



PAN AMERICAN HEALTH ORGANIZATION  
WORLD HEALTH ORGANIZATION



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

*Virtual Session, 17 April 2013*

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SPBA7/SS/FR (Eng.)  
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### **REPORT OF THE SPECIAL MEETING**

1. The Subcommittee, on Program, Budget, and Administration (SPBA) held a special meeting on 17 April 2013 via web conferencing software to discuss two program policy matters:

- Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium
- Proposed Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas

2. All members of the Subcommittee (Argentina, Chile, Dominican Republic, El Salvador, Jamaica, Suriname, and United States of America) took part in the special meeting. Representatives of Brazil, Bolivia (Plurinational State of), Canada, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, and Saint Kitts and Nevis also participated. Dr. Jon Kim Andrus (Deputy Director, PASB) served as Technical Secretary. The Director was unable to attend the meeting owing to a family matter.

3. Dr. Andrus opened the meeting, welcoming participants on behalf of the Director. He noted that the meeting had been organized at the request of Dr. Matías Villatoro of El Salvador, President of the Seventh Session of the Subcommittee, who had also requested the Pan American Sanitary Bureau to prepare a document on the status of the allocation of funds by WHO and a comparative financial overview by biennium. The Bureau had also been informed that the Government of Mexico would be presenting a proposed declaration by Member States of the Americas on allocation of funds by WHO to the Region of the Americas.

4. He expressed the Bureau's appreciation to Member States for their commitment to securing full funding of the PAHO budget and for their intention to propose a unified

course of action aimed at ensuring that the Region would have a sustained level of support from WHO and would receive its whole allotment from the WHO budget, including both assessed and voluntary contributions. The Bureau saw that commitment as a reflection of the value that Member States attached to the work of the Organization and to the improvement of health in the Americas and was grateful the Governments of El Salvador and Mexico for their leadership on the issue.

5. Dr. Matías Villatoro (El Salvador, President of the Seventh Session of the Subcommittee) recalled that during the Subcommittee's discussion of the draft proposed program and budget in March (see paragraphs 26 to 36 of the final report of the session), the Delegate of Mexico had presented data on the historic trend of WHO funding for the Regional Office for the Americas (AMRO). PASB had been requested to validate the data. Subsequently, as Dr. Andrus had explained, the President had requested that a special virtual meeting be scheduled to discuss the data presented by Mexico and to provide additional guidance to assist Member States in preparing for the World Health Assembly in May 2013. In response to that request, the Bureau had prepared Document SPBA7/SS/2.

#### **Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium (Document SPBA7/SS/2)**

6. Ms. Verónica Ortiz (Advisor, Program and Budget, PASB), introducing Document SPBA7/SS/2, said that in order to understand the budgetary relationship between PAHO and WHO, it must also be understood that PAHO was an independent international organization with its own legal personality and governance and financial structures. The PAHO Governing Bodies had ultimate authority to make decisions concerning the Organization's program and budget. WHO could approve the Region's portion of the WHO budget, but did not have the authority to approve PAHO's overall budget. PAHO Member States paid assessed contributions to both PAHO and WHO, and PAHO therefore received assessed contributions both directly from Member States in the Americas and through the Region's share of the assessed contributions paid by Member States to WHO. Similarly, it received voluntary contributions directly from Member States and as a share of the voluntary contributions mobilized by WHO at the global level.

7. Conflicting expectations existed with regard to the allocation of voluntary contributions. On the one hand, PAHO Member States expected WHO to honor its commitments in respect of the AMRO voluntary contribution budget. On the other hand, the WHO Secretariat expected the Bureau to participate in fundraising efforts to cover the AMRO voluntary contribution portion of the WHO budget. As PAHO was an independent international organization, however, funds mobilized at the regional level could not legally be counted as part of the AMRO share of WHO voluntary contributions.

To do so would be a breach of the Bureau's fiduciary responsibility to the PAHO Member States.

