



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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**PROPOSED PROGRAM BUDGET FOR THE PAN AMERICAN HEALTH
ORGANIZATION FOR THE FINANCIAL PERIOD 2004-2005**

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Introduction

1. This paper presents a discussion of the program and budgetary issues in support of the request for approval of the Biennial Program Budget (BPB) for 2004-2005 and the rationale behind the new program and budget structure proposed.

2. The BPB for 2004-2005 is the first to be submitted under the new directorship of PAHO. Changes have been introduced to streamline the classified list of programs and to make it more convergent with WHO's areas of work. The revised classified programs have been grouped into a new set of appropriation categories grounded in conceptual underpinnings relevant for PAHO's work. Shifts in the allocation of resources towards priority programs and countries have been introduced. Whenever possible, economies in management structures have been made.

3. The budget level proposed shows great restraint, but reflects the essential cost increases for ensuring the appropriate level of response to the needs of Member States. The proposed growth of 1.3%, the lowest on PAHO record, provides for the unavoidable rise in post costs and the significant and mandatory increases in funding for the retirees' health insurance both mandated by the United Nations system. That combined with the commitment to maintain current-level funding of the five key countries identified as a priority in the Strategic Plan, results in a lower non-post budget available for programs than the already low base of 2002-2003. Indeed, change will be essential for the Organization to be successful in reaching its objectives with such modest resources, and our challenge will continue to be finding ways to achieve more with less.

4. This is only the first step of a process. The preliminary budget figures shown here are the best possible approximation of the BPB 2004-2005. They include the projected Region-wide averaged level of post costs increase as well as the projected growth in the retirees' health insurance. After the comments and observations of the Subcommittee on Planning and Programming, we will revise the program and budget estimates as necessary, and a more refined and detailed budget presentation will be available for the Executive Committee in June. That presentation will also depend on the level of the WHO Program Budget for 2004-2005 approved by the World Health Assembly, as that will determine the amount assigned to the Regional Office for the Americas (see below).

Relevant Planning Mandates

5. The formulation of the BPB for 2004-2005 is based on relevant global and regional policy frameworks; the Strategic Plan of the Pan American Sanitary Bureau for 2003-2007(SP); the results of the evaluation of the achievements of the expected results of the BPB for 2000-2001; the evaluation of PAHO's contribution to the achievement of

the WHO global expected results for the same period; and the program commitments emanating from the resolutions approved by PAHO's and WHO's Governing Bodies. This BPB constitutes the first opportunity to translate the SP into specific regional and country projects with clearly defined expected results and indicators.

6. This BPB also responds to the WHO Corporate Strategy and priorities. This is reflected in the fact that the 11 WHO priorities for the period 2004-2005 are easily discernible in the budget structure among the classified programs. All of the WHO priorities are reflected among the projects, at both regional and national levels. Where relevant, the Expected Results in the BPB have been linked to the Global Expected Results (GERs) and this will enable PAHO to improve the quality of the report on its contribution towards the achievement of the GERs and WHO Objectives.

7. In support of the new priority and WHO Area of Work "WHO's Presence in Countries," the Secretariat has refined the programming of the management project at country level to be able to identify that component that contributes to national health development.

8. The proposal also seeks to assist in reducing the inequities within and among countries by placing emphasis on special population groups and key countries as described in the SP. Appropriate technical support is planned for countries in their pursuit of the health-related Millennium Development Goals (MDGs), and the monitoring of progress towards the MDGs in the Americas has been integrated into the ongoing analysis of health and health systems.

Organization of the Program Budget

9. Below is brief description of the relationship between the new and former appropriation sections, followed by information on overall budgetary issues and assumptions. Table A provides a summarized description of the new appropriation sections along with their related planned resources. Table B provides a further breakdown by program area. Table C shows the PAHO and WHO regular budget history since 1970-1971.

10. The following summarizes the relationship between the current and former appropriation sections and indicates where major modifications have been made to the constituent parts.

