



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



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

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FINAL REPORT

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FINAL REPORT

1. The First Session of the Subcommittee on Program, Budget, and Administration (SPBA) of the Executive Committee of the Pan American Health Organization (PAHO) was held at the Organization's Headquarters in Washington, D.C., from 26 to 28 March 2007.

2. The meeting was attended by representatives of the following Members of the Subcommittee elected by the Executive Committee or designated by the Director: Brazil, Canada, Chile, Cuba, Guatemala, Trinidad and Tobago, and United States of America. Representatives of Argentina, France, and Mexico attended in an observer capacity.

Officers

3. The following Member States were elected to serve as officers of the Subcommittee for the First Session:

President: Canada (Mr. Nick Previsich)

Vice President: Trinidad and Tobago (Dr. Rohit Doon)

Rapporteur: Guatemala (Ms. Cristina Ramírez)

4. Dr. Mirta Roses Periago (Director, PAHO) served as Secretary *ex officio*, and Mr. Michael Boorstein (Director of Administration, PAHO) served as Technical Secretary.

Opening of the Session

5. The Director opened the session and welcomed the participants. She was very optimistic about the role of the new Subcommittee and was certain that its first session would prove most productive. The Subcommittee would be examining budget and program issues of crucial importance to the life and work of the Organization in the short and medium terms. She encouraged Members to engage in frank and informal discussions of those issues.

6. Mr. Previsich also welcomed the participants and expressed gratitude to the Members for electing Canada to serve as President for the Subcommittee's first session.

Adoption of the Agenda and Program of Meetings (Documents SPBA1/1, Rev. 1, and SPBA1/WP/1, Rev. 1)

7. The Subcommittee adopted the provisional agenda submitted by the Director (Document SPBA1/1, Rev.1). The Subcommittee also adopted a program of meetings (Document SPBA1/WP/1, Rev.1).

Presentation and Discussion of the Items

Interim Financial Report of the Director (Document SPBA1/7)

8. Ms. Sharon Frahler (Area Manager, Financial Management and Reporting, PAHO) introduced the report, emphasizing that it was an unaudited report covering only the first year of the 2006-2007 biennium. As such, it provided a snapshot of the Organization's financial performance and situation in 2006. She then outlined the figures presented in the report, noting that there had been a significant increase in the Organization's financial resources in 2006. Income from all sources had totaled US\$ 537 million¹—an increase of \$165 million over the figure for 2004, the first year of the previous biennium. Thirty-seven of the Organization's 39 Member and Associate States had made quota contributions during the year, totaling \$97.2 million, of which \$47 million corresponded to prior years' assessments. Miscellaneous income had amounted to \$8.8 million. The World Health Organization (WHO) regular budget allocation to the Americas had been \$35.9 million in 2006 (compared to \$32 million in 1994). Voluntary contributions and other funds from WHO had totaled \$16.3 million—more than double the amount received in 2004 (\$7.8 million).

9. Net total income for 2006 had been \$100.9 million, \$7 million over the budgeted amount. Expenditures had totaled \$89.8 million, which was \$4.1 million less than budgeted. The Organization had thus ended 2006 with a budget surplus of \$11.1 million. The surplus would undoubtedly be drawn down in the course of 2007, however. It was normal to have excess funds at the end of the first year of a biennium because the Director took a very conservative approach to financial management, holding back funds in the first year to cover necessary expenditures should there be a delay in the receipt of quota assessments. Part of the surplus had been transferred into the Working Capital Fund, bringing the latter to its authorized ceiling level of \$20 million. The remaining amount, \$5.3 million, had been set aside to cover contractual commitments in the second year of the biennium.

10. The Subcommittee, noting that interim financial reports were not normally released until shortly before the June session of the Executive Committee, expressed appreciation to the Director and her staff for having the report ready so early in the year.

¹ Unless otherwise indicated, all currency figures in this report are expressed in United States dollars.

The Subcommittee congratulated the Organization on its financial performance and on its success in mobilizing trust funds for projects. That success was seen as a reflection of the confidence that countries had in PAHO. The Subcommittee also welcomed the growth in voluntary contributions from WHO.

11. While applauding the increase in receipts of prior years' assessments, several Members expressed concern about continuing arrears in payment by some countries and stressed the need for all Member States to respect their commitments to the Organization, including its Pan American centers. In the latter connection, the financial situation of the Caribbean Epidemiology Center (CAREC) was considered particularly worrying. The fact that voluntary contributions made up a larger proportion of PAHO's income than quota contributions was also viewed as a potential concern, particularly because many voluntary contributions were earmarked for specific purposes, which might limit the Organization's ability to carry out its programs and channel funds to where they were most needed.

12. The trend towards increased use of trust fund income for internal projects (i.e., projects carried out in the country of the government contributing the funds) was seen as positive, and the Organization was encouraged to explore possibilities for expanding that modality of technical cooperation. The Secretariat was asked to provide additional information on the nature of the project support required for such projects, and it was suggested that future financial reports should provide a clear breakdown of internal projects and external projects (i.e., projects carried out in a country other than the country of the government providing the funds).

