



XXIII PAN AMERICAN SANITARY CONFERENCE

XLII REGIONAL COMMITTEE MEETING

WASHINGTON, D.C.

SEPTEMBER 1990

Agenda Item 8

CSP23/28 (Eng.)
26 September 1990
ORIGINAL: ENGLISH

OTHER MATTERS: THE CURRENT FINANCIAL SITUATION OF THE PAN AMERICAN ZONOSSES CENTER (CEPANZO)

A. The CEPANZO Agreement

The Pan American Zoonoses Center, CEPANZO, was established on 10 August 1956 by virtue of an Agreement signed between the Republic of Argentina and the Pan American Sanitary Bureau. The CEPANZO Agreement has four addenda relating principally to land for an Annex in Azul, Province of Buenos Aires, signed on 31 March 1959; land in Ramos Mejia, signed on 30 May 1972; and land in Martínez, Province of Buenos Aires, signed on 7 November 1983.

In accordance with the above-mentioned Agreement, the function of the Center is to provide technical assistance to the countries of the Americas in the field of zoonoses (Article II). As an international institution under the administration of PAHO/WHO (Article III), the Organization also contributes personnel, equipment and supplies, fellowships and training (Article IV). The Argentine Government contributes land and buildings, equipment and supplies, funds and personnel. Each year the Argentine Government's financial contributions are to cover salaries of employees other than those provided by PAHO/WHO, as well as for construction, repairs, improvements and maintenance of buildings and lots, and for services necessary to the functioning of the Center, including among others, telephone, water, light, electric energy and insurance for the buildings (Article V). Since the 1984-1985 biennium, the Organization has demonstrated its sensitivity to the economic situation of the Host Government by providing regular budget funds of approximately 55% of the Center's operating budget versus 45% from contributions by the Government of Argentina. The Center was granted the privileges and immunities of the Convention on Privileges and Immunities of Specialized Agencies of the United Nations, as a dependency of PAHO/WHO (Article VI).

Either of the Parties can ask for a revision of the Agreement or its annexes, through a process of consultation (Article 7.1).

Either of the Parties can ask for the termination of the Agreement on the 31st of December of any given year, with a notification one year in advance (Article 7.2).

B. Negotiation of a New Agreement

On 6 October 1989, the Government of Argentina, by way of a note from the Permanent Representative of Argentina to the Organization of American States, formally initiated the process to review the CEPANZO Agreement. By notes dated 14 November 1989, 12 February 1990 and 2 March 1990, the negotiation has been conducted in search of language which would satisfy both Parties. The Director has also conducted negotiations with Argentine authorities from the Ministries of Foreign Affairs, Health and Agriculture. A final understanding is almost finished. The Argentine Government has to communicate to the Organization the terms of the negotiated arrangement for PAHO/WHO's final concurrence as part of the process of negotiation. In the meantime, and until a new Agreement is signed, the 1956 CEPANZO Agreement is in full force and effect.

C. The Financial Status of CEPANZO

The Organization has called the attention of the pertinent authorities to the outstanding financial contributions of Argentina which have accumulated in recent years, and the urgent need to resolve this matter independently of concluding the negotiations for an eventual new Agreement.

The contributions from the Government of Argentina are determined by an analytical and coordinating process which initially starts with detailed discussions on the Center's budget between the Government and the Organization. After agreement between the Organization and the Government, the proposed budget and related contributions are presented to the Inter-American Meeting on Animal Health at the Ministerial Level (RIMSA). After approval by RIMSA, the Center's budget with the Organization's contribution and the Government's contribution are presented to the PAHO Directing Council for approval and implementation.

The current status of the contributions to CEPANZO from the Government of Argentina is attached as Annex I. Currently, a total of \$5,887,593 of the approved contributions is outstanding and due from the Government of Argentina. It should be noted that, when payments are received, they are credited against the oldest outstanding contributions. For example, a payment of \$775,000 received from the Minister of Health in 1989 has been credited against the contribution of that amount due for 1988.