Appropriation Section PO1 – Executive Direction

11. Like its predecessor, General Direction, the essence of this appropriation is executive management and directly related support functions. However, the function of public information, which was formerly under General Direction, has been relocated to Governance and Partnerships, and the Regional Director's Development Fund is now grouped with the new appropriation of Country Program Support. Conversely, funding for retirees' health insurance, pertaining to staff formerly working in any program area, has been included here as the preferred location; previously it had been included in Governing Bodies and Coordination.

Appropriation Section PO2 – Governance and Partnerships

12. Support to Governing Bodies and the external relations functions, which were previously under Governing Bodies and Coordination, are grouped here. Country program support functions, including activities for technical cooperation coordination among countries, PAHO's country presence, and country program analysts—previously grouped with Governing Bodies under Coordination—are now highlighted in their own appropriation. As mentioned above, public information is now included in this new appropriation section because of its role with partnerships, while retirees' health insurance—previously grouped with Governing Bodies and Coordination—is now under Executive Direction.

Appropriation Section PO3 – Country Program Support

13. This new appropriation section, similar to the new WHO section of WHO's Presence in Countries, brings together programs directly and intimately supporting the country programs. This includes country program analysis, emergency and humanitarian action (formerly in Health Systems and Services Development), technical cooperation among countries, and the Regional Director's Development Program (both formerly under General Direction). The former classified program of Support to the Development, Management and Coordination of Country Programs is being broken down into two program areas with the objective of distinguishing between direct support provided by the country office to national health development from the costs of maintaining a country presence.

Appropriation Section PO4 – Intersectoral Action and Sustainable Development

14. This new section comprises those areas of work in which the success of the technical cooperation relies heavily on complementary and sometimes critical actions of other sectors, such as in the area of food safety. As such, it brings together various programs from other sections previous format.

Appropriation Section PO5 – Health Information and Technology

15. This appropriation section encompasses programs related to the generation and dissemination of health information and related technologies, all formerly under Health and Human Development. It includes programs in essential medicines and clinical technology, including blood safety and laboratories, which had formerly been grouped with Health Systems and Services Development.

Appropriation Section PO6 – Universal Access to Health Services

16. The equity principle underlies this section in which the strengthening of health systems and services will be addressed within an orientation to reducing exclusion based on gender, age, race or ethnicity. While maintaining considerable convergence with the former appropriation, Health Systems and Services Development, emergency preparedness has been located elsewhere, while program areas relating to inclusion of special groups have in some cases been moved here from the former section of Health Promotion and Protection.

Appropriation Section PO7 – Disease Control and Risk Management

17. Communicable and non-communicable diseases, previously grouped under Disease Prevention and Control, are included here. In addition, the associated major risks relating to smoking and the environment are now integrated here; these were formerly grouped with Health Promotion and Protection and Environmental Protection and Development respectively. At the same time, some diseases related closely to family and community health, like children's health and HIV/AIDS, have been grouped with Family and Community Health.

Appropriation Section PO8 – Family and Community Health

18. This appropriation section groups together areas of work for which social and community participation and behavior change in families and communities are fundamental to improvements in the health situation. Many of the program areas, such as women and maternal health, child and adolescent health and mental health and substance abuse, were previously grouped under Health Promotion and Protection. New here is inclusion of programs on immunization and vaccine development and HIV/AIDS and sexually transmitted infections, formerly grouped under Disease Prevention and Control.

Appropriation Section PO9 – Administrative Support

19. This is the only section which remains completely unchanged in composition from its predecessor, Administrative Services. It continues to represent critical support provided to the technical programs in personnel and financial management, support services, procurement and security.

Budgeting Issues and Assumptions

20. The overall PAHO/WHO regular budget proposal for 2004-2005 is US\$ 264,773,000, which represents an increase of 1.3% over the 2002-2003 approved budget. The WHO portion included in the proposal is \$75,399,000. This is the amount presented by the Director-General of WHO at the 111th Executive Board in January and is subject to approval by the World Health Assembly in May 2003. The PAHO portion, therefore, amounts to \$189,374,000.

21. The WHO portion of \$75,399,000 presented at the 111th Executive Board represents an increase of slightly under 1% over the WHO portion approved budget for 2002-2003 of \$74,682,000. The small increase represents a combination of a cost increase calculated by the WHO secretariat netted against the regional reallocation reduction targeted for the Americas for 2004-2005.

