

Introduction

1. The Biennium Program Budget (BPB) for 2004-2005 is the first to be submitted under the new directorship of PAHO. It begins the process of strategic budgeting that must accompany the new managerial strategy which has been designed to transform the Secretariat into a responsive and flexible organization, working continuously to improve its effectiveness and efficiency. Changes have been introduced to streamline the classified list of programs and to make it more convergent with WHO's Areas of Work. The revised classification of programs/ Areas of Work have been grouped into a new set of appropriation categories grounded in conceptual underpinnings relevant for PAHO's work.. Shifts in the allocation of resources towards priority programs and countries have been introduced. Whenever possible, economies in management structures have been made.
2. This iteration of the proposal of the BPB 2004-2005 takes into consideration the comments and observations of the Subcommittee on Planning and Programming and the WHO Program Budget for 2004-2005 presented at the World Health Assembly, that includes the amount to be assigned to the Regional Office for the Americas.
3. This Program Budget Proposal is presented in four sections. In Section I, the Policy guiding the Program Budget is described and overall resource context is discussed. In Section II, for each of the Areas of Work, the related issues and challenges are summarized and in keeping with the Results Based Management Approach, a Goal and Objective are defined and measurable Expected Results (ER) formulated. The budget resources for each Area of Work is presented by organization level and compared with that for the previous biennium. Section III provides further details of the country programs

Challenges, Mandates and Secretariat's Response

4. While significant strides have been made in the democratization of the region it continues to be one of the most inequitable regions in the world. Countries face common challenges of development related to the decentralization process and many have not adapted adequately to the effects of globalization.
5. National health development challenges are made more difficult with the emergence of new diseases in already complex epidemiological mosaics and in populations that are aging and becoming more urban. Reform of the health systems need to be accelerated urgently to address these challenges, with more attention being given to the essential public health functions.
6. This BPB constitutes the first opportunity to translate the Strategic Plan for the Pan American Sanitary Bureau for 2003-2007(SP) into specific regional and country projects with clearly defined expected results and indicators. In addition, the formulation of the BPB for 2004-2005 has taken into consideration other relevant global and regional policy frameworks; evaluations of the achievements of the expected results of the BPB for 2000-2001 and of PAHO's contribution to the achievement of the WHO Global Expected Results for the same period; and the program commitments emanating from the resolutions approved by PAHO's and WHO's Governing Bodies.
7. This BPB also responds to the WHO Corporate Strategy and priorities. This is reflected in the fact that the 11 WHO priorities for the period 2004-2005 are easily discernible in the budget structure among the classified programs. All of the WHO priorities are reflected among the projects, at both regional and national levels. Where relevant, the Expected Results in the BPB have been linked to the Global Expected Results (GERs) and this will enable PAHO to improve the quality of the report on its contribution towards the achievement of the GERs and WHO Objectives.

8. The proposal also seeks to assist in reducing the inequities within and among countries by placing emphasis on special population groups and key countries as described in the SP. Appropriate technical support is planned for countries in their pursuit of the health-related Millennium Development Goals (MDGs), and the monitoring of progress towards the MDGs in the Americas has been integrated into the ongoing analysis of health and health systems.

Organization of the Program Budget

9. The new structure of the BPB for 2004-2005 is independent of the structure of the Secretariat. The emphasis on an integrated approach to technical cooperation our work is reflected in the changes introduced to streamline the classified list of programs. Effort was also made to make it more convergent with WHO's Areas of Work. The revised classification of programs/ Areas of Work have been grouped into a new set of appropriation categories grounded in conceptual underpinnings relevant for PAHO's work..

10. The Strategic Plan calls for the Bureau to focus on priorities in three areas: among population groups, countries, and technical areas. In most instances, the population groups are explicit at the AOW level, while others are best served by the focusing of attention in many Areas. The five Key Countries have been identified for priority attention in Areas of Work relevant to their national health priorities and I have ensured that the ceilings for these countries are at least maintained at current levels. All of the objectives for the Priority Technical Areas are identifiable in the AOW Goals or Objectives or among the Expected Results.

