



PAN AMERICAN HEALTH ORGANIZATION  
WORLD HEALTH ORGANIZATION



## 148th SESSION OF THE EXECUTIVE COMMITTEE

*Washington, D.C., USA, 20-24 June 2011*

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*Provisional Agenda Item 3.1*

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### **REPORT ON THE FIFTH SESSION OF THE SUBCOMMITTEE ON PROGRAM, BUDGET, AND ADMINISTRATION**

1. The Subcommittee on Program, Budget, and Administration held its Fifth Session at the Organization's Headquarters in Washington, D.C., from 16 to 18 March 2011.
2. The meeting was attended by representatives of the following members of the Subcommittee elected by the Executive Committee or designated by the Director: Guatemala, Mexico, Panama, Paraguay, Saint Vincent and the Grenadines, United States of America, and Venezuela. Representatives of Argentina, Bolivia, Brazil, Canada, and Suriname attended in an observer capacity.
3. Elected as officers were the Delegates of Mexico (President), United States of America (Vice President), and Panama (Rapporteur).
4. The Subcommittee discussed the following agenda items:
  - PAHO Program and Budget 2012–2013,
  - Nongovernmental Organizations in Official Relations with PAHO,
  - Overview of the Financial Report of the Director for 2010,
  - Status of the Implementation of the International Public Sector Accounting Standards (IPSAS),
  - Master Capital Investment Plan,

- Status of Projects Funded from the PAHO Holding Account,
- Amendments to the PASB Staff Rules and Regulations,
- WHO Medium-term Strategic Plan 2008-2013 and Proposed Program Budget 2012–2013,
- Draft Provisional Agenda for the 148th Session of the Executive Committee.

5. Under “Other Matters” Dr. Pilar Ramón-Pardo (Advisor, Antimicrobial Resistance, PASB) reported on plans for World Health Day, 7 April 2011; Ms. Alba María Roperó (Advisor, Immunization, PASB) reported on plans for Vaccination Week in the Americas, 23-30 April 2011; Ms. Silvana Luciani (Advisor, Cancer Prevention and Control, PASB) updated the Subcommittee on preparations for the high-level meeting of the United Nations General Assembly on prevention and control of noncommunicable diseases to be held 19 and 20 September 2011; Dr. Leonardo Hernández (Advisor, Emergency Preparedness and Response) and Dr. Pablo Jiménez (Advisor, Radiology, PASB) reported, respectively, on the activation of the Emergency Operations Center in response to the earthquake and tsunami alert, and nuclear emergency related to the damaged Fukushima nuclear power plant; Ms. Piedad Huerta (Advisor, Governing Bodies, PASB) reported on activities of the Audit Committee.

6. The final report of the Session is attached.

Annex



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**FIFTH SESSION OF THE SUBCOMMITTEE ON PROGRAM,  
BUDGET, AND ADMINISTRATION OF THE EXECUTIVE  
COMMITTEE**

*Washington, D.C., USA, 16-18 March 2011*

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**FINAL REPORT**

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## FINAL REPORT

1. The Fifth Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee of the Pan American Health Organization (PAHO) was held at the Organization's Headquarters in Washington, D.C., from 16 to 18 March 2011.

2. The meeting was attended by representatives of the following members of the Subcommittee elected by the Executive Committee or designated by the Director: the Bolivarian Republic of Venezuela, Guatemala, Mexico, Panama, Paraguay, Saint Vincent and the Grenadines, and the United States of America. Representatives of Argentina, Bolivia, Brazil, Canada, and Suriname attended in an observer capacity.

### Opening of the Session

3. The Director of the Pan American Sanitary Bureau (PASB), Dr. Mirta Roses Periago, opened the session and welcomed the participants, extending a special welcome to the observers, whose presence at the session was evidence of their interest in and support for the work of the Organization, and to the Delegate of Saint Vincent and the Grenadines, who is the new Minister of Health of that country and who is also a Member of the Executive Committee. She noted that the Subcommittee would be focusing mainly on financial and administrative matters. While such matters might not be topics of keen interest to public health professionals, they were of crucial importance because they concerned the resources that made the public health work of the Organization possible. She was certain that the Subcommittee's discussions on those matters would greatly facilitate the work of the Executive Committee in June.

### Officers

4. The following Member States were elected to serve as officers of the Subcommittee for the Fifth Session:

*President:* Mexico (Ms. Ana María Sánchez)

*Vice President:* United States of America (Ms. Ann Blackwood)

*Rapporteur:* Panama (Dr. Félix Bonilla)

5. Paraguay (represented by Dr. Edgar Giménez) was elected to serve as Rapporteur *pro tempore* in the absence of the representative of Panama on the morning of Thursday, 17 March 2011.

6. Dr. Mirta Roses Periago (Director, PASB) served as Secretary *ex officio*, and Dr. Jon Kim Andrus (Deputy Director, PASB) served as Technical Secretary.

**Adoption of the Agenda and Program of Meetings (Documents SPBA5/1, Rev. 1 and SPBA5/WP/1)**

7. The Subcommittee adopted the provisional agenda submitted by the Director (Document SPBA5/1, Rev. 1) without change. The Subcommittee also adopted a Program of Meetings (Document SPBA5/WP/1).

**Program Policy Matters**

***Draft Proposed Program and Budget 2012–2013 of the Pan American Health Organization (Documents SPBA5/2, Rev. 1; SPBA5/2, Add. I; and SPBA5/2, Add. I, Corr.)***

8. Dr. Isaías Daniel Gutiérrez (Area Manager, Planning, Budget, and Resource Coordination, PASB) introduced the draft proposed program and budget for 2012–2013, noting that the proposal comprised three segments: PAHO/WHO base programs; outbreak, crisis, and response; and government-financed internal projects. The proposal presented only overall budget figures for the 16 strategic objectives contained in the PAHO Strategic Plan 2008-2012. The breakdown of figures for the various levels (regional, subregional, and country) were still being calculated and would be included in the budget proposal to be submitted to the Executive Committee in June.

9. The proposed budget level for 2012–2013 was the same as for 2010–2011 (\$642.9 million).<sup>1</sup> The proposal called for a reduction of 18 fixed-term posts (FTPs), which would generate \$4.9 million in savings during the biennium. Despite the decrease in posts, however, post-related costs would rise as a result of inflation and statutory increases. Consequently, less would be available than in 2010–2011 for the non-FTP component (i.e., the budget for program and operational activities and for personnel other than fixed-term personnel). Notwithstanding steady reductions in posts over several bienniums, good progress was being made towards the achievement of the strategic objectives and the Region-wide expected results under the Strategic Plan, thanks to substantial gains in efficiency and productivity.

10. Three funding scenarios were proposed: scenario A, in which the inflationary and statutory costs already incurred during 2010–2011 for the post and non-post components of the budget would be recovered through a 10.5% increase in assessed contributions from Member States; scenario B, in which some costs would be recovered through a 6.7% rise in assessed contributions, while other costs would have to be absorbed; and scenario C, in which there would be zero nominal growth in assessed contributions and all costs would have to be absorbed, resulting in substantial cuts to operations. The

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<sup>1</sup> Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

proposal presented in Document SPBA5/2, Rev. 1, was based on scenario B. In all scenarios, a decline in voluntary contributions and miscellaneous income was expected, and in all cases the amount available for program and operational activities would decline (the percentage change ranging from –15.5% in scenario A to –37.8% in scenario C overall and from –49.6% to –96.6% in those scenarios at the regional level). Details of the impact of each scenario was provided in Document SPBA5/2, Add. I.

