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FINANCIAL REPORT OF THE DIRECTOR AND REPORT OF THE EXTERNAL AUDITOR

1 January 1996 - 31 December 1997



**PAN AMERICAN HEALTH ORGANIZATION
Pan American Sanitary Bureau, Regional Office of the
WORLD HEALTH ORGANIZATION**

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**PAN AMERICAN HEALTH ORGANIZATION
Pan American Sanitary Bureau, Regional Office of the
WORLD HEALTH ORGANIZATION**

**525 Twenty-third Street, N.W.
Washington, D.C. 20037, U.S.A.**

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LETTER OF TRANSMITTAL

In accordance with the provisions of Article XI of the Financial Regulations, I have the honor to submit the Financial Report of the Pan American Health Organization for the financial period 1 January 1996 to 31 December 1997.

The details of the presentation of the statements will be found in the introduction.



Sir George Alleyne
Director
Pan American Sanitary Bureau

FINANCIAL REPORT OF THE DIRECTOR

INTRODUCTION

The Financial Report of the Director and the Report of the External Auditor for the financial period 1 January 1996 to 31 December 1997 are presented in the following sequence:

- Part I: Comments of the Director concerning important developments affecting the financial position of the Organization during the financial period under review
- Part II: Report of the External Auditor
- Part III: Financial statements of the Organization for the financial period 1996-1997 as required by the Financial Regulations, together with supporting schedules and explanatory notes
- Part IV: Financial statements for the Caribbean Epidemiology Center (CAREC) for 1996-1997
- Part V: Financial statements for the Caribbean Food and Nutrition Institute (CFNI) for 1996-1997
- Part VI: Report of the External Auditor and financial statements for the Institute of Nutrition of Central America and Panama (INCAP) for 1996-1997

PART I

DIRECTOR'S COMMENTS

Presentation of the Financial Report

The Financial Report of the Organization for the financial period 1 January 1996 to 31 December 1997 is submitted by the Director in accordance with Article XI of the Financial Regulations. As required by Financial Regulations 11.3 and 11.4, an interim financial report is prepared at the end of the first year of the two-year financial period and a final financial report covering the full biennium is prepared at the end of the second year. In accordance with the revised Financial Rules of INCAP, the financial statements for the Institute are shown for the first time on a biennial basis.

The financial statements are presented in compliance with the recently approved, revised United Nations System Accounting Standards.

Statement I, Statement of Income and Expenditure and Changes in Fund Balances, has been prepared in the prescribed columnar format to show an overview of the financial situation of PAHO as a whole, including separate columns for the activities financed by WHO and the consolidated financial activities of CAREC, CFNI and INCAP which are administered by the Organization. In addition, separate totals are shown for those activities in which PAHO's Member States have a residual right of ownership, as opposed to the other activities which are funds managed by PAHO in a fiduciary capacity.

Proprietary Funds include the Regular Budget and Working Capital Fund, the Special Fund for Program Support Costs, and other Special Funds. They are used to carry out the programs of PAHO.

Program Fiduciary Funds include the allocation of funds from the WHO Regular Budget and other WHO/UN allocations, Trust Funds, funds administered on behalf of Centers, and other PAHO Special Funds. They are used to carry out program activities in accordance with agreements or understandings of related parties or other legal authorities.

Non-project Funds include a number of funds that have been established as the result of resolutions adopted by the PAHO Governing Bodies. They have been established for the benefit of Member States, for the benefit of employees, or to monitor/manage special, non-program activities.

Statement II, Statement of Assets, Liabilities, and Reserves and Fund Balances, is supported by accompanying Explanatory Notes and Schedules which give greater detail of the overall activity.

Statement III, Statement of Cash Flow, clearly shows the cash flow of PAHO's funds and highlights the increases and decreases of the Organization's assets, liabilities, reserves, and fund balances.

Statement IV, Statement of Regular Budget Appropriations, shows the status of appropriations of the PAHO Regular Budget presented according to the appropriation resolution approved by the 37th Directing Council in 1995.

Similar statements have also been prepared in accordance with the United Nations System Accounting Standards for CAREC, CFNI, and INCAP.

Accounting Policies

The major accounting policies of the Organization appear in the Explanatory Notes of the Financial Statements. The accounting policies and procedures followed by the Organization remain consistent with the Organization's Financial Regulations and with the more detailed financial and accounting procedures established by the Director in light of these Regulations.

Budgetary accounting, unlike financial accounting, goes beyond the actual basis for recording expenses (disbursements and accounts payable) by recording as expenditure at the end of the financial period, with the corresponding liability, all valid unliquidated obligations. These unliquidated obligations are commitments involving a liability against the resources of the current financial period, e.g., for personal services, procurement of supplies, duty travel, or award of fellowships for which funds have not been disbursed as of 31 December 1997. In accordance with Article IV of the Financial Regulations, unliquidated obligations are recorded in the books of accounts in respect of the Regular Budgets of PAHO, CAREC, CFNI and INCAP. The Regular Budget of WHO and other funds of WHO follow the same procedures. All other funds or accounts shown in Statement I under the section, Pan American Health Organization, Trust Funds, Special Funds and Non-Project Funds, are kept on a cash basis.

Income for the Regular Budgets of PAHO, CAREC, CFNI, and INCAP is recorded at the total assessed contributions of the 1996-1997 biennial budget with a provision for delays in the collection of contributions. Income from all other sources is recorded on a cash basis; interest is recorded in the accounts when credited to the Organization's bank accounts; and Trust Funds are recorded as "received" when the funds are credited to the Organization's bank account.

Review of the Financial Position: PAHO

A summary of the expenditure for the financial periods 1988-1989 to 1996-1997 appears in Table A at the end of the Director's Comments. Total expenditures decreased by \$24,244,171 in 1996-1997, from \$456,307,259 for the biennium 1994-1995 to \$432,063,088 for 1996-1997. This decrease may be attributable to decreases of expenditure in the Special Fund for Natural Disaster Relief (\$11,381,618), in the Special Fund for Program Support Costs (\$5,290,096), in WHO's Special Fund for the Global Program on AIDS (\$12,999,087), and in other WHO special funds (\$4,096,815). There was a 4.6% increase in expenditure incurred under PAHO Trust Funds, from expenditure of \$81,561,338 for the 1994-1995 biennium to \$85,279,362 in 1996-1997, an all time high for the Organization.

Regular Budget - Income and Expenditure

A substantial increase in the collection of prior years' outstanding assessments occurred during the biennium. Receipts of prior years' quota assessments amounted to \$46,932,855 or 95.4% of the outstanding balance as of 1 January 1996, compared to \$23,804,349 or 78.7% of the outstanding balance as of 1 January 1994.

However, despite an active system of follow-up for the timely receipt of quota assessments, the collection of current quota assessments during 1996-1997 was low in comparison to previous bienniums. The decrease may be attributed to the delay of the 1997 fourth quarter quota installment of \$12,406,940 due from the Organization's largest contributor, which was received in early January 1998.

The percentage of current quota receipts in relation to total assessments for the 1996-1997 financial period decreased to 69.4%, as follows:

Current assessments received:	1996-1997: 69.4%
	1994-1995: 73.4%
	1992-1993: 80.2%
	1990-1991: 71.0%
	1988-1989: 70.6%
	1986-1987: 77.7%

The quota contributions due at 31 December 1997 are indicated in the following table:

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Antigua and Barbuda	-	-	-	-	15,682
Argentina	-	-	-	2,720,179	3,841,869
Bolivia	-	19,046	53,446	54,885	54,885
Brazil	-	-	-	1,188,113	6,703,670
Chile	-	-	-	249,821	423,389
Costa Rica	-	-	-	-	98,140
Cuba	226,661	557,880	557,880	572,896	572,896
Dominican Republic	-	-	137,431	141,131	141,131
Ecuador	-	-	137,431	141,131	141,131
Grenada	-	-	20,148	23,521	23,521
Haiti	-	-	-	-	46,716
Jamaica	-	-	-	-	93,915
Mexico	-	-	-	-	1,544,711
Nicaragua	-	-	50,446	54,885	54,885
Panama	-	-	-	-	20,997
Peru	-	-	313,037	321,463	321,463
Saint Vincent and the Grenadines	-	-	-	-	14,445
Trinidad and Tobago	-	-	-	-	56,132
United Kingdom	-	-	-	1,743	47,043
United States of America	-	-	-	-	27,235,535
Uruguay	-	-	198,511	203,854	203,854
Venezuela	-	-	-	10,000	2,516,477
Total	<u>226,661</u>	<u>576,926</u>	<u>1,468,330</u>	<u>5,683,622</u>	<u>44,172,487</u>

Each year, the Delegates to the Directing Council or the Pan American Sanitary Conference review at length the financial circumstances of those Member States who are in arrears in their quota payments and subject to Article 6.B of the PAHO Constitution. As at 1 January 1998, there were eight Member States subject to Article 6.B, compared to nine Member States as of 1 January 1996. Member States are urged to remit their quota payments on a timely basis so that the Organization may remain in a sound financial position. In accordance with Article V of the Financial Regulations, assessments are due on the first day of the year to which they relate.

As shown in Statement IV, the Organization had an approved and appropriated budget for 1996-1997 of \$187,351,438, less staff assessments of \$18,773,438, for a program budget of \$168,578,000. During the course of the implementation of the 1996-1997 program budget, transfers were made from Appropriation Section Part III "Health Systems and Services Development" (\$2,123,600), from Part IV "Health Promotion and Protection" (\$939,632) and from Part VI "Disease Prevention and Control" (\$380,978) to Part II "Health in Human Development" (\$3,129,768) and to Part VII "Administrative Services" (\$314,442). Expenditure against this approved program budget totaled \$158,172,830, resulting in a budgetary surplus of \$10,405,170.

Miscellaneous Income earned during the biennium plus savings on, or cancellation of, prior periods' obligations amounted to \$12,919,592, or \$1,219,592 more than the budget estimate of \$11,700,000 for the biennium.

The actual and budgeted income and expenditure is as follows:

	<u>Actual</u>	<u>Budgeted</u>
Collection on 1996-1997 assessments, net	107,029,391	156,878,000
Miscellaneous income	11,370,416	11,700,000
Saving on or cancellation of prior periods' obligations	1,549,176	-
Prior years' contributions, net	46,894,855	-
Less transfer to Building Fund	(200,000)	-
Total funds available	166,643,838	168,578,000
Actual 1996-1997 expenditure	158,118,776	158,118,776
Transfer to Special Fund for Health Promotion	54,054	54,054
Net surplus from operations	<u>8,471,008</u>	<u>10,405,170</u>

In accordance with Article 103.4 of the Financial Rules, any surplus at the end of a financial period shall be used to replenish any drawings from the Working Capital Fund in order to restore the Fund to its fixed level. The surplus of \$8,471,008 will therefore be used to repay, in part, the 1994-1995 deficit of \$12,277,213.

It is noted on the Statement of Cash Flow (Statement III) that the net excess of all income over expenditures was \$44,483,856. By referring back to Statement I, the fund composition of \$44,483,856 can be determined and may be compared to the 1994-1995 net shortfall of \$18,144,776. Other highlights revealed in Statement III are total interest earnings of \$12,081,723 during the financial period ended 31 December 1997, and a net increase in cash and investments of \$28,940,633.

Ex gratia Payments

There were no ex gratia payments made during the 1996-1997 biennium.

Trust Fund

Trust Fund accounts with receipts in excess of expenditure amounted to \$42,927,862 at 31 December 1997 compared to \$26,363,185 at 31 December 1995, an increase of \$16,564,677. In contrast, Trust Fund accounts at 31 December 1997 with expenditure greater than receipts amounted to \$1,880,459, compared to \$3,250,436 at 31 December 1995, a decrease of \$1,369,977. The Organization is pleased with the financial position of these Trust Funds. However, it continues to seek new activities to be financed by resources outside of the Organization and to take measures to increase the rate of reimbursement of Trust Fund expenditure.

The implementation of projects funded by donated Trust Funds during 1996-1997 amounted to \$85,279,362, which is the equivalent of 50% of the PAHO Regular Budget and underscores the trend to seek additional funds from outside sources.

Centers

The financial statements relating to CAREC and CPNI are shown in Parts IV and V, respectively. INCAP's Financial Report and the Report of the External Auditor for INCAP are shown in Part VI.

CAREC

Quota receipts for the current biennium amounted to only \$738,515 or 22% of the 1996-1997 assessments; receipts on arrearages amounted to \$3,130,643, or 59% of the total quota receivables as at 31 December 1995. The net excess of income over expenditure for the financial period 1996-1997 of \$658,254 resulted in a positive Working Capital Fund of \$313,939.

While the change in the financial position of the Center is encouraging, Member States are urged to make prompt and regular quota payments in order for the Center to be able to implement the approved programs of activities and to rebuild the sound financial position of the Center.

The level of program activities financed by Trust Fund arrangements remains unchanged; project costs during the 1996-1997 biennium amounted to \$3,070,586, compared to \$2,966,147 during 1994-1995.

CFNI

As a direct result of increased quota receipts plus a modest decrease in its approved program of activities, the Institute had a net surplus from its 1996-1997 operations of \$73,791. Quota receipts for the current biennium amounted to \$263,777 or 42% of the 1996-1997 assessments, compared to \$156,472 or 25% of 1994-1995 assessments; receipts on arrearages amounted to \$385,378, or 42% of the total quota receivables, compared to \$325,035 during the previous biennium.

In order for CFNI to fully implement the approved program budget and to eliminate its dependency upon PAHO's Working Capital Fund, Member States are urged to continue to make payments on their current assessments and on the outstanding arrearages.

Although there is an increase in expenditure of activities financed by Trust Funds, from \$195,597 in 1994-1995 to \$296,869 in 1996-1997, an increase of 52%, the Organization is actively seeking new sources of income.

INCAP

The Institute suffered a financial setback during the 1996-1997 biennium, incurring a deficit of \$171,342 which was covered by the Working Capital Fund.

The actual and budgeted income and expenditure is as follow:

	<u>Actual</u>	<u>Budgeted</u>
Collection on 1996-1997 assessments	509,015	757,400
Miscellaneous income	434,311	782,600
Prior year's contributions	198,578	-
Total funds available	1,141,904	1,540,000
Actual 1996-1997 expenditure	1,313,246	1,313,246
Deficit from operations	<u>(171,342)</u>	<u>226,754</u>

The Working Capital Fund of the Institute was \$1,000,000 as of 31 December 1997.

PAN AMERICAN HEALTH ORGANIZATION
SUMMARY OF EXPENDITURE BY SOURCE OF FUNDS
FOR THE FINANCIAL PERIODS 1988-1989 TO 1996-1997
(expressed in US dollars)

	<u>1988-1989</u>	<u>1990-1991</u>	<u>1992-1993</u>	<u>1994-1995</u>	<u>1996-1997</u>
PAN AMERICAN HEALTH ORGANIZATION					
Regular Budget	116,778,641	129,805,607	152,354,325	159,457,717	158,118,776 ^{1/}
Special Funds:					
Animal Health Research	23,111	2,481	1,569	4,571	14,452
Capital Equipment	-	-	-	86,537	47,080
Cholera	-	-	-	774,965	380,765
Health Promotion	366,216	216,216	462,422	436,828	171,969
Measles	-	-	-	534,954	326,210
Natural Disaster Relief	404,800	960,752	6,035,380	13,635,647	2,254,029
Preinvestment Fund in					
Environment and Health	-	-	-	153,648	281,254
Program Support Costs	1,131,408	6,458,795	5,554,029	12,435,899	7,145,803
Textbook Program	-	-	-	-	-
Trust Funds	59,530,789	81,512,771	80,669,570	81,561,338	85,279,362
Non-Project Funds:					
Advances from Governments and					
Institutions for Procurement	8,354,113	8,722,549	8,445,028	13,286,394	11,972,127
Building Fund	1,521,221	1,632,052	1,617,267	2,347,339	1,750,688
Emergency Procurement					
Revolving Fund	1,860	60,358	-	-	125,000
Provision for Termination and					
Repatriation Entitlements	1,717,570	2,319,266	2,007,419	3,697,058	5,254,929
Revolving Fund for the Expanded					
Program on Immunization	16,143,913	19,999,901	33,496,952	29,009,180	39,911,777
Revolving Fund for the					
Procurement of Essential Drugs	1,590,362	401,015	678,305	-	-
Sale of Vaccine at PANAPTOSA	4,674,489 ^{2/}	3,412,355	2,808,717	3,001,272	2,008,501
Tax Equalization Fund	4,097,314	4,759,770	6,093,142	6,451,152	6,768,567
Subtotal PAHO	<u>216,335,807</u>	<u>260,263,888</u>	<u>300,224,125</u>	<u>326,874,499</u>	<u>321,811,289</u>
CAREC					
Regular Budget	1,747,826	3,148,693	2,879,379	2,853,759	3,244,393
Trust and Special Funds	505,573 ^{2/}	1,919,612 ^{2/}	2,988,941 ^{2/}	3,042,703	3,555,623
CFNI					
Regular Budget	522,826	454,363	405,813	476,404	576,503
Trust and Special Funds	249,125 ^{2/}	180,696 ^{2/}	232,881 ^{2/}	195,597	371,786
INCAP					
Regular Budget	1,622,046	1,507,212	1,038,669	1,377,061	1,313,246
Trust and Special Funds	8,402,205 ^{2/}	9,226,480 ^{2/}	9,318,364 ^{2/}	7,827,022	6,712,304
Subtotal Center	<u>13,049,601</u>	<u>16,437,056</u>	<u>16,864,047</u>	<u>15,772,546</u>	<u>15,773,855</u>
WORLD HEALTH ORGANIZATION					
WHO - Regular Budget	58,002,033	65,074,169	64,447,678	78,314,098	77,814,823
Global Program on AIDS	10,276,429	19,597,520	17,308,103	14,127,817	1,128,730
United Nations					
Development Program	2,654,633	1,394,463	1,447,760	555,858	868,902
United Nations Fund for					
Population Activities	14,770,251	12,082,320	5,456,717	5,749,571	3,849,434
WHO - Other	<u>8,489,593</u>	<u>10,971,557</u>	<u>13,159,776</u>	<u>14,912,870</u>	<u>10,816,055</u>
Subtotal WHO	<u>94,192,939</u>	<u>109,120,029</u>	<u>101,820,034</u>	<u>113,660,214</u>	<u>94,477,944</u>
TOTAL, ALL FUNDS	<u>323,578,347</u>	<u>385,820,973</u>	<u>418,908,206</u>	<u>456,307,259</u>	<u>432,063,088</u>

^{1/} Includes budget provision for Special Fund for Health Promotion^{2/} Included in Trust Funds^{2/} Excludes Special Funds

PART II

REPORT OF THE EXTERNAL AUDITOR

REPORT OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE
PAN AMERICAN HEALTH ORGANIZATION FOR THE FINANCIAL PERIOD
1 JANUARY 1996 TO 31 DECEMBER 1997

INTRODUCTION

Scope of the Audit

1. I have examined the financial statements of the Pan American Health Organization, PAHO ("the Organization") for the financial period ended 31 December 1997 in accordance with Article XII of the Financial Regulations.
2. In accordance with my normal practice, I have provided a separate Opinion and Report on the financial statements of the Institute of Nutrition of Central America and Panama (INCAP) for the financial period ending 31 December 1997.

Audit Objectives

3. The main purpose of the audit was to enable me to form an opinion as to whether the expenditure recorded in 1996-97 had been incurred for the purposes approved by the PAHO Governing Bodies; whether income and expenditure were properly classified and recorded in accordance with the Financial Regulations; and whether the financial statements presented fairly the financial position at 31 December 1997.

Audit Standards

4. My audit of the Organization's 1996-97 financial statements was carried out in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. These standards require me to plan the audit so as to obtain reasonable assurance that the Organization's 1996-97 financial statements are free of material misstatement. The Organization's management were responsible for preparing these financial statements, and I am responsible for expressing an opinion on the statements, based on evidence collected in my audit.

Audit Approach

5. In accordance with the Common Auditing Standards, my audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. This included:

- a general review of the Organization's accounting procedures;
- a broad assessment of the internal controls for income and expenditure; bank accounts; accounts receivable and payable; and supplies and equipment;
- substantive testing of transactions of all types;
- substantive testing of year end balances; and
- a final examination to ensure that the financial statements accurately reflected the Organization's accounting records and were fairly presented.

6. These audit procedures are designed primarily for the purpose of forming an opinion on PAHO's financial statements. Consequently my work did not involve a detailed review of all aspects of financial and budgetary systems, and the results should not therefore be regarded as a comprehensive statement on them.

Internal Audit

7. During the audit, my staff continued to liaise with Internal Audit on matters of joint interest. Where my staff consider that they can place reliance on Internal Audit, it is my policy that they should do so, particularly in circumstances where such reliance avoids unnecessary duplication of audit procedures. In 1996-97, I was able to take assurance from the work of Internal Audit as a result of my review of their own examinations.

Reporting

8. During the audit my staff sought such explanations as they considered necessary in the circumstances on matters arising from the examination of the internal controls, accounting records and financial statements. My observations on those matters which I consider should be brought to the attention of the Pan American Sanitary Conference are set out in the paragraphs below.

9. In accordance with normal practice, my staff provided the Organization with management letters during the period setting out the detailed findings arising from their examination.

Overall Results

10. My examination revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly, I have placed an unqualified opinion on the Organization's financial statements for the financial period ended 31 December 1997.

11. My comments on the follow up of matters raised in my previous Reports are at paragraphs 12 to 17; a summary of the main findings and conclusions is at paragraphs 18 to 31 and detailed findings are at paragraphs 32 to 77.

FOLLOW UP ON MATTERS RAISED IN PREVIOUS REPORTS

United Nations System Accounting Standards

12. In my 1992-93 and 1994-95 Reports I noted that the Administrative Committee on Co-ordination had approved Common Accounting Standards for the United Nations System and that the Organization, as Regional Office for WHO, were reviewing the standards to determine the changes required in the format of their accounts and the accounting treatment of key items.

13. I am pleased to note that the Organization has now completed its review and implemented a number of changes to its Financial Statements. The 1996-97 Financial Statements comply in all material respects with the requirements of the United Nations System Accounting Standards.

Trust Funds

14. In my 1994-95 Report I noted that, encouraged by my staff, the Organization had reviewed 107 Trust Fund projects on which there had been no financial activity since 1992-93, closing a number of these. I recommended that the Organization review such projects annually and I am pleased to note that the incidence of projects with no financial activity reported in 1996-97 has fallen. Only seventeen projects are now reported as having no financial activity as per Schedule 5 to the Financial Statements. I recommend that PAHO continue to review projects of this nature annually.

15. I also reported in 1994-95 that PAHO were in dispute with a donor regarding \$667,000 owed on project MCP-EPI-021 recommending that this matter be resolved speedily. I am pleased to report that this matter was resolved to the satisfaction of both parties during 1996-97.

Special Fund for Animal Health Research

16. I noted in my 1994-95 report that there had been no contributions received in either that biennium or 1992-93 for the Special Fund for Animal Health Research. As no contributions were received in 1996-97 the Director approved the closure of the Fund as indicated in Explanatory Note 13 to the Financial Statements.

Non-expendable Assets held at Field Offices

17. In my reports for the last three biennia, I have commented that the Organization has not been in a position to provide a reliable figure for the total cost of assets held at field offices. During 1996-97 my staff undertook visits to a number of field offices and identified significant discrepancies between the records of equipment held at local offices and those held at PAHO Headquarters. The Organization therefore undertook a comprehensive review of the inventory of assets held at all field offices in the latter part of 1997. This additional work has meant that Explanatory Note 8.1 to the PAHO Financial Statements includes, for the first time, the value of all assets over \$500 held at field offices. Separate valuations have also been provided for CAREC and CFNI which have been verified by my staff at visits to both organizations. I am pleased to note the progress made by PAHO in this area and recommend that PAHO continues to control items at field offices by regularly updating inventory listings through 1998-99 and beyond.

SUMMARY OF MAIN FINDINGS

On the Financial Position of the Organization

18. The Organization obligated \$158,172,830 (94%) of its Effective Working Budget for 1996-97 (paragraph 32). As a result of an increase in income collected there was a surplus on the Regular Budget of \$8,471,008 at 31 December 1997 (paragraph 34).

19. The collection rate for quota contributions for the current period fell slightly in 1996-97 but was offset by an increase in the rate for quota arrears (Figures 1 and 2 refer). Total amounts outstanding at 31 December 1997 were \$52,128,026, of which some \$46,704,056 (90%) relates to five Member States (paragraph 37), though it should be noted that \$30 million of the \$46 million above has now been recovered from the five Members.

20. As a result of the surplus on the Regular Budget, the Working Capital Fund has increased substantially to \$8,625,882 compared to \$154,874 as at 31 December 1995 (paragraph 39).

21. PAHO's financial position has strengthened in 1996-97. This is largely attributable to an increase in quota contributions received; but other factors, particularly the reduction in Regular Budget Expenditure following efforts to reduce costs in key areas such as communications, office supplies and travel, also contributed (paragraphs 40 to 43).

On the Financial Position of CAREC

22. CAREC reversed the accumulated deficit on its Working Capital Fund of \$344,315 at 31-December 1995 to a Working Capital Fund balance of \$313,939 at 31 December 1997 due mainly to an increase in the collection rate for both current and prior period quota assessments. However, the collection rate is still low and continues to undermine the continued financial viability of the Center (paragraphs 44 to 48).

23. Although Trust Fund activity at CAREC increased during 1996-97, PAHO Regular Budget financing of the Center also increased from \$1,316,456 in 1994-95 to \$1,497,638 in 1996-97. The Organization should consider with CAREC what further measures could be taken to improve the Center's financial position (paragraphs 46 to 48).

On the Financial Position of CFNI

24. In 1996-97 CFNI reduced its accumulated deficit from \$216,171 to \$142,380 due mainly to an increase in collection of Quota Contributions. However, CFNI continues to operate only with the continued financial support of the Organization (paragraphs 49 to 53).

25. Given the low level of Trust Fund activity at the Center, the Organization should undertake an urgent review of current practices in seeking Trust Fund donor support for CFNI (paragraph 52).

On the Financial Position of INPPAZ

26. Although the host Government's contribution shows a cash surplus of \$998,606 at 31 December 1997, after taking account of the balance outstanding on its 1996-97 contribution, \$3,796,173 remained due to INPPAZ from the host government as of 31 December 1997. PAHO Regular Budget financing is contributing significantly to the financing of INPPAZ. As in the case of CFNI, I encourage the Center to work with the Organization in order to attract financing from other sources (paragraphs 54 to 55).

On the Financial Position of PANAFOTSA

27. At 31 December 1997, there was a net deficit on PANAFOTSA's activities of \$714,279 compared to \$1,532,991 at 31 December 1995. The Organization has implemented new accounting procedures for the Center to establish effective budgetary control and Government contributions are being made on a more prompt and regular basis. Nevertheless I am concerned at the overall financial position of PANAFOTSA and recommend that further measures are implemented to improve control in 1998-99 (paragraphs 56 to 61).

On PAHO Regular Budget Financing of Centers

28. PAHO's regular budget expenditure for its five Centers has declined slightly from \$16,487,289 in 1994-95 to \$15,721,535 in 1996-97, falling in three of the Centers in 1996-97 and increasing in respect of CAREC and PANAFOTSA. I recommend that the Organization reviews their financial position as appropriate during the next biennium (paragraphs 62 and 63).

On the Organization's Financial Computer Systems

29. The Organization has made significant progress in correcting many of the underlying fundamental defects of its financial computer systems, implemented in 1992-93. However, there remains scope for improvement by integrating all elements of the financial systems and improving the reliability of financial reports. The FAMIS system is Year 2000 compliant but some modifications are needed to the sub-systems that feed into FAMIS. The Organization has assured me that the systems hardware and software components affected will be replaced before the end of 1998 (paragraphs 64 to 72).

On Special Funds

30. The Organization has received no contributions for the Textbook Program Special Fund in 1996-97 apart from interest arising from investment of the fund balance in the PAHO portfolio of investments. Because of the low level of activity, I recommend the Organization consider the continuing existence of the fund (paragraph 73).

On Visits to PAHO Field Offices

31. My staff increased their coverage of PAHO field Offices in 1996-97 and were impressed by the quality of the administrative control exercised at all offices visited. Specific recommendations have been made to the Organization by management letter and I am pleased to note their implementation (paragraphs 74 and 75).

DETAILED FINDINGS

FINANCIAL MATTERS

Budgetary Transfers and Program Delivery

32. Statement IV of the financial statements shows that the Organization obligated \$158,172,830 (94%) of the available appropriations from the Effective Working Budget for 1996-97 of \$168,578,000.

33. The Director authorized budgetary transfers of \$3,444,210 from Parts III, Health Services and Systems Development, IV, Health Promotion and Protection and VI, Disease Prevention and Control, to Parts II, Health in Human Development and VII, Administrative Services. The Director will notify the Pan American Sanitary Conference of these in his Financial Report on the 1996-97 biennium.

Results of the PAHO Regular Budget

34. As shown in Statement I, the Organization received income of \$168,248,416 and incurred expenditure of \$158,118,776 during the financial period. After providing for delays in the collection of assessed contributions and adjusting for contributions received in relation to prior years, the net excess of income over expenditure was \$7,175,886. After adjusting for savings on prior period obligations and transfers of \$254,054 to the Special Fund for Health Promotion and the Building Fund, there was a net surplus of \$8,471,008 on the Regular Budget.

35. This position compares favourably to that of 1994-95, where there was a net deficit on the Regular Budget of \$12,277,213. This is largely as a result of the increased rate of collection for Quota Contributions (paragraph 34), though expenditure has also declined slightly from \$159,457,717 in 1994-95 to \$158,118,776 in 1996-97, following efforts to reduce costs in key areas such as communications, office supplies and travel. Other Income has also increased from \$9,498,185 in 1994-95 to \$11,370,416 in 1996-97, largely as a result of additional interest on cash and investments.

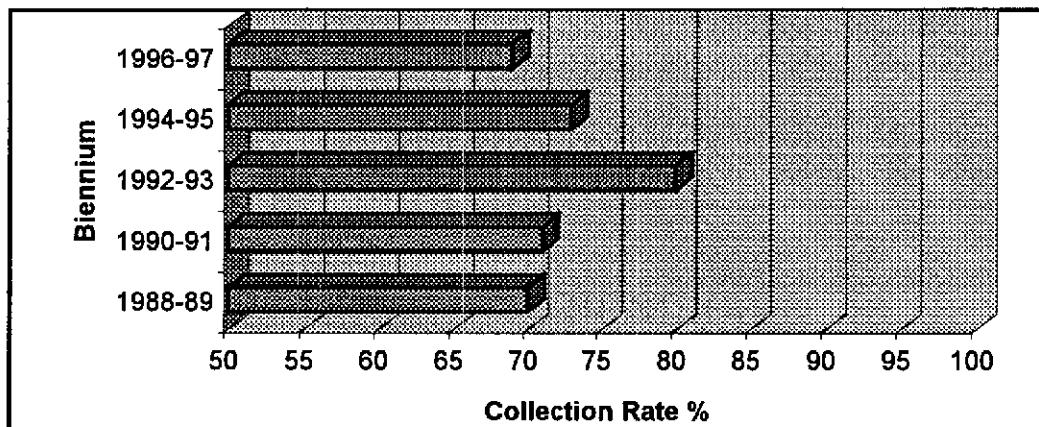
Quota Contributions

36. Figure 1 shows a fall in the collection rate for PAHO quota contributions due for 1996-97. Amounts outstanding reached their highest level. As a result, the collection rate fell below the average for the last ten years.

**FIGURE 1: THE COLLECTION RATE FOR CURRENT PAHO QUOTA CONTRIBUTIONS
(excluding arrears)**

Biennium	Net Assessments	Amount Collected	Outstanding Collection	Rate
	\$	\$	\$	%
1996-97	162,918,000	113,061,891	49,856,109	69
1994-95	160,636,000	117,869,257	42,766,743	73
1992-93	142,428,380	114,159,230	28,269,150	80
1990-91	127,738,000	90,707,355	37,030,645	71
1988-89	121,393,000	85,415,815	35,977,185	70
Average rate:				73

PAHO Current Quota Income Collection Rate:



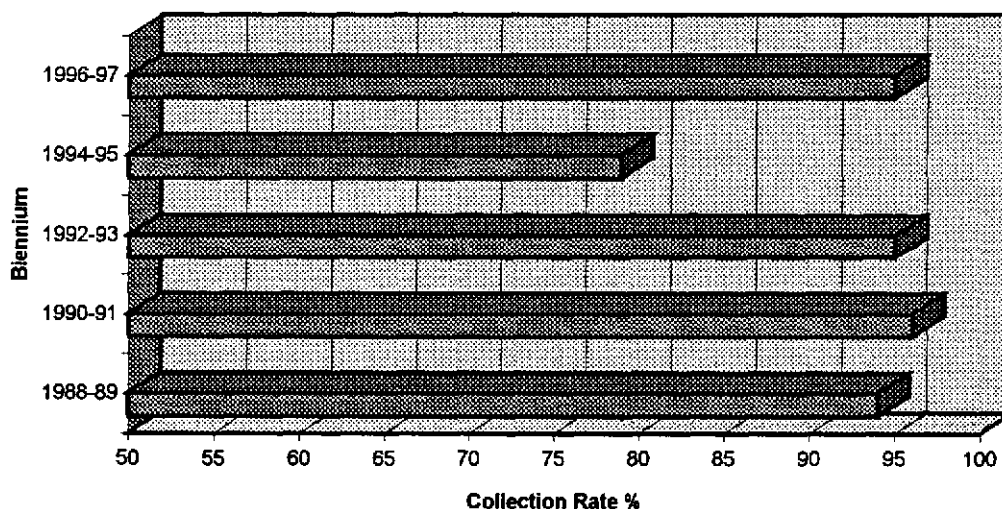
Source: Audited Financial Statements for 1988-89 to 1996-97

37. The Organization has historically been more successful in collecting the arrears outstanding from previous biennia than amounts due for current assessments. Figure 2 shows amounts received of \$46,932,855, representing a collection rate of 95 percent, a significant increase over 1994-95 and above the average for the last ten years. Of total amounts outstanding at 31 December 1997 on quota assessments for the current and prior periods, some \$46,704,056 (90%) relates to five Member States. It should be noted, however, that these Members have now settled arrears of \$30 million representing 58% of the overall outstanding balance.