8. As shown in Table 1 in Document SPBA7/SS/2, in the 2010–2011 biennium the Region had received only 25% of its allotted share of WHO voluntary contributions. As of 31 December 2012, it had received 37% of its allotment for the 2012–2013 biennium. Figure 1 in the document showed the gap between budgeted and actual PAHO and WHO voluntary contributions. In 2008–2009, although PASB had mobilized 40% more than the amount budgeted for PAHO voluntary contributions, WHO had provided only \$59 million of the \$197 million budgeted as the Region's share of WHO voluntary contributions, and the gap had therefore amounted to \$77 million. The situation had been similar in 2010–2011, when the gap had been \$85 million. The amount of the funding gap for the current biennium was not yet known but was expected to be sizeable. While no region received its full allocation of WHO voluntary contributions, other regions received a far larger portion than the Americas: 75% or more versus 25%–30% for AMRO. Moreover, although PAHO implemented virtually all of the voluntary funding it received from WHO, in WHO's records the Region's implementation level appeared very low because WHO measured implementation in terms of the Region's total voluntary contribution allocation, not in terms of the amount the Region actually received.

9. Under the strategic resource allocation validation mechanism approved in 2006 to guide the allocation of the WHO budget among the regions (WHO Document EB118/7), AMRO was to receive between 6.3% and 7.7% of the total, but in fact it had received 5.9% in 2008–2009, 4.9% in 2010–2011, and 4.2% in 2012–2013 (as of 31 December 2012). For 2014–2015, WHO's total proposed budget was \$3.9 billion, of which AMRO was expected to receive \$176 million, or 4.4%. The 2014–2015 program budget proposal (WHO Document A66/7) indicated that the strategic resource allocation validation mechanism had not been used in preparing the budget but provided no information on what criteria had been applied in order to determine regional allocations. Although AMRO's share of the WHO budget was low, it would be manageable provided that all of the funding allocated was actually received. In order for that to happen, the Region's share of assessed contributions must be maintained or increased and its share of WHO voluntary contributions must be funded at the same percentage as that of other regions.

10. In the discussion that followed Ms. Ortiz's presentation, members of the Subcommittee expressed concern about the decline in AMRO's share of the WHO budget and called for a more equitable approach to resource allocation among the WHO regions. The fact that the Region routinely failed to receive its full allocation from the WHO budget was also seen as cause for serious concern. It was considered essential to adopt a common regional position regarding PAHO's situation with respect to WHO and its budget. A delegate observed that all multilateral organizations had seen their budgets shrink in recent years, while at the same time the demands placed on those organizations by their Member States had grown. She underscored the need to mount an effort aimed at

persuading Member States to increase their contributions to multilateral organizations, including WHO and PAHO, rather than channeling resources through special funds and institutions that did not support all countries. Clarification was sought of the methodology that WHO had used to calculate regional allocations under the proposed program budget 2014–2015.

11. Ms. Ortiz said that the methodology for determining the percentage distribution of the WHO budget had not been spelled out.

12. Mr. Dean Chambliss (Special Advisor to the Director, PASB) confirmed that no official methodology had been used in determining regional allocations under the WHO budget proposal for 2014–2015. The proposal did mention strategic considerations, but did not elaborate on what they were. He also noted that the WHO Secretariat had repeatedly sought, and continued to seek, to include the PAHO budget figures in the overall global budget of WHO. That had not occurred to date, but it was a situation of which Member States should be aware.

13. The Subcommittee thanked the Bureau for the report and presentation and for its clear explanations of the budgetary relationship between PAHO and WHO.

**Proposed Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas (Document SPBA7/SS/3)**

14. Ms. Martha Caballero Abraham (Mexico) presented two slides showing the absolute value and the proportional share of AMRO's portion of the WHO budget for 2008–2009, 2010–2011, and 2012–2013, with projections for 2014–2015. The slides also showed the amounts and percentages of the approved budget actually made available to and executed by PAHO. The figures were derived from or estimated on the basis of official documents of WHO and PAHO. In 2008–2009, the amount budgeted by WHO for AMRO had been \$279 million. Of that amount, the Region had received \$148 million, or 53.05%. In 2010–2011, the Region had received \$158 million, or 61.72% of the \$256 million budgeted by WHO for AMRO. The percentages of the allocated WHO budget actually executed in those two biennia had been 49.1% and 60.16%, respectively.

