PAN AMERICAN HEALTH ORGANIZATION

WORLD HEALTH ORGANIZATION

XX PAN AMERICAN SANITARY CONFERENCE

XXX REGIONAL COMMITTEE MEETING

ST. GEORGE'S, GRENADA
SEPTEMBER - OCTOBER 1978

Provisional Agenda Item 17

CSP20/18 (Eng.)
2 August 1978
ORIGINAL: ENGLISH

PROPOSED BIENNIAL PROGRAM AND BUDGET CYCLE FOR THE PAN AMERICAN HEALTH ORGANIZATION

The Executive Committee at its 80th Meeting reviewed the report of the Director on the proposed biennial program and budget cycle for the Pan American Health Organization (Document CE70/13, Rev. 1, annexed). It adopted the following Resolution VIII:

THE EXECUTIVE COMMITTEE,

Having examined the report of the Director on the proposed biennial program and budget cycle for the Pan American Health Organization (Document CE80/13, Rev. 1);

Taking cognizance of the disadvantages identified, but acknowledging the advantages of introducing biennial budgeting as an integral part of biennial programming in PAHO;

Recognizing the desirability of conforming with the decisions taken by the Thirtieth World Health Assembly in WHA30.20 of introducing a biennial program budget at WHO beginning with the 1980-1981 biennium;

Noting that the first biennium for which biennial budgeting could become effective is the 1980-1981 biennium;

Considering that it is necessary to amend Article 4, paragraph G, Article 6, paragraph B, and Article 9, paragraph D, of the Constitution of PAHO to enable the Organization to adopt a biennial budget cycle; and

Further considering that it is necessary to amend the Financial Regulations, the Financial Rules, the Agreement between OAS and PAHO, and the Agreement between WHO and PAHO in order to adopt a biennial budget cycle at PAHO,

RESOLVES:

1. To recommend to the XX Pan American Sanitary Conference that it decide that the program and budget of PAHO shall cover a two-year period beginning with the biennium 1980-1981, and shall be reviewed and approved by the Directing Council on a two-year basis.

2. To further recommend to the XX Pan American Sanitary Conference that it instruct the Director of PASB to submit the first biennial program and budget during the Directing Council meeting of 1979, and every two years thereafter.

3. To request the Director to prepare the necessary amendment to a) the Financial Regulations and Financial Rules; and b) the Agreements between the OAS and PAHO and WHO and PAHO, and to submit them, where required, to the Governing Bodies for the necessary approval, in order to facilitate the implementation of a biennial budget cycle.

4. That all prior resolutions and decisions of the Executive Committee shall be construed as conforming to this resolution.

Considering the resolution of the 80th Meeting of the Executive Committee, the XX Pan American Sanitary Conference, after reviewing Document CE80/13, Rev. 1, may wish to adopt a similar resolution.

Annex

executive committee of the directing council

PAN AMERICAN HEALTH ORGANIZATION

working party of the regional committee

WORLD HEALTH ORGANIZATION

CSP20/18 (Eng.)
ANNEX

80th Meeting
Washington, D.C.
June-July 1978

Provisional Agenda Item 10

CE80/13, Rev. 1 (Eng.)
23 June 1978
ORIGINAL: ENGLISH

PROPOSED BIENNIAL PROGRAM AND BUDGET CYCLE FOR THE PAN AMERICAN HEALTH ORGANIZATION

1. BACKGROUND OF DECISIONS OF BIENNIAL PROGRAM BUDGETING AT WHO

1.1 The Executive Board, considering that biennial budgeting would be highly compatible with a biennial programming system, in Resolution EB49.R31 requested the Director-General "to pursue the examination of the feasibility of introducing a biennial program and budget." The Director-General submitted to the Twenty-fifth World Health Assembly a legal and procedural feasibility report[1], concluding that biennial budgeting would require amendment of the Constitution of WHO by deleting reference to "annually" and "annual" in Articles 34 and 55.[2] The Twenty-fifth World Health Assembly in Resolution WHA25.24 agreed in principle to amend the Constitution and requested the Director-General to initiate the steps necessary for amendment.