FIGURE 2: THE COLLECTION RATE FOR ARREARS OF PAHO QUOTA CONTRIBUTIONS

Biennium	Arrears	Payments received	Balance due 31 December:	Collection Rate
	\$	\$	\$	%
1996-97	49,204,772	46,932,855	2,271,917	95
1994-95	30,242,378	23,804,349	6,438,029	79
1992-93	38,529,150	36,555,922	1,973,228	95
1990-91	37,407,966	35,909,461	1,498,505	96
1988-89	25,380,173	23,949,392	1,430,781	94
Average rate:				92

PAHO Quota Arrears Collection Rate



Source: Audited Financial Statements 1988-89 to 1996-97

Working Capital Fund

38. In 1993, the PAHO Directing Council approved the use of quota arrears receipts to increase gradually the Working Capital Fund to a level of \$15 million. The Council also approved setting aside an allocation to act as a formal reserve for the balance of two loans (for the PAHEF Medical Textbook Program and the PAHEF Textbook and Instructional Materials Program) guaranteed against the Fund. The loan to the PAHEF Medical Textbook Program was fully repaid in 1996.

39. As shown in Explanatory Note 24 to the financial statements, the total balance on the Fund rose substantially from \$154,874 at 31 December 1995 to \$8,625,882 as at 31 December 1997. This is a direct result of the surplus of \$8,471,008 on the Regular Budget (paragraph 34).

Overall Financial Position

40. The strengthening of PAHO's financial position in 1996-97 is largely attributable to the settlement of unpaid quota contributions. However, other factors such as the slight decline in expenditure referred to in paragraph 35 above also contributed.

41. PAHO has continued to fund its Centers from its Regular Budget and paragraphs 62 and 63 summarize the extent of funding.

42. Schedule 5 to the financial statements details trust fund activity for the period. PAHO administered some 460 trust fund projects throughout 1996-97. Funds received totalled \$103,214,016 in 1996-97 compared to \$77,011,289 in 1994-95. Correspondingly, expenditure also increased from \$81,561,338 in 1994-95 to \$85,279,362 in 1996-97.

43. I welcome this increase in Trust Fund project financial activity and have commented above on the importance of control over projects with no financial activity.

CARIBBEAN EPIDEMIOLOGY CENTER (CAREC)

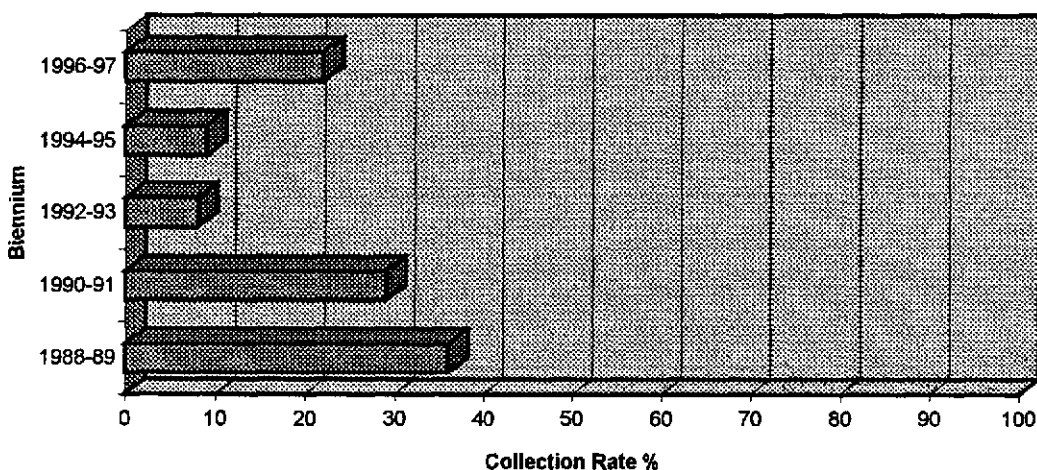
Quota Contributions

44. I noted in my Reports on the 1992-93 and 1994-95 financial statements that CAREC's Directing Council had undertaken to review Member States' share of quota assessments. The Caucus of CARICOM Ministers Responsible for Health approved a revised quota system in September 1994 and the revised formula, effective from 1 January 1996, is intended to represent a realistic reflection of Member States' ability to pay. I am pleased to report that this initiative has resulted in an increased collection of quota contributions in 1996-97. Figure 3 shows that CAREC's collection rate of current assessments rose significantly in 1996-97 compared to 1994-95, reversing the trend of very low collection rates. However, at 22%, the collection rate for 1996-97 is still significantly lower than the comparable rate for PAHO.

FIGURE 3: THE COLLECTION RATE FOR CURRENT CAREC QUOTA CONTRIBUTIONS
(excluding arrears)

Biennium	Net Assessments	Amount Collected	Outstanding Collection	Rate
	\$	\$	\$	%
1996-97	3,360,000	738,515	2,621,485	22
1994-95	3,348,001	293,702	3,054,299	9
1992-93	3,276,997	266,200	3,010,797	8
1990-91	3,268,945	954,069	2,314,876	29
1988-89	3,238,571	1,171,482	2,067,089	36
Average rate:				21

CAREC Current Quota Assessments Collection



Source: Audited Financial Statements 1988-89 to 1996-97

45. During 1996-97, CAREC made considerable efforts to encourage Member States to pay quota assessments. This resulted in the collection of \$3,130,643 of prior period assessments in 1996-97 compared to \$2,354,441 in 1994-95. As a result, total arrears have declined slightly from \$5,297,045 at the end of 1995 to \$4,787,887 at 31 December 1997. However, as I reported in 1994-95, the continued arrears impair the Center's ability to plan activities and places at risk its continued financial viability. I therefore recommend that CAREC continues to encourage Member States to make prompt and regular payment in respect of their quota assessments.

Overall Financial Position

46. Statement V shows that CAREC Regular Budget Income, after adjustment for delays in collection of assessments, receipt of assessment arrears, and savings on cancellation of prior period obligations, totalled \$3,902,647 in 1996-97 compared to \$2,745,986 in 1994-95. During the biennium CAREC finalized a comprehensive review of its critical functions, priorities, and posts. Regular Budget expenditure totalled \$3,244,393 in 1996-97 compared to \$2,853,759 in 1994-95. The net excess of income over expenditure allowed CAREC to reverse its deficit of \$344,315 on the Working Capital Fund in 1994-95 to a positive balance of \$313,939 at 31 December 1997. This position arose largely because of the increased collection of both current and prior period quota assessments.

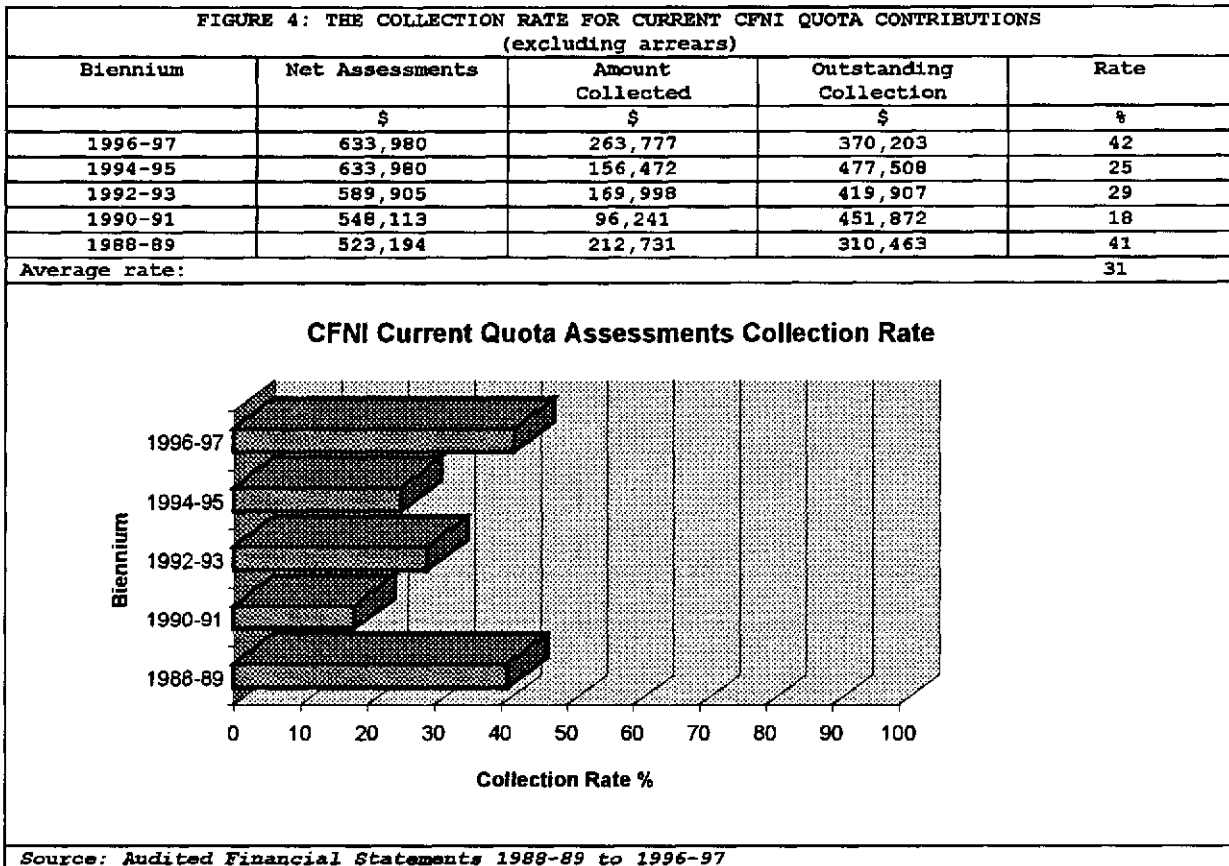
47. Trust Fund Income fell from \$3,309,973 in 1994-95 to \$2,723,756 in 1996-97. However, expenditure increased from \$2,966,147 in 1994-95 to \$3,070,586 in 1996-97. The number of projects administered has increased from 25 to 26 in 1996-97. I welcome this increase in Trust Fund project activity and urge the Center to continue to strive to increase activity in 1998-99 and beyond.

48. In my 1994-95 report I noted that PAHO funding of the Centers had contributed to its weakened financial position at the end of the biennium. PAHO Regular Budget funding of CAREC activities has increased from \$1,316,456 in 1994-95 to \$1,497,638 in 1996-97. I acknowledge the efforts made by the Center in increasing Quota collection rates and Trust Fund activity, I note PAHO Regular Budget continues to contribute significantly to the financing of the Center.

CARIBBEAN FOOD AND NUTRITION INSTITUTE (CFNI)

Quota Contributions

49. Figure 4 shows that during 1996-97, amounts collected on current assessments increased when compared to 1994-95, and were above the average level achieved over the last ten years. However, the collection rate for 1996-97 at 42% is still significantly lower than the comparable rate for PAHO.



Source: Audited Financial Statements 1988-89 to 1996-97

50. In addition to the collection of current period assessments the Institute collected \$385,378 from prior years. Total contributions receivable have remained relatively stable at \$910,293 at 31 December 1997 compared to \$925,468 at 31 December 1995. The host country owes \$756,633 (83%) of total contributions receivable. My staff, during their visit to CFNI, noted the considerable efforts made by the Center to encourage Member States to pay their assessments. Nevertheless, the continued arrears impair the Center's ability to plan activities and places at risk its continued financial viability. I therefore encourage Member States to make prompt and regular quota payments in order to contribute to the continued activities of the Center.

Overall Financial Position

51. The Institute continued to experience a difficult financial period during 1996-97. Statement VIII shows that CFNI regular budget income, after adjustment for delays in collection of assessments, receipt of assessment arrears, and savings on cancellation of prior period obligations totalled \$650,294 in 1996-97 compared to \$481,507 in 1994-95. Regular budget expenditure totalled \$576,503 compared to \$476,404 in 1994-95. The net excess of income over expenditure allowed CFNI to reduce the accumulated deficit on its Working Capital Fund to \$142,380 compared with \$216,171 at the end of 1995.

52. Trust Fund Income and Expenditure have increased significantly when compared to 1994-95. At their visit to CFNI, my staff expressed concern at the level of Trust Fund activity at the Center as the projects were largely completed at the end of 1996-97 and no replacement projects were planned. My staff discussed the position with the Center Director and staff at PAHO and share their concern at the level of Trust Fund activity, given its importance in ensuring the continued viability of the Center. I recommend that the Organization and Center undertake an urgent detailed review of its current practice in seeking Trust Fund donor support for the Center's activities.

53. PAHO Regular Budget Funding of CFNI declined slightly at \$1,343,287 in 1996-97 compared to \$1,596,264 in 1994-95. However, the Organization is still contributing significantly to the financing of the Center. I recommend that the Organization and Center review the financial position in 1998-99 to identify a clear strategy for future financing of the Center.

PAN AMERICAN INSTITUTE FOR FOOD PROTECTION AND ZOOSES (INPPAZ)

54. In my 1994-95 Report, I noted that the Pan American Institute for Food Protection and Zoonoses (INPPAZ) is surviving only with the support of the Organization and that PAHO had agreed a payment plan with the host Government to facilitate payments of amounts due. The status of the host government's contribution for 1996-97 is shown on a cash basis as a Trust Fund project PAZ-FOS-020 in Schedule 5 to the financial statements. This shows amounts received of \$2,521,393 against expenditure of \$1,732,496. Taking account of the balance brought forward, the Trust Fund has a cash surplus of \$998,606 at 31 December 1997. The IX RIMSA meeting in April 1995 recommended that the Governing Bodies of PAHO approve the 1996-97 budget for INPPAZ which required a contribution from the host Government of \$4,300,000. In my 1994-95 Report I noted that \$2,017,566 remained outstanding from the host Government for that financial period. Taking into account the cash received in 1996-97 the balance due from the Government has therefore increased to \$3,796,173 at 31 December 1997.

55. PAHO Regular Budget funding of \$2,275,168 in 1996-97, compared to \$3,000,596 in 1994-95, is still contributing significantly to the financing of the Institute. Whilst I acknowledge that PAHO is committed to financing some elements of expenditure for INPPAZ, I recommend that the Organization carefully examines the financing of the Institute in 1998-99 and encourage the Institute to work with the Organization in order to attract financing from other sources.

PAN AMERICAN FOOT AND MOUTH DISEASE CENTER (PANAFMOSA)

56. In my 1990-91 Report, I noted that a surplus on vaccine activities was sufficient to cover arrears from the host Government. In 1992-93 the position had changed such that the surplus on vaccine activities was insufficient to cover host Government arrears. In 1994-95 I reported that the combined effect of a deficit on vaccine activities and an increase in arrears due from the host Government was a net deficit of \$1,532,998. In 1996-97, the Organization established new accounting procedures for the Center instituting tighter budgetary controls.

57. The position on the host Government's contribution, disclosed as Trust Fund project APT-FMD-020 in Schedule 5, is that, after arrears brought forward of \$1,096,963, contributions received of \$1,578,079 and expenditure of \$1,374,745, the project had a cash deficit of \$893,629 as at 31 December 1997. Amounts due for 1996-97 from the Government totalled \$1,418,372 and I am pleased to note that the amount received made a contribution towards this total. I am also pleased to note that the Government paid a further \$800,000 early in 1998 and command prompt and regular payments in order to sustain the financial viability of the Center.

58. Explanatory Note 23 to the PAHO financial statements shows the financial position of the Center's vaccine activities. During 1996-97, PANAFTOSA received income from sales of vaccine of \$2,623,879 and incurred expenditure of \$2,008,501. This represents a marked improvement in the financial position of these activities compared to 1994-95. With a deficit brought forward from 1994-95 of \$436,028 I am pleased to note a net surplus on vaccine sales of \$179,350 as at 31 December 1997.

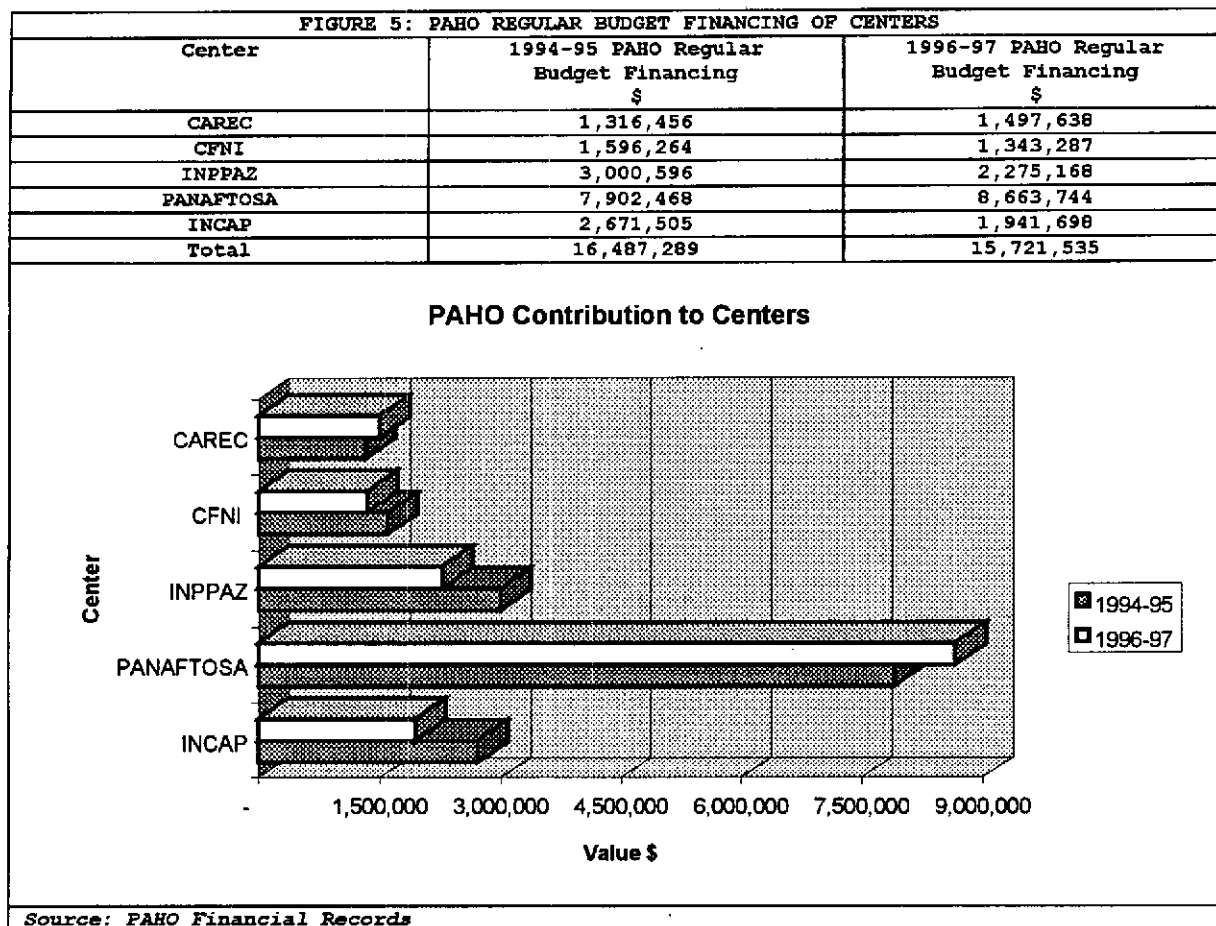
59. This has resulted in an overall net deficit on PANAFTOSA's activities of \$714,279 at 31 December 1997 compared to \$1,532,991 at 31 December 1995, marking a significant improvement in the Center's financial position.

60. However, PAHO Regular Budget funding of \$8,663,744 in 1996-97, compared to \$7,902,468 in 1994-95, is still contributing significantly to the financing of the Center.

61. I support the Organization's actions to improve control procedures and welcome initiatives to collect amounts due from the host Government. However, I remain concerned at the overall financial position of PANAFTOSA and recommend that the Organization implement further measures to improve control in 1998-99.

PAHO Regular Budget Financing of Centers

62. PAHO provides Regular Budget financing to the four Centers mentioned above as well as the Institute of Nutrition of Central America and Panama (INCAP), which I report on separately at Part VI of the financial statements. Figure 5 shows the extent to which the PAHO Regular Budget finances the five Centers.



63. PAHO funding has declined from \$16,487,289 in 1994-95 to \$15,721,535 in 1996-97, falling in three of the Centers in 1996-97 and increasing in respect of CAREC and PANAFTOSA. Whilst I acknowledge that PAHO is committed to financing some elements of expenditure for the Centers, I have outlined my concerns regarding their financial positions in paragraphs 44 to 61 above and urge the Organization to review their financial position as appropriate during the next biennium.

FINANCIAL CONTROL MATTERS

The Organization's Financial Computer Systems

64. In 1992-93 I reported on the background, selection, and implementation of the Organization's new computerized financial accounting system, FAMIS and procurement system, ADPICS. The implementation of FAMIS, three months before the end of a biennium at a time when not all elements of the new system were complete or proven reliable, adversely affected the Organization's ability to carry out normal operations and control functions. This led to delays in the completion of the 1992-93 accounts.

65. In 1994-95 I commented on the significant progress made by the Organization to resolve a wide range of problems which adversely affected the reliability of the accounting records and internal controls, such that the system at the end of 1994-95 was capable of producing reliable financial reports. However, my staff still had concerns about the efficiency of the system and I noted that there was scope for improvement.

Developments in 1996-97

66. In July 1997 my staff undertook a major review of the integrity, reliability, and availability of the FAMIS computer system providing a report to PAHO management through the normal management letter channels. The Organization have responded positively to the various recommendations made and are taking forward certain key issues as outlined below.

67. The FAMIS system is an off-the-shelf package which has been customized for PAHO use. The main advantage of such packages is the ability to upgrade to newer versions. However, the volume of bespoke modifications made to the PAHO system are such that an upgrade to the latest version of FAMIS, which has better reporting facilities, would be a major exercise. The Organization informed me that they are to consider upgrading FAMIS in two years' time and will commence the detailed planning work required for such a major change later in 1998.

68. During the review we noted that the volume of new exception reports - those required to cope with emerging problems in the system - has been steadily declining over the past three years. I am pleased to note the progress made by PAHO in this area, although a number of financial reports produced by the system are still not reliable. For example, the financial data in the system relating to Revolving Funds is not used to control income and expenditure in this area: the accounts staff use separate spreadsheets for this purpose. I recommend that PAHO continues to monitor the ability of the system to produce reliable financial data in all instances.

69. The system operating at the time of our review was capable of producing accounts for audit. However, the Financial Statements cannot be produced directly from the system: accounting information has to be taken from FAMIS and entered into separate spreadsheets to produce the various analyses required. This two-stage process has proved both costly and prone to error and I recommend that PAHO address this problem as soon as possible in order to ensure the efficient preparation of accounts in 1998-99.

70. We noted the existence of "unofficial systems" which analyze data obtained from FAMIS using other software to provide end-users with the financial management information they require. At our request the Organization has drawn the attention of potential end-users to the fact that such information may not always mirror that held in the accounting records. We note that FAMIS now has better reporting software, which eases this problem and provides greater system flexibility, though my staff made a number of specific recommendations, accepted by the Organization, in order to improve the controls over, and integrity of the system. I am pleased to note the Organization's positive response to these recommendations.

The Year 2000 Problem

71. Many computer systems are affected by the so called "Millennium bug" because dates are recorded in computer software using 2 rather than 4 digits and are thus unable to differentiate between the year 2000 and the year 1900 when effecting calculations. My staff confirmed that the FAMIS system is Year 2000 compliant. However, some of the sub-systems that provide data for FAMIS will require modification to cope with the year 2000 problem.

72. The Organization assured me that it had identified the systems hardware and software components affected by the Year 2000 problem and is working to replace them before the end of 1998. It will also commence full Year 2000 compliance testing of all applications during 1998. I note and welcome the assurances provided about the ability of the Organization's systems to cope with the Year 2000.

OTHER MATTERS

Special Funds

73. Explanatory Note 22 details the Textbook Program Special Fund. The only activity on this fund in 1996-97 was income from investment of the fund balance within the PAHO portfolio of investments. Because of the low level of activity on this fund, I recommend the Organization consider its continuing existence.

Visits to PAHO Field Offices

74. At the request of PAHO Management, my staff increased their coverage of PAHO field offices during 1996-97, visiting eight offices as well as CAREC, CFNI, INCAP and the Latin American Center for Perinatology (CLAP). I personally attended the audit in Guyana. Visits to projects at the different locations allowed my staff to gain a valuable insight into the difficult conditions faced by field office staff. My staff were impressed by the quality of the administrative control exercised at all offices visited.

75. Detailed findings arising from our visits were notified to PAHO in the usual manner through management letters and prompt action has been taken on all recommendations made.

Cases of Fraud and Presumptive Fraud

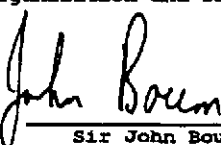
76. The Organization told me that no cases of fraud or presumptive fraud occurred during the biennium. I am pleased to note that PAHO continues to exercise good control in these areas.

Other Losses and Amounts Written Off

77. The Organization also notified me of losses of assets costing \$233,338 and write-offs of uncollectable receivables of \$541,692. I am satisfied that PAHO took reasonable action in the circumstances of all losses and acted appropriately in writing off uncollectable receivables.

ACKNOWLEDGEMENTS

78. I wish to record my appreciation for the co-operation and assistance extended by the Director and the Officers of the Organization and Centers throughout the course of my audit.

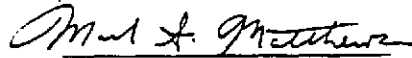


Sir John Bourn
(Comptroller and Auditor General, United Kingdom)
External Auditor

15th May 1998.

CERTIFICATION OF FINANCIAL STATEMENTS

The appended Statement I to Statement X and Schedule 1 to Schedule 9 and supporting Explanatory Notes are approved:



Mark S. Matthews
Chief, Department of
Budget and Finance



Sir George Alleyne
Director

OPINION OF THE EXTERNAL AUDITOR

To: The Pan American Sanitary Conference

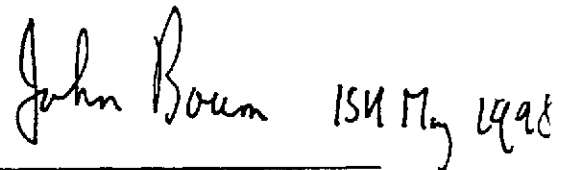
I have audited the accompanying financial statements, comprising Statements I to X, Schedules 1 to 9 and the supporting Notes of the Pan American Health Organization for the financial period ended 31 December 1997. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 1997 and the results of operations and cash flows for the period then ended in accordance with the Pan American Health Organization's stated accounting policies set out in Note 2 of the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in my opinion, the transactions of the Pan American Health Organization, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with Article XII of the Financial Regulations, I have also issued a long-form Report on my audit of the Pan American Health Organization's financial statements.



Sir John Bourn
Comptroller and Auditor General, United Kingdom
External Auditor

PART III

**PAN AMERICAN HEALTH ORGANIZATION
FINANCIAL STATEMENTS**

	PAN AMERICAN HEALTH ORGANIZATION					WORLD HEALTH ORGANIZATION			CENTERS		
	Regular Budget and Working Capital Fund Note 24	Trust Funds Schedule 5	Special Funds Statement I.1	Non-Project Funds Statement I.2	Subtotal	Regular Budget	Other Funds Statement I.3	Subtotal	Administered by PARO	Total 1996-1997	Total 1994-1995
INCOME											
Assessed contributions	Schedule 1	156,878,000	-	6,040,000	162,918,000	-	-	-	4,751,380	167,669,380	165,375,381
Voluntary contributions											
PAHO program activities		103,214,016	1,531,960	-	104,745,976	-	-	-	6,753,366	111,499,342	101,029,540
Non-PARO program activities		-	-	64,367,840	64,367,840	-	-	-	675,031	65,042,871	45,237,037
Other income		-	-	-	-	-	-	-	-	-	-
Revenue-producing activities		-	7,246,861	4,292,948	11,539,809	-	-	-	997,899	12,537,708	8,875,133
Funds received under											
inter-organization arrangements		-	-	-	-	77,814,823	16,663,121	94,477,944	-	94,477,944	113,660,214
Allocation from other funds		-	-	-	-	-	-	-	891,690	891,690	1,115,377
Income for services rendered		-	7,161,548	5,203,573	12,365,121	-	-	-	413,631	12,778,752	11,193,251
Interest income	10,173,929	-	678,293	1,229,501	12,081,723	-	-	-	464,494	12,546,217	10,134,019
Currency exchange differential	374,759	-	-	-	374,759	-	-	-	74,959	449,718	237,702
Other/Miscellaneous	821,728	-	1,443	-	823,171	-	-	-	58,124	881,295	1,048,622
TOTAL INCOME	158,248,416	103,214,016	16,622,105	81,133,862	359,218,392	77,814,823	16,663,121	94,477,944	15,080,574	478,776,912	457,916,351
EXPENDITURE											
International health program	158,118,776	85,279,362	10,621,562	-	254,019,700	77,814,823	16,663,121	94,477,944	14,146,520	362,644,164	396,167,696
Other purposes	-	-	-	67,791,589	67,791,589	-	-	-	1,627,335	69,418,924	50,132,353
TOTAL EXPENDITURE	158,118,776	85,279,362	10,621,562	67,791,589	321,811,282	77,814,823	16,663,121	94,477,944	15,773,855	432,063,088	456,307,252
EXCESS (SHORTFALL) OF INCOME											
OVER EXPENDITURE	10,129,640	17,934,654	6,000,543	13,342,273	47,407,110	-	-	-	(693,281)	46,713,829	1,609,092
Provision for delays in collection of assessed contributions	Schedule 1	(49,848,609)	-	(7,500)	(49,856,109)	-	-	-	(3,240,072)	(53,096,181)	(46,537,077)
Payment of assessed contributions for prior years	Schedule 1	46,894,855	-	38,000	46,932,855	-	-	-	3,714,599	50,647,454	26,783,202
NET EXCESS (SHORTFALL) OF INCOME											
OVER EXPENDITURE	7,175,886	17,934,654	6,000,543	13,372,773	44,483,856	-	-	-	(218,754)	44,265,102	(18,144,776)
Savings on or cancellation of prior periods' obligations	1,549,176	-	-	-	1,549,176	-	-	-	6,929	1,556,105	2,599,623
Other project adjustments	-	-	(123,951)	-	(123,951)	-	-	-	(56,656)	(180,607)	(51,571)
Transfers to/from funds	(124,054)	-	54,054	300,000	-	-	-	-	-	-	-
TOTAL CHANGES IN FUND BALANCES	-8,471,008	17,934,654	5,930,646	11,572,773	45,909,081	-	-	-	(268,481)	45,640,600	(13,596,744)
FUND BALANCES, 1 JANUARY 1996	154,874	23,112,749	21,341,616	25,689,778	71,099,047	-	-	-	6,410,523	77,509,570	93,106,224
FUND BALANCES, 31 DECEMBER 1997	8,623,882	41,047,403	28,072,222	39,262,551	117,008,128	-	-	-	6,142,042	123,150,170	77,509,570

