

Pan American Health Organization

PAHO/ACMR 10/3
Original: English

TENTH MEETING OF THE
ADVISORY COMMITTEE ON MEDICAL RESEARCH

Washington, D.C. 14-18 June 1971

PAN AMERICAN HEALTH AND EDUCATION FOUNDATION

The issue of this document does not constitute formal publication. It should not be reviewed, abstracted, or quoted without the consent of the Pan American Health Organization. The authors alone are responsible for statements expressed in signed papers.

March 1971

PAN AMERICAN HEALTH AND EDUCATION FOUNDATION

Objectives

The Pan American Health and Education Foundation (PAHEF) is a non-profit, tax exempt organization formed to mobilize financial and human resources for improvement of health and education. Its objectives are stated in the Articles of Incorporation as follows:

"The purposes of this corporation shall be exclusively charitable, scientific, and educational and through them to advance the fundamental objectives of the Pan American Health Organization. In furtherance of these purposes, the corporation is authorized to carry on and engage in the following activities:

- (a) To promote and stimulate efforts to combat disease, lengthen life, and promote the physical and mental health of the people, especially in the countries of the Western Hemisphere.
- (b) To plan, promote, encourage, aid, and assist in the improvement and expansion of health and medical care services, expansion of water supplies and sanitation facilities, and elevation of the level of nutrition of the people.
- (c) To promote, develop and assist in the education and training of health workers at all levels through expansion of educational facilities, introduction of advanced techniques of pedagogy, increasing the numbers and raising the standards of teaching personnel, and facilitating the use of books, equipment and other teaching supplies and material.

- (d) To foster, encourage and assist in research, including the training of research personnel and the creation and improvement of research centers.
- (e) To examine and, as appropriate, foster, conduct or participate in charitable, scientific, and educational projects and programs that might be financed by organizations or groups interested in promoting the health, education and welfare."

Organization

The Foundation is governed by a Board of Trustees consisting of nine members. The size of the Board may be increased by action of the Board, which is empowered to fill such newly created vacancies as well as any current vacancies. Trustees do not receive any salary, but may be reimbursed for expenses incident to attendance at meetings of the Board.

The members of the Board were selected by the Incorporators in January 1970, and the Foundation became active in February 1970.

The Board of Trustees created an Executive Committee, composed of the five Officers of the Board, to exercise authority between meetings of the Board.

The Board has established the post of Executive Secretary to serve as executive officer, under general direction of the President.

Board of Trustees

Dr. Alfredo Arreaza Guzmán

Dr. John C. Cutler

Dr. Abraham Drobny

Dr. John C. Hume

Treasurer

First Vice-President

Mr. Clarence H. Moore

Secretary

Dr. Stuart Portner

Dr. Myron E. Wegman

Dr. Charles L. Williams, Jr.

Second Vice-President

Dr. Abel Wolman

President

Executive Secretary: Mr. Clarence H. Moore

Relationship to the Pan American Health Organization (PAHO)

PAHO and PAHEF are two independent organizations working in a close cooperative relationship for their mutual benefit in promoting improvement of health and education in the Americas. The Foundation is committed under its Articles of Incorporation "to advance the fundamental objectives of PAHO." The Directing Council (1969) and the Pan American Sanitary Conference (1970) have encouraged and supported the formation and activation of the Foundation.

In addition to the guiding policies mentioned above, the cooperative relationship is established in the Basic Agreement signed by the Director of PASB and the President of PAHEF in April 1970. This agreement, while not limiting the control and discretion of the Board of Trustees, provides that the Foundation will:

- (a) Review and give consideration to projects proposed by the Organization;
- (b) Seek the opinion and technical approval of PAHO with respect to all projects not proposed by PAHO;
- (c) Notify PAHO of all projects and revisions thereof which the Foundation shall sponsor or support;

- (d) Furnish PAHO information with respect to its projects or other appropriate subjects.

The agreement further provides that PAHO and PAHEF, as mutually agreed, may undertake joint projects. In such event, a plan of operation will be agreed upon to govern the respective commitments and responsibilities in the administration and execution of such projects. It is expected that the program of PAHEF will be carried out principally through joint projects with PAHO.

The Director of PASB has designated a Liaison Officer to facilitate cooperation between PAHO and PAHEF, to encourage and assist in the formation of national foundations, and to promote special programs, including cooperation with other nongovernmental agencies in projects of mutual interest.

PAHO-PAHEF Joint Projects

The current program (March 1970) includes six joint projects in specific health subjects. These projects have durations ranging from one to four years, and the total PAHEF funds to carry them out amount to \$800,000. PAHEF financing is supported by grants and donations from such private foundations as the Kellogg Foundation and the Milbank Memorial Fund, and from private companies and individuals.

The procedures and mechanisms for joint projects are summarized as follows:

1. Preparation and Approval

- (a) Project proposals may originate in any PAHO field office or technical department. Since PAHEF does not have an endowment and

must seek sources of financing for projects, those who propose projects should also expect to cooperate with PAHEF in finding fund sources.

(b) Proposals should include background information, objectives, plan of action and budget estimate. The proposal should have the technical approval of the Director of PASB, or someone acting under his delegation.

(c) The Executive Secretary of PAHEF, on behalf of the President and the Executive Committee, will accept projects falling clearly within the purposes and policies of the Foundation and will seek funds from a private foundation or other source for their support. In the case of large or unusual projects, or at his discretion, he will consult the President and, as appropriate, the Executive Committee for approval.