1.2 The Director-General submitted to the Executive Board at its fifty-first session and to the Twenty-sixth World Health Assembly a report on the feasibility of introducing a biennial program budget.[3] The Executive Board, in Resolution EB51.R51, recommended that "a program and budget for a biennial period be introduced as soon as possible." The Twenty-sixth World Health Assembly, in Resolution WHA26.37, adopted amendments to Articles 34 and 55 of the Constitution, deleting reference to "annually" and "annual" and, in Resolution WHA26.38, decided that, pending the coming-into-force of the amendments, WHO should introduce biennial programming, but as a transitional measure the Executive Board should continue to consider,

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[1] WHO Official Records No. 201, 1972, p. 68

[2] WHO Basic Documents, 26th ed., 1976, pp. 10 and 13

[3] WHO Official Records No. 206, 1973, p. 121

and the Health Assembly should review and approve, on an annual basis, the portion of the biennial budget corresponding to each financial year.[1]

2. COMING INTO FORCE OF CONSTITUTIONAL AMENDMENTS

On 3 February 1977 amendments to the Constitution of WHO came into force enabling WHO to adopt a biennial budget cycle as an integral part of program budgeting in WHO, beginning with the 1980-1981 biennium. The Thirtieth World Health Assembly on 12 May 1977 decided by Resolution WHA30.20 that "the program budget of WHO shall cover a two-year period beginning with the biennium 1980-1981 and shall be reviewed and approved by the Health Assembly on a two-year basis."

3. BACKGROUND ON BIENNIAL PROGRAM BUDGETING WITHIN THE UNITED NATIONS FAMILY

3.1 The Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies recommended that "Specialized agencies having an annual budget cycle should adopt a biennial cycle."[2] Biennial budgeting has been extensively reviewed by various bodies in the United Nations family of organizations. As reported to the United Nations General Assembly, the question of a biennial budget cycle has been considered by the Advisory Committee on Administrative and Budgetary Questions, the Administrative Committee on Coordination, and the Consultative Committee on Administrative Questions, following up the recommendations of the Ad Hoc Committee and studies made by the Joint Inspection Unit on programming and budgeting in the United Nations family of organizations.

3.2 Comment on biennial budgeting by interagency committees has been favorable, and the Administrative Committee on Coordination, in its report to the fifty-first session of the Economic and Social Council on the subject of development and coordination of the activities of the organizations within the United Nations system, recommended that "organizations that face no constitutional obstacles to changing to a two-year period should aim to do so, on a synchronized basis, as soon as possible," and urged the United Nations "to adopt biennial program budgeting."[3]

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[1] WHO Handbook of Resolutions and Decisions, Vol. II (2nd ed.), 1977, p.69

[2] WHO Official Records No. 165, 1968, Annex II, Appendix, p.61, Recommendation 25

[3] ECOSOC document E/5012 (Part I) of 7 May 1971, par. 72

4. ADVANTAGES AND DISADVANTAGES OF ADOPTING A BIENNIAL PROGRAM BUDGETING CYCLE

4.1 Advantages

The primary advantages cited in favor of biennial budgeting are:

a) Save time devoted to the discussions of the proposed program budget by the Governing Bodies so that more time may be devoted to discussion and evaluation of the PAHO Program of Technical Cooperation, and/or sessions could be shortened. The policy making organs, namely the Executive Committee, the Directing Council, and the Pan American Sanitary Conference, devote an average of more than 30 per cent of their meeting time to a review of the annual budget. In the interest of further rationalizing and improving the efficiency of the Governing Bodies, biennial budgetary reviews would allow the policy organs to devote more time to program review and discussion of technical matters, or it may be possible to shorten the time of some meetings.

The Executive Committee during its 78th Meeting,[1] which took place from 13 to 21 June 1977, devoted Plenary Sessions 1, 2, 3, 5 and 8 to the review of the proposed program and budget (Items 8 and 9). The Directing Council during its XXV Meeting,[2] which took place from 28 September to 6 October 1977, devoted Plenary Sessions 7, 8 and 9 to the review of the same proposed program and budget (Items 11 and 12). Annex I presents a table showing the relative amount of time devoted to this review by the PAHO Governing Bodies during 1977.

b) Reduced workload, time and cost spent by the Secretariat on budget preparation so that cost of documentation and staff work is reduced; greater operational work volume may be handled without increase in staff; time saved may be devoted to planning, implementation and evaluation of the PAHO Program of Technical Cooperation.