13. It was pointed out that staff salaries and entitlements had accounted for 62% of expenditures in 2006, and the Secretariat was asked to provide an update on efforts to rationalize posts. The Secretariat was also asked to elucidate the procedure for use of any budget surpluses remaining after the Working Capital Fund had been fully replenished.

14. Ms. Frahler thanked the Subcommittee for recognizing the hard work that had been required in order to produce the interim financial report so early in the year and warned that it would not be possible to do so the following year because the report of the External Auditor would not be available until mid-April of 2008.

15. Regarding the Pan American centers, she was pleased to report that CAREC and the Institute of Nutrition of Central America and Panama (INCAP) were doing well. The latter currently had over a million dollars in its working capital fund and approximately \$385,000 in its endowment fund. The addition of a new member country, the Dominican Republic, had further improved the Institute's financial status. CAREC had over \$200,000 in its working capital fund and had received approximately \$2.4 million in donor funding during 2006. While the Center did have over \$4 million in quota

arrearages, one country was responsible for approximately \$2.8 million of that amount. The Secretariat was currently negotiating a deferred payment plan with that country.

16. The financial status of the Caribbean Food and Nutrition Institute (CFNI) was more worrying. Its deficit had increased to over \$400,000 as of December 2006, and PAHO had been obliged to loan funds to the Institute to enable it to continue operating. The Secretariat was currently exploring several options—such as outsourcing printing and combining the administration of CFNI with that of the PAHO/WHO country office in Jamaica—in order to reduce costs and help the Institute to live within its means.

17. With respect to salaries, it was true that they accounted for a significant portion of the regular budget; however, it was important to remember that PAHO was a technical cooperation organization, not a funding organization. It was therefore to be expected that its largest expenditure would be for the salaries and entitlements of the staff who provided the technical cooperation requested by Member States.

18. Concerning the disposition of any funds left over at the end of a biennium, such funds were transferred to the Working Capital Fund until it reached its ceiling of \$20 million. Any overage would then be put into a holding account, and at the next Directing Council (or Pan American Sanitary Conference) Member States would decide how the funds should be used. One possibility would be to deposit such excess funds into the proposed Master Capital Investment Fund (also discussed by the Subcommittee during this session, see paragraphs 25 to 40 below).

19. Responding to the question on rationalization of posts, she assured the Subcommittee that the Director remained very concerned with keeping post costs as low as possible and, to that end, constantly encouraged staff to find ways to streamline and work more efficiently. When staff members resigned or retired, their posts were not automatically refilled, and posts continued to be eliminated, despite the rise in the Organization's income in 2006.

20. With regard to project support for internal projects, she explained that the Organization provided technical and administrative services and project oversight at the request of the government concerned, in exchange for which it received a fee that ranged from 3% to 21% of the value of the project, depending on the nature of the project, the complexity of the project and the amount of staff time required to support it. She also noted that the financial reports of the Director always included a breakdown of the four categories of trust fund projects: government-funded internal projects, government-funded external projects, projects funded by international organizations, and projects funded by private- and public sector organizations. Finally, she expressed thanks to Member States for their efforts to persuade WHO to channel a larger share of global voluntary contributions to the Region and encouraged them to continue those efforts, as

the amount being received by the Americas, while definitely an improvement over the previous biennium, was still far below that received by other Regions.

21. The Director affirmed that the Secretariat maintained strong financial discipline in order to ensure that expenditures did not exceed income, whether from quota assessments or voluntary contributions, at any given moment. Monthly financial reports were prepared, and decisions regarding the release of funds were made on that basis. The Strategic Assessment and Resource Alignment (SARA) process currently under way within the Organization ensured that activities and resource allocations were continually reviewed to determine whether and how they were contributing to the achievement of the objectives and results approved by the Member States and whether and how PAHO could work better and more efficiently.

22. She acknowledged with gratitude the effort made by numerous countries to settle their quota arrears during 2006. She also noted that the Governments of Argentina and Brazil had paid in full the amounts owed, respectively, for the Pan American Institute for Food Protection and Zoonoses (INPPAZ) and the Pan American Foot-and-Mouth Disease Center (PANAFTOSA).

23. In her view, the rise in voluntary contributions was related to three factors: closer alignment of PAHO's objectives and priorities with those of WHO and greater recognition of the contribution made by the Americas to the achievement of global goals; a growing trend towards voluntary contributions for long-term program support, as opposed to short-term funding for specific projects; and the increase in government funding for internal projects. In relation to the latter, she assured the Subcommittee that such projects were fully aligned with Organization's strategies and priorities and that they underwent the same scrutiny as any other project funded by voluntary contributions. If it was decided that a project was not consistent with PAHO's mandates, or that it was not within the Organization's capacity to support the project, the Secretariat always endeavored to pass it on to another organization in the United Nations system.