2. Project Operation

(a) Upon approval and funding of a project a joint plan of operations will be signed by the Director of PASB and the President of the Foundation. This agreement will include objectives, plan of action and respective commitments and responsibilities. Normally it will include a PAHO commitment to provide technical and administrative supervision of the project operation. Where operations so require, PAHO will establish project agreements with governments, which agreements will include information on the role of PAHEF in the joint project.

(b) PAHEF maintains its own bank accounts from which its operations are funded. Its accounting records and financial controls and reports are separate from PAHO. However, PAHO makes its budget and accounting, personnel, purchasing, computer, and general services available to PAHEF.

(c) The reporting and evaluation procedures of PAHO are applied also to PAHEF funded projects. PAHEF will receive the resulting reports and will make reports to grantors as appropriate.

The Textbook Program

The major single activity of PAHEF, in cooperation with PAHO, is the Medical Textbook Program, financed through a loan from the Inter-American Development Bank. The loan will establish a capital revolving fund up to \$2,000,000 to provide medical textbooks at cost to students of schools of medicine in Latin America and the Caribbean. Books (mostly in Spanish and Portuguese) recommended by committees of outstanding professors will be purchased in large quantities from publishing houses having editorial rights, and sold to students through schools of medicine, at a price which will meet costs, but without profit. This will be the implementation on a large scale of a PAHO pilot project.

The Loan Contract was signed on 5 February 1971 by the President of the IADB and the President of PAHEF. It provides for disbursement of the loan to the Foundation over a period of five years. During this time the program will be gradually expanded to reach a projected total of 22 titles. Repayment of the loan will start in the sixth year and will be completed 20 years thereafter.

The operation of the program will be carried out in accordance with an agreement for this purpose, signed by the Director of PASB and the President of PAHEF. The agreement outlines the objectives of the program to improve medical education by promoting the use in all medical schools of the best available textbooks in the respective disciplines.

The Foundation is responsible for establishing a capital revolving fund according to the requirements of the program, up to \$2,000,000, by means of the loan from the IADB. PAHEF and PAHO jointly will determine the number of books to be provided, as well as the prices and conditions under which sales will be made. The Foundation will be responsible for entering into contracts with publishers for books to be delivered at the schools of medicine.

PAHO is responsible for the designation of the selection committees from among outstanding medical educators. The committees are responsible for recommending textbooks, as well as ways of meeting the need in relation to disciplines where adequate textbooks do not exist. Among books recommended by each committee a final selection will be made by the Director of PASB.

PAHO, in cooperation with the medical schools, is responsible for operation of the program at the local level. For this purpose PAHO already has signed agreements with the respective governments and schools. The existing agreements will be amended to include a statement concerning the role of PAHEF in the Textbook Program. The schools are responsible for receiving and warehousing the books, selling them in local currency to bonafide students, and transmitting the receipts to PAHO together with inventory records.

Although the use of funds from the IADB loan is limited to medical textbooks, the need for textbooks in other disciplines, such as sanitary engineering, nursing, veterinary medicine, dentistry, etc., is recognized. PAHO and PAHEF plan to make feasibility studies in relation to programs for textbooks in these disciplines.

Cooperation with Other Organizations

In addition to the activities of PAHEF throughout the Americas, the Foundation and PAHO are jointly interested in promoting the formation of national foundations for health and education. Accordingly, encouragement and assistance will be provided to national leaders wishing to create such nonprofit organizations under the laws of their countries. The purpose of national foundations would be to seek grants and donations from within the country to carry out national health and education projects, as well as to stimulate and promote improved health and education programs of government agencies.

It is expected that a national foundation would cooperate with PAHEF with respect to any projects operating within the country and financed by PAHEF. PAHEF and PAHO, in addition to cooperation at country level, would facilitate the exchange of information among national foundations, as well as other intercountry activities of mutual benefit.

The Foundation will cooperate with other nongovernmental organizations wherever and whenever there is mutual benefit for health and education programs through joint action.

Contributions to PAHEF

Contributions from any source will be accepted by PAHEF, provided their purposes are consistent with its objectives and policies. Contributors

and grantors may include governments, intergovernmental organizations, public or private foundations and organizations, private companies and private individuals. Contributions or grants for a specific purpose or program will be used and accounted for separately, as may be agreed. Unrestricted grants or contributions will be used to support such program activities as the Executive Committee or the Board of Trustees may approve.

Tax Exempt Status

PAHEF has been determined (June 1970) by the U.S. Internal Revenue Service to be exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code. Donations to PAHEF are deductible with respect to U.S. Federal income, estate and gift taxes.

In September 1970 application was presented to the Internal Revenue Service for PAHEF to be classified as having "public" status under Section 509 (a). No ruling has been received to date, due presumably to the immense load of such applications received by IRS. Pending a ruling on the application for public status, private foundations nevertheless may make grants to PAHEF, which would constitute "qualifying distributions" under either or both of the following:

- (i) IRS has issued a ruling that if a foundation has submitted Form 4653 claiming "public" status and has received no reply within 30 days, a private foundation may make a grant to such a foundation on the assumption that it is a public foundation unless and until it may be ruled otherwise; and
- (ii) Under Section 4962 (g) (3) of the IRS Code, a private foundation may make a grant to another private foundation by exercising

"expenditure responsibility," which means obtaining a financial report to assure that the grant was expended for the purpose and within the period specified.

Five grants from two private foundations have been received on one or other of the two bases stated above.