Under biennial budgeting the official budget document would be published every two years rather than annually. As a result, there should be a considerable reduction in the cost of compiling, editing, translating, printing and distributing this official document. Time presently spent on the preparation of the annual budget document will be better utilized for program budgeting, planning, management information, reports, continuous performance evaluation and other similar tasks.

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[1]Summary Records: Docs. CE78/SR/1 (pp:24-33), 2, 3, 4, (pp.6-33), 5 (pp.3-16), and 8 (pp.1-6)

[2]Summary Records: Docs. CD25/SR/7 (pp. 18-55), 8 (pp. 3-23), and 9 (pp.3-25)

c) Allow Member Governments a longer planning period in which to undertake the necessary steps, through their own governmental processes, to establish provisions to meet their two annual quota contributions for the two years of the biennium.

d) Promote longer-term planning of health requirements and available resources, considering that most projects exceed one year in duration and that advance planning in the health field is desirable.

e) Facilitate implementation of the new system of programming and evaluation, since biennial budgeting permits more time to be spent on formulation of program objectives, execution of programs and activities, development of management information, and evaluation of performance.

f) Allow greater flexibility in the management of funds and application to expenditures between the first and second years of the biennium.

g) Facilitate interagency comparability of programs and financial data, as well as providing better coordination in implementation of joint programs with agencies which have adopted biennial budgeting.

4.2 Disadvantages

The primary disadvantages cited against biennial budgeting are the following:

a) Rapid advances in the health field and changes in the health picture make it difficult to predict exact future requirements. (Biennial budgeting must, therefore, be accompanied by the flexibility necessary to meet unforeseen events and contingencies).

b) Some countries encounter difficulty with advance planning and budgeting of country resources and health requirements, although efforts are being made by many countries toward longer-term planning. Biennial budgeting requires one additional year of advance planning by governments.

c) Budgeting for future expenditure and programs one year earlier may result in greater uncertainty, and hence may increase the likelihood of having to make budgetary revisions or effect transfers between appropriation sections during the budgetary period.

d) There is danger of a slackening in review and control by organizational units and the Governing Bodies. (To avoid this, biennial budgeting should be accompanied by a systematic annual process of review and evaluation.)

5. PRACTICAL ASPECTS AND IMPLICATIONS

The proposed adoption by PAHO of a biennial budget cycle raises a number of practical issues:

5.1 Constitutional Amendment

It is anticipated that an amendment to the Constitution of PAHO would be required to delete any reference to annual program and budget contained therein. The Constitution of PAHO in Chapter VIII, Article 28, provides: "Proposals to amend the Constitution shall be communicated to the Member Governments at least three months in advance of their consideration by the Conference or the Council. Amendments shall come into force for all Member Governments when adopted by the Conference by a two-thirds vote of the representatives of all Member Governments or when adopted by the Council by a two thirds vote of those representatives." To meet this requirement, a letter from the Director containing the proposed amendment will be sent to each Member Government before 25 June 1978.

5.2 Choice of Cycle

Adoption of the constitutional amendment deleting reference to a particular budgetary period leaves open the choice of a specific cycle and starting year. The Thirtieth World Health Assembly decided to adopt a biennial program budget to begin with an even-numbered year with the biennium 1980-1981.

5.3 Starting Year

If biennial budgeting is adopted by the XX Pan American Sanitary Conference, it is considered appropriate to start with the 1980-1981 biennium, in view of the desirability to synchronize the review and approval of the program and budget of the Pan American Health Organization by the Conference or the Council with the review and submission to the World Health Assembly of the recommendations on the proposed budget for the Americas by the Regional Committee of the World Health Organization for the Western Hemisphere.

5.4 Additional Measures Required

If the Executive Committee decides at its 80th Meeting to recommend to the XX Pan American Sanitary Conference the adoption of a biennial budget cycle beginning with the 1980-1981 biennium, other transitional measures would be required in order to permit advance planning and an orderly conversion from the current annual cycle to a biennial one. Such additional measures are: required amendments of the Agreements

between WHO and PAHO and between OAS and PAHO; and amendments to the Financial Regulations and the Financial Rules of the Pan American Health Organization. Throughout the text of these documents, the reference to the "financial year" and "annual budget" should be replaced by the terms "financial period" and "budget." The required changes should be designed solely to facilitate biennial budgeting and not otherwise alter the substantive content of any of the Basic Documents.