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
SPECIAL FUNDS
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	Animal Health Research Note 13	Capital Equipment Note 15	Health Promotion Note 17	Measles Note 18	Natural Disaster Relief Note 19	PreInvestment Fund in Environment and Health Note 20	Program Support Costs Note 21	Textbook Program Note 22	Total 1996-1997	Total 1994-1995
INCOME										
Assessed contributions	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	1,526,960	5,000	-	-	1,531,960	15,041,690
PAHO program activities	-	-	-	-	-	-	-	-	-	-
Non-PAHO program activities	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	7,246,861	-	7,246,861	4,048,261
Revenue-producing activities	-	-	-	-	-	-	-	-	-	-
Funds received under	-	-	-	-	-	-	-	-	-	-
inter-organization arrangements	-	-	-	-	-	-	-	-	-	-
Allocation from other funds	-	-	-	-	-	-	-	-	-	-
Income for services rendered	-	-	-	-	-	-	7,161,548	-	7,161,548	7,377,156
Interest income	806	-	128,366	-	426,580	-	-	122,541	678,293	499,929
Currency exchange differential	-	-	653	-	2,790	-	-	-	3,443	8,230
Other/Miscellaneous	-	-	129,019	-	1,956,330	5,000	14,408,409	122,541	16,622,105	26,975,266
TOTAL INCOME	806	-	129,019	-	1,956,330	5,000	14,408,409	122,541	16,622,105	26,975,266
EXPENDITURE										
International health program	14,452	47,080	171,969	326,210	2,254,029	281,254	7,145,803	-	10,621,552	28,063,049
Other purposes	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	14,452	47,080	171,969	326,210	2,254,029	281,254	7,145,803	-	10,621,552	28,063,049
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(13,646)	(47,080)	(42,950)	(326,210)	(297,699)	(276,254)	7,262,606	122,541	6,000,543	(1,087,783)
Provision for delays in collection of assessed contributions	-	-	-	-	-	-	-	-	-	-
Payment of assessed contributions for prior years	-	-	-	-	-	-	-	-	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(13,646)	(47,080)	(42,950)	(326,210)	(297,699)	(276,254)	7,262,606	122,541	6,000,543	(1,087,783)
Savings on or cancellation of prior periods' obligations	-	-	-	-	-	-	-	-	-	-
Other project adjustments	-	-	-	-	(123,951)	-	-	-	(123,951)	-
Transfers to/from funds	-	-	54,054	-	-	-	-	-	54,054	216,216
TOTAL CHANGES IN FUND BALANCES	(13,646)	(47,080)	11,104	(326,210)	(421,650)	(276,254)	7,262,606	122,541	5,930,646	(871,567)
FUND BALANCES, 1 JANUARY 1996	13,646	2,574,806	1,105,303	665,046	3,894,915	299,264	12,155,453	1,000,178	22,141,646	23,013,213
FUND BALANCES, 31 DECEMBER 1997	-	2,527,726	1,116,407	338,836	3,473,265	23,010	19,418,059	1,122,719	28,072,292	22,141,646

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
NON-PROJECT FUNDS
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	Reference	Advances from Governments & Institutions Schedule 2	Building Fund Note 14	Emergency Procurement Schedule 3	Expanded Program on Immunization Schedule 4	Provision for Termination & Repatriation Note 12	Sale of Vaccine at PANATOSA Note 23	Tax Equalization Fund Note 4	Total 1996-1997	Total 1994-1995
INCOME										
Assessed contributions		-	-	-	-	-	-	6,040,000	6,040,000	7,870,000
Voluntary contributions		-	-	-	-	-	-	-	-	-
PAHO program activities		10,932,748	-	-	53,435,092	-	-	-	64,367,840	44,390,842
Non-PAHO program activities		-	-	-	-	-	-	-	-	-
Other income		-	1,669,069	-	-	-	2,623,879	-	4,292,948	3,693,788
Revenue-producing activities		-	-	-	-	-	-	-	-	-
Funds received under		-	-	-	-	-	-	-	-	-
inter-organization arrangements		-	-	-	-	-	-	-	-	-
Allocation from other funds		-	-	-	-	-	-	-	-	-
Income for services rendered		-	-	-	-	5,203,573	-	-	5,203,573	3,346,065
Interest income		-	-	-	-	1,229,501	-	-	1,229,501	1,083,018
Currency exchange differential		-	-	-	-	-	-	-	-	-
Other/Miscellaneous		-	-	-	-	-	-	-	-	-
TOTAL INCOME		<u>10,932,748</u>	<u>1,669,069</u>	<u>-</u>	<u>53,435,092</u>	<u>6,433,074</u>	<u>2,623,879</u>	<u>6,040,000</u>	<u>81,133,852</u>	<u>60,383,713</u>
EXPENDITURE										
International health program		-	-	-	-	-	-	-	-	-
Other purposes		11,972,127	1,750,688	125,000	39,911,777	5,254,929	2,008,501	6,768,567	67,791,589	57,792,395
TOTAL EXPENDITURE		<u>11,972,127</u>	<u>1,750,688</u>	<u>125,000</u>	<u>39,911,777</u>	<u>5,254,929</u>	<u>2,008,501</u>	<u>6,768,567</u>	<u>67,791,589</u>	<u>57,792,395</u>
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		<u>(1,039,379)</u>	<u>(81,619)</u>	<u>(125,000)</u>	<u>13,523,315</u>	<u>1,178,145</u>	<u>615,378</u>	<u>(728,567)</u>	<u>13,342,273</u>	<u>2,591,318</u>
Provision for delays in collection of assessed contributions		-	-	-	-	-	-	(7,500)	(7,500)	(10,000)
Payment of assessed contributions for prior years		-	-	-	-	-	-	38,000	38,000	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		<u>(1,039,379)</u>	<u>(81,619)</u>	<u>(125,000)</u>	<u>13,523,315</u>	<u>1,178,145</u>	<u>615,378</u>	<u>(598,067)</u>	<u>13,372,773</u>	<u>2,581,318</u>
Savings on or cancellation of prior periods' obligations		-	-	-	-	-	-	-	-	-
Transfers to/from funds		-	200,000	-	-	-	-	-	200,000	(1,509,830)
TOTAL CHANGES IN FUND BALANCES		<u>(1,039,379)</u>	<u>118,381</u>	<u>(125,000)</u>	<u>13,523,315</u>	<u>1,178,145</u>	<u>615,378</u>	<u>(598,067)</u>	<u>13,572,773</u>	<u>1,071,488</u>
FUND BALANCES, 1 JANUARY 1996		<u>7,422,047</u>	<u>554,002</u>	<u>125,000</u>	<u>7,188,783</u>	<u>11,121,287</u>	<u>(436,028)</u>	<u>(285,313)</u>	<u>25,689,778</u>	<u>24,618,290</u>
FUND BALANCES, 31 DECEMBER 1997		<u>6,382,668</u>	<u>672,383</u>	<u>-</u>	<u>20,712,098</u>	<u>12,299,432</u>	<u>179,350</u>	<u>(983,380)</u>	<u>39,262,551</u>	<u>25,689,778</u>

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
WORLD HEALTH ORGANIZATION: OTHER FUNDS
FOR THE FINANCIAL PERIOD 1986-1997
(expressed in US dollars)

[illegible]

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES
AS OF 31 DECEMBER 1997
(expressed in US dollars)

	Note*	1997	1995
ASSETS			
Cash and term deposits (Statement III)	-	90,355,834	61,415,201
Investments, at cost (Statement III)	3	49,252,729	28,346,365
Accounts receivable			
Quota contributions due from Member and Participating States and Associate Members (Schedule 1)	-	52,128,026	49,204,772
Provision for delays in collection of assessed contributions	-	(52,128,026)	(49,204,772)
Trust Funds receivable (Schedule 5)	-	1,880,459	3,250,436
Sundry debtors	5	2,021,839	1,974,439
Balance due from World Health Organization for inter-organization funding activities	-	-	2,592,329
Balance due from Centers for inter-organization funding activities	6	108,412	173,390
Deferred charges	7	1,361,153	2,246,638
Land and buildings			
Headquarters and field offices	8	<u>14,207,681</u>	<u>12,488,774</u>
TOTAL ASSETS		<u>159,188,107</u>	<u>112,487,572</u>
LIABILITIES			
Quota contributions received in advance	9	3,321	152,683
Unliquidated obligations	-	13,422,812	9,434,992
Accounts payable			
Balance due to Pan American Health and Education Foundation under operating agreement	-	4,184,199	9,950,280
Balance due to World Health Organization for inter-organization funding activities	-	3,581,417	-
Balance due to Centers for inter-organization funding activities	10	2,163,557	1,891,505
Other sundry creditors	11	<u>2,736,533</u>	<u>4,219,855</u>
TOTAL LIABILITIES		<u>26,091,839</u>	<u>25,649,315</u>
RESERVES AND FUND BALANCES			
SPECIAL FUNDS			
Animal Health Research	13	-	13,646
Capital Equipment	15	2,527,726	2,574,806
Cholera	16	52,270	433,035
Health Promotion	17	1,116,407	1,105,303
Measles	18	338,836	665,046
Natural Disaster Relief	19	3,473,265	3,894,915
Preinvestment Fund in Environment and Health	20	23,010	299,264
Program Support Costs	21	19,418,059	12,155,453
Textbook Program	22	1,122,719	1,000,178
Trust Funds (Schedule 5)	-	<u>42,927,862</u>	<u>26,363,185</u>
Total special funds		<u>71,000,154</u>	<u>48,504,831</u>
OTHER FUNDS			
Advances from governments and institutions for procurements (Schedule 2)	-	6,382,668	7,422,047
Building Fund	14	672,383	554,002
Emergency Procurement Revolving Fund (Schedule 3)	-	-	125,000
Provision for termination and repatriation entitlements	12	12,299,432	11,121,287
Revolving Fund for the Expanded Program on Immunization (Schedule 4)	-	20,712,098	7,188,783
Sale of vaccine at PANAFITSA	23	179,350	(436,028)
Tax Equalization Fund	4	<u>(983,380)</u>	<u>(285,313)</u>
Total other funds		<u>39,262,551</u>	<u>25,689,778</u>
WORKING CAPITAL FUND	24	<u>8,625,882</u>	<u>154,874</u>
EQUITY IN LAND AND BUILDINGS	8	<u>14,207,681</u>	<u>12,488,774</u>
TOTAL RESERVES AND FUND BALANCES		<u>133,096,268</u>	<u>86,838,257</u>
TOTAL LIABILITIES, AND RESERVES AND FUND BALANCES		<u>159,188,107</u>	<u>112,487,572</u>

*See explanatory notes, beginning on page 40

Statement III

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	<u>1996-1997 *</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net excess (shortfall) of income over expenditure (Statement I)	44,483,856
(Increase) decrease in Trust Funds receivable	1,369,977
(Increase) decrease in sundry debtors	(47,400)
(Increase) decrease in deferred charges	885,485
Increase (decrease) in contributions or payments received in advance	(149,362)
Increase (decrease) in unliquidated obligations	3,987,820
Increase (decrease) in accounts payable	(1,483,322)
Less: Interest income	<u>(12,081,723)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>36,965,331</u>
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES	
(Increase) decrease in investments	(20,906,364)
(Increase) decrease in inter-office organization funding balance receivable:	
World Health Organization	2,592,329
Centers Administered by the Pan American Health Organization	64,978
Increase (decrease) in inter-office organization funding balance payable:	
Pan American Health Education Foundation	(5,766,081)
World Health Organization	3,581,417
Centers Administered by the Pan American Health Organization	272,052
Add: Interest income	<u>12,081,723</u>
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	<u>(8,079,946)</u>
CASH FLOWS FROM OTHER SOURCES	
(Increase) decrease in land and buildings	(1,718,907)
Savings on or cancellation of prior periods obligations	1,549,176
Other adjustments to Trust Fund Balances to reflect accounts receivable	(1,369,977)
Other project adjustments	(123,951)
Increase (decrease) in equity in land and buildings	<u>1,718,907</u>
NET CASH FROM OTHER SOURCES	<u>55,248</u>
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	28,940,633
CASH AND TERM DEPOSITS AT 1 JANUARY 1996	<u>61,415,201</u>
CASH AND TERM DEPOSITS AT 31 DECEMBER 1997	<u>90,355,834</u>

* As this is the first time the statements have been produced in the revised format to meet the requirements of the United Nations System Common Accounting Standards, comparative data for the previous biennium has not been provided.

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF REGULAR BUDGET APPROPRIATIONS
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

Description of Appropriation Sections	Appropriations			Expenditure	
	Original	Transfers	Revised	Disbursements	Unliquidated Obligations
Part I - Governing Bodies	2,203,000	-	2,203,000	1,864,119	269,819
Part II - Health in Human Development	72,436,700	3,129,768	75,566,468	67,574,895	7,991,573
Part III - Health Systems and Services Development	21,236,000	(2,123,600)	19,112,400	13,678,469	1,176,504
Part IV - Health Promotion and Protection	18,174,700	(939,632)	17,235,068	14,534,105	723,158
Part V - Environmental Protection and Development	12,122,400	-	12,122,400	9,234,390	683,585
Part VI - Disease Prevention and Control	21,544,600	(380,978)	21,163,622	18,155,715	1,111,456
Part VII - Administrative Services	20,860,600	314,442	21,175,042	19,708,325	1,466,717
EFFECTIVE WORKING BUDGET (PARTS I - VII)	168,578,000 ^{1/}	-	168,578,000	144,750,018	13,422,812
Part VIII - Staff Assessment (Transfer to Tax Equalization Fund)	18,773,438	-	18,773,438	18,773,438	-
TOTAL	187,351,438	-	187,351,438	163,523,456	13,422,812
				176,946,268	10,405,170

^{1/} As per Resolution CD37.X2 of the 37th Directing Council (1995).

EXPLANATORY NOTES TO FINANCIAL STATEMENTS
(expressed in US dollars)

1. Mission of the Pan American Health Organization

The Pan American Sanitary Bureau is the Secretariat of the Pan American Health Organization (PAHO), an international agency specializing in health. Its mission is to cooperate technically with the Member States and to stimulate cooperation among them in order that, while maintaining a healthy environment and charting a course to sustainable human development, the peoples of the Americas may achieve Health for All and by All.

2. Accounting Policies

- (a) The significant accounting policies and reporting practices applied to transactions reflect:
- the requirements of PAHO's Financial Regulations;
 - the more detailed financial and accounting procedures established by the Director in light of these Regulations;
 - the decisions taken from time to time by the Governing Bodies.

(b) The main accounting policies are compatible with the principles and practices applicable in United States Government accounting, the World Health Organization, and the United Nations and its specialized agencies, insofar as these are relevant to the operations of PAHO.

(c) These policies are also compatible with the disclosure requirements of International Accounting Standard 1, "Disclosure of Accounting Policies," insofar as these are applicable to the operations of PAHO.

(d) Period of Account

The period of account is a biennium, which consists of two consecutive calendar years.

(e) Accounting Convention

The financial statements are prepared under the historical cost convention, except where modified in Policy (f).

(f) Capital Assets

In accordance with Financial Rule 115.1, all assets are charged to expenditure in the biennium of purchase. Non-expendable equipment and vehicles are not shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement II). However, items of this nature are recorded in the project and office inventories of the Organization.

(g) Land and Buildings

Land and buildings are shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement II). The value of all buildings represents the cost at the time of acquisition or construction.

The land of the previous Governor Shepherd building, in Washington, is shown at the appraised value as of December 1985.

It is not the policy of the Organization to make any adjustments for depreciation or appreciation in value, or for fluctuation in currencies.

(h) Income

Income for the Regular Budget is recorded at the total assessed contributions of the 1996-1997 biennial budget with a provision for delays in the collection of the assessed contributions. Income from all other sources is recorded on a cash basis (i.e., when actually received). Interest from fixed-term deposits and securities is recorded at the time it is credited to PAHO's bank accounts. Amounts recorded include any related exchange differential.

(i) Expenditure

All expenditure against PAHO Regular Budget (Statement I) is recorded when obligated. This is a modified form of the accrual basis of accounting in that expenditure is recorded when goods and services are commissioned or ordered, rather than when invoiced or delivered.

This basis of recording expenditure is also applied to the following funds, shown in the Statement of Income and Expenditure and Changes in Fund Balances (Statement I): CAREC, CFNI, and INCAP Regular Budgets; World Health Organization Regular Budget; and Other Funds.

All other expenditure, including trust fund project expenditure (Schedule 5), is recorded on a cash basis (i.e., when monies are paid for goods and services).

(j) Exchange Policy

Except where PAHO procedures provide otherwise, income and expenditure in local currency is recorded in U.S. dollars at the United Nations' rate of exchange prevailing at the date of transaction.

Where applicable, end-of-month local currency cash balances are revalued using the next month's United Nations rate of exchange.

Local currency cash balances held at the end of the financial period are translated into U.S. dollars using the rates prevailing at 31 December.

(k) Investments

Fixed-term deposits and securities held by the Organization are shown at the cost price in the financial statements. The market value of the securities is included for comparative purposes.

(l) Quota Contributions Due

After reduction by a provision for uncollected contributions, amounts due on quota contributions are shown with a balance of zero (Statement II). The Organization adopts this approach in the interest of prudence.

(m) Unliquidated Obligations

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the financial period. In accordance with Financial Regulation 4.3 (as amended by Resolution CD35.R20 of the 35th Directing Council) appropriations for unliquidated obligations remain available to discharge valid obligations for 24 months following the end of the financial period to which they relate. However, related goods and services must be supplied or rendered within 12 months after the end of the financial period.

Liabilities shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances include unliquidated obligations charged against PAHO Regular budget appropriations. All other PAHO funds disclosed in Statement II are reflected on a cash basis.

(n) Accounts Receivable and Payable

Accounts receivable and payable are maintained within the Organization's single set of accounts and are not segregated by source of funds.

3. Investments

The book value of the U.S. government securities is \$49,252,729. The market value of these investments is \$49,216,343 as of 31 December 1997, and the full maturity value of the investments and corresponding interest will be \$57,151,397.

4. Tax Equalization Fund

This Fund, established by Resolution CD18.R7 of the 18th Directing Council (1968), is credited with the revenue derived from the staff assessment plan. The credits to the Fund are recorded in the name of each Member State in proportion to its assessment for the financial period concerned, and reduced by the amount needed to reimburse income taxes levied by the Member State on PAHO staff.

Adjustments are made in the next financial period to take account of the actual charges in respect of amounts reimbursed to staff members who are subject to national taxes.

Status of the Tax Equalization Fund as of 31 December 1997 is:

Member States	Balance 1 January 1996	Credits from the Tax Equalization Fund	Apportionment of Member States	Available to Cover Tax Reimbursements to Staff	Taxes Reimbursed to Staff	Balance 31 December 1997
Canada	34,759	2,319,406	2,294,406	25,000	87,885	97,645
Colombia	(18,170)	176,396	176,396	-	984	(17,187)
United States	234,116	11,159,798	5,159,798	6,000,000	6,672,788	906,904
Venezuela	34,608	600,494	585,494	45,500 ¹	6,910	(3,982)
Other	-	4,517,344	4,517,344	-	-	-
Total	285,313	18,773,438	12,733,438	6,070,500	6,768,567	983,380

^{1/} Upon receipt of Venezuela's 1992-1996 quota assessment, \$45,500 was transferred to the Tax Equalization Fund. An additional amount of \$7,500 will be due to the Tax Equalization Fund upon receipt of the 1997 quota assessment.

5. Sundry Debtors

	1997	1995
Advances made to Staff members and short-term consultants in accordance with the rules and regulations of the Organization	584,577 ^{1/}	433,912
Sundry debtors	2,048,233	1,469,634
Sale of vaccine at PANAFTOSA	621,933	1,928,792
Expenditure from Emergency Procurement Revolving Fund awaiting reimbursement	7,700	36,985
Deposits and guarantees	27,357	27,357
Subtotal	<u>3,289,800</u>	<u>3,896,680</u>
Less: Reserve for doubtful accounts	<u>1,267,961</u>	<u>1,922,241</u>
Net receivables	<u>2,021,839</u>	<u>1,974,439</u>

^{1/} This item includes certain expenses that will be charged against corresponding reserves for unliquidated obligations, or other appropriate accounts.

6. Balance Due from Centers - Inter-Organization Funding Activities

The net results of the accounting transactions between the following Center and the Organization represent receivables due from the Center. (For balance due to Centers, see Explanatory Note 10.)

	1997	1995
Caribbean Food and Nutrition Institute (Statement IX)	<u>108,412</u>	<u>173,390</u>
	<u>108,412</u>	<u>173,390</u>

7. Deferred Charges

Deferred charges are prepaid expenses and advances made to individuals or projects in accordance with the Financial Rules and Regulations of the Organization and are charged to expenditure upon receipt of the required claim or supporting documentation.

	<u>1997</u>	<u>1995</u>
Advances made to staff members pending submission of claims and chargeable to 1998 commitments	1,180,171	1,183,957
Advances made for projects	-	205,068
Advances for staff health insurance awaiting settlement	<u>180,982</u>	<u>857,613</u>
Total	<u>1,361,153</u>	<u>2,246,638</u>

8. Land and Buildings

The amount of \$14,207,681 shown as the value of the Headquarters and field offices land and buildings is comprised as follows:

Washington, D.C., United States of America		
Main Building: land and building	6,906,170 ^{1/}	
Annex: land only	<u>3,429,533</u> ^{2/}	10,335,703 ^{1/}
Buenos Aires, Argentina		116,561 ^{1/}
Brasilia, Brazil		803,545 ^{1/}
Bridgetown, Barbados		1,718,907 ^{1/}
Guatemala City, Guatemala		96,391 ^{1/}
Port-au-Prince, Haiti		531,097 ^{1/}
Asuncion, Paraguay		270,892 ^{1/}
Lima, Peru		125,940 ^{1/}
Caracas, Venezuela		<u>208,645</u> ^{1/}
TOTAL		<u>14,207,681</u>

^{1/} At cost

^{2/} The land is valued at the appraised value as at 31 December 1985.

^{3/} The CPC building was constructed in 1997 at a cost of \$1,718,907.

8.1 Non-expendable Inventory

The original cost of non-expendable inventory items valued at \$500 or more held by the Organization as of 31 December 1997 totaled \$22,684,028. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared, both in Washington and in the field, in order to maintain effective custody of the physical assets of the Organization.

9. Quota Contributions Received in Advance

An amount of \$3,321 was received in 1997 from Guyana as partial payment for 1998 quota contributions.

10. Balance Due to Centers - Inter-organization Funding Activities

The net results of the accounting transactions between the following Centers and the Organization represent an amount payable to the Centers of \$2,163,557. (For balance due from Centers, see Explanatory Note 6.)

	<u>1997</u>	<u>1995</u>
Caribbean Epidemiology Center (Statement VI)	792,829	232,130
Institute of Nutrition of Central America and Panama (Statement XII)	<u>1,370,728</u>	<u>1,659,375</u>
	<u>2,163,557</u>	<u>1,891,505</u>

11. Other Sundry Creditors

	<u>1997</u>	<u>1995</u>
Amounts payable for vaccine sales on behalf of the Campinas Laboratory (see Explanatory Note 23)	-	257,836
Accounts payable to vendors and institutions	119,617	716,262
Net receipts from Revolving Fund for the Expanded Program on Immunization awaiting procurement	-	1,261,124
Sundry creditors	<u>2,616,916</u>	<u>1,984,633</u>
TOTAL	<u>2,736,533</u>	<u>4,219,855</u>

12. Provision for Termination and Repatriation

Under the Staff Rules, terminating staff members are entitled to certain terminal payments, such as payment for annual leave, repatriation grant, cost of repatriation travel, and other appropriate separation indemnities. For some years, the Organization has followed the policy of setting aside funds to cover these costs. Additional contributions for the 1996-1997 biennium were computed at 8% of net salaries as compared to 6% for the 1994-1995 biennium. A lump sum funding of \$800,000 was also made to fully fund the termination benefits of National Professionals. The provision has no actuarial or statistical basis. Funds available within this account do not equal the Organization's total contingent liability for termination and separation entitlements for all staff but are considered sufficient to meet the recurring costs of normal staff attrition, including agreed termination settlements.

Status of the provision is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	11,121,287	10,389,262
Income:		
Provision for terminal payments based on a percentage of salaries	5,203,573	3,346,065
Interest	<u>1,229,501</u>	<u>1,083,018</u>
Subtotal	<u>17,554,361</u>	<u>14,818,345</u>
Expenditure		
Accrued annual leave	1,285,142	852,650
Repatriation grant	1,295,249	861,441
Repatriation travel and removal	595,854	393,237
Settlement under agreed termination	2,030,699	1,512,798
Other terminal payments	47,985	6,802
Grant in case of death	-	70,130
Subtotal	<u>5,254,929</u>	<u>3,697,058</u>
Balance as of 31 December	<u>12,299,432</u>	<u>11,121,287</u>

12.1 Staff Health Insurance Arrangements

Staff health insurance arrangements are provided for through the Organization's participation in the World Health Organization's Staff Health Insurance Fund. The Organization contributes to the Fund on the basis of a percentage of staff salaries.

Following an actuarial valuation of the Fund in 1989, WHO requested additional special payments from each of its regional offices, including PAHO, to reduce the actuarial deficit identified. The Organization had agreed to pay \$1,395,000 per biennium from 1990-2000 for this purpose; however, due to higher than anticipated returns on investments the deficit is expected to be met in 1998.

The financial position of the Fund is shown in the WHO financial statements.

13. Special Fund for Animal Health Research

In compliance with Resolution VIII of the X Inter-American Meeting, at the Ministerial Level, on Foot-and-Mouth Disease and Zoonoses Control, and as authorized by Paragraph 6.7 of the Financial Regulations of the Pan American Health Organization, the Director established a Special Fund for Animal Health Research. The Fund has been financed with voluntary contributions from governments, agencies, and nongovernmental organizations interested in cooperating in activities relating to the study of specific problems in the field of animal health in the Americas. However, no contributions were received during the 1996-1997 or the two previous biennia. Therefore, the Fund was closed as of 31 December 1997 upon the disbursement of \$14,452 for animal health research.

14. Building Fund

Status of the Building Fund is:

	Rental Income	Major Maintenance and Repair Projects	Total
Balance as of 1 January 1996	54,002	500,000	554,002
Funds received from land rental of Headquarters building at 2121 Virginia Avenue, Washington, D.C.	1,405,743	-	1,405,743
Funds received for conference and other room rental	263,326	-	263,326
Transfer from rental income in accordance with Resolution CD31.R12 of the 31st Directing Council (1985)	(158,586)	158,586	-
Transfer from miscellaneous income in accordance with Resolution CE116.R5 of the 116th Session of the Executive Committee (1995)	-	200,000	200,000
TOTAL	1,564,485	858,586	2,423,071
Expenditure for office rental at 2121 Virginia Avenue	1,392,102	-	1,392,102
Expenditure for maintenance and repair projects	-	358,586	358,586
Balance as of 31 December 1997	<u>172,383</u>	<u>500,000</u>	<u>672,383</u>

15. Capital Equipment Fund

This Fund was established in 1993 by the Director under the authority vested in him by Financial Regulation 6.7 and subsequently reaffirmed by Resolution CE111.R20 of the 111th Session of the Executive Committee (1993). The purpose of the Capital Equipment Fund is to make major purchases of equipment, such as replacement of the telephone exchange system, replacement or updating computer equipment, and major software purchases. The balance of the Fund as of 31 December 1997 was \$2,527,726, as compared to the balance as of 31 December 1995 of \$2,574,806.

16. Special Fund for Cholera

This Fund was established in 1993 by the Director under the authority vested in him by Financial Regulation 6.7 and subsequently reaffirmed by Resolution CE111.R20 of the 111th Session of the Executive Committee (1993). The Fund is to be used to complement vital actions by the Organization in such activities as epidemiological surveillance and laboratories, disinfection of water, and education on the use of drugs and other materials needed for the treatment and prevention of cholera. The balance of the Fund as of 31 December 1997 was \$52,270, as compared to the balance as of 31 December 1995 of \$433,035.

17. Special Fund for Health Promotion

The Directing Council at its 13th Meeting in 1961 established the Special Fund for Health Promotion with the objective of strengthening the health program of the Americas. An amount of \$54,054 was allocated to the Fund from the Organization's 1996-1997 regular budget used to repay the final installment of the Inter-American Development Bank loan obtained by PAHEF for the textbook program.

Status of the Fund is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	1,105,303	1,197,712
Transfer from PAHO Regular Budget	54,054	216,216
Interest	128,366	126,195
Miscellaneous income	653	2,008
	<u>1,288,376</u>	<u>1,542,131</u>
Expenditure	<u>171,969</u>	<u>436,828</u>
Balance as of 31 December	<u>1,116,407</u>	<u>1,105,303</u>

18. Special Fund for Measles

This Fund was established in 1993 by the Director under the authority vested in him by Financial Regulation 6.7 and subsequently reaffirmed by Resolution CE111.R20 of the 111th Session of the Executive Committee (1993). The Fund is used to support the initial stages of the campaign against measles in Central America, in a way similar to that already in operation in the Caribbean. The status of the fund as of 31 December 1997 was \$338,836, as compared to \$665,046 as of 31 December 1995.

19. Special Fund for Natural Disaster Relief

In accordance with Resolution CD24.R10 of the 24th Directing Council (1976), the Special Fund for Natural Disaster Relief was created to provide funds which can be used promptly by the Organization's Emergency Preparedness and Disaster Relief unit.

Status of the Fund is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	3,894,915	2,629,401
Contributions from Governments:		
Canada	39,633	6,517,520
Chile	10,000	-
Denmark	-	179,058
Germany	-	93,353
Haiti	100,671	3,579,479
Italy	-	627,000
Netherlands	-	513,466
Norway	49,983	49,983
Switzerland	20,417	340,948
United Kingdom	138,000	384,654
United States of America	<u>200,000</u>	<u>550,000</u>
Subtotal	4,453,619	15,464,862
Contributions from other sources:		
European Union	968,256	1,753,317
Miscellaneous	2,790	6,222
Interest	<u>426,580</u>	<u>306,161</u>
Subtotal	5,851,245	17,530,562
Other project adjustments	123,951	-
Subtotal	5,727,294	17,530,562
Less: Expenditure	<u>2,254,029</u>	<u>13,635,647</u>
Balance as of 31 December	<u>3,473,265</u>	<u>3,894,915</u>

20. Preinvestment Fund in Environment and Health

In accordance with Resolution CD36.R17 of the 36th Directing Council (1992), the Preinvestment Fund in Environment and Health was established to provide support to Member States to strengthen their capacity to plan and execute investment projects in environment and health and to ensure greater efficiency, effectiveness, and equity in the allocation of resources in both sectors. During 1996-1997, \$5,000 was donated to the Fund and expenditures reached \$281,254, resulting in a balance of \$23,010 as of 31 December 1997, as compared to a balance of \$299,264 as of 31 December 1995.

21. Special Fund for Program Support Costs

This Fund was established in 1976 by the Director under the authority vested in him by Financial Regulation 6.7 and subsequently reaffirmed by Resolution CSP20.R32 of the 20th Pan American Sanitary Conference (1978).

Status of the Fund is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	12,155,453	13,165,935
Program support costs earned on trust fund projects	6,719,133	7,053,434
Service charge of 3% for procurement on behalf of Member States (see Schedule 2)	442,415	323,722
Sales of publications	3,995,822	2,708,298
Sales of CD-ROM system	755,478	567,278
Income from project services	<u>2,495,561</u>	<u>772,685</u>
Subtotal	26,563,862	24,591,352
Expenditure	<u>7,145,803</u>	<u>12,435,899</u>
Balance as of 31 December	<u>19,418,059</u>	<u>12,155,453</u>

22. Textbook Program

The objective of this Program, started in 1968, was to improve health sciences education in Latin America through provision of low-cost textbooks to students and teachers through a self-financing mechanism. This program was gradually absorbed by PAHEF's Medical Textbook Program. The program still continues to participate in the apportionment of PAHO's investment income.

23. Special Fund for Sale of Vaccine at PANAFOTSA

This Fund was established by the Director under the authority vested in him by Financial Regulation 6.7. Income earned from the sale of vaccine produced at PANAFOTSA is credited to the Fund and used to help finance the Center's expenditure. During 1996-1997 income exceeded expenditure and the Fund had an operating surplus of \$179,350 as of 31 December 1997.

PANAFOTSA also carries out agency activities for the Government laboratories at Campinas, receiving vaccine income and incurring expenditure on the Government's behalf. The status of both the Special Fund for Sale of Vaccine at PANAFOTSA and the Center's agency activities is as follows:

	<u>1996-1997</u>			<u>1994-1995</u>		
	<u>PANAFOTSA</u>	<u>Campinas</u>	<u>Total</u>	<u>PANAFOTSA</u>	<u>Campinas</u>	<u>Total</u>
Balance as of 1 January	(436,028)	257,836	(178,192)	499,554	1,454,811	1,954,365
Income	<u>2,623,879</u>	<u>1,134,844</u>	<u>3,758,723</u>	<u>2,065,690</u>	<u>1,776,365</u>	<u>3,842,055</u>
Subtotal	2,187,851	1,392,680	3,580,531	2,565,244	3,231,176	5,796,420
Expenditure	<u>2,008,501</u>	<u>1,392,680</u>	<u>3,401,181</u>	<u>3,001,272</u>	<u>2,973,340</u>	<u>5,974,612</u>
Balance as of 31 December	<u>179,350</u>	<u>-</u>	<u>179,350</u>	<u>(436,028)</u>	<u>257,836</u>	<u>(178,192)</u>

24. Working Capital Fund

The Working Capital Fund was established for the primary purpose of providing funds as required to finance the Regular budget pending receipt of contributions from Member and Participating States. The Fund is also used to provide funds for the Organization's Centers pending receipt of their quota contributions.