24. Reiterating its thanks to the Director and her staff, the Subcommittee took note of the report.

Master Capital Investment Plan (Document SPBA1/4)

25. Mr. Edward Harkness (General Services Operations Area, PAHO) introduced this item and outlined the proposal for a Master Capital Investment Plan, presented in Document SPBA1/4. He began by explaining the rationale for the proposal, namely, to ensure a stable source of funding for regular maintenance and upgrading of the Organization's real estate assets and information technology (IT) infrastructure, rather than addressing those needs on an ad hoc basis, as had been the case in the past. The Plan

identified capital investment needs of \$7.7 million for real estate projects and \$18.1 million for IT infrastructure replacement and upgrades for the PAHO Headquarters building and country offices over the next 10 years.

26. The proposal called for the creation of a Master Capital Investment Fund with two subfunds, one for real estate and equipment and the other for information technology. The two subfunds would replace the current PAHO Building Fund and Capital Equipment Fund, the balances of which would be transferred into the Master Capital Investment Fund, effective 1 January 2008. Other proposed sources of funding would include a biennial program budget allocation, miscellaneous income exceeding budgeted miscellaneous income, and any excess budget funds remaining at the end of each biennium (the latter subject to approval by the Executive Committee).

27. The Subcommittee was asked to approve the establishment of the Master Capital Investment Plan and the sources of funding proposed in Document SPBA1/4. The Subcommittee was also asked to recommend that the Executive Committee adopt a resolution modifying or superseding Resolution CD31.R12, "Maintenance and Repair of PAHO-Owned Buildings," in particular the provision relating to land-lease income from the property located at 2121 Virginia Avenue in Washington, D.C.

28. The Subcommittee welcomed the long-range approach to planning and budgeting for capital investments outlined in Document SPBA1/4 and agreed that regular preventive maintenance of buildings and equipment would ultimately save the Organization money. However, the Subcommittee raised a number of issues and questions in relation to the proposed Master Capital Investment Fund. Members sought clarification regarding the proposed sources of funding for the Fund and inquired how funds would be allocated between the two subfunds and whether there would be flexibility for shifting resources from one subfund to the other. Strong concern was voiced regarding the proposal to use excess resources from the Organization's biennial program budgets as a source of funding, with several Members expressing the view that funds allocated for program activities should not be used to pay for building maintenance and repair and that the Governing Bodies should continue to decide how any budget surpluses would be utilized. It was also pointed out that if the Organization's programs were being fully implemented, there should not be any funds left over at the end of a biennium. Additional information was requested on how program support costs might be used as an additional source of funding and how the implementation of the International Public Sector Accounting Standards (IPSAS) would affect the availability of savings on the cancellation of obligations at the end of the biennium.

29. The Secretariat was asked to clarify the matter of lease income and rental expenditure for the Virginia Avenue property and to explain how the building and IT infrastructure cost estimates shown in Annexes I and II of the document had been

calculated. In relation to Annex I, one delegate inquired why the list of building locations did not include all country offices. The same delegate questioned the different treatment of PAHO-owned facilities and other facilities implied in the document and asked for clarification of how PAHO's planning took account of the inclusion of some of PAHO's capital investment needs in the WHO capital investment plan. Several delegates asked about the proposed ceiling for the Master Capital Investment Fund. The need to put in place measures to ensure accountability for the Fund's use was underscored.

30. Mr. Harkness, responding to the comments concerning the Virginia Avenue property, explained that PAHO owned the land on which the building was situated, but not the building itself. However, the Organization rented office space in the building. The current monthly income received from the company that owned the building (\$62,000) was less than the monthly rental charges paid to that company (\$92,000). Under the terms of Resolution CD31.R12, income of up to \$150,000 from the lease of land or space had to be deposited into the Building Fund, which meant that a significant portion of the income derived from the lease of the land could not be used to pay rent for the office space; instead, the rent had to be paid out of the regular budget. The Secretariat was therefore proposing that Resolution CD31.R12 should be amended, eliminating the transfer of income from the 2121 Virginia Avenue property into the Building Fund.

31. With regard to sources of funding for the Master Capital Investment Fund, the Secretariat had considered it important to identify multiple potential sources in order to ensure sufficient funding for needed capital investments, as the amount available from any one source would inevitably vary from one biennium to the next. He would welcome suggestions and guidance from the Subcommittee on other possible ways of ensuring a regular inflow of money for the Fund. With regard to the use of leftover program funds, he pointed out that the Organization's ability to deliver technical cooperation was heavily dependent on technology; hence, investment in technology infrastructure would, in the long run, benefit PAHO's programs.

32. Replying to the questions concerning Annexes I and II of the document, he said that the figures shown in Annex I were cost estimates for needed repairs and upgrades for the Headquarters building and country offices over the next 10 years. Some of the country offices were not included because, perhaps over-optimistically, they had not anticipated spending any money on building or IT infrastructure in the next decade. The figures shown in Annex I would doubtless change as unexpected needs arose or, conversely, as planned projects became unnecessary because of changing circumstances. Regarding the question on differential treatment of PAHO-owned and non-PAHO-owned buildings, the Organization had to cover expenses for building outfitting and maintenance and for IT equipment in all its facilities, whether or not the building was owned by PAHO. In addition, in recent years it had been obliged to make sizeable investments to enhance security in country offices. Currently, such expenditures were covered mainly

out of the PAHO regular budget. Any money that PAHO received from the WHO Real Estate Fund was normally used for major projects planned in advance, not for routine maintenance or emergency repairs.

