

directing council



PAN AMERICAN
HEALTH
ORGANIZATION

XIX Meeting

regional committee

WORLD
HEALTH
ORGANIZATION

XXI Meeting



Washington, D. C.
September-October 1969

Provisional Agenda Item 11

CD19/23 (Eng.)
27 August 1969
ORIGINAL: ENGLISH

PROPOSED PROGRAM AND BUDGET OF THE PAN AMERICAN HEALTH ORGANIZATION FOR 1970

The Director has the honor to report to the Directing Council that, in accordance with Resolution XI of the XVIII Meeting of the Directing Council, he undertook further consultations with Governments to determine their latest desires and requirements in relation to the priorities of the Organization. Pursuant to paragraph 3.4 of the Financial Regulations, the Director submitted to the 61st Meeting of the Executive Committee the Proposed Program and Budget of the Pan American Health Organization for 1970, in Document CE61/5, which has now been incorporated in Official Document No. 92.

The Executive Committee, in accordance with Article 14(C) of the Constitution of the Pan American Health Organization and Financial Regulation 3.5, examined the proposal in detail and approved Resolution XIX, which reads as follows:

"THE EXECUTIVE COMMITTEE,

Having studied in detail the provisional draft of the Proposed Program and Budget of the Pan American Health Organization for 1970 (Official Document No. 85) and the modifications thereto appearing in Document CE61/5 prepared by the Director;

Recalling that the XVIII Directing Council of the Pan American Health Organization in Resolution XI instructed the Committee to submit its recommendations thereon to the XIX Meeting of the Directing Council;

Considering that the programs in the aforementioned documents are soundly conceived and much needed public health projects;

Recalling, nevertheless, the need for fiscal restraint and financial prudence at a time when the budgets of all international organizations are increasing, thus placing heavy monetary drains on Members, many of whom also face internal budgetary problems and balance of payments difficulties;

Recognizing that the program and budget for the Pan American Health Organization for 1970 must be considered within the context of the requirements of all international organizations designed to help the Governments to raise the level of well-being of their own people and of mankind;

Acknowledging that the Director, with his broad overview of the operations and particularly those of a multinational or regional nature is in the best position to determine where program and budget modifications may be most judiciously made; and

Bearing in mind Article 14-C of the Constitution of the PAHO and Financial Regulations 3.5 and 3.6

RESOLVES:

1. To commend for favorable consideration of the XIX Meeting of the Directing Council a proposed program and budget for the Pan American Health Organization for 1970 at a level of no more than \$13,852,119, which represents an increase of 10 per cent over the level for 1969.
2. To suggest the Director to report to the XIX Meeting of the Directing Council where the program and budget should be modified to sustain a program and budget level of no more than \$13,852,119 for 1970.
3. To recommend to the Director that in complying with paragraphs 1 and 2 he give particular attention to:
 - a) reducing the amount of the transfer to the Working Capital Fund from the proposed \$330,000 to \$150,000, or less;
 - b) absorbing fully the increased costs of the salary and educational allowance increases by program adjustments; and
 - c) utilizing savings that accrue normally from lapses and delays in the initiation and implementation of projects and programs.

4. To leave to the discretion of the Director the postponement of the initiation of projects of a lower priority.

5. To recommend to the Director that he give particular attention to possible reductions in inter-country projects."

In accordance with Financial Regulation 3.6, the proposed program and budget, representing an increase of 13 per cent as shown in O.D. 92 is submitted to the Directing Council for consideration, together with the recommendations made thereon by the Executive Committee in its Resolution XIX for an increase of 10 per cent. An analysis of the budget elements in each proposed level, and their relation to the program of the Organization is presented below to assist the Directing Council in its study.

The Director wishes to draw attention to the fact that the Proposed Program and Budget for 1970 as presented in Official Document No. 92 includes an additional 1.4 per cent increase over 1969, as compared to the increase of 11.6 per cent presented to the XVIII Directing Council in Official Document No. 85.

