



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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**PROPOSED PROGRAM BUDGET FOR THE PAN AMERICAN HEALTH
ORGANIZATION FOR THE FINANCIAL PERIOD 2006-2007**

Introduction

1. This document presents the first discussion and rationale behind the program structure and budget proposed in support of the request for approval by PAHO's Member States of the combined PAHO/WHO Biennial Program Budget (BPB) for 2006-2007. The proposal is the result of a participatory and iterative process, involving dialogue with national counterparts and among all levels of the Secretariat, including with WHO Headquarters in Geneva. Lessons learned from the previous biennium, as captured in the organization-wide performance assessment report for 2002-2003 presented to the 115th WHO Executive Board in Geneva, provided an important input into the process.

2. The proposed program budget for 2006-2007 expands the organization-wide results-based approach. The program formulation is based on a set of Regional Area of Work Statements that contain objectives, strategies, regionwide expected results, and indicators. The objectives incorporate the combined commitments of Member States and the Secretariat. The specific contribution of the Secretariat (country offices, regional units, and centers) to these objectives is described in terms of regionwide expected results, which form the basis for costing and estimating resource requirements over the two-year period. Performance indicators are also included to allow measurement of achievements in implementing the program budget.

3. In this cycle, a true one-program budget approach was taken, permitting offices to propose a single program funded by multiple sources, including an unfunded portion for targeting voluntary contributions in support of the overall program. In addition, a more robust and country-focused internal review process of office-specific program budget proposals was introduced with the aim of adding depth and quality to individual office work plans. Several interdisciplinary review panels were formed and tasked with the indepth review of proposals, including the review of the Situation Analysis and Technical Cooperation Strategy, along with the proposed projects, expected results, and indicators to achieve the work. The review of country program proposals occurred first, so as to allow regional units and centers to adjust their own programming in support of country needs. As a result, areas of increased collaboration among regional units and centers in support of country programs were identified. All panel reviews were subsequently analyzed by Executive Management and further direction for program adjustment was given.

Planning Mandates and Strategic Direction

4. The formulation of the BPB for 2006-2007 is based on relevant global and regional policy frameworks. This is the first program budget whereby resources are guided by the application of the Regional Program Budget Policy approved by the 45th Directing Council in September 2004. Accordingly, resources have been shifted directly

to country programs, as well as to support country needs within subregional frameworks and integration processes. These shifts will occur gradually over a period of three biennia, beginning with 2006-2007, as stipulated in the Regional Program Budget Policy. Additionally, an amount equal to 5% of the total country program allocation is being set aside in accordance with the budget policy. A separate information document is being provided to the Subcommittee on Planning and Programming with a summary of the program budget policy, along with the proposed criteria for the subregional component as well as for the proposed use of the 5% variable allocation of the country budget.

5. The Strategic Plan of the Pan American Sanitary Bureau for 2003-2007 continues to guide the direction of technical work and priority setting. Given the centrality of health in the Millennium Development Goals (MDGs), appropriate technical cooperation is being strengthened throughout the Organization to support countries in their pursuit of the health-related MDGs. In addition, the monitoring of progress towards the MDGs in the Americas continues to be integrated into the ongoing analysis of health and health systems. The program budget proposal also seeks to continue and strengthen efforts in reducing the inequities within and among countries by placing greater emphasis on the special population groups and key countries identified in the Strategic Plan.

6. The program budget proposal also continues to build on the managerial framework by focusing on the specific objectives aimed at supporting organizational change with the goal of improving the work at the country level. As a result, greater economies in management structures have been achieved as part of the process of institutional change within the Pan American Sanitary Bureau. A separate, detailed document (SPP39/INF/1) is being prepared for the Subcommittee on this subject.