33. Mr. Nigel Peachey (Acting Area Manager, Information Technology Services, PAHO) said that the figures shown in Annex II represented the minimum expenditures that would be required to maintain PAHO's IT infrastructure, with some modest improvements such as investment in Internet telephony, which would ultimately yield savings on recurrent costs.

34. Ms. Frahler stressed that the aim of the Master Capital Investment Plan was to ensure a stable source of funding for capital expenditures, rather than maintaining the current practice of charging capital improvements directly to the regular program budget. That was not a sound way to cover such expenditures in the long term, particularly in the case of huge projects such as the renovation of the Headquarters building several years earlier. The list of potential sources of funding for the Master Capital Investment Fund was simply an array of possibilities which the Secretariat was proposing for consideration. It would be left to Member States to make the final decision as to how the Master Capital Investment Fund should be funded. However, one of those potential sources—savings on cancellation of obligations at the end of the 2006-2007 biennium—was no longer a viable option. It had been assumed that the Organization would have a number of obligations at the end of the current biennium which, under the United Nations accounting standards currently in effect, would not carry over into the new biennium, and it had therefore been proposed that the funds that became available as a result of cancellation of those obligations might be transferred to the Master Capital Investment Fund. But with the impending adoption of the IPSAS, the Financial Regulations would be amended to allow carry-over of committed funds from one biennium to the next.

35. As for the other potential sources, she agreed wholeheartedly that technical programs should never be impacted by the need to finance capital investments. However, the Organization sometimes received as much as \$15 million in quota payments in the last month of a biennium, and it was simply impossible to implement that volume of funding before the end of the year, particularly as December was a holiday period for many people in the Region. That was why the Secretariat had proposed that any excess funding remaining at the end of a biennium might be transferred to the Master Capital Investment Fund. She understood from the Subcommittee's comments, however, that Members wished such transfers to be subject to Governing Body approval.

36. The Secretariat recommended that the ceiling for the Master Capital Investment Fund be set at \$10 million. With respect to the distribution of funds between the two sub-funds, the staff members involved would agree on how much should be allocated to each based on an agreed prioritization of needs.

37. Bearing in mind the input received from the Subcommittee, the Secretariat intended to draw up a formal proposal for consideration by the Executive Committee in June. It was hoped that the Master Capital Investment Fund could be implemented and partially funded by the start of the 2008-2009 biennium, so that when the IPSAS went into effect in 2010, this initiative to regularize funding for capital outlays would be well advanced.

38. The Director emphasized that PAHO had always taken a very cautious and conservative approach in order to avoid sacrificing program funds to building or equipment costs, but it had been forced to do so at times because emergencies had arisen and there had been no choice but to take funds out of the regular budget to address them. The proposed Fund would enable the Organization to be more efficient and more transparent and, through better planning and management of capital investments, to reduce costs.

39. Regarding the use of program support costs as a possible source of funding, in fact, for many projects and services, the Organization charged only a nominal fee or no fee at all. It might be time to rethink that policy—without abandoning the spirit of solidarity that had inspired it—because the only areas in which the Organization could expect its budget to grow in the foreseeable future were voluntary contributions and procurement of vaccines and other public health supplies on behalf of Member States.

40. The consensus of the Subcommittee was that the Master Capital Investment Fund should be set up, but the Subcommittee declined to approve either the recommendation contained in Document SPBA1/4 or a revised recommendation circulated subsequently, as Members felt that they had not had sufficient time to study the details of the proposal contained in the latter recommendation. The Subcommittee requested that the Secretariat draw up a revised proposal for the Master Capital Investment Fund to be submitted for consideration by the Executive Committee at its 140th Session. The Subcommittee also asked that the revised proposal be distributed to Members well in advance of the Session.

International Public Sector Accounting Standards (Document SPBA1/3)

41. Ms. Frahler introduced this item, reviewing the background to PAHO's decision to adopt the International Public Sector Accounting Standards (pending approval by the Governing Bodies), describing the principal features of the IPSAS, and highlighting the benefits and challenges of their implementation. She drew particular attention to the important issue of after-service health insurance (ASHI). Under the current essentially cash-based accounting system, the health insurance costs associated with a staff member's retirement were not charged until the staff member actually retired. Under the accrual-based IPSAS, after-service health insurance benefits would accrue throughout the staff member's period of employment, and the full liability for those benefits, and for

other long-term financial commitments, would henceforth be reflected in the Organization's financial statements. It had been estimated that the amount needed to implement that change for the United Nations could be as high as \$1 billion. It was not known how much PAHO would need in order to fund ASHI benefits; the figure would be determined at a later date, based on an actuarial evaluation. The required amount would be charged to the Working Capital Fund, which might result in a temporary working capital deficit. That, in turn, could lead to a qualified audit opinion on the Organization's financial statements. The various agencies of the United Nations system were understandably concerned about the financial implications of ASHI, and the possibility of allowing agencies three to five years to fund the accrual amounts needed for ASHI benefits was being considered.