This addition was due to the salary scale approved by the United Nations and followed by the World Health Organization and the Pan American Health Organization. The increase, amounting to \$375,000 represented a further 3 per cent over the 1969 level. This, if added to the 11.6 per cent contained in Official Document No. 85, would have resulted in a percentage increase of 14.6. However, the Director, bearing in mind the need for fiscal restraint, chose to absorb \$202,596 of the \$375,000 into the original 11.6 per cent, primarily by reducing or postponing inter-country projects. By absorbing a part of this additional salary cost, the remaining increase over Official Document No. 85 is \$172,404, 1.4 per cent.

In addition to the 3 per cent for salaries explained above, there are other cost factors which reduce the amount available for new programs. The primary increase is due to inflationary costs conservatively estimated at 5 per cent. This includes the Post Adjustment for professional staff which, under the UN system, followed by WHO and PAHO, is adjusted whenever the cost of living at any post rises more than 5 per cent. It also includes local salary increases which are effected to match rises in the area prevailing rates. As an example, it was necessary, effective 1 July of this year, to increase the local salary rates in Washington by 8 per cent at an annual cost of approximately \$132,000, to conform to prevailing rate increases. In addition there must be taken into account the price increases in the whole range of expenditures for common services, supplies, travel and transportation, fellowship stipends and contractual services. Taking into account the current

inflation in normally stable cost areas such as the United States, this estimate of 5 per cent based on studies in prior years, undoubtedly is too low.

Another factor which reduces the amount available for program expansion is the continuing absorption by the Organization of malaria eradication activities from the Special Malaria Fund into its regular budget. This commitment requires \$200,000 a year representing a budget increase of 1.6 per cent.

The table below presents a comparison of the portion of the budget increase of the budget for each element in O.D. 85, O.D. 92 and the Executive Committee's proposal.

<u>BUDGET ELEMENT</u>	<u>O.D.85</u>	<u>O.D.92</u>	<u>E.C. Proposal</u>
Inflationary Costs	5.0	5.0	5.0
Absorption Malaria Eradication from SMF	1.6	1.6	1.6
Professional Salary Increase	-	3.0	3.0
Program Development	5.0	3.4	0.4
TOTAL PERCENTAGE INCREASE	<u>11.6</u>	<u>13.0</u>	<u>10.0</u>

From the above table it will be noted that the modest 5 per cent originally intended for program expansion to meet the needs of governments has shrunk to 3.4 per cent in O.D. 92 and practically disappears in the Executive Committee's proposal.

In the face of this trend toward budgetary restriction, requirements have appeared for new programs beyond those included in O.D. 92. The study of a financial plan for the Institute of Nutrition for Central America and Panama (INCAP), requested by the Directing Council at its XVIII Meeting, was made with a view to its transformation into a center for advice, training and research serving all the Governments of the Continent. An increase of \$90,000, or 0.7 per cent in 1970 is needed for this purpose.

The importance of renewing and intensifying the attack on Aedes aegypti was discussed by the Executive Committee. The additional requirements for this program, especially for the Caribbean area as shown in O.D. 92, Annex 4, amount to \$159,000, or 1.3 per cent increase.

Requests are mounting, in South America and other areas, for assistance with polio and measles vaccination programs. Protection against the latter disease has acquired a new sense of urgency since studies have shown its fatal effects when combined with malnutrition. Requirements for international assistance in these two diseases are estimated at \$200,000, or an increase of 1.6 per cent in 1970.

To fill the needs for the above programs a further 3.6 per cent budget rise would be required, beyond the 3.4 per cent for program development presented in O.D.92. This, of course, does not include the additional program needs shown in O.D.92, Annex 4 amounting to 4.7 million dollars.

Mindful of the suggestions of the Executive Committee the Director has restudied the budgetary requirements, bearing in mind the criteria mentioned in Resolution XIX quoted above as well as the additional needs not foreseen in O.D.92. The Director will provide all possible assistance to the Directing Council in its study of the program and budget to determine the level of program development it wishes to support.