22. The PAHO portion of the regular budget of \$189,374,000 represents an increase of \$2,574,000, or 1.4 % over the 2002-2003 approved amount of \$186,800,000. Funding of the PAHO portion of \$189,374,000 is proposed as follows: \$13,500,000 in projected miscellaneous income and \$175,874,000 from assessments to Member States. The miscellaneous income projection is \$3,000,000 less than the amount budgeted for 2002-2003 and reflects the down turn in the external investment climate.

23. The overall PAHO/WHO proposal of \$264,773,000 incorporates the necessary budgetary shifts needed to absorb real cost increases while striving for efficiencies by streamlining operations and realigning program areas where possible. Although mandatory staff cost increases have been included in the proposal, as well as the projected growth in the retirees' health insurance contribution, PAHO's core non-staff activities have been budgeted at the same level as for 2002-2003.

Table A: Summarized description of Appropriation Sections and Planned Regular Budget Resources for 2004-2005 (US\$ thousands)

<i>Appropriation Section and summarized description</i>	US\$	%
1. EXECUTIVE DIRECTION Leading the Pan American Sanitary Bureau to provide relevant, efficient, and creative technical cooperation in health in support of Member States. Includes direct support to the executive function for program planning, monitoring and evaluation; staff development; legal counsel; and internal audit. Retirees' Health Insurance is also included.	16,869	6.4
2. GOVERNANCE AND PARTNERSHIPS Supporting the operations of Governing Bodies. Building and strengthening partnerships with other organizations in achieving common public health goals. Sharing key public health information with stakeholders and the public at large. Includes funding of external audit.	6,753	2.6
3. COUNTRY PROGRAM SUPPORT Supporting national health development including technical cooperation among countries; emergency and humanitarian action; and PAHO country presence. Includes the Regional Director's Development Program to support innovative technical cooperation initiatives.	42,199	15.9
4. INTERSECTORAL ACTION AND SUSTAINABLE DEVELOPMENT Advancing health in collaboration with other sectors in areas including human security; healthy spaces; nutrition and food security; food safety; and human ecology and environmental health.	36,484	13.8
5. HEALTH INFORMATION AND TECHNOLOGY Strengthening the collection of health information and fostering its use for analysis for decision-making including research, information-sharing, and evaluation. Improving access and rational use of essential medicines and clinical technology including blood safety and laboratories. Strengthening PAHO's information and communication technologies to better deliver technical cooperation.	39,992	15.1
6. UNIVERSAL ACCESS TO HEALTH SERVICES Building national capacity to ensure equitable and sustainable access to health care and strengthening public health leadership infrastructure; fostering social protection in health; improving delivery of quality services; and developing human resources.	36,583	13.8
7. DISEASE CONTROL AND RISK MANAGEMENT Reducing the burden of communicable and non-communicable diseases including the management of risks related to smoking and the environment. Includes prevention and control of malaria and other vector-borne diseases; tuberculosis and emerging diseases; noncommunicable diseases such as cancer, cardiovascular diseases and diabetes; zoonoses; and fostering research in neglected diseases.	35,524	13.4
8. FAMILY AND COMMUNITY HEALTH Strengthening public health interventions that improve family and community health with emphasis on women and maternal health; child and adolescent health; mental health and substance abuse; and sexually transmitted infections. Developing comprehensive care for people living with HIV/AIDS; advocating healthy lifestyles and behavioral changes; and supporting immunization programs and vaccine development.	21,425	8.1
9. ADMINISTRATIVE SUPPORT Providing administrative support to the technical programs in personnel and financial management, support services, procurement, and security.	28,944	10.9
TOTAL	264,773	100.0

**Table B: PAHO/WHO Regular Program Budget 2004-2005
by Program Area**

	Thousands of Dollars	
<i>Executive Direction</i>	16,869	6.4%
Executive Management	6,292	
Program Development and Management ¹	8,690	
Staff Development	1,887	
<i>Governance and Partnerships</i>	6,753	2.6%
External Relations and Partnerships	1,832	
Governing Bodies	2,121	
Public Information	2,800	
<i>Country Program Support</i>	42,199	15.9%
Emergency and Humanitarian Action	1,118	
Strengthening Country Presence	19,579	
Support to National Health Development	16,473	
Technical Cooperation among Countries	3,390	
Regional Director's Development Program	1,639	
<i>Intersectoral Action and Sustainable Development</i>	36,484	13.8%
Health and Human Security	6,632	
Healthy Spaces and Local Development	4,597	
Nutrition and Food Security	7,279	
Food Safety	4,219	
Human Ecology and Environmental Health	13,757	

