



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



142nd SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 23-27 June 2008

Provisional Agenda Item 3.1

CE142/4, Add. I (Eng.)
18 June 2008
ORIGINAL: ENGLISH

REPORT ON THE SPECIAL SESSION OF THE SUBCOMMITTEE ON PROGRAM, BUDGET, AND ADMINISTRATION

1. The Subcommittee on Program, Budget, and Administration held a Special Session by virtual meeting on 30 April 2008 to continue discussion of certain agenda items that required follow-up before final recommendations could be made to the 142nd Session of the Executive Committee.
2. Representatives of the following Members of the Subcommittee participated in the meeting by means of Internet conferencing software: Bolivia, Canada, Chile, Costa Rica, Cuba, Mexico, and Trinidad and Tobago. Representatives of the governments of Brazil and United States of America participated as observers.
3. The Delegate of Chile, who had been elected President at the Second Session of the Subcommittee in March 2008, chaired the meeting.
4. The Subcommittee discussed the following agenda items:
 - Use of Surplus Financial Resources from the 2006-2007 Biennial Program Budget: Preliminary Report and Criteria
 - Programmatic Prioritization and Resource Allocation Criteria
 - Biennial Program Budget 2006-2007 of the Pan American Health Organization: Performance Assessment Report
 - Nongovernmental Organizations in Official Relations with PAHO
5. The final report of the Special Session is attached.

Annex



PAN AMERICAN HEALTH ORGANIZATION
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**SPECIAL SESSION OF THE SUBCOMMITTEE ON
PROGRAM, BUDGET, AND ADMINISTRATION OF THE
EXECUTIVE COMMITTEE**

Virtual Meeting, 30 April 2008

CE142/4, Add. I (Eng.)

SPBA2/SS/FR (Eng.)
18 June 2008
ORIGINAL: ENGLISH

FINAL REPORT

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FINAL REPORT

1. A Special Session of the Second Session of the Subcommittee on Program, Budget, and Administration (SPBA2/SS) of the Executive Committee of the Pan American Health Organization (PAHO) was held by virtual meeting on 30 April 2008. Representatives of Member States outside of Washington, D.C. joined participants at PAHO Headquarters through the use of Elluminate Internet conferencing software.
2. Representatives of the following Members of the Subcommittee elected by the Executive Committee or designated by the Director participated in the meeting: Bolivia, Canada, Chile, Costa Rica, Cuba, Mexico, and Trinidad and Tobago. Representatives of Brazil and the United States of America participated as observers.

Officers

3. The officers elected by the Member States at the Second Session of the Subcommittee continued to serve in their respective capacities:

President: Chile (Dr. Osvaldo Salgado Zepeda)

Vice President: Bolivia (Dr. Janette Vidaurre)

Rapporteur: Cuba (Dr. Antonio González Fernández)

4. Dr. Mirta Roses Periago (Director, PAHO) served as Secretary *ex officio*, and Dr. Cristina Beato (Deputy Director, PAHO) served as Technical Secretary.

Opening of the Session

5. The Director opened the session, noting that work on several topics addressed by the Subcommittee at its Second Session in March had continued on SharePoint, the web-based collaboration site.

Adoption of the Agenda (Document SPBA2/SS/1)

6. The Deputy Director recalled that the topics on the provisional agenda were those on which the SPBA2 had specifically requested follow-up in order to receive additional information from the Secretariat and finalize its recommendations to the 142nd Session of the Executive Committee. Her office erroneously included an item on “Status of

PAHO's Engagement with the WHO Global Management System (GSM)" on an earlier version of the agenda. As Canada, Mexico, and the United States of America had expressed interest in further discussion of that topic, the Secretariat would be happy to convene a separate virtual meeting at a mutually agreeable time if it received confirmation from the aforementioned Member States and any other countries that would be interested in a virtual consultation.

