



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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PROCESS FOR THE FORMULATION OF THE PAHO BUDGET POLICY

Process for Formulation of the PAHO Budget Policy

Background

1. The current budget policy, entitled the PAHO Regional Program Budget Policy (RPBP), is a budgetary framework established in 2004 by the Governing Bodies of PAHO (Document CD45/7 approved through Resolution CD45.R6). The Policy was an attempt to improve the equitable distribution of PAHO resources among its various levels, particularly to and among its Representative Offices in the countries. This would become the first PAHO policy that would allocate a predetermined percentage of total available funding to Representative Offices in the countries based on an established and agreed methodology.
2. The policy was intended to guide the allocation of resources over three biennia, beginning with the biennium 2006-2007, and as with any formula-based resource allocation methodology, it was clear that some degree of resource redistribution among PAHO entities was to be expected. Thus, the way forward required consensus among Member States on the basic principles that would guide the policy and the methodology that would serve essentially as the basis for the reallocation of resources within PAHO entities, particularly among Representative Offices in the countries.
3. Among the principles that were discussed, three surfaced as the most important pillars of the policy; these were:
 - Equity,
 - Solidarity,
 - Pan Americanism.

4. The main—and most widely discussed—feature of the policy, which was a direct result of the three guiding principles, was the mathematical model that was developed to objectively determine the reallocation of resources in support of country-level cooperation. The model was driven by a needs-based formula that essentially provided a greater share of available budget resources to the countries in greatest need, adjusted by a population factor. The pros and cons of the model, as well as other evaluative comments about the policy, can be found in the Independent Evaluation Report of the PAHO Office of Internal Oversight and Evaluation Services (Document CD50/6 [2010]).

5. In addition, the application of the three principles necessitated the development of several strategies that served as important tools to managerially support the resulting resource shifts. The more significant strategies were:

- (a) The formalization of a separate subregional program budget level in recognition of, and support to, the various subregional integration processes in the Americas.
- (b) The decentralization of staff and programs to countries in support of an increased country- focused approach to technical cooperation delivery.
- (c) The application of a Results-based Management (RBM) Framework among the three formal levels of the Organization (Regional, Subregional, and Country).
- (d) The establishment of a “Country Variable Funding” budget component to give added flexibility in responding to unforeseen needs at the country level during any given biennium.

6. The current policy was to be implemented over three biennia (2006-2007; 2008-2009; and 2010-2011); however, the Member States have approved PASB’s request to extend the application of the current policy into the 2012-2013 biennium in order to allow the Secretariat to better plan the formulation of the new budget policy in consonance with the development of the next PAHO Strategic Plan (both to begin in 2014).

Purpose

7. Establish a Member State Consultative Working Group (CWG) for the development of a new PAHO Budget Policy (BP), beginning with the 2014-2015 biennium, to ensure that it responds to the needs and changing environment for technical cooperation in the countries of the Americas. The CWG will constitute a mix of expertise, including competencies in the various public health disciplines as well as in budget management. A PASB Task Force will be created, comprised of staff as well as external subject matter experts, and will act as the Secretariat of the CWG.

CWG Terms of Reference

- (a) Review the criteria of the current policy and gain an understanding of its conceptual design and intended objectives.
- (b) Review the IES Evaluation of the current Policy (ref: memo IES/10/57 dated 3 September 2010), assess the experience with its implementation, and identify both the negative and positive aspects of the policy.
- (c) Review trends in the budget policies of other intergovernmental agencies, globally and regionally, and identify relevant good practices.
- (d) Identify and discuss specific concepts and issues of substance related to the development and implementation of resource allocation policies, especially within the intergovernmental sector.
- (e) Recommend principles and criteria to guide the development of a revised budget policy to be recommended to the PAHO Governing Bodies.

Membership of the Consultative Working Group

8. The CWG should be comprised of Member States of the Americas that are representative of: a) a geographical balance; b) population size; and c) a mix of competencies and disciplines that includes: policy development; health economics, health planning; epidemiology and health metrics; and budgeting at the national and international level. A special virtual meeting of the Executive Committee will be convened for late October/early November 2011 in order to confirm the constitution of the Consultative Working Group.

Process

9. The PASB Task Force, as Secretariat of the CWG, will convene the meetings of the CWG and coordinate all other consultation venues, including virtual sessions, video- and teleconferences, document and correspondence distribution, etc. It is expected that all PAHO Member States, whether or not part of the CWG, will have the opportunity during the process to react to the work of the CWG and to offer input before the final document is prepared for approval by the Pan American Sanitary Conference in September of 2012. Wherever appropriate, the PAHO Secretariat will coordinate the work of this CWG with the development of the new PAHO Strategic Plan to ensure consistency in both processes and products.

Timeline

10. The timeline for the development of the new PAHO Budget Policy is proposed as follows:

| Dates | Steps |
|------------------------------|---|
| September 2011 | Seek 149th Session of the Executive Committee approval of the proposed creation of the Consultative Working Group, along with its Purpose, Terms of Reference, Membership structure, and Process. |
| October 2011 | Through a special virtual meeting of the 149th Session of the Executive Committee, confirm Membership to the CWG, along with approval of the TORs and workplan; agree on a date for the first CWG meeting to take place approximately mid-January 2012. |
| Mid-January 2012 | Hold first CWG meeting. |
| March 2012 | Update SPBA-6 on work of the CWG and seek further guidance. |
| Early April 2012 | Hold second CWG meeting. |
| Late April to early May 2012 | Consultative process with all Member States. |
| June 2012 | Update Executive Committee on progress of the CWG; seek endorsement/further guidance. |
| July 2012 | Further consultation with Member States (if necessary). |
| September 2012 | Present proposed new PAHO Regional Budget Policy for approval by the Pan American Sanitary Conference. |