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PAN AMERICAN  
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95th Meeting  
Washington, D.C.  
June-July 1985

Provisional Agenda Item 7

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REGIONAL PROGRAM BUDGET POLICY

The Director would like to inform the Members of the Executive Committee that in view of the need for PAHO/AMRO to closely follow developments at WHO, and particularly at the Thirty-eighth World Health Assembly, the Seventy-sixth session of the WHO Executive Board and at the Global Program Committee in relation to this item, the corresponding background document will be slightly delayed. Upon the Director's return from WHO/Headquarters the document will be produced in final form, as an addendum to this note.

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95th Meeting  
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## REGIONAL PROGRAM BUDGET POLICY

### 1. BACKGROUND OF REGIONAL PROGRAM BUDGET POLICY

1.1 The Executive Board of the World Health Organization, at its 75th session, January 1985, adopted Resolution EB75.R7 requesting all regional committees "to prepare regional programme budget policies that ensure optimal use of WHO's resources at both regional and country levels in order to give maximum effect to the Organization's collective policies." Subsequently, the Director General issued and distributed a draft document setting forth "Guidelines for Preparing a Regional Programme Budget Policy" as a reference document to assist in the development of regional program budget policies.

1.2 The Subcommittee on Planning and Programming of the Executive Committee of PAHO discussed the subject of a regional program budget policy at its March 1985 meeting. It concurred in the Director's proposal to submit a draft document for the consideration of the Executive Committee.

1.3 Previously, the Directing Council of PAHO had approved Resolution III, at its XXIX Meeting, setting forth conclusions concerning the distribution of PAHO/WHO resources. The PAHO Executive Committee also had expressed a consensus in Resolution XV at its 92nd Meeting in support of the "Managerial Strategy for the Optimal Use of PAHO/WHO Resources in Direct Support of Member Countries."

1.4 The Managerial Strategy, initially prepared in 1983 and revised following discussions at the Executive Committee and Directing Council in 1983 and 1984, emphasized the fundamental purpose of the program budget as the core of the Organization's short-term planning process.

1.5 The Managerial Strategy also emphasized the integral nature of the budget to the Organization's overall planning and programming activities in pursuit of the optimal use of PAHO/WHO resources in direct support of national health goals.

## 2. PLANNING, PROGRAMMING AND BUDGET PREPARATION

2.1 The Organization's planning, programming and budgeting must be designed to be an integrated and continuous process, incorporating long- and medium-term planning along with short-term planning and programming. Although separated into distinct phases, each component should be designed to provide a framework and reference for the other phases of the process.

2.2 Long-term planning for the Region of the Americas must be based on the National Health Strategies, the Regional Strategies for Health for All by the Year 2000 and the Plan of Action for their implementation. Those latter documents represent the Organization's long-term plan for improving health conditions in the Americas. Together with the PAHO Classified List of Programs, which follows from the Seventh General Program of Work of WHO, these efforts will yield greater compatibility of national, regional and global goals in support of the long-term objective of Health for All by the Year 2000.

2.3 The medium-term planning process at the regional level must be developed in tandem with the General Program of Work and has to be based on long-term plans previously adopted by the Governing Bodies, by current resolutions of those entities and the conclusions derived from joint examination of country needs and requirements.

2.4 The short-term planning process of the Organization centers on the development of the two-year program budget. The process itself is aimed at responding in the most effective and productive manner to the needs of Member Countries. The countries constitute the magnetic core around which revolve all other aspects of the program budget development process. The Organization will utilize the joint Government/PAHO policy and program reviews as a point of departure. The initial stage in those reviews consists of a joint exploration of the country's health and socioeconomic situation, national health goals, objectives and strategies, and the implications of regional and global mandates. A second stage involves an analysis of available national resources in the relevant program areas. A third stage involves identification of how PAHO/WHO country program resources will be utilized to help fulfill priority national program objectives where domestic technical, physical and financial resources are insufficient. A fourth stage will incorporate the proposed use of additional regional and external resources in further support of national priority health objectives.

2.5 The program budget must be a reflection of the plans and programs which the Organization proposes, based on the accumulation of specific country requirements and regional and global policy decisions. The most direct relationship of budget and programming will be contained within the operating budget and the American Region Programming and Evaluation System (AMPES) programming of technical cooperation. Insuring the most exact articulation between the planning and programming process and the budget remains a high priority of the regional program budget policy.