7. The Subcommittee adopted the provisional agenda submitted by the Director (Document SPBA2/SS/1).

Administrative and Financial Matters

Use of Surplus Financial Resources from the 2006-2007 Biennial Program Budget: Preliminary Report and Criteria (Document SPBA2/4)

8. Ms. Sharon Frahler (Area Manager, Financial Resources Management, PAHO) stated that the figures she had cited during the March meeting had not changed. The External Auditor had confirmed that the surplus for the 2006-2007 biennium amounted to US\$ 38.8 million. Of the surplus, \$5.8 million had been transferred into the Working Capital Fund to take it up to its authorized ceiling of \$20 million, leaving a net surplus of \$33 million. In October 2007, Resolution CSP27.R19 of the Pan American Sanitary Conference authorized the transfer of up to \$8 million to fully capitalize the newly established Master Capital Investment Fund. However, slightly less than \$7.8 million of the surplus had actually been transferred to that Fund because the funds it replaced (the Building Fund and the Capital Equipment Fund) were found to contain an unused balance of just over \$200,000. After that transfer, the remaining surplus was \$25.29 million, therefore Member States must decide on its use.

9. Mr. Román Sotela (Planning, Budget, and Resource Coordination, PAHO) reported that the two main criteria for determining which activities or projects should be funded from the surplus had been redrafted to explicitly reflect the comments made by the delegates at the March 2008 meeting of the Subcommittee. In addition, the project proposals contained in Document SPBA2/4 had been consolidated in order to focus on activities that would maximize the impact of the available resources. The first of the two criteria had been reworded as follows: "Initiatives that will strengthen and support priority public health activities in the countries of the Americas, preferably where such initiatives (a) strengthen a process and create efficiencies, (b) are nonrecurrent and create impact, and (c) are less attractive for donor funding." The six activities listed under that criterion in Document SPBA2/4 had been reduced to two: (a) improving the ability of the Organization and the Ministries of Health to continue technical activities and operations during emergencies; and (b) strengthening public health information systems in the countries. Similarly, the second criterion had been redrafted as, "Initiatives that will

strengthen the Secretariat's ability to support the needs of the countries of the Americas, preferably where such initiatives (i) strengthen a process and create efficiencies, (ii) are nonrecurrent and create impact, and (iii) are less attractive for donor funding." The seven activities proposed previously had been reduced to the following three: (a) relocating and modernizing the Emergency Operations Center in the Headquarters building; (b) meeting the requirements for alignment with the WHO Global Management System (GSM); and (c) making infrastructure improvements to facilities that enhance energy efficiency and address life and safety issues, as well as system and structural deficiencies.

10. In response to a question from the Subcommittee on cost estimates, Mr. Sotela explained that further details on this were not yet available for most of the project proposals. The exception was the activity related to refurbishment of the Emergency Operations Center, for which the cost had been estimated at \$1 million to \$1.5 million. If the Subcommittee reached consensus on the proposals he had just presented, preliminary cost estimates would be presented to the 142nd Session of the Executive Committee. The Committee, in turn, would revise and finalize the proposals so that more specific cost figures could be submitted for approval to the 48th Directing Council in September 2008.

11. The Subcommittee expressed its support for the two main criteria and reiterated that projects selected for funding should have a high impact and be one-time activities. It was suggested that the information given to the Executive Committee be formalized into an expenditure plan that included the following elements: (a) a description of the activity; (b) the rationale for funding the activity (e.g., whether it was nonrecurrent, not attractive to donors, or had high impact), (c) its cost per biennium and how long it would need funding, and (d) cost sharing potential, if any (that is, whether the activity was already partially funded). Furthermore, the Secretariat was requested to provide the Committee with a recommended prioritization of projects, bearing in mind that allocation of part of the surplus to upcoming mandates could reduce regular budget expenditures. PAHO should also inform the Committee whether it wished the Governing Bodies to allocate all or only a portion of the surplus during 2008.

12. Some Member States suggested allocating a higher proportion of the surplus—perhaps (70%)—toward initiatives to strengthen and support priority public health activities in the countries rather than toward projects to strengthen operations within the Secretariat. Other Member States favored a more equal division of funding between the two criteria, pending the receipt of more detailed information on the projects. The Secretariat was asked for justification of the proposal to allocate some of the surplus to infrastructure improvement projects whilst PAHO now had a fully capitalized Master Capital Investment Fund. Other possible funding priorities were mentioned, including technical cooperation among countries, control of noncommunicable diseases, and advancement toward the UN Millennium Development Goals (MDGs). Regardless of how the surplus was utilized, monitoring and follow-up were deemed essential.