11. The Subcommittee welcomed the detail and transparency of the program and budget proposal and expressed appreciation to the Bureau for preparing the three scenarios. The Subcommittee also applauded the Organization's efforts to enhance its efficiency and productivity. Some delegates strongly favored scenario C, while others supported scenario A. The latter group underscored the importance of preserving the public health gains made to date and of safeguarding the Region against threats such as pandemic influenza. They pointed out that 2012–2013 would be the last biennium in the period covered by the Strategic Plan, and expressed concern that the Organization's ability to achieve the strategic objectives established under the Plan would be severely compromised if the budget for technical cooperation activities were reduced to the extent envisaged in scenario C. They also noted that even in the best-case scenario, the budget for technical cooperation activities would fall significantly, and voiced concern about the impact of the reductions on the Region's ability to attain the health-related Millennium Development Goals. One delegate, highlighting the need to increase, not reduce, investment in social and health programs during times of crisis, observed that reducing and streamlining would not necessarily lead to greater efficiency and that sometimes organizations became more efficient and effective through growth and expansion.

12. The delegates who favored a zero-nominal-growth scenario, while affirming the importance of PAHO's work and recognizing the difficulties that the reductions would entail for the Organization, stressed the need for austerity in the current economic climate. They pointed out that Member States were continuing to grapple with the effects of the financial crisis of 2008-2009 and that their governments faced significant financial constraints and potential budget cuts and would have difficulty meeting their current obligations to the Organization, let alone absorbing an increase in their quota contributions. They felt that PAHO had no choice but to join in the retrenchment that other international organizations were undergoing. One delegate, noting that her Government had not yet decided which scenario it would support, said that in order to agree to an increase in assessed contributions it would require strong justification, including demonstration of the Organization's programmatic achievements and of the public health impact of its work.

13. The Subcommittee sought clarification and additional information on a number of matters. The Bureau was asked to include in the budget proposal to be submitted to the Executive Committee further detail on the implications of the various scenarios, especially the effect of the reductions in the non-FTP budget on the achievement of the

various strategic objectives under the Strategic Plan. Additional comparative data, particularly with regard to trends in funding for the strategic objectives, were also requested. One delegate asked for details on the distribution of budget funds among the three levels of the Organization (regional, subregional, and country) and, in particular, on the activities being funded at the subregional level.

14. Concern was expressed about the significant reduction in funding proposed for Strategic Objective 2 (Combat HIV/AIDS, tuberculosis, and malaria), and additional information was requested about the proposed changes in funding for Strategic Objectives 15 (Provide leadership, strengthen governance, and foster partnership and collaboration with Member States, the United Nations system, and other stakeholders) and 16 (Develop and sustain PAHO/WHO as a flexible, learning organization, enabling it to carry out its mandate more efficiently and effectively). It was suggested that a mid-term evaluation of the Strategic Plan would facilitate Member States' examination of the budget proposal and enable them to better understand the proposed changes in funding levels for the various strategic objectives. Information was requested on the distribution of anticipated income from other sources among the strategic objectives and on the income being generated by the post occupancy charge approved by the Directing Council in 2010.<sup>2</sup>

15. Information was sought on how the Organization's technical cooperation activities would be financed under scenario C, since the regional portion of the non-FTP budget would undergo a 96.6% reduction. The Bureau was encouraged to look carefully at the FTP component of the budget and consider the possibility of financing some post-related costs through voluntary contributions. It was also encouraged to pursue its efforts to attract more non-earmarked voluntary contributions, which could be used to support programs and technical cooperation activities. In addition, it was suggested that the Bureau should look at how administrative expenses in the PAHO country offices might be reduced. One delegate inquired whether the Bureau anticipated any carry-over from the current biennium to 2012–2013 and how internal project funding was expected to affect the Organization's budget in the coming biennium. She also requested information on which posts had been cut and on how those cuts had affected PAHO's technical cooperation activities. Another delegate asked for an update on the revision of the scale of assessments currently under way within the Organization of American States (OAS). The Bureau was asked to comment on the apparent discrepancy between the budget situation depicted in the proposal and the very healthy financial picture presented in the Financial Report of the Director (see paragraphs 27 to 37 below).

16. Dr. Gutiérrez explained that, while it might appear, based on the Financial Report, that the Organization had considerable revenue at its disposal, much of its income consisted of funds received from Member States for procurement of vaccines and other

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<sup>2</sup> Resolution [CD50.R10](#). Also see Document [CD50/7](#).



public health supplies and for internal projects. Those funds could not be used to finance programs or operational activities or to cover post-related costs. Some voluntary contributions could be used to cover FTP costs, but the vast majority could not because they were earmarked for specific purposes. Moreover, voluntary contributions were expected to decline considerably in the coming biennium as a result of the current economic situation and the anticipated \$1 billion reduction in voluntary contributions to WHO (see report on the WHO program budget, paragraphs 78 to 87 below). Clearly, those reductions would have an impact on PAHO's budget and on its ability to continue carrying out its mandate as set forth in the Strategic Plan, since the Bureau would be obliged to rely on voluntary contributions to make up for the shortfall in regular budget funds for the non-FTP component of the budget. Carry-over funds could not be used to offset the shortfall because PAHO, unlike WHO, did not carry over funds from one biennium to the next. There was little the Bureau could do to reduce the FTP component as the projected increases in post costs were due largely to factors beyond its control, including increases approved by the International Civil Service Commission, the rising cost of staff health insurance, inflation, currency fluctuations, and declines in the value of the United States dollar.

17. The shifts in funding for the various strategic objectives did not reflect any change in the ranking of the objectives agreed by Member States. In the case of Strategic Objective 2, for example, the reduction simply reflected a more realistic estimate of the funding the Bureau could expect to receive, based on the voluntary contributions it had been able to mobilize thus far for activities related to that objective. The reduction in Strategic Objective 16 was consistent with the Bureau's commitment under the Strategic Plan to gradually reduce spending on enabling functions, especially those related to administration. The Bureau would provide, via ongoing electronic consultations with Member States and in the document to be prepared for the Executive Committee, additional information on how the Strategic Plan would be affected by the three budget scenarios and would also supply any other information requested by Member States.

18. Mr. Román Sotela (Senior Advisor, Program and Budget Management, PASB), responding to the question concerning the OAS scale of assessments, recalled that PAHO's scale of assessments was based on the OAS scale and consequently any change in the OAS scale would result automatically in a change in the PAHO scale. The OAS was expected to approve a new scale during 2011, but it was not yet known whether it would be approved during the regular session of the OAS General Assembly in June or during the special session in October. If it were adopted in June, a new scale for PAHO could be presented to the PAHO Executive Committee and adopted by the Directing Council in September and could then take effect as of 2012, the first year of the new biennium. If the new OAS scale was not approved until October, however, it would not be adopted by PAHO until September 2012, in which case the current scale would remain in effect for the first year of the biennium and the new scale would be applied in 2013.

19. The Director said that the Bureau was fully cognizant of the financial constraints that Member States faced and was also aware that the health sector had to compete for funding with other sectors in budget discussions at the national level. Her staff would gladly provide any information that delegates needed in order to justify increased support for PAHO and continued investment in public health, including, for example, the results of an analysis of the benefits that Member States received from the Organization's work, which had found that in all cases countries received more than they contributed. As the Subcommittee had noted, it was important to call attention to the risks of failing to invest sufficiently in public health, such as the resurgence of diseases like poliomyelitis. It was also important to highlight the importance of health for other sectors and activities, such as tourism, and for social and economic development.

20. With regard to the question concerning the post occupancy charge, the Bureau was taking a cautious approach because it knew that any increase in the cost of posts reduced the availability of non-post funding. As to the fixed-term post reductions, most of the cuts had occurred through attrition and most of the posts eliminated had been occupied by support personnel, not technical personnel. Many support functions had been outsourced or were being provided by ministry of health personnel in Member States. The profile of the Organization's personnel had thus changed: generally speaking, the staff were now more highly educated and performed more substantive functions. The Bureau would provide more detail on past post reductions and on those slated for elimination in 2012–2013.

