



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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REPORT ON VOLUNTARY CONTRIBUTIONS IN PAHO/WHO

This document describes the different types of voluntary contributions that the Pan American Sanitary Bureau (PASB) receives in order to complete the financing for the Biennial Program Budgets of the Strategic Plan. These contributions represent 40% of the total of resources spent by PASB.

The report includes an analysis of the mechanisms employed since 2003 to ensure the coherence of voluntary contributions with the Strategic Plan adopted by the Governing Bodies.

The Secretariat presents this document for the information of the members of the Subcommittee on Program, Budget, and Administration, thanking them for any comments and suggestions to improve it in the future. The document has no budgetary implications.

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Introduction

1. In the past two years, the Secretariat has presented information to the Governing Bodies on matters and issues related to the voluntary contributions that the Pan American Sanitary Bureau receives and the mobilization of resources. For example: CE136/INF/5: *Use of Voluntary Contributions in the PAHO/WHO Program Budget* and SPP40/4: *PAHO Framework for Resource Mobilization*.

2. This document is submitted to the first session of the Subcommittee on Program, Budget, and Administration to report on some aspects of this topic, in light of the important changes under way in planning processes and their connection with resource mobilization, and to offer a vision of the process launched in 2003 to better align voluntary contributions with the Organization's strategic objectives.

General Considerations

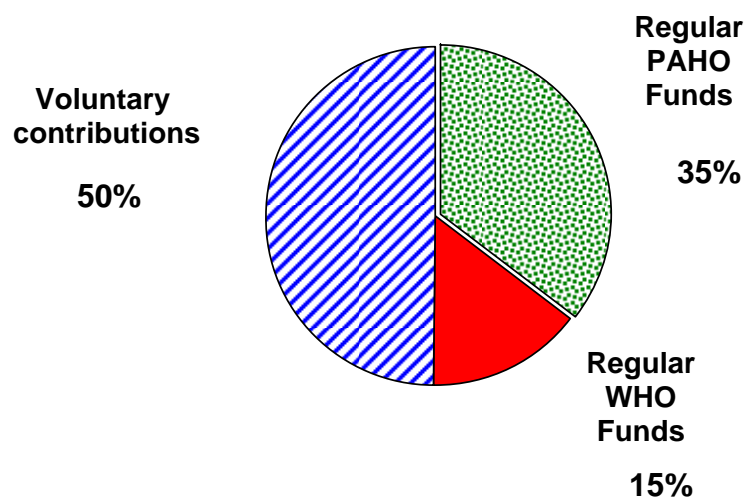
3. One of the objectives of the institutional change in the Pan American Sanitary Bureau during the period 2003-2007 is to strengthen the strategic management of its resources. To this end, the Secretariat is improving its effectiveness and efficiency in the utilization of voluntary contributions. It is doing so by adopting new methods for the mobilization and utilization of the total resources, with a view to ensuring that they are used in a manner consistent with the mandates of the Member States, maintaining uniformity with respect to the approved Biennial Program Budgets of the PASB.

4. PAHO, in conjunction with WHO, has adopted the results-based management approach to determine the resources needed to carry out its work. The cost of achieving the specific results programmed in a given period is determined by a comprehensive budget that includes all sources of resources. Three sources can be identified:

- a) Regular funds, which include both the quota contributions of the Member States and some miscellaneous income;
- b) The proportion of regular funds from WHO allocated to Region of the Americas (called AMRO in WHO);
- c) Voluntary contributions from different sources.

5. The figure below illustrates the programmed distribution for the biennium in progress.

Distribution of total PASB resources Biennium 2006-2007



6. **Voluntary contributions** are understood as resources over and above the regular funds received by the Organization. Voluntary contributions can come directly to PAHO or through WHO. Currently, the majority of voluntary contributions are the result of direct negotiations between PAHO and its financial partners. A smaller proportion of voluntary resources reach the Region as part of the voluntary contributions to WHO allocated to the Americas.

7. The origins of voluntary contributions can differ. They may be direct donations to PAHO by an institution or benefactor; resources negotiated with a public financial partner, whether bilateral or multilateral; or non-financial resources made available to the Organization to support a particular activity, such as the use of infrastructure and human resources.

