
The Organization's two regular-funded program budgets, PAHO and WHO, have experienced serious reductions in recent years, despite the smallest appropriation increases in recent history. During the 4-year period 1986 through 1989, this Region's WHO Regular funds have been reduced by $9,317,000, or 7.7% of the original allocations.

During 1986 and 1987, the PAHO Regular program budget was reduced by over $10 million, or 9.1%, due to the lowest quota collection rate in the past 10 years. The forecast of PAHO Regular quota collections for 1988 and 1989 is even more pessimistic. Quota collections from the Organization's largest contributor, the United States of America, are expected to be reduced by $8,400,000 in 1988 and $6,600,000 in 1989 for total reductions of $15 million, or almost 20% of its obligation. These expected reductions, while drastic to an organization the size of PAHO, do not include the 1987 quota arrears of the United States of over $11 million.

Quota reductions by other Member Countries are expected to exceed $3 million. Despite severe debt problems, Brazil has already paid its 1987 arrears of almost $4,700,000, and it is expected to contribute its 1988 obligation of $5,056,000, but nothing in 1989. Its net reduction, then, is expected to be approximately $360,000.

Countries such as Chile, Cuba, Mexico, Suriname, and Venezuela, which have had good payment records in the past, are experiencing payment problems since the last biennium. Reductions in payments from these countries for 1988 and 1989 are expected to exceed $2 million. Various other countries are expected to have payment difficulties exceeding $500,000. Argentina made great efforts during the last biennium to meet its obligations, as evidenced by its being completely up to date in its
payments at the end of 1987. Despite the economic crisis which affects the country, it is expected that it will maintain its payments in 1988 and 1989, although no payments have been received thus far this year.

Canada has traditionally met its obligations to the Organization in full and is expected to continue this tradition in the future.

In summary, PAHO quota reductions are expected to exceed $18 million for 1988 and 1989, or almost 15% of its effective working budget. The additional WHO Regular reduction of $4,940,000 means that the Organization's program will suffer total reductions of almost $23 million, or 12.5% of the originally approved program. To these drastic reductions, inflation must be added, which increases the magnitude of the real impact upon the Organization's programs and its technical cooperation with countries.

Even though the Organization has been successful in increasing its efficiency and attracting increasing amounts of extrabudgetary funds, its regular-funded core is being severely eroded and, consequently, its ability to manage, progress, and cooperate in making a better and healthier life for the peoples of the Americas is in danger. Reductions of this magnitude jeopardize all the efforts being made to increase the usefulness and efficiency of the Organization, and its capacity to carry out vital programs approved by the Governing Bodies.

Between now and the September meeting of the Directing Council, the financial forecast will be updated and the impact upon the Organization's programs will be studied and reviewed in detail. A further report will be given to the Directing Council at that time.