21. As the Subcommittee had observed, the biggest reduction in the operating budget would occur at the regional level because most fixed-term posts were located at that level. It was at the regional level that the Bureau had the least possibility of transferring posts because it was the level at which many essential administrative functions were concentrated. Unfortunately, it was also at the regional level that the Bureau had the least potential for raising voluntary contributions. Moreover, most voluntary contributions did not provide for staff costs and where they did, it was not for fixed-term posts but for mobilization of experts or consultants. The Bureau was seeking to streamline its operations and would continue striving to achieve greater efficiency and productivity. She doubted, however, that it would be possible to achieve any significant further gains, as the Organization was already operating at near-peak levels of efficiency and productivity.

22. The President thanked the Bureau staff members for their explanations and suggested that the additional information requested by Member States should be posted online in advance to facilitate the review of the Proposed Program and Budget by the 148th Session of the Executive Committee.

***Nongovernmental Organizations in Official Relations with PAHO (Document SPBA5/3, Rev. 1)***

23. In accordance with the procedure outlined in the Principles Governing Relations between the Pan American Health Organization and Nongovernmental Organizations (NGOs), the Subcommittee considered the application of one nongovernmental organization wishing to enter into official relations with PAHO and reviewed the Organization's collaboration with another organization seeking renewal of its status as an NGO in official relations with PAHO. The Subcommittee also examined a progress report on the status of ongoing relations between PAHO and 15 nongovernmental organizations and considered a proposal to amend the Principles Governing Relations between PAHO and NGOs (Annex A and Annex B, respectively, of Document SPBA5/3, Rev. 1).

24. As provided in the Principles, the Subcommittee undertook its deliberations on the applications of the two NGOs in a closed meeting, following which the President announced that the Subcommittee had decided to recommend that the Executive Committee admit the Albert B. Sabin Vaccine Institute (SVI) into official relations with PAHO and that it approve the continuation of official relations between PAHO and the InterAmerican Heart Foundation (IAHF). Those recommendations would be presented to the 148th Executive Committee in a draft resolution for its consideration.

25. The Subcommittee also endorsed the proposed amendment to the Principles Governing Relations between PAHO and NGOs, concerning the deadline for receipt of applications from NGOs, and recommended that the Executive Committee adopt the proposed resolution contained in Annex B of Document SPBA5/3, Rev. 1.

26. In addition, the Subcommittee encouraged the Organization to continue pursuing synergies and partnerships with NGOs, in particular those that served as conduits for funding from international financing mechanisms such as the Global Fund to Fight AIDS, Tuberculosis and Malaria. The Subcommittee also highlighted the value of the information presented in the progress report on PAHO-NGO relations as a means of making Member States aware of the existence and activities of NGOs engaged in health-related work in the Region.

**Administrative and Financial Matters**

***Overview of the Financial Report of the Director for 2010 (Document SPBA5/4)***

27. Ms. Sharon Frahler (Area Manager, Financial Resources Management, PASB) introduced the draft financial report, stressing that it gave an unaudited picture of PAHO's financial position. The financial statements were currently being audited by PAHO's External Auditors and the audited report would not be ready until mid-April.

She noted, too, that the present year's Financial Report was the first that had been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), to which the Organization had transitioned in 2010 (see paragraphs 38 to 47 below).

28. In 2010, the Organization had continued to experience significant growth in income, with total accrued revenue amounting to \$941 million,<sup>3</sup> representing an increase of 29% over cash receipts of \$731 million in 2009. During 2010 the Organization had procured strategic public health supplies worth almost \$24 million through the Regional Revolving Fund for Strategic Public Health Supplies (the "Strategic Fund"), and other supplies amounting to \$9.2 million through the Reimbursable Procurement Fund. While those procurements in total were approximately equal to those in 2009, purchases of vaccines and syringes through the Revolving Fund for Vaccine Procurement had increased significantly, rising to \$517 million—a 50% increase in one year. Under the IPSAS, an accrual-based system of accounts, that revenue was recognized as it was collected (and expenditures were recognized as they were disbursed).

29. PAHO had received and implemented \$200 million in voluntary contributions, \$40 million more than in 2009. The PAHO Other Funds, at \$26 million, were more or less unchanged. During 2010 the Organization had accrued \$39.5 million in regular budget funds from WHO, or half of the WHO allocation to the Region. It had also received and implemented \$44.9 million from WHO for voluntary contributions and reimbursement of administrative expenses, as well as \$16.9 million from WHO for 2011. There had also been increases in the Trust Funds, including \$98 million from the Government of Brazil.

30. Accrued quota assessments for 2010 had been \$98.3 million, and under the IPSAS the full amount had to be recognized on 1 January. Quota assessments actually received from 36 Member and Associate States by the end of the year amounted to \$71.6 million for 2010 and \$29.4 million for prior bienniums. Quota assessments pending from earlier years totaled \$29.7 million, the lowest figure since the year 2000. A total of 26 Member States had paid their 2010 assessment in full, seven had made partial payments, and six had not yet made any payments for 2010. Although the total amount for quota assessments was recognized as being accrued at the beginning of the year even if the cash had not actually been paid, operational expenditures still had to go on, and it was thus important that Member States pay their quota assessments as soon as they could.

31. Accrued Miscellaneous Income, primarily interest on investments, had amounted to \$5.2 million, whereas the budgeted figure for the year had been \$10 million. The Bureau was not expecting any increase in interest rates in the current year, and probably

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<sup>3</sup> This was the figure available at the time of the oral presentation.

not until 2012. The Organization had suffered a currency loss of \$600,000. Other Income had totaled \$1.73 million.

32. On the expenditure side, in addition to the procurement and implementation activities already mentioned, PAHO had expended \$88 million from the Regular Budget, \$196 million from the Trust Funds, and \$55 million from PAHO Other Funds.

33. The Subcommittee welcomed the information on the Organization's strong financial position, noting that total resources available were approaching \$1 billion. Members looked forward to more detail once the audited financial report was available. They also congratulated the Bureau on implementing the new accounting standards and producing IPSAS-compliant financial statements.

34. A delegate asked whether the decrease in Miscellaneous Income had been due solely to the investment climate and currency loss, or whether the changes under the IPSAS had affected the figures in any significant way. Another delegate inquired whether the audited statements could be made available earlier in the year, which would enable the Subcommittee to provide better input to the Executive Committee.

35. Ms. Frahler responded that while the level of Miscellaneous Income had been slightly affected by the changes in the point in time at which interest was recognized under the IPSAS as compared to cash-based accounting, the effect had been minor. The drop in Miscellaneous Income was almost entirely due to the decline in interest rates, notably in 2008.

36. Although the benefits of having the audited accounts earlier were clear, the amount of work involved in preparing the financial reports for the audit and then in conducting the audit itself, made it extremely difficult to conclude the process any earlier. However, the new PASB Management Information System might make it possible for the Bureau to prepare the financial reports for the auditors more rapidly.

37. The Subcommittee took note of the report.

***Status of the Implementation of the International Public Sector Accounting Standards (IPSAS) (Document SPBA5/5)***

38. Ms. Sharon Frahler (Area Manager, Financial Resources Management, PASB) recalled that the Organization had begun introducing the IPSAS in late 2007, with the aim of fully implementing the new standards by 1 January 2010. She reviewed the benefits that the IPSAS would bring to PAHO and to the wider United Nations system, and the stages along the way to final implementation. One major task had been to create improvisations to make the existing financial information systems conform to the IPSAS (rather than procuring new systems); another had been the determination of the true valuation of all of the Organization's assets and liabilities to use as opening balances for

2010. Major assets included the Headquarters and other buildings and the Organization's financial investments; major liabilities included staff terminal entitlements and after-service health insurance. Expert assistance had been engaged to provide an accurate valuation of assets and liabilities. Indeed, the majority of the \$300,000 allocated by the Governing Bodies for the implementation of the IPSAS had been expended on the fees of such experts.