8. The funds thus received can be divided into two major categories: a) **Non-specific Voluntary Contributions (NVC)** and b) **Specific Voluntary Contributions (SVC)**. The NVC are used to bridge the resource gap for executing the Strategic Plan of the Pan American Sanitary Bureau, and are not restricted to any specific activity. This category of funds is known as *unearmarked*. The SVC, traditionally known as **projects**, are earmarked for interventions and/or specific populations within the Strategic Plan; that is,

their use is predetermined, and they are therefore less flexible. This category is known as *earmarked*.

9. The NVC give the PASB greater flexibility with lower transaction costs. In addition achieving the different objectives of the Strategic Plan, they permit financing of the core functions of the PASB and cover operating costs, among other things, which is rarely possible in the SVC modality. Therefore, in the future PAHO will promote dialogue with its partners to increase the volume of NVC as much as possible. The PASB's NVC funds currently come exclusively from WHO.

10. Optimizing corporate resources requires careful management of the funds in order to respect the fiduciary conditions attached to them while maximizing the impact of the Strategic Plan.

11. In the medium term, it is estimated that volume of NVC resources will increase; however, a considerable number of partners continue to prefer the specificity of the SVC, which means that in practice, the Pan American Sanitary Bureau will continue to operate with both voluntary contribution modalities.

12. In order to facilitate the overall management of non-specific voluntary resources, WHO created an Advisory Group on Financial Resources (AGFR), which determines the Work Area (in the future Strategic Objective) to which NVC resources will be channeled. PAHO is a member of the global advisory group. The distribution of resources within a Work Area is based on global Master Plans for each Work Area that identify the needs for every Region of WHO. Thus, each Region receives the resources programmed in the Master Plan.

13. As a prerequisite, the Pan American Sanitary Bureau requires voluntary contributions to respond and be used to cover the cost of the activities or initiatives in its Strategic Plan and, hence, its respective Biennial Program Budgets; they are therefore an integral part of the technical cooperation that the Secretariat provides to the Member States.

14. In this regard, there has been recognition of the need to simplify and improve the standards, procedures, and institutional technical support for managing voluntary contributions, which includes the design, analysis, monitoring, evaluation, follow-up, and presentation of reports on initiatives financed with voluntary contributions of any type. All of these stages are essential to the progress of the management strategy, since voluntary contributions are an important and growing source of the Pan American Health Organization's program budget.

Non-financial Voluntary Contributions

15. Voluntary contributions also include the transfer to PAHO of non-financial resources, such as personnel, equipment, materials, or other types of resources, to support, complement, or supplement the technical cooperation activities stipulated in the Biennial Program Budget and the Biennial Work Plans that have been approved. In this report, however, only information on voluntary contributions of financial resources is provided. In-kind voluntary contributions require a different evaluation system, which is currently in development. It is estimated that 28% of the agreements signed between 2004 and 2006 were without financial content.

Review of the Initiatives Financed with Voluntary Contributions

16. The review process is flexible and meets the needs of both NVC and SVC initiatives or projects.

17. All AMPES entities, that is, those that have a Work Plan with a budget in the Secretariat at the regional (technical areas) or subregional level, or in the Representative Offices or Pan American Centers, are subject to the review process.

18. The organizational responsibility for the review process, as well as its facilitation and coordination, rests with the Project Support Unit of the Planning, Program Budget, and Project Support Area. This Unit reviews proposals, guarantees the quality of the proposals before they are submitted to a partner or the formal resource mobilization process begins, and ensures that they meet the programmatic, legal, and financial standards of the Organization.

19. The process is undertaken with the active participation of the entities that originated the initiatives and the various technical and administrative entities involved. The initiatives are subjected to the following examinations:

- (a) Policy harmonization: Ensuring that the projects fit within the Strategic Plan of PASB and are therefore consistent with regional, subregional, and global mandates, strategies, policies, and priorities;
- (b) Technical strategy and project design: Determining whether the proposal addresses the problems identified, and whether it is consistent in terms of its internal logic, programming, budget, etc.;
- (c) Validity of the actions and capacity for execution: Ensuring that internally, the PASB has the capacity and procedures necessary for optimum managerial, technical, financial, and administrative execution and that meet the requirements agreed to with the external partners; including the execution and achievement of objectives;

(d) Financial self-sufficiency: Ensuring that project operations include the provisions necessary for covering all direct and indirect costs to prevent extrabudgetary initiatives from being subsidized with regular PASB funds.

20. The review process ends with a recommendation indicating that the initiative is ready for negotiation with future partners or for signature in the event that the financing has already been obtained or an extension, modification, or addition to a signed agreement is involved.