In February 1979 the Director of the Organization, under the authority vested in him by Resolution CE81.R1 of the 81st Session of the Executive Committee, signed a contract with the Inter-American Development Bank (IDB) to guarantee a new loan of \$5 million to PAHEF for the Textbook and Instructional Materials Program. Under this PAHO/IDB contract, PAHO agreed that during the period of the amortization of the loan, its Working Capital Fund would be maintained at a level not less than the balance owed on the loan plus interest. PAHEF commenced repayment of the loan in August 1989. The amount owed was \$3,423,231 as at 31 December 1997.

The 37th Directing Council (1993), noting that since 1978-1979 the budget of the Organization had grown from \$64,849,990 to \$152,576,000 in 1994-1995, authorized the Director to increase gradually the level of the Working Capital Fund from \$11,000,000 to an authorized level not to exceed \$15,000,000.

At the same time, the Directing Council, noting that the Working Capital Fund served as a guarantee for the loan from the IDB, approved the allocation from the Working Capital Fund of a reserve amount equal to the outstanding loan balance, which would be reduced as the loan is paid. The unencumbered level of the Working Capital Fund would increase accordingly. The amount of the loan outstanding as of 31 December 1997 was \$3,423,231.

The status of the Working Capital Fund is as follows:

	Unencumbered	Allocated for Guarantee	Total
	<u>Balance</u>	<u>of Loan</u>	
Balance as of 1 January 1996	(3,815,846)	3,970,720	154,874
Reduction for guarantee of loan	<u>547,489</u>	<u>(547,489)</u>	<u>-</u>
Funds available	(3,268,357)	3,423,231	154,874
Plus: Surplus from 1996-1997 biennium (Statement I)	<u>8,471,008</u>	<u>-</u>	<u>8,471,008</u>
Balance as of 31 December 1997	<u>5,202,651</u>	<u>3,423,231</u>	<u>8,625,882</u>

25. Disclosure as to Participation in the UNJSPF

PAHO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the Organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with its share of any actuarial deficiency payments which might become payable pursuant to Article 26 of the Regulations of the Fund.

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF QUOTA CONTRIBUTIONS DUE FROM
MEMBER AND PARTICIPATING STATES AND ASSOCIATE MEMBERS
1996-1997 ASSESSMENTS AND PRIOR YEARS
(expressed in US dollars)

<u>Member and Participating States and Associate Members</u>	<u>Year</u>	<u>Amount Due</u>	<u>Collected</u>	<u>Balance Due 31 December 1997</u>
Antigua and Barbuda	1996-1997	31,364	15,682	15,682
	1994-1995	<u>15,271</u>	<u>15,271</u>	-
		<u>46,635</u>	<u>30,953</u>	<u>15,682</u>
Argentina	1996-1997	7,683,738	1,121,690	6,562,048
	1994-1995	<u>3,738,919</u>	<u>3,738,919</u>	-
		<u>11,422,657</u>	<u>4,860,609</u>	<u>6,562,048</u>
Bahamas	1996-1997	<u>109,770</u>	<u>109,770</u>	-
		<u>109,770</u>	<u>109,770</u>	-
Barbados	1996-1997	<u>125,448</u>	<u>125,448</u>	-
		<u>125,448</u>	<u>125,448</u>	-
Belize	1996-1997	<u>47,042</u>	<u>47,042</u>	-
		<u>47,042</u>	<u>47,042</u>	-
Bolivia	1996-1997	109,770	-	109,770
	1994-1995	106,892	34,400	72,492
	1992-1993	<u>68,401</u>	<u>68,401</u>	-
		<u>285,063</u>	<u>102,801</u>	<u>182,262</u>
Brazil	1996-1997	13,407,340	5,515,557	7,891,783
	1994-1995	<u>6,527,957</u>	<u>6,527,957</u>	-
		<u>19,935,297</u>	<u>12,043,514</u>	<u>7,891,783</u>
Canada	1996-1997	<u>19,406,842</u>	<u>19,406,842</u>	-
		<u>19,406,842</u>	<u>19,406,842</u>	-
Chile	1996-1997	846,778	173,568	673,210
	1994-1995	<u>820,000</u>	<u>820,000</u>	-
		<u>1,666,778</u>	<u>993,568</u>	<u>673,210</u>
Colombia	1996-1997	1,474,024	1,474,024	-
	1994-1995	<u>1,411</u>	<u>1,411</u>	-
		<u>1,475,435</u>	<u>1,475,435</u>	-
Costa Rica	1996-1997	203,854	105,714	98,140
	1994-1995	<u>186,900</u>	<u>186,900</u>	-
		<u>390,754</u>	<u>292,614</u>	<u>98,140</u>
Cuba	1996-1997	1,145,792	-	1,145,792
	1994-1995	1,115,760	-	1,115,760
	1992-1993	1,115,760	889,099	226,661
	1991	<u>360,901</u>	<u>360,901</u>	-
		<u>3,738,213</u>	<u>1,250,000</u>	<u>2,488,213</u>
Dominica	1996-1997	31,364	31,364	-
	1994-1995	<u>5,534</u>	<u>5,534</u>	-
		<u>36,898</u>	<u>36,898</u>	-

<u>Member and Participating States and Associate Members</u>	<u>Year</u>	<u>Amount Due</u>	<u>Collected</u>	<u>Balance Due 31 December 1997</u>
Dominican Republic	1996-1997	282,262	-	282,262
	1994-1995	<u>255,328</u>	<u>117,897</u>	<u>137,431</u>
		<u>537,590</u>	<u>117,897</u>	<u>419,693</u>
Ecuador	1996-1997	282,262	-	282,262
	1994-1995	274,862	137,431	137,431
	1992-1993	<u>27,870</u>	<u>27,870</u>	-
		<u>584,994</u>	<u>165,301</u>	<u>419,693</u>
El Salvador	1996-1997	<u>109,770</u>	<u>109,770</u>	-
		<u>109,770</u>	<u>109,770</u>	-
France	1996-1997	<u>454,752</u>	<u>454,752</u>	-
		<u>454,752</u>	<u>454,752</u>	-
Grenada	1996-1997	47,042	-	47,042
	1994-1995	<u>20,148</u>	-	<u>20,148</u>
		<u>67,190</u>	-	<u>67,190</u>
Guatemala	1996-1997	203,854	203,854	-
	1994-1995	198,512	198,512	-
	1992-1993	<u>83,840</u>	<u>83,840</u>	-
		<u>486,206</u>	<u>486,206</u>	-
Guyana	1996-1997	31,364	31,364	-
	1994-1995	<u>7,292</u>	<u>7,292</u>	-
		<u>38,656</u>	<u>38,656</u>	-
Haiti	1996-1997	<u>109,770</u>	<u>63,054</u>	<u>46,716</u>
		<u>109,770</u>	<u>63,054</u>	<u>46,716</u>
Honduras	1996-1997	<u>109,770</u>	<u>109,770</u>	-
		<u>109,770</u>	<u>109,770</u>	-
Jamaica	1996-1997	282,262	188,347	93,915
	1994-1995	274,862	274,862	-
	1992-1993	<u>123,213</u>	<u>123,213</u>	-
		<u>680,337</u>	<u>586,422</u>	<u>93,915</u>
Mexico	1996-1997	9,534,108	7,989,397	1,544,711
	1994-1995	<u>1,570,576</u>	<u>1,570,576</u>	-
		<u>11,104,684</u>	<u>9,559,973</u>	<u>1,544,711</u>
Netherlands	1996-1997	<u>141,130</u>	<u>141,130</u>	-
		<u>141,130</u>	<u>141,130</u>	-
Nicaragua	1996-1997	109,770	-	109,770
	1994-1995	106,892	56,446	50,446
	1992-1993	<u>47,416</u>	<u>47,416</u>	-
		<u>264,078</u>	<u>103,862</u>	<u>160,216</u>
Panama	1996-1997	203,854	182,857	20,997
	1994-1995	<u>39,527</u>	<u>39,527</u>	-
		<u>243,381</u>	<u>222,384</u>	<u>20,997</u>
Paraguay	1996-1997	<u>282,262</u>	<u>282,262</u>	-
		<u>282,262</u>	<u>282,262</u>	-
Peru	1996-1997	642,926	-	642,926
	1994-1995	<u>626,074</u>	<u>313,037</u>	<u>313,037</u>
		<u>1,269,000</u>	<u>313,037</u>	<u>955,963</u>

<u>Member and Participating States and Associate Members</u>	<u>Year</u>	<u>Amount Due</u>	<u>Collected</u>	<u>Balance Due 31 December 1997</u>
Puerto Rico	1996-1997	175,644	175,644	-
		<u>175,644</u>	<u>175,644</u>	-
Saint Kitts and Nevis	1996-1997	31,364	31,364	-
		<u>31,364</u>	<u>31,364</u>	-
Saint Lucia	1996-1997	47,042	47,042	-
		<u>47,042</u>	<u>47,042</u>	-
Saint Vincent and the Grenadines	1996-1997	31,364	16,919	14,445
	1994-1995	14,264	14,264	-
		<u>45,628</u>	<u>31,183</u>	<u>14,445</u>
Suriname	1996-1997	109,770	109,770	-
	1994-1995	106,892	106,892	-
	1992-1993	65,842	65,842	-
		<u>282,504</u>	<u>282,504</u>	-
Trinidad and Tobago	1996-1997	282,262	226,130	56,132
	1994-1995	133,228	133,228	-
		<u>415,490</u>	<u>359,358</u>	<u>56,132</u>
United Kingdom	1996-1997	94,086	45,300	48,786
	1994-1995	69,716	69,716	-
		<u>163,802</u>	<u>115,016</u>	<u>48,786</u>
United States of America	1996-1997	99,255,522	72,019,987	27,235,535
	1994-1995	21,256,478	21,256,478	-
		<u>120,512,000</u>	<u>93,276,465</u>	<u>27,235,535</u>
Uruguay	1996-1997	407,708	-	407,708
	1994-1995	397,022	198,511	198,511
	1992-1993	53,749	53,749	-
		<u>858,479</u>	<u>252,260</u>	<u>606,219</u>
Venezuela	1996-1997	5,032,954	2,506,477	2,526,477
	1994-1995	4,896,426	4,896,426	-
	1992-1993	4,491,037	4,491,037	-
		<u>14,420,417</u>	<u>11,893,940</u>	<u>2,526,477</u>
TOTAL		<u>212,122,772</u>	<u>159,994,746</u>	<u>52,128,026</u>

Amounts consisted of:

Contributions for 1996 and 1997	162,918,000	113,061,891	49,856,109
Prior years	49,204,772	46,932,855	2,271,917
	<u>212,122,772</u>	<u>159,994,746</u>	<u>52,128,026</u>

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF ADVANCES FROM GOVERNMENTS AND INSTITUTIONS FOR PROCUREMENT
AS OF 31 DECEMBER 1997
(expressed in US dollars)

These are funds deposited with the Organization by governments and institutions/agencies under the jurisdiction of the Minister of Health for the purchase, on their behalf, of supplies, equipment, and literature which otherwise would be either unobtainable or subject to procurement difficulties in the countries concerned. A 3% service charge is applied to the net cost of the items purchased. During the biennium the cumulative service charges amounted to \$442,415. In accordance with Resolution CD28.R36 of the 28th Directing Council, this amount was included in the Special Account for Program Support Costs and has been used to defray part of the staff costs related to these procurement functions.

Source of Funds	Balance	Received	Expenditure	Refunds	Balance
	1 January 1996			and Transfers	31 December 1997
Anguilla	121	-	-	121	-
Antigua and Barbuda	1,509	-	-	(7,836)	9,345
Argentina	145,368	176,454	285,491	591	35,740
Bahamas	1,716	-	-	840	876
Barbados	9,309	-	4,225	5,084	-
Belize	252,780	47,549	45,499	252,780	2,050
Bermuda	893	-	-	893	-
Bolivia	423,233	4,799,929	3,696,018	11,904	1,515,240
Brazil	331,708	65,754	89,003	67,281	241,178
British Virgin Islands	2,072	-	-	2,072	-
Chile	(6,121)	82,434	25,586	1,201	49,526
Colombia	506,133	-	141,221	30,548	334,364
Costa Rica	55,127	1,832,927	1,044,150	47,458	796,446
Cuba	-	21,299	5,613	-	15,686
Dominica	(3,687)	-	-	(3,687)	-
Dominican Republic	14,918	256,988	216,253	24,944	30,709
Ecuador	124,720	883,137	436,104	253,424	318,329
El Salvador	42,511	430,282	431,205	1,220	40,368
Grenada	(1,117)	-	-	(1,117)	-
Guatemala	120,097	422,351	426,415	20,199	95,834
Guyana	33,300	12,831	10,538	3,120	32,473
Haiti	4,008,948	3,977,197	2,465,794	4,647,890	872,461
Honduras	35,678	5,588	4,860	19,700	16,706
Jamaica	146,871	61,851	63,133	-	145,589
Mexico	60,587	61,478	37,155	282	84,628
Netherlands Antilles	158	-	-	158	-
Nicaragua	165,238	398,273	434,607	55,854	73,050
Panama	194,433	137,092	173,719	19,864	137,942
Paraguay	71,173	78,872	129,201	-	20,844
Peru	196,982	94,873	96,238	22,362	173,255
Saint Lucia	557	-	250	-	307
Saint Vincent and the Grenadines	19,194	-	-	10,594	8,600
Suriname	68,604	69,470	47,324	5,193	85,557
Trinidad and Tobago	43,073	31,722	31,253	8,832	34,710
United States of America	38	-	-	38	-
Uruguay	68,397	194,729	185,077	(8,007)	86,056
Venezuela	287,526	2,360,010	1,446,195	76,542	1,124,799
TOTAL	7,422,047	16,503,090	11,972,127	5,570,342	6,382,668

PAN AMERICAN HEALTH ORGANIZATION
EMERGENCY PROCUREMENT REVOLVING FUND
AS OF 31 DECEMBER 1997
(expressed in US dollars)

This Fund was established by the 3rd Directing Council (Resolution CD3.R2) to finance the immediate purchase on behalf of Member States of materials for unforeseen emergency health problems. Replenishment of this Fund is made by the States receiving the supplies.

Source of Funds	Balance Due 1 January <u>1996</u>	Received	Expenditure	Refunds and Transfers	Balance Due 31 December <u>1997</u>
Suriname	36,985	36,985	-	-	-
Honduras	-	-	83,300	-	83,300
Guatemala	<u>-</u>	<u>-</u>	<u>41,700</u>	<u>-</u>	<u>41,700</u>
	<u>36,985</u>	<u>36,985</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>

STATUS OF FUND
AS OF 31 DECEMBER 1997
(expressed in US dollars)

Authorized level of Emergency Procurement Revolving Fund	125,000
Less: Amount due to Fund from Member States	<u>125,000</u>
	NIL
Unliquidated obligations	<u>-</u>
Amount available for purchases	<u><u>NIL</u></u>

PAN AMERICAN HEALTH ORGANIZATION
 REVOLVING FUND FOR THE EXPANDED PROGRAM ON IMMUNIZATION
 AS OF 31 DECEMBER 1997
 (expressed in US dollars)

Source of Funds	Balance Due 1 January	Expenditure	Reimbursement	Balance Due 31 December
	1996			1997
Anguilla	(1,756)	19,823	18,205	(138)
Antigua and Barbuda	11,581	21,044	31,012	1,613
Argentina	(49,925)	-	-	(49,925)
Bahamas	(285)	192,932	178,396	14,251
Barbados	707	35,535	30,414	5,828
Belize	16,044	50,488	56,696	9,836
Bermuda	384	18,645	19,029	-
Bolivia	523,967	767,888	1,271,974	19,881
Brazil	-	12,290,456	26,186,097	(13,895,641)
British Virgin Islands	1,503	9,234	12,401	(1,664)
Cayman Islands	588	10,210	10,475	323
Chile	6,519	5,256	11,810	(35)
Colombia	(3,249,654)	3,218,342	157,948	(189,260)
Costa Rica	(66,433)	1,311,474	1,043,698	201,343
Cuba	43,236	268,282	286,927	24,591
Dominica	2,756	58,704	58,079	3,381
Dominican Republic	135,096	1,631,307	1,486,770	279,633
Ecuador	362,494	928,648	1,033,671	257,471
El Salvador	(74,718)	1,469,640	1,219,025	175,897
Grenada	(3,376)	37,624	34,492	(244)
Guatemala	368,264	2,001,653	3,084,665	(714,748)
Guyana	70,677	193,555	195,060	69,172
Haiti	105,292	167,013	250,871	21,434
Honduras	(663,179)	2,625,777	1,844,458	118,140
Jamaica	93,468	219,683	287,852	25,299
Mexico	-	1,215,120	739,347	475,773
Montserrat	397	7,145	9,424	(1,882)
Netherlands Antilles	(40,118)	176,528	111,370	25,040
Nicaragua	(34,077)	1,447,220	1,512,835	(99,692)
Panama	476,649	1,050,522	1,283,570	243,601
Paraguay	334,680	881,888	911,113	305,455
Peru	26,680	6,378,825	6,342,396	63,109
Saint Kitts and Nevis	(2,683)	55,821	60,977	(7,839)
Saint Lucia	(3,948)	48,311	42,156	2,207
Saint Vincent and the Grenadines	(12,145)	38,151	19,153	6,853
Suriname	22,084	103,783	73,114	52,753
Trinidad and Tobago	42,309	368,455	376,210	34,554
Turks and Caicos Islands	1,449	12,458	10,029	3,878
Uruguay	294,349	574,337	803,581	65,105
TOTAL	<u>(1,261,124)</u>	<u>39,911,777</u>	<u>51,105,300</u>	<u>(12,454,647)</u>

Schedule 4 (Cont.)

PAN AMERICAN HEALTH ORGANIZATION
STATUS OF THE REVOLVING FUND FOR THE EXPANDED PROGRAM ON IMMUNIZATION
AS OF 31 DECEMBER 1997
(expressed in US dollars)

The establishment of the Revolving Fund for the Expanded Program on Immunization was authorized by Resolution CD25.R27 of the 25th Directing Council (1977). The Revolving Fund finances the procurement of vaccines for Member States unable to deposit funds with the Organization in U.S. currency in advance of procurement. Reimbursement to the Revolving Fund is normally made in local currency by the States that have requested the vaccine.

In accordance with the provisions of the Revolving Fund, the Director is authorized to transfer funds over and above a minimum reserve account balance of \$100,000 to the Revolving Fund as additional capital. In 1996-1997, an amount of \$1,068,668 was transferred as additional capitalization to the Revolving Fund.

A. Capitalization of the Revolving Fund

Level of Revolving Fund as of 1 January 1996		7,088,783
Add: Transfer from Reserve Account		<u>1,068,668</u>
Level of Revolving Fund as of 31 December 1997		8,157,451
Less: Amount due to Fund from Member States	2,506,421	
Deduct funds received in advance	<u>14,961,068</u>	<u>(12,454,647)</u>
		20,612,098
Less: Unliquidated obligations		<u>16,200,250</u>
Amount available for purchases		<u><u>4,411,848</u></u>

B. Reserve Account

Balance as of 1 January 1996		100,000
Add: 3% service charge earned		<u>1,089,668</u>
		1,189,668
Less: Transfer to Capitalization Account	1,068,668	
Vaccine losses and miscellaneous	<u>21,000</u>	<u>1,089,668</u>
Balance as of 31 December 1997		<u><u>100,000</u></u>

PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF TRUST FUNDS
AS OF 31 DECEMBER 1997
(expressed in US dollars)

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
GOVERNMENTS					
ARGENTINA					
Managerial Support for National Health Development	ARG CPS 010	157,068	339,844	334,585	162,327
Eradication of Foot-and-Mouth Disease in the River Plate Basin	AFT FMD 163	-	95,190	47,729	47,461
Reference Center for Epidemiology Surveillance, Entre Rios (Phase II)	AFT FMD 030	167,717	-	38,238	129,479
Contribution of Government to INPPAZ	PAZ FOS 020	209,709	2,521,393	1,732,496	998,606
Food Protection and Zoonoses in the Rio Negro Province	PAZ ZNS 040	306	(306)	-	-
Elaboration of a Plan of Action for the Institutional Strengthening of SENASA	PAZ FOS 040	39,297	39,390	78,687	-
Subtotal		574,097	2,995,511	2,231,735	1,337,873
BELIZE					
Construction of National Engineering and Maintenance Center	BLZ UAH 140	4,881	-	2,874	2,007
Subtotal		4,881	-	2,874	2,007
BOLIVIA					
Water and Sewer Administration (Cochabamba)	BOL CWS 030	(12,596)	12,596	-	-
Epidemiological Study on the Prevalence of Drug Use	BOL ADT 020	(2,969)	-	(2,969)	-
Eradication of Foot-and-Mouth Disease	BOL FMD 011	405	-	405	-
Primary Eye Care (ORBIS)	BOL NCD 011	4,280	(606)	3,674	-
Eradication of Foot-and-Mouth Disease	AFT FMD 090	-	177,862	167,591	10,271
Public Network on Environmental Health	BOL UAH 040	-	470,451	273,951	196,500
Water Administration and Drilling of Six Wells in Santa Ana	BOL CWS 080	-	4,764	4,764	-
Charazani Project	BOL CWS 081	-	8,584	8,584	-
Urban Clean-up Advisory Services	BOL CWS 072	-	3,520	3,520	-
Drilling of a Well in the Municipality of Sucre	BOL CWS 082	-	1,702	1,702	-
Subtotal		(10,880)	678,873	461,222	206,771

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
BRAZIL					
Contribution of Government to PANAPTOSA	AFT FMD 020	(1,096,963)	1,578,079	1,374,745	(893,629)
PROASA Courses	AFT FMD 110	-	519,210	519,210	-
Government Contribution to BIREME	BIR HBI 020	34,817	1,345,074	1,379,891	-
Pollution Control (CETESB/PROCOP)	BRA ERA 021	58,541	(1,975)	56,566	-
Health Services Development (Ministry of Welfare and Social Assistance)	BRA UAH 020	23,854	(23,854)	-	-
Foot-and-Mouth Disease Vaccine Oil Adjuvant	MCP FMD 030	1,532	(1,532)	-	-
Control of Endemic Diseases in the Northeast and Malaria in the Amazon	BRA CTD 020	2,171,354	-	1,776,807	394,547
Health Services Development (MPAS/INAMPS)	BRA UAH 030	6,207	(6,207)	-	-
Eradication of Foot-and-Mouth Disease, River Plate Basin	AFT FMD 161	1,476	371,800	324,801	48,475
Scientific/Technological Cooperation in Veterinary Public Health (Phase II)	BRA ZNS 041	3,150	(3,150)	-	-
BIREME Project Services (Ministry of Health Contribution)	BIR HBI 027	762	(762)	-	-
Institutional Strengthening of COPASA	BRA CWS 080	8,043	(8,043)	-	-
Maintenance and Repair of Premises and Equipment- BIREME	BIR HBI 070	240,000	285,606	525,606	-
REFORSUS: Strengthening of Health Sector	BRA UAH 703	-	883,599	881,790	1,809
Technology (L/C B12)	BRA UAH 302	-	50,591	48,815	1,776
Prevention and Control of Tropical Diseases	BRA CTD 030	-	943,361	928,037	15,324
Integrated Network for Health Information	BRA UAH 101	-	442,967	48,051	394,916
Tenth National Conference on Health	BRA UAH 100	-	337,402	337,402	-
REFORSUS II: Strengthening of Health Sector	BRA UAH 704	-	6,711,474	2,734,178	3,977,296
Control of Endemic Diseases	BRA CTD 031	-	4,921,534	783,263	4,138,271
REFORSUS II: Bridge Funding	BRA UAH 705	-	622,010	619,918	2,092
Dissemination of Electronic Scientific Publications	BIR HBI 071	-	164,593	111,260	53,333
Eradication of Aedes aegypti	BRA CTD 032	-	1,376,263	511,860	864,403
Information System for Essential Drugs	BRA EDV 020	-	297,945	150,034	147,911
Technical Cooperation with FIOCRUZ	BRA UAH 070	-	74,074	12,332	61,742
Training in Municipality Health Management	BRA HRE 050	-	1,415,137	1,023,470	391,667
Special Health Training in Northeast Rural II Region	BRA HRE 040	-	780,820	363,839	416,981
On-line Information System for National Health Conference	BRA UAH 102	-	58,229	-	58,229
Strategy Formula for Management of National Program of Safe Blood and Derivatives	BRA OCD 030	-	29,872	28,659	1,213
Technical Assistance to PANAPTOSA	AFT FMD 100	-	270,270	-	270,270
Subtotal		1,452,773	23,434,387	14,540,534	10,346,626

Source of Funds	Project Reference	Balance	Funds Received	Project Expenditure	Balance
		1 January 1996			31 December 1997
CANADA					
Development of Local Health Systems and Perinatal Health Care	CLP WCH 030	(122,294)	1,241,124	970,742	148,088
Multinational IDNDR Activities	MCP EHA 065	39,900	(18,304)	21,596	-
Epidemiologic Studies on Streptococcal Vaccine	MCP VID 240	61,807	707,063	693,059	75,811
Support to Emergency Preparedness Programs (CIDA Grant Phase IV)	MCP EHA 400	283,562	735,456	1,006,421	12,597
Regional Strategy for Management of Iron Deficiency	MCP NUT 015	3,737	-	-	3,737
Support to Emergency Preparedness Programs 1997- 1999	MCP EHA 401	-	716,757	676,311	40,446
Strengthening Colombian Office of Emergencies and Disasters	MCP ERA 180	-	143,179	-	143,179
Latin American Health Information Network-BIREME	BIR HBI 060	10,188	1,622	11,810	-
National Network of Information on Water Supply and Sanitation	ARG CWS 030	(7,416)	-	(7,416)	-
Gender, Health and Sustainable Development Workshop	CAR WHD 042	6,700	(6,700)	-	-
Workshop on Cervical Cancer Prevention Practices	MCP CAN 011	992	(992)	-	-
Regional Strategy for Management of Iron Deficiency	MCP NUT 017	-	32,617	32,617	-
Capacity Building in Public Health Research	MCP RPS 020	-	151,670	124,088	27,582
Evaluating Health Services Delivery	MCP WHD 090	-	63,525	63,496	29
Regional Seminar on Research in Health Economy and Financing	MCP HSD 060	-	25,751	25,751	-
International Health Economics and Financing Activities	MCP HSD 064	-	3,974	4,328	(354)
Sustaining Awareness/Measles Elimination in the English- speaking Caribbean	MCP VID 034	76,241	6,157	82,398	-
Sustaining Awareness/Measles Elimination in Guyana	MCP VID 035	30,682	94,961	117,451	8,192
Hazardous Waste and Health Protection in Latin America and the Caribbean	MCP ERA 050	7,134	-	4,853	2,281
Working Group on Emerging Zoonoses	MCP ZNS 040	21,429	-	-	21,429
Third Meeting of Directors of Laboratories of Health	MCP CLT 015	17,032	(17,032)	-	-
Preventive Health Services	MCP NCD 016	(8,717)	8,717	-	-
International Program on Chemical Safety	MCP ERA 015	2,238	-	1,589	649
Interagency Plan on Tobacco or Health	MCP ADT 052	18,382	18,657	12,206	24,833
Improvement of Water Quality in Yaguajay Municipality	CUB CWS 020	-	22,298	22,298	-
Tuberculosis Workshop	DOR TUB 011	-	6,283	6,283	-
Subtotal		441,597	3,936,783	3,869,881	508,499

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
CHILE					
Promotion of Bioethics	MCP HLE 020	87,377	200,000	200,121	87,256
Strengthening of Ministry of Health (North Metropolitan)	CHI UAH 020	-	8,642	1,660	6,982
Modernization of Servicio Agricola y Ganadero (SAG)	AFT FMD 120	-	22,600	22,600	-
Strengthening of Zoonoses Protection	PAZ ZNS 140	-	105,103	51,586	53,517
Inter-American Water Day	CHI CWS-020	-	2,451	2,396	55
Health Sector Reform	CHI HRH 020	-	36,118	22,197	13,921
Subtotal		<u>87,377</u>	<u>374,914</u>	<u>300,560</u>	<u>161,731</u>
COLOMBIA					
Voluntary Contribution to PANAFTOSA	AFT FMD 022	18,784	-	12,338	6,446
General Communicable Disease Prevention and Control Activities	COL OCD 010	20,989	-	-	20,989
Treatment and Disposition of Waste Water in Bogotá	COL CWS 050	5,772	-	-	5,772
Voluntary Contribution to INPPAZ	PAZ ZNS 024	30,180	-	1,719	28,461
Surveillance and Control of Urban Rabies	COL ZNS 020	88,768	30,000	31,230	87,538
Environmental Health (ECOPETROL)	COL ERA 012	1,316,236	850,001	1,746,205	420,032
Pre-Investment in Health Sector	COL CPS 700	74,782	-	71,379	3,403
Protection of Water Resources	COL CWS 020	8,311	-	-	8,311
Disaster Mitigation in Health Care Facilities	COL EHA 020	74,688	-	32,784	41,904
Development of Pharmaceutical Services	COL EDV 030	101,583	53,850	126,304	29,129
Technical Cooperation on Health Protection and Promotion	COL WCH 020	-	23,370	23,168	202
Communication and Information on Cholera	COL CDD 072	-	103,092	81,103	21,989
Prevention of Foot-and-Mouth Disease and Zoonoses	AFT FMD 070	-	28,571	28,354	217
Control of Foot-and-Mouth and Prevention of Zoonoses	AFT FMD 071	-	51,985	17,905	34,080
Subtotal		<u>1,740,093</u>	<u>1,140,869</u>	<u>2,172,489</u>	<u>708,473</u>
COSTA RICA					
Institutional Development of AYA	COR CWS 020	4,419	(4,419)	-	-
Institutional Development of AYA: Pre-Investment	COR CWS 022	(29,408)	29,408	-	-
Disinfection of Water Supply and Waste Water	COR CWS 030	1,158,780	-	1,129,584	29,196
Institutional Development of AYA	COR CWS 021	279,615	3,170,000	2,260,994	1,188,621
Redesign of Water Sanitation Information System for the Greater Metropolitan Area	COR CWS 023	624,000	208,541	830,413	2,128
Training of Managers of the CCSS	COR HRH 012	-	157,152	142,521	14,631
Hospital Equipment for the CCSS	COR UAH 120	-	137,204	28,844	108,360

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
COSTA RICA (cont.)					
Development of Resolve Capacity of Metropolitan Clinics	COR UAH 080	-	80,944	33,126	47,818
Maintenance of Operations Management of CCSS	COR UAH 090	-	127,426	1,254	126,172
Training of Managers of the CCSS Phase II	COR HRH 013	-	35,257	31,177	4,080
Subtotal		<u>2,037,406</u>	<u>3,941,513</u>	<u>4,457,913</u>	<u>1,521,006</u>
CUBA					
Managerial Support for National Health Development	CUB CPS 010	<u>7,551</u>	<u>14,999</u>	<u>13,330</u>	<u>9,220</u>
Subtotal		<u>7,551</u>	<u>14,999</u>	<u>13,330</u>	<u>9,220</u>
DENMARK					
Administration of Human Resources Development in Central America and Panama	MCP HRH 040	809,701	400,000	847,594	362,107
Support to MASICA: Pesticides Component PLAGSALUD	MCP ERA 034	1,266,318	-	1,171,996	94,322
PLAGSALUD II	MCP ERA 037	-	1,622,416	875,616	746,800
Water and Sanitation in Indigenous Communities	MCP CWS 090	-	85,000	45,304	39,696
Subtotal		<u>2,076,019</u>	<u>2,107,416</u>	<u>2,940,510</u>	<u>1,242,925</u>
DOMINICAN REPUBLIC					
Institutional Strengthening of the Ministry of Health and Social Assistance	DOR UAH 030	62,562	(56,720)	5,842	-
Health Situation and Trend Assessment	DOR HST 010	<u>4,990</u>	<u>-</u>	<u>4,855</u>	<u>135</u>
Subtotal		<u>67,552</u>	<u>(56,720)</u>	<u>10,697</u>	<u>135</u>
ECUADOR					
Strengthening and Expansion of Basic Health Services (FASBASE)	ECU UAH 020	42,917	2,768,502	2,136,236	675,183
Institutional Strengthening of EPAP-G	ECU CWS 030	316,979	(277,687)	39,292	-
Zoonoses Control	ECU ZNS 040	-	28,698	11,537	17,161
Integral Management on Medicines	ECU EDV 030	-	317,000	15,553	301,447
Subtotal		<u>359,896</u>	<u>2,836,513</u>	<u>2,202,618</u>	<u>993,791</u>
EL SALVADOR					
Health Services Development	ELS UAH 010	-	12,527	3,966	8,561
Subtotal		<u>-</u>	<u>12,527</u>	<u>3,966</u>	<u>8,561</u>
FINLAND					
Strengthening of Malaria Control Programs	MCP CTD 040	25,765	11,682	23,452	13,995
Improvement and Development of Essential Drugs in Central America and Panama	MCP EDV 100	14,504	-	8,135	6,369
Malaria Control Along the Nicaraguan/Honduran Border	HON CTD 040	6,194	-	6,194	-