13. The Director reminded the Subcommittee that the Organization had access to other financial mechanisms for funding public health initiatives. For example, the country variable allocations could be used to fight chronic diseases, accelerate achievement of the MDGs, and encourage technical cooperation among countries. The WHO Health Promotion Fund was available to support innovative approaches to health promotion in the Americas. In response to the question on infrastructure improvements, she told the Subcommittee that the projects for which use of the surplus was proposed could not be covered by the Master Capital Investment Fund. The Secretariat would provide the Executive Committee with a detailed list of projects and activities under both of the broad criteria. The list would contain more projects than could be supported by the available resources so that the Committee could set priorities.

14. Several delegates commented that they would need additional time to consider the revisions described by Mr. Sotela, which had been transmitted electronically to them during discussion of the item. The delegates were invited to submit written comments by 7 May for inclusion in the Executive Committee document.

Programmatic Prioritization and Resource Allocation Criteria (Document SPBA2/7)

15. Mr. Hernán Rosenberg (Planning, Budget, and Resource Coordination, PAHO) informed the Subcommittee that comments made about the prioritization process during its March meeting had been incorporated into the document being prepared for the 142nd Session of the Executive Committee. At the previous meeting, the Subcommittee had unanimously agreed that the team charged with programmatic prioritization should include consultants from outside of the Organization. Recognized experts in public health and management in the Americas, as well as academics, would be invited to serve as external consultants. They would participate as private citizens and not as representatives of their governments. To contain costs, the external consultation would be facilitated by electronic means of communication as much as possible. In other respects, the prioritization process would remain the same.

16. The Subcommittee endorsed the process set forth in Document SPBA2/7, with the revisions noted, and emphasized the need to review priorities in each biennium.

17. Mr. Rosenberg said that comments from Canada on the results of the prioritization exercise, as distinct from the process, had not yet been incorporated into the new document but had been noted. The Director explained that the current version of the document was only for the internal use of the Subcommittee. Canada's additional observations would be included in the document submitted to the Executive Committee. The Delegate of Canada agreed with the process outlined.

*Biennial Program Budget 2006-2007 of the Pan American Health Organization:
Performance Assessment Report (Document SPBA2/5)*

18. Dr. Daniel Gutiérrez (Area Manager, Planning, Budget, and Resource Coordination, PAHO) informed the Subcommittee that the verbal and written comments received from the Member States during and after SPBA2 had been incorporated into a new version of Document SPBA2/5. He apologized that the revision was not yet available in Spanish. The new document also contained information on 29 of 551 progress indicators that had been missing from the original version. Other improvements included a more clearly defined and comprehensive methodology section; additional subsections on the achievements in indicators, in Region-wide expected results, and in areas of work; a “lessons learned” section for each area of work; answers to technical questions posed by Canada; a subregional level analysis section, requested by Chile; more tables and graphs to aid interpretation of financial implementation; and an explanation of why the sum of the areas of work budgets did not equal the total program budget—the reason being that the latter included the country variable allocations and retirees health insurance. Finally, a column had been added to the Financial Execution tables in the annex showing total amount received. Percentage of financial implementation could therefore be calculated by dividing expenditures by the amount received rather than the amount budgeted, which avoided the illogical result of implementation rates that exceeded 100%. At PAHO’s recommendation, WHO had made the same change in its 2006-2007 program budget document.

19. Member States expressed their appreciation for the extensive revisions to the document, which had improved its usefulness and provided a clearer picture of PAHO’s performance.

20. The Delegate of Chile requested an explanation of some of the figures found in the section on subregional budgets, specifically, expenditures for the United States–Mexico Border Field Office and for country offices in the Caribbean subregion. She was also puzzled by the discrepancy between PAHO’s figures on its expenditures in the Andean Area and Mercosur countries and the amounts that had been reported by other sources, which were lower.

21. The Director explained that the United States-Mexico Border Field Office was the only office funded by the Organization in the United States or Canada. The program budget included a basic appropriation for technical cooperation with Canada and the United States, and since neither country had a country office, the entire allocation went to the Field Office. Regarding expenditures in the Andean subregion and the Southern Cone, PAHO’s figures reflected costs associated with human resources that were over and above the amounts available for subregional integration work; the same was true in Central America. The offices in the Caribbean included the Caribbean Program

Coordination office, located in Barbados, and a country office in Barbados which served the Eastern Caribbean and maintained a physical presence in only four countries.

