

Policy on Pass-through Contributions received from OAS Member States or Permanent Observers

I. Scope of Application of the Policy

The procedures outlined in this Policy apply to Pass-through Contributions, which are funds received by the General Secretariat of the Organization of American States (GS/OAS) from a OAS Member State or Permanent Observer for the sole purpose of transferring these funds to a government agency of an OAS Member State; an OAS-affiliated organization; or any non-profit or intergovernmental organization that has common interests with the Organization and which will execute and administer the funds.

II. Definitions

- a. Pass-through Contribution:** Funds received by GS/OAS from an OAS Member State or Permanent Observer for the sole purpose of transferring them to a designated Receiving Entity. In such funding arrangements, GS/OAS serves only as a conduit for the funds received from the OAS Member State or Permanent Observer. GS/OAS has no administrative or direct financial responsibility for the project or program funded by the Pass-through Contribution. The terms of the Pass-through Contribution are governed by the Pass-through Contribution Agreement.
- b. Receiving Entity:** The entity that receives the Pass-through Contribution from GS/OAS, and which is responsible for the execution and administration of the funds. The Receiving Entity can be a government agency of an OAS Member State; an OAS-affiliated organization; or any non-profit or intergovernmental organization that has common interest with the GS/OAS.
- c. Pass-through Contribution Agreement:** The Agreement between GS/OAS and the Receiving Entity that establishes the legal framework for the disbursement, administration and execution of the Pass-through Contribution.

III. Requirements for Receiving and Transferring the Pass-through Contribution

a. Specific Purpose for GS/OAS Receipt of Funds

The specific purpose and destination are established either through the OAS Member State or Permanent Observer's specific written instruction to GS/OAS when providing the funding. The Pass-through Contribution is subject to the signing of the Pass-Through Contribution Agreement.

b. Source of Authority

Approval by the Secretary for Administration and Finance shall be required for the receipt of all pass-through contributions.

c. Pass-through Contribution Agreement

Prior to disbursement of any Pass-through Contribution, a Pass-through Contribution Agreement shall be signed. The Procedures for the Negotiation, Preparation, Review, Signature, and Registration of Agreements of the General Secretariat (Executive Order No. 05-06 REV. 1) shall be followed, when applicable.¹ A Pass-through Contribution cannot be transferred to the Receiving Entity prior to having signed the Pass-through Contribution Agreement.

The provisions of the Pass-through Contribution Agreement shall cover, among other items, each of the following subjects:

- The disbursement of the Pass-through Contribution through the deposit of checks or bank transfers, including the necessary banking information in order to make the disbursement.
- A provision covering the recovery of the costs associated with the handling of a Pass-through Contribution in accordance with Section V of this Policy.
- A provision that addresses the risk of financial losses due to currency devaluations or changes in exchange rates that may affect the value of the Pass-through Contribution. Such a provision shall indicate that risks and costs associated with any devaluation or depreciation of currency shall be attributed either to the Pass-through Contribution or born by the Receiving Entity, to the complete exclusion of GS/OAS. The Receiving Entity shall expressly waive all claims against GS/OAS with regard to fluctuations in exchange rates and/or currency devaluation that may affect the value of the Pass-through Contribution.
- A provision stating that the Receiving Entity waives all claims and demands against GS/OAS and the OAS Member State or Permanent Observer with regard to 1) the final amount of the Pass-through Contribution provided by the OAS Member State or Permanent Observer; 2) any charges and fees assessed by GS/OAS in connection with processing the contribution; 3) any delays or unforeseen impediments in the transfer of any part of the Pass-through Contribution to the Receiving Entity; or 4) the termination of the Pass-Through Contribution Agreement by GS/OAS.
- A provision stating that funding of the Pass-through Contribution is contingent upon the provision of funds from the OAS Member State or Permanent Observer.
- A provision stating that GS/OAS is not responsible for executing, reporting, or auditing those funds, and that these functions are the sole responsibility of the Receiving Entity. In addition, the Receiving Entity shall expressly agree that it is solely responsible to any and all third parties for all obligations, commitments, claims, demands or lawsuits of any sort related to the Receiving Entity's custody,

¹. See model agreement attached to this Appendix A.

use or expenditure of the Pass-through Contribution. In addition, the Receiving Entity shall hold GS/OAS harmless from any such obligations, commitments, claims, demands or lawsuits relating to the Receiving Entity's custody, use or expenditure of any of the Pass-through Contribution.

- GS/OAS, through its Department of Financial and Administrative Management Services (DFAMS) of the Secretariat for Administration and Finance, may return the Pass-through Contribution to the OAS Member State or Permanent Observer if a Pass-Through Contribution Agreement is not signed with the Receiving Entity within sixty days after the GS/OAS receives the Pass-through Contribution. Any interest earned prior to return of said contribution shall be retained by GS/OAS.

IV. Recording and Reporting of Pass-Through Contributions

- a. DFAMS shall record the transaction (funds coming in and out) in a liability account labeled "Payable-Pass Through" in the Specific Funds of the OAS.
- b. DFAMS is responsible for reviewing the liability account regularly to ensure balances are not pending.
- c. DFAMS will report those transactions according to GS/OAS rules and regulations.

V. Fees of Pass-through Contributions

- a. GS/OAS shall recover costs associated with the handling of a Pass-through Contribution.
- b. GS/OAS shall deduct a cost recovery fee of 0.5% of the Pass-through Contribution but not less than USD 50, and up to USD 500.00 when transferring the Pass-through Contribution to the Receiving Entity.
- c. All resources from cost recovery from Pass-through Contributions shall be assigned to the DFAMS Direct Cost Recovery Service Fund account.