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
FINLAND (cont.)					
Malaria Control Along the Costa Rican/Nicaraguan Border	COR CTD 031	11,682	(11,682)	-	-
Support to Technical Cooperation Agreements	MCP TCC 032	122,373	-	28,612	93,761
Strengthening of Hospital Equipment Maintenance	NIC UAH 020	17,634	-	17,029	605
Rehabilitation Care for the Disabled	NIC DPR 011	68,218	-	67,117	1,101
Subtotal		266,370	-	150,539	115,831
FRANCE					
Essential Drugs Policies	COR EDV 050	1,547	(54)	1,493	-
Cancer of the Uterine Cervix	CAR CAN 021	61,037	-	37,613	23,424
Measles Eradication in Central America	MCP VID 037	7,194	-	6,260	934
Disaster Preparedness in the Caribbean	MCP EHA 110	167,465	-	155,524	11,941
Primary Health Care Services in the Marowijne District	SUR UAH 020	1,344	-	1,344	-
Humanitarian Assistance in Measles Vaccine Campaign (Operational Support)	HAI VID 031	1,000	2,598	(116,052)	119,650
Humanitarian Assistance in Measles Vaccine Campaign	HAI VID 030	2,600	(2,600)	-	-
Support to Decentralization Process	BOL CFS 213	4,684	-	-	4,684
Subtotal		246,871	(56)	86,182	160,633
GERMANY					
Technical Strengthening of CEPIS	CEP ERA 290	43,480	(43,480)	-	-
Technical Strengthening of CEPIS	CEP ERA 292	679	(679)	-	-
Training Social Mobilization, and Prevention and Control of Cholera	MCP CDD 110	158,202	496,050	465,145	189,107
Pan American Network on Sanitary Waste Management	CEP ERA 090	185,027	243,465	334,990	93,502
Technical Strengthening of CEPIS: Travel Reimbursement	CEP ERA 294	(5,066)	5,066	-	-
Seminar on Waste Reduction	CEP CWS 180	(4,000)	4,000	-	-
Consultancy on the Water Resources in the Isozog Region	BOL CWS 100	-	1,078	1,078	-
International Conference on Disaster Mitigation	MCP ERA 075	-	32,800	32,800	-
Subtotal		378,322	738,300	834,013	282,609
GUATEMALA					
Health Services Development	GUT UAH 010	15,875	-	-	15,875
Managerial Support for National Health Development	GUT CPS 010	2,186	11,139	11,245	2,080
Integrated Technical Development of LUCAM	GUT UAH 050	317,598	1,016,560	446,891	887,267
Institutional Reform of Ministry of Health	GUT UAH 030	189,413	16,502	195,832	10,083

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GUATEMALA (cont.)					
Health and Local Development, Basis for Peace	GUT UAH 060	63,250	(62,798)	452	-
Support for the Child Protection Fund	GUT VID 030	-	229,363	73,630	155,733
Subtotal		588,322	1,210,766	728,050	1,071,038
GUYANA					
Disposal of Radioactive Waste in Guyana	MCP CLT 050	-	46,295	37,684	8,611
Training for Ambulatory Care and Diagnostic Center	GUY DPR 020	-	14,558	14,301	257
Subtotal		-	60,853	51,985	8,868
HAITI					
PROMESS: Sale of Vaccines and Essential Drugs	HAI EDV 020	278,201	5,686,291	3,810,510	2,153,982
Subtotal		278,201	5,686,291	3,810,510	2,153,982
HONDURAS					
Technical Cooperation with DIMA	HON CWS 051	511	(511)	-	-
AIDS Prevention and Control	HON GPA 020	-	855,348	514,439	340,909
Subtotal		511	854,837	514,439	340,909
ITALY					
Emergency Preparedness for Trapezio Andino Communities	PER EHA 020	1,546	(9)	1,537	-
Ministerial Conference on Italian Cooperation in Health	MCP TCC 040	12,049	-	3,211	8,838
Health, Environment, and Fight Against Poverty (HEAP)	MCP UAH 040	433,826	-	409,825	24,001
Caribbean Cooperation in Health	CAR DPR 021	830,349	75,719	557,089	348,979
Strengthening of Epidemiological Surveillance	MCP CDD 083	43,577	-	15,893	27,684
Water Supply System Rehabilitation	JAM CWS 020	285,927	-	218,900	67,027
Humanitarian Assistance for Old Havana Municipality	MCP MWH 030	-	590,000	222,003	367,997
Subtotal		1,607,274	665,710	1,428,458	844,526
JAMAICA					
South St. Andrew Water and Sanitation Development Project	JAM CWS 030	-	1,018,238	966,463	51,775
East Central St. Andrew Water and Sanitation Development Project	JAM CWS 040	-	1,265,522	560,171	705,351
Biomedical Equipment Maintenance	JAM CLT 020	-	9,999	9,999	-
Subtotal		-	2,293,759	1,536,633	757,126

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MEXICO					
Pan American Center for Human Ecology and Health	ECO ERA 010	95,190	304,933	322,216	77,907
Institutional Strengthening of CESP	MEX CWS 030	(8,952)	8,952	-	-
Managerial Support for National Health Development	MEX CPS 010	-	73,558	73,558	-
Quality Control of Equipment for Efficient Water Usage	MEX CWS 021	(13,867)	13,867	-	-
Drug Registration Certification	MCP EDV 015	-	253,954	8,680	245,274
Environmental Health	ECO ERA 020	4,826	-	4,606	220
Subtotal		77,197	655,264	409,060	323,401
NETHERLANDS					
Strengthening and Restructuring of the Health Care System	ELS UAH 061	11,592	(11,319)	273	-
District Health Management Team Training	JAM UAH 050	2,675	-	2,558	117
Support to AIDS Medium-Term Planning	MCP GPA 212	698	-	-	698
Joint Governmental/Non-Governmental Health Sector Collaboration	MCP TCC 070	499,129	-	474,796	24,333
Social Communication of Priority Measures for Prevention/Control of Cholera	MCP CDD 071	230,010	-	220,850	9,160
Computerized Management System for Health Relief in Disaster-Affected Countries	MCP EHA 090	251,297	-	251,297	-
Maternal and Child Health Care in Central America	MCP WCH 050	573,281	-	572,938	343
Central American Health Maintenance Project: Phase III	MCP UAH 150	593,131	(574,719)	18,412	-
Emergency Rehabilitation	HAI EHA 127	9,274	(2,192)	7,831	(749)
Strengthening of Engineering Maintenance Services	NIC UAH 040	111,784	270,512	180,256	202,040
Prevention of Violence Against Women and Girls in the Andean Region	MCP WHD 060	385,879	544,434	779,396	150,917
Subregional Engineering and Maintenance Network in Central America	MCP CLT 160	94,558	574,720	647,867	21,411
Consolidation of Local Health Systems in North San Salvador	ELS UAH 080	-	876,888	537,437	339,451
Training for Departmental and Decentralization Health Services	ELS UAH 090	-	280,307	274,651	5,656
Struggle Against Tuberculosis	HAI TUB 020	-	395,500	367,015	28,485
Health Sector Reform in Andean Region	ECU UAH 040	-	29,940	29,940	-
Rehabilitation and Development of Pharmaceutical System in Gonaive	HAI EDV 030	-	200,000	208,099	(8,099)
Healthy Municipalities: Loja Project	ECU UAH 050	-	9,078	9,078	-

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NETHERLANDS (cont.)					
Local Health System in Cabanas State	ELS UAH 081	-	409,990	86,206	323,784
Development of Local Health Systems in Central America and Panama	MCP UAH 050	-	40,161	5,779	34,382
Elimination of Indigenous Transmission of Measles	MCP VID 232	-	400,000	-	400,000
Strengthening of Health and Environment Commission	ECU ERA 020	-	5,000	3,030	1,970
Emergency Proposal for Drought in Loja	ECU CWS 060	-	37,810	31,253	6,557
Healthy Communities in Loja	ECU HED 020	-	367,990	48,162	319,828
Disaster Relief Supply Management (SUMA) Phase II	MCP EHA 190	-	250,000	-	250,000
Disinfection of Drinking Water	ECU CWS 040	-	43,960	-	43,960
Subtotal		<u>2,763,308</u>	<u>4,148,060</u>	<u>4,757,124</u>	<u>2,154,244</u>
NICARAGUA					
Integrated Maternal and Child Health Care Model	NIC WCH 001	<u>9,923</u>	<u>1,243,744</u>	<u>1,249,008</u>	<u>4,659</u>
Subtotal		<u>9,923</u>	<u>1,243,744</u>	<u>1,249,008</u>	<u>4,659</u>
NORWAY					
National Production of Essential Drugs and Critical Supplies	MCP EDV 070	37,310	-	33,005	4,305
Health Services Development in the Atlantic Coast Region	NIC UAH 011	6,867	11,484	18,351	-
Woman, Health and Development (SIMCA)	MCP WHD 021	(11,200)	29,336	18,136	-
Support to MASICA: PROFIN Component	MCP ERA 032	67,879	(25,907)	11,062	30,910
Support to AIDS Medium-Term Planning	MCP GPA 214	53,419	(11,486)	33,154	8,779
Support to MASICA: PROFIN Component	MCP ERA 036	350,000	113,405	433,729	29,676
Intra-Family Violence in Central America	MCP WHD 024	170,985	69,545	205,912	34,618
Support to MASICA: PROFIN Component	MCP ERA 038	-	517,811	-	517,811
Intra-Family Violence in Central America	COR WHD 025	-	243,953	44,096	199,857
Subtotal		<u>675,260</u>	<u>948,141</u>	<u>797,445</u>	<u>825,956</u>
PANAMA					
Training of Human Resources in Health Maintenance Systems	PAN UAH 040	24,533	-	23,942	591
Human Resources for Health Sector Maintenance System	PAN UAH 042	143,080	-	142,243	837
Central American Health Maintenance Project (Phase III)	PAN UAH 151	4,180	-	3,988	192
Modernization of Social Security System through the Use of SIGLO Information System	PAN UAH 050	9,428	-	8,622	806
Development of Food Protection Program	PAN POS 020	-	30,000	13,003	16,997

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PANAMA (cont.)					
Evaluation of Nutrition in Schools	PAN NUT 020	-	22,500	21,529	971
Strengthening Environmental Health in Siglo XXI Municipality	PAN ERA 050	-	70,000	6,959	63,041
Subtotal		181,221	122,500	220,286	83,435
PARAGUAY					
Institutional Strengthening of SENASA	PAR CWS 020	130,000	309,061	315,784	123,277
Oil Adjuvant Foot-and-Mouth Disease Vaccine	MCP FMD 040	9,714	-	9,714	-
Technical Cooperation in Zoonoses	PAZ ZNS 130	16,695	-	10,717	5,978
Creation of a Model Training Center in Family Planning	PAR WCH 040	501	(501)	-	-
Eradication of Foot-and-Mouth Disease, River Plate Basin	AFT FMD 166	69,381	82,739	94,160	57,960
Subtotal		226,291	391,299	430,375	187,215
PERU					
Pan American Center for Sanitary Engineering and Environmental Sciences (CEPIS)	CEP CWS 010	200,520	476,893	341,716	335,697
Managerial Support for National Health Development	PER CFS 010	85,949	717,192	591,800	211,341
Social Health Emergency Conservation of Non-Human Primates	PER UAH 013	407	-	407	-
Strengthening of Health Services: Preliminary Activities	MCP ZNS 091	77,115	302,817	353,666	26,266
Social Health Development: Tuberculosis in High-Risk Areas	PER UAH 061	(5,654)	5,654	-	-
Strengthening of Health Services	PER UAH 030	1,437	(1,058)	379	-
Health Services Advisory Management Guide for Municipal Water and Sewage Services	PER UAH 060	138,319	109,127	209,323	38,123
Experimental Study on Water and Food Disinfection	PER UAH 040	328	(328)	-	-
Experimental Study on Water and Food Disinfection	CEP CWS 271	729	(191)	538	-
Experimental Study on Water and Food Disinfection	CEP CWS 060	6,021	9,915	15,936	-
Functional Integration of the Health Services	CEP CWS 061	-	1,331,963	478,488	853,475
Subtotal	PER UAH 130	23,843	134,445	110,825	47,463
		529,014	3,086,429	2,103,078	1,512,365
SPAIN					
Cooperation with the Department of Health and Social Security in Costa Rica	MCP ECO 011	2,370	-	500	1,870
Institutional Development in Water and Sanitation	ICP CWS 050	3,359	(3,359)	-	-
Epidemiology and Research Studies	MCP HST 030	6,138	21,792	27,930	-

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SPAIN (cont.)					
Support to Water Sanitation and Sewage Services	MCP CWS 051	(25,447)	748,286	681,767	41,072
AIDS Prevention and Control	MCP GPA 110	-	780,569	588,313	192,256
Elimination of Measles	MCP VID 230	-	792,999	588,323	204,676
Control of Respiratory Infections and Diarrheal Diseases	MCP CDD 130	-	822,379	802,434	19,945
Regional Plan on Investment in Health and the Environment	MCP UAH 700	-	1,047,792	710,734	337,058
Women, Health, and Development	MCP WHD 080	-	432,821	394,998	37,823
Fifth Plan of Activities: PIAS	MCP UAH 701	-	109,338	-	109,338
Fifth Plan of Activities: Measles	MCP VID 231	-	683,026	504,766	178,260
Fifth Plan of Activities: IRA and EDA	MCP CDD 131	-	709,827	468,767	241,060
Fifth Plan of Activities: AIDS	MCP GPA 111	-	229,239	75,025	154,214
Fifth Plan of Activities: Medical Equipment	MCP CLT 060	-	136,420	-	136,420
Subtotal		(13,580)	6,511,129	4,843,557	1,653,992
SURINAME					
Global Restructuring of the Regional Health Services	SUR UAH 040	(7,995)	842,330	556,840	277,495
Restructuring of the Bureau of Public Health (BOG)	SUR UAH 050	-	112,163	-	112,163
Subtotal		(7,995)	954,493	556,840	389,658
SWEDEN					
Procurement of Essential Drugs for Central America and Panama	MCP EDV 040	3,992	(482)	3,510	-
Support to Technical Cooperation Agreements in Central America	MCP TCC 033	272,651	(272,651)	-	-
Malaria Control Along the Costa Rican/Nicaraguan Border	COR CTD 030	8,160	(9,419)	-	(1,259)
Malaria Control Along the Honduran/Nicaraguan Border	NIC CTD 041	5,448	(5,448)	-	-
Women, Health, and Development (SIMCA)	MCP WHD 022	12,236	(7,006)	5,230	-
Support to AIDS Medium-Term Planning in Central America and Panama	MCP GPA 211	143,156	(15,240)	120,893	7,023
Support to MASICA: Proagua Component	MCP ERA 031	194,920	(89,885)	105,403	(368)
Central American Program for Malaria Control	MCP CTD 100	384,988	(152,512)	205,632	26,844
Central America Program for Prevention and Control of Cholera	MCP CDD 053	82,380	-	74,369	8,011
Emergency Health Services for Demobilization Process	ELS UAH 143	1,032	(1,032)	-	-
Prevention and Control of Cholera	ECU CDD 040	256,135	-	251,818	4,317

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SWEDEN (cont.)					
Development of Cholera Vaccine for Trials in Colombia and Peru	MCP VID 040	124,792	(4,021)	-	120,771
Health and Development of Indigenous Women	GUT WHD 032	28,664	(10,112)	16,035	2,517
PROSILAIS: Development of Integrated Local Health Systems	NIC UAH 030	438,571	167,853	606,424	-
Measles Elimination in Central America	MCP VID 041	95,213	(1,665)	66,683	26,865
Prevention and Control of Cholera	PER CDD 040	16,612	-	13,695	2,917
Prevention and Control of Cholera	BOL CDD 040	78,651	-	65,401	13,250
Health Promotion in Central America	MCP MNH 050	8,292	(2,019)	6,273	-
Support to Medium-Term Plan in Central America	MCP GPA 215	30,406	728,240	651,192	107,454
Intra-Family Violence in Central America	MCP WHD 023	581,468	615,245	1,029,276	167,437
Comprehensive Malaria Program in Central America	MCP CTD 101	683,984	166,032	779,492	70,524
Health Sector Reform	HON UAH 040	340,537	3,736,749	2,493,962	1,583,324
Health Sector Reform: Migrant Workers and Indigenous Women	GUT UAH 070	434,104	2,443,560	1,111,727	1,765,937
Health Sector Reform: Community Self-Management	ELS UAH 030	881,224	1,888,210	1,480,354	1,289,080
Health and Development of Indigenous Women in Nine Municipalities	GUT WHD 033	70,835	296,113	133,199	233,749
Support to Technical Cooperation Agreements	MCP TCC 034	356,935	665,652	829,069	193,518
Support to MASICA: Proagua Component	MCP ERA 035	699,565	1,039,885	1,444,758	294,692
PROSILAIS II: Development of Integrated Local Health Systems	NIC UAH 031	-	3,124,633	2,113,712	1,010,921
Multisectoral Approach to AIDS Prevention and Control	GUT GPA 260	-	265,149	2,917	262,232
Gender Equity in the Quality of Health Care	MCP WHD 013	-	198,990	-	198,990
Subtotal		<u>6,234,951</u>	<u>14,764,819</u>	<u>13,611,024</u>	<u>7,388,746</u>
SWITZERLAND					
Strengthening Sanitation Conditions in Rural Areas	CEP CWS 080	-	89,982	4,135	85,847
Subtotal		<u>-</u>	<u>89,982</u>	<u>4,135</u>	<u>85,847</u>
UNITED KINGDOM					
IDNDR Activities in the Caribbean	CAR EHA 070	1,938	(1,938)	-	-
Prevention and Control of Cholera	CAR CDD 020	2,077	(2,003)	74	-
Training of Health Personnel in Cholera Prevention	NIC CDD 020	665	(665)	-	-
Annual Meeting of British Dependent Territories in the Caribbean	ECA UAH 011	9,666	-	7,903	1,763

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UNITED KINGDOM (cont.)					
PAHO Report on Disaster Reduction in Latin America and Caribbean	MCP EHA 069	660	(660)	-	-
Disaster Mitigation and Preparedness in Latin America and the Caribbean	MCP EHA 461	182,080	983,000	756,497	408,583
Support to National AIDS Program Activities in the Eastern Caribbean	ECA GPA 251	116,277	-	43,771	72,506
Cholera Prevention and Control Activities	HON CDD 040	40,352	-	39,980	372
Health Financing	PER HSD 011	-	12,151	12,151	-
Subtotal		353,715	989,885	860,376	483,224
UNITED STATES OF AMERICA					
Narcotics Awareness	JAM ADT 030	(36,192)	36,192	-	-
Human Resources Education	CAR HRH 010	(2,673)	-	(2,673)	-
National Expanded Program on Immunization	HAI VID 020	132,623	466,984	554,804	44,803
Public Sector Family Planning	HAI WCH 031	34,333	385,558	419,891	-
Improvement of Health Care Delivery	JAM UAH 020	187,632	-	165,866	21,766
Accelerated Immunization Phase II	MCP VID 120	38,928	1,689,324	1,728,252	-
Disaster Mitigation and Preparedness in Latin America and the Caribbean	MCP EHA 450	18,571	1,440,772	1,429,918	29,425
Emergency Procurement of Fuel for Humanitarian Assistance in Haiti	HAI EHA 105	11,205	(11,205)	-	-
First Inter-American Conference of Society on Health	MCP NCD 022	1,789	(1,789)	-	-
Development and Promulgation of National Nutrition Plan	INC NUT 020	1,019	72,607	73,626	-
Measles Elimination	MCP VID 300	-	1,766,455	1,823,051	(56,596)
Immunization: Decentralization of Health Services	NIC VID 013	-	452,380	409,221	43,159
Regional Plan for Reduction in Maternal Mortality	MCP WCH 140	-	174,200	170,058	4,142
Equitable Access to Basic Health Services	MCP UAH 060	-	85,000	76,090	8,910
Expanded Program on Immunization	HAI VID 050	-	70,000	107,235	(37,235)
Integrated Management of Childhood Illnesses (IMCI)	MCP ARI 030	-	374,800	368,032	6,768
Cholera Laboratories Workshops	MCP CDD 081	(7,777)	(15,000)	-	(22,777)
Diagnostic Antigens for Dengue and Yellow Fever	MCP OCD 012	(11,327)	15,000	3,530	143
Clinical Support to EPI Activities	MCP VID 044	5,417	(5,417)	-	-
Environmental Epidemiology in Latin America and the Caribbean	ECO ERA 100	(7,844)	7,844	-	-
Environmental Epidemiology for Latin America and the Caribbean Phase III, 1994- 1995	ECO ERA 101	(21,387)	132,418	111,031	-
Interagency Plan on "Tobacco or Health"	MCP ADT 050	-	83,595	81,702	1,893

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UNITED STATES OF AMERICA (cont.)					
Environmental Epidemiology in Latin America and the Caribbean	ECO ERA 102	-	252,525	251,536	989
Environmental Epidemiology in Latin America and the Caribbean	MCP ERA 103	-	38,167	51,936	(13,769)
EURO Special Program for Research on Aging (PHS/OIH)	MCP HEE 127	478	-	478	-
EURO Special Program for Research on Aging (PHS/OIH)	MCP HEE 133	5,824	-	5,115	709
EURO Special Program for Research on Aging	ICP HEE 134	15,087	-	15,087	-
Substance and Drug Abuse Assessment	FEP ADT 020	(4,205)	-	(4,205)	-
Environmental Epidemiology: Health-Risk Assessment for Latin America and the Caribbean	MCP ERA 061	(47,062)	410,649	474,976	(111,389)
Improvement of Environmental Quality Affecting Human Health	MCP ERA 090	-	87,340	107,423	(20,083)
Inter-American Drug Abuse and Surveillance Network	MCP ADT 020	2,180	(2,180)	-	-
Smoking Reduction	MCP ADT 022	5,000	-	3,400	1,600
Study of Vaccine Efficacy on Hemorrhagic Fever	ARG OCD 020	7,284	(7,284)	-	-
Field Testing of a Meningococcal Group B Protein Vaccine (Phase II)	CHI OCD 031	8,791	(7,633)	1,158	-
Development and Evaluation of Plasmodium Vivax Vaccines	MCP CTD 070	4,238	(4,238)	-	-
Development of Plasmodium Vivax and Plasmodium Falciparum Vaccines	MCP CTD 071	(81,160)	197,472	197,588	(81,276)
General Research on AIDS	MCP GPA 400	(139,452)	209,173	284,115	(214,394)
SIREVA Meeting on the Children's Vaccine Initiative	MCP VID 042	3,844	(3,844)	-	-
Development of Regional Electronic Disaster Preparedness Network	MCP EHA 130	(70,385)	236,972	166,302	285
Regional Disaster Preparedness Network (Health Crisis and the Internet)	MCP EHA 132	-	-	49,870	(49,870)
Subtotal		54,779	8,626,837	9,124,413	(442,797)
URUGUAY					
Eradication of Foot-and-Mouth Disease, River Plate Basin	MCP FMD 064	24,031	(24,031)	-	-
Pre-Investment in Institutional Strengthening of Health Sector (FIIS)	URU CPS 700	21,276	(21,276)	-	-
National Program on Potable Water	URU CWS 020	-	32,493	32,493	-
Potable Water and Sewage Services	URU CWS 021	-	135,206	17,887	117,319
Subtotal		45,307	122,392	50,380	117,319

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
VENEZUELA					
Control of Foot-and-Mouth Disease and Paralytic Rabies	VEN FMD 011	9,960	195,148	5,055	200,053
Managerial Support for National Health Development	VEN CPS 010	1,371	-	652	719
Endemic Disease Control	VEN CTD 030	-	490,381	100,096	390,285
Social Development (PDS)	VEN HRH 020	-	985,800	-	985,800
Basic Training in Management in Health Sector	VEN HRH 021	-	1,026,663	105,123	921,540
Subtotal		11,331	2,697,992	210,926	2,498,397
TOTAL, GOVERNMENT FUNDS		23,344,955	98,281,011	81,577,165	40,048,801
INTERNATIONAL ORGANIZATIONS					
CARIBBEAN COUNCIL FOR THE BLIND					
Fellowship for Blindness Program	GUY UAH 050	-	3,598	3,415	183
Subtotal		-	3,598	3,415	183
CARIBBEAN COMMONWEALTH SECRETARIAT					
Training of Allied Health Personnel Phase II	CAR HRH 022	18,313	(18,313)	-	-
Water Quality Disinfection in Rural Communities	JAM CWS 050	-	14,717	-	14,717
Subtotal		18,313	(3,596)	-	14,717
CARIBBEAN DEVELOPMENT BANK					
Information Systems for Community Health Services	CAR UAH 030	(106,096)	171,535	123,843	(58,404)
Subtotal		(106,096)	171,535	123,843	(58,404)
EUROPEAN UNION					
Vulnerability Analysis and Disaster Mitigation in Hospitals	MCP EHA 111	(122,015)	164,307	42,292	-
International Conference on Disaster Mitigation	MCP EHA 076	-	18,510	18,510	-
Vulnerability Analysis and Preparedness of Hospitals	MCP EHA 112	-	72,995	117,715	(44,720)
Subtotal		(122,015)	255,812	178,517	(44,720)
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS					
Workshop on Economic Analysis of Animal Health	MCP ZNS 030	4,108	-	3,534	574
Subtotal		4,108	-	3,534	574
INTER-AMERICAN DEVELOPMENT BANK					
Poliomyelitis Control with Vaccines	MCP VID 021	(825,096)	825,096	-	-
Media Support to EXPO 92	MCP INF 031	3,986	-	-	3,986
Cholera Epidemic: Epidemiological Surveillance	MCP CDD 041	(168,810)	282,821	125,441	(11,430)

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
INTER-AMERICAN DEVELOPMENT BANK					
(cont.)					
First Inter-American					
Conference on Society,					
Violence and Health					
MCP MNH 021		18,708	-	18,343	365
Poverty Reduction Strategies					
MCP HSD 050		1,120	880	2,000	-
Pan American Conference on					
Health and Environment in					
Sustainable Human					
Development					
MCP ERA 081		1,391	-	1,375	16
Workshop on Violence Against					
Women					
MCP WHD 071		16,000	-	13,015	2,985
Solid Waste Strategy					
Documentation					
MCP CWS 021		6,250	-	6,250	-
Diagnosis of Handling of Solid					
Wastes in Latin America and					
Caribbean					
MCP MWH 020		-	31,000	19,092	11,908
Subtotal		(946,451)	1,139,797	185,516	7,830
INTERNATIONAL ATOMIC ENERGY					
AGENCY					
Parasitic Disease Control					
CPZ ZNS 030		(2,000)	2,000	-	-
Subtotal		(2,000)	2,000	-	-
INTERNATIONAL BANK FOR					
RECONSTRUCTION AND DEVELOPMENT					
(WORLD BANK)					
Health Network Meeting					
MCP HSD 012		12,330	-	12,330	-
Targeting of Health and					
Nutrition Programs for Poor					
Mothers and Children					
MCP HSD 031		11,225	-	11,225	-
Health Policy and Priority					
MCP HSD 043		27,455	-	27,455	-
Pan American Conference on					
Health and Environment in					
Sustainable Human					
Development					
MCP ERA 080		3,306	-	3,008	298
Joint Publication of Symposium					
Papers					
MCP WCH 102		5,000	-	-	5,000
Network on Health Economics					
and Financing in Latin					
America					
MCP HSD 061		-	40,110	40,110	-
PROMESS: Rental of Premises					
HAI EDV 022		-	40,000	40,000	-
Subtotal		59,316	80,110	134,128	5,298
INTERNATIONAL DECADE FOR NATURAL					
DISASTER REDUCTION					
IDNDR Promotional Activity in					
Latin America and Caribbean					
COR EHA 012		-	30,000	28,878	1,122
Disaster Mitigation for Water					
Supply Systems					
MCP EHA 470		-	90,215	79,864	10,351
IDNDR Activities in Latin					
America and the Caribbean					
MCP EHA 350		-	139,000	65,755	73,245
Subtotal		-	259,215	174,497	84,718
OPEC FUND FOR INTERNATIONAL					
DEVELOPMENT					
Prevention of Cholera Epidemic					
in Central America					
MCP CDD 052		25,452	74,982	96,062	4,372
Subtotal		25,452	74,982	96,062	4,372

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
ORGANIZATION OF AMERICAN STATES					
Production of Gender-Training Manual	MCP WHD 011	15,000	-	15,000	-
Violence Against Woman	MCP WHD 072	-	6,000	6,000	-
Health and Quality from a Gender Perspective	MCP WHD 012	-	30,000	5,500	24,500
Subtotal		15,000	36,000	26,500	24,500
UNITED NATIONS CHILDRENS FUND					
Reproduction and Distribution "Censos de Talla"	MCP NUT 016	5,000	-	4,872	128
AIDS Documentation and Information	PER GPA 011	-	4,989	4,989	-
Caribbean Regional Workshop on Early Childhood Psychosocial Development	JAM WCH 020	-	5,000	5,000	-
Printing National Chart on Essential Drugs	ECU EDV 020	-	7,000	-	7,000
Subtotal		5,000	16,989	14,861	7,128
UNITED NATIONS DEVELOPMENT PROGRAM					
Disaster Management Training Part II	MCP EHA 017	9,471	-	7,679	1,792
Regional IDNDR Meeting in Jamaica	MCP EHA 064	(47,879)	-	-	(47,879)
Development Program for Displaced Persons, Refugees, and Returnees in Central America (PRODERE):					
PRODERE Health Component:					
Belize	BLZ UAH 100	1,410	357	1,767	-
PRODERE Health Component:					
Costa Rica	COR UAH 100	9,244	2,737	11,981	-
PRODERE Health Component:					
El Salvador	ELS UAH 100	(9,567)	26,885	17,318	-
PRODERE Health Component:					
Guatemala	GUT UAH 100	(50,365)	13,830	3,542	(40,077)
PRODERE Health Component:					
Honduras	HON UAH 100	3,677	30,092	33,769	-
Subregional Support to PRODERE Health Component	MCP TCC 060	175,450	(175,450)	-	-
Subregional Support to PRODERE Health Component	MCP TCC 061	(110,000)	110,000	-	-
PRODERE Health Component:					
Nicaragua	NIC UAH 100	20,000	3,372	23,372	-
Control of Cholera in Cities of Trinidad and Oruro	BOL CDD 041	-	7,825	2,035	5,790
Drilling of a Water Well in Nazca	PER CWS 070	-	15,000	13,588	1,412
AIDS Prevention and Control	COL GPA 020	-	9,274	-	9,274
Subtotal		1,441	43,922	115,051	(69,688)
UNITED NATIONS DISASTER RELIEF OFFICE					
Disaster Preparedness: IDNDR Support	COR EHA 011	1,057	-	1,000	57
Subtotal		1,057	-	1,000	57

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
UNITED NATIONS OFFICE FOR PROJECTS SERVICES					
Reintegration of Displaced Persons	HAI UAH 040	-	-	21,489	(21,489)
Managing Health Reform in the Caribbean	MCP HSD 063	-	-	18,487	(18,487)
Managing Health Reform in the Caribbean	MCP HSD 053	-	-	102,032	(102,032)
Subtotal		-	-	142,008	(142,008)
UNITED NATIONS POPULATION FUND					
AIDS Documentation and Information	PER GPA 012	-	9,875	9,875	-
Subtotal		-	9,875	9,875	-
WORLD HEALTH ORGANIZATION					
Research in Tropical Diseases	MCP TDR 011	-	200,000	99,557	100,443
Motor Vehicle Air Pollution Workshop	MCP ERA 100	-	57,740	52,010	5,730
Leprosy Control	BRA LEP 020	-	200,000	191,598	8,402
AIDS Prevention and Control	MCP GPA 110	-	300,000	270,831	29,169
Subtotal		-	757,740	613,996	143,744
TOTAL INTERNATIONAL FUNDS		<u>(1,046,875)</u>	<u>2,847,979</u>	<u>1,822,803</u>	<u>(21,699)</u>
PRIVATE AND PUBLIC SECTOR					
AGENCIA PARA EL DESARROLLO Y RECURSOS ASISTENCIALES					
Study on Prospect Sites for Drilling Wells in Puno	PER CWS 090	-	11,200	9,190	2,010
Subtotal		-	11,200	9,190	2,010
AMERICAN CANCER SOCIETY					
Interagency Plan on "Tobacco or Health"	MCP ADT 051	24,329	50,000	64,757	9,572
Subtotal		24,329	50,000	64,757	9,572
AMERICAN FOUNDATION FOR AIDS RESEARCH					
Strengthening of Capacity of NGOs in AIDS Prevention in Argentina	MCP GPA 051	4,858	2,260	-	7,118
Strengthening of Capacity of NGOs in AIDS Prevention	MCP GPA 052	2,260	(2,260)	-	-
Subtotal		7,118	-	-	7,118
CARNEGIE CORPORATION OF NEW YORK					
Binational Symposium on Health of Women, Adolescents, and Children	FEP WCH 021	2,641	-	-	2,641
Women, Health, and Development in the Caribbean	CAR WHD 041	24,247	-	12,887	11,360
International Cooperation in Health	MCP GPD 040	22,006	(347)	21,659	-
Subtotal		48,894	(347)	34,546	14,001