42. The introduction of the IPSAS would entail other costs, including fees for actuarial services, the cost of new accounting software, and consultant services. The total costs (excluding the cost of funding ASHI) for PAHO were estimated at around \$500,000. There would be ongoing costs, as well, for yearly actuarial services and, possibly, additional fees for the External Auditor if PAHO opted to follow the recommended practice of having its financial statements audited every year instead of every two years. The United Nations had recognized that implementing the IPSAS would be very costly and it had allocated resources to assist the agencies of the system, notably by ensuring the necessary staff training, although there would be a charge-back for those services based on a prorated formula.

43. The Secretariat recommended that PAHO join the rest of the United Nations system in adopting the IPSAS, as doing so would enable the Organization to implement recognized best practices in public-sector financial accounting and reporting and, especially, because the new system would strengthen PAHO's results-based management framework. The Subcommittee was asked to recommend to the Executive Committee that it endorse the introduction of the IPSAS.

44. The Subcommittee expressed general support for the adoption of the IPSAS, but expressed concern over the costs associated with the transition to the new system and requested clarification and additional information on a number of specific points. The Secretariat was encouraged to seek cost savings wherever possible in implementing the IPSAS. It was suggested, for example, that some savings might be realized in the area of consultant services by utilizing the services of the United Nations IPSAS project management team exclusively and not hiring additional consultants. Members inquired whether annual auditing of the Organization's financial statements was required under the IPSAS, and emphasized that, if not, PAHO should carefully weigh the benefits of moving to annual auditing against the cost of doing so. Members also asked whether or not the projected cost of implementing the IPSAS included any funding for the Master Capital Investment Plan.

45. The Secretariat was asked to elucidate the benefits of adopting the IPSAS and to explain how, exactly, they would contribute to results-based management. Information was requested on what repercussions the implementation of the IPSAS would have at country level and what impact there would be on the Organization if the Governing Bodies decided not approve their adoption. With regard to ASHI, one Member, recalling that in the past PAHO had been required to provide health insurance for WHO retirees living in the Americas even if they had never worked for PAHO, asked whether under the IPSAS the Organization would be required to make provision for after-service health insurance for such retirees.

46. It was suggested that, in preparing the documents to be submitted to the Executive Committee, the Secretariat should consider including a pie chart showing the real impact of the implementation of both the IPSAS and the Master Capital Investment Plan on program funds. It was also pointed out that it would be useful to have a table or chart showing the costs and benefits of implementing the IPSAS, in both the short and the long terms. Such a visual representation might help Member States to view the adoption of the IPSAS as an investment and to understand the long-range benefits—for example, greater transparency and predictability of resources—to be derived from their implementation.

47. Ms. Frahler said that that the foremost benefit of moving to the IPSAS would be the transition to accrual-based accounting, which, by clearly linking expenditures to results, would enable PAHO to practice results-based management in a way that it could not do under its current accounting methods. Under the United Nations Accounting Standards presently in use, expenditures must be recorded at the time the funds were committed, even if the work in question was not performed until the next financial period. For example, if the Organization signed a contract for the services of a short-term consultant in December of one year, it would have to set aside all the funds needed to pay the consultant in that year, although the consultant would actually be delivering the services in the following year. Consequently, in the Organization's financial statements for the first year, there would be no results to show for the expenditure. Under the IPSAS, no expenditures would be recorded until the services had been rendered. It would thus be possible to provide Member States with a much clearer picture of the cost of achieving any given result.

48. Another important benefit of implementing the IPSAS would be comparability of PAHO's financial statements with those of other organizations in the United Nations system and also with those of agencies outside the system, such as the Organization for Economic Cooperation and Development, which had also implemented the IPSAS. If the Governing Bodies opted not to approve the transition to the new standards, PAHO would likely be the only organization in the United Nations system not to adopt them. If the IPSAS were adopted, the PAHO/WHO country offices would also have to implement them. The Secretariat would, of course, assist them in making the transition. Member

States were under no obligation to adopt the IPSAS, although some of them might wish to do so. As noted in Document SPBA1/3, more than 30 governments around the world had already implemented the IPSAS or were in the process of doing so.