2.6 National participation in the elaboration of the program budget is of primary importance in assuring that the scarce resources of the Organization are assigned to priority areas. Country participation will occur on three levels. First, it will take place within each country through the continuing process of evaluating existing technical cooperation in light of changing circumstances, conditions and needs. That joint endeavor will be supported by periodic joint Government/PAHO policy and program reviews. Second, it will occur through the inquiry, recommendations, debate and votes of Member Countries in the Governing Bodies of the World Health Organization. Acting as part of the collective policy making arm of WHO, the Member Countries have a double involvement in determining the overall size of the budget and the amount of the WHO contribution to the Region of the Americas. Third, Member Countries, in their participation in the Subcommittee on Planning and Programming, in the Executive Committee and in the Directing Council of PAHO determine the level of resources available to the Organization as well as the internal allocation of those resources.

2.7 The PAHO program budget must serve as one of the crucial tools for promoting coordination within and between the technical units of the Organization and coordination among the various geographical divisions of the Organization; that is, between the country, intercountry and regional programs.

2.8 In accord with the Managerial Strategy, the following general guidelines in the elaboration of the program budget should serve as reference:

- a) There must be a specific recognition of the need to assure compatibility and coherence between the priorities defined collectively by the countries in the PAHO and WHO Governing Bodies, the national priorities identified by governments, and the demands for technical cooperation in support of those national priorities.
- b) Recognizing that the resources of the Organization constitute barely .2% of the cumulative total of health expenditures by the countries of the Region and slightly less than 10% of the total external resources dedicated to health, the Organization must emphasize activities with a multiplier or catalytic effect.
- c) The fundamental priority of the Organization remains the country programs whose overall allocation shall not be less than 35% of the total regular budget. In addition, every effort shall be made to increase that portion. Similarly, the allocation of regional program funds must be justified on two fundamental bases:

- i) They can be justified on the basis of providing direct support to country program objectives and priorities;
  - ii) They can be justified by their fulfillment of decisions taken collectively by Member Countries within regional and global Governing Bodies.
- d) The determination of the distribution of countries and regional program funds among the countries should be in accord with the following criteria:
  - i) The commitment shown by the countries in complying with the mandates adopted by their collective decisions at regional and global levels and in their application of national resources in response to those mandates;
  - ii) The level of health needs within the various countries reflected in such indicators as infant mortality, in population size and in the availability of national resources;
  - iii) The level of technical cooperation activities previously authorized will be sustained in each country from year to year in the absence of unusual circumstances reducing the need or expanding available resources.
- e) The fundamental character of the Organization is defined within its Charter as an institution of technical cooperation as opposed to one of financial and economic assistance. That essential nature provides the context for the elaboration of the program budget. In this context, any economic or financial assistance must be essential to the realization of technical cooperation activities and must be part of technical cooperation programming. It is proposed that any such economic or financial assistance shall be specifically limited by the Governing Bodies, with the Director responsible for determining the amount of such assistance within that limit, based on a determination of the amount essential to carry out technical cooperation activities within each country.
- f) Among the principles of the Managerial Strategy, that which has greatest relevance is the necessity to visualize the budget as a flexible instrument. The programs chosen to receive resources from one biennium to the next, or from one operating year to the next, are those which reflect current realities within each country. In the same way, the character of the programs in the country must be adapted to correspond to the widely divergent needs of those countries.