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
CHIBRET INTERNATIONAL					
Prevention and Control of Blindness	COL NCD 022	5,986	-	4,150	1,836
Subtotal		5,986	-	4,150	1,836
CIBA-GEIGY LIMITED					
1996 Report on Tuberculosis Epidemic	MCP TUB 012	-	10,000	9,211	789
Subtotal		-	10,000	9,211	789
COOPERAZIONE INTERNAZIONALE					
Research on Health Systems and Services	BOL UAH-030	-	28,000	25,268	2,732
Subtotal		-	28,000	25,268	2,732
EDMONTON GENERAL HOSPITAL					
Palliative Care	MCP NCD 080	-	10,000	6,754	3,246
Subtotal		-	10,000	6,754	3,246
ELI LILLY FOUNDATION					
World Mental Health Day	MCP WHD 100	-	21,000	20,700	300
Diabetes Disease Management Demonstration Project	CHI NCD 070	-	175,000	163,288	11,712
Subtotal		-	196,000	183,988	12,012
EUROPEAN FEDERATION OF NETWORKS					
Expand Network of Disaster Managers in South America	CHI EHA 131	-	75,334	94,491	(19,157)
Subtotal		-	75,334	94,491	(19,157)
F. HOFFMAN-LA ROCHE AND COMPANY					
Workshop on Rational Usage of Psychotropic Drugs (Honduras)	MCP MNH 012	-	450	450	-
Subtotal		-	450	450	-
FINNISH RED CROSS					
Workshops in Management Training of Blood Transfusion Services	MCP CLT 021	2,175	-	1,713	462
Subtotal		2,175	-	1,713	462
HELPPAGE					
Health of the Elderly	MCP HEE 012	22,824	-	10,991	11,833
Subtotal		22,824	-	10,991	11,833
INSTITUTO ONCOLOGICO REGIONAL					
CIBAO Cobalt Therapy Unit Donation to Instituto Oncológico Regional	MCP CLT 030	5,916	-	5,594	322
Subtotal		5,916	-	5,594	322

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
INSTITUTO POLITECNICO NACIONAL Environmental Epidemiology	ECO ERA 046	6,061	-	6,061	-
Subtotal		6,061	-	6,061	-
INTERNATIONAL ASSOCIATION OF INFANT FOOD MANUFACTURERS Improving Feeding Practices in Young Children	MCP NUT 060	-	102,403	102,403	-
Subtotal		-	102,403	102,403	-
INTERNATIONAL ASSOCIATION IN NEUROSCIENCES Meeting on Neurodevelopmental Handicaps of Children	MCP WCH 012	439	-	-	439
Workshop on Tropical Spastic Parathesia in Jamaica	MCP MNH 015	3,463	-	-	3,463
Subtotal		3,902	-	-	3,902
INTERNATIONAL DIABETES FEDERATION National Workshop for Diabetes Association	CAR NCD 020	-	12,500	11,668	832
Subtotal		-	12,500	11,668	832
INTERNATIONAL LIFE SCIENCES INSTITUTE Environmental Health Protection, Food, and Laboratories Seminar	MCP ZNS 111	2,518	(16)	2,502	-
Pre-Investment in Micronutrients in Ecuador	MCP CPS 703	(16,600)	16,600	-	-
Food and Nutrition	ECU NUT 011	12,000	-	10,431	1,569
Subtotal		(2,082)	16,584	12,933	1,569
INTERNATIONAL UNION FOR CONSERVATION OF NATURE AND NATURAL RESOURCES National Environmental Conservation Strategy	TRT ERA 020	4,016	-	4,016	-
Subtotal		4,016	-	4,016	-
LEPROSY RELIEF WORK EMMAUS - SWITZERLAND Leprosy Control	SUR LEP 020	4,444	-	1,695	2,749
Leprosy Control	JAM LEP 020	7,737	-	6,321	1,416
Subtotal		12,181	-	8,016	4,165
LIBERTY HEALTH World Mental Health Day	MCP WHD 101	-	10,000	10,000	-
Subtotal		-	10,000	10,000	-

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
MERCK, SHARP, AND DOHME					
INTERNATIONAL					
Communication for Health:					
Immunization	MCP VID 140	20,281	30,000	4,122	46,159
Support to National Health					
Estimates Account	MCP HSD 062	-	20,000	-	20,000
Subtotal		20,281	50,000	4,122	66,159
NEGRI INSTITUTE (ITALY)					
Mental Health Workshop	MCP MNH 014	2,568	-	1,483	1,085
Workshop on Psychiatry					
(Venezuela)	MCP MNH 016	6,598	-	3,264	3,334
Subtotal		9,166	-	4,747	4,419
NOVO NORDISK					
Diabetes Prevalence Study	BOL NCD 012	-	15,000	-	15,000
Subtotal		-	15,000	-	15,000
ORGANIZACION INTERNACIONAL DE					
SANIDAD AGROPECUARIO					
Control and Eradication of					
Brucellosis and Bovine					
Tuberculosis	PAZ ZNS 030	3,596	-	2,188	1,408
Subtotal		3,596	-	2,188	1,408
PLAN INTERNACIONAL					
Well Drilling in Piura	PER CWS 080	-	5,057	4,272	785
Subtotal		-	5,057	4,272	785
PROCTER AND GAMBLE					
Educational Programs in Adult					
Health	MCP MNH 014	1,448	-	1,448	-
Subtotal		1,448	-	1,448	-
ROCKEFELLER FOUNDATION					
Violence Prevention for Urban					
Poor	ICP MNH 060	55,529	-	55,529	-
Violence Prevention for Urban					
Poor	MCP MNH 060	-	22,000	22,000	-
Subtotal		55,529	22,000	77,529	-
ROTARY INTERNATIONAL					
Polio Eradication in Brazil	MCP VID 070	16,981	-	10,380	6,601
Operations to Stop Polio in					
the Americas	MCP VID 096	5,808	-	-	5,808
Polio Myelitis Surveillance and					
Immunization in Jamaica	MCP VID 097	20,276	-	18,819	1,457
Amplified Social Mobilization					
Project: Costa Rica	MCP VID 098	7,050	-	-	7,050
Epidemiological Surveillance					
of Polio Eradication	BOL VID 030	1,644	-	1,644	-
Mop Up Operations Phase II to					
Consolidate Polio					
Eradiation in Bolivia,					
Colombia, and Ecuador	MCP VID 180	185,718	-	167,585	18,133

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
ROTARY INTERNATIONAL (cont.)					
Taylor Commission Report	MCP VID 047	15,000	-	-	15,000
Support to Salt Fluoridation Program	BOL ORH 020	-	5,000	-	5,000
Subtotal		252,477	5,000	198,428	59,049
ROYAL COMMONWEALTH SOCIETY FOR THE BLIND					
Prevention of Blindness	MCP NCD 020	5,849	(5,849)	-	-
Prevention of Blindness	COL NCD 020	57,114	95,850	140,134	12,830
Bucaramanga Course (Sight Savers)	COL NCD 021	944	-	-	944
Prevention of Blindness	COL UAH 024	-	45,000	15,565	29,435
Subtotal		63,907	135,001	155,699	43,209
SOCIEDAD ESTATAL ESPAÑOLA V CENTENARIO					
Development of National Planning Capacity/Potable Water and Sanitation Project	MCP CWS 200	56,703	-	48,327	8,376
Subtotal		56,703	-	48,327	8,376
STUDIO MULTICENTRICO ITALIANO					
EURO Special Program for Research on Aging	MCP HEE 129	32,709	-	24,131	8,578
Subtotal		32,709	-	24,131	8,578
UNIVERSIDAD DE SAN FRANCISCO DE QUITO					
Quality Control of Salt Fortification	ECU NUT 012	-	4,999	4,999	-
Subtotal		-	4,999	4,999	-
UNIVERSITY OF TEXAS					
Research on Communicable Disease Prevention and Control	VEN OCD 013	18,350	142,473	120,573	40,250
Equine Encephalitis	VEN OCD 020	-	147,515	66,607	80,908
Subtotal		18,350	289,988	187,180	121,158
UPJOHN INTERNATIONAL, INC.					
EURO Special Program for Research on Aging	MCP HEE 124	2,381	-	121	2,260
Subtotal		2,381	-	121	2,260
VARIOUS GRANTORS (UNDESIGNATED CONTRIBUTIONS)					
EURO Special Program for Research on Aging	MCP HEE 128	3,009	-	3,009	-
Rabies Transmitted by Vampire Bats	MCP ZNS 110	1,049	5,000	5,000	1,049
Translation of Textbook on "Clinical Oncology"	MCP HBI 031	10,295	-	10,295	-
Development of X-Ray Machine for Cancer Treatment in Developing Countries	MCP CLT 040	1,820	-	1,358	462

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
VARIOUS GRANTORS (UNDESIGNATED CONTRIBUTIONS) (cont.)					
PAHO Award for Immunization Improvement of Quality of Health Services	MCP VID 170	30,000	8,599	2,000	36,599
Various Contributions for Ongoing Projects in Guyana	ECU UAH 060	-	9,092	8,850	242
Health Crisis and the Use of the Internet	GUY UAH 040	-	2,814	475	2,339
	MCP EHA 160	-	1,250	6,187	(4,937)
Subtotal		<u>46,173</u>	<u>26,755</u>	<u>37,174</u>	<u>35,754</u>
WELLCOME TRUST					
Support to Parasitology Unit in Belem	BRA CTD 011	12,826	-	12,076	750
Subtotal		<u>12,826</u>	<u>-</u>	<u>12,076</u>	<u>750</u>
W. K. KELLOGG FOUNDATION					
Maternal and Child Health and Perinatology Program (Arequipa)	PER WCH 050	26,561	(26,561)	-	-
Development of Maternal and Child Health in the Paraguari Area	PAR WCH 030	20,160	(20,160)	-	-
Methodology for Self-Evaluation of Local Health Systems	MCP UAH 220	3,133	(3,133)	-	-
Development of Local Health System of UNI Projects	MCP UAH 230	28,091	-	28,091	-
Assessment for Change in Local Health Systems	MCP UAH 221	19,582	27,000	46,582	-
Salt Fluoridation in the Americas	MCP ORH 020	-	840,646	436,080	404,566
Operational Manuals for Local Health Systems	MCP UAH 240	-	191,586	-	191,586
Subtotal		<u>97,527</u>	<u>1,009,378</u>	<u>510,753</u>	<u>596,152</u>
YALE UNIVERSITY					
Research on Communicable Disease Prevention and Control	VEN OCD 011	276	(276)	-	-
Subtotal		<u>276</u>	<u>(276)</u>	<u>-</u>	<u>-</u>
TOTAL, PRIVATE AND PUBLIC SECTOR		<u>814,669</u>	<u>2,085,026</u>	<u>1,879,394</u>	<u>1,020,301</u>
TOTAL		<u>23,112,749</u>	<u>103,214,016</u>	<u>85,279,362</u>	<u>41,047,403</u> ^{1/}

^{1/} Balance at 31 December is represented by:

Receipts in excess of expenditure accumulated on projects held in trust by PAHO	42,927,862
Expenditure funded by PAHO in excess of receipts incurred on projects	(1,880,459)
	<u>41,047,403</u>

PART IV

CARIBBEAN EPIDEMIOLOGY CENTER

CARIBBEAN EPIDEMIOLOGY CENTER
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	Regular Budget and Working Capital Fund Note 8	Trust Funds Schedule 7	Building Fund Note 6	Fund for CAREC Services Note 7	Staff Provident Fund Note 5	SubTotal CAREC	PARO	WHO	Total 1996-1997	Total 1994-1995
INCOME										
Assessed contributions	Schedule 6	-	-	-	-	3,360,000	-	-	3,360,000	3,348,001
Voluntary contributions										
CAREC program activities		2,723,756	-	-	-	2,723,756	-	-	2,723,756	3,309,973
Non-CAREC program activities		-	-	-	173,698	173,698	-	-	173,698	293,077
Other income		-	-	-	-	-	-	-	-	-
Revenue-producing activities		-	-	183,962	-	183,962	-	-	183,962	53,074
Funds received under										
inter-organization arrangements		-	-	-	-	-	1,573,736	4,940	1,578,676	1,700,084
Interest income		-	-	33,641	105,168	138,809	-	-	138,809	29,338
Currency exchange differential		-	-	-	-	31,240	-	-	31,240	20,245
TOTAL INCOME		<u>3,391,240</u>	<u>2,723,756</u>	<u>33,641</u>	<u>278,866</u>	<u>6,611,465</u>	<u>1,573,736</u>	<u>4,940</u>	<u>8,190,141</u>	<u>8,753,722</u>
EXPENDITURE										
International health program		3,244,393	-	-	77,701	6,392,680	1,573,736	4,940	7,971,356	7,520,232
Other purposes		-	23,738	-	383,598	407,336	-	-	407,336	76,314
TOTAL EXPENDITURE		<u>3,244,393</u>	<u>2,070,586</u>	<u>23,738</u>	<u>383,598</u>	<u>6,800,016</u>	<u>1,573,736</u>	<u>4,940</u>	<u>8,378,692</u>	<u>7,596,546</u>
EXCESS(SHORTFALL) OF INCOME OVER EXPENDITURE		<u>146,847</u>	<u>(346,830)</u>	<u>9,903</u>	<u>106,261</u>	<u>(188,551)</u>	<u>-</u>	<u>-</u>	<u>(188,551)</u>	<u>1,157,246</u>
Provision for delays in the collection of assessed contributions	Schedule 6	(2,621,485)	-	-	-	(2,621,485)	-	-	(2,621,485)	(3,054,299)
Payment of assessed contributions for prior years	Schedule 6	<u>2,130,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,130,643</u>	<u>-</u>	<u>-</u>	<u>2,130,643</u>	<u>2,354,441</u>
NET EXCESS(SHORTFALL) OF INCOME OVER EXPENDITURE		<u>656,005</u>	<u>(346,830)</u>	<u>9,903</u>	<u>106,261</u>	<u>320,607</u>	<u>-</u>	<u>-</u>	<u>320,607</u>	<u>457,388</u>
Savings on or cancellation of prior periods' obligations		<u>2,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,249</u>	<u>-</u>	<u>-</u>	<u>2,249</u>	<u>24,524</u>
TOTAL CHANGES IN FUND BALANCES		<u>658,254</u>	<u>(346,830)</u>	<u>9,903</u>	<u>106,261</u>	<u>322,856</u>	<u>-</u>	<u>-</u>	<u>322,856</u>	<u>481,912</u>
FUND BALANCES, 1 JANUARY 1996		<u>(344,315)</u>	<u>560,562</u>	<u>276,775</u>	<u>-</u>	<u>1,533,155</u>	<u>-</u>	<u>-</u>	<u>1,533,155</u>	<u>1,051,243</u>
FUND BALANCES, 31 DECEMBER 1997		<u>313,939</u>	<u>213,732</u>	<u>286,678</u>	<u>106,261</u>	<u>1,856,011</u>	<u>-</u>	<u>-</u>	<u>1,856,011</u>	<u>1,533,155</u>

CARIBBEAN EPIDEMIOLOGY CENTER
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES
AS OF 31 DECEMBER 1997
(expressed in US dollars)

	<u>Note *</u>	<u>1997</u>	<u>1995</u>
ASSETS			
Cash and term deposits	-	1,232,498	1,321,886
Accounts receivable			
Quota contributions receivable (Schedule 6)	-	4,787,887	5,297,045
Provisions for delays in the collection of assessed contributions	-	(4,787,887)	(5,297,045)
Trust funds receivable (Schedule 7)	-	325,185	259,956
Sundry debtors	-	62,069	68,384
Balance due from the Pan American Health Organization for inter-office funding activities	-	792,829	232,130
Deferred charges	-	8,349	-
TOTAL ASSETS		<u>2,420,930</u>	<u>1,882,356</u>
LIABILITIES			
Quota contributions received in advance	4	18,329	1,059
Unliquidated obligations	2(f)	220,660	88,141
Accounts payable	-	745	45
TOTAL LIABILITIES		<u>239,734</u>	<u>89,245</u>
RESERVES AND FUND BALANCES			
Staff Provident Fund	5	935,401	1,040,133
Building Fund	6	286,678	276,775
Trust Funds (Schedule 7)	-	538,917	820,518
Special Fund for CAREC Services	7	106,261	-
Working Capital Fund (Accumulated Deficit)	8	313,939	(344,315)
TOTAL RESERVES AND FUND BALANCES		<u>2,181,196</u>	<u>1,793,111</u>
TOTAL LIABILITIES, AND RESERVES AND FUND BALANCES		<u>2,420,930</u>	<u>1,882,356</u>

* See Explanatory Notes, beginning on page 84

Statement VII

CARIBBEAN EPIDEMIOLOGY CENTER
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	<u>1996-1997 *</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net excess (shortfall) of income over expenditure (Statement V)	320,607
(Increase) decrease in Trust Funds receivable	(65,229)
(Increase) decrease in sundry debtors	6,315
(Increase) decrease in deferred charges	(8,349)
Increase (decrease) in contributions or payments received in advance	17,270
Increase (decrease) in unliquidated obligations	132,519
Increase (decrease) in accounts payable	700
Less: Interest income	<u>(138,809)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>265,024</u>
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES	
(Increase) decrease in inter-office funding balance receivable	(560,699)
Add: Interest income	<u>138,809</u>
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	<u>(421,890)</u>
CASH FLOWS FROM OTHER SOURCES	
Savings on or cancellation of prior periods obligations	2,249
Other adjustments to Trust Fund balances to reflect accounts receivable	<u>65,229</u>
NET CASH FROM OTHER SOURCES	<u>67,478</u>
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	<u>(89,388)</u>
CASH AND TERM DEPOSITS AS OF 1 JANUARY 1996	<u>1,321,886</u>
CASH AND TERM DEPOSITS AS OF 31 DECEMBER 1997	<u>1,232,498</u>

* As this is the first time the statements have been produced in the revised format to meet the requirements of the United Nations Systems Common Accounting Standards, comparative data for the previous biennium has not been provided.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS
(expressed in US dollars)

1. Mission of the Caribbean Epidemiology Center

The mission of the Caribbean Epidemiology Center (CAREC) is to improve the health status of Caribbean people by advancing the capability of member countries in epidemiology, laboratory technology and related public health disciplines through technical cooperation, service, training, research, and a well-trained, motivated staff.

2. Accounting Policies

(a) The Center adheres to PAHO's Financial Regulations and the accounting policies applied to CAREC transactions are stated in the notes to the PAHO financial statements. Some key policies, or those which require further definition in the context of the CAREC statements, are indicated below.

(b) Capital Assets

All assets are charged to expenditure in the biennium of purchase. These assets (mainly non-expendable equipment and vehicles) are not therefore shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement VI). However, items of this nature are recorded in the project and office inventories of the Center.

(c) Income

CAREC's assessed contributions are recorded on an accruals basis as well as PAHO Regular Budget funding (Statement V). All other income is recorded on a cash basis (i.e., when actually received).

(d) Expenditure

All expenditure against CAREC Regular Budget (Statement V) is recorded when obligated. This is a modified form of the accrual basis of accounting in that expenditure is recorded when goods and services are commissioned or ordered rather than when invoiced or delivered. This basis of recording expenditure is also applied to PAHO Regular funds, as included in the total of PAHO Funds shown in the CAREC Statement of Income and Expenditure and Changes in Fund Balances (Statement V).

Trust Fund project costs (Schedule 7) and Special Funds and PAHO Special Funds as included in the total of PAHO Funds and WHO Funds are recorded on a cash basis (i.e., when monies are paid for goods and services).

(e) Fixed-term Deposits

Funds are invested by PAHO within the PAHO portfolio of investments. Interest is apportioned to the CAREC Staff Provident Fund and Building Fund.

(f) Unliquidated Obligations

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the financial period. In accordance with Financial Regulation 4.4 (as amended by Resolution CD35.R20 of the 35th PAHO Directing Council), appropriations for unliquidated obligations remain available to discharge valid obligations for 24 months following the end of the financial period to which they relate. However, related goods and services must be supplied or rendered within 12 months of the end of the financial period.

Liabilities shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances include unliquidated obligations charged against CAREC Regular budget appropriations. All other funds shown in Statement VI are reflected on a cash basis.

3. Non-expendable Inventory

The original cost of non-expendable inventory items valued at \$500 or more held by CAREC as of 31 December 1997 totaled \$1,023,100. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared to maintain effective custody of the physical assets of the Center.

4. Quota Contributions Received in Advance

An amount of \$18,178 was received from Guyana in 1997 and \$151 was received from the British Virgin Islands in 1997 as partial payments of their 1998 quota contributions.

5. Staff Provident Fund

All full-time members appointed for one year or more participate in the Provident Fund. Each participating staff member contributes to the Fund an amount equal to 4% of his/her salary while the Center contributes 6%. Upon termination, the staff member receives a lump sum payment of the amounts accumulated in his/her account.

The position of the Staff Provident Fund is:

	<u>1996-1997</u>	<u>1994-1995</u>
Accounts of staff members as of 1 January	1,040,133	823,370
Add:		
Contributions of staff members and CAREC	173,698	188,704
Interest on fixed-term deposits (Note 2(e))	<u>105,168</u>	<u>104,373</u>
Subtotal	1,318,999	1,116,447
Less:		
Withdrawals on separation	<u>383,598</u>	<u>76,314</u>
Accounts of staff members as of 31 December	<u>935,401</u>	<u>1,040,133</u>

6. Building Fund

In 1991, the XVII CAREC Council approved (Resolution 4) the formal establishment of a building fund for the purposes of the physical renewal and redevelopment of the Center. To provide initial funding, a transfer from the Working Capital Fund of \$300,000 was approved by the Director of PAHO and the CAREC Council.

The position of the Building Fund is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	276,775	249,905
Add: Interest on fixed-term deposits (Note 2(e))	<u>33,641</u>	<u>26,870</u>
Funds available	310,416	276,775
Less: Expenditure	<u>23,738</u>	<u>-</u>
Balance as of 31 December	<u>286,678</u>	<u>276,775</u>

7. Special Fund for CAREC Services

This fund was established by the Director of PAHO under the authority vested in him by Financial Regulation 6.7. Income earned from the sale of certain services provided by CAREC (together with expenditure incurred in developing these services) and from Program Support Costs which amounts to \$82,093 is recorded in this Fund.

8. Working Capital Fund

In 1991, the XVII CAREC Council recommended that a target of \$800,000 be maintained in the Working Capital Fund.

The position of the Working Capital Fund as of 31 December is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	(344,315)	(284,461)
Net surplus (deficit) from operations		
transferred from Statement V	<u>658,254</u>	<u>(107,773)</u>
Subtotal	313,939	(392,234)
Transfer from Housing Fund	-	47,919
Balance as of 31 December	<u>313,939</u>	<u>(344,315)</u>

CARIBBEAN EPIDEMIOLOGY CENTER
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF QUOTA CONTRIBUTIONS DUE FROM MEMBERS
1996-1997 ASSESSMENTS AND PRIOR YEARS
(expressed in US dollars)

Member	Year	Amount Due	Collected	Balance Due 31 December 1997
Anguilla	1997	5,040	5,040	-
	1996	<u>5,040</u>	<u>5,040</u>	-
		<u>10,080</u>	<u>10,080</u>	-
Antigua and Barbuda	1997	11,424	-	11,424
	1996	11,424	11,424	-
	1995	6,733	6,733	-
	1994	<u>6,325</u>	<u>6,325</u>	-
		<u>35,906</u>	<u>24,482</u>	<u>11,424</u>
Aruba	1997	22,512	-	22,512
	1996	<u>22,512</u>	<u>22,512</u>	-
		<u>45,024</u>	<u>22,512</u>	<u>22,512</u>
Bahamas	1997	78,960	71,024	7,936
	1996	<u>78,960</u>	<u>78,960</u>	-
		<u>157,920</u>	<u>149,984</u>	<u>7,936</u>
Barbados	1997	99,624	99,624	-
	1996	<u>99,624</u>	<u>99,624</u>	-
		<u>199,248</u>	<u>199,248</u>	-
Belize	1997	17,976	17,976	-
	1996	17,976	17,976	-
	1995	6,733	6,733	-
	1994	<u>6,685</u>	<u>6,685</u>	-
		<u>49,370</u>	<u>49,370</u>	-
Bermuda	1997	25,200	25,200	-
	1996	<u>25,200</u>	<u>25,200</u>	-
		<u>50,400</u>	<u>50,400</u>	-
British Virgin Islands	1997	5,040	5,040	-
	1996	<u>5,040</u>	<u>5,040</u>	-
		<u>10,080</u>	<u>10,080</u>	-
Cayman Islands	1997	11,256	4,232	7,024
	1996	<u>11,256</u>	<u>11,256</u>	-
		<u>22,512</u>	<u>15,488</u>	<u>7,024</u>
Dominica	1997	11,424	-	11,424
	1996	11,424	5,711	5,713
	1995	<u>2,930</u>	<u>2,930</u>	-
		<u>25,778</u>	<u>8,641</u>	<u>17,137</u>

Schedule 6 (cont.)

Member	Year	Amount Due	Collected	Schedule 6 (cont.) Balance Due
				31 December 1997
Grenada	1997	11,424	-	11,424
	1996	11,424	-	11,424
	1995	6,733	-	6,733
	1994	6,685	-	6,685
	1993	6,612	-	6,612
	1992	6,520	-	6,520
	1991	6,410	-	6,410
	1990	6,150	501	5,649
	1989	<u>6,060</u>	<u>6,060</u>	-
		<u>68,018</u>	<u>6,561</u>	<u>61,457</u>
Guyana	1997	57,456	57,456	-
	1996	57,456	57,456	-
	1995	92,989	92,989	-
	1994	<u>91,175</u>	<u>91,175</u>	-
		<u>299,076</u>	<u>299,076</u>	-
Jamaica	1997	220,248	-	220,248
	1996	220,248	-	220,248
	1995	277,432	-	277,432
	1994	275,451	-	275,451
	1993	272,478	-	272,478
	1992	268,680	-	268,680
	1991	264,080	-	264,080
	1990	<u>190,678</u>	<u>63,753</u>	<u>126,925</u>
		<u>1,989,295</u>	<u>63,753</u>	<u>1,925,542</u>
Montserrat	1997	5,040	5,040	-
	1996	5,040	5,040	-
	1995	2,236	2,236	-
	1994	<u>1,020</u>	<u>1,020</u>	-
		<u>13,336</u>	<u>13,336</u>	-
Netherlands Antilles	1997	56,112	-	56,112
	1996	<u>56,112</u>	<u>56,112</u>	-
		<u>112,224</u>	<u>56,112</u>	<u>56,112</u>
Saint Kitts and Nevis	1997	11,424	11,424	-
	1996	<u>11,424</u>	<u>11,424</u>	-
		<u>22,848</u>	<u>22,848</u>	-
Saint Lucia	1997	11,424	-	11,424
	1996	11,424	6,655	4,769
	1995	<u>6,520</u>	<u>6,520</u>	-
		<u>29,368</u>	<u>13,175</u>	<u>16,193</u>
Saint Vincent and the Grenadines	1997	11,424	871	10,553
	1996	11,424	11,424	-
	1995	6,733	6,733	-
	1994	<u>587</u>	<u>587</u>	-
		<u>30,168</u>	<u>19,615</u>	<u>10,553</u>
Suriname	1997	77,280	-	77,280
	1996	77,280	-	77,280
	1995	70,488	70,488	-
	1994	69,984	69,984	-
	1993	69,229	69,229	-

<u>Member</u>	<u>Year</u>	<u>Amount Due</u>	<u>Collected</u>	Schedule 6 (cont.)
				Balance Due 31 December 1997
Suriname (cont.)	1992	68,264	68,264	-
	1991	67,100	67,100	-
	1990	64,350	64,350	-
	1989	63,410	63,410	-
	1988	61,490	61,490	-
	1987	64,670	64,670	-
	1986	18	18	-
		<u>753,563</u>	<u>599,003</u>	<u>154,560</u>
Trinidad and Tobago	1997	924,672	-	924,672
	1996	924,672	-	924,672
	1995	1,062,222	419,475	642,747
	1994	1,054,638	1,054,638	-
	1993	756,547	756,547	-
		<u>4,722,751</u>	<u>2,230,660</u>	<u>2,492,091</u>
Turks and Caicos Islands	1997	5,040	-	5,040
	1996	5,040	4,734	306
		<u>10,080</u>	<u>4,734</u>	<u>5,346</u>
Total		<u>8,657,045</u>	<u>3,869,158</u>	<u>4,787,887</u>

Amounts consisted of:

Contributions for 1996 and 1997	3,360,000	738,515	2,621,485
Prior years	<u>5,297,045</u>	<u>3,130,643</u>	<u>2,166,402</u>
	<u>8,657,045</u>	<u>3,869,158</u>	<u>4,787,887</u>

CARIBBEAN EPIDEMIOLOGY CENTER
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF TRUST FUNDS
AS OF 31 DECEMBER 1997
(expressed in US dollars)

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
GOVERNMENTS					
CANADA					
Reduction of the Spread of HIV/AIDS/STDs and to Minimize the Impact on Individuals and Communities in CMC's (CIDA)	GPA-090	-	927,197	689,629	237,568
Promotion of Effective Management of National Programs	GPA-214	17,827	-	10,066	7,761
Reduction of Impact of HIV on Individuals and Societal Groups	GPA-224	4,247	-	3,924	323
Prevention of Perinatal Transmission of HIV	GPA-234	2,832	-	2,561	271
Prevention of HIV Transmission through Blood	GPA-244	3,601	-	3,583	18
Hepatitis B, Saint Kitts and Nevis	OCD-170	90,860	-	-	90,860
Hospital-based Injury Surveillance	OCD-080	-	64,003	36,278	27,725
FRANCE					
Support for the Fight Against STDs and AIDS in the Caribbean	GPA-070	-	350,167	270,858	79,309
UNITED KINGDOM					
Epidemiology Training Initiatives	OCD-030	47,910	-	75,560	(27,650)
Economic Appraisal Applied to Health Needs Assessment and Program Evaluation in the Caribbean	OCD-040	233,613	-	192,245	41,368
Renovation of Parasitology Laboratory	OCD-191	13,415	-	3,829	9,586
Special Program on STDs	OCD-050	171,327	-	170,911	416
UNITED STATES OF AMERICA					
AIDS Prevention and Control: Program Management	GPA-210	68,833	-	64,285	4,548
AIDS Prevention and Control: Health Education	GPA-220	29,233	-	78,087	(48,854)
AIDS Prevention and Control: Surveillance and Control	GPA-230	95,271	-	91,690	3,581
CDC-CAREC Collaborative Study to Evaluate HIV Alternative Testing Algorithms	GPA-050	(131)	-	-	(131)
Epidemiology of Human T-Cell Leukemia/Lymphoma Virus in Trinidad and the Caribbean Region	OCD-140	-	-	19,940	(19,940)
Epidemiology of Human T-Cell Leukemia/Lymphoma Virus	OCD-141	(259,825)	1,258,845	1,110,931	(111,911)

Schedule 7 (cont.)