11. During the biennium 2004-2005, attention will begin to be focused on my strategic objective to increase the use of networking and sharing of knowledge which responds to the Critical Issue: Bridging the Information Divide and Maximizing Information and Communication Technology and in part to Harnessing Research and Technology. A new Area of Work - Research and Knowledge Sharing, complements the other well established one for health situation analysis in keeping our different publics informed.

12. In support of the new priority and WHO Area of Work "WHO's Presence in Countries," the Secretariat has refined the programming of the management project at country level to be able to identify that component that contributes to national health development.

13. There are now 9 Appropriation Sections and the following summarizes the relationship between the current and former appropriation sections and indicates where major modifications have been made to the constituent parts.

Section 1: Executive Direction

14. Like its predecessor, General Direction, the essence of this appropriation is executive management and directly related support functions. However, the function of public information, which was formerly under General Direction, has been relocated to Governance and Partnerships, and the Regional Director's Development Fund is now grouped with the new appropriation of Country Program Support.

Section 2: Governance and Partnerships

15. Support to Governing Bodies and the external relations functions, which were previously under Governing Bodies and Coordination, are grouped here. Country program support functions, including activities for technical cooperation coordination among countries, PAHO's country presence, and country program analysts—previously grouped with Governing Bodies and Coordination—are now highlighted in their own appropriation. As mentioned above, public information is now included in this new appropriation section because of its role with partnerships. Retirees' Health Insurance is included here as the preferred location.

Section 3: Country Program Support

16. This new appropriation section, similar to the new WHO section of WHO's Presence in Countries, brings together programs directly and intimately supporting the country programs. This includes country program analysis, emergency and humanitarian action (formerly in Health Systems and Services Development), technical cooperation among countries, and the Regional Director's Development Program (both formerly under General Direction). The former classified program of Support to the Development, Management and Coordination of Country Programs is being broken down into two program areas with the objective of distinguishing between direct support provided by the country office to national health development from the costs of maintaining a country presence.

Section 4: Intersectoral Action and Sustainable Development

17. This new section comprises those areas of work in which the success of the technical cooperation relies heavily on complementary and sometimes critical actions of other sectors, such as in the area of food safety. As such, it brings together various programs from other sections previous format.

Section 5: Health Information and Technology

18. This appropriation section encompasses programs related to the generation and dissemination of health information and related technologies, all formerly under Health and Human Development. It includes programs in essential medicines and clinical technology, including blood safety and laboratories, which had formerly been grouped with Health Systems and Services Development.

Section 6: Universal Access to Health Services

19. The equity principle underlies this section in which the strengthening of health systems and services will be addressed within an orientation to reducing exclusion based on gender, age, race or ethnicity. While maintaining considerable convergence with the former appropriation, Health Systems and Services Development, emergency preparedness has been located elsewhere, while program areas relating to inclusion of special groups have in some cases been moved here from the former section of Health Promotion and Protection.

Section 7: Disease Control and Risk Management

20. Communicable and non-communicable diseases, previously grouped under Disease Prevention and Control, are included here. In addition, the associated major risks relating to smoking and the environment are now integrated here; these were formerly grouped with Health Promotion and Protection and Environmental Protection and Development respectively. At the same time, some diseases related closely to family and community health, like children's health and HIV/AIDS, have been grouped with Family and Community Health.

Section 8: Family and Community Health

21. This appropriation section groups together areas of work for which social and community participation and behavior change in families and communities are fundamental to improvements in the health situation. Many of the program areas, such as women and maternal health, child and adolescent health and mental health and substance abuse, were previously grouped under Health Promotion and Protection. New here is inclusion of programs on immunization and vaccine development and HIV/AIDS and sexually transmitted infections, formerly grouped under Disease Prevention and Control.

Section 9 Administrative Support

22. This is the only section which remains completely unchanged in composition from its predecessor, Administrative Services. It continues to represent critical support provided to the technical programs in personnel and financial management, support services, procurement and security.