¹ Includes provision for Retirees' Health Insurance

	Thousands of Dollars	
<i>Health Information and Technology</i>	39,992	15.1%
Research and Knowledge-sharing	14,305	
Health Information and Analysis	12,321	
Information and Communication Technology	9,180	
Essential Medicines: Access, Quality and Rational Use	2,085	
Blood Safety and Clinical Technology	2,101	
<i>Universal Access to Health Services</i>	36,583	13.8%
Leadership and Public Health Infrastructure	5,400	
Social Protection in Health	8,047	
Health Services Delivery	13,698	
Human Resources for Health	9,438	
<i>Disease Control and Risk Management</i>	35,524	13.4%
Tobacco	429	
Environmental Health Risk Assessment and Management	6,790	
Tuberculosis and Emerging Diseases	3,830	
Malaria and Other Vector-borne Diseases	6,334	
Neglected Diseases and Research	5,408	
Noncommunicable Diseases	3,718	
Veterinary Public Health	9,015	
<i>Family and Community Health</i>	21,425	8.1%
Women's and Maternal Health	6,032	
Child and Adolescent Health	3,750	
Education and Social Communication	4,422	
Mental Health and Substance Abuse	1,697	
Immunization and Vaccine Development	3,967	
AIDS and Sexually-transmitted Infections	1,557	
<i>Administrative Support</i>	28,944	10.9%
Personnel Management	5,019	
Support Services and Procurement	13,725	
Budget and Finance	10,200	
<i>Grand total</i>	264,773	100.0%

Table C: PAHO/WHO Regular Budget History

Budget Period	PAHO REGULAR			WHO REGULAR			TOTAL PAHO AND WHO REGULAR	
	Amount	% of Total	% Increase	Amount	% of Total	% Increase	Amount	% Increase
1970-71	30,072,422	68.2		14,053,685	31.8		44,126,107	
1972-73	37,405,395	68.6	24.4	17,150,800	31.4	22.0	54,556,195	23.6
1974-75	45,175,329	68.8	20.8	20,495,900	31.2	19.5	65,671,229	20.4
1976-77	55,549,020	69.3	23.0	24,570,200	30.7	19.9	80,119,220	22.0
1978-79	64,849,990	67.8	16.7	30,771,500	32.2	25.2	95,621,490	19.3
1980-81	76,576,000	67.1	18.1	37,566,200	32.9	22.1	114,142,200	19.4
1982-83	90,320,000	67.2	17.9	44,012,000	32.8	17.2	134,332,000	17.7
1984-85	103,959,000	67.2	15.1	50,834,000	32.8	5.5	154,793,000	15.2
1986-87	112,484,000	66.0	8.2	57,856,000	34.0	13.8	170,340,000	10.0
1988-89	121,172,000	66.8	7.7	60,161,000	33.2	4.0	181,333,000	6.5
1990-91	130,023,000	66.7	7.3	65,027,000	33.3	8.1	195,050,000	7.6
1992-93	152,576,000	68.1	17.3	71,491,000	31.9	9.9	224,067,000	14.9
1994-95	164,466,000	67.3	7.8	79,794,000	32.7	11.6	244,260,000	9.0
1996-97	168,578,000	67.9	2.5	79,794,000	32.1	0.0	248,372,000	1.7
1998-99	168,578,000	67.1	0.0	82,686,000	32.9	3.6	251,264,000	1.2
2000-01	177,136,000	69.1	5.1	79,109,000	30.9	-4.3	256,245,000	2.0
2002-03	186,800,000	71.4	5.5	74,682,000	28.6	-5.6	261,482,000	2.0
2004-05 *	189,374,000	71.5	1.4	75,399,000	28.5	1.0	264,773,000	1.3

* PROPOSED.