	Project	Balance 1 January		Project	Balance 31 December
<u>Source of Funds</u>	<u>Reference</u>	<u>1996</u>	<u>Received</u>	<u>Expenditure</u>	<u>1997</u>
VARIOUS GRANTORS					
CARICOM					
Vital Statistics	OCD-021	8,244	16,615	18,333	6,526
TROPICAL DISEASE RESEARCH					
Serosurveillance Study of the Frequency of Chagas Antibodies	CTD-020	-	12,775	7,361	5,414
CIDALAC					
Modelling of HIV/AIDS in the Caribbean	GPA-041	-	31,760	31,149	611
EMBASSY OF THE NETHERLANDS					
NGOs Community Mobilization	GPA-100	-	8,629	4,211	4,418
EMMAUS LEPROSY RELIEF WORK					
Leprosy Control	LEP-020	1,705	-	6,234	(4,529)
Leprosy Control	LEP-021	31,600	17,065	30,051	18,614
GERMAN AGENCY FOR TECHNICAL COOPERATION					
AIDS in the Caribbean	OCD-011	-	36,700	147,763	(111,063)
WORLD AIDS FOUNDATION					
Workshop on Clinical Management of AIDS Patients	GPA-031	-	-	1,107	(1,107)
TOTAL		<u>560,562</u>	<u>2,723,756</u>	<u>3,070,586</u>	<u>213,732</u>

¹¹ Balance at 31 December is represented by:

Receipts in excess of expenditure accumulated on projects held in trust by CAREC	538,917
Expenditure funded by CAREC in excess of receipts incurred on projects	<u>(325,185)</u>
	<u>213,732</u>

PART V

**CARIBBEAN FOOD AND NUTRITION
INSTITUTE**

CARIBBEAN FOOD AND NUTRITION INSTITUTE
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	Regular Budget and Working		Trust Funds	Special Funds	Subtotal	FAHQ	WHO	Total 1996-1997	Total 1994-1995
Reference	Capital Fund	Note 5	Schedule 2	Note 4	CFNI				
INCOME									
Assessed contributions	Schedule 8	633,980	-	-	633,980	-	-	633,980	633,980
Voluntary contributions									
CFNI program activity		-	257,996	-	257,996	-	-	257,996	116,394
Other income									
Revenue-producing activities		-	-	103,817	103,817	-	-	103,817	-
Funds received under									
inter-organization arrangements		-	-	-	-	1,343,287	793,886	2,137,173	2,000,938
TOTAL INCOME		<u>633,980</u>	<u>257,996</u>	<u>103,817</u>	<u>995,793</u>	<u>1,343,287</u>	<u>793,886</u>	<u>3,132,966</u>	<u>2,751,312</u>
EXPENDITURE									
International health program		576,503	296,869	74,917	948,289	1,343,287	793,886	3,085,462	2,672,939
TOTAL EXPENDITURE		<u>576,503</u>	<u>296,869</u>	<u>74,917</u>	<u>948,289</u>	<u>1,343,287</u>	<u>793,886</u>	<u>3,085,462</u>	<u>2,672,939</u>
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		57,477	(38,873)	28,900	47,504	-	-	47,504	78,373
Provision for delays in the collection of assessed contributions	Schedule 8	(370,203)	-	-	(370,203)	-	-	(370,203)	(477,508)
Payment of assessed contributions for prior years	Schedule 8	385,378	-	-	385,378	-	-	385,378	325,035
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		<u>72,652</u>	<u>(38,873)</u>	<u>28,900</u>	<u>62,679</u>	<u>-</u>	<u>-</u>	<u>62,679</u>	<u>(74,100)</u>
Savings on or cancellation of prior periods' obligations		1,139	-	-	1,139	-	-	1,139	-
TOTAL CHANGES IN FUND BALANCES		<u>73,791</u>	<u>(38,873)</u>	<u>28,900</u>	<u>63,818</u>	<u>-</u>	<u>-</u>	<u>63,818</u>	<u>(74,100)</u>
FUND BALANCES, 1 JANUARY 1996		<u>(216,171)</u>	<u>46,302</u>	-	<u>(169,869)</u>	-	-	<u>(169,869)</u>	<u>(95,769)</u>
FUND BALANCES, 31 DECEMBER 1997		<u>(142,380)</u>	<u>7,429</u>	<u>28,900</u>	<u>(106,051)</u>	-	-	<u>(106,051)</u>	<u>(169,869)</u>

CARIBBEAN FOOD AND NUTRITION INSTITUTE
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES
AS OF 31 DECEMBER 1997
(expressed in US dollars)

	Note *	<u>1997</u>	<u>1995</u>
ASSETS			
Cash on hand and in banks	-	2,361	9,196
Accounts receivable			
Quota contributions receivable (Schedule 8)	-	910,293	925,468
Provision for delays in the			
collection of assessed contributions	-	(910,293)	(925,468)
Trust funds receivable (Schedule 9)	-	9,623	7,657
Building	2 (b)	<u>714,572</u>	<u>714,572</u>
TOTAL ASSETS		<u><u>726,556</u></u>	<u><u>731,425</u></u>
LIABILITIES			
Unliquidated obligations	-	-	5,675
Balance due to Pan American Health Organization			
for inter-office funding activities	-	<u>108,412</u>	<u>173,390</u>
TOTAL LIABILITIES		<u><u>108,412</u></u>	<u><u>179,065</u></u>
RESERVES AND FUND BALANCES			
Trust Funds (Schedule 9)	-	17,052	53,959
Special Fund for CFNI Services	4	28,900	-
Working Capital Fund	5	(142,380)	(216,171)
Equity in building	2 (b)	<u>714,572</u>	<u>714,572</u>
TOTAL RESERVES AND FUND BALANCES		<u><u>618,144</u></u>	<u><u>552,360</u></u>
TOTAL LIABILITIES AND RESERVES AND FUND BALANCES		<u><u>726,556</u></u>	<u><u>731,425</u></u>

*See Explanatory Notes, beginning on page 96

Statement X

CARIBBEAN FOOD AND NUTRITION INSTITUTE
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	<u>1996-1997 *</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net excess (shortfall) of income over expenditure (Statement VIII)	62,679
(Increase) decrease in Trust Fund receivables	(1,966)
Increase (decrease) in unliquidated obligations	<u>(5,675)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>55,038</u>
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES	
Increase (decrease) in inter-office funding balance payable	<u>(64,978)</u>
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	<u>(64,978)</u>
CASH FLOWS FROM OTHER SOURCES	
Savings on or cancellation of prior periods obligations	1,139
Other adjustments to Trust Fund balances to reflect accounts receivable	<u>1,966</u>
NET CASH FROM OTHER SOURCES	<u>3,105</u>
NET INCREASE (DECREASE) IN CASH	(6,835)
CASH AS OF 1 JANUARY 1996	<u>9,196</u>
CASH AS OF 31 DECEMBER 1997	<u><u>2,361</u></u>

* As this is the first time the statements have been produced in the revised format to meet the requirements of the United Nations System Common Accounting Standards, comparative data for the previous biennium has not been provided.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS
(expressed in US dollars)

1. The Mission of the Caribbean Food and Nutrition Institute

The mission of the Caribbean Food and Nutrition Institute (CFNI) is to work with Caribbean Governments to enhance their ability to describe, manage or prevent the key nutritional problems and to increase their capacity to provide effective nutritional services.

2. Accounting Policies

(a) The Institute adheres to PAHO's Financial Regulations and the accounting policies applied to CFNI transactions are stated in the notes to the PAHO financial statements. Some key policies or those which require further definition in the context of the CFNI statements are also disclosed below.

(b) Capital Assets

All assets are charged to expenditure in the biennium of purchase. These assets (mainly non-expendable equipment and vehicles) are not therefore shown in the Statement of Assets, Liabilities, and Reserves and Fund Balances (Statement IX). However, items of this nature are recorded in the project and office inventories of the Institute.

The value of the building is shown as the cost at the time of construction during 1986-1987, with an equal amount shown as "Equity in Building."

(c) Income

CFNI's assessed contributions are recorded on an accruals basis as well as PAHO and WHO Regular Budget funding (Statement VIII). All other income is recorded on a cash basis (i.e., when actually received).

(d) Expenditure

All expenditure against CFNI Regular Budget (Statement VIII) is recorded when obligated. This is a modified form of the accrual basis of accounting in that expenditure is recorded when goods and services are commissioned or ordered rather than when invoiced or delivered. This basis of recording expenditure is also applied to the PAHO and WHO Regular funds, as included in the total of PAHO and WHO funds, disclosed in the CFNI Statement of Income and Expenditure and Changes in Fund Balances (Statement VIII).

Trust fund project costs (Schedule 9) are recorded on a cash basis (i.e., when monies are paid for goods and services).

3. Non-expendable Inventory

The original cost of non-expendable inventory items valued at \$500 or more held by CFNI as of 31 December 1997 totaled \$348,888. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared to maintain effective custody of the physical assets of the Institute.

4. Special Fund for CFNI Services

This fund was established by the Director of PAHO under the authority vested in him by Financial Regulation 6.7. Income earned from the sale of certain services provided by CFNI (together with expenditure incurred in developing these services) is recorded in this Special Fund.

5. Working Capital Fund

The accumulated deficit of \$142,380 in the Working Capital Fund has been met in part by advances from PAHO funds. The position of the accumulated deficit is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	(216,171)	(221,274)
Net results from operations transferred from Statement VIII	<u>73,791</u>	<u>5,103</u>
Balance as of 31 December	<u>(142,380)</u>	<u>(216,171)</u>

CARIBBEAN FOOD AND NUTRITION INSTITUTE
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF QUOTA CONTRIBUTIONS DUE FROM MEMBERS
1996-1997 ASSESSMENTS AND PRIOR YEARS
(expressed in US dollars)

Member	Year	Amount Due	Collected	Balance Due 31 December 1997
Anguilla	1997	970	-	970
	1996	<u>970</u>	<u>970</u>	<u>-</u>
		<u>1,940</u>	<u>970</u>	<u>970</u>
Antigua and Barbuda	1997	2,900	-	2,900
	1996	2,900	-	2,900
	1995	2,900	-	2,900
	1994	2,900	-	2,900
	1993	2,783	-	2,783
	1992	2,651	-	2,651
	1991	2,525	-	2,525
	1990	2,524	-	2,524
	1989	2,524	-	2,524
	1988	2,295	-	2,295
	1987	<u>2,295</u>	<u>-</u>	<u>2,295</u>
		<u>29,197</u>	<u>-</u>	<u>29,197</u>
Bahamas	1997	14,900	14,900	-
	1996	14,900	14,900	-
	1995	<u>6,242</u>	<u>6,242</u>	<u>-</u>
		<u>36,042</u>	<u>36,042</u>	<u>-</u>
Barbados	1997	30,480	30,480	-
	1996	<u>30,480</u>	<u>30,480</u>	<u>-</u>
		<u>60,960</u>	<u>60,960</u>	<u>-</u>
Belize	1997	2,900	2,900	-
	1996	<u>2,900</u>	<u>2,900</u>	<u>-</u>
		<u>5,800</u>	<u>5,800</u>	<u>-</u>
British Virgin Islands	1997	600	600	-
	1996	600	600	-
	1995	<u>600</u>	<u>600</u>	<u>-</u>
		<u>1,800</u>	<u>1,800</u>	<u>-</u>
Cayman Islands	1997	600	600	-
	1996	<u>600</u>	<u>600</u>	<u>-</u>
		<u>1,200</u>	<u>1,200</u>	<u>-</u>

Member	Year	Amount Due	Collected	Balance Due 31 December 1997
Dominica	1997	2,900	2,900	-
	1996	2,900	2,900	-
	1995	<u>1,815</u>	<u>1,815</u>	<u>-</u>
		<u>7,615</u>	<u>7,615</u>	<u>-</u>
Grenada	1997	2,900	-	2,900
	1996	<u>2,900</u>	<u>2,900</u>	<u>-</u>
		<u>5,800</u>	<u>2,900</u>	<u>2,900</u>
Guyana	1997	40,200	40,154	46
	1996	40,200	40,200	-
	1995	40,200	40,200	-
	1994	40,200	40,200	-
	1993	<u>37,605</u>	<u>37,605</u>	<u>-</u>
		<u>198,405</u>	<u>198,359</u>	<u>46</u>
Jamaica	1997	119,970	-	119,970
	1996	119,970	-	119,970
	1995	119,970	-	119,970
	1994	119,970	-	119,970
	1993	114,258	-	114,258
	1992	108,818	-	108,818
	1991	103,636	49,959	53,677
	1990	<u>6,750</u>	<u>6,750</u>	<u>-</u>
		<u>813,342</u>	<u>56,709</u>	<u>756,633</u>
Montserrat	1997	970	970	-
	1996	970	970	-
	1995	970	970	-
	1994	<u>507</u>	<u>507</u>	<u>-</u>
		<u>3,417</u>	<u>3,417</u>	<u>-</u>
Saint Kitts and Nevis	1997	2,900	2,900	-
	1996	<u>2,900</u>	<u>2,900</u>	<u>-</u>
		<u>5,800</u>	<u>5,800</u>	<u>-</u>
Saint Lucia	1997	2,900	2,900	-
	1996	<u>2,900</u>	<u>2,900</u>	<u>-</u>
		<u>5,800</u>	<u>5,800</u>	<u>-</u>
Saint Vincent and the Grenadines	1997	2,900	-	2,900
	1996	2,900	1,386	1,514
	1995	2,900	2,900	-
	1994	2,900	2,900	-
	1993	<u>386</u>	<u>386</u>	<u>-</u>
		<u>11,986</u>	<u>7,572</u>	<u>4,414</u>

Member	Year	Amount Due	Collected	Balance Due 31 December 1997
Suriname "	1985	<u>58,910</u>	<u>58,910</u>	-
		<u>58,910</u>	<u>58,910</u>	-
Trinidad and Tobago	1997	87,500	-	87,500
	1996	87,500	58,867	28,633
	1995	87,500	87,500	-
	1994	<u>47,934</u>	<u>47,934</u>	-
		<u>310,434</u>	<u>194,301</u>	<u>116,133</u>
Turks and Caicos Islands	1997	500	500	-
	1996	<u>500</u>	<u>500</u>	-
		<u>1,000</u>	<u>1,000</u>	-
Total		<u>1,559,448</u>	<u>649,155</u>	<u>910,293</u>

Amounts consisted of:

Contributions for 1996 and 1997	633,980	263,777	370,203
Prior years	<u>925,468</u>	<u>385,378</u>	<u>540,090</u>
	<u>1,559,448</u>	<u>649,155</u>	<u>910,293</u>

" Suriname withdrew at the close of 1985.

CARIBBEAN FOOD AND NUTRITION INSTITUTE
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF TRUST FUNDS
AS OF 31 DECEMBER 1997
(expressed in US dollars)

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Balance 31 December 1997</u>
GOVERNMENTS					
CANADA					
Sardine Tracking Survey	CFN NUT 330	1,072	(1,072)	-	-
FRANCE					
Community Nutrition Education in the Prevention of Diabetes and Hypertension	CFN NUT 320	18,804	-	11,711	7,093
GUYANA					
Vitamin A, Beta Carotene, and Iron Level	CFN NUT 362	-	20,731	19,727	1,004
UNITED STATES OF AMERICA					
Iron Fortification of Wheat Flour in Grenada	CFN NUT 040	2,083	114,500	107,876	8,707
Beta Carotene and Iron Status in Jamaica	CFN NUT 361	-	32,299	32,611	(312)
VARIOUS GRANTORS					
INTERNATIONAL NUTRITION FOUNDATION FOR DEVELOPING COUNTRIES					
Automation of Caribbean Food Database	CFN NUT 380	-	30,000	30,000	-
INTERNATIONAL SCIENCE AND TECHNOLOGY INSTITUTE INC.					
Data Collection and Analysis for Micronutrient Delivery System	CFN NUT 340	(4,302)	4,302	-	-
JAMAICAN PRIVATE CORPORATIONS					
Radio Series on Nutrition	CFN NUT 210	172	9,462	9,386	248
NESTLE FOUNDATION					
Influence of Iron Fortification of Chocolate Drink on Schoolchildren	CFN NUT 313	8,668	6,333	24,312	(9,311)
UNICEF					
Community Nutrition Education in Diabetes/Hypertension Prevention	CFN NUT 321	15,830	-	15,830	-
Vitamin A Deficiency in the English-speaking Caribbean	CFN NUT 360	(3,355)	30,644	27,289	-
National Food and Nutrition Competition	CFN NUT 370	<u>7,330</u>	<u>10,797</u>	<u>18,127</u>	<u>-</u>
TOTAL		<u>46,302</u>	<u>257,996</u>	<u>296,869</u>	<u>7,429</u>

* Balance at 31 December is represented by:

Receipts in excess of expenditure accumulated on projects held in trust by CFNI
Expenditure funded by CFNI in excess of receipts incurred on projects

17,052
(9,623)
7,429

PART VI

**INSTITUTE OF NUTRITION OF CENTRAL
AMERICA AND PANAMA**

REPORT OF THE EXTERNAL AUDITOR ON THE
FINANCIAL STATEMENT OF THE INSTITUTE OF
NUTRITION OF CENTRAL AMERICA AND PANAMA
FOR THE BIENNIUM ENDED 31 DECEMBER 1997

INTRODUCTION

Scope of the Audit

1. I have examined the financial statements of the Institute of Nutrition of Central America and Panama (INCAP; the Institute) for the biennium ended 31 December 1997 in accordance with Article XII of the Financial Regulations of the Institute and relevant audit provisions of the Financial Regulations of the Pan American Health Organization (PAHO; the Organization). The Institute changed to the presentation of accounts biennially from 1 January 1996.

Audit Objectives

2. The main purpose of the audit was to enable me to form an opinion as to whether the expenditure recorded in 1996-97 had been incurred for the purposes approved by the INCAP and PAHO Directing Councils; whether income and expenditure were properly classified and recorded in accordance with the Financial Regulations; and whether the financial statements presented fairly the financial position at 31 December 1997.

Audit Standards

3. My audit of the Institute's 1996-97 financial statements was carried out in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. These standards require me to plan the audit so as to obtain reasonable assurance that the Institute's 1996-97 financial statements are free of material misstatement. Management were responsible for preparing these financial statements, and I am responsible for expressing an opinion on the statements, based on evidence collected in my audit.

Audit Approach

4. In accordance with the Common Auditing Standards, my audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. This included:

- a general review of the Institute's accounting procedures;
- a broad assessment of the internal controls for income and expenditure; bank accounts;
- receivable and payable; and supplies and equipment;
- substantive testing of transactions of all types;
- substantive testing of biennium end balances; and
- a final examination to ensure that the financial statements accurately reflected the Institute's accounting records and were fairly presented.

5. These audit procedures are designed primarily for the purpose of forming an opinion on INCAP's financial statements. Consequently, my work did not involve detailed review of all aspects of financial and budgetary systems, and the results should not therefore be regarded as a comprehensive statement on them.

Reporting

6. During the audit my staff sought such explanations as they considered necessary in the circumstances on matters arising from the examination of the internal controls, accounting records and financial statements. My observations on those matters which I consider should be brought to the attention of the INCAP Directing Council are set out in the paragraphs below.

7. In accordance with normal practice, my staff provided the Organization and Institute with management letters setting out the detailed findings arising from their examination.

Overall Results

8. My audit revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the financial statements as a whole. Accordingly, I have placed an unqualified opinion on the Institute's financial statements for the biennium ended 31 December 1997.

9. Comments on action taken by the Institute on matters raised in my previous Reports are at paragraphs 10 to 20 and detailed findings are at paragraphs 21 to 34.

ACTION TAKEN ON MATTERS RAISED IN MY PREVIOUS REPORTS ON THE INSTITUTE'S FINANCIAL STATEMENTS

Initiatives to Improve the Financial Position

10. In my 1995 Report I noted that initiatives introduced by the Institute to secure its long term financial position had resulted in new income generating projects such as the INCAP Quality Seal. I also noted the importance of such initiatives and encouraged their development in 1996-1997.

11. I note in paragraph 26 below that the Quality Seal income received has shown only limited growth, but I also note that new initiatives for nutritional products continue to be developed. The Institute also told me that discussions are currently underway to initiate several new projects and possibly expand INCAP's membership. I encourage further the development of such initiatives, particularly given the decline in the Institute's total income as noted elsewhere in my Report.

Reserve for Contingent Liability

12. In my 1995 Report I noted that it was prudent to continue to provide a Reserve for Contingent Liability of \$327,326. This related to a review by accountants employed by one donor of the costs charged to two Trust Fund projects in the period 1986-1990.

13. In July 1996 the donor concerned endorsed the conclusions of the accountants which were that additional costs had been incurred by the Institute. This led to additional income of \$98,797 allocated to the Special Fund for Program Support Costs. As the Reserve for Contingent Liability is no longer required, \$327,326 has been written back, in the first instance, to the Working Capital Fund.

On the Control of Reserves

14. In my 1995 Report I noted that significant improvements had been made to written guidelines and procedures for the monitoring and control of the Provision for Personnel Entitlements, the Special Fund for INCAP Services, and the Special Fund for Program Support Costs. I also noted the improved contribution rate towards the Christmas Bonus Fund.

15. I note that reserves are generally at robust levels as at 31 December 1997, although the Provision for Personnel Entitlements for Statutory and Termination Costs has reduced from \$128,924 in 1995 to \$121,687 in 1997 despite an increased contribution rate. I consider this further in paragraph 32 below.

On Control of the Endowment Fund

16. The Endowment Fund was created in accordance with Resolution V of the XLIII Meeting of the INCAP Directing Council in September 1992 to provide institutional strengthening to INCAP and to ensure continuity in the delivery of technical cooperation programs to the benefit of the people of Central America and Panama. In my 1995 Report I noted that, once potential funding sources were confirmed, the Institute would ensure that proper management guidelines were established in full for the Endowment Fund.

17. In my 1995 Report I noted that only \$107 of external funding had been obtained. No further external funding was obtained in 1996-1997 and no formal management guidelines have been established.

18. Explanatory Note 5 shows that the Fund increased by \$155,984 with the transfer of the surplus over the agreed \$1,000,000 from the Working Capital Fund at 31 December 1997 and the balance stands at \$247,824. No expenditure has been incurred on the Fund.

19. Whilst INCAP has still not yet been able to attract significant endowment funding from external sources, it remains hopeful of doing so and continues to seek out potential donors. I am concerned that the Institute has yet to establish administrative guidelines covering the use of this Fund and recommend that this is done, notwithstanding the difficulties of identifying potential sources of funding.

United Nations System Accounting Standards

20. In my 1995 Report I noted that the Organization intended to complete its review of United Nations System Accounting Standards and identify any changes which were necessary to the presentation of the Organization's and the Institute's financial statements. The Organization has now completed its review and the changes recommended are included in the 1996-97 INCAP financial statements, which comply in all material respects with the requirements of the Accounting Standards.

DETAILED FINDING

FINANCIAL MATTERS

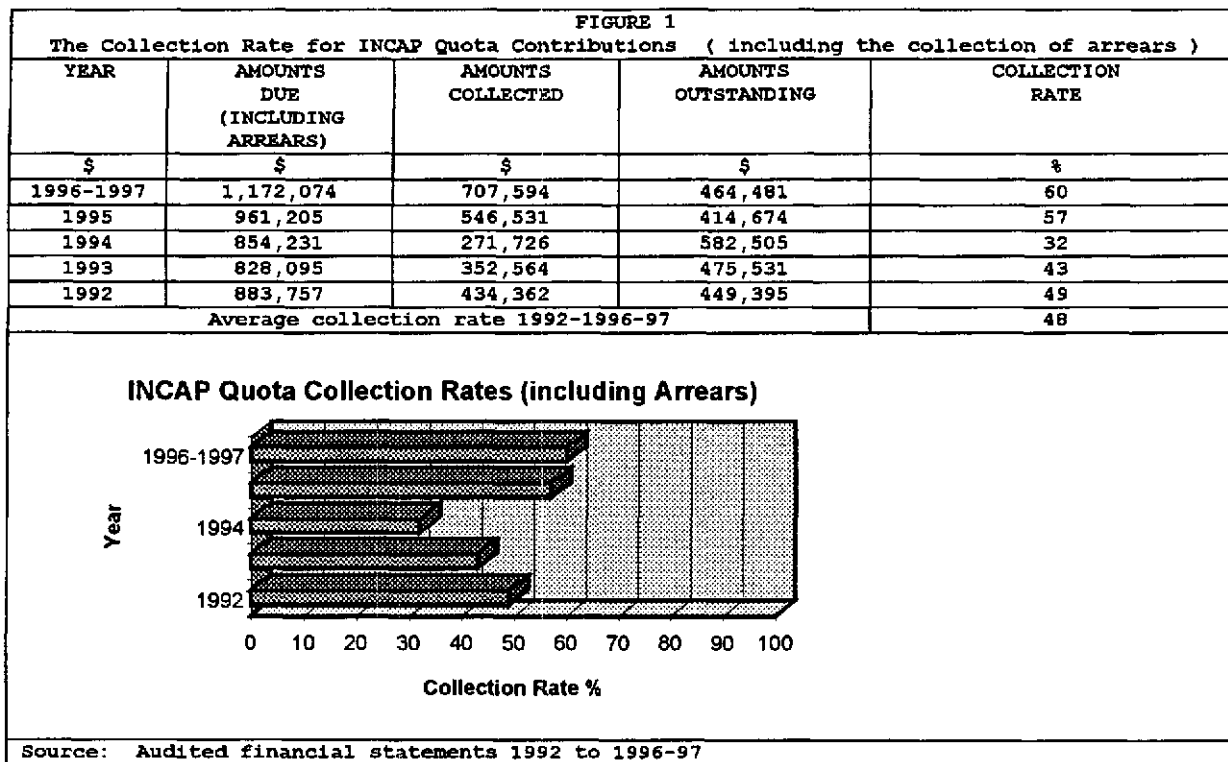
Results of the Regular Budget

21. The Institute's Regular Budget is financed from assessed quota contributions and miscellaneous income. During 1996-1997 the Institute received income of \$1,138,363 (derived from Statement XI) compared to \$1,635,307 received in 1994-1995. This decrease was primarily due to the reduction in royalties and commissions from nutritional products, from \$578,622 in 1994-1995 to \$135,232 in 1996-1997.

22. Regular budget expenditure was \$1,313,246 in 1996-1997 compared to \$1,377,061 in 1994-1995. The Institute had a Regular Budget shortfall on operations of \$174,884. This shortfall was covered from the Working Capital Fund.

Collection of Quota Contributions

23. In my 1995 Report I noted an increase in the collection rate of receipts against current period assessments and arrears due from previous financial periods. Figure 1 confirms that this trend has continued during the 1996-1997 biennium.



24. The collection rate for 1996-1997 annual quota contributions, excluding arrears, was 67% of amounts due compared with 65% in 1995 and 12% in 1994. I am pleased to note that the improvement made in 1995 has been sustained throughout 1996-1997. Four donors are responsible for the remaining outstanding balance of \$464,481, of which \$216,097 is owed by two donors in respect of periods 1992 to 1995 (Schedule 10). I have noted previously the importance of annual assessments being paid in a timely manner, and I commend the Institute for improving further in 1996-1997 the collection rate of quota contributions. I also encourage the Institute to focus attention on those donors with significant outstanding balances, particularly in respect of prior periods.

Miscellaneous Income

25. In 1996-1997 the Institute collected income from royalties and commissions from nutritional products of \$135,232 compared with \$578,622 in 1994-1995. The Institute told me that this decline was due mainly to the reduction in Galleta nutritional biscuit royalty income in Guatemala. I note that \$107,233 of Galleta royalties are outstanding at 31 December 1997 and that these debts are proving difficult to recover. The Institute are considering with legal advisors the best action to take. I welcome this move and urge continued efforts to recover as much as possible of the amounts outstanding.

26. The INCAP Quality Seal generated income of \$8,985 in 1996-1997 compared to \$1,854 in 1995, the first year of the program. A further \$38,323 is included in the Institute's accounts receivable as income owing. The Institute told me that the modest increase in income had arisen because the scheme has not been taken up by the majority of potentially suitable organizations that the Institute deals with, primarily due to its cost. I also understand that the Quality Seal program has not been widely promoted amongst Central American food manufacturers with whom the Institute does not normally have relations. However, the Institute is actively considering this as a means of increasing future income.

27. The reduction in nutritional product income was partially offset by a significant increase in the interest received on the Working Capital Fund balance. This interest totalled \$141,973 in 1996-1997 compared to \$31,528 in 1995, which was the first year in which such interest was received.

Trust Fund Activity

28. In 1996-97, 21 new Trust Fund projects were established and 46 were closed. Trust Fund income fell to \$3.8 million compared with \$5.6 million in 1994-1995. Correspondingly, expenditure fell to \$3.9 million in 1996-97 compared with \$4.9 million in 1994-95. I noted in my 1995 Report that both income and expenditure on Trust Fund projects had declined from 1994 to 1995, and I am concerned at the continued downward trend in project financial activity over the 1996-1997 biennium. Whilst I acknowledge the Institute's efforts and proposals for new projects, I also urge that effective measures to secure additional project funding are continued.

Working Capital Fund

29. The Institute has reduced the Working Capital Fund balance at 31 December 1997 to \$1,000,000, the target level approved by the INCAP Directing Council in 1992. This was achieved by the transfer of the \$175,673 surplus as at 31 December 1995 to the Provision for Personnel Entitlements for Statutory and Termination Costs and the transfer of the remaining \$155,984 surplus as at 31 December 1997 to the Endowment Fund, in compliance with Financial Regulation 9.1.

FINANCIAL ACCOUNTING SYSTEMS

30. From my audit of the records produced by the financial accounting system and other supporting evidence I concluded that, in all material respects, proper books of account had been maintained and that these were sufficient to produce the 1996-1997 financial statements.

OTHER MATTERS

Expansion of INCAP Membership

31. The Institute informed me that discussions are underway that may result in the Dominican Republic becoming a Member State in 1998. I understand that this will create new potential for the expansion of the Institute's activities both in terms of Trust Fund projects and Quota Income, and as such I welcome such a move.

Termination Cost Entitlement

32. In 1997 the Institute compared its Provision for Personnel Entitlements for Statutory and Termination Costs to the maximum potential staff termination costs, identifying a large shortfall. Consequently, the contribution from the Institute was increased significantly, with the intention of increasing the provision to approximately 50% of the maximum potential staff termination costs. I note, however, that the provision at 31 December 1997 still falls significantly short of the target level, and that a further review is scheduled for April 1998. I welcome these continued efforts to ensure the existence of a sound Provision for Personnel Entitlements for Statutory and Termination Costs.

Amounts Written Off, Cases of Fraud and Other Losses

33. I examined losses and write-offs totalling \$15,574. These related to amounts which the Institute does not consider recoverable. My staff reviewed the basis for these decisions and confirmed that the action taken by the Institute was reasonable.

34. The Institute told me that there were no cases of fraud or presumptive fraud during 1996-97.

ACKNOWLEDGEMENTS

35. I wish to record my appreciation for the willing co-operation and assistance extended by the officers of the Institute and the Organization during the course of the audit.

John Bourn

Sir John Bourn
(Comptroller and Auditor General, United Kingdom)
External Auditor

15 June 1998

CERTIFICATION OF FINANCIAL STATEMENTS

The appended Statement XI to Statement XIII and Schedule 10 to Schedule 11 and supporting Explanatory Notes are approved:



Mark S. Matthews
Chief, Department of
Budget and Finance



Sir George Allieyne
Director

OPINION OF THE EXTERNAL AUDITOR

To: The Pan American Sanitary Conference

I have audited the accompanying financial statements, comprising Statements XI to XIII, Schedules 10 to 11 and the supporting Notes of the Institute of Nutrition of Central America and Panama for the financial period ended 31 December 1997. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 1997 and the results of operations and cash flows for the period then ended in accordance with the Institute of Nutrition of Central America and Panama's stated accounting policies set out in Note 2 of the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in my opinion, the transactions of the Institute of Nutrition of Central America and Panama, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with Article XII of the Financial Regulations, I have also issued a long-form Report on my audit of the financial statements of the Institute of Nutrition of Central America and Panama.