39. Under the IPSAS, five audited financial statements would be prepared: the Statement of Financial Position (equivalent to the pre-IPSAS balance sheet), which would measure the financial strength of PAHO at a specific moment, namely the end of the financial period; the Statement of Financial Performance (equivalent to the pre-IPSAS profit and loss statement), which would show how well PAHO had used its assets to generate revenue and how it had used the revenue, over the whole 12 months of the accounting period; the Statement of Changes in Net Assets/Equity (a new document), showing any increase or decrease in PAHO's net assets during the year; the Cash Flow Statement, reporting the cash flows during the year classified by operating, investing, and financing activities; and the Comparison of Budget and Actual Amounts, reflecting the actual utilization of revenue during the year as compared with the final version of the full biennial budget. In addition, audited Notes to the Financial Statements would be prepared, setting forth accounting policies and other explanatory disclosures.

40. Those were all that IPSAS strictly required in the way of audited statements. However, the Organization was aware that its Member States were accustomed to receiving much more information than that and so would continue to present unaudited documents containing the statement of assessed contributions, separate statements for the various procurement funds, statements of voluntary contributions in various categories, and the financial statements for the Caribbean Epidemiology Center (CAREC) and the Caribbean Food and Nutrition Institute (CFNI).

41. The Subcommittee congratulated the Bureau on its success in achieving compliance with the IPSAS, at the same time seeking some further clarifications. An update was requested on the status of the IPSAS accounting manual. One delegate recalled that IPSAS compliance constituted Project 3.C of the initiatives funded from the Holding Account, and, observing that the project profile indicated that some resources remained to fund additional implementation-related activities during 2011, inquired what such activities might entail.

42. More information was requested on the circumstance referred to in paragraph 11 of the document, which indicated that recognizing the Organization's financial commitments to its staff members and retirees was resulting in the reporting of significant unfunded liabilities. Delegates also sought information on how resource planning was carried out if income was recognized only when it was received, whether the exercise of valuing the Organization's assets would need to be repeated every year,

and to what extent PASB would be supporting WHO's implementation of the IPSAS, due to be completed over the coming two years. Since it appeared that highly skilled personnel were needed to work under the IPSAS rules, both in Washington and in the country offices, it was suggested that the Director might propose an increase in staffing levels to the Governing Bodies.

43. Ms. Frahler explained that the accounting manual was completed, but could not be distributed until the External Auditors had approved it. It was hoped to release it by June 2011. In terms of work still to be done, there was much detail work to be completed. For example, the IPSAS imposed 26 accounting standards that had to be observed, almost all of which were applicable to PAHO. Additionally, further IPSAS training for the staff was needed.

44. The issue of liabilities to the staff was a major concern not only for PAHO but for the entire United Nations system, since the amounts involved were very substantial. In PAHO's case, the first of those liabilities related to the payments due to staff upon separation or retirement. Over the years, by means of a 2% levy on salaries, PAHO had been accumulating funds for that purpose, with the result that that liability was now funded, indeed overfunded. In 2009, all of the excess, some \$22 million, had been transferred to a fund to cover the cost of after-service health insurance—a much larger liability. In 2010, the actuarial estimate of that liability had been \$202 million, but one year later the figure was now \$257 million, in part because of the worsened investment climate, in part because of increases in the costs of medical services. The Bureau was now levying a charge of 4% on the salaries of all personnel, in order to make at least some small contribution to the unfunded liability.

45. With regard to the question about planning in the context of accrual accounting, she explained that, in order to safeguard the Organization's financial health, only small portions of total project costs were released until the whole amount of the cost had been received. She also explained that the valuation of PAHO's assets, primarily real estate, would be repeated every three years, unless there was a significant change in a specific market at an earlier date. PAHO would probably not be providing direct support for WHO's implementation of the IPSAS, but would naturally help wherever its own experience might prove useful. She noted that, with the installation of the Global Management System in 2008, WHO had already moved to accrual accounting.

46. The Director observed that IPSAS implementation was a learning process, in which PAHO had been a pioneer, or perhaps a guinea pig, frequently having to discover and apply solutions to new problems. But PAHO was happy to be accumulating experience and stood ready to pass it on to other bodies. Above all, training was crucial and must be pursued. She was grateful for the suggestions that more staff might be needed, which was something that must be considered. The implementation of IPSAS had entailed a very intensive period of work for the Bureau's staff, to whose dedication

and hard work she paid tribute. That in-house expertise must now be extended out to the country offices.

47. The Subcommittee took note of the report.

***Master Capital Investment Plan (Document SPBA5/6)***

48. Mr. Edward Harkness (Area Manager, General Services Operations, PASB), drew attention to two major projects under the Real Estate and Equipment Subfund. The first was in Haiti: while about \$40,000 had been spent to repair the earthquake damage to the newer half of the country office, it was planned to demolish and rebuild the severely damaged older half, at a cost of around \$400,000. Secondly, rehabilitation of the elevators in the PASB Headquarters building was expected to start in the current biennium, resulting ultimately in an expenditure of about \$800,000. Those two projects would use up the bulk of the approximately \$1.5 million currently in the Subfund. Expenditure under the Information Technology Subfund was proceeding according to plan.

49. The Subcommittee welcomed the update on the capital investment projects. Given that such significant expenditures lay ahead under the Real Estate and Equipment Subfund, some members asked how that subfund, or indeed the Master Capital Investment Fund (MCIF) as a whole, would be replenished and, in particular, whether any resources might be forthcoming from WHO. It was suggested that the report on this item to be submitted to the forthcoming session of the Executive Committee should include a table showing the projects that had been implemented in 2008–2009 and the Fund balance that had then been transferred to 2010–2011, in order to give a clearer picture of the balance remaining and the need for additional funding.

50. It was pointed out that the amounts given for the total costs of projects under the Information Technology Subfund in Annex B of Document SPBA5/6 did not appear to agree with the amounts recorded as expended in 2010 and expected to be expended in 2011, as cited in paragraphs 10 and 12 of the same document. That discrepancy should be corrected. It was felt that, more generally, there should be a clearer statement of the balances existing in the two subfunds, and of the disposition of the resources approved by the Executive Committee. It was also pointed out that the document did not make a clear distinction between projects to be financed from the MCIF and those to be financed from the Holding Account. In particular, where the document referred to projects that would be wholly or partly financed from the Holding Account, the figures given did not always match those in Document SPBA5/7, which related specifically to that account. Given that various 2010 expenses in the country offices had amounted \$547,090, and the 2011 planned expenditures under the same heading were identified as “To Be Determined,” the Bureau was asked to clarify how a 2010–2011 total of \$1,184,590 had been calculated. Since paragraph 14 of the document spoke of the anticipated shift after 2012 to a



server-centric model emphasizing cloud computing, with a concomitant shift away from desktop computers towards laptops, it was suggested that the Bureau might consider not spending as much as \$1,588,000 for acquisition of desktop computers in 2011, as mentioned in paragraph 12 of the same document.

51. Mr. Harkness recalled that that the Master Capital Investment Plan (MCIP) was funded from prior biennium income that exceeded budgeted expenditure. In 2010, the unspent balance from the 2008–2009 biennium had amounted to \$4 million, of which \$1 million had been allocated to real estate and equipment and \$3 million to information technology. It was far from certain that any similar surplus amounts would be available in the future. Therefore the Organization would need to give consideration to new ways of replenishing the MCIP.