- g) The Managerial Strategy also enunciated the principle that a fundamental obligation of the Organization is to help to mobilize national resources in support of national health goals. The progressive reorientation of the Organization's resources toward identifying and enlisting national centers of excellence and national human, technical and material resources in the health sector and in other sectors as well is an important general guideline in the elaboration of the program budget. The countries bear the fundamental responsibility for meeting the health care needs of their populations. Therefore, the Organization's program budget must be seen as a catalyst to attract and secure the fullest range of national talents and skills in support of national health goals.
- h) Cooperation among countries also stands out as one of the principles of the Managerial Strategy which is important in the development of the program budget. The Organization's program budget should generate additional resources through stimulating such intercountry cooperation. In addition to supporting country efforts to identify the available areas where such cooperation is possible, or where it can be productively used by other countries, the program budget, at least at this stage, can be used to directly support such cooperation. PAHO/WHO resources will be a vital link to enable even more valuable exchanges of technical cooperation to occur.
- i) With regard to the mobilizing of resources, there is a continuing responsibility faced by the Organization to assist in the overall process of mobilizing external resources necessary to the attainment of health for all. The gap between what can be achieved through national resources, technical and economic cooperation among the countries themselves and the technical cooperation of the Organization still requires significant external economic cooperation. The regional budget policy demands that this effort to mobilize external resources be coordinated with equal regard for the fundamental policies and management strategies of the Organization.
- i) Criteria for accepting those extrabudgetary resources include, first, that these resources--their purpose and the conditions attached to their use--be in accord with the policies and priorities of the Organization. A second requirement is that those resources, if they are used within any Member Country, be in accord with the national policies and priorities of that Member Country. Third, and complementary to the others, is that consideration must be given, both by the Organization and the Member Country, to the cost of administering those external resources and to the long-term costs implied in the particular activity to be undertaken.

- ii) There are different forms by which external resources can and should be mobilized. First, the Organization will always seek to mobilize additional resources for direct use by Member Countries where the countries manage these resources. Second, there is the possibility for the Organization to mobilize resources which it will manage as the executing agency--generally for regional or subregional purposes--but always in accord with regional policies and objectives responsive to the constitutional mandate and the political will as expressed by the Governing Bodies of the Organization. Finally, there is the responsibility of the Organization to respond to requests by Member Countries to manage national resources which are mobilized for a specific purpose, perhaps involving a variety of ministries or different sectors, where the Organization can play a role of coordination.
- j) Securing complementary actions among PAHO/WHO country, intercountry, and regional programs, including centers, stands as a third major principle of the Managerial Strategy which also guides the preparation of the program budget. The ultimate target of these multiple levels of action remains the country itself. Each layer of activity is designed to remedy critical gaps in country programming and to support country health objectives. Those intercountry, regional and center activities should consist of technical cooperation which is unavailable from national resources or from country programming.
- k) Administrative flexibility should be considered as a guideline in the construction of the program budget, permitting a variety of mechanisms best suited to each specific situation. In that regard, administrative manuals have been changed to offer greater flexibility in the recruitment and contracting of personnel. Long- and short-term contracts, service contracts and the contracting of nationals within the countries themselves are mechanisms to multiply the ways in which technical cooperation can be offered. Direct grants are possible in rare instances. They are carefully monitored and cautiously extended, to insure their linkage to specific national programs or projects. The forms of fellowships also have been diversified to reflect the guidelines of the WHO Executive Board. They include expanded use of fellowships for nationals within their own countries as part of the effort to strengthen national institutions, expanding the skills of national health workers, and building new and stronger national networks of cooperation.

- 1) At each stage of the process of review of the proposed program budget, the technical soundness of the proposals constitutes one of the critical criteria. That review process begins with the countries and the country offices and extends through the technical units, the Director's General Advisory Committee, the Director and finally, the Subcommittee on Planning and Programming, the Executive Committee and the Directing Council (WHO Regional Committee).

### 3. EXECUTION AND EVALUATION

3.1 The AMRO Programming and Evaluation System (AMPES) process produces an annual program of technical cooperation which is reflected in the operating budget. That process permits the dynamic conditions within each country to be reflected directly in the current programming of the Organization's resources. This endeavor, jointly conducted by the country and the PAHO/WHO country office, is once more reviewed by the technical units and by Program Analyses and Operations Coordination (POC) and ultimately by the Director. It is a mechanism supremely sensitive to country conditions and national analysis of the Organization's technical cooperation in light of actual country health needs and goals and national health plans and programs.

3.2 The execution of the operating budget also must permit flexibility to meet special requirements and unique circumstances. At times, with the concurrence of the country, this also has permitted country resources to be mobilized for use in another country. More often, flexibility in management has enabled regional and intercountry resources to be directed to a particularly urgent national need. The increasing utilization of three-month work plans within all of the programs permits this responsiveness to occur in an orderly manner.