7. The Secretariat has also been involved in the renewal of the WHO Managerial Framework, and consequently, extensive measures have been taken to try to synchronize the global and regional planning processes. As a result, the 2006-2007 BPB is further aligned with WHO than ever before. To the extent possible, improvements have been made in the coordination of both resource and program requirements with the global process in WHO Headquarters. The greater convergence with WHO will facilitate dialogue across all areas of the Organization, and in all stages of planning, implementation, monitoring, and reporting. As a result, greater harmonization in the dialogue with Member States on global and regional health issues should be attained.

8. The revised PAHO Areas of Work for 2006-2007 are the result of an extensive consultative process worldwide led by WHO. The PAHO Area of Work Statements provided our Region's input into the global process of organization-wide peer review of WHO Areas of Work held in Geneva in March 2004. Consequently, the PAHO Areas of Work have been streamlined from the existing 42 to 38, allowing for total convergence

with the 36 organization-wide Areas of Work defined by WHO, along with two added Areas of Work for greater specificity of the work carried out at the country level.

Resource Requirements^{*}

9. The overall PAHO/WHO regular budget proposal for 2006-2007 amounts to US\$ 275.5 million, which represents an increase of 6.2% over the current biennium. The portion of the total WHO budget allocated to the Region of the Americas (AMR) included in the proposal is \$82.4 million. This is the amount for AMR presented by the Director-General of WHO at the 115th Executive Board in January, and is subject to approval by the 58th World Health Assembly in May 2005. The proposed PAHO share, therefore, amounts to \$193.1 million.

10. The AMR share of \$82.4 million represents an increase of 13.3% over the current biennium allocation of \$72.7 million. The proposed increase is a result of an organization-wide, results-based budgeting exercise, and represents a budget amount similar, in nominal terms, to the AMR share approved for the 1998-1999 biennium. The 1998-1999 budget was the last one before the application of Resolution WHA 51.31.

11. The PAHO share of the regular budget of \$193.1 million represents an increase of \$6.3 million, or 3.4% over the current biennium budget of \$186.8 million. Funding of the PAHO share of \$193.1 million is proposed as follows: \$14.5 million in projected miscellaneous income and \$178.6 million from assessments to Member States. The miscellaneous income projection is \$1 million above the amount budgeted for 2004-2005, and reflects a cautious, mild optimism in the external investment climate. The proposed increase in assessments of \$5.3 million is 3.1% over the current assessment level of \$173.3 million.

12. The proposed budget level of \$275.5 million serves to protect an already taxed program budget level that is needed to offer an appropriate level of response to the increasing needs and demands of Member States. The proposed increase of 6.2% to the total budget provides for the unavoidable and substantial rise in the cost of international staff that has been witnessed throughout the entire Region as a result of the falling U.S. dollar worldwide. Inflationary costs on core program activities have not been incorporated and are being absorbed through efficiencies in order to minimize the proposed increase in assessments to Member States.

13. This is only the first step of a process. The preliminary budget figures shown here are the best possible approximation of the BPB 2006-2007 based on the collective work plans from countries, centers, and regional units. The figures include the estimated

* See Annex.

cost of international staff throughout the Region for the next biennium. Following the comments and observations of the 39th Subcommittee on Planning and Programming, the program and budget will be adjusted as necessary, and a revised and more detailed document will be submitted for review by the Executive Committee in June 2005. That presentation will also depend on the level of the WHO Program Budget for 2006-2007 to be approved by the 58th World Health Assembly, as that will determine the AMR share, which forms an integral part of the PAHO/WHO budget.

14. The Secretariat will need to continue to strive for efficiencies by streamlining operations and realigning program areas where possible in order to absorb added costs. This reality, combined with the commitment to increase funding to countries and to sub-regional programs in accordance with the Regional Program Budget Policy, will continue to reduce the budget available for regional activities which focus on the normative work of the Organization and on backstopping needs of countries.

15. Indeed, continued change will be essential for the Organization to be successful in reaching its objectives with the current budgetary situation, and our challenge will continue to be to find ways to achieve more with less.