21. Rapid review mechanisms have been established for special or urgent cases.

22. The only exception to the aforementioned review process are projects for humanitarian aid or emergency assistance; however, these should be duly registered for proper monitoring.

23. All initiatives financed with voluntary contributions, without exception, are registered, regardless of the nature of the contribution (financial or non-financial);

24. The review and registry process facilitate application of the PASB resource mobilization policy, where all entities at the different levels (regional, subregional, Representative Office, and Pan American Centers) are responsible for mobilizing resources, promoting the standardization of technical and programmatic criteria in proposal development, creating opportunities for knowledge-sharing in-house, and targeting efforts to the development of interprogrammatic initiatives.

25. Since the establishment of the current registry system for reviewing initiatives (in late 2004), a total of 714 reviews have taken place. Table 1 presents the data on the total initiatives reviewed between 2004 and 2006, based on the classification currently in use. This classification is divided into: a) agreements or conventions (legal instruments) in which the project is mentioned in the text, b) framework agreements, which are general agreements in whose context specific work plans are subsequently inserted, and c) projects, in the sense that the documents submitted are proposals that do not include the legal arrangement, which is negotiated separately. Each of these categories is broken down into new initiatives and modifications to existing ones. As can be observed, the number of modifications has been growing, and most involve agreements, with projects in second place.

**Table 1. Total Number of Initiatives Reviewed, by Type
Period 2004-2006**

Type of initiative		2004	2005	2006	Total number
Agreements/ Agreements	New	10	70	106	186
	Modifications to agreements already signed	23	91	117	231
Agreements/ Framework agreements	New	2	3	0	5
	Modifications to agreements already signed	0	4	3	7
Projects	New	8	104	118	230
	Modifications to agreements already signed	2	16	37	55
Total		45	288	381	714

26. The PPS/PS review unit's concept of performance measurement was introduced at the start of this activity. The mode for the duration of the reviews is three working days; the median, four; and the mean, seven. Depending on the complexity of the proposal, the internal consultation may require greater participation by the reviewing entities, which could may require additional time for the review and redesign process.

27. The process is highly interprogrammatic and participatory, as the technical and administrative units, Representative Offices, and Pan American Centers, as needed, are consulted. In addition, the Legal Office is involved to ensure that all norms and standards for the protection of the Organization are duly included in the negotiation of the agreements associated with the initiatives. The External Relations and Partnerships Unit is responsible for official relations with the international community and cooperating partners of PAHO.

28. An agreement should be signed for each voluntary contribution (VC). The agreement is reviewed by the Legal Office before its signature by the Director of PAHO. Such agreements usually contain financial and technical specifications, as well as reporting and monitoring requirements.

Voluntary Contribution Patterns in PAHO

29. Voluntary contributions are important for completing the Organization's regular budget. In the biennium 2004-2005 they represented 40% of the total available resources (which included US\$ 259.5 million from the regular budget and \$172 million in voluntary contributions). In 2006, they represented 45% of the same base and for the biennium, they are expected to reach 50% of the total, as indicated previously.

30. Table 2 offers an overview of the level of resources executed from voluntary contributions in the bienniums 2000-2001, 2002-2003, 2004-2005, and 2006-2007. It is worth noting that the resources **executed** necessarily do not respond to an agreement or project initiated in that fiscal year, since when an agreement is signed, the timetable for disbursements is stipulated, and the disbursements usually encompass more than a biennium. For this reason, the execution data do not necessarily reflect the commitments acquired within the framework of an agreement for the period. Finally, it is necessary to note that for accounting purposes, PAHO formally registers only the resources that actually enter the system.

Table 2. Voluntary Contributions per Biennium, by Origin

Disbursements in millions U.S. dollars

Origin	Biennium 2000/01	Biennium 2002/03	% Change 2000/01- 2000/02	Biennium 2004/05	% Change 2002/03- 2004/05	% Change 2000/01- 2004/05	Interim 2006 (Income)
Governments, for use in other countries	79.30	72.60	-8%	76	4.68%	-4.16%	45.1
Governments, for use in the same country	18.2	21.6	19%	49.9	131.02%	174.18%	84.7
International organizations	5.5	6.3	15%	9.3	47.62%	69.09%	7.5
Private	8.9	15.2	71%	14.5	-4.61%	62.92%	6.0
Total Mobilized PAHO	111.90	115.70	3%	149.70	29.39%	33.78%	143.30
Mobilized WHO	10	11.2	12%	22.8	103.57%	128.00%	29.2
Total	121,90	126,90	4%	172,50	35.93%	41.51%	172.50

31. One aspect in the previous table that should be noted is the significant growth of voluntary contributions from the governments of member countries for execution within the framework of the country's own Work Plan. These have practically doubled in 2006 in terms of the total volume executed during the biennium 2004-2005.

