

14th MEETING OF THE EXECUTIVE COMMITTEE
Washington, D. C.
20-22 September 1951

Topic 7: MEANS FOR FACILITATING PAYMENT OF QUOTA CONTRIBUTIONS
BY MEMBER GOVERNMENTS

Background

The XIII Pan American Sanitary Conference under Item 4 of Resolution IV, resolved "to recommend that the Director of the Pan American Sanitary Bureau, in consultation with the Executive Committee, study means of facilitating the payment of contributions by the Member Governments." In this connection, after due consideration the 13th Meeting of the Executive Committee resolved (Resolution IV):

1. To approve the procedure whereby monthly notification is sent to the Health Authorities of Member Nations by the Director, and to the Ministers of Foreign Affairs by the Organization of American States, as to the status of quota contributions to the Pan American Sanitary Bureau.
2. To request the Director to report the results of the budget questionnaire submitted to Member Nations, at the next meeting of the Executive Committee, if sufficient replies have been received.
3. To instruct the Director to cable the Member Nations, in the name of the Executive Committee, requesting them to make payments of all arrearages or to indicate when their next payments will be made.
4. a. To instruct the Director to study the possibility of having the Bureau receive American currencies other than dollars in payment of overdue quotas.
b. Furthermore, to instruct the Director to study the proposal which would provide for annual quotas to be received through the International Bank for Reconstruction and Development, after the conclusion of appropriate arrangements with Member Governments."

Report

In compliance with the above mentioned resolutions, the Director respectfully submits the following report:

The Director has instituted the practice of sending monthly notifications to the Health Authorities of Member Nations, however, insufficient time has elapsed to permit determination of the effects of this practice on the timeliness of quota payments. Initial indications are that some improvement will result from this procedure.

The Director has submitted budget questionnaires to the Member Nations as requested. Although replies have been received, the Director feels that the time available between the receipt of these replies and the convening of the 14th Meeting of the Executive Committee was not sufficient to provide for the development of a comprehensive analysis and report. Because of the importance and far reaching effect of any recommendation that may be apparent after an analysis and study is accomplished, the Director recommends that this matter be presented to a future meeting of the Executive Committee.

The instructions contained in paragraph 3 of Resolution IV of the 13th Meeting of the Executive Committee were carried out on 1 May 1951.

The Director has given careful consideration to the possibility of having the Bureau receive American currencies other than dollars in payment of overdue quotas. The Director is sincerely convinced that such action is not feasible.

The primary problem presented in connection with this suggestion is the fluctuation of the currencies of some of the Member Nations. It is not believed possible that contributions would be paid at other than the official rate. If such rate, as would be the case in many instances, varied greatly from the operating or open market rate, then the buying power of such contributions would be reduced well below that contemplated in determining the Member Nation proportionate share of the total assessment. This would obviously be unfair to the other Member Nations.

Because of variation from year to year between the amount contributed by a particular country and the amount of expenditures normally paid in its currency in carrying out the local program, considerable administrative expenses would be involved in effecting the necessary currency transfers. In many instances, this action would not be permitted under laws of a particular Member Nation.

Under the Provisional Financial Regulations, all contributions not paid by 1 January of the financial year (calendar year) to which they pertain or within 30 days after the receipt of the communication

of the Secretary-General of the Organization of American States shall be considered in arrears or "overdue". Available data points up the fact that all of the Member Nations would be "overdue" in their payments and would therefore be in a position of paying in currency other than United States dollars.

Based on a study of the above considerations, the Director recommends that the requirement that all contributions be paid in U. S. Dollars be continued in effect.

In exploring the possibilities under item 4b of the Resolution, the following correspondence was exchanged between the Director of the Bureau and the President of the International Bank for Reconstruction and Development, and the Acting Managing Director of the International Monetary Fund. The following letter from the Director to the International Monetary Fund was submitted in substantially the same language, with obvious omissions to the International Bank for Reconstruction and Development.

"June 28, 1951

Mr. A. N. Overby
Deputy Managing Director
International Monetary Fund
1818 H St. N. W.
Washington, D. C.

Dear Sir:

A number of Member Governments of the Pan American Sanitary Organization have, from time to time, indicated that it is a real hardship for them to meet their current obligations to this Organization in United States currency as required by our fiscal policy. I wish to direct your attention to the Resolution (copy enclosed) recently adopted by the Executive Committee of the PASO relative to ways and means for facilitating payment of quota contributions by Member Governments. The Resolution referred to 'instructs the Director of the Bureau to study the proposal which would provide for annual quotas to be received through the International Bank for Reconstruction and Development, after the conclusion of appropriate arrangements with Member Governments'. Although reference is made to the Bank in the Resolution, I believe this matter also comes within the purview of the Monetary Fund.

I am writing, therefore, on behalf of the Governments members of the Pan American Sanitary Organization in order to enlist the cooperation of your agency in assisting them to find a practical solution to this serious problem. In taking cognizance of the aforementioned Resolution, it would be greatly appreciated if your

staff would undertake to explore the avenues which may be open to individual Governments in the circumstances and if you would advise us of the appropriate action to be taken. I should like to be able to present a constructive report on this matter to the Directing Council of the Organization, which is composed of official representatives from the Western Hemisphere countries, when that body convenes for its annual meeting in September.

