

**12th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

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Provisional Agenda Item 3.2

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EVALUATION OF THE PAHO BUDGET POLICY

Background

1. The current Pan American Health Organization (PAHO) Budget Policy (Document CSP28/7), adopted in 2012 by the 28th Pan American Sanitary Conference (Resolution CSP28.R10), presented a revised budget policy that established a new way of allocating Regular Budget resources in PAHO. In that resolution, the Conference requested a mid-term assessment after one biennium of implementation, as well as a thorough evaluation of PAHO Budget Policy implementation after the second biennium (2016-2017) to “ensure that it continues to respond to changing health needs and that it consistently allocates resources in an equitable manner”.
 2. Recommendations in the evaluation of the previous policy (Document CD50/6 [2010]) determined that although the policy had been implemented correctly, there had been challenges to ensure adequate budgetary levels for all the countries and for the regional entities. The current policy aimed to enhance effectiveness in the distribution of PAHO Regular Budget resources to ensure adequate funding levels throughout the Organization, while continuing to focus on key and priority countries. Statistical methodologies and normative criteria were improved upon to address weaknesses in the previous PAHO Regional Program Budget Policy (Document CD45/7 [2004]) applied in 2006-2011.
 3. The current PAHO Budget Policy was approved to cover the same period as the Strategic Plan of PAHO 2014-2019 (*Official Document 345*) and its principles have been applied in the formulation of the 2014-2015, 2016-2017, and 2018-2019 Program and Budgets. It should be noted that the budget policy was intended to apply only to Regular Budget resources.
 4. A number of key corporate changes that affect the budget policy have taken place since its approval:
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- a) An integrated budget has been adopted by the World Health Organization (WHO); thus, the Regular Budget allocation to the Region of the Americas is no longer indicated before the start of the biennium and cannot be included in the PAHO Regular Budget appropriation.
- b) The PAHO Program and Budget 2016-2017 (*Official Document 350*) was approved with an integrated budget approach that indicates the total resource requirements, regardless of the sources of financing. Therefore, there is no separate Regular Budget appropriation in the integrated budget.
- c) The integrated budget allows for the strategic allocation of flexible funds to program areas and organizational entities based on needs and priorities. Assessed contributions (Regular Budget) from the Member States are one source of flexible funds, whose earmarking or usage is not prescribed.

Proposal

5. In compliance with Resolution CSP28.R10, the Bureau has engaged an external evaluator to perform an evaluation of the current PAHO Budget Policy following the second biennium of implementation, namely 2016-2017. The evaluation is currently under way, and the Bureau expects to report back to the 142nd Session of the Executive Committee in June 2018 with a status update.

6. The evaluation of the PAHO Budget Policy will have the following objectives:

- a) To determine whether resources have been allocated (in the period 2014-2017) across the functional levels of PAHO (country, sub-regional, and regional), and across individual countries, in accordance with the PAHO Budget Policy approved in 2012.
- b) To identify lessons learned in the implementation of the PAHO Budget Policy, especially in view of the integrated budget approach that began with the 2016-2017 Program and Budget.
- c) To compare the budget allocation policies of WHO and PAHO.

7. The evaluation methodology will include a desk review of documents related to the PAHO Budget Policy (Governing Body resolutions, PAHO's Strategic Plan, and other internal documents) and an analysis of existing internal budget data and PAHO's financial records, and may also include a sample of interviews of both internal and external stakeholders. Internationally agreed criteria of relevance, effectiveness, efficiency, and impact will be used, as well as other criteria such as equity, fairness, and transparency.

8. Specifically, the experts are expected to perform the following:
 - a) Review the current budget policy and its implications for program budgeting in the Pan American Sanitary Bureau.
 - b) Assess the application of the three major principles adopted in the PAHO Budget Policy to guide budget development: equity, solidarity, and Pan Americanism.
 - c) Evaluate implementation of the budget by functional level (regional, subregional, and country).
 - d) Assess the distribution of resources among countries through application of the Country Budget Allocation (CBA) model, specifically with regard to the Core and Variable portions.
 - e) Examine the implementation of the results-based portion of the budget.
 - f) Determine the relevance of the PAHO Budget Policy in the integrated budget era and provide any pertinent recommendations.

Action by the Subcommittee on Program, Budget, and Administration

9. The Subcommittee is requested to take note of the report and provide any additional comments and/or guidance to the Bureau that it deems pertinent.