32. The table shows that the majority of voluntary contributions are bilateral in nature (public funds from countries); in second place are those from multilateral institutions, and next, private sector organizations. In general, it can be seen that the total resources from voluntary contributions have steadily risen across the bienniums and that in 2006 alone (midway in the biennium), resources were executed in an amount equivalent to those executed in the biennium 04-05.

33. Table 3 shows that voluntary contributions from "traditional donors," have fallen; although in 2006 a slight increase was observed. This reduction is due to the tendency of the member countries of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) to steer its official assistance, including emergency assistance, to other priority regions and areas. The principal bilateral contributors outside the Region were: Sweden, the United Kingdom, and Spain.

34. There has been significant growth in voluntary contributions from multilateral agencies, surpassing private sector contributions in 2006. In this category, the principal contributor is the European Community, a partner that has focused particularly on disasters and emergencies.

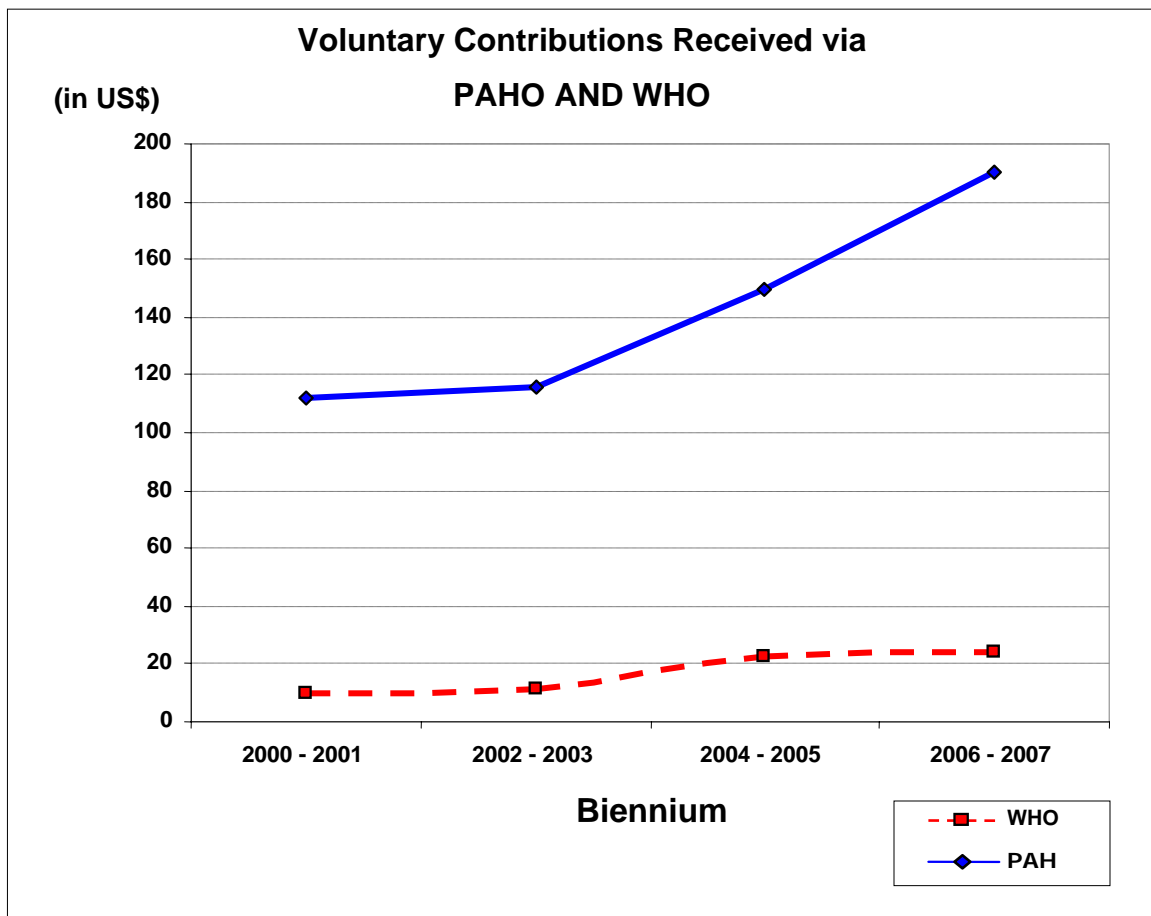
35. Resource mobilization in the private sector has been static, and the data for 2006 imply a slight reduction over the total received during the previous biennium. The principal contributor in this sector during the biennium 2004-2005 was the Pan American Health and Education Foundation (PAHEF), followed by the Global Alliance.