22. Dr. Gutiérrez invited the participants to submit further comments by 7 May for inclusion in the document to be sent to the Executive Committee.

Program Policy Matters

Nongovernmental Organizations in Official Relations with PAHO (Document SPBA2/8)

23. Mr. James Hill (External Relations, Resource Mobilization, and Partnerships, PAHO) called the Subcommittee's attention to an updated background paper that had been sent out a week earlier. The document contained information on six of the seven NGOs whose official relations with PAHO were currently under review. The information had been compiled from survey responses, four-year work plans, the prior years' reports, and recommendations from the technical units with which the NGOs worked most directly. New guidelines governing PAHO's collaboration with NGOs had recently been adopted; therefore, the technical units believed that greater attention should be given to the four-year plans than to reports of previous years' activities, which fell under the provisions of the former guidelines.

24. The Subcommittee was pleased to receive additional information on several of the NGOs. In particular, it was important to understand the linkage between their work and their relationship with PAHO, as opposed to the activities that they would carry out on their own whether or not they had such a relationship. On the other hand, additional material on evaluation of activities and the support PAHO received from NGOs was still needed. The Delegate of Chile expressed reservations on the continuation of relations with the Latin American Federation of Hospitals in view of the fact that its activities are limited to attendance at conferences. Delegates expressed support for maintaining relations with all of the NGOs in the report.

25. Dr. Marijke Velzeboer (Office of Gender, Ethnicity, and Health, PAHO) reported that one of the NGOs under evaluation, the Latin American and Caribbean Women's Health Network (LACWHN), had historically worked very closely with the women's program office in PAHO, but that the relationship had weakened somewhat since the discontinuation of Subcommittee on Women, Health, and Development. Discussions were under way to re-establish a partnership in the areas of information dissemination and training. Also regarding LACWHN, the Delegate of Cuba noted that the last paragraph in the report on that NGO could be interpreted two different ways and needed to be rewritten.

26. The Director thanked the Subcommittee for its comments and suggestions and said that the Secretariat would continue contacting the NGO that had not yet responded to the survey with the hope of receiving material in time to incorporate it into the document to be submitted to the Executive Committee.

Closure of the Session

27. Following the customary exchange of courtesies, the President declared the Second Session of the Subcommittee closed.

Annexes

IN WITNESS WHEREOF, the President of the Special Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee and the Secretary *ex officio*, Director of the Pan American Sanitary Bureau, sign the present Final Report in the English and Spanish languages, both texts being equally authentic.

DONE in Washington, D.C., on this thirtieth day of April in the year two thousand eight. The Secretary shall deposit the original texts in the archives of the Pan American Sanitary Bureau and shall send copies thereof to the Member States of the Organization.

Oswaldo Salgado Zepeda
Delegate of Chile
President of the Special Session
of the Subcommittee on Program,
Budget, and Administration
of the Executive Committee

Mirta Roses Periago
Director of the
Pan American Sanitary Bureau
Secretary *ex officio* of the Special Session
of the Subcommittee on Program,
Budget, and Administration
of the Executive Committee

AGENDA

- 1. Opening of the Session**
- 2. Procedural Matters**
 - 2.1. Adoption of the Agenda
- 3. Administrative and Financial Matters***
 - 4.2 Use of Surplus Financial Resources from the 2006-2007 Biennial Program Budget: Preliminary Report and Criteria
 - 4.5 Programmatic Prioritization and Resource Allocation Criteria
 - 4.3 Biennial Program Budget 2006-2007 of the Pan American Health Organization: Performance Assessment Report
- 4. Program Policy Matters**
 - 5.1 Nongovernmental Organizations in Official Relations with PAHO
- 5. Closure of the Session**

* Item numbers are those of the Second Session of the Subcommittee on Program, Budget, and Administration

LIST OF DOCUMENTS

Diverse Documents

SPBA2/SS/DIV/1 List of Participants

Working Documents

SPBA2/SS/1 Agenda

SPBA2/4 Use of Surplus Financial Resources from the
2006-2007 Biennial Program Budget: Preliminary
Report and Criteria

SPBA2/5 Biennial Program Budget 2006-2007 of the Pan
American Health Organization: Performance
Assessment Report

SPBA2/7 Programmatic Prioritization and Resource
Allocation Criteria

SPBA2/8 Nongovernmental Organizations in Official
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