52. In 2008–2009 WHO had instructed the various regions that they were each to fund capital investments from their own regular budget, but was now looking at how to allocate funds for such investments. The Bureau had asked individual country offices to provide a list of projects that they envisaged would need to be implemented over the next five bienniums. The estimated total of \$1,184,590 had been based on a draft list of those projects, but some offices' priorities might have changed since the list had been drawn up. A detailed listing of projects to be undertaken in 2012–2013 should be available in time for the June session of the Executive Committee.

53. Mr. Lorne Murdoch (Area Manager, Information Technology Services, PASB) said that the figures in the document would be reviewed and any discrepancies resolved. In line with the general move towards cloud computing, a trend which the Organization was following, there would indeed be a shift away from desktops to laptops, but in fact the change might be more far-reaching. If “thin client computing” were to be introduced, costs might be 20%–30% lower than the current desktop-based model. A preliminary step in that direction was development of the PAHO private network, which was expected to be operational by the end of 2011 and which should allow a further reduction in computing costs for 2012 and beyond. The Bureau was also looking into rationalizing the use of software licenses with a view to lowering costs even further.

54. The Director added that the fundamental problem was that PASB did not have a genuine source of funding for major capital projects, as the MCIP was dependent on funds that remained unspent at the end of a biennium. Normally, any such surplus would be expected to be small: with good implementation of the budget, there should not be a significant balance left over. It had been a happy confluence of unexpected circumstances that had created the large surplus in 2006–2007, but such scenarios were not likely to recur often, if at all.

55. PAHO was engaged in discussions on the topic with WHO, as the latter had now reactivated its Capital Plan. The funding for that Plan came from a percentage levy

applied to posts, but of course that levy increased post costs. If, in addition to the amount levied to cover the cost of future staff liabilities (see paragraph 44 above), PASB was to add another levy to raise funds for capital projects, the result would be a significant reduction in the non-post component of the budget. While looking for ways to build up a reserve for capital projects, the Bureau was pursuing prudent preventive measures to prolong the useful life of buildings and equipment.

56. The Subcommittee took note of the information provided.

***Status of Projects Funded from the PAHO Holding Account (Document SPBA5/7)***

57. Mr. Román Sotela (Senior Advisor, Program Budget Management, PASB) recalled that the 48th Directing Council had authorized the creation of the Holding Account, to contain \$25 million of biennial income that had exceeded the authorized budget figure, for use in funding major non-recurring projects. Since then, the Executive Committee had authorized three withdrawals from the Account, amounting in total to \$16.155 million and leaving a balance of \$9.135 million.

58. As Resolution CD50.R10 had authorized the use of up to \$10 million for the modernization of the PASB Management Information System (PMIS), the \$9.135 million, plus any residual savings from other projects, would be used for that purpose. The details of the projects funded or to be funded from the Holding Account were given in Document SPBA5/7.

59. The Subcommittee welcomed the reduction of about \$800,000 in the amount of actual and planned expenditures for 2010–2011, considering such savings very important given the anticipated high cost of modernizing the PMIS. A delegate suggested that that a new project should be created under the Holding Account, covering the modernization itself, in light of the Directing Council's approval of expenditure of up to \$10 million from that source. Another delegate suggested that Table 1 in Document SPBA5/7, the summary of the projects, and Table 2, the budget implementation summary, should be combined, in order to give a clearer overall picture of the costing of each project and any additional funding needed. She added that there appeared to be some discrepancies in the amounts of funds originating from "other sources," and that it was not clear whether such amounts had been approved or were simply estimates. Additionally, some of the amounts broken down for various projects did not appear to add up to the totals approved by the Executive Committee. She added that she would submit detailed comments on projects 2.C, 3.A, 3.B, and 4.B in writing.

60. Mr. Sotela said that a new project 3.D could be created, covering the procurement of the enterprise resource planning software for the modernized PMIS. It would show the amount of \$9.155 million to come from the Holding Account, with the balance to be funded from other sources, which remained to be identified. He undertook to examine the

apparent inconsistencies and to clarify the information in the documents, explaining that in some cases part of the project costs had had to be categorized as “to be determined” because it was not yet clear how the funding gap could be filled.

61. At the request of the Director, several members of the Bureau provided additional information on some of the projects being executed under the Holding Account. Dr. Patricia Ruiz Luna (Advisor, Health Information and Analysis, PASB), referring to project 2.A, “Strengthening PAHO’s Public Health Information Systems,” gave an update on the progress in creating the PAHO Regional Health Observatory. Stressing that it would form part of a worldwide network of health observatories, she said that the Observatory was already available in a preliminary form to Member States, and that some countries had begun to make use of it. Dr. Patricia Soliz-Sánchez (Health Statistics Specialist, PASB) gave a presentation on the portal of the Observatory, through which Member States had access to the various health information databases. She emphasized that the Bureau would welcome feedback and comments from Member States on the portal and how it might be improved. Dr. Marcos Espinal (Area Manager, Health Surveillance and Disease Prevention and Control, PASB) also contributed some information about the Observatory.

62. The Director stressed that the aim of the project was to ease the data-gathering burden on Member States. Rather than dealing with multiple, fragmented, and disparate demands for health data, they would now have access to a coordinated system where information would be presented in a uniform manner. She recalled, too, that \$500,000 had been approved for Phase 1, an exploratory phase to determine best practices and methodologies for ensuring that the various databases could communicate together, and that \$1,725,000 had been requested and approved for Phase 2, a phase of improving the quality and quantity of health data available, although detailed allocation of those funds was not yet completed.

63. Dr. Sylvain Aldighieri (Senior Advisor, International Health Regulations, Alert and Response, and Epidemic Diseases, PASB) gave a presentation on project 1.B, “Establishment of National Focal Points for International Health Regulations (IHRs).” He emphasized that the level of progress in establishing IHR focal points varied widely among Member States: in some countries the focal point was fully operational, while in others little or no headway had been made.

64. The Director emphasized that it was a matter for concern that some countries had not even taken the first steps towards establishing their focal points, the more so as the stipulated date for implementation of the IHR Action Plan for Basic Functions was June 2012.

65. Mr. Timothy Brown (Advisor, Corporate Management System, PASB) gave a presentation on project 3.A, “Modernization of PASB’s Management Information

System,” explaining that all the objectives for the terms of reference had been completed, and that in fact the project was returning a small amount of money to the Holding Account. A set of Guiding Principles had been produced for the modernization, and an evaluation had been completed of the various practical options. The Bureau was now creating a new project for the modernization itself, with terms of reference that would be released in the near future. A project charter was under discussion, identifying stakeholders, roles, and responsibilities; boundaries of the project scope; business objectives; and so on. The framework of a risk management plan and a change management plan were being developed. The Bureau was seeking external project oversight, to help ensure that it was following good execution methodologies, that the project stayed on track, and that the decisions made were sound. A vendor selection committee had been appointed, and the software and support services would be procured through a competitive process. The first implementation phase would begin in mid-2012, with the new system covering program planning and management, human resources management, and payroll. That phase would last one year and would be followed by a second one, from mid-2013 to mid-2014, covering financial management and procurement.

66. The Director stressed that as all of the PASB business processes were being reviewed and improved while the new management information system was being planned and implemented, the resultant streamlining would be an additional benefit of the project. The project was being accompanied by a constant dialogue with WHO, to ensure that the two organizations’ systems remained compatible. Currently, PASB was experimenting with giving WHO access to its systems, something that had been tried once on a pilot basis, to enable collaborative working in the context of a tobacco control report.