Table 3. Voluntary contributions by principal member and biennium

Member	% change 2000/01- 2002/03	Biennium 2004/05	% change 2002/03- 2004/05	% change 2000/01- 2004/05	Interim 2006
Governments					
Argentina	-83%	0.3	200%	-100%	0
Belgium		0.0	-100%		0
Brazil	16%	60.6	186%	70%	6.5
Canada	-22%	12.3	92%	33%	5.4
Denmark	-68%	0.0	-100%		0
Finland	64%	0.5	-72%	-120%	0
Germany	57%	1.6	45%	56%	0.2
Guatemala	-32%	0.9	-40%	-144%	
Italy	0%	0.6	20%	17%	0
Netherlands	-43%	2.5	47%	-20%	0
Norway	64%	2.9	26%	52%	1.8
Peru	14%	1.3	63%	46%	0.4
Spain	-57%	1.4	-30%	-229%	4.4
Sweden	-43%	7.1	-8%	-89%	
United Kingdom	55%	5.6	-50%	-30%	
United States	-5%	33.9	13%	6%	
International Organizations					
European Community	208%	2.8	-24%	57%	
INTER- AMERICAN DEVELOPMENT BANK	133%	0.7	0%	57%	
World Bank	250%	0.7	-50%	43%	
UNAIDS	-46%	0.4	-43%	-225%	
UNEP	200%	1.4	56%	79%	
UNISDR	0%	0.6	20%	17%	
Private					
Albert B. Sabin		0.6		100%	
American Red Cross	-54%	0.5	-17%	-160%	
Ford Foundation	25%	0.2	-60%	-100%	
Gates Foundation	100%	0.6	200%	83%	
Global Alliance	133%	1.4	100%	79%	
Global Fund		0.6		100%	
PAHEF	153%	3.0	-63%	-7%	
Rockefeller Foundation	-25%	0.0	-100%		