15th May 1998

Sir John Bourn
Comptroller and Auditor General, United Kingdom
External Auditor

INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	Regular Budget and Working Capital Fund	Trust Funds	Special Funds	Subtotal INCAP	PAHO	WHO	Total 1996-1997	Total 1994-1995
Reference	Note 16	Schedule 11	Statement XI.1					
INCOME								
Assessed contributions	Schedule 1							
Voluntary contributions								
INCAP program activities								
Non-INCAP program activities								
Other income								
Revenue-producing activities								
Funds received under								
inter-organization arrangements								
Allocation from other funds								
Income for services rendered								
Interest income								
Currency exchange differential								
Other/Miscellaneous								
TOTAL INCOME	<u>1,188,169</u>	<u>3,771,614</u>	<u>2,513,533</u>	<u>7,473,316</u>	<u>2,112,341</u>	<u>943,803</u>	<u>10,529,460</u>	<u>13,246,516</u>
EXPENDITURE								
International health program								
Other purposes								
TOTAL EXPENDITURE	<u>1,313,246</u>	<u>3,857,313</u>	<u>1,219,999</u>	<u>6,805,551</u>	<u>2,112,341</u>	<u>943,803</u>	<u>9,861,695</u>	<u>11,529,734</u>
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	<u>(125,077)</u>	<u>(85,699)</u>	<u>(341,458)</u>	<u>(552,234)</u>	<u>-</u>	<u>-</u>	<u>(552,234)</u>	<u>613,519</u>
Provision for delays in the collection of assessed contributions	Schedule 1							
Payment of assessed contributions for prior years	Schedule 1							
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	<u>(174,884)</u>	<u>(85,699)</u>	<u>(341,458)</u>	<u>(602,040)</u>	<u>-</u>	<u>-</u>	<u>(602,040)</u>	<u>674,376</u>
Savings on or cancellation of prior periods' obligations								
Other project adjustments								
Transfer to/from other funds								
TOTAL CHANGES IN FUND BALANCES	<u>(175,673)</u>	<u>(142,355)</u>	<u>(337,127)</u>	<u>(655,155)</u>	<u>-</u>	<u>-</u>	<u>(655,155)</u>	<u>622,805</u>
FUND BALANCES, 1 JANUARY 1996	<u>1,175,673</u>	<u>627,746</u>	<u>3,243,818</u>	<u>5,047,237</u>	<u>-</u>	<u>-</u>	<u>5,047,237</u>	<u>4,424,432</u>
FUND BALANCES, 31 DECEMBER 1997	<u>1,000,000</u>	<u>485,391</u>	<u>2,906,691</u>	<u>4,392,082</u>	<u>-</u>	<u>-</u>	<u>4,392,082</u>	<u>5,047,237</u>

INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	Reference	Reserve for Contingent Liability	Fund for Endowment Fund	Program Support Costs	Fund for INCAP Services	Provision for Personnel Entitlements	Staff Provident Fund	Total 1996-1997	Total 1994-1995
		Note 15	Note 10	Note 12	Note 13	Note 14	Note 9		
INCOME									
Assessed contributions	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	-	-
INCAP program activities	-	-	-	-	-	-	501,333	501,333	553,118
Non INCAP program activities	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-
Revenue producing activities	-	-	-	-	523,167	-	-	523,167	420,724
Funds received under	-	-	-	-	-	-	-	-	-
inter-organization arrangements	-	-	-	-	-	891,690	-	891,690	1,115,377
Allocation from other funds	-	-	-	271,315	-	-	142,316	413,631	470,030
Income for services rendered	-	-	9,474	-	-	-	174,238	183,712	158,753
Interest income	-	-	-	-	-	-	-	-	-
Currency exchange differential	-	-	-	-	-	-	-	-	-
Other/Miscellaneous	-	-	-	-	-	-	-	-	-
TOTAL INCOME	-	-	9,474	271,315	523,167	891,690	817,887	2,513,533	2,716,002
EXPENDITURE									
International health program	-	-	-	191,591	500,311	943,090	-	1,634,992	1,800,511
Other purposes	-	-	-	-	-	-	1,219,999	1,219,999	1,103,263
TOTAL EXPENDITURE	-	-	-	191,591	500,311	943,090	1,219,999	2,854,991	2,903,774
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	-	-	9,474	79,724	22,856	(51,400)	(402,112)	(341,458)	(185,772)
Provision for delays in the collection of assessed contributions	-	-	-	-	-	-	-	-	-
Payment of assessed contributions for prior years	-	-	-	-	-	-	-	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	-	-	9,474	79,724	22,856	(51,400)	(402,112)	(341,458)	(185,772)
Transfer to/from other funds	(327,326)	155,984	-	-	-	175,673	-	4,331	65,816
TOTAL CHANGES IN FUND BALANCES	(327,326)	165,458	165,458	79,724	22,856	124,273	(402,112)	(337,127)	(119,956)
FUND BALANCES, 1 JANUARY 1996	327,326	82,366	82,366	297,640	181,509	231,854	2,123,123	3,243,818	3,363,774
FUND BALANCES, 31 DECEMBER 1997	-	247,824	247,824	377,364	204,365	356,127	1,721,011	2,906,691	3,243,818

INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES
AS OF 31 DECEMBER 1997
(expressed in US dollars)

	<u>Note *</u>	<u>1997</u>	<u>1995</u>
ASSETS			
Cash and term deposits	-	2,976,143	3,399,715
Accounts receivable			
Quota contributions receivable (Schedule 10)	-	464,481	414,674
Provisions for delays in the collection of assessed contributions	-	(464,481)	(414,674)
Trust Funds receivable (Schedule 11)	-	249,027	178,530
Sundry debtors	3	22,511	28,246
Balance due from the Pan American Health Organization for inter-office activities	-	1,370,728	1,659,375
Deferred charges	-	6,262	-
Supplies inventory	4	25,180	31,774
Land	5	<u>171,714</u>	<u>-</u>
TOTAL ASSETS		<u>4,821,565</u>	<u>5,297,640</u>
LIABILITIES			
Quota contributions received in advance	7	3,060	6,946
Unliquidated obligations	8	2,228	22,441
Accounts payable	-	<u>3,454</u>	<u>42,486</u>
TOTAL LIABILITIES		<u>8,742</u>	<u>71,873</u>
RESERVES AND FUND BALANCES			
Staff Provident Fund	9	1,721,011	2,123,123
Endowment Fund	10	247,824	82,366
Trust Funds (Schedule 11)	-	734,418	806,276
Special Fund for Program Support Costs	12	377,364	297,640
Special Fund for INCAP Services	13	204,365	181,509
Provision for personnel entitlements	14	356,127	231,854
Reserve for contingent liability	15	-	327,326
Working Capital Fund	16	1,000,000	1,175,673
Equity in land	5	<u>171,714</u>	<u>-</u>
TOTAL RESERVES AND FUND BALANCES		<u>4,812,823</u>	<u>5,225,767</u>
TOTAL LIABILITIES, AND RESERVES AND FUND BALANCES		<u>4,821,565</u>	<u>5,297,640</u>

* See explanatory notes, beginning on page 116

Statement XIII

INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD 1996-1997
(expressed in US dollars)

	<u>1996-1997 *</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net excess (shortfall) of income over expenditure (Statement XI)	(602,040)
(Increase) decrease in Trust Funds receivable	(70,497)
(Increase) decrease in sundry debtors	5,735
(Increase) decrease in deferred charges	(6,262)
(Increase) decrease in supplies inventory	6,594
Increase (decrease) in contributions or payments received in advance	(3,886)
Increase (decrease) in unliquidated obligations	(20,213)
Increase (decrease) in accounts payable	(39,032)
Less: Interest income	<u>(325,685)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(1,055,286)</u>
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES	
(Increase) decrease in inter-office funding balance receivable	288,647
Add: Interest income	<u>325,685</u>
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	<u>614,332</u>
CASH FLOWS FROM OTHER SOURCES	
(Increase) decrease in land	(171,714)
Savings on or cancellation of prior periods obligations	3,541
Other adjustments to trust fund balances to reflect account receivables	70,497
Other project payment adjustments	(56,656)
Increase (decrease) in equity in land	<u>171,714</u>
NET CASH FROM OTHER SOURCES	<u>17,382</u>
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	(423,572)
CASH AND TERM DEPOSITS AS OF 1 JANUARY 1996	<u>3,399,715</u>
CASH AND TERM DEPOSITS AS OF 31 DECEMBER 1997	<u>2,976,143</u>

* As this is the first time the statements have been produced in the revised format to meet the requirements of the United Nations System Common Accounting Standards, comparative data for the previous biennium has not been provided.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS
(expressed in US dollars)

1. Mission Statement

INCAP is an institution specializing in food and nutrition, whose mission is to support the efforts of its Members by providing them with technical cooperation in order to reach and maintain food and nutrition security for their populations, through its basic functions of Research, Information and Communication, Technical Cooperation, Training and Development of Human Resources, and Mobilization of Financial and NonFinancial Resources in support of its mission.

2. Accounting Policies

(a) Accounting policies applied reflect the requirements of the Institute's Financial Regulations and those of the Pan American Health Organization.

(b) The main accounting policies are compatible with those of the Pan American Health Organization. They are also compatible with the disclosure requirements of International Accounting Standard 1, "Disclosure of Accounting Policies," and the United Nations Common Accounting Standards, insofar as these are applicable to the operations of INCAP.

(c) Period of Account

The period of account is a biennium which consists of two consecutive calendar years. Previously the period of account was one calendar year. The revised accounting period was approved at the XLV Meeting of INCAP's Directing Council.

(d) The financial statements are prepared under the historical cost convention, except as modified in Policy (e).

(e) Capital Assets

All capital assets are charged to expenditure in the year of purchase. The Institute maintains an inventory of non-expendable equipment containing items equal to or greater than \$1,000 in value. These assets are therefore not shown in the Statement of Assets and Liabilities (Explanatory Note 6). However, certain expendable assets are shown in Exhibit II as current assets (Explanatory Note 4).

(f) Income

INCAP's assessed contributions are recorded on an accruals basis as well as PAHO and WHO Regular budget funding. All other income is recorded on a cash basis (i.e., when actually received).

(g) Expenditure

All expenditure against INCAP Regular Funds (Statement XI) is recorded when obligated. This is a modified form of the accrual basis of accounting in that expenditure is recorded when goods and services are commissioned or ordered, rather than when invoiced or delivered.

This basis of recording expenditure is also applied to PAHO and WHO Regular budget funds, disclosed in INCAP's Statement of Income and Expenditure and Changes in Fund Balances (Statement XI).

Special funds are recorded on a cash basis (i.e., when monies are paid for goods and services).

(h) Exchange Policy

Income and expenditures in local currency are recorded in US dollars at the United Nations' rate of exchange at the date of transaction, except where grantors require conversion at the historical rate.

Where applicable, end of month local currency cash balances are revalued using the next month's United Nations' rate of exchange.

Local currency cash balances held at the end of the financial period are translated into US dollars using the rates prevailing at 31 December.

(i) Fixed-term Time Deposits

Funds are invested by PAHO within the PAHO portfolio of investments. Interest is apportioned to the INCAP Staff Provident Fund, Endowment Fund, and Working Capital Fund.

(j) Quota Contributions Receivable

After reduction by an equal provision for uncollected contributions, amounts due on quota contributions are shown with a balance of zero (Statement XII). The Institute adopts this approach in the interest of prudence.

(k) Sundry Debtors Reserve

The Institute makes a provision for the noncollection of bad and doubtful amounts (Explanatory Note 3).

(l) Unliquidated Obligations

Unliquidated obligations are expenditures based on firm obligations entered into, but not disbursed, in the financial period. In accordance with Financial Regulation 4.4 (as amended by Resolution CD35.R20 of the 35th PAHO Directing Council), appropriations for unliquidated obligations remain available to discharge valid obligations for the financial period following the end of the financial period to which they relate.

Liabilities shown in the Statement of Assets and Liabilities include unliquidated obligations charged against INCAP Regular budget appropriations. All other funds disclosed in Statement XII are reflected on a cash basis.

(m) Accounts Receivable and Payable

Accounts receivable and payable are maintained within the Institute's single set of accounts and are not segregated by source of funds.

3. Sundry Debtors

Sundry Debtors comprise:

	<u>1996-1997</u>	<u>1994-1995</u>
Services provided	119,826	43,773
Less: Reserve	<u>(119,826)</u>	<u>(41,960)</u>
Subtotal	<u>-</u>	<u>1,813</u>
Amounts due for Galleta royalties	107,233	17,021
Less: Reserve for royalties	<u>(107,233)</u>	<u>(17,021)</u>
Subtotal	<u>-</u>	<u>-</u>
Staff members receivables	18,431	15,926
Other receivables	<u>4,080</u>	<u>10,507</u>
Subtotal	<u>22,511</u>	<u>26,433</u>
Total	<u>22,511</u>	<u>28,246</u>

4. Supplies Inventory

The Institute maintains an inventory of expendable equipment and supplies purchased for stock. When required, issues from stock are charged to projects and other funds at the average purchase price.

Supplies inventory	29,778
Less: Reserve for obsolete items	<u>(4,598)</u>
	<u>25,180</u>

5. Land

The amount of \$171,714 represents the appraised commercial value, as of September 1997, of 7,575 square meters of land donated to INCAP by the Pan American Health and Education Foundation (PAHEF) in 1989. The land is located 22.5 kilometers south west of Guatemala City.

6. Non-expendable Inventories

The original cost of non-expendable inventory items valued at \$1,000 or more held by INCAP as of 31 December 1997 totaled \$2,438,405. Although the inventory amount is not reported in the financial statements as an asset, inventory lists are prepared to maintain effective custody of the physical assets of the Institute.

7. Quota Contributions Received in Advance

An amount of \$3,060 was received in 1997 from the Government of Guatemala as partial payment for its 1998 quota contribution.

8. Unliquidated obligations

Unliquidated obligations of \$2,228 are commitments against the resources of the current financial period for which funds have not yet been disbursed.

9. Staff Provident Fund

All full-time staff members appointed for one year or more participate in the Provident Fund. Up to 31 August 1996 each professional staff member contributed an amount equal to 6% of his or her salary and an equal amount was contributed by INCAP. From 1 September 1996 the percentages of contribution were changed to 9% and 12%, respectively, as approved by INCAP's Directing Council. Each technical and service staff member contributed an amount equal to 9% of his or her salary, while the Institute contributed 12%. Upon termination, the staff member receives a lump sum payment of the entitlement accumulated in his/her account.

The position of the Staff Provident Fund as of 31 December is:

	<u>1996-1997</u>	<u>1994-1995</u>
Accounts of staff members as of 1 January	2,123,123	2,279,619
Add income:		
Contribution of staff members and INCAP	501,333	553,118
Interest on fixed-term deposit (Note 11)	174,238	236,960
Repayment of loans by staff members	131,414	144,949
Interest on loans	10,902	11,740
Total Income	<u>817,887</u>	<u>946,767</u>
Less Expenditure:		
Withdrawals on separation	1,025,961	841,585
New loans to staff members	131,820	168,341
Prior year interest paid	<u>62,218</u>	<u>93,337</u>
Total Expenditure	<u>1,219,999</u>	<u>1,103,263</u>
Balance as of 31 December ^{1/}	<u>1,721,011</u>	<u>2,123,123</u>

^{1/} Includes total loans outstanding to staff members of \$139,297 at 31 December 1997, compared to \$138,891 at 31 December 1995.

10. Endowment Fund

The Endowment Fund was created in accordance with Resolution V of the XLIII Meeting of the INCAP Directing Council in September 1992. Its purpose is to provide institutional strengthening to INCAP and ensure continuity in the delivery of technical cooperation programs to benefit the people of Central America. At the XLVI Meeting of the INCAP Directing Council in September 1995, it was agreed that the surplus of the Working Capital Fund over \$1 million at 1 January 1995 should be transferred to the Endowment Fund. Under authority of INCAP Financial Regulation 9.1 the surplus of the Working Capital Fund over \$1 million as of 31 December 1997 was transferred to the Endowment Fund (Note 16).

The status of the Fund is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	82,366	14,486
Add:		
Transfer from Working Capital Fund (Note 16)	155,984	65,816
Contribution	-	107
Interest earned	<u>9,474</u>	<u>1,957</u>
Balance as of 31 December	<u>247,824</u>	<u>82,366</u>

11. Fixed-term Deposit

A fixed-term deposit in US dollars is held in the name of PAHO on behalf of the INCAP Staff Provident Fund, Endowment Fund, and Working Capital Fund.

12. Special Fund for Program Support Costs

This Fund was established by the Director during 1992 and confirmed by Resolution II of the 1993 INCAP Directing Council. Some trust fund projects are charged program support costs based on a percentage of the direct project cost incurred and this income is credited to the Fund. In accordance with Resolution II, the Fund is used to provide support for the Institute's administrative costs.

The status of the Fund as of 31 December is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	297,640	310,038
Add: Income	<u>271,315</u>	<u>233,070</u>
Subtotal	568,955	543,108
Less: Expenditure	<u>191,591</u>	<u>245,468</u>
Balance as of 31 December	<u>377,364</u>	<u>297,640</u>

13. Special Fund for INCAP Services

This Fund was established in 1992 by the Director and confirmed by Resolution II of the 1993 INCAP Directing Council. Income earned from the sale of certain services provided by INCAP (together with expenditure incurred in developing these services) is recorded in this Fund.

The status of the Fund is:

	Balance 1 January <u>1996</u>	Income	Expenditure	Balance 31 December <u>1997</u>
Microbiological analysis	12,389	48,743	45,612	15,519
Nutritionally improved Galleta program	4,615	90,170	62,763	32,022
Technical assistance to the food industry	2,510	720	2,200	1,029
Training in food technology	4,200	348	4,178	370
Laboratory analytical services	23,116	113,811	88,716	48,211
Special services to Honduras	433	-	300	133
Computer center	50,804	40,170	70,904	20,070
Specialized services in chemistry and biochemistry	36,999	67,330	81,432	22,897
Technology transfer on fortification and enrichment of food with micronutrients	23,449	-	17,188	6,261
Editorial and publishing	2,094	27,750	22,887	6,957
Counselor services in science and technology area	15,292	82,206	87,645	9,854
Library services	200	2,377	2,204	374
Health, nutrition, and metabolism services	1,408	21,902	4,674	18,636
Special services to Costa Rica	4,000	2,007	4,657	1,350
Services - Area of education	-	1,637	1,636	1
Training and development of human resources	-	6,617	3,315	3,302
Institutional services	-	17,379	-	17,379
Total	<u>181,509</u>	<u>523,167</u>	<u>500,311</u>	<u>204,365</u>

14. Provision for Personnel Entitlements

The Provision for Personnel Entitlements is made up of four separate reserves. The status of each reserve as of 31 December is:

	Balance 1 January <u>1996</u>	Income	Transfer	Expenditure	Balance 31 December <u>1997</u>
Statutory and termination costs	128,924	287,204	175,673	470,114	121,687
Short-term illness	35,736	34,738	-	13,261	57,213
Christmas bonus	6,188	85,666	-	74,732	17,122
Insurance	<u>61,006</u>	<u>484,082</u>	<u>-</u>	<u>384,983</u>	<u>160,105</u>
Total	<u>231,854</u>	<u>891,690</u>	<u>175,673</u>	<u>943,090</u>	<u>356,127</u>

At the XLVII Meeting of the INCAP Directing Council in 1996, the surplus of the Working Capital Fund over \$1,000,000 at 1 January 1996 was approved for transfer to the statutory and termination cost reserve to cover expected termination entitlements on separation of service of INCAP staff (Note 16).

15. Reserve for Contingent Liability

During 1990, an initial reserve of \$144,969 was established for possible repayment to a donor of overhead charges for two projects in the period 1986-1988. In 1992, the reserve was increased by \$182,357 for similar costs charged to the same projects in the period 1989-1990.

A report, issued in September 1995 by an accountant employed by the donor to review project expenditure, indicated that final disposition of this matter was subject to approval by the donor of the overhead rate applied to the projects.

Approval by the donor of the overhead rate applied by INCAP to the projects was received in July 1996. The reserve balance of \$98,797 was, therefore, transferred to the Working Capital Fund.

The status of the Reserve for Contingent Liability as of 31 December is:

	<u>1996-1997</u>
Balance as of 1 January	327,326
Less: Transfer to Working Capital Fund (Note 16)	<u>(327,326)</u>
Balance as of 31 December	<u>-</u>

16. Working Capital Fund

In 1992, the XLIII INCAP Directing Council recommended in Resolution II that the level of the Working Capital fund should be \$1,000,000.

The position of the Working Capital Fund as of 31 December is:

	<u>1996-1997</u>	<u>1994-1995</u>
Balance as of 1 January	1,175,673	1,008,287
Excess (Shortfall) of income over expenditure (Statement XI)	<u>(171,342)</u>	<u>233,202</u>
Subtotal	<u>1,004,331</u>	<u>1,241,489</u>
Transfer from Reserve for Contingent Liability (Note 15)	327,326	-
Transfer to Endowment Fund (Note 10)	(155,984)	(65,816)
Transfer to Personnel Entitlements (Note 14)	<u>(175,673)</u>	<u>-</u>
Balance as of 31 December	<u>1,000,000</u>	<u>1,175,673</u>

INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF QUOTA CONTRIBUTIONS DUE FROM MEMBERS
1996-1997 ASSESSMENTS AND PRIOR YEARS
(expressed in US dollars)

<u>Member</u>	<u>Year</u>	<u>Amount Due</u>	<u>Collected</u>	<u>Balance Due</u> <u>31 December 1997</u>
Belize	1996-1997	37,400	37,400	-
		<u>37,400</u>	<u>37,400</u>	<u>-</u>
Costa Rica	1996-1997	100,800	-	100,800
	1995	50,400	-	50,400
	1994	50,400	34,466	15,934
	1993	50,400	50,400	-
	1992	4,220	4,220	-
		<u>256,220</u>	<u>89,086</u>	<u>167,134</u>
El Salvador	1996-1997	122,400	122,400	-
		<u>122,400</u>	<u>122,400</u>	<u>-</u>
Guatemala	1996-1997	225,400	225,400	-
		<u>225,400</u>	<u>225,400</u>	<u>-</u>
Honduras	1996-1997	74,800	25,115	49,685
	1995	37,400	37,400	-
	1994	11,127	11,127	-
		<u>123,327</u>	<u>73,642</u>	<u>49,685</u>
Nicaragua	1996-1997	89,200	-	89,200
	1995	44,600	-	44,600
	1994	44,600	-	44,600
	1993	44,600	-	44,600
	1992	44,600	28,638	15,962
	1991	32,327	32,327	-
		<u>299,927</u>	<u>60,965</u>	<u>238,962</u>
Panama	1996-1997	107,400	98,700	8,700
		<u>107,400</u>	<u>98,700</u>	<u>8,700</u>
Total		<u>1,172,074</u>	<u>707,593</u>	<u>464,481</u>
Amounts consisted of:				
Contributions for 1996 and 1997		757,400	509,015	248,385
Prior years		<u>414,674</u>	<u>198,578</u>	<u>216,096</u>
		<u>1,172,074</u>	<u>707,593</u>	<u>464,481</u>

INSTITUTE OF NUTRITION OF CENTRAL AMERICA AND PANAMA
ADMINISTERED BY THE PAN AMERICAN HEALTH ORGANIZATION
STATEMENT OF TRUST FUNDS
AS OF 31 DECEMBER 1997
(expressed in US dollars)

Source of Funds	Project Reference	Balance 1 January 1996	Funds Received	Project Expenditure	Project Adjustments	Balance 31 December 1997
GOVERNMENTS						
CANADA						
Biological and Social Impact of the Introduction of Tap Water in Rural Communities of Guatemala's Altiplano	NUT-590	3,730	-	-	(3,730)	-
Technical Assistance to PRINAPS	NUT-510	(8,582)	8,570	-	12	-
DENMARK						
The Risk Approach in Nutrition Interventions	NUT-885	-	170,000	75,927	-	94,073
GUATEMALA						
Food and Drug Control - Phase III	NUT-007	104,727	165,202	234,994	-	34,935
HONDURAS						
Study for the Nutrition Long-term Policy Formulation	NUT-860	-	24,133	28,737	-	(4,604)
NORWAY						
Commercial Agricultural Food in the Rural Home in Central America	NUT-286	84,727	6,420	91,801	654	-
SWEDEN						
Regional Program for Technical Cooperation in Nutrition	NUT-353	3,348	-	-	(3,348)	-
UNITED KINGDOM						
Strengthening of the Planning of Food and Nutrition Interventions at the Community Level	NUT-635	293,480	192,625	362,938	-	123,167
UNITED STATES OF AMERICA						
INCAP Institutional Strengthening	NUT-389	(4,435)	32,900	28,465	-	-
INCAP Institutional Strengthening Project (IISP): Strategic Planning and Management	NUT-391	(8,041)	189,520	187,001	60	(5,462)
Technical Strengthening and Technology Transfer/General	NUT-392	(27,675)	29,742	1,990	(77)	-
Financial Resources Development	NUT-394	(23,903)	92,234	70,543	-	(2,212)
Technical Strengthening in Controlling Diarrheal Diseases	NUT-396	(664)	664	-	-	-
Prevention and Control of Disorders Caused by Deficiencies in Nutritional Components in Central America	NUT-399	(13,309)	32,859	19,550	-	-
Dengue Component	NUT-VAR	-	373,802	381,598	-	(7,796)
Child Survival	NUT-VAR	-	438,115	524,897	-	(86,782)

Schedule 11 (cont.)

Source of Funds	Project Reference	Balance	Funds Received	Project Expenditure	Project Adjustments	Balance
		1 January 1996				31 December 1997
UNITED STATES OF AMERICA (cont.)						
Support for Selected Health Care Services for Demobilized URNG Forces	NUT-388	-	59,481	59,481	-	-
Training Medical Personnel in Diagnosis and Treatment of Pesticide Intoxication	NUT-435	(709)	709	-	-	-
Training Medical Personnel in Diagnosis and Treatment of Pesticide Intoxication - Phase II	NUT-436	(4,786)	11,073	6,287	-	-
Oral Rehydration Therapy, Growth Monitoring and Education	NUT-670	10,114	-	-	(10,114)	-
Technical Support for Food Assistance Programs	NUT-710	8,437	-	-	(8,437)	-
INTERNATIONAL ORGANIZATIONS AND OTHERS						
APHA						
Distribution of Bulletins on Mother and Children	NUT-675	2,154	1,950	3,966	-	138
APPLIED DIARRHEAL DISEASE RESEARCH PROJECT						
Effects of Micronutrient Supplements (Zinc, Phosphates, and Vitamin A) on Intestinal Permeability and the Duration of Acute Diarrhea	NUT-700	7,820	22,928	29,600	(1,148)	-
CARE						
Central American Nutrition Project	NUT-905	-	102,000	65,268	-	36,732
CENTER FOR HUMAN SERVICES						
Improvement in Handling of Cholera Cases: Focusing on Excellence	NUT-615	(8,115)	8,230	-	(115)	-
EMORY UNIVERSITY						
Promoting Human Potential in Vulnerable Children: From Research to Practice	NUT-650	(8,996)	26,546	21,922	-	(4,372)
Generational Effects of Malnutrition	NUT-755	(15,574)	498,720	541,564	-	(58,418)
Malnutrition, Infection and Diet: Re-Examining the Causal Relationships	NUT-835	-	3,138	4,438	-	(1,300)
Analysis of Growth Data Collected at INCAP'S Clinical Research Center	NUT-825	-	3,000	4,980	-	(1,980)
Childhood Malnutrition and Adult Cardiovascular Disease Risk Factors	NUT-890	-	38,518	51,359	-	(12,841)
FAO						
Workshop on Food Composition	NUT-880	-	2,400	2,400	-	-
H.B FULLER COMPANY						
Food Security in Local Development Processes Along Friendly Borders	NUT-870	-	2,500	-	-	2,500

Schedule 11 (cont.)

<u>Source of Funds</u>	<u>Project Reference</u>	<u>Balance 1 January 1996</u>	<u>Funds Received</u>	<u>Project Expenditure</u>	<u>Project Adjustments</u>	<u>Balance 31 December 1997</u>
ICAITI						
Implementation and Documentation of the Quality Assurance Program for Fortified Foods	NUT-785	8,000	5,519	23,099	-	(9,580)
INFDC						
Preventive Iron Supplements in Preschool Children in Guatemala	NUT-735	(1,766)	30,531	45,609	-	(16,844)
INCAP						
Experimental Farm	NUT-130	3,857	51,085	52,563	-	2,379
INTERNATIONAL ATOMIC ENERGY AGENCY						
Use of Irradiation as a Method of Public Health Intervention to Control the Transmission of Cysticercus cellulosae from Porcine Meat	NUT-640	(433)	2,500	917	(1,150)	-
Use of Irradiation as a Method for Preserving and Improving the Safety of Shrimp	NUT-660	(2,077)	10,000	7,239	-	684
INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE						
Long-term Effects of Agricultural Modernization on Household Income Accumulation and Employment, Consumption, Health and Nutritional Status in Guatemala	NUT-450	5,446	-	-	(5,446)	-
MACRO						
The Guatemalan Health Provider Survey (GHPS)	NUT-875	-	195,369	178,630	-	16,739
MEDICAL RESEARCH COUNCIL						
Longitudinal Multicenter Study on the Duration of Lactation Amenorrhea as it Relates to Breast-feeding Practices	NUT-685	5,809	-	3,723	(2,086)	-
NESTLE FOUNDATION						
Fellowship for Teachers in Nutrition Schools and for Postgraduate Studies	NUT-261	6,698	34,500	35,182	-	6,016
PAHO-NIH						
Translation of "Know your Body" School Health Materials	NUT-815	-	5,000	7,816	-	(2,816)
PAHO-SICA						
Communication of Experiences in Solidarity Frontiers	NUT-855	-	14,000	14,000	-	-
PAHO-WHO						
Evaluation of the Level of Satisfaction of the Users of Health Services in Escuintla	NUT-865	-	20,265	20,265	-	-

Source of Funds	Project Reference	Balance 1 January 1996	Funds Received	Project Expenditure	Project Adjustments	Balance 31 December 1997
PAHEF						
Dissemination of Operational Research Results in Primary Health Care and Applied Nutrition in Central America	NUT-845	-	26,000	21,298	(4,702)	-
PRODUCTOS ROCHE						
Comparative Study of the Stability of Retinol for Fortification of Sugar	NUT-775	3,758	4,000	7,758	-	-
RAND						
Illnesses and Treatments	NUT-630	(19,867)	19,867	-	-	-
SOCIETY GENERAL, COOPERATION FRANCAISE						
Agroindustrial Network	NUT-725	4,822	-	1,329	-	3,493
LATIN-AMERICAN SOCIETY OF NUTRITION (SLAN)						
XI Congress of Latin-American Society of Nutrition: "Dr. Abraham Horwitz"	NUT-820	-	14,065	13,410	-	655
THE ROTARY FOUNDATION						
Rotary Foundation of Rotary International - Polio Program	NUT-730	558	-	558	-	-
THE THIRD WORLD ACADEMY OF SCIENCES						
Biochemical Analysis and Characterization of Surface Antigens of C. jejuni Involved in Protection Against Diarrhea	NUT-705	2,622	-	2,622	-	-
THE MICRONUTRIENT INITIATIVE						
Sensory Testing for Acceptability of Iodine and Fortified Iron in Guatemala	NUT-915	-	3,102	3,837	-	(735)
THRASHER RESEARCH FUND						
Generational Effects of Nutritional Supplementation on Birth Weight II	NUT-186	(882)	27,820	26,938	-	-
UNITED NATIONS CHILDREN'S FUND						
Central American Social Integration Study, Actions - Viability and Desirability Workshop to Support the Development of Components on Nutrition and Comprehensive Maternal and Child Care for the Central American Social Integration Study	NUT-765	10,000	-	-	(10,000)	-
Maternal Nutrition and Low Birth Weight	NUT-766	5,477	-	-	(5,477)	-
	NUT-795	9,000	-	8,246	(754)	-
UNIDO						
Training of Rural Women in Agroindustrial Food Activities	NUT-750	7,817	68,426	109,528	-	(33,285)

Source of Funds	Project Reference	Balance	Funds Received	Project Expenditure	Project Adjustments	Balance
		1 January 1996				31 December 1997
UNITED NATIONS UNIVERSITY						
Training and Development of Human Resources	NUT-050	602	-	-	-	602
UNIVERSITY OF CALIFORNIA REGENTS						
Inter-institutional Collaboration in Food and Nutrition	NUT-560	2,192	9,672	9,182	(2,410)	272
Amendment 92-1 Zinc Deficiency in Guatemalan Children - A Randomized Double-blind Supplements Trial	NUT-686	(214)	1,289	895	(180)	-
Amendment 92-2 Preliminary Studies of the Epidemic, and Etio Impaired Intestinal Mucosal Function, Assessed by Sugar Permeability in Guatemalan Infants	NUT-687	(740)	560	-	180	-
Amendment 92-3 Deworming Schoolchildren with Albendazole: Functional Consequences	NUT-688	(747)	747	-	-	-
Amendment 93-1: Use of Deuterated Retinol Dilution Technique to Assess the Vitamin A Requirements of Lactating Guatemalan Mothers	NUT-689	(497)	1,169	672	-	-
Amendment 93-2: Effects of Dietary Quality and Micronutrient Content on Total Energy Intakes by Young Children	NUT-690	(2,029)	2,749	720	-	-
Amendment 93-3: Impact of Maternal Serum and Breast Milk Retinol on Infants Growth	NUT-691	(494)	549	55	-	-
Amendment 93-4: Nutritional Influence of Bean Broth on the Nutritional Status of Rural Children with Particular Emphasis on Iron and Zinc	NUT-692	(568)	568	-	-	-
Amendment 93-5: Assessment of Urinary Zinc Among Adult Women as an Assessment Tool to Select Communities at Higher Risk of Zinc Deficiency	NUT-693	(2,031)	542	-	1,489	-
Amendment 93-6: Validation Study to Predict the 24 Hours Retinol Fat Concentration of Breast Milk Using Single Daytime Samples	NUT-694	(1,461)	541	-	920	-
Amendment 94-1 Vitamin B Deficiency in Lactating Women and Association with Infant Behavior	NUT-695	(575)	575	-	-	-
Amendment 94-3: Obstetric Procedures and Maternal Iron Status as Risk Factors for Low Iron Stores at Birth and at Two Months of Age in Guatemala	NUT-696	(1,439)	1,862	423	-	-
Amendment 95-1: Effects of Giardia and Bacterial Overgrowth on Vitamin B-12 Absorption, and Folate and Iron Status	NUT-697	(854)	854	-	-	-

Schedule 11 (cont.)

		Balance				Balance
	Project	1 January	Funds	Project	Project	31 December
Source of Funds	Reference	1996	Received	Expenditure	Adjustments	1997
UNIVERSITY OF CALIFORNIA REGENTS						
(cont.)						
Anemia, Riboflavin and Iron						
Deficiency in Lactating						
Guatemalan Women	NUT-698	3,740	3,295	7,035	-	-
Postdoctoral Fellowship	NUT-699	-	15,000	14,977	(23)	-
Effect of Supplemental Bovine						
Serum Concentrate and/or						
Micronutrients on the Dietary						
Intake, Morbidity from						
Infections, Micronutrients						
Status and Growth of Breastfed						
Guatemalan Infants and Young						
Guatemalan Children Receiving						
Complementary Food	NUT-895	-	101,255	71,785	-	29,470
VARIOUS GRANTORS						
XVII Meeting of IVACG	NUT-790	10,000	24,601	34,401	(200)	-
W.K. KELLOGG FOUNDATION						
Development of Nutrition Education						
within Primary School Curricula,						
Training Teachers, and						
Development of Educational						
Materials	NUT-850	-	238,750	43,328	-	195,422
Food and Nutrition in the						
Tricountry Region: El Salvador,						
Guatemala, Honduras	NUT-740	197,341	266,244	276,444	-	187,141
WORLD HEALTH ORGANIZATION						
Extension of the Planning						
Activities for the Study on the						
Impact of Indoor Air Pollution						
from Wood Smoke	NUT-745	(17,067)	30,764	13,123	(574)	-
TOTAL		627,746	3,771,614	3,857,313	(56,656)	485,391

^{1/} Balance at 31 December is represented by:

Receipts in excess of expenditure accumulated on projects held in trust by INCAP	734,418
Expenditure funded by INCAP in excess of receipts incurred on projects	(249,027)
	<u>485,391</u>

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