



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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

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REGIONAL PROGRAM BUDGET POLICY: CURRENT STATUS AND IMPLEMENTATION REPORT

Background

1. The current Regional Program Budget Policy, which spans the three biennia 2006-2007 through 2010-2011, was approved by the 45th Directing Council by means of Resolution CD45.R6 (see document CD45/7) in September 2004. In March 2005, information document SPP39/INF/1 entitled *Application of the PAHO Regional Program Budget Policy in the Proposed PAHO/WHO Program Budget for 2006-2007* was presented to the 39th Subcommittee on Planning and Programming (SPP), the predecessor subcommittee of the current Subcommittee on Program Budget and Administration (SPBA). These two documents serve as the framework for the Regional Program Budget Policy (RPBP) itself and its application within the Organization.

2. The Country Variable Allocation (CVA) is among one of several components introduced by the RPBP. This allocation component constitutes up to 5% of the total allocation made to the country portion of the budget and is primarily intended to provide a small but necessary degree of flexibility in the allocation process to country programs. Based on the criteria established by Member States, the CVA mechanism enables the Director of the Pan American Sanitary Bureau (PASB) to respond to critical and unforeseen challenges that may arise at the country level and which are not easily predictable within the context and timing of the biennial program planning exercise and the general framework of the RPBP for core allocations to countries.

Analysis

3. One of the amendments to Resolution CD45.R6 confers the authority to approve the criteria for the use of CVA funds for each biennial program budget on the SPBA. The criteria approved for the 2006-2007 biennium is as follows:

- (a) countries that are experiencing major, unexpected disruptions, such as the occurrence of a natural disaster, a sudden fiscal downturn, or temporary social or civil instability;
- (b) countries that have shown a concerted effort in their work plans to accelerate critical work toward the progress of achieving Millennium Development Goals and targets;
- (c) countries which, in addition to already having limited operational budgets, are subject to further budget reductions in core funding as a result of the application of the RPBP.

4. The 2006-2007 biennium was the first biennium during which this innovative mechanism was used. Although the experience was generally positive, less than one half of countries in the Region were able to access these funds. One of the principal reasons observed for the low implementation of the CVA pool is that although it established well conceived and valid criteria, it did not provide the same opportunity for all countries to address the various types of regional challenges.

5. Meanwhile, for several years, the Organization has maintained a cooperation mechanism called Technical Cooperation among Countries (TCC) which is guided by established programmatic guidelines. This cooperation mechanism has received overwhelming support by Member States since it promotes the principles of Pan Americanism and solidarity in the Region. Due to the special nature of TCC activities, the Organization has maintained TCC funds as a separate funding mechanism for this purpose. Currently, these funds form part of a country's assigned regular budget ceiling, and are accessed through the submission of "TCC project proposals" which are subject to an established review and approval process.

6. After a review of the TCC process over several years, it has become apparent that the full potential of the process has been somewhat limited due to the nature of the TCC funding mechanism. Since TCC funds are currently derived from a pre-determined percentage of each country's assigned regular budget ceiling, its use by any given country is limited to a specified amount. Therefore, under the current funding mechanism, while some countries may be in a position to promote higher levels of TCC activity in a given biennium, their opportunities to do so may be limited by the finite nature of TCC funding specifically available to a particular country and/or to partner countries. For example, in some instances, TCC projects have had to be postponed when one of the partner countries was unable to participate because it had previously exhausted its TCC ceiling. Additional details on CVA and TCC funding during 2006-2007 are contained in Annexes A and B of this document.

7. Annex A depicts the twenty countries that reached their TCC ceiling limit during 2006-2007. Several of these countries were unable to take advantage of further TCC

opportunities due to their individual funding restriction and the fact that they would have been able to participate in TCC project formulation.

8. The PASB is of the opinion that Member States would be better served by funding TCC activity from a pool of funds similar to the CVA mechanism, rather than from the current individually fixed ceilings per country. This new modality would permit any given country to engage in a level of TCC activity it deemed appropriate without being limited to a pre-determined, country-specific TCC ceiling that may prove inadequate for its needs.

9. The PASB puts forward the premise that this proposal would help to resolve two issues:

- (a) the provision of greater opportunity for all countries to access pooled CVA funding; and
- (b) the increased potential of the TCC cooperation mechanism in the Region.

10. In addition, the use of CVA funds for TCC activities remains consistent with the principles of equity, Pan Americanism and solidarity espoused by the Regional Program Budget Policy. The three criteria previously approved for the 2006-2007 biennium would remain in effect as well.

Proposal

11. Therefore, the proposed new set of criteria for the use of CVA funds set aside for 2008-2009 would be as follows:

- (a) countries that are experiencing major, unexpected disruptions, such as the occurrence of a natural disaster, a sudden fiscal downturn, or temporary social or civil instability;
- (b) countries that have shown a concerted effort in their work plans in addressing critical work toward the progress of achieving Millennium Development Goals and targets;
- (c) countries that, in addition to already having limited operational budgets, are subject to further budget reductions in core funding as a result of the application of the RPBP;
- (d) countries wishing to participate in the mechanism of Technical Cooperation Among Countries.

