

directing council



PAN AMERICAN
HEALTH
ORGANIZATION

XVIII Meeting

Buenos Aires, Argentina
October 1968

regional committee

WORLD
HEALTH
ORGANIZATION

XX Meeting



Provisional Agenda Item 14

CD18/6 (Eng.)
6 September 1968
ORIGINAL: ENGLISH

EMERGENCY REVOLVING FUND

The Director has the honor to transmit to the Directing Council a report on the status of the Emergency Revolving Fund (Document CE59/2, attached hereto), which was presented to the Executive Committee at its 59th Meeting. After considering the report, the Executive Committee approved the following resolution:

RESOLUTION XVI

"THE EXECUTIVE COMMITTEE,

Having examined the report of the Director on the Emergency Revolving Fund and the activities of that Fund;

Having noted the heavy increase in demands on emergency purchases of vaccines to the point that the Fund is insufficient to meet the demands of Governments;

Bearing in mind that the Fund should be maintained at a level adequate to meet emergency purchases if the important purposes of the system to Governments for which it was created are to be fulfilled; and

Recognizing that the purchases on the behalf of Governments under the Emergency Revolving Fund are essentially similar to those made through the regular procurement services,

RESOLVES:

1. To take note of the report of the Director on the Emergency Revolving Fund.
2. To invite Governments when they receive assistance from the Fund to reimburse the amounts advanced as soon as possible.

3. To instruct the Director to apply the 3% service charge established by the V Directing Council under the procurement policy of the Pan American Sanitary Bureau to purchases on behalf of Governments under the Emergency Procurement Revolving Fund in the same manner as such charge is applied to the purchases under the regular procurement services.

4. To recommend to the XVIII Directing Council to increase the ceiling of the Fund to \$125,000 and to authorize an amount of \$25,000 to be transferred to it from the Working Capital Fund for this purpose."

Should the above recommendation of the Executive Committee be favorably considered, the Directing Council may wish to approve a resolution along the following lines:

Proposed Resolution

THE XVIII DIRECTING COUNCIL,

Having examined the Report of the Director in Document CE59/2 and Resolution XVI approved by the Executive Committee at its 59th Meeting,

RESOLVES:

1. To take note of the Report of the Director and Resolution XVI approved by the Executive Committee at its 59th Meeting.
2. To invite Governments when they receive assistance from the Emergency Revolving Fund to reimburse the amounts advanced as soon as possible.
3. To increase the ceiling of the Emergency Revolving Fund to \$125,000 and to authorize the Director to transfer to the Fund for this purpose an amount of \$25,000 from the Working Capital Fund.

Annex: Document CE59/2



*executive committee of
the directing council*

PAN AMERICAN
HEALTH
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*working party of
the regional committee*

WORLD
HEALTH
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59th Meeting
Washington, D. C.
July-August 1968

Provisional Agenda Item 5

CE59/2 (Eng.)
5 June 1968
ORIGINAL: ENGLISH

EMERGENCY REVOLVING FUND

The utilization by Member Governments of the Emergency Revolving Fund continues to expand. By 1963 it had become apparent that the level of the Emergency Revolving Fund established at \$50,000 was inadequate to meet the requests from countries. Accordingly the XIV Directing Council approved an increase in the ceiling to \$75,000 to become effective in 1965. By early 1966 the demand on the fund for purchase of vaccines for polio, rabies, etc. had grown to the point that a larger fund was required. Accordingly the XVII Pan American Sanitary Conference authorized an increase in the ceiling of the fund to \$100,000, such increase to be achieved by transferring \$25,000 from the Working Capital Fund for this purpose.

Attached is a schedule showing the status of the funds as of May 1968. When the accounts receivable and the commitments for purchases and payments of invoices in process are taken into account, it will be clear that the present level of the fund is no longer adequate to meet the requirements of Governments. Some relief could be obtained if reimbursements by Governments could be made more promptly. Such reimbursements, however, necessarily are delayed by the natural lengthy cycle of procurement starting with the date of request, continuing with the order to the vendor, shipment, payment to the vendor, sending an invoice to the Government, and ending with receipt of reimbursement from the Government. Under optimum circumstances the procurement cycle requires funds to be committed for an extended period. The time required by Governments to process the invoices for reimbursement further lengthens the cycle before the funds become available to PAHO for re-use. Consequently, a larger fund is needed to finance the cycle and to meet the heavier demands. It is recommended, therefore, that the level of the fund be increased to \$125,000.

In order to provide this needed increase without delay, and bearing in mind the fact that at the end of 1967 a surplus of \$347,393 was transferred to the Working Capital Fund in addition to the budgeted amount of \$300,000 for that purpose, it is recommended that the sum of \$25,000 be transferred from the Working Capital Fund to the Emergency Revolving Fund.

This opportunity is taken to bring to the attention of the Executive Committee another matter concerning the relationship between purchases made by the Organization under the Emergency Procurement Revolving Fund and the general procurement policy on behalf of the Governments. In 1951 the V Directing Council approved Resolution XXIX establishing the Procurement Policy of the Pan American Sanitary Bureau. That policy included a provision for the application of a 3% service charge applied to the net cost of items purchased. Although the service charge has not been applied to purchases on behalf of Governments under the Emergency Procurement Revolving Fund, it is appropriate to consider whether such a distinction should be made. In many cases the same type of supplies are purchased on behalf of Governments under the Emergency Procurement Revolving Fund as under the regular procurement system, the difference being largely due to the speed of delivery required to meet emergency situations in the country. The question arises therefore whether the differences in the two types of procurement are sufficient to justify the application of the 3% service charge in the one case and not in the other. The Executive Committee is invited to consider this matter and instruct the Director as to the procedure to be followed.

Annex

PAN AMERICAN HEALTH ORGANIZATION
EMERGENCY PROCUREMENT REVOLVING FUND
STATEMENT OF ACTIVITY DURING 1968
AS OF 20 MAY 1968

Country	Balance due 1 January 1968	Expenditures during 1968	Reimbursements during 1968	Balance due 20 May 1968
Argentina	36	-	36	-
Brazil	6,750	-	-	6,750
Chile	-	12,761	12,761	-
Costa Rica	3,228	535	535	3,228
Dominican Republic	-	5,676	-	5,676
Ecuador	35,658	3,700	-	39,358
Honduras	150	3,713	150	3,713
Nicaragua	14,101	18,617	6,000	26,718
Uruguay	6,238	-	-	6,238
Venezuela	5,067	59	5,089	37
	71,228	45,061	24,571	91,718

STATUS OF FUND
AS OF 20 MAY 1968

Cash in Bank	\$ 8,282
Accounts receivable	91,718
Authorized amount	<u>\$100,000</u>