6. GOVERNMENTS' QUOTA CONTRIBUTIONS UNDER A BIENNIAL BUDGET CYCLE

In the process of amending the Financial Regulations, Article V, Provision of Funds, should also be amended to make it clear that, while Governments' quota contributions under a biennial budget cycle are based on a full biennium, they should be payable in annual installments as per the established scale of assessments. It is recommended that the required amendments to the Financial Regulations be formally presented to the XX Pan American Sanitary Conference for approval in October 1978 in anticipation of biennial budgeting effective 1980-1981.

Establishment of a Scale of Assessments

Under present procedure, the Conference or the Council approves the appropriation resolution and establishes the assessment for Member Countries based on the approved appropriation, in accordance with Article LX of the Pan American Sanitary Code. The basis for determining the PAHO scale of assessment is the latest available scale of the Organization of American States. Any change in the OAS scale of assessments can be reflected in the PAHO scale of assessments no sooner than one year later. Thus, the PAHO scale of assessments follows one year behind the OAS scale. This practice would continue under the proposed procedure.

Under the proposed biennial program and budget, scales of assessment and total assessments on Member and Participating Governments would be approved by the Conference or the Council for the full biennium.

It might be desirable for PAHO to adopt a system similar to that established by the World Health Assembly for WHO in Resolution WHA30.21,[1] leaving open the possibility of changing the scale of assessments for the second year of the biennium. It is, therefore, recommended that the Directing Council should, in odd-numbered years, initially adopt a single scale of assessments and approve a total regular budget level for the following full biennium, with the proviso, however, that the Council or the Conference at its meeting the following year may, if necessary and if it so decides, amend the

[1] Amendments to the Financial Regulations, Official Records No. 240, Annex 3, Appendix 1, par. 5.3.

scale of assessments to be applied for the second year of the biennium, to adjust to any new scale of assessments adopted by the Organization of American States and/or to take into account the assessment of any new Member or Participating Government which may have joined PAHO prior to the end of the meeting of the Conference or the Council in the first year of the biennium. Such a decision to amend the PAHO scale of assessments would not affect the level of the total PAHO regular budget for the biennium or the total for the effective working budget in the appropriation resolution, but might affect the contributions of Member Governments for the second year of the biennium only.

7. CONTRIBUTIONS OF MEMBER GOVERNMENTS

With regard to contributions of Member or Participating Governments, the approach followed by the organizations of the United Nations system which have adopted biennial budgeting is to determine the budget level and total contributions for the full biennium, but require remittance of contributions in two annual payments. In accordance with this common practice, after the Directing Council has voted the PAHO appropriation for the biennium, the Director shall request the Secretary General of the Organization of American States to inform Member Countries of their commitments in respect of total contributions for the biennium, and request Member Governments to remit the first part of their contributions at the beginning of the first year and the second part of their contributions at the beginning of the second year of the biennium in accordance with the Financial Regulations of the Pan American Health Organization.

The contributions of Members would be paid in two equal amounts, unless there was a change in the scale of assessments which would affect the apportionment of contributions among Members in the second year of the biennium, or unless there was a revision of the budget affecting the level of contributions to be paid in the second year.

8. FINANCIAL REPORTS

The decision by the XX Pan American Sanitary Conference to introduce a biennial budget in PAHO would affect the periodicity and contents of the Financial Report of the Director. It is proposed that in the year following each biennium, the Director would submit to the Conference or the Council a financial report covering the full biennium.

At the end of the first year of each biennium, the Director would prepare an interim financial report showing the contributions and other income received and expenditures incurred during the first

year, together with a statement of assets and liabilities at the close of the first year of the biennium, for submission to the Governing Bodies. The interim and full biennium financial reports would be accompanied by the External Auditor's reports thereon, and transmitted through the Executive Committee to the Conference or the Council.

9. PRESENTATION OF THE PROPOSED PROGRAM AND BUDGET OF THE ORGANIZATION

The current form of presentation of the official budget document would be affected by a decision of the Conference to introduce biennial program budgeting.

