

# 170th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA (hybrid session), 20-24 June 2022

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*Provisional Agenda Item 5.4*

CE170/21  
14 April 2022  
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 Director estimates a budget surplus of US\$ 24,469,842.08<sup>1</sup> for the 2020-2021 biennium. In accordance with Financial Regulation 14.9, the final figure will not be available until the External Auditor completes and signs the audit of the Pan American Health Organization's financial statements for 2021. This budget surplus resulted from a combined effect of a backlog in budget implementation due to the cost-containment measures put in place in response to the delayed payments of Assessed Contributions of some Member States and the increased influx of funds to respond to the COVID-19 pandemic during the biennium.

### Proposal

3. Upon the completion of the audit of the 2021 financial statements, any budget surplus will first go to replenish the Working Capital Fund to its authorized level of \$50,000,000.00.<sup>2</sup> Given that the balance of this Fund as of 31 December 2021 was \$28,708,814.84, \$21,291,185.16 of the budget surplus will go to replenish the Working Capital Fund.

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

<sup>2</sup> See Document CD58/10 and Resolution CD58.R1 (2020).

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4. The remainder funds are an opportunity to partially cover acute needs of the Organization. The Director proposes to fund the Master Capital Investment Fund in response to the needs regarding the maintenance of the buildings, the Headquarters Building Renovation Project considering the return to premises, and the need to strengthen the cyber security of our information systems.

5. According to PAHO Financial Regulation 4.6, the remaining funds may be available for subsequent use in accordance with the resolutions adopted by the Conference or Directing Council.

6. The proposed allocation of \$24,601,516.21 resulting from the 2020-2021 budget surplus of \$24,469,842.08 and a remaining balance of the Budgetary Surplus Fund of \$131,674.13 from prior biennia, is presented below in accordance with PAHO Financial Regulation 4.6:

<b>Fund</b>	<b>Amount (US\$)</b>
<b>Working Capital Fund</b>	<b>\$21,291,185.16</b>
<b>Master Capital Investment Fund</b>	<b>\$3,310,331.05</b>
<i>Real Estate Maintenance and Improvements Subfund</i>	\$2,310,331.05
<i>Information Technology Subfund</i>	\$1,000,000.00
<b>Total Proposed Allocation</b>	<b>\$24,601,516.21</b>

#### **Action by the Executive Committee**

7. The Executive Committee is invited to take note of this report, provide any 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 170th SESSION OF THE EXECUTIVE COMMITTEE,***

(PP1) Having considered the report of the Director on the *Programming of the Budget Surplus* (Document CE170/21);

(PP2) Noting that the provisions of Financial Regulation 4.6 of the Pan American Health Organization stipulate 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 and, 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,

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

(OP) To recommend that the 30th Pan American Sanitary Conference adopt a resolution along the following lines:

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

##### ***THE 30th PAN AMERICAN SANITARY CONFERENCE,***

(PP) Having considered the report of the Director on the *Programming of the Budget Surplus* (Document CSP30/\_\_\_),

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***RESOLVES:***

(OP) To approve the allocation of the 2020-2021 budget surplus totaling US \$24,601,516.21<sup>1</sup> as follows:

- a) \$21,291,185.16 to replenish the Working Capital Fund to its authorized level of \$50 million, in accordance with Financial Regulation 4.6.
- b) \$3,310,331.05 to fund the Master Capital Investment Fund, to be distributed \$2,310,331.05 for the Real Estate Maintenance subfund, and \$1,000,000.00 for the Information Technology subfund.

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