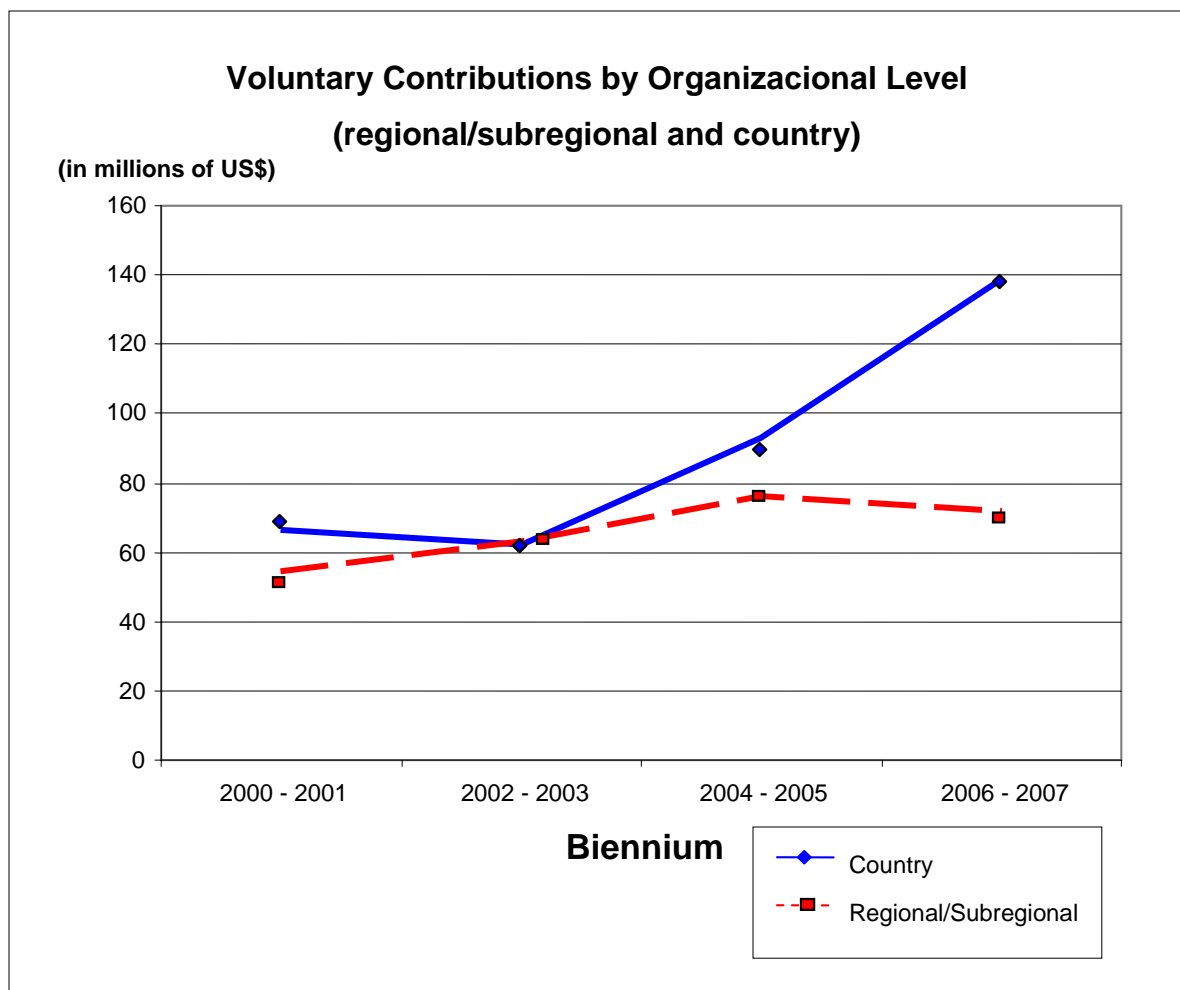
36. Figure 1 shows the evolution of the voluntary contributions received by PAHO, mobilized by PAHO itself or by WHO. Those from WHO correspond to the proportion of total voluntary contributions negotiated by WHO at the global level allocated to the Region of the Americas. These do not go through the review process mentioned above, but through its equivalent in WHO. Such voluntary contributions have steadily increased; in 2006 alone, US\$ 24.2 million was executed, a figure higher than the \$22.7 million executed in the biennium 2004-2005.

Figure 1.



37. Figure 2 shows the distribution of voluntary contributions by organizational level. Growth in the execution of resources from voluntary contributions over time can clearly be seen at both the regional/subregional level and in the Representative Offices. The allocation of voluntary contributions to the Representative Offices has been steadily growing with respect to the regional level, reflecting the Regional Program Budget Program approved by the 45th Directing Council of PAHO in September 2004.

Figure 2.



38. Figure 3, finally, shows the evolution of voluntary contributions by Work Area in recent bienniums.

Lessons Learned

39. Voluntary contributions remain an important source of financial and non-financial resources for executing the Strategic Plan of the Pan American Sanitary Bureau.

40. The review of initiatives or projects financed with voluntary contributions has made it possible to better regulate the development and design of proposals, to align proposals with the Organization's Program Budget, to launch broad interprogrammatic processes, and to promote the PASB's response to the country focus strategy.

41. Mobilization of extraordinary resources continues to be based on proposals that offer financial partners clear expected results and specific outputs with a medium-term impact. This is more effective when the resource mobilization process is in accord with corporate strategic planning.

42. Such initiatives may be NVC or SVC, depending on the partner's requirements. Within this framework, the units responsible for mobilizing resources have been flexible to meet the legal, financing and information needs of external partners. PAHO's mechanisms make it possible to work in both the SVC and NVC modality, and, as mentioned earlier, it is believed that the dual modality should continue in the future.

43. Resource mobilization and, thus, the administration of voluntary contributions, has implications for the PASB in terms of financial and human resources management and other areas, auditing for example. These administrative actions are not usually included in the budget submitted to external partners; it is therefore important to respect the 13% ceiling established for program support costs (PSC).

Action by the Subcommittee on Program, Budget, and Administration

44. The Secretariat presents this document for the information of the members of the Subcommittee on Program, Budget, and Administration, thanking them for any comments and suggestions to improve it in the future. The document has no budgetary implications.

Voluntary Contributions Trend by Areas of Work 2006-2007