In the context of this proposal, the official budget document would be submitted to the Council in odd numbered years. It is proposed to present a consolidated budget fully covering the two-year period of the biennium. In the event that a biennial program and budget is adopted, it is considered desirable to correlate the form of presentation of the budget document with the current system employed by PAHO to formulate its Program of Technical Cooperation (AMPES).[1] In the programming phase of this process, PAHO and national authorities collaborate in identifying and developing priority areas for cooperation, so that the PAHO cooperation activities are directed towards attaining national health goals and are defined in the context of the country's national health program or programs. This is in line with the principles contained in Resolution WHA30.23 adopted by the World Health Assembly in its tenth plenary meeting on 12 May 1977. The same resolution also deals with the format of the budget document, specifically paragraph two, which states:

> Technical cooperation program proposals will be presented in regional program budgets in the form of narrative country program statements, supported by budgetary tables in which the country planning figures are broken down by program so as to facilitate a program-oriented review by the respective regional committees; this information on country programs will no longer be republished as an information annex to the Director-General's proposed program budget provided that such regional material is available to delegates to the Health Assembly and members of the Board in connexion with review and approval of the WHO program budget.

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[1] AMPES: "AMRO Programming and Evaluation System," approved by the Director for implementation in PAHO in April 1977.

PAHO, as Regional Office of WHO for the Americas, must comply with the last proviso in this resolution, at least in respect of those activities of cooperation financed out of WHO Regular budget funds.

Keeping in mind that the format of presentation of the biennial program and budget, if adopted, should tend to facilitate and not complicate the review by the Governing Bodies, it would be desirable that the Executive Committee recommends to the Director of PASB that he keep in mind the principles outlined above in deciding the format for his presentation to the XXVI Meeting of the Directing Council of the biennial budget program proposals for 1980-1981.

10. ANNUAL REVIEW OF PAHO'S PROGRAM OF TECHNICAL COOPERATION

The adoption of a biennial budget cycle at PAHO will not affect the annual review, which will be performed by the national health authorities and PAHO officials, through the mechanisms established by AMPES, in order to bring the program of technical cooperation for the subsequent year more in tune with the countries' latest needs and priorities.

11. SCHEDULE OF EVENTS FOR THE INTRODUCTION OF A BIENNIAL BUDGET CYCLE AT PAHO, BEGINNING WITH THE 1980-1981 BIENNIUM

If the XX Pan American Sanitary Conference decides to implement biennial budgeting for PAHO, the events will take place as shown in Annex II.

12. CONCLUSION

If the Executive Committee decides, as a matter of principle, to recommend to the XX Pan American Sanitary Conference the introduction of biennial program budgeting for PAHO beginning with the 1980-1981 biennium, it may wish to adopt a resolution along the following lines:

Proposed Resolution

PROPOSED BIENNIAL PROGRAM AND BUDGET CYCLE
FOR THE PAN AMERICAN HEALTH ORGANIZATION

THE EXECUTIVE COMMITTEE,

Having examined the report of the Director on the proposed biennial program and budget cycle for the Pan American Health Organization (Document CE80/13, Rev. 1);

Acknowledging the advantages of introducing biennial budgeting as an integral part of biennial programming in PAHO;

Recognizing the desirability of conforming with the decisions taken by the Thirtieth World Health Assembly in WHA30.20 of introducing a biennial program budget at WHO beginning with the 1980-1981 biennium;

Noting that the first biennium for which biennial budgeting could become effective is the 1980-1981 biennium;

Considering that it is necessary to amend Article 4, paragraph G, Article 6, paragraph B, and Article 9, paragraph D, of the Constitution of PAHO to enable the Organization to adopt a biennial budget cycle; and

Further considering that it is necessary to amend the Financial Regulations, the Financial Rules, the Agreement between OAS and PAHO, and the Agreement between WHO and PAHO in order to adopt a biennial budget cycle at PAHO,

RESOLVES:

1. To recommend to the XX Pan American Sanitary Conference that it decide that the program and budget of PAHO shall cover a two-year period beginning with the biennium 1980-1981, and shall be reviewed and approved by the Directing Council on a two-year basis.

2. To further recommend to the XX Pan American Sanitary Conference that it instruct the Director of PASB to submit the first biennial program and budget during the Directing Council meeting of 1979, and every two years thereafter.