15. Using the average of the percentages actually received for 2008–2009 and 2010–2011 (57.38%), it could be estimated that of the \$173 million allocated to the Region for 2012–2013, only about \$99.2 million would be received, and of the total expected regional allocation of \$176 million for 2014–2015, only \$100.99 million would be received. Cumulatively, if the current trend continued, funds budgeted but not received since 2008–2009 would amount to some \$377 million by the end of the 2014–2015 biennium, while the amount budgeted but not executed would total around \$402 million.

16. In her Government's view, during the forthcoming World Health Assembly it would be important for the Member States from the Americas to call attention to the fact that not only was the Region receiving the smallest proportion of the WHO budget, but that it was receiving far less than the amount it had been allocated. Member States should also insist that the Region must receive its full allocation. It would also be important to seek clarification of the criteria that WHO was applying in order to determine regional allocations and to demand transparency in the resource allocation process. The programmatic impact of the non-execution of a significant proportion of the WHO budget—for both WHO and PAHO—should also be highlighted.

17. The President invited the Subcommittee to comment on the presentation by the Delegate of Mexico and on the proposal put forward in Document SPBA7/SS/3.

18. The Subcommittee expressed gratitude for the presentation and the document prepared by the Government of Mexico. It was agreed that greater transparency and accountability was needed with regard to the methodology and criteria used to determine the allocation of the WHO budget to the regions. While emphasizing the importance of solidarity with other regions and acknowledging that increases in one region's allocation would mean reductions in those of other regions, delegates reiterated the view that AMRO was not receiving a fair share of the WHO budget and underscored the need to bring the matter to the attention of the World Health Assembly. It was considered timely to do so during the Health Assembly's forthcoming Sixty-sixth session in May, in the context of the discussion of WHO reform, the Twelfth General Program of Work of WHO, and the WHO program budget for 2014–2015.

19. It was pointed out that the Region's share of WHO voluntary contributions had diminished by more than 50% between the 2010–2011 and 2012–2013 bienniums, and clarification was sought as to how WHO determined what portion of the WHO voluntary contribution budget would go to AMRO and why the Region received such a small portion relative to other WHO regions. A delegate inquired whether the strategic resource allocation methodology approved in 2006 had applied to both the assessed contribution and voluntary contribution portions of the WHO budget. It was pointed out that the financing dialogue to take place in relation to the WHO program budget 2014–2015 might afford an opportunity for the countries of the Americas to improve the Region's situation with regard to WHO voluntary contributions.

20. As to the proposed declaration contained in Document SPBA7/SS/3, clarification was requested from the Bureau regarding the procedure to be followed, given that the Sixty-sixth World Health Assembly would be convened prior to the 152nd Session of the PAHO Executive Committee in June. Clarification was also sought as to what standing a declaration approved by a subcommittee of a regional body would have at the World Health Assembly.

21. Responding to the Subcommittee's comments and questions, Ms. Ortíz said that one explanation for the low proportion of WHO voluntary contributions allocated to the Region was that AMRO was expected to mobilize its own voluntary funds.

22. Mr. Chambliss pointed out that the voluntary contribution portion of the budget was rarely fully funded in any region because it could not be guaranteed that WHO would actually be able to mobilize the amount of voluntary contributions envisaged in its program budget. Nevertheless, the proportion that AMRO received was undeniably much lower than that received by other regions: generally 25%–30% versus 75%–80%. It was fair to say that there was a perception among some colleagues at WHO headquarters that, as PAHO had its own funding sources, the Region did not need as much as other regions from WHO voluntary funding. It was necessary to bear in mind, however, that core voluntary contributions made up a relatively small percentage of the total voluntary allocation and that the remainder consisted of specified, or earmarked, contributions, some of which, under the terms of the agreement negotiated with the donor, had to go to a particular region.