Table 1

THE PROPOSED PAHO/WHO PROGRAM BUDGET FOR 2006-2007

	<u>2004-2005</u>	<u>Change</u>	<u>2006-2007</u>	<u>%</u>
<u>To be Financed From:</u>				
PAHO quotas	173,300	5,307	178,607	3.1%
Miscellaneous income	13,500	1,000	14,500	7.4%
WHO/AMRO	72,730	9,653	82,383	13.3%
Total	259,530	15,960	275,490	6.2%
<u>By Major Cost Type</u>				
Post	159,060	15,960	175,019	10.0%
Retirees' Health Insurance	6,000	(1,000)	5,000	-16.7%
Non-post	94,471	1,000	95,471	1.1%
Total	259,530	15,960	275,490	6.2%
<u>By Functional Level</u>				
Regional	144,108	6,284	150,392	55.6%
Sub-regional	15,326	1,985	17,311	6.4%
Country	94,096	8,691	102,787	38.0%
Retirees' Health Insurance	6,000	(1,000)	5,000	
Total	259,530	15,960	275,490	

Table 2
PAHO/WHO Regular Budget Allocation
by Area of Work

<i>Area of Work</i>	<i>2004-2005</i>	<i>2006-2007</i>	<i>Increase/ (decrease)</i>	<i>%</i>
<i>Communicable Diseases</i>				
Communicable Disease Prevention and Control	18,581,000	19,286,000	705,000	
Communicable Disease Research	470,000	584,000	114,000	
Epidemic Alert and Response	1,292,000	2,069,000	777,000	
Malaria	905,000	1,099,000	194,000	
Tuberculosis	1,282,000	1,295,000	13,000	
HIV/AIDS	2,041,000	1,990,000	-51,000	
<i>Total - Communicable Diseases</i>	24,571,000	26,323,000	1,752,000	7.1%
<i>Non-Communicable Disease and Reduction of Risk</i>				
Surveillance, Prevention and Management of Chronic, Noncommunicable Diseases	4,643,000	5,228,000	585,000	
Mental Health and Substance Abuse	2,407,000	2,721,000	314,000	
Tobacco	828,000	903,000	75,000	
Nutrition	6,854,000	6,769,000	-85,000	
Violence, Injuries and Disabilities	851,000	1,050,000	199,000	
<i>Total - Non-Communicable Disease and Reduction of Risk</i>	15,583,000	16,671,000	1,088,000	7.0%
<i>Sustainable Development and Environmental Health</i>				
Health Promotion	8,192,000	7,745,000	-447,000	
Health and Environment	19,310,000	19,317,000	7,000	
Food Safety	3,970,000	4,075,000	105,000	
<i>Total - Sustainable Development and Environmental Health</i>	31,472,000	31,137,000	-335,000	-1.1%
<i>Family and Community Health</i>				
Reproductive Health	701,000	878,000	177,000	
Making Pregnancy Safer	4,060,000	4,258,000	198,000	
Gender, Women and Health	1,238,000	1,896,000	658,000	
Child and Adolescent Health	4,616,000	4,298,000	-318,000	
Immunization and Vaccine Development	3,672,000	3,286,000	-386,000	
<i>Total - Family and Community Health</i>	14,287,000	14,616,000	329,000	2.3%
<i>Health Technologies</i>				
Essential Medicines	2,369,000	2,787,000	418,000	
Essential Health Technologies	2,369,000	2,363,000	-6,000	
<i>Total - Health Technologies</i>	4,738,000	5,150,000	412,000	8.7%