3. To request the Director to prepare the necessary amendment to a) the Financial Regulations and Financial Rules; and b) the Agreements between the OAS and PAHO and WHO and PAHO, and to submit them, where required, to the Governing Bodies for the necessary approval, in order to facilitate the implementation of a biennial budget cycle.

4. That all prior resolutions and decisions of the Executive Committee shall be construed as conforming to this resolution.

Annexes

TIME SPENT BY THE EXECUTIVE COMMITTEE AND THE DIRECTING COUNCIL REVIEWING THE PROPOSED PROGRAM AND BUDGET AT THEIR MEETINGS DURING 1977

	Total Number of Plenary Sessions	Total Number of Sessions Devoted to Program and Budget	% of Total Time Devoted to Program and Budget
78th Executive Committee (13-21 June 1977)	14	5	35.7%
XXV Directing Council (28 September-6 October 1977)	12	3	25.0%
TOTAL	26	8	30.8%

SCHEDULE OF EVENTS OF A BIENNIAL PROGRAM AND BUDGET CYCLE FOR THE PAN AMERICAN HEALTH ORGANIZATION

APR. 1978:	OD-154 (grey book) published containing 1978, 1979, 1980, and 1981
APR.-JUN. 1978:	Program and budget instructions sent out requesting revisions to 1979 and 1980-1981 and proposals for 1982-1983
MAY 1978:	World Health Assembly acts upon the 1979 WHO Regular Budget
JUN. 1978:	PAHO Executive Committee acts upon the PAHO Regular Budget for 1979 and comments upon 1980-1981 for the PAHO and WHO Regular Budgets contained in OD-154
	PAHO Executive Committee reviews and comments upon idea of a PAHO biennial program and budget
JUL. 1978:	AMRO program and budget sent to WHO/Geneva for 1980-1981
SEPT. 1978:	Proposals returned for revised 1979 and 1980-1981 and 1982-1983 (see April/June 1978 above)
OCT. 1978:	Conference acts upon PAHO Regular for 1979 and comments upon level and program for 1980-1981 for PAHO Regular Budget
	Conference as WHO Regional Committee recommends to the Director-General the WHO Regular Budget for 1980-1981
	Conference considers PAHO biennial program and budget idea to start 1980-1981 and approves or disapproves idea
JAN. 1979:	Operating budget for 1979 published
JAN. 1979:	WHO Executive Board studies and comments upon 1980-1981, using, among others, AMRO's program and budget sent for 1980-1981 in July 1978
APR. 1979:	New grey book published containing 1980-1981 and 1982-1983
MAY 1979:	World Health Assembly acts upon 1980-1981 program budget
JUN. 1979:	PAHO Executive Committee acts upon PAHO Regular Budget for 1980-1981 and comments upon 1982-1983 for both PAHO and WHO Regular Budgets contained in grey book published in April 1979

OCT. 1979:	Directing Council acts upon PAHO Regular Budget for 1980-1981 and comments upon 1982-1983 for PAHO and WHO Regular Budgets
JAN. 1980:	Operating budget for 1980-1981 published
JAN. 1980:	WHO Executive Board discusses program, etcetera
FEB. 1980:	Program and budget instructions sent out requesting revisions to 1982-1983 and proposals for 1984-1985
MAY 1980:	World Health Assembly discusses program, etcetera
JUN. 1980:	PAHO Executive Committee comments upon 1982-1983 for WHO Regular Budget using grey book published in April 1979
JUL. 1980:	AMRO program and budget sent to Geneva for 1982-1983
SEP. 1980:	Proposals returned for 1982-1983 and 1984-1985 (see FEB. 1980, above)
OCT. 1980:	Directing Council, as WHO Regional Committee, recommends to the Director-General the WHO Regular Budget for 1982-1983
JAN. 1981:	WHO Executive Board studies and acts upon WHO Regular Budget for 1982-1983
MAY 1981:	World Health Assembly acts upon WHO Regular Budget for 1982-1983
MAY 1981:	New grey book published containing 1982-1983 and 1984-1985
JUN. 1981:	PAHO Executive Committee studies and acts upon PAHO Regular Budget for 1982-1983 and comments upon PAHO and WHO Regular Budgets for 1984-1985
OCT. 1981:	Directing Council acts upon PAHO Regular Budget for 1982-1983