



PAN AMERICAN HEALTH ORGANIZATION  
WORLD HEALTH ORGANIZATION



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### **EVALUATION OF THE IMPACT OF RESOLUTION WHA51.31 ON REGULAR BUDGET ALLOCATIONS TO REGIONS**

#### **Introduction**

1. The purpose of this document is to bring to the attention of Member States the critical aspects for the Region of the Americas of Resolution WHA51.31, which defined a series of criteria for reallocating resources among the different WHO Regions over three biennia and was adopted in May 1998 by the World Health Assembly. It highlights the impact that the resolution has had since its implementation in the 2000-2001 biennium on the program and budget of the Pan American Health Organization/Regional Office for the Americas of the World Health Organization.
2. This document, prepared by the PAHO Secretariat, is accompanied by Addendum I, prepared by WHO Secretariat, which has been circulated to all Regions and is being discussed by their corresponding Regional Committees. The document prepared by WHO Headquarters describes the process and specific aspects of Resolution WHA51.31, along with an account of certain actions subsequently taken by the Director-General with respect to the implementation of the resolution. A table showing the results of the application of the model to the budgets of all of the Regions is provided as an Annex. The WHO Headquarters document contained in Addendum I is descriptive in nature, and limits itself to the provision of factual elements without entering into an analysis of the implications and pertinence of the reallocation process. It does not offer an assessment of the appropriateness of the methodology used for developing the model which guided the reallocation exercise or of the impact on programs budgets of the affected Regions as a result of Resolution WHA51.31.
3. This PAHO document is divided into four sections: (1) Appropriateness of the Model, (2) Scope and Pertinence of the Reallocation Exercise, (3) Impact on the Program

Budget of the Pan American Health Organization, and (4) Consequence to PAHO Member States.

### **Appropriateness of the Model**

4. The regional allocation model was primarily based on UNDP's Human Development Index adjusted for immunization coverage. The index was weighted to take into account population statistics. Due to the relative high percentages of immunization coverage of many countries of the Americas compared to other Regions, the index penalized many countries of the Region of the Americas and therefore the budgetary allocation to our Region. This happened because countries with low Human Development Index scores did not rank so low in the adjusted global scale because of their good levels of immunization coverage and their high commitment to sustain their immunization programs even in circumstances of economic strife and poverty. Maintaining high immunization coverage has been a major challenge for most countries in the Americas and paradoxically operated against the resource allocation model to our Region.

5. The model also omitted several relevant components such as a country's public health commitment, absorptive capacity, and degree of institutional development. These components were stated as critical elements of resource allocation in the WHO Ninth General Program of Work, and are considered elements of great importance for the allocation of resources in agencies involved in technical cooperation.

6. The validity and completeness of the indicators used as inputs for the model are also an important element to be evaluated, particularly because of the inability of the national estimates to measure the health inequalities in the countries.

### **Scope and Pertinence of the Reallocation Exercise**

7. Another major shortcoming of the reallocation process among Regions has been the exclusion of the WHO Headquarters component of the program budget in the calculations. It is important to note that the reallocation exercise was performed only among Regions and did not include any significant shifts from the WHO Headquarters portion of the total WHO budget. The inclusion of the WHO Headquarters portion of the budget in the reallocation exercise could have mitigated the financial impact to the four affected Regions and ultimately to their Member States.

8. The WHO Headquarters portion of the total regular WHO program budget over the last three biennia did not experience the same degree of reduction that was experienced by the four affected Regions. As a matter of fact it has grown notably in absolute and relative terms when regular and extrabudgetary sources are combined compared to the WHO budget share allocated to all Regions (Annexes I and II).

Consequently the shift of resources to the African and European Regions was done at the expense of the other four Regions and did not redistribute equitably either the regular or the extrabudgetary resources concentrated in WHO Headquarters.

9. Another important issue to bear in mind in the evaluation of the regional reallocation exercise is the fact that its duration was indicated to last three biennia. Extending it beyond the mandated period indicated in Resolution WHA51.31 would imply an increasing and dangerous reduction of the resource base to the four affected Regions that could jeopardize core activities included in their program budgets.

### **Impact on the Program Budget of the Pan American Health Organization**

10. Annex I included in Document CD44/7, Add. I provides the figures that show the sequence followed in the reallocation exercise during the past three biennia. In order to better highlight the impact of the reallocation exercise on PAHO/WHO's regular budget, a table has been prepared (attached as Annex I to this PAHO document) that complements Annex I of the document prepared by WHO Headquarters. The results clearly show that the Region of the Americas (AMR) has been the most impacted Region in relative terms, having suffered the highest cumulative budget reduction (12.3%) over the three biennia following 1998-1999.

11. In looking at the impact of Resolution WHA51.31, one should also look at the level of complementarity of the extrabudgetary (EB) resources that were made available to the various parts of WHO. EB funds were not an integral part of Resolution WHA51.31, which makes it even more critical to have an appreciation of the relative levels of extrabudgetary funding allocated to Headquarters and the Regions in connection with the respective levels of the regular budget.