Overall Resource Context

23. The overall PAHO/WHO regular budget proposal for 2004-2005 is US\$ 264,773,000, which represents an increase of 1.3% over the 2002-2003 approved budget. The WHO portion included in the proposal is \$75,399,000, based on that reviewed by the 111th Executive Board in January 2003 and submitted to the World Health Assembly in May 2003. The PAHO portion, therefore, amounts to \$189,374,000.

24. The WHO portion of \$75,399,000 represents an increase of slightly under 1% over the WHO approved budget for 2002-2003 of \$74,682,000. The small increase represents a combination of a cost increase calculated by the WHO secretariat netted against the regional reallocation reduction targeted for the Americas for 2004-2005.

25. The PAHO portion of the regular budget of \$189,374,000 represents an increase of \$2,574,000, or 1.4 % over the 2002-2003 approved amount of \$186,800,000. Funding of the PAHO portion of \$189,374,000 is proposed as follows: \$13,500,000 in projected miscellaneous income and \$175,874,000 from assessments to Member States. The miscellaneous income projection is \$3,000,000 less than the amount budgeted for 2002-2003 and reflects the down turn in the external investment climate.

26. The overall PAHO/WHO proposal of \$264,773,000 incorporates the necessary budgetary shifts needed to absorb real cost increases while striving for efficiencies by streamlining operations and realigning program areas where possible. Although mandatory staff cost increases have been included in the proposal, as well as the projected growth in the retirees' health insurance contribution, PAHO's core non-staff activities have been budgeted at the same level as for 2002-2003.

27. The budget level proposed shows great restraint, but reflects the essential cost increases for ensuring the appropriate level of response to the needs of Member States. Annex 1 shows the PAHO and WHO regular budget history since 1970-1971. The proposed growth of 1.3%, one of the lowest on PAHO record, provides for the unavoidable rise in post costs and the significant and mandatory increases in funding for the retirees' health insurance both mandated by the United Nations system. Furthermore, inflationary cost increases for non-post elements of the budget are not included in the proposal, thus resulting in a lower resource base available for programs than for 2002-2003 in real terms. Indeed, change will be essential for the Organization to be successful in reaching its objectives with such modest resources, and our challenge will continue to be finding ways to achieve more with less.

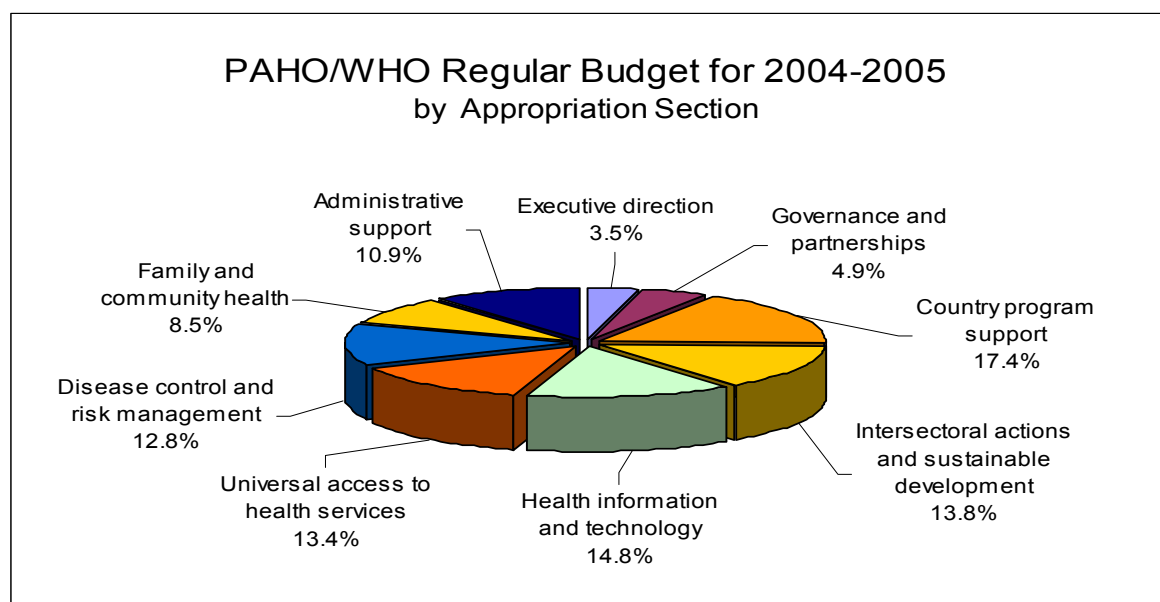
28. Several Tables and Charts have been included in order to illustrate the program budget from different perspectives and to provide additional detailed information. Tables 1-3 present summarized views of the program budget, while Annexes 1-3 provide additional information including a 30-year funding history of the PAHO/WHO regular budget, a description of the Areas of Work, and a comparative breakdown of the budget by Area of Work.