Table 2 (cont.)
PAHO/WHO Regular Budget Allocation
by Area of Work

<i>Area of Work</i>	<i>2004-2005</i>	<i>2006-2007</i>	<i>Increase/ (decrease)</i>	<i>%</i>
<i>Health Systems Development</i>				
Policy-making for Health in Development	19,610,000	20,488,000	878,000	
Health Systems Policies and Service Delivery	7,062,000	7,938,000	876,000	
Human Resources for Health	9,351,000	9,346,000	-5,000	
Health Financing and Social Protection	4,664,000	4,435,000	-229,000	
Health Information, Evidence and Research Policy	14,166,000	15,320,000	1,154,000	
Emergency Preparedness and Response	1,435,000	1,607,000	172,000	
<i>Total - Health Systems Development</i>	56,288,000	59,134,000	2,846,000	5.1%
<i>Knowledge Management and Information Technology</i>				
Knowledge Management and Information Technology	19,065,000	19,997,000	932,000	
<i>Total - Knowledge Management and Information Technology</i>	19,065,000	19,997,000	932,000	4.9%
<i>Managerial and Administrative Processes</i>				
Planning, Resource Coordination and Oversight	5,019,000	5,165,000	146,000	
Human Resources Management	6,630,000	6,877,000	247,000	
Budget and Financial Management	9,481,000	9,661,000	180,000	
Infrastructure and Logistics	12,288,000	12,539,000	251,000	
Governing Bodies	3,602,000	3,512,000	-90,000	
External Relations	3,797,000	4,329,000	532,000	
Direction	6,399,000	6,714,000	315,000	
<i>Total - Managerial and Administrative Processes</i>	47,216,000	48,797,000	1,581,000	3.3%
<i>Core Presence in Countries</i>				
Country Cooperation Leadership and Coordination	18,299,000	20,177,000	1,878,000	
Country Office Operations	18,773,000	21,867,000	3,094,000	
Technical Cooperation Among Countries	3,238,000	1,482,000	-1,756,000	
Country Variable Allocation *	0	5,139,000	5,139,000	
<i>Total - Core Presence in Countries</i>	40,310,000	48,665,000	8,355,000	20.7%
<i>Other</i>				
Retirees' Health Insurance	6,000,000	5,000,000	-1,000,000	
<i>Total - Other</i>	6,000,000	5,000,000	-1,000,000	-16.7%
<i>Grand Total</i>	259,530,000	275,490,000	15,960,000	6.2%

* Represents 5% of the total Country allocation and is to be allocated based on the criteria approved by the Subcommittee on Planning and Programming

Table 3

Estimate of PAHO/WHO Voluntary Contributions by Area of Work

<i>Area of Work</i>	<i>2004-2005</i>	<i>2006-2007</i>	<i>Increase/ (decrease)</i>	<i>%</i>
<i>Communicable Diseases</i>				
Communicable Disease Prevention and Control	13,147,000	15,905,000	2,758,000	
Communicable Disease Research	4,087,000	4,950,000	863,000	
Epidemic Alert and Response	5,000,000	5,282,000	282,000	
Malaria	12,606,000	12,870,000	264,000	
Tuberculosis	5,832,000	5,940,000	108,000	
HIV/AIDS	29,923,000	35,496,000	5,573,000	
<i>Total - Communicable Diseases</i>	70,595,000	80,443,000	9,848,000	13.9%
<i>Non-Communicable Disease and Reduction of Risk</i>				
Surveillance, Prevention and Management of Chronic, Noncommunicable Diseases	5,104,000	5,104,000	0	
Mental Health and Substance Abuse	2,041,000	3,589,000	1,548,000	
Tobacco	1,070,000	1,195,000	125,000	
Nutrition	4,220,000	4,358,000	138,000	
Violence, Injuries and Disabilities		891,000	891,000	
<i>Total - Non-Communicable Disease and Reduction of Risk</i>	12,435,000	15,137,000	2,702,000	21.7%
<i>Sustainable Development and Environmental Health</i>				
Health Promotion	3,109,000	3,187,000	78,000	
Health and Environment	7,443,000	8,135,000	692,000	
Food Safety	2,858,000	3,800,000	942,000	
<i>Total - Sustainable Development and Environmental Health</i>	13,410,000	15,122,000	1,712,000	12.8%
<i>Family and Community Health</i>				
Reproductive Health	1,000,000	1,143,000	143,000	
Making Pregnancy Safer	2,100,000	2,633,000	533,000	
Gender, Women and Health	1,500,000	1,783,000	283,000	
Child and Adolescent Health	8,102,000	9,933,000	1,831,000	
Immunization and Vaccine Development	19,365,000	20,981,000	1,616,000	
<i>Total - Family and Community Health</i>	32,067,000	36,473,000	4,406,000	13.7%
<i>Health Technologies</i>				
Essential Medicines	6,717,000	7,721,000	1,004,000	
Essential Health Technologies	1,764,000	2,210,000	446,000	
<i>Total - Health Technologies</i>	8,481,000	9,931,000	1,450,000	17.1%

Table 3 (cont.)