12. Annex II to this PAHO document has been developed to show the level of EB funding as a percentage of the regular budget in the various parts of the WHO budget. Using information for the 2000-2001 biennium provided in Document CD/44/7, Add. I, one can see the very low level of EB funding made available to the Region of the Americas. During 2000-2001, the Americas was allocated EB funds totaling 16.2% of its regular budget, whereas the average allocation of EB resources for the Regions was 142.9%, the highest being Africa with an allocation of EB resources of 281% of its regular budget, and the lowest (except for the Americas) being the Western Pacific Region with 59.3%. WHO Headquarters was allocated 197.1% of its regular budget in EB funding during 2000-2001. It is important to note that the trends in EB funding illustrated in Annex II have continued in 2002-2003.

13. In summary, the Americas is the Region that has had the greatest impact on its budget since 1998-1999, both in terms of its regular budget, receiving the highest

cumulative percentage reduction, as well as in receiving the lowest level of EB funding allocation, both in absolute and relative terms.

### **Consequence to PAHO Member States**

14. The consequence of Resolution WHA51.31 to PAHO Member States has been an increased pressure on the PAHO portion of the budget to accommodate the mandatory cost increases of the combined PAHO/WHO program budget over the last two biennia and the upcoming 2004-2005 biennium. This situation has resulted in the need of increasing the level of assessments to PAHO Member States that would otherwise have been lessened.

15. In 2000-2001 and 2002-2003, the PAHO/WHO regular budget was faced with mandatory and inflationary cost increases related to posts. Consequently, PAHO Member States passed budget resolutions increasing the PAHO share of the regular budget, resulting in assessment increases of 3.9% and 4.5% respectively. In both of these biennia, the PAHO share of the regular budget had to absorb the cost increases to the PAHO/WHO regular budget, despite the program reduction in the WHO portion of the regular budget through the regional reallocation exercise. As a note of reference, if the WHO portion of the regular budget would have remained without change from the 1998-1999 level of US\$ 82,686,000, the same PAHO/WHO regular budget levels approved for 2000-2001 and 2002-2003 would have yielded assessment increases to PAHO Member States of 1.6% and 1.8% respectively.

16. It is important for PAHO Member States to note the relevance of decisions made at the World Health Assembly with respect to the WHO program budget and its connectedness and impact on the combined PAHO/WHO program budget, especially on the level of assessments to those States.

17. With respect to Resolution WHA51.31, the impact on the PAHO/WHO program budget is very clear, as it has been illustrated in the previous sections. Furthermore, the continuation of the application of Resolution WHA51.31 could result in an even greater negative impact on PAHO and on its Member States.

18. It is suggested that PAHO Member States express their views and possibly adopt a resolution indicating to the 113th session of the Executive Board in January 2004 and to the 57th World Health Assembly in May of 2004 their position with respect to: (a) the negative impact of resolution WHA 51.31 on WHO allocations to the Region of the Americas; (b) the increasing pressure that the reduction of resources bear on the level of assessments to PAHO Member States; and (c) the importance of discontinuing the application of Resolution WHA 51.31 in the biennium 2006-2007.

**WHA51.31: Impact on Regional Budgets  
over Three Biennia, 2000-2001 to 2004-2005**

In thousands of US dollars

Region	Approved 1998-1999	WHA51.31 Cumulative Reallocation	Cummulative Effect on 2004-2005 *	Percentage Change
<b>The Americas</b>	<b>82,686</b>	<b>(10,195)</b>	<b>72,491</b>	<b>-12.3%</b>
<b>South-East Asia</b>	99,251	(8,082)	91,169	-8.1%
<b>Eastern Mediteranean</b>	90,249	(8,665)	81,584	-9.6%
<b>Western Pacific</b>	80,279	(8,974)	71,305	-11.2%
<b>Subtotal</b>	352,465	(35,916)	316,549	-10.2%
<b>Africa</b>	157,413	35,305	192,718	22.4%
<b>Europe</b>	49,823	4,509	54,332	9.1%
<b>Sub-Total</b>	207,236	39,814	247,050	19.2%
<b>Total Regions</b>	<b>559,701</b>	<b>3,898</b>	<b>563,599</b>	<b>0.7%</b>
<b>WHO Headquarters</b>	<b>282,953</b>	<b>(441)</b>	<b>282,512</b>	<b>-0.2%</b>
<b>Total</b>	<b>842,654</b>	<b>3,457</b>	<b>846,111</b>	<b>0.4%</b>

\* Does not include other transfers and cost decreases applied to 2004-2005 outside the scope of Resolution WHA51.31

**Other Sources of Funds as a Percentage of the  
Regular Budget: 2000-2001**

In thousands of US dollars

Region	Regular Budget 2000-2001	Other Sources 2000-2001	Other Sources as Percentage of Regular Budget
<b>The Americas</b>	<b>77,725</b>	<b>12,604</b>	<b>16.2%</b>
<b>South-East Asia</b>	95,595	91,639	95.9%
<b>Eastern Mediteranean</b>	85,869	85,903	100.0%
<b>Western Pacific</b>	75,889	45,034	59.3%
<b><i>Subtotal</i></b>	335,078	235,180	70.2%
<b>Africa</b>	176,822	497,006	281.1%
<b>Europe</b>	51,699	73,446	142.1%
<b><i>Subtotal</i></b>	228,521	570,452	249.6%
<b>Total Regions</b>	<b>563,599</b>	<b>805,632</b>	<b>142.9%</b>
<b>WHO Headquarters</b>	<b>279,055</b>	<b>550,035</b>	<b>197.1%</b>
<b>Total</b>	<b>842,654</b>	<b>1,355,667</b>	<b>160.9%</b>