As you may know, the Pan American Sanitary Organization is an official international organization which is based on the Pan American Sanitary Code, a multilateral treaty adopted at Habana in 1924 and ratified by all the American Republics. The Bureau, the operating agency of the Organization, also serves as the Regional Office for the Americas of the World Health Organization under the terms of a special agreement.

May I thank you in advance for whatever information and suggestions you may be able to provide on this important subject.

Sincerely yours,

FRED L. SOPER
DIRECTOR

The letter received from the International Monetary Fund in answer to the above is as follows:

"July 18, 1951

Dear Dr. Soper:

We have given considerable thought to the question raised in your letter of June 28 and have discussed the matter as well with the International Bank.

I note that the Resolution adopted by your Executive Committee instructs you to study the question of having annual quotas payable to the Bureau to be received through the International Bank for Reconstruction and Development after the conclusion of appropriate arrangements with member governments. Your letter indicates that although reference is made to the Bank in the Resolution, you also would like to have this considered by the International Monetary Fund, with the implication that some conversion of local currencies into U. S. dollars should be provided in the course of the transaction.

Under its Articles of Agreement the Fund's operations are limited to transactions for the purpose of supplying a member, on the initiative of such member, with the currency of another

member in exchange for gold or for the currency of the member desiring to make the purchase.' Furthermore, use of the Fund's resources by members is subject to certain conditions and adequate safeguards to assure, in general, that the Fund's resources are only used to meet temporary deficits of the member in its current international accounts, and that repayment will take place after the temporary use.

I am sorry to have to inform you that it is evident that the type of operation envisaged by your Executive Committee's Resolution does not fall within the field of activities contemplated for the Fund in its Articles of Agreement and we are not in a position to assist directly in the problem raised by your Executive Committee's Resolution.

We are, of course, always at the disposal of our member governments to help them in their general balance of payments problems and if their obligations to international organizations form part of these problems, we shall be glad to discuss the matter with them in order to be of whatever assistance may be appropriate under the circumstances.

Sincerely yours,

A. N. Overby
Acting Managing Director

Dr. Fred L. Soper
Director
Pan American Sanitary Bureau
1501 New Hampshire Avenue, N. W.
Washington 6, D. C."

The letter received from the International Bank for Reconstruction and Development in answer to our inquiry is as follows:

"July 5, 1951

Dr. Fred L. Soper
Director
Pan American Sanitary Bureau
1501 New Hampshire Avenue, N. W.
Washington 6, D. C.

Dear Dr. Soper:

In the absence of Mr. Black, I am writing to acknowledge your letter to him of June 28th.

As I understand the problem set forth in your letter, the Pan American Sanitary Bureau is sometimes faced with difficulty in carrying out its full operating program as provided for in its budget by reason of the fact that member countries do not always pay their budgetary contributions promptly. I further understand that at least one member of the Bureau's Executive Committee has suggested that, in his opinion, the International Bank might be of assistance in meeting this difficulty and that the purpose of your letter is to ascertain the feasibility of this suggestion.

I am sorry to have to inform you that, in my judgment, it is not within the competence of the International Bank to utilize its financial resources to assist in the solution of the problem outlined by you. The primary purpose of the Bank is to help finance long-term, productive projects in its member countries and not to finance items, such as contributions to international organizations, which are in the nature of annual operating expenditures. I wish I could give you a more affirmative reply, but I am afraid that this is precluded by the Charter of the Bank.

With best regards,

Sincerely yours,

W.A.B. Iliff
Assistant to the President"

Based on the above replies and in view of the conclusions reached after studying the possibilities of having the Bureau receive American currencies other than dollars in payment of overdue quotas, the Director recommends that no further action be taken in this respect.

Proposed Resolution

In view of the above information the Director respectfully recommends that the Executive Committee approve the following resolution:

WHEREAS:

The transmission of monthly notifications as to the status of quota contributions to the Pan American Sanitary Bureau to the Health Authorities of the Member Nations by the Director, appears to be conducive to more prompt payments and better understandings;

The time available has been insufficient to permit an adequate analysis of the replies received regarding the budget questionnaire;

The Director has investigated and studied the proposals of the Executive Committee contained in paragraphs 4a and 4b of Resolution CE13/R/IV and recommends that the requirement for payments of contributions in US dollars be continued; and, in view of the replies received from the International Bank for Reconstruction and Development and the International Monetary Fund,

THE EXECUTIVE COMMITTEE

RESOLVES:

1. To instruct the Director to continue the procedure of notifying monthly the Health Authorities of Member Nations as to the status of quota contributions.
2. To request the Director to present a report based on a comprehensive analysis of the replies to the budget questionnaires with recommendations regarding this subject to a future meeting of the Executive Committee.
3. To approve the recommendation of the Director that the practice of payments of contributions from Member Nations in U. S. Dollars be continued.
4. To request the Directing Council to approve the recommendations of the Director and to confirm the action taken by the Executive Committee.

