



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



136th SESSION OF THE EXECUTIVE COMMITTEE

Buenos Aires., Argentina, 20-24 June 2005

Provisional Agenda Item 4.1

CE136/INF/1 (Eng.)
15 May 2005
ORIGINAL: ENGLISH

**APPLICATION OF THE PAHO REGIONAL PROGRAM BUDGET POLICY
IN THE PROPOSED PAHO/WHO PROGRAM BUDGET FOR 2006-2007**

Introduction

1. The 45th Directing Council of the Pan American Health Organization approved the Regional Program Budget Policy (RPBP) in September 2004, through Resolution CD45.R6. The new framework for resource allocation agreed upon by Member States modifies some fundamental elements of the architecture of the program budget of the Organization by: (a) shifting a greater proportion of resources to the country programs; (b) creating a new level of allocation, the subregion, aimed at addressing the technical cooperation needs and demands of the health-related aspects of the subregional integration processes; and (c) establishing the basis for the allocation of resources among countries with a needs-based approach and with the criteria of equity and solidarity.
2. Resolution CD45.R6 approved the new Regional Program Budget Policy as contained in Document CD45/7 with the following amendments:
 - In the reallocation of resources among countries, no country's core allocation should be reduced by more than 40% of its proportional allocation among countries as approved in the Biennial Program Budget, 2004-2005.
 - The allocation to key countries (Bolivia, Guyana, Haiti, Honduras, and Nicaragua), as identified in the Strategic Plan 2003-2007 for the Pan American Sanitary Bureau, will be protected so that the countries do not experience reduction of their proportional share of the core budget with respect to the Biennial Program Budget, 2004-2005.
 - The minimum level for the subregional component of the program budget is increased to 7%.
 - The objectives for the use of the variable allocation among countries will be presented to the Subcommittee on Planning and Programming for approval at the time of presentation of the proposed Biennial Program Budget.
3. Resolution CD45.R6 also states that the application of the above-mentioned framework should be phased in over three biennia in consultation with Member States to ensure the least disruption to technical cooperation programs. The attached Annex illustrates the planned changes in the allocation of funds to the three functional components over the three-biennium period 2006-2007 to 2010-2011.
4. The resolution also requests that priority be given in the allocation to areas of work that contribute to the attainment of the health-related goals of the United Nations Millennium Declaration.

Summary of the Policy

5. The recently adopted PAHO Regional Program Budget Policy has as its main objectives the promotion of equity and solidarity in the improvement of the health status in the countries of the Americas, and an increased emphasis on the country focus in the operations of the Organization. The RPBP focuses on three components: the country, the subregion, and the Region, with the subregion being a new functional level for the allocation of resources.

6. The new Policy adopts the concept of one program budget financed by resources from multiple sources, i.e. regular budget resources from Member States (both PAHO and WHO), as well voluntary contributions from both PAHO and WHO sources. It also seeks to bring the operations of the Organization more into alignment with the Areas of Work of WHO. This enables the Organization to better align its efforts with global and regional needs and mandates.

7. The RPBP promotes the principles of equity and pan-Americanism by introducing a new model for the allocation of resources among countries. The model is based on the principle that the countries in greatest health need should receive proportionately more resources, adjusted for population, and those countries which enjoy relatively better health status would give up some of their allocations to meet the needs of the less well-off countries.

8. The country allocation in the new RPBP is divided into two parts, core funds and variable funds. The core funding represents 95% of the country allocation and is made up of two components: a fixed component and a needs-based component. The needs-based component is based on the country's health status (determined by a composite health needs index), while the fixed portion is the same for all countries in order to maintain the principle of the Organization's cooperation with all Member States regardless of their relative health status. The second part, the variable allocation, is not to exceed 5% of the total country allocation, and is intended to provide some flexibility in the allocation process. The criteria for the variable allocation are detailed further in this document.

9. In order to protect the integrity of PAHO's cooperation with the country, the Budget Policy limits the extent to which a Member State would lose resources in this process to 40% of its 2004-2005 allocations in percentage terms. Further, the Policy is being implemented over three biennia in order to minimize disruptions and to ensure better planned and more effective utilization of resources by those countries gaining increases.