23. The reduction in the Region's voluntary contribution allocation between 2010–2011 and 2012–2013 reflected a corresponding reduction in the voluntary contribution portion of the program budget at the global level. That reduction, in turn, reflected an effort to ensure that WHO's budgets were more realistic. While all regions had seen a decline in the amount of voluntary funding they received from the WHO budget, no other region had experienced a decrease of 50%. The reduction for AMRO had been exceptionally large in percentage terms.

24. Regarding whether the strategic resource allocation methodology had been applied individually to the regular budget and to voluntary contributions, to his knowledge it had applied to the budget as a whole, without regard to the source of the funds. Concerning his earlier comment about including PAHO's budget figures in the WHO global program budget, he wished to clarify that, as Ms. Ortíz had explained, PAHO was a separate organization, and the World Health Assembly could not make decisions about the overall PAHO budget; it could decide only the AMRO portion.

25. Mr. Guillermo Birmingham (Director of Administration, PASB), responding to questions regarding the methodology used in allocating the proposed WHO program budget for 2014–2015, said that it had been explained at a recent meeting that there had been a mapping between the strategic objectives contained in the 2012–2013 program budget and the new categories to be used in the program budgets for 2014–2015 and subsequent bienniums covered under the Twelfth General Program of Work. The mapping had reflected the use of resources by regions, but there appeared to have been little strategic analysis of how resources had been allocated to the various strategic objectives. Rather, the mapping had been based mainly on mathematical calculations of actual expenditure and execution levels. If those figures reflected under-funding of the

regional allocation, as in the case of AMRO, then that type of mapping would perpetuate the trend of under-resourcing.

26. Dr. Amalia del Riego (Senior Advisor, Planning, Budget and Resource Coordination, PASB), commenting on the programmatic impact of reductions in the Region's share of WHO resources, said that the greatest impact would be felt if the regular budget allocation were to decline below its current level. That allocation was derived from assessed contributions, which, unlike voluntary contributions, could not be earmarked for specific purposes or regions.

27. Dr. Heidi Jiménez (Legal Counsel, PASB) said that, from a procedural standpoint, the Subcommittee had two options: it could recommend that a special session of the Executive Committee be convened to consider the matter prior to the Sixty-sixth World Health Assembly or it could endorse, with any modifications considered necessary, the declaration put forward in Document SPBA7/SS/3 and then forward it for discussion by the Group of the Americas (GRUA), which would meet shortly before the Health Assembly. In the latter case, GRUA could formulate a statement to be read out by a representative of a Member State from the Americas during the Health Assembly. The advantage of the first option would be that the Executive Committee could, if it wished, adopt a resolution, which would carry more weight than a declaration endorsed by the Subcommittee and submitted to GRUA, which was not a Governing Body.

28. Some members of the Subcommittee favored the presentation of a statement emanating from GRUA, while others felt that an Executive Committee resolution would be more appropriate. Those in the latter group stressed that a formal expression of opinion from a PAHO Governing Body was needed and called for the convening of a special session of the Executive Committee in order to adopt a resolution that could then be transmitted to the WHO Programme, Budget and Administration Committee, which would meet immediately prior to the Sixty-sixth World Health Assembly. Those in favor of a GRUA statement were of the view that there was insufficient time to convene a special session of the Executive Committee before the Health Assembly. They also pointed out that Member States were busy preparing for the discussion of a number of important items during the Health Assembly, including the WHO Twelfth General Program of Work and the program budget for 2014–2015, as well as the discussion of PAHO's next Strategic Plan by the Countries Consultative Group (CCG).

29. It was pointed out that, in either case, WHO could not be called upon to guarantee a certain amount of voluntary funding for the Region as it might not be able to mobilize all of the voluntary funding budgeted. It was also pointed out that the two options were not mutually exclusive and that the adoption of a resolution by the Executive Committee would not preclude discussion of the matter by GRUA.