49. Responding to the various other questions posed by Members, she said that annual auditing was highly recommended, but was not required under the IPSAS. It would be up to Member States to decide whether PAHO should switch to annual auditing or follow WHO's lead and maintain biennial accounting, although it was worth noting that annual auditing would be far less costly for PAHO than for WHO. Annual actuarial evaluations, on the other hand, would be imperative in order to determine the amount required each year to fund accruals for ASHI and other long-term liabilities. Regarding health insurance for WHO retirees, she was pleased to report that WHO and PAHO had agreed on a new formula for calculating PAHO's share of health insurance benefits for WHO retirees living in the Region, which had resulted in annual savings of around \$1 million. With respect to possible savings on consultant services, she explained that because PAHO's accounting system differed in some respects from the system used by the United Nations, it would be necessary for the Organization to hire its own consultants to adjust the system to the requirements of the IPSAS. As to whether the projected figure of \$500,000 for the implementation of the IPSAS included any funding for the Master Capital Investment Plan, the answer was "no." That figure—which was, she emphasized, just an estimate—would cover only the actuarial and other costs associated with the transition to the new standards.

50. The Director observed that one potential impact of not adopting the IPSAS might be a reduction in voluntary contributions, as donors—most of which were governments or other public-sector entities—might make future contributions conditional on PAHO's adopting the IPSAS as a means of ensuring better accountability and transparency in its use of public funds. Moreover, as Ms. Frahler had explained, without adopting the IPSAS, the Organization could not fully implement results-based management, which Member States had repeatedly said that they wanted PAHO to do. She therefore believed that the Organization had to adopt the IPSAS. The challenge was how to pace their introduction so as not to compromise the Organization's financial integrity or its ability to deliver technical cooperation.

51. In addition to the benefits mentioned by Ms. Frahler, implementation of the IPSAS would help the Secretariat to identify how expected results would be affected by budget cuts—something else that Member States had repeatedly asked for. It would also be easier to account for the use of staff time for the achievement of results, which was important in an organization that devoted more than half of its budget to staff costs.

52. The Subcommittee thanked the Director and Ms. Frahler for their detailed explanations and requested that the Secretariat revise the document for presentation to the Executive Committee, incorporating the Subcommittee's comments and suggestions.

Update on the Process for the Appointment of the External Auditor (Document SPBA1/INF/1)

53. Ms. Linda Kintzios (Chief, Fund Management Analysis and Systems, PAHO) informed the Subcommittee that, pursuant to Resolution CD47.R14, adopted by the Directing Council in September 2006, the Secretariat had circulated a note verbale to all Member States, Participating States, and Associate States, informing them of the procedure for nomination and appointment of the External Auditor and inviting them to submit nominations. A reminder letter had been sent out in February 2007, again calling for the submission of nominations and highlighting the deadline for receipt of submissions: 30 April 2007. As of 26 March 2007, no nominations had been submitted.

54. In the discussion that followed, Members of the Subcommittee requested clarification of the requirements for candidates and inquired whether, in the event that no nominations were received by the deadline, the contract of the current External Auditor, the United Kingdom National Audit Office, might simply be extended. The Delegate of Canada noted that her Government had put out a formal request for nominations within Canada and would inform PAHO by the deadline of whether Canada had a candidate to propose. One delegate suggested that, if no nominations were received from countries, the post of External Auditor might be filled through an international request for proposals.

55. Ms. Kintzios said that the Government of the United Kingdom had indicated informally that it intended to nominate its National Audit Office. However, should no nominations be received, the Pan American Sanitary Conference could indeed decide simply to reappoint the current External Auditor. The minimum length of the reappointment would be one biennium, but Member States could decide to extend it for a longer period if they so wished. The requirements for candidates were detailed in the note verbale, which she would be happy to make available to Members of the Subcommittee. Basically, candidates for the post must be either national audit offices or private accounting firms of international repute, with documented prior experience in working with international organizations. In addition, potential candidates must be able to work in a multilingual environment.

56. Dr. Heidi Jiménez (General Counsel, PAHO), responding to the suggestion concerning an international request for proposals, said that under the current Financial Regulations of the Organization, the External Auditor was to be appointed by the

Member States; there was no provision for selection of an auditor through a commercial bid solicitation procedure.

57. The Director pointed out that just as Member States had instituted new requirements for the appointment of the External Auditor the previous year, they might decide to change the procedure altogether and adopt international competitive bidding. She also pointed out that, even if the only nomination received was that of the current External Auditor, the Government of the United Kingdom would still have to submit a formal proposal, and the procedure would thus be both more competitive and more transparent than had been the case prior to the adoption of Resolution CD47.R14.

58. The Subcommittee thanked the Secretariat for the update and took note of the report.

Development of the Health Agenda for the Americas (Document SPBA1/INF/2)

59. Dr. Daniel Gutiérrez (Area Manager, Planning, Program Budget, and Project Support, PAHO) summarized the most recent progress in the process of developing the Health Agenda for the Americas, noting that the deadline for submission of comments on the draft document was 25 April 2007 and drawing attention to the next steps in the process, outlined in Document SPBA1/INF/2. He also announced that the Minister of Health of Panama, President of the Working Group on the Health Agenda, had proposed that the ministers of health from the Region should meet during the World Health Assembly in May 2007 in order to reach consensus on the final version of the Agenda to be released on 3 June 2007, coinciding with the next session of the General Assembly of the Organization of American States (OAS), to be held from 5 to 7 June 2007 in Panama.