67. Mr. Lorne Murdoch (Area Manager, Information Technology Services, PASB) gave a presentation on project 2.C, “Strengthening Communications through Improved Country Office Connectivity.” He underscored the link between the project and the PMIS modernization, as improving PAHO’s network was a key enabler for its future systems environment. At the end of December, PASB had awarded a contract to Telefónica to install a network covering 21 of PAHO’s 35 sites, and a quotation had just been received from SITA for further work, such that by the end of 2011 a network should be in place encompassing all of PAHO’s offices, except for Cuba which would be covered by satellite. The question had been raised of whether the Member State governments would have access to the network. In principle that would not be the case, but in countries where PAHO had a presence in the ministry of health he expected that some degree of access would be allowed, especially if the government had connectivity problems with its own resources.

68. In addition, the Subcommittee was given a tour of the planned site of the emergency operations center. Mr. Edward Harkness (Area Manager, General Services

Operations, PASB) explained that a contract for the construction of the center would be awarded in late March or early April 2011. The work was expected to be completed and the center close to operational by the 51st Directing Council in September 2011.

69. The Subcommittee took note of the information provided.

***Amendments to the PASB Staff Rules and Regulations (Document SPBA5/8, Rev. 1)***

70. Ms. Nancy Machado (Human Resources Advisor, PASB) explained that, as occurred every year, some changes to the Staff Rules were being proposed to take account of decisions of the United Nations General Assembly, which in turn were based on recommendations of the International Civil Service Commission, such as incorporation of a portion of the post allowance into the base salary of professional and higher categories, as described in greater detail in Document SPBA5/8, Rev. 1. Others were being proposed in light of experience and in the interest of good human resources management, such as the requirement that a medical report be submitted when annual leave was converted to medical leave, or the addition of first cousins to the list of relatives of PASB staff members who would not normally be hired by the Bureau, or a clarification that staff whose post had been abolished could be terminated if they refused a reassignment.

71. The Subcommittee asked whether changes in personnel costs, post allowances, and others had been examined from the point of view of their impact on the Organization's budget. Information was also sought on the budgetary implication of the abolition of posts and the entitlements of staff members holding temporary appointments. It was suggested that a revised version of the document should include an annex showing the number of staff in the professional and higher categories, those under the various types of contract and other staff in order to give a clearer overall picture of the personnel structure of the Organization and the impact that changes were likely to have on the budget. One delegate, while welcoming the requirement to submit a medical report when converting annual leave to medical leave as a contribution to PAHO's culture of accountability, asked to whom the report would be submitted, given that it would contain confidential information. She also inquired about the rationale behind the prohibition on hiring first cousins of PASB staff members.

72. A number of editorial changes to the document were suggested in the interests of consistency and clarity, and it was also suggested that some information should be added, perhaps in the form of footnotes, on how mechanisms such as post allowance consolidation actually worked in practice.

73. Mr. Román Sotela (Senior Advisor, Program Budget Management, PASB), responding to the budget-related questions, explained that all personnel cost calculations

were based on estimates of what the figures would be 12 or 18 months ahead of when the calculations were being prepared, with allowance for a modest annual increase.

74. Ms. Machado added that since consolidation of a portion of the post adjustment into the base salary was done on a “no gain, no loss” basis, the operation had no budgetary impact. As a general rule, a post was not abolished until its holder had left the Organization at the normal end of his or her contract. If, as a rare exception, an occupied post was ever abolished, the costs would be related to the place of reassignment, and would be relatively insignificant. With regard to the entitlements of staff holding temporary appointments, the provision of only one within-grade increase was a limitation on the increases that could be awarded, and thus should lead to budgetary savings.

75. She explained that while the Staff Rules constituted a relatively high-level policy instrument, underlying them was a more detailed and practical manual, which stipulated that the medical report relating to illness during annual leave was confidential and was to be submitted to the PASB staff physician. She added that PASB would not normally hire a person related by blood or marriage to someone who was already a staff member. But if there was no other candidate adequately qualified, the Director might decide to make an exception.

76. The Subcommittee endorsed the proposed changes to the PASB Staff Rules and Regulations and recommended that the Executive Committee should adopt the resolution contained in Annex A of Document SPBA5/8, Rev. 1.

### **Matters for Information**

#### ***WHO Medium-term Strategic Plan 2008-2013 and Proposed Programme Budget 2012–2013 (Document SPBA5/INF/1)***

77. Ms. Kate Dickson (Canada), speaking as a delegate of a Member State on the WHO Executive Board, introduced this item, reporting on the discussions that had taken place during the 128th Session of the WHO Executive Board in January 2011. The Board had reviewed three interrelated documents: the performance assessment report on the program budget for 2008-2009, a report on implementation of the current program budget, and the proposed program budget for 2012-2013.

78. The Board had expressed general support for the performance assessment report for 2008–2009, but at the same time had recognized the need to enhance some indicators to provide more information on challenges and on lessons learned and to provide a better definition of what was meant by “partly achieved” in relation to program objectives. For future assessments, the WHO Secretariat had been asked to consider the introduction of subcategories within the category of “partly achieved” in order to provide a clearer understanding of why objectives had not been fully achieved. The Board had also noted

that the report suffered from certain limitations because it was a self-assessment, and had suggested that it could be strengthened through external validation. Board members had also noted the substantial disparities in the funds available for the various strategic objectives during 2008-2009.

79. With regard to the report on implementation of the program budget for 2010–2011, Board members had acknowledged the value of the report for informing the development of the program budget for 2012–2013. They had, however, noted with concern the significant funding shortfall of nearly \$600 million anticipated for the current biennium and had stressed that the shortfall should be taken into consideration in developing a revised program budget proposal for 2012–2013. The Board had requested further information on programs that were at risk as result of the shortfall and had noted that, in view of the current level of implementation (42 of 81 baseline measures achieved as of the end of 2010), achievement of the Organization-wide expected results for the biennium would be a challenge.

80. Concerning the program budget proposal for 2012–2013, the Board had noted that the 2012–2013 budget would be the last budget covered by the Medium-term Strategic Plan. The proposal had called for a 6% increase in the total budget for the biennium, from \$4.5 billion to \$4.8 billion. However, for base programs, the increase had amounted to only 1.5%. Canada and other Member States had expressed concern about the aspirational nature of the budget and had requested WHO to revise the proposal to more realistic levels, using as a starting point current implementation levels and realistic projections of the funds that could be raised for the coming biennium.

81. The Secretariat had indicated that it would indeed revise the budget before the Sixty-fourth World Health Assembly in order to more accurately reflect the Organization's current financial situation and present a budget proposal that was ambitious but realistic. The Board had called for the development of clear criteria—including an explanation of the factors taken into account and of the decision-making process—for the allocation of resources to the regions, with a view to achieving a more balanced distribution of resources between the regions and WHO Headquarters. It had also requested that the revised proposal be made available well in advance of the Health Assembly in order to allow ample time for Member States to analyze it. The WHO Secretariat had committed to provide briefings during the revision process in order to keep Member States informed and involved in the process. Board members had stressed the link between the discussions on the program budget and those on the future of financing for WHO.<sup>4</sup>

82. The Subcommittee welcomed the report and the opportunity to hear the perspectives and insights of a member of the Executive Board. Delegates highlighted the

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<sup>4</sup> See [http://www.who.int/dg/future\\_financing/en/](http://www.who.int/dg/future_financing/en/).

links between the discussions on the WHO program budget and those on the future of financing for WHO and underscored the importance of the latter discussions. It was emphasized that in the changing global environment, with the proliferation of international actors and donors in the health sector, both WHO and PAHO must reassess their roles and focus on the activities that constituted their core mandate—particularly in light of the expected budget shortfalls for both organizations. The importance of Member State participation in that process was also stressed. The Subcommittee inquired what the Region’s allocation from WHO was expected to be for 2012–2013 and expressed concern that its share of the total WHO budget might decline when the budget was revised downward. The efforts of Member States from the Americas, especially Canada, to ensure that the Region received a fair share of WHO voluntary contributions were applauded.

