



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



136th SESSION OF THE EXECUTIVE COMMITTEE

Buenos Aires, Argentina, 20-24 June 2005

Provisional Agenda Item 5

CE136/INF/5 (Eng.)

2 June 2005

ORIGINAL: ENGLISH

USE OF VOLUNTARY CONTRIBUTIONS IN THE PAHO/WHO PROGRAM BUDGET

1. During the 39th Session of the Subcommittee on Planning and Programming of the Executive Committee in March 2005, Member States expressed their desire to better understand the rationale for the significant increase in the level of voluntary contributions estimated and included in PAHO's proposed biennial program budget (BPB) for 2006-2007. In order to fully appreciate the evolution in the thinking behind the estimates, a little history is necessary.
2. Prior to the development of the BPB 2006-2007, the policy for the estimation of voluntary contributions—formerly referred to as extrabudgetary funds—was to use the known, fixed commitments from financial partners at the time of the preparation of the budget. This led to relatively low amounts compared to the regular budget levels proposed, and much lower than the actual amounts of voluntary contributions eventually received during the stated biennium. Thus, the estimates did not accurately portray a true level of expected funding of the Organization's programs.
3. For the 2006-2007 biennium, the PAHO Secretariat is introducing the concept of 'one program budget,' to incorporate the expected results reflecting the totality of the work that is anticipated with the support of known funding and that estimated to be mobilized. In this framework, which has been used by WHO for sometime, regionwide expected results are planned and developed to address the public health issues and challenges identified for a given Area of Work. The total resources needed to deliver the expected results are then estimated.
4. The resource requirements are divided into two funding types: regular budget funding (derived from assessments to Member States), and funding from other sources, now termed "voluntary contributions." Any gap in resource requirements after considering these two funding sources is identified as "unfunded." The unfunded

category represents a further opportunity for resource mobilization by the Secretariat in order to achieve the stated expected results.

5. The results-based methodology described above for the BPB 2006-2007 naturally leads to a much higher estimation of resource levels than projections based on known commitments. However, the amount of estimated resources based on results, when done properly, will be more accurate. With the former method of estimating resources, there would always be a significant difference between the level of voluntary contributions estimated and the level actually received.

6. The table below illustrates the difference between the estimated and the actual voluntary contributions in recent biennia.

PAHO/WHO Voluntary Contributions in Recent Biennia

	2000-2001	2002-2003	2004-2005
Included in proposal	\$68,600,000	\$55,500,000	\$55,800,000
Actual implementation	\$130,420,000	\$140,309,000	\$163,197,000 *

* Data through 31 March 2005.

7. There are two main sources of voluntary contributions, those mobilized by WHO on behalf of the entire global organization and the PAHO voluntary contributions mobilized by PAHO for the Americas.

8. By the end of 2005, the voluntary contributions to the PAHO program budget are expected to reach US\$ 230 million. This is expected to increase to \$265.5 million for the BPB 2006-2007. These estimates are partly due to WHO's resource mobilization efforts. WHO's estimate for voluntary contributions for 2004-2005 amounted to approximately \$1.8 billion; and for the 2006-2007 biennium, WHO's target amounts to \$2.2 billion. AMRO's share of that total is estimated at \$120 million compared to \$94 million in 2004-2005. The level of voluntary contributions coming from PAHO sources directly is estimated at \$145 million in the 2006-2007 biennium, about the same that is expected for the 2004-2005 biennium.

9. In conclusion, the strengthening of the results-based management process at PAHO has transformed the budgeting process into one that provides a best estimate of the total funding requirements to carry out its program. It is no longer done based on known, firm commitments.

- - -