Since 1988 PAHO recognized the declining level of contributions from the Host Government and instituted stringent controls on the Center's expenditures to reduce operational cost deficits. Despite reductions in expenditures, the operational cost deficits have continued to increase.

As of 31 December 1989, CEPANZO's operating deficit due to the lack of contributions from the Government was \$1,495,112.

With the continuation of operations in CEPANZO, this deficit balance will continue to deteriorate, and it is projected to exceed \$5,200,000 in 1991 if no funds are received. The estimated deficits are as follows:

Funds due as of 31 December 1989	\$1,495,112
Estimate for 1990	1,865,990
Estimate for 1991	<u>1,881,600</u>
Total Estimated Deficit if No Funds Received	(\$5,242,702)

D. Option to Terminate CEPANZO

The Director is hopeful that the present negotiations towards the payment of the Argentine outstanding contributions to CEPANZO under the current Agreement could be successfully finalized before the end of the present calendar year. This is an absolute and urgent requirement to continue the operations of CEPANZO and to pursue the negotiations towards a new Agreement as initiated by the Government of Argentina.

However, if the financial situation of CEPANZO is not resolved by 31 December 1990, the Director feels that it is in the best interest of the Organization to terminate the CEPANZO Agreement and to initiate the pertinent administrative and legal procedures.

Thus, the Director seeks the authority of the XXIII Pan American Sanitary Conference to proceed in this manner. A proposed draft resolution is attached as Annex II.

Annexes

Current Statement of Contribution to CEPANZO
from the Government of Argentina

(Expressed in US dollars)

	<u>YEAR</u>	<u>FUNDS COMMITTED</u>	<u>FUNDS RECEIVED</u>	<u>FUNDS RECEIVABLE</u>
Ministry of Health	1982	1,423,850	1,423,850	0
	1983	1,423,850	1,244,178	179,672
	1984	611,205	611,205	0
	1985	888,795	888,795	0
	1986	750,000	750,000	0
	1987	721,600	721,600	0
	1988	775,000	775,000	0
	1989	775,000	0	775,000
	1990	813,750	0	813,750
			<u>8,183,050</u>	<u>6,414,628</u>
Ministry of Agriculture	1982	1,423,850	1,347,588	76,262
	1983	1,423,850	1,342,290	81,560
	1984	611,205	575,815	35,390
	1985	888,795	798,186	90,609
	1986	750,000	0	750,000
	1987	721,600	0	721,600
	1988	775,000	0	775,000
	1989	775,000	0	775,000
	1990	813,750	0	813,750
			<u>8,183,050</u>	<u>4,063,879</u>
GRAND TOTAL		<u>16,366,100</u>	<u>10,478,507</u>	<u>5,887,593</u>

Proposed Resolution

AUTHORITY TO THE DIRECTOR WITH REGARD TO
THE PAN AMERICAN ZONNOSES CENTER (CEPANZO)

THE XXIII PAN AMERICAN SANITARY CONFERENCE,

Recalling that the Government of the Republic of Argentina and the Pan American Sanitary Bureau, Regional Office of the World Health Organization, entered into an Agreement for the Establishment and Operation of a Zoonoses Center for the Americas, signed in Buenos Aires, Argentina on 10 August 1956;

Mindful that the Agreement calls for a substantial financial contribution by the Government of Argentina for the operation of the Center;

Aware that the financial commitments of the Government of Argentina for the operation of the Center have not been fully satisfied; and

Recognizing that the Center has been operating at a deficit over the past several years and that the Pan American Health Organization has had to absorb it with the resulting impact on other programs of the Organization because of the need to divert funds from other activities to satisfy said deficit,

RESOLVES:

1. To recommend to the Director of the Pan American Health Organization to continue making every possible effort to reach an Agreement with the Government of Argentina to resolve the financial situation of the Center by no later than 31 December 1990.

2. To authorize the Director of the Pan American Health Organization to give notice to the Government of Argentina of the Organization's intention to terminate the Agreement pursuant to Article VII (2) of the CEPANZO Agreement of 10 August 1956 if such an Agreement is not reached before 31 December 1990, and to conduct the necessary legal and administrative procedures towards this end.