



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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PROGRESS REPORT OF THE WORKING GROUP ON REGIONAL BUDGET POLICY

Background

1. The PAHO regional budget policy was a subject last considered by the Subcommittee on Planning and Programming in 2000, when in response to WHA Resolution 51.31, approved in May 1998, there was a reduction in the WHO allocation to the Region of the Americas by more than US\$ 10 million over three biennia. A Working Group, comprising representatives of countries and members of the Secretariat was established; and its preliminary report to the SPP identified principles that should guide the policy development process. While the SPP endorsed the principles and provided additional guidance on the work in this area, the Subcommittee advised that it would be more appropriate to reexamine the policy after the Organization's new quadrennial strategic and programmatic orientations were discussed. Subsequently, in 2002, the Pan American Sanitary Conference approved the Strategic Plan for the Pan American Sanitary Bureau for the Period 2003-2007.

2. The need for discussions on the PAHO Regional Program Budget policy was most recently identified during the Directing Council's discussions of the program budget for 2004-2005, in September 2003. At that time, the Council recognized the need to update PAHO's regional budget policy to define need-based criteria for resource allocation among countries. In addition, some Member States had expressed their will to make resources presently allocated to their country programs available for countries in greater need. At that time, the Director informed Member States that the work on the regional budget policy was planned for early in 2004.

3. Further, in support of the country-focus approach and the thrust to increase WHO's country presence, WHO is planning to shift resources and decentralize operations

to the regional and country levels. The Director-General of WHO has indicated that the percentage of the budget allocated to Regions and countries will be gradually increased from 66% in 2002-2003, to 70% in 2004-2005, to 75% in 2006-2007. This should increase WHO funds available to country programs in the Americas.

4. Given PAHO/WHO's own emphasis on responsiveness to country needs and the identification of five Key Countries in the Strategic Plan (Bolivia, Guyana, Haiti, Honduras, and Nicaragua), it is important to reconsider the criteria used for the distribution of the PAHO regular budget among countries.
5. All of the above developments at the regional and global levels, therefore, make it necessary to review and update the PAHO regional budget policy.

Process

6. In order to continue the review of the current policy, the Secretariat is convening a Consultative Group (CG) of planning and budgeting experts to assist in the development of a proposal for the consideration of the SPP for a regional budget policy that responds to the current needs and changing environment for technical cooperation.
7. The specific terms of reference of the CG are to:
 - Review the criteria of the current policy and assess the experience with its implementation.
 - Review trends in budget policies of international agencies, globally and regionally, and identify relevant good practices.
 - Discuss issues related to the development and implementation of budget policies, especially within the international sector.
 - Recommend principles and criteria to guide the development of a revised budget policy to be recommended to the Governing Bodies.
8. The Consultative Group will meet for the first time in early March. Experts are being drawn from Argentina, Bolivia, Canada, Chile, Guatemala, Trinidad and Tobago, and United States of America, as well as from international organizations that have introduced innovative budget policy approaches.
9. The preliminary report of the Group will be disseminated to Members of the SPP immediately after its initial meeting. A full proposal for the revision of the budget policy,

taking into consideration the comments of the SPP, will be developed for the consideration of PAHO's Governing Bodies later during the year. The Consultative Group will meet again to discuss the full proposal and will continue to collaborate between meetings via electronic mail.

Summary of Current Regional Budget Policy

10. The current program budget policy of the Pan American Health Organization was adopted by the Directing Council in 1985. It includes criteria for the distribution of funds among countries, based on their achievement of the collective mandates adopted by the Governing Bodies and indicators such as infant mortality and population size and previous levels of technical cooperation. It also provides guidelines for the development of the program budget and the allocation of resources between regional and country programs.

11. The policy establishes support for country programs as a fundamental priority of the Organization and set a minimum of 35% to be allocated to those programs. Funds for regional programs were to be provided to support the country program objectives and the pursuit of the collective mandates of the Organization.

12. The current budget policy also provides guidance on the mobilization and use of extrabudgetary funds and support for technical cooperation among countries (TCC). The policy promotes the use of flexible and innovative administrative mechanisms to maximize resources.

Context for the Development of a New Regional Budget Policy

13. PAHO's program budget is the instrument that gives expression to the Organization's mission, and strategic orientations and priorities. It must reflect the Organization's values as well be sensitive to the changing environments in which technical cooperation is formulated and implemented. Major external and internal environmental factors affect the quantum of the budget as well as shape the policies that guide its allocation. The need for regional and subregional technical cooperation can be expected to expand as countries strengthen regional and subregional integration processes. The Consultation Group will review these issues and will formulate recommendations for guiding the revised allocation practices of the Organization.

14. There are many issues to be considered in formulating a budget policy and the following are but a few examples of these:

- The Millennium Development Goals have now become the common development goals to which countries are striving if they have not yet achieved the minimal level described. Among these are health-specific ones and others to which health must contribute. It will be important to determine if there are any related issues that should be considered when the budget policy is revised.
- Often the very countries that require intensified and increased levels of cooperation are the ones that do not have the institutional capacity or human resources to take advantage of the cooperation. How should the policy treat such situations to ensure the appropriate use of the allocations?
- One of the Organization's goals is to reduce the inter- and intracountry inequities in health. In this regard, it will be important that the budget policy facilitates the direction of resources in consonance with this perspective.
- PAHO/WHO's country presence is valued by Member States, but it is not yet available in all of them. The size and distribution varies greatly among countries. The issue needs to go from the physical presence to strategic support to national health development.
- The nature and measurement of the need for technical cooperation are important if there is to be strategic management of resources. The measurement of need should not be limited to the traditional health indicators but also to new measures such as the level of development of health systems, the performance of essential public health functions, the absorptive capacity of the health sector, or the external flows of health development aid.
- Countries not only expect to be actively involved in technical cooperation exchange, but also increasingly are requesting support to be more present in decision-making processes regarding normative actions, standard-setting, conventions, and agreements.
- The current scenario of globalization runs in parallel with a strong integration process at the subregional level, and both normative functions as well as technical cooperation are being discussed in these fora.

Action by the Subcommittee on Planning and Programming

15. Specific issues for the consideration of the Subcommittee will be further defined in the meeting of the Consultative Group. In addition, comments are requested on the appropriateness of the approach being taken and the relevance and timing of the process.

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