60. The Subcommittee expressed appreciation to Dr. Camilo Alleyne, Minister of Health of Panama, for his strong leadership in the process of developing the Health Agenda for the Americas. Several delegates voiced concerns as to whether it would be possible before the deadline of 25 April to obtain sufficient country input to ensure true ownership by Member States of the Health Agenda. It was also pointed out that the timeframe for the proposed next steps was very short, and doubt was expressed as to whether it would be possible to resolve all remaining differences with regard to the wording and content of the Health Agenda in time for the planned release date. In addition, while considering it propitious to launch the Health Agenda in conjunction with the OAS General Assembly, Members questioned whether it was realistic to expect ministers of health to take part in that meeting in June, in addition to attending the World Health Assembly in May, the international conference on primary health care to be held in Argentina in August, and the Pan American Sanitary Conference in early October.

61. It was suggested that the Director should send a note to all Member States requesting that they submit their comments by the April deadline. It was also suggested that, to assist the Working Group on the Health Agenda, the Secretariat should draw up a contingency plan for getting the Health Agenda approved in the event that it proves impossible to reach consensus prior to 3 June.

62. Dr. Gutiérrez noted that the President of the Working Group had first begun soliciting input on the draft Health Agenda in December 2006, and said that it was his impression that the consultation process in Member States was well advanced. The Secretariat was working through the PAHO/WHO country offices to promote discussion at the national level and in the various subregional groupings. The document was also being discussed by international agencies and other key stakeholders in the health sector. The gathering of health ministers during the World Health Assembly would afford an additional opportunity for discussion. Should there remain issues still to be resolved after the Health Assembly, the President of the Working Group had proposed holding virtual conferences in order to ensure that there was full consensus on the content of the Health Agenda before its release in June.

63. The Director pointed out that the consultations thus far had not elicited any significant differences of opinion, which would appear to indicate that the document did reflect the common vision of Member States. She therefore felt that it would be feasible to reach consensus on the final version of the Health Agenda prior to the planned launch date, particularly if maximum advantage were taken of all opportunities for consultation in the interim and if maximum use were made of all available technologies to facilitate the process. In her view, every effort should be made to ready the document to be released during the OAS meeting because it would thus be possible to involve ministers of foreign affairs as well as ministers of health, which would help to ensure the incorporation of the Health Agenda into the overall international development agenda of the countries of the Americas. The President of the Working Group intended to issue personal invitations to the presidents of the health commissions of the various subregional groupings and to the health ministers of countries that did not form part of such groupings, encouraging them to be present. Thus, even if not all health ministers were able to attend, the health sector would be well represented.

64. Another reason for striving to finalize the Health Agenda by early June was that it was to form the basis for the next Strategic Plan for the Pan American Sanitary Bureau, which would be discussed by the Executive Committee in late June. It would also be desirable to have the Health Agenda—as the expression of the common interests of the countries of the Region—in fairly final form prior to the discussion of the WHO Medium-term Strategic Plan during the World Health Assembly in May.

65. The Subcommittee took note of the report and requested the Secretariat to draw up a contingency plan for presentation to the Working Group and to send a letter to all Member States asking that they submit their input on the Health Agenda by 25 April 2007.

Report on Voluntary Contributions in PAHO/WHO (Document SPBA1/INF/3)

66. Dr. Hernán Rosenberg (Unit Chief, Planning, Program Budget and Project Support, PAHO) presented the report, highlighting three points in relation to voluntary contributions. First, as the Director had said earlier, all projects financed by voluntary contributions were fully aligned with the Organization's priorities and were part and parcel of its program. In the context of results-based management, the Secretariat was stressing the idea of a single program with different sources of financing, one of which was voluntary contributions. Second, voluntary contributions included resources other than money. Indeed, non-financial contributions made up about one third of the total extrabudgetary support that PAHO received. Such contributions were not reflected in the financial statistics presented in Document SPBA1/INF/3. Lastly, PAHO was seeking to promote unearmarked voluntary contributions, which would allow it the flexibility to utilize resources in the areas where they were most needed to carry out the program approved by Member States. Similarly, the Organization was encouraging voluntary contributions for whole program areas rather than for specific projects.

67. The Subcommittee congratulated the Secretariat on its success in mobilizing voluntary contributions. Members considered transparent management of the Organization's resources to be of utmost importance, and therefore welcomed both the report and the establishment of a specific unit to review all projects and initiatives financed with voluntary contributions. The criteria used to assess projects were considered sound. The Subcommittee agreed that it was important to encourage unearmarked contributions, particularly as voluntary contributions accounted for half of PAHO's total budget and thus were crucial to the implementation of its programs. Members inquired whether the Secretariat was employing any specific strategies, such as donor education, to attract more unearmarked funding, and whether it had developed any new or innovative approaches for widening the pool of donors, especially in the private sector.