12. It should be noted that the activities encompassed in the aforementioned criteria, in addition to the CVA funding limitation, are subject to established pertinent programmatic and administrative guidelines and procedures.

Action by the Subcommittee on Program, Budget, and Administration

13. The Subcommittee is requested to consider the inclusion of activities supporting the Technical Cooperation among Countries mechanism as an added criterion for the use of Country Variable Allocation funds for the 2008-2009 biennium.

Annexes

**TECHNICAL COOPERATION AMONG COUNTRIES (TCC)
STATUS AS OF 31 DECEMBER 2007**

<u>Country</u>	<u>Allocation</u>	<u>Allotted</u>	<u>Balance</u>	<u>Expenditure</u>
ARGENTINA	70,000	70,000	-	69,999
BAHAMAS	11,000	9,171	1,829	3,448
BELIZE	17,544	16,875	669	16,137
BOLIVIA	100,100	100,100	-	97,688
BRAZIL	142,000	137,420	4,580	97,053
CANADA	20,000	20,000	-	19,191
CAR*				
ABM	8,000	8,000	-	-
ANI	8,000	8,000	-	3,648
BAR	20,000	20,000	-	12,066
DOM	10,000	10,000	-	5,651
FDA	-	-	-	-
GRA	9,000	9,000	-	8,306
SAL	9,000	9,000	-	6,857
SAV	9,000	7,450	1,550	3,073
SCN	7,000	7,000	-	3,788
CHILE	32,300	19,440	12,860	19,437
COLOMBIA	85,000	81,700	3,300	71,384
COSTA RICA	18,000	15,000	3,000	14,964
CUBA	100,000	99,968	32	98,198
DOM. REPUBLIC	47,500	41,620	5,880	27,076
ECUADOR	59,441	57,126	2,315	57,028
EL SALVADOR	28,600	28,600	-	28,600
GUATEMALA	136,300	117,100	19,200	91,012
GUYANA	20,000	12,200	7,800	6,307
HAITI	27,000	27,000	-	26,992
HONDURAS	69,814	69,814	-	69,745
JAMAICA	41,000	41,000	-	32,600
MEXICO	75,000	33,672	41,328	19,996
NICARAGUA	95,000	95,000	-	93,852
PANAMA	81,900	81,900	-	78,544
PARAGUAY	63,200	55,910	7,290	48,699
PERU	70,335	70,335	-	54,589
PUERTO RICO	6,000	6,000	-	3,168
SURINAME	8,300	8,300	-	5,500
TRINIDAD & TOBAGO	46,302	18,252	28,050	7,109
URUGUAY	26,266	26,266	-	23,822
USA	10,000	-	10,000	-
VENEZUELA	48,400	20,000	28,400	14,974
NEA	7,000	-	7,000	-
TOTAL	1,643,302	1,458,219	185,083	1,240,501

**COUNTRY VARIABLE ALLOCATION (CVA)
STATUS AS OF 31 DECEMBER 2007**

<u>Country</u>	<u>Amount Approved</u>	<u>Expenditure</u>	<u>Balance</u>
ANTIGUA AND BARBUDA			
ARGENTINA	91,000	90,419	581
BAHAMAS	30,000	25,494	4,506
BARBADOS			
BELIZE	27,013	26,413	600
BOLIVIA			
BRAZIL			
CANADA			
CHILE	53,800	53,741	59
COLOMBIA			
COSTA RICA	228,600	221,931	6,669
CUBA			
DOMINICA			
DOMINICAN REPUBLIC	250,000	236,266	13,734
EASTERN CARIBBEAN	92,903	82,294	10,609
ECUADOR			
EL SALVADOR			
FRENCH GUYANA			
GRENADA			
GUATEMALA			
GUYANA	92,870	83,661	9,209
HAITI			
HONDURAS	-		
JAMAICA	100,000	98,371	1,629
MEXICO			
NORTHERN CARIBBEAN			
NETHERLANDS ANTILLES			
NICARAGUA	45,224	45,224	0
PANAMA	160,000	157,394	2,606
PARAGUAY	30,780	30,055	725
PERU			
PUERTO RICO			
SAINT LUCIA			
SAINT VINCENT			
SAINT KITTS AND NEVIS			
SURINAME			
TURKS AND CAICOS			
TRINIDAD AND TOBAGO	30,454	18,381	12,073
URUGUAY			
UNITED STATES OF AMERICA			
VENEZUELA			
TOTAL	1,232,644	1,169,644	63,000

Note: Variable funds allotted represent 25% of the total CVA. Total expenditure for variable funds at 31 December was 95% of the total variable funds allotted.

Total Variable Country Allocation (5% as per OD317)	4,950,000
Less: Approved and allotted	1,232,644
Balance	3,717,356