83. The Director noted that two parallel and closely related processes were under way within WHO: the discussions on the future of financing for the Organization and an internal reform process launched by the Director-General with the aim of enhancing WHO’s effectiveness and efficiency, identifying areas in which savings could be realized and improving the balance between the costs and benefits of the Organization’s activities. The future of financing discussions were seeking to address Member States’ concerns with regard to various issues relating to the way in which WHO’s activities were financed, notably the aspirational nature of its budgets in recent years, which had given rise to a situation in which 80% of the Organization’s budget was now funded by voluntary contributions and only 20% from the regular budget. However, the proposed level of voluntary contributions had almost always been higher than the amount actually mobilized, which had made it difficult both to predict exactly how much would be available to fund the Organization’s activities and to assess budget implementation.

84. Mr. Román Sotela (Senior Advisor, Program Budget Management, PASB), noting that he was a member of the Results-based Management and Accountability Working Group set up by the Director-General as part of the internal reform process, said that the spirit that had prevailed in that process was one of awareness and acknowledgement of the need for change within the Organization and of the need for greater clarity with regard to roles and responsibilities at the three levels of WHO. Concerning the level of resources expected from WHO for the Region in 2012–2013, the Americas’ share of the total WHO budget, including both regular resources and voluntary contributions, was 7%. However, while the Region generally received, and fully implemented, its share of the regular budget, it generally only received about 2%, or less than a third, of its allotted voluntary contributions. With the scaling down of the WHO budget, the amount of voluntary contributions budgeted for the Region was expected to decline by about 50%, from about \$160 million to about \$77 million. That was slightly above the level that the Americas had actually been receiving from WHO, but if the Region again received a much smaller amount than budgeted, the actual amount transferred to the Americas in



2012–2013 would not be the \$50 or \$60 million it had been receiving; it would be much less.

85. Dr. Isaías Daniel Gutiérrez (Area Manager, Planning, Budget, and Resource Coordination, PASB) said that the total WHO budget was expected to be reduced by about \$1 billion dollars with respect to the amount originally proposed to the Executive Board—i.e., from \$4.8 billion to \$3.8 billion. The reduction would occur basically in the voluntary contribution component—assessed contributions from Member States would remain the same—and would affect mainly the base programs segment of the budget. As a result of the reduction, the Region’s share of the base programs segment would go down from \$245 million in 2010–2011 to \$157 million in 2012–2013.

86. The Director observed that the fact that the Region routinely received less than its allotted 7% of voluntary contributions created a problem when it came to evaluating implementation, since on paper it appeared that the Region was only implementing about a third of its voluntary contributions. That, in turn, created a problem vis-à-vis potential donors who based their decisions about future voluntary contributions on demonstration of past results. The situation was compounded by the perception that the Americas was a wealthy region. She thanked the Subcommittee for its comments, which would be useful to her in the ongoing discussions on the matter with the Director-General and the other regional directors within the Global Policy Group.

87. The Subcommittee took note of the report.

***Draft Provisional Agenda for the 148th Session of the Executive Committee (Document SPBA5/INF/2, Rev. 1)***

88. Ms. Piedad Huerta (Advisor, Governing Bodies Office, PASB) presented the draft provisional agenda for the 148th Session of the Executive Committee contained in Document SPBA5/INF/2. She recalled that the 147th Session of the Executive Committee had approved a list of topics for consideration by the Governing Bodies in 2011 (Document CE147/FR, Annex B). The items on the draft provisional agenda had been drawn from that list. Some had been removed from the list at the suggestion of Member States, while other items proposed subsequently were still being analyzed and would be taken up in the next cycle of meetings of the Governing Bodies.

89. The Subcommittee suggested that item 4.1 (Proposed PAHO Program and Budget 2012–2013) should be taken up early in the week in order to allow ample time for discussion. Delegates asked several questions regarding the nature and scope of some of the items. With regard to item 4.11 (Strategy and Plan of Action for Comprehensive Child Health, Growth, and Development), one delegate, recalling that the Directing Council had adopted a strategy and plan of action in 2008 on neonatal and child health, inquired why two strategies targeting essentially the same population group were needed

and what the differences between them were. Another delegate observed that items 4.2 (Strategy and Plan of Action on Urban Health), 4.3 (Plan of Action on Climate Change), and 4.4 (Plan of Action on Road Safety) fell largely outside the purview of the health sector in her country, asked what the role of the health sector would be in the proposed plans of action and what they were intended to achieve. A third delegate, while recognizing that plans were needed in order to operationalize global strategies at the regional level, wondered whether full-fledged plans of action were necessary in all cases, particularly in light of current resource constraints and the extra burden that implementing such plans would place on the Organization's staff.

90. Concern was expressed that item 4.12 (Strategy and Plan of Action on *eHealth*) might duplicate regional efforts already under way, such as the activities being carried out in the framework of the Strategy for the Information Society in Latin America and the Caribbean (e-LAC) of the Economic Commission for Latin America and the Caribbean (ECLAC). It was suggested that under Matters for Information, there should be a report on the high-level meeting of the United Nations General Assembly on prevention and control of noncommunicable diseases, to take place at United Nations headquarters in New York in September 2011. It was also suggested that the title of agenda item 7.5(D) (Advances in Tobacco Control) should be changed to "Advances in the Implementation of the Framework Convention on Tobacco Control." With a view to lightening the Executive Committee's agenda in the future, it was suggested that some of the administrative items, such as the reports of the Office of the Internal Oversight Services and the Audit Committee, might be transferred to the Subcommittee.

91. Responding to the questions concerning item 4.11, Dr. Gina Tambini (Area Manager, Family and Community Health, PASB) said that the proposed Strategy and Plan of Action for Comprehensive Child Health, Growth, and Development were the last in a series of strategies and plans of action targeting specific groups as part of a life-course approach. While the Regional Strategy and Plan of Action for Neonatal Health within the Continuum of Maternal, Newborn, and Child Care, adopted in 2008, included some activities targeting young children, its main focus was neonates and its main objective was to reduce infant mortality. Dr. Luiz Galvão (Manager, Sustainable Development and Environmental Health, PASB) emphasized that the focus under items 4.2, 4.3, and 4.4 would be on the health-related aspects of the topics. Hence, under the item on climate change, for example, the aim of the Plan of Action would be to assist Member States in preparing for and mitigating the impacts of climate change on health. Mr. Marcelo d'Agostino (Area Manager, Knowledge Management and Communication, PASB), referring to item 4.12, said that PAHO was working closely with ECLAC on the proposed Strategy and Plan of Action on *eHealth*, and that it had been agreed that PAHO would take responsibility for coordinating all aspects of eLAC having to do with health. PAHO's activities with regard to *eHealth* would also be aligned with those of WHO and with related initiatives under way in the Region.

92. The Director, responding to the question concerning the need for plans of action, said that they were necessary in keeping with the Organization's results-based management approach. Without specific objectives, expected results, and indicators, it would be difficult to measure results. With regard to the possibility of transferring some administrative items to the Subcommittee, she explained that under their terms of reference the Audit Committee and the Office of Internal Oversight Services reported to the Executive Committee. The Committee could, of course, change those terms of reference; however, it might be difficult to prepare the respective reports in time for the Subcommittee's sessions in March.

93. The President suggested that it would be helpful, especially for new members of the Executive Committee, if the Bureau would provide information on the origin of the various items, indicating, for example, whether an item had been proposed by a Member State or had arisen as a result of a global initiative within WHO.

94. Ms. Huerta said that the Bureau planned to publish an annotated agenda providing background information on all items.

