



PAN AMERICAN HEALTH ORGANIZATION  
WORLD HEALTH ORGANIZATION



**43<sup>rd</sup> DIRECTING COUNCIL**  
**53<sup>rd</sup> SESSION OF THE REGIONAL COMMITTEE**

*Washington, D.C., USA, 24-28 September 2001*

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*Provisional Agenda Item 5.1*

CD43/20, Add. II (Eng.)  
25 September 2001  
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**REPORT OF THE WORKING PARTY ON THE APPLICATION  
OF ARTICLE 6.B OF PAHO'S CONSTITUTION**

The Working Party appointed to study the application of Article 6.B of the PAHO Constitution has reviewed the status of quota collections in the light of the provisions of Article 6.B concerning the suspension of voting privileges of any Member more than two years in arrears in the payment of its quotas. The members of the Working Party are the Representatives of the Bahamas, Canada, and Chile.

At this time, one Member State has arrearages in excess of two full years of assessments and is not in compliance with an approved deferred payment plan. This Member State is Argentina.

Argentina owes US\$ 17.8 million of which \$5.9 million relate to 1998 and prior years. The Organization has received payments totaling \$1,413,385 thus far in 2001. The Government has been advised that an additional payment of \$3,119,291 is necessary to be in compliance with the repayment plan and to prevent the suspension of its voting rights. To date, no additional payments have been received from the Government of Argentina. However, the Government of Argentina has submitted a formal letter to the Director explaining the severe financial constraints it is currently facing, which have resulted in its inability to comply with the terms of its deferred payment plan. In the letter, Argentina reaffirmed its commitment to meet its financial obligations to the Organization.

**Analysis**

The Working Party has carefully analyzed this payment situation, taking into account the recommendations of the 128<sup>th</sup> Meeting of the Executive Committee, noting particularly the implication that "substantial payments" should be the standard measure of compliance with commitments relative to quotas, as expressed in Resolution CE128.R14,

and giving due regard to the economic situations currently being faced by the Member States, as well as the official reports and Resolutions of past Meetings of this Council. The members of this Working Party recognize the important relationship that the timing of quota receipts bears to the successful implementation of Programs approved by this Directing Council. Clearly, when budgetary resources are not forthcoming at the time they are expected, the critical timing of implementation of approved Programs is endangered. Furthermore, the timely receipt of quota contributions can generate investment income, thereby reducing, proportionately, the need for quota assessment increases.

### **Recommendations**

With the preceding in mind, the members of this Working Party note that, although Argentina has reaffirmed its commitment to meet its financial obligations to the Organization, it is not in compliance with the deferred payment plan as submitted at the 42<sup>nd</sup> Directing Council. The Argentine Minister directly addressed the Working Party to explain the financial situation facing Argentina. The Working Party was reassured of Argentina's intent to recommence the payments in accordance with its deferred payment plan at the earliest opportunity. The Working Party appreciated the difficulties facing the Government and the people of Argentina. Therefore, the Working Party recommends that the Directing Council maintain the voting privileges of Argentina. However, the Working Party would like to add that no further extensions be granted after 2001. If Argentina is not in compliance with its deferred payment plan prior to the opening of the Pan American Sanitary Conference in 2002, its voting privileges will be suspended.

### **Concluding Remarks**

The Working Party would like to take this opportunity to compliment those Member States who have made special efforts to meet their quota commitments as early as possible during the calendar year. It also recognizes the efforts made by the countries which are experiencing difficult economic conditions.

The Working Party proposes the following resolution for consideration by the Directing Council.

***Proposed Resolution***

***THE 43<sup>rd</sup> DIRECTING COUNCIL,***

Having considered the report of the Director on the collection of quota contributions (Document CD43/20 and Add. I), and the concern expressed by the 128<sup>th</sup> Session of the Executive Committee with respect to the status of the collection of quota contributions; and

Noting that Argentina is not in compliance with its deferred payment plan as submitted at the 42<sup>nd</sup> Directing Council,

***RESOLVES:***

1. To take note of the report of the Director on the collection of quota contributions (Document CD43/20 and Add. I).
2. To express appreciation to those Member States that have already made payments in 2001, and to urge all Member States in arrears to meet their financial obligations to the Organization in an expeditious manner.
3. To congratulate those countries that have fully met their quota obligations through 2001.
4. To compliment the countries which have made significant payment efforts to reduce quota arrearages for prior years.
5. To express grave concern regarding Argentina's accumulation of arrears and failure to comply with its deferred payment plan, and to encourage Argentina to make settlement of its arrears a priority of the Government.
6. To request the President of the Directing Council to notify the Delegation of Argentina that its voting rights will be maintained at this 43<sup>rd</sup> Session of the Directing Council; however, no further extensions will be granted.

7. To request the Director:
  - (a) To continue to monitor the implementation of special payment agreements by Member States in arrears for the payment of prior years' quota assessments;
  - (b) To advise the Executive Committee of Member States' compliance with their quota payment commitments;
  - (c) To report to the 26<sup>th</sup> Pan American Sanitary Conference on the status of the collection of quota contributions for 2002 and prior years.

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Delegate of Bahamas

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Delegate of Canada

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Delegate of Chile