10. The increased country focus is achieved in part by allocating a greater portion of the Organization's resources to country operations and by introducing a subregional functional level in the program budget. The country allocations will increase over the period of three biennia with a target of 40% of all regular budget resources. Similarly, the subregional level is targeted to increase to 7% of the total regular budget (please refer to the chart in Annex 1).

Criteria for the Use of the Subregional Allocation

11. The primary objective of the introduction of the subregional component of the program budget is to increase and focus PAHO's assistance in achieving the health agenda of the subregional integration processes of the Americas. This will be done through:

- New subregional technical cooperation program in support of subregional health agendas
- Support to subregional PAHO centers
- Formalized subregional mode of technical cooperation
- Support to the Field Office at the US-Mexico Border (El Paso, Texas)

12. The subregional processes initially contemplated for 2006-2007 are those represented by CARICOM in the Caribbean, SICA in Central America, MERCOSUR in the Southern Cone, and CAN in the Andean region. The subregional allocation category includes as well the PAHO/WHO regular and extrabudgetary resources devoted to the three subregional centers, INCAP, CFNI, and CAREC, and to the Field Office at the US-Mexico Border, in El Paso.

13. The primary purpose is to collaborate with the official intergovernmental subregional bodies in programs focused on subregional health priorities which are congruent with PAHO's mandates and priorities. These programs would be developed in consultation with the respective authorities and will include collaboration with subregional institutions and organizations that are recognized by the subregional authorities.

14. In the initial phases of implementation of the policy, special attention will be paid to existing subregional arrangements. Changes will be introduced to equitably distribute resources across subregions and in a manner to broaden the scope of collaboration, while minimizing disruptions in the operations of institutions.

Criteria for the Variable Portion of the Country Allocation

15. As stated in the Policy, the variable part of the country allocation is primarily intended to provide a degree of flexibility in the allocation process to country programs. This mechanism will allow the PAHO Director to respond to critical challenges at the country level that cannot easily be dealt with within the context and timing of individual country planning exercises and the general framework of the RPBP for core allocations to countries. The criteria for the use of the variable allocation will be proposed to the Subcommittee on Planning and Programming every biennial budget cycle for its consideration and approval in order to guide the programming of these resources in the subsequent development of the official program budget document presented to the Executive Committee and the Directing Council.

16. In principle, the variable allocation will be targeted at those countries where a small influx of additional funding can make a significant difference in the achievement of immediate and intermediate health goals and targets. The 39th SPP, in May of 2005, approved three criteria for the allocation of the variable portion of the country allocation.

17. The first criterion is for those countries that are experiencing major unexpected disruptions in their economies, such as the occurrence of natural disasters, temporary social or civil instability, or a sudden fiscal downturn. In this regard, countries who are already feeling the impact of budget reductions would receive priority over those countries that are experiencing budget increases from the core part of the country allocation.

18. A second criterion is to support those countries that have shown a concerted effort in their 2006-2007 work plans in addressing critical work toward the progress of achieving Millennium Development Goals and targets. Within that group, those countries furthest away from reachable targets will be given priority. This criterion is intended to serve as an incentive for countries to actively engage in MDG-related activities.

19. The third criterion will be to support those countries that, in addition to already having comparatively small budgets, are receiving further budget reductions in core funding. This criterion is intended to allow for small, but needed operational adjustments to assist the countries in achieving a smooth transition to the new budget level with minimum disruption to their technical cooperation activities.

20. Furthermore, the allocation of variable funding will be tracked and monitored separately in order to report on progress toward stated goals. Interim reports will be submitted to the SPP annually, with a full report provided at the end of each biennium. It

is anticipated that the total resources set aside for the variable funding will not exceed 5% of the total resources allocated at the country level.

Annex

**APPLICATION OF THE REGIONAL PROGRAM BUDGET POLICY
2006-07 TO 2010-11**

	2004-05	2006-07	2008-09	2010-11
COUNTRY	37.1%	38.0%	39.0%	40.0%
SUBREGIONAL	6.1%	6.4%	6.7%	7.0%
REGIONAL	56.8%	55.6%	54.3%	53.0%
	100.0%	100.0%	100.0%	100.0%

