

## 58th DIRECTING COUNCIL

### 72nd SESSION OF THE REGIONAL COMMITTEE OF WHO FOR THE AMERICAS

*Virtual Session, 28-29 September 2020*

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*Provisional Agenda Item 5.4*

CD58/11  
10 August 2020  
Original: English

#### PROGRAMMING OF THE BUDGET SURPLUS

##### Background

1. Financial Regulation 4.6 of the Pan American Health Organization (PAHO) stipulates that any balance of the funded Assessed Contributions and Budgeted Miscellaneous Revenue not committed by the end of the current budgetary period, or not authorized to be carried over into the subsequent budgetary period, shall be used to replenish the Working Capital Fund to its authorized level. Thereafter, any balance will be transferred to surplus and made available for subsequent use in accordance with the resolutions adopted by the Pan American Sanitary Conference or Directing Council.
2. The budget surplus for the 2018-2019 biennium is US \$5,737,970.47.<sup>1</sup> The balance of the Working Capital Fund as of 31 December 2019 was \$21,716,450.37.

##### Analysis and Rationale

3. According to PAHO Financial Regulation 4.6, any budget surplus will first go to replenish the Working Capital Fund to its authorized level of \$25.0 million. Given that the balance of this Fund as of 31 December 2019 was \$21,716,450.37, \$3,283,549.63 of the budget surplus balance will go to replenish the Working Capital Fund.
4. According to PAHO Financial Regulation 4.6, the remaining \$2,454,420.84 may be available for subsequent use in accordance with the resolutions adopted by the Conference or Directing Council.
5. Given the financial situation of the Organization, the Director proposes to leave the amount of \$2,454,420.84 unallocated until the Directing Council meets. If the Directing Council approves the increase of the authorized level of the Working Capital Fund, the remaining unallocated amount of \$2,454,420.84 from the budget surplus balance

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<sup>1</sup> Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

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would also be allocated to the Working Capital Fund. A proposal to increase the authorized level of the Working Capital Fund will be presented in Document CD58/10.

6. In the event that the Directing Council does not endorse the increase of the authorized level of the Working Capital Fund, the Director proposes to leave the remaining amount of \$2,454,420.84 unallocated to support any future needs of the Organization, as a prudent financial management measure.

### **Proposed Allocation**

7. The proposed allocation of the 2018-2019 budget surplus balance is presented below:

<b>Fund</b>	<b>Purpose</b>	<b>Amount (US\$)</b>
Working Capital Fund	To replenish the Working Capital Fund (WCF) to its authorized level of \$25.0 million, in accordance with Financial Regulation 4.6. The balance of the Working Capital Fund as of 31 December 2019 is \$21,716,450.37.	\$3,283,549.63
Total Proposed for Allocation		\$3,283,549.63
Remaining Unallocated Amount (to fund the WCF if the 58th Directing Council approves the increase in the authorized level of the WCF to \$50.0 million).		\$2,454,420.84
<b>Total Budget Surplus</b>		<b>\$5,737,970.47</b>

### **Action by the Directing Council**

8. The Directing Council is invited to take note of this report, provide the recommendations it deems pertinent, and consider approving the proposed resolution presented in the Annex to this document.

Annex

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### ***PROPOSED RESOLUTION***

#### **PROGRAMMING OF THE BUDGET SURPLUS**

##### ***THE 58th DIRECTING COUNCIL,***

(PP1) Having considered the report of the Director on the *Programming of the Budget Surplus* (Document CD58/11);

(PP2) Having considered the recommendation of the Executive Committee concerning the replenishment of the Working Capital Fund to its authorized level,

#### ***RESOLVES:***

(OP)1. To approve the allocation of the 2018-2019 budget surplus totaling US \$5,737,970.47<sup>1</sup> as follows:

- i. \$ \_\_\_\_\_ to replenish the Working Capital Fund to its authorized level of \$ \_\_\_\_\_, in accordance with Financial Regulation 4.6.
- ii. \$ \_\_\_\_\_ to leave unallocated to support any future needs of the Organization, as a prudent financial management measure.

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