

# 166th SESSION OF THE EXECUTIVE COMMITTEE

*Virtual Session, 22-23 June 2020*

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*Provisional Agenda Item 5.5*

CE166/10\*  
15 May 2020  
Original: English

## PROGRAMMING OF THE REVENUE SURPLUS

### Background

1. Financial Regulation 4.8 stipulates that any excess of revenue over the Budgeted Miscellaneous Revenue at the end of a budgetary period shall be considered a revenue surplus and shall be available for use in subsequent periods to cover any unfunded portion(s) of the Strategic Plan, as determined by the Director and with the concurrence of the Subcommittee on Program, Budget, and Administration.
2. The total estimated amount available for programming in 2020-2021 from the revenue surplus for the 2018-2019 biennium is US\$ 7,504,914.<sup>1</sup>
3. As has been the case in the past, the revenue surplus offers a unique opportunity for the Pan American Health Organization (PAHO) to invest in longer-term, higher-cost strategic and administrative initiatives that are otherwise difficult to fund within the constraints of typical biennial budgetary exercises.

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\* This version contains minor editorial changes.

<sup>1</sup> Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars. This report presents estimated figures. The final figures will be available once the External Auditor completes and signs the audit of the financial statements for 2019.

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## Proposed Allocation

4. The Director determined the allocation of the 2018-2019 revenue surplus balance as presented below:

Fund/Program	Purpose	Amount (US\$)
Master Capital Investment Fund (MCIF)	<p>To fund the MCIF, which is primarily funded through revenue surpluses. The available balance in the Fund as of 31 December 2019 was \$13.8 million.</p> <ul style="list-style-type: none"> <li>• \$3,650,520 to the Real Estate Maintenance and Improvement Subfund of the MCIF to finance infrastructure needs for the Organization.</li> <li>• \$1,000,000 to the Vehicle Replacement Subfund of the MCIF to finance necessary vehicle replacements.</li> </ul>	\$4,650,520
PAHO Emergency Epidemic Fund	<p>This Fund was created with an initial amount of \$1,000,000, which has been depleted. It is a revolving fund to advance funds to affected countries in the advent of an epidemic outbreak or public health emergency. Advanced funds are recovered from appeals and other forms of voluntary contributions received in response to the emergency, when possible.</p>	\$1,000,000
Health in the Americas	<p>This is the flagship publication of the Organization, in response to a mandate from the 7th Directing Council of the Pan American Health Organization in 1953. Its periodic development requires additional funding. This expense is a strategic priority for the Organization and cannot be funded any other source than with Flexible Funds.</p>	\$600,000
Financial Reserves	<p>The creation of similar reserves has been approved in previous related mandates, as a prudent management measure to meet unforeseen strategic initiatives and as a buffer to respond to the cash flow situation of the Organization.</p>	\$1,254,394
<b>GRAND TOTAL</b>		<b>\$7,504,914</b>

## Action by the Executive Committee

5. Given the extraordinary and unprecedented circumstances presented by the COVID-19 pandemic, the 14th Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee was cancelled. Thus, the Executive Committee is invited to review the proposal presented in this document and provide its concurrence with the proposed allocation of the revenue surplus.

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