29. It is worth noting that the estimate of Other Sources for 2004-2005 shown throughout this document is relatively low as compared with 2002-2003. This is because the 2002-2003 figures reflect the current level of funding from Other Sources, while the estimate for 2004-2005 includes only the level of Other Sources for firm commitments known at this time. It is a conservative approach, but we are hopeful that actual funding received during 2004-2005 from Other Sources at least matches the level for 2002-2003, and we will make every attempt possible in our resource mobilization efforts in this regard.

30. Table 1 below summarizes the 2004-2005 regular budget by appropriation section, or major programmatic grouping. Estimates of Other Sources for firm commitments are also included.

Table 1. Budget Summary by Appropriation Section
(US\$ thousands)

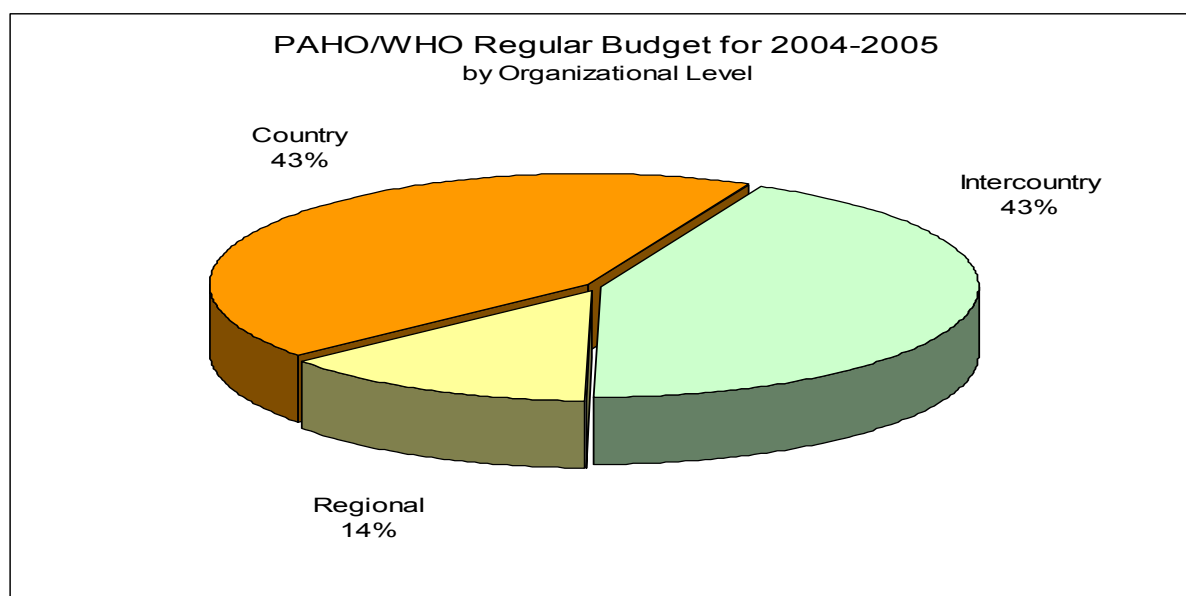
Appropriation Section	Regular Budget 2004-2005	Other Sources 2004-2005
Executive direction	9,394	576
Governance and partnerships	12,951	1,179
Country program support	46,158	2,331
Intersectoral actions and sustainable development	36,609	3,331
Health information and technology	39,134	4,356
Universal access to health services	35,438	5,792
Disease control and risk management	33,801	12,570
Family and community health	22,417	19,045
Administrative support	28,871	6,707
Total	264,773	55,887



