meeting of the Directing Council (1951), states, "Annual contributions shall be assessed in United States dollars and paid in United States dollars."

The World Health Assembly considered this subject at its first meeting in 1948. After some debate, it adopted Provisional Financial Regulation 19 which reads as follows:

"Annual contributions and advances to the Working Capital Fund shall be assessed in US dollars, and shall be paid in either US dollars or Swiss francs; provided that payment of the whole or part of these contributions may be made in such other currency or currencies as the Director-General, in consultation with the Board, shall have determined."

The identical provision is still in effect as Financial Regulation 5.5 of the World Health Organization.

In view of the provision in the Financial Regulations for possible payment of contributions in other currencies, the Director-General submitted a note on this subject to the First Session of the World Health Organization Executive Board. This note stated that it

was the opinion of the Director-General that out of the total to be appropriated for the 1948 budget not more than \$30,000 would be disbursed in currencies other than dollars or Swiss francs. It also stated that "In view of the fact that (1) it is necessary to give to all Members the possibility of participating in the sum concerned and (2) the sum involved is so small, it is the opinion of the Director-General that it would be impracticable for the Organization to accept other currencies for the 1948 budget."<sup>1/</sup> After considering the note of the Director-General, the Executive Board in Resolution 10 decided that quota contributions "... should be accepted only in US dollars or Swiss francs."<sup>2/</sup>

Ten additional resolutions on this subject were adopted by the World Health Assembly and the Executive Board in the years 1948-52, but the basic position taken by the Governing Bodies remained essentially the same.

The problem was, and is, the difficulty in assuring equity and fairness to all Member Governments in paying their established shares of the costs of the Organization. If there is no equity in the application of quota assessments then there is no way of making certain that each Member pays only its just and proper share according to the formula established for determining each country's assessment.

If quota payments (current or arrears) are made in local currencies, it will be very difficult to achieve equity and fairness to all Member Governments. The reason for this is that sometimes rapid fluctuation in currency values, in terms of both exchange rates and purchasing power, makes it very difficult to determine, even in the course of the financial year during which quota assessments are due and payable, what value the payment should be given in meeting the quota assessment.

In addition, equal rights to pay a proportionate share of quota contributions in any given local currency would have to be extended to all Member Governments. The World Health Organization recognized this when both the Assembly and the Executive Board stated "that all Member Governments shall have equal rights in paying a proportionate share of their contribution in such currencies as may be acceptable."<sup>3/</sup>

There should be no legal restrictions on the free convertibility and availability of national currencies not only to equalize opportunity for meeting assessments but also to enable the Organization to effectively use local currencies paid in assessments. Payment in currencies freely convertible on world markets is required to insure full flexibility in the execution of the activities of the Organization.

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<sup>1/</sup> Off. Rec. 14, Annex 6

<sup>2/</sup> EBL.R10, July 1948

<sup>3/</sup> EB3.R51; WHA2.58

Otherwise the program would have to be determined in accordance with the availability of certain currencies, rather than on the basis of the Organization's health policies and program needs.

Currencies of limited convertibility would be difficult to use if in total they were more than could be expended on program activities in the country of origin. These currencies either would be idle for months, or even years, until fully utilized (necessitating a very substantial increase in the level of the Working Capital Fund), or the Organization would have to convert them when needed to finance program activities, thereby possibly suffering losses in exchange.

Although of lesser importance, the use of several local currencies would further complicate the administrative and financial procedures of the Organization.

Resolution XIX of the XII Meeting of the Directing Council also mentioned the possibility of partial payment of quota assessments in the form of services. There are three problems with respect to this proposal:

1. It would be applicable only to those countries with educational and other facilities and resources which could be utilized by the Organization in administering fellowships, seminars, and similar activities.

2. It would be difficult to place an equitable money value on these services whose costs vary considerably from country to country.

3. There would be a number of administrative and financial difficulties in accounting for these contributions and in determining what services to fellows, participants, etc. should be taken into account as part of the quota assessment.

In view of the analysis presented above, the Director does not believe it appropriate, at this time, to recommend any change in Financial Regulation 5.5.