30. A vote was taken and five of the seven Subcommittee members voted in favor of convening a special session of the Executive Committee. It was suggested that the special session might be timed to coincide with a meeting of the CCG scheduled for the end of April.

31. The Deputy Director said that the Bureau would make the necessary arrangements for the special session. He observed that two main conclusions had emerged from the Subcommittee's deliberations: AMRO's share of the WHO budget must be sustained and there must be more transparency in the method of allocating the budget.

32. The President expressed gratitude to the Bureau for organizing the meeting and to Member States for their participation and then declared the meeting closed.

Annexes



**SPECIAL SESSION**

**AGENDA**

- 1. OPENING OF THE SESSION**
- 2. PROCEDURAL MATTERS**
  - 2.1 Adoption of the Agenda
- 3. PROGRAM POLICY MATTERS**
  - 3.1 Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium
  - 3.2 Proposed Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas
- 4. OTHER MATTERS**
- 5. CLOSURE OF THE SESSION**

**SPECIAL SESSION**

**LIST OF DOCUMENTS**

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SPBA7/SS/2

Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium

SPBA7/SS/3

Propose Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas

**SPECIAL SESSION/SESIÓN ESPECIAL  
LIST OF PARTICIPANTS/LISTA DE PARTICIPANTES  
MEMBERS OF THE SUBCOMMITTEE/MIEMBROS DEL SUBCOMITÉ**

**ARGENTINA**

Lic. Andrea Polach  
Asesora, Dirección de Relaciones  
Internacionales  
Ministerio de Salud  
Buenos Aires

Lic. Tomás Pippo  
Director de Economía de la Salud  
Ministerio de Salud  
Buenos Aires

**CHILE**

Sr. José Ignacio Dougnac Vera  
Jefe del Departamento de Gestión y  
Planificación Financiera  
Ministerio de Salud  
Santiago

**DOMINICAN REPUBLIC/REPÚBLICA  
DOMINICANA**

Sr. Dr. Rafael Schiffino  
Viceministro de Salud Colectiva  
y Asistencia Social  
Ministerio de Salud Pública  
y Asistencia Social  
Santo Domingo

**EL SALVADOR**

Dra. María Isabel Rodríguez  
Ministra de Salud  
Ministerio de Salud  
San Salvador

Dr. Matías Villatoro  
Coordinador, Unidad de Gestión de  
Servicios de Salud  
Ministerio de Salud  
San Salvador

**EL SALVADOR (cont.)**

Dr. Jorge Irazola  
Asesor de Cooperación Internacional  
Ministerio de Salud  
San Salvador

**JAMAICA**

Ms. Ava Gay Timberlake  
Acting Director  
International Cooperation in Health  
Ministry of Health  
Kingston

Ms. Charlene Collins  
Assistant to the Permanent Secretary  
Ministry of Health  
Kingston

**SURINAME**

Ms. Wendy Emanuelson-Telgt, M.Sc.  
Health Promotion Focal Point  
Planning Unit  
Ministry of Health  
Paramaribo

**UNITED STATES OF AMERICA/ESTADOS  
UNIDOS DE AMÉRICA**

Ms. Ann Blackwood  
Director for Health Programs  
Office of Human Security  
Bureau of International Organization Affairs  
Department of State  
Washington, D.C.