CEL4/10 (Eng.)
ANNEX 1
13 September 1951
ORIGINAL: ENGLISH

MEANS FOR FACILITATING PAYMENT OF QUOTA CONTRIBUTIONS
BY MEMBER GOVERNMENTS

With reference to paragraph 1 of the proposed resolution which appears in Document CEL4/10, the statement included in this annex serves as a means of informing the Executive Committee of the method which the Bureau will use in the future to inform the Health Authorities of Member Nations of the monthly status of quota contributions.

This statement reflects the status of quota contributions as of 31 August 1951.

PAN AMERICAN SANITARY BUREAU
Unpaid Quota Contributions
by Years

<u>Country</u>	<u>Balance</u> <u>1 January 1951</u>	<u>Collected</u> <u>January - August</u>	<u>Balance</u> <u>31 August 1951</u>
<u>1947 and Prior</u>			
Bolivia	\$ 706.78	\$	\$ 706.78
Cuba	2,867.15		2,867.15
Paraguay	1,837.98		1,837.98
Uruguay	440.58	440.58	-.-
	<u>\$ 5,852.49</u>	<u>\$ 440.58</u>	<u>\$ 5,411.91</u>
<u>1948</u>			
Argentina	957.04(Bal.)		957.04(Bal.)
Bolivia	3,533.90		3,533.90
Cuba	4,778.58		4,778.58
Ecuador	779.13(Bal.)		779.13(Bal.)
Guatemala	1,773.32(Bal.)		1,773.32(Bal.)
Paraguay	1,071.68		1,071.68
Uruguay	2,202.93	2,202.93	-.-
	<u>\$ 15,096.58</u>	<u>\$ 2,202.93</u>	<u>\$ 12,893.65</u>
<u>1949</u>			
Argentina	79,560.00		79,560.00
Bolivia	11,050.00		11,050.00
Brazil	49,626.19		49,626.19
Colombia	27,778.97	27,778.97	-.-
Cuba	330.00		330.00
Ecuador	8,840.00		8,840.00
Guatemala	9,860.00		9,860.00
Paraguay	3,570.00		3,570.00
Peru	14,437.79	14,437.79	-.-
Uruguay	9,350.00	9,350.00	-.-
	<u>\$ 214,402.95</u>	<u>\$ 51,566.76</u>	<u>\$ 162,836.19</u>
<u>1950</u>			
Argentina	79,419.38		79,419.38
Bolivia	10,851.14		10,851.14
Brazil	154,335.59		154,335.59
Chile	14,335.59	14,335.59	-.-
Colombia	33,089.95	33,089.95	-.-
Costa Rica	2,734.99	2,720.00	14.99
Cuba	18,571.84		18,571.84
Guatemala	9,758.88		9,758.88
Nicaragua	3,430.43		3,430.43
Paraguay	3,776.73		3,776.73
Peru	23,268.36	2,159.85	21,108.51
Uruguay	9,490.61	9,490.61	-.-
	<u>\$ 363,063.49</u>	<u>\$ 61,796.00</u>	<u>\$ 301,267.49</u>

<u>Country</u>	<u>Balance 1 January 1951</u>	<u>Collected January - August</u>	<u>Balance 31 August 1951</u>
<u>1951</u>	<u>1951 Quota</u>		
Argentina	120,703.00		120,703.00
Bolivia	10,690.00		10,690.00
Brazil	176,292.00	154,335.60	21,956.40
Chile	32,265.00	32,265.00	-.-
Colombia	36,930.00	27,305.89	9,624.11
Costa Rica	3,304.00	2,800.00	504.00
Cuba	23,519.00		23,519.00
Dominican Republic	6,220.00	365.20	5,854.80
Ecuador	8,358.00		8,358.00
El Salvador	6,220.00	6,220.00	-.-
Guatemala	8,941.00		8,941.00
Haiti	8,163.00		8,163.00
Honduras	4,276.00	18.80	4,257.20
México	72,499.00	72,499.00	-.-
Nicaragua	4,082.00		4,082.00
Panama	3,693.00	3,693.00	-.-
Paraguay	4,082.00		4,082.00
Peru	23,907.00	22,412.81	1,494.19
United States	1,355,328.00	647,894.00	707,434.00
Uruguay	13,023.00	8,404.20	4,618.80
Venezuela	21,186.00	21,186.00	-.-
	<u>\$1,943,681.00</u>	<u>\$999,399.50</u>	<u>\$944,281.50</u>
<u>Summary</u>			
1947 and Prior	5,852.49	440.58	5,411.91
1948	15,096.58	2,202.93	12,893.65
1949	214,402.95	51,566.76	162,836.19
1950	363,063.49	61,796.00	301,267.49
1951	<u>1,943,681.00</u>	<u>999,399.50</u>	<u>944,281.50</u>
	<u>\$ 2,542,096.51</u>	<u>\$1,115,405.77</u>	<u>\$1,426,690.74</u>

Prepared by: Finance and Accounts Section
September 10, 1951