31. Table 2 summarizes the budget by Organizational level and compares it with the previous biennium.

Table 2. Budget Summary by Organizational level
(US\$ thousands)

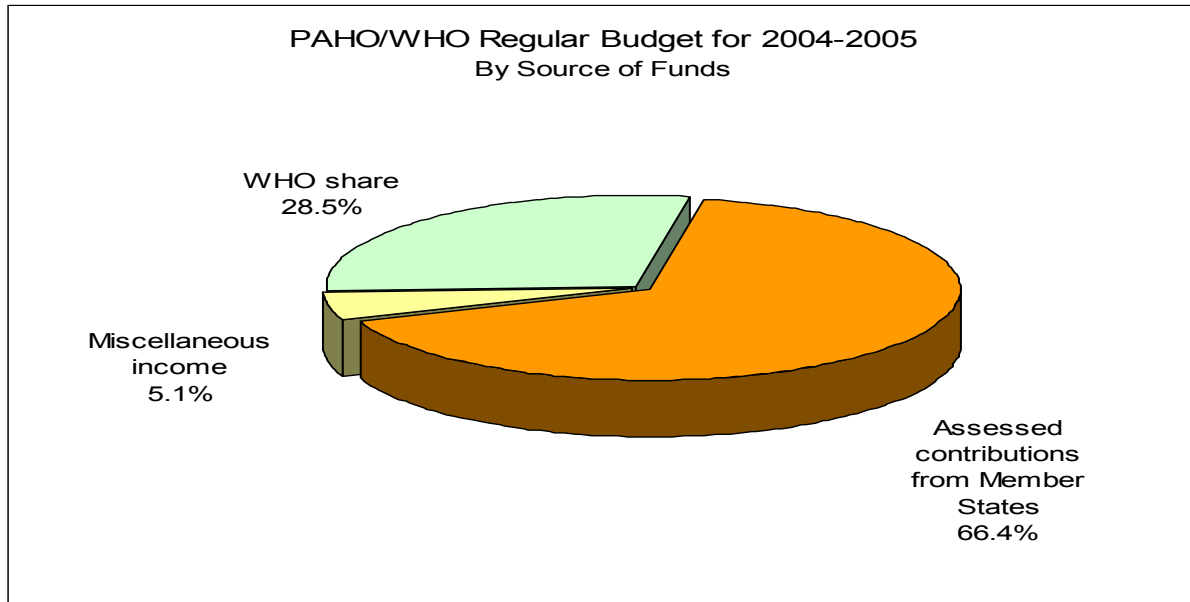
Organizational Level	Regular Budget		Other Sources	
	2002-2003	2004-2005	2002-2003	2004-2005
Country	112,671	114,087	75,382	9,663
Inter-country	112,606	114,456	71,662	38,977
Regional	36,205	36,230	7,247	7,247
Total	261,482	264,773	154,291	55,887



32. Table 3 illustrates the proposed financing of the regular budget. The WHO share is the amount presented at the 111th WHO Executive Board and subject to WHA approval. The PAHO portion is divided between level of assessments to PAHO Member States and the amount of miscellaneous income estimated for 2004-2005.

Table 3. Financing of the Regular Budget

Source	2002-2003	2004-2005
Assessed contributions from Member States	170,300,000	175,874,000
Miscellaneous income	16,500,000	13,500,000
Total PAHO share	186,800,000	189,374,000
WHO share	74,682,000	75,399,000
Total PAHO/WHO	261,482,000	264,773,000



33. Annexes 1-3 at the end of the document provide additional information including a 30-year funding history of the PAHO/WHO regular budget, a description of the Areas of Work, and a comparative breakdown of the budget by Area of Work for 2002-2003 and 2004-2005.

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