Estimate of PAHO/WHO Voluntary Contributions by Area of Work

<i>Area of Work</i>	<i>2004-2005</i>	<i>2006-2007</i>	<i>Increase/ (decrease)</i>	<i>%</i>
<i>Health Systems Development</i>				
Policy-making for Health in Development	8,758,000	10,316,000	1,558,000	
Health Systems Policies and Service Delivery	16,380,000	19,877,000	3,497,000	
Human Resources for Health	3,474,000	4,752,000	1,278,000	
Health Financing and Social Protection	3,462,000	3,759,000	297,000	
Health Information, Evidence and Research Policy	4,985,000	5,831,000	846,000	
Emergency Preparedness and Response	31,619,000	41,029,000	9,410,000	
<i>Total - Health Systems Development</i>	68,678,000	85,564,000	16,886,000	24.6%
<i>Knowledge Management and Information Technology</i>				
Knowledge Management and Information Technology	4,902,000	9,619,000	4,717,000	
<i>Total - Knowledge Management and Information Technology</i>	4,902,000	9,619,000	4,717,000	96.2%
<i>Managerial and Administrative Processes</i>				
Planning, Resource Coordination and Oversight	500,000	1,047,000	547,000	
Human Resources Management	1,000,000	4,244,000	3,244,000	
Budget and Financial Management		1,762,000	1,762,000	
Infrastructure and Logistics	2,500,000	4,356,000	1,856,000	
Governing Bodies		1,544,000	1,544,000	
External Relations	522,000	744,000	222,000	
Direction	3,000	798,000	795,000	
<i>Total - Managerial and Administrative Processes</i>	4,525,000	14,495,000	9,970,000	220.3%
<i>Core Presence in Countries</i>				
Country Cooperation Leadership and Coordination	5,018,000	8,147,000	3,129,000	
Country Office Operations	714,000	800,000	86,000	
Technical Cooperation Among Countries				
Country Variable Allocation*				
<i>Total - Core Presence in Countries</i>	5,732,000	8,947,000	3,215,000	56.1%
<i>Other</i>				
Retirees' Health Insurance				
<i>Total - Other</i>				
<i>Grand Total</i>	220,825,000	275,731,000	54,906,000	24.9%