#### **Other Matters**

95. At the request of the Director, members of the Bureau provided updates on the following matters.

##### *World Health Day 2011*

96. Dr. Pilar Ramón Pardo (Advisor, Antimicrobial Resistance, PASB) reported on plans for World Health Day, 7 April 2011, the theme of which would be "Antimicrobial resistance: no action today, no cure tomorrow." She noted that the dangers of antimicrobial resistance were well-known, the topic had been discussed at the World Health Assembly and had been the subject of a Directing Council resolution, but despite some progress, no comprehensive strategy had been implemented to combat antimicrobial resistance. The primary objective of the day would be to raise awareness in ministries of health about the dangers, but information would also be directed at the pharmaceutical industry, prescribers of antibiotics, and the general public. There would be a comprehensive media campaign and a series of public events in all Member States of the Region, and a special edition of the *Pan American Journal of Public Health* would be produced on the topic. Antimicrobial resistance would also be the subject of a special roundtable at the next Directing Council.

##### *Vaccination Week in the Americas 2011*

97. Ms. Alba María Roperó (Advisor, Immunization, PASB) reported on plans for Vaccination Week in the Americas (23-30 April 2011). The initiative, which had begun in 2003 in response to an outbreak of measles in the Andean region, sought to strengthen

vaccination programs in the Americas, concentrating especially on vulnerable and indigenous populations, people living in remote regions, and those near international borders. The ministries of health of the Region had proposed a cooperative vaccination campaign, the outbreak had been brought under control, but the idea had remained of collective activity among countries. Other regions had then followed suit, for example Europe in 2005. Since 2003, more than 300 million people had been vaccinated in the Region of the Americas. For 2011, publicity and media materials would be produced, with the slogan “Vaccinate Your Family, Protect Your Community.”

#### *Noncommunicable Diseases*

98. Ms. Silvana Luciani (Advisor, Cancer Prevention and Control, PASB) updated the Subcommittee on preparations for the high-level meeting of the United Nations General Assembly on prevention and control of noncommunicable diseases, to be held on 19 and 20 September 2011 in New York. The focus of the meeting would be on the development challenges and the social and economic impacts of noncommunicable diseases (NCDs) worldwide, especially in developing countries. There had been consultations on the topic in all six WHO regions, and the WHO Global Forum on Addressing the Challenge of Noncommunicable Diseases, and the First Global Ministerial Meeting on Healthy Lifestyles and NCD Control, would both be held in Moscow at the end of April. One objective of the Moscow meetings would be to propose actions on NCDs to which Heads of State might wish to commit at the United Nations high-level meeting. At the PAHO level, the preparatory process was in the hands of a task force chaired by the Assistant Director and the Deputy Director, which was coordinating related events in the Region.

99. The Subcommittee welcomed the information on the preparations for the high-level meeting, noting that it had been the countries of the Caribbean that had taken the lead in bringing the issue of noncommunicable diseases to the attention of the United Nations. A delegate asked to what extent the food industry was involved in the preparations for the meeting and in the concern about obesity in general.

100. Ms. Luciani responded that many segments of the private sector were involved in efforts to address the problem of chronic disease. Within the food and beverage segment, PAHO had two expert task groups that included representatives from the industry, which were working on targets for reducing levels of trans fats and salt in foodstuffs with the goal of reducing risks for chronic disease, notably hypertension.

#### *Situation in Japan*

101. Dr. Leonardo Hernández (Advisor, Emergency Preparedness and Response, PASB) reported that the PAHO/WHO Emergency Operations Center had been activated to deal with a level II incident in response to the tsunami alert in the Americas following

the 9.0-magnitude earthquake that had occurred off the coast of Japan in March 2011. As a result, 12 Member States had activated contingency plans, with four of them evacuating communities and hospitals. PAHO had provided information management, alert monitoring, and technical support, with coordination through its Knowledge Management and Communication, International Health Regulations, and Emergency Preparedness and Disaster Relief teams, and with ongoing contact with WHO and its Western Pacific Regional Office.

102. Dr. Pablo Jiménez (Advisor, Radiology, PASB) provided information on the situation at the damaged Fukushima nuclear power plant, on the Inter-Agency Committee on Radiological and Nuclear Emergencies, of which PAHO was a member, and on its Joint Radiation Emergency Management Plan. In response to questions from the Subcommittee, Dr. Sylvain Aldighieri (Senior Advisor, International Health Regulations, Alert and Response, and Epidemic Diseases, PASB) clarified that the Government of Japan had not declared the present situation to be a public health emergency of international concern as defined in the International Health Regulations.

#### *Audit Committee*

103. Ms. Piedad Huerta (Advisor, Governing Bodies, PASB) recalled that the composition of the Audit Committee had been finalized at the 147th session of the Executive Committee, with the confirmation of its third member. The Audit Committee had held its first meeting in November 2010, during which many aspects of the Organization had been presented and explained to it, and would be holding its second on 31 March and 1 April. Before that, members of the Committee would be visiting various PAHO country offices. The President of the Audit Committee or one of its members would present a report to the Executive Committee in June.

#### **Closure of the Session**

104. Following the customary exchange of courtesies, the President declared the Fifth Session of the Subcommittee closed.

Annexes

IN WITNESS WHEREOF, the President of the Subcommittee on Program, Budget, and Administration, Delegate of Mexico, and the Secretary ex officio, Director of the Pan American Sanitary Bureau, sign the present Final Report in the Spanish language.

DONE in Washington D.C., United States of America, this eighteenth day of March in the year two thousand eleven. The Secretary shall deposit the original signed document in the Archives of the Pan American Sanitary Bureau.

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Ana María Sánchez  
Delegate of Mexico  
President of the Fifth Session  
of the Subcommittee on Program, Budget,  
and Administration

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Mirta Roses Periago  
Director of the Pan American Sanitary Bureau  
Secretary ex officio of the Fifth Session  
of the Subcommittee on Program, Budget,  
and Administration

## **AGENDA**

### **1. OPENING OF THE SESSION**

### **2. PROCEDURAL MATTERS**

2.1 Election of the President, Vice President, and Rapporteur

2.2 Adoption of the Agenda

### **3. PROGRAM POLICY MATTERS**

3.1 Draft Proposed Program and Budget 2012-2013 of the Pan American Health Organization

3.2 Nongovernmental Organizations in Official Relations with PAHO

### **4. ADMINISTRATIVE AND FINANCIAL MATTERS**

4.1 Overview of the Financial Report of the Director for 2010

4.2 Status of the Implementation of the International Public Sector Accounting Standards (IPSAS)

4.3 Master Capital Investment Plan

4.4 Status of Projects Funded from the PAHO Holding Account

4.5 Amendments to the PASB Staff Rules and Regulations

### **5. MATTERS FOR INFORMATION**

5.1 WHO Medium-term Strategic Plan 2008-2013 and Proposed Programme Budget 2012-2013

5.2 Draft Provisional Agenda for the 148th Session of the Executive Committee

**6. OTHER MATTERS**

**7. CLOSURE OF THE SESSION**



## LIST OF DOCUMENTS

### *Working Documents*

SPBA5/1, Rev. 1	Adoption of the Agenda
SPBA5/2, Rev. 1 and Add. I	Draft Proposed Program and Budget 2012-2013 of the Pan American Health Organization
SPBA5/3, Rev. 1	Nongovernmental Organizations in Official Relations with PAHO
SPBA5/4	Overview of the Financial Report of the Director for 2010
SPBA5/5	Status of the Implementation of the International Public Sector Accounting Standards (IPSAS)
SPBA5/6	Master Capital Investment Plan
SPBA5/7	Status of Projects Funded from the PAHO Holding Account
SPBA5/8, Rev. 1	Amendments to the PASB Staff Rules and Regulations

### *Information Documents*

SPBA5/INF/1	WHO Medium-term Strategic Plan 2008-2013 and Proposed Programme Budget 2012-2013
SPBA5/INF/2, Rev. 1	Draft Provisional Agenda for the 148th Session of the Executive Committee

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