**NON-MEMBERS OF THE SUBCOMMITTEE  
OTROS MIEMBROS QUE NO FORMAN PARTE DEL SUBCOMITÉ**

**BRAZIL/BRASIL**

Sr. Leandro Luiz Viegas  
Chefe da Divisão de Temas Multilaterais  
Ministério da Saúde  
Brasília

**BOLIVIA**

Dr. Freddy Claire  
Asesor del Ministro de Salud y Deportes  
Ministerio de Salud y Deportes  
La Paz

**CANADA/CANADÁ**

Ms. Monica Palak  
Senior Policy Analyst  
Multilateral Relations Division  
Office of International Affairs for the  
Health Portfolio  
Health Canada  
Ottawa

Ms. Lucero Hernández  
Office of International Affairs for the  
Health Portfolio  
Health Canada  
Ottawa

**COSTA RICA**

Lic. Adriana Salazar  
Encargada  
Unidad de Asuntos Internacionales  
Ministerio de Salud  
San José

**ECUADOR**

Lic. Cristina Luna  
Analista de Cooperación y Relaciones  
Internacionales  
Dirección Nacional de Cooperación y  
Relaciones Internacionales  
Ministerio de Salud Pública  
Quito

**GUATEMALA**

Lic. José Carlos Catañeda  
Unidad de Cooperación Internacional  
Ministerio de Salud Pública  
y Asistencia Social  
Ciudad de Guatemala

**HONDURAS**

Sra. Dra. Roxana Araujo  
Secretaria de Estado en el  
Despacho de Salud  
Secretaría de Estado en el  
Despacho de Salud  
Tegucigalpa

**MEXICO/MÉXICO**

Lic. Martha Caballero Abraham  
Directora de Cooperación Bilateral  
y Regional  
Secretaría de Salud Pública  
México, D.F.

Lic. Marevna García Arreola  
Subdirectora de Cooperación Financiera y  
Riesgos Emergentes  
Secretaría de Salud Pública  
México, D.F.

**NON-MEMBERS OF THE SUBCOMMITTEE (cont.)**  
**OTROS MIEMBROS QUE NO FORMAN PARTE DEL SUBCOMITÉ (cont.)**

**MEXICO/MÉXICO (cont.)**

Lic. José Gustavo Valle Mendoza  
Subdirector de Gestión Interamericana  
Secretaría de Salud Pública  
México, D.F.

Lic. María Fernanda Casanueva Álvarez  
Jefa del Departamento de Cooperación  
Institucional  
Secretaría de Salud Pública  
México, D.F.

**PANAMA/PANAMÁ**

Dra. Zelibeth Valverde  
Directora de Planificación  
Ministerio de Salud  
Ciudad de Panamá

Dra. Jamileth Cortés  
Departamento de Planificación  
Ministerio de Salud  
Ciudad de Panamá

**PARAGUAY**

Dr. José Marín Massolo  
Director General de  
Relaciones Internacionales  
Ministerio de Salud Pública y  
Bienestar Social  
Asunción

**PERU/PERÚ**

Dr. Víctor Raúl Cuba Oré  
Director General  
Oficina General de Cooperación  
Internacional  
Ministerio de Salud  
Lima

Dra. Sonia Hilser  
Directora Ejecutiva Adjunta  
Oficina General de Cooperación  
Internacional  
Ministerio de Salud  
Lima

Lic. Ana María Castillo  
Socióloga  
Oficina General de Cooperación  
Internacional  
Ministerio de Salud  
Lima

**SAINT KITTS AND NEVIS/ SAINT KITTS Y  
NEVIS**

Mr. Andrew Skerritt  
Permanent Secretary (Ag)  
Ministry of Health, Social Services,  
Community Development,  
Culture & Gender Affairs  
Basseterre

**PAN AMERICAN HEALTH ORGANIZATION  
ORGANIZACIÓN PANAMERICANA DE LA SALUD**

**Advisers to the Director/  
Asesores de la Directora**

Dr. Jon Kim Andrus  
Deputy Director/Director Adjunto

Dr. José Ramiro Teruel, a.i.  
Assistant Director/Subdirector

Mr. Guillermo Birmingham  
Director of Administration  
Director de Administración

**Advisers to the Director/  
Asesores de la Directora (cont.)**

Dr. Heidi Jiménez  
Legal Counsel/Asesora Jurídica

Ms. Piedad Huerta  
Senior Advisor, Governing Bodies Office  
Asesora Principal, Oficina de los Cuerpos  
Directivos

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