* Not applicable for Other Sources funding

Table 4

PAHO/WHO All Resources - Summary by Area of Work

<i>Area of Work</i>	<i>2004-2005</i>	<i>2006-2007</i>	<i>Increase/ (decrease)</i>	<i>%</i>
<i>Communicable Diseases</i>				
Communicable Disease Prevention and Control	31,728,000	35,191,000	3,463,000	
Communicable Disease Research	4,557,000	5,534,000	977,000	
Epidemic Alert and Response	6,292,000	7,351,000	1,059,000	
Malaria	13,511,000	13,969,000	458,000	
Tuberculosis	7,114,000	7,235,000	121,000	
HIV/AIDS	31,964,000	37,486,000	5,522,000	
<i>Total - Communicable Diseases</i>	95,166,000	106,766,000	11,600,000	12.2%
<i>Non-Communicable Disease and Reduction of Risk</i>				
Surveillance, Prevention and Management of Chronic, Noncommunicable Diseases	9,747,000	10,332,000	585,000	
Mental Health and Substance Abuse	0	0	0	
Tobacco	4,448,000	6,310,000	1,862,000	
Nutrition	1,898,000	2,098,000	200,000	
Violence, Injuries and Disabilities	11,074,000	11,127,000	53,000	
	851,000	1,941,000	1,090,000	
<i>Total - Non-Communicable Disease and Reduction of Risk</i>	28,018,000	31,808,000	3,790,000	13.5%
<i>Sustainable Development and Environmental Health</i>				
Health Promotion	11,301,000	10,932,000	(369,000)	
Health and Environment	26,753,000	27,452,000	699,000	
Food Safety	6,828,000	7,875,000	1,047,000	
<i>Total - Sustainable Development and Environmental Health</i>	44,882,000	46,259,000	1,377,000	3.1%
<i>Family and Community Health</i>				
Reproductive Health	1,701,000	2,021,000	320,000	
Making Pregnancy Safer	6,160,000	6,891,000	731,000	
Gender, Women and Health	2,738,000	3,679,000	941,000	
Child and Adolescent Health	12,718,000	14,231,000	1,513,000	
Immunization and Vaccine Development	23,037,000	24,267,000	1,230,000	
<i>Total - Family and Community Health</i>	46,354,000	51,089,000	4,735,000	10.2%
<i>Health Technologies</i>				
Essential Medicines	9,086,000	10,508,000	1,422,000	
Essential Health Technologies	4,133,000	4,573,000	440,000	
<i>Total - Health Technologies</i>	13,219,000	15,081,000	1,862,000	14.1%

Table 4 (cont.)

PAHO/WHO All Resources - Summary by Area of Work

<i>Area of Work</i>	<i>2004-2005</i>	<i>2006-2007</i>	<i>Increase/ (decrease)</i>	<i>%</i>
<i>Health Systems Development</i>				
Policy-making for Health in Development	28,368,000	30,804,000	2,436,000	
Health Systems Policies and Service Delivery	23,442,000	27,815,000	4,373,000	
Human Resources for Health	12,825,000	14,098,000	1,273,000	
Health Financing and Social Protection	8,126,000	8,194,000	68,000	
Health Information, Evidence and Research Policy	19,151,000	21,151,000	2,000,000	
Emergency Preparedness and Response	33,054,000	42,636,000	9,582,000	
<i>Total - Health Systems Development</i>	124,966,000	144,698,000	19,732,000	15.8%
<i>Knowledge Management and Information Technology</i>				
Knowledge Management and Information Technology	23,967,000	29,616,000	5,649,000	
<i>Total - Knowledge Management and Information Technology</i>	23,967,000	29,616,000	5,649,000	23.6%
<i>Managerial and Administrative Processes</i>				
Planning, Resource Coordination and Oversight	5,519,000	6,212,000	693,000	
Human Resources Management	7,630,000	11,121,000	3,491,000	
Budget and Financial Management	9,481,000	11,423,000	1,942,000	
Infrastructure and Logistics	14,788,000	16,895,000	2,107,000	
Governing Bodies	3,602,000	5,056,000	1,454,000	
External Relations	4,319,000	5,073,000	754,000	
Direction	6,402,000	7,512,000	1,110,000	
<i>Total - Managerial and Administrative Processes</i>	51,741,000	63,292,000	11,551,000	22.3%
<i>Core Presence in Countries</i>				
Country Cooperation Leadership and Coordination	23,317,000	28,324,000	5,007,000	
Country Office Operations	19,487,000	22,667,000	3,180,000	
Technical Cooperation Among Countries	3,238,000	1,482,000	(1,756,000)	
Country Variable Allocation *	0	5,139,000	5,139,000	
<i>Total - Core Presence in Countries</i>	46,042,000	57,612,000	11,570,000	25.1%
<i>Other</i>				
Retirees' Health Insurance	6,000,000	5,000,000	(1,000,000)	
<i>Total - Other</i>	6,000,000	5,000,000	(1,000,000)	-16.7%
<i>Grand Total</i>	480,355,000	551,221,000	70,866,000	14.8%

* Applicable only to regular budget funding and is to be allocated based on the criteria approved by the Subcommittee on Planning and Programming