68. The Secretariat was asked to explain how funds for internal projects, which were carried out in the country of the donor government, were reflected in the PAHO budget and how financial self-sufficiency was ensured in the case of emergency humanitarian projects, for which the Organization charged no program support costs.

69. Noting that Document SPBA1/INF/3 requested the Subcommittee to suggest ways in which future reports on voluntary contributions could be improved, delegates

made several specific suggestions. It was pointed out that some of the terminology needed to be standardized, notably the terms “earmarked” and “unearmarked” voluntary contributions, which were also referred to as “specific” and “non-specific” voluntary contributions. It was also emphasized that the terminology used in the report on voluntary contributions should be consistent with the terminology used in the budget document. The information on the various types of project agreements in paragraph 25 and Table 1 of the document was appreciated, but it was felt that the document might be enhanced through the addition of a paragraph on the pros and cons of the various arrangements from the Organization’s viewpoint. In addition, it was suggested that future reports should include information on non-financial contributions.

70. Dr. Rosenberg thanked Members for their suggestions regarding the document and undertook to incorporate them in future reports on voluntary contributions. He assured the Subcommittee that all of PAHO’s activities were subject to the same rigorous scrutiny, regardless of the source of funds. Although voluntary contributions did account for a major share of the Organization’s total budget, the Secretariat was taking all necessary measures to ensure that its program was not diverted by extrabudgetary funds. Accounting for non-financial voluntary contributions was complicated, but the Secretariat was developing a system for that purpose and hoped to be able to provide more detail in its next report to the Subcommittee.

71. He appreciated the Subcommittee’s recognition of the importance of unearmarked funds. In a context of results-based management, the fewer restrictions placed on the use of voluntary contributions, the better. Nevertheless, all voluntary contributions were earmarked to some extent, with the exception of those transferred from WHO. The Secretariat planned to continue dialoguing with its partners with a view to encouraging more unearmarked contributions. It was also examining its strategy for resource mobilization with the aim of attracting new partners because, as was mentioned in the document, contributions from traditional donors had shown a downward trend in recent years. In the meantime, the Secretariat was using whatever flexibility it had to channel resources towards the areas where they were most needed, especially neglected diseases and populations.

72. The Director said that, of the various cooperation modalities mentioned in the document, the Organization definitely preferred program support to support for specific projects because it offered much greater flexibility and the transaction costs were far lower. In addition, it allowed greater focus on impact in the long term than on the process of project management and reporting in the short term, while still providing good accountability to donors.

73. Agreements with countries for secondment of personnel, use of facilities, and other non-financial contributions constituted another equally valuable modality of cooperation. Such agreements also existed with the private sector for donations of drugs and other supplies. With regard to the private sector, PAHO was indeed seeking to increase collaboration with private partners, not only in the form of financial contributions but also through the provision of expertise and the implementation of joint activities. For example, the Organization had an agreement with CNN which enabled it to broadcast public health messages free of charge. It also had arrangements with various celebrities, who donated their time to help disseminate health information or raise money for health-related causes.

74. With regard to internal projects, while they were a relatively new form of cooperation for PAHO, other agencies in the United Nations system had been administering such projects for many years. PAHO was proceeding cautiously with regard to internal projects, taking care always to ensure that they were in line with the Organization's policies and priorities, that PAHO could really add value to the project by making a significant technical cooperation contribution (i.e., that its role would not be merely administrative), and that the projects would make a contribution to the achievement at national level of global health objectives, especially the health-related Millennium Development Goals. In addition, such projects must be financially self-sufficient.

75. The Subcommittee thanked the Secretariat for the report and looked forward to future updates on voluntary contributions.

WHO Draft Medium-term Strategic Plan 2008-2013, including the Draft Proposed Program Budget 2008-2009 (Documents SPBA1/INF/4 and SPBA1/INF/4, Add. I)

76. Dr. Gutiérrez introduced this item, noting that the version of the draft WHO Medium-term Strategic Plan 2008-2013 and draft Proposed Program Budget 2008-2009 appended to Document SPBA1/INF/4 was the version that had been submitted to the WHO Executive Board in January 2007. The Plan was currently being revised by the WHO Secretariat in the light of the Board's comments, and a new version was expected to be available in early April. Drawing attention to Document SPBA1/INF/4, Add. I (distributed to Members of the Subcommittee during the session in hard copy only), which included provisional summary records of the WHO Executive Board's discussions on the topic, he highlighted some of the changes that had been proposed, notably the suggestion to combine Strategic Objectives 1 and 2, which related to communicable diseases, and Strategic Objectives 10, 11, 13, and 14, all of which related to health systems and services. It had also been suggested that the role of WHO in United Nations reform should be more clearly defined, that WHO should increase its leadership in the

area of health diplomacy, and that indicators should be added to assess WHO's role in international coordination of health efforts.

77. He also noted that the PAHO Secretariat had been actively involved in the development of both the strategic objectives and the expected results and indicators, and that the WHO Medium-term Strategic Plan was being incorporated into the Strategic Plan for the Pan American Sanitary Bureau, 2008-2012. Both documents clearly reflected a