3.3 The administration and management of resources is a shared responsibility between Member Countries and PAHO/WHO. Within each Member Country, adequate governmental mechanisms will assure appropriate control over expenditures. However, from a formal point of view, the Organization retains the final responsibility for the administration of the funds included within its budget. Even when funds are allocated to programs to be carried out within the countries, the Organization cannot avoid its ultimate responsibility for those funds to the Governing Bodies, who represent the collective voice of the people of the Region.

3.4 Just as the preparation of the budget reflects the mutual exercise of the Organization and the Member Countries, the execution and the evaluation of the activities proposed within the program budget also is a mutual endeavor. Countries obligate themselves to carry out national programs for which the resources and technical cooperation of the Organization are complementary and supportive. Thus the evaluation of



the ultimate efficacy of the Organization's technical cooperation also depends on the evaluation of the effectiveness of the national programs themselves. The evaluation of the degree to which program objectives have been attained is as important as the initial decision on allocation and transfer of resources, and it is crucial to ensure that the future budget process will even more accurately reflect countries' needs and capacities.

3.5 The agreement for the delivery of technical cooperation between the Organization and its Member Countries thus extends from the preparation of the proposed budget through its execution and evaluation. It remains a reciprocal responsibility continually examined and evaluated. The methods which are most appropriate will differ from country to country but all must reflect the joint nature of this enterprise.

3.6 A system of international monitoring and evaluation must provide a flow of relevant information concerning the progress and the results obtained. For that system to operate, the definition of program objectives must be defined in such a way that quantitative information can be collected on the realization of those program objectives. Information then can be obtained on the flow of resources, the level of program inputs and progress being made towards the realization of program objectives. The flow of information also must permit a measurement of the output and ultimately the impact of the various programs. Without that system, there is no way to guarantee that adjustments during the course of implementation will reflect actual program operations or country needs.

#### 4. MECHANISMS FOR IMPLEMENTING THE GUIDELINES

4.1 The formal structures for complying with these guidelines for the preparation, execution and evaluation of the PAHO/WHO program budget appear adequate for that purpose. They include the Governing Bodies--Directing Council, Executive Committee, Subcommittee on Planning and Programming--and the various bureaucratic levels of the Organization, beginning with the country offices and extending through the Secretariat to the Director.

4.2 Improving the functioning of those entities is possible in several ways. There is the need to expand the dialogue between the Organization and the country at the national level to be more comprehensive and inclusive in its reach. As the situation analyses in each country are completed as a joint research activity with the country office, those comprehensive examinations of the socioeconomic environment will promote greater effectiveness in the use of PAHO/WHO resources. PAHO/WHO views the Minister of Health in each country as the true coordinator of the technical cooperation activities of the Organization within each country. Yet, there can be far more interaction between both the

Ministry of Health and PAHO/WHO, as well as other sectors whose activities have an important impact on health conditions. The expansion of intersectoral actions for health, coordinated through the Ministry of Health, remains a mechanism for enhancing the work of the Organization. In that process, PAHO/WHO also can be instrumental in helping to strengthen the institutional influence of the Ministry of Health.

4.3 Another way of improving the functioning of the various mechanisms available to the Organization is the refinement of the joint Government/PAHO/WHO review sessions. It will entail the broadening of that exercise to examine the cooperation offered by the Organization within the context of an evaluation of national health programs and national conditions. That review is to be conducted at least annually, in addition to the ongoing dialogue on the implementation of the operating budget. For some programs there may be joint ad hoc committees formed, such as those related to human resource development and the scholarship program. However, there is no requirement for the formation of a formal joint committee. It is the strength of the continuing dialogue, reinforced by an annual review of all activities, which offers a more flexible and, in all likelihood, more effective process in the Americas.

4.4 Internally, the Secretariat intends to pursue a re-examination of its own institutional structures to seek greater productivity and efficiency in the use of resources. One goal of that review is to obtain a more precise articulation of the regional program activities with the technical cooperation activities within each country. A geographic element is present in the office coordinating programming and operations (POC). The function of this office is to promote greater coordination of the regional program response to country needs.

4.5 A final challenge in pursuing the improved functioning of the various entities of the Organization in the preparation, execution and evaluation of the program budget is the Organization's information system. Here the objective must be to insure that the information systems available to each program and to the executive direction of the Organization provide timely and reliable data upon which adjustments can be made to assure the optimal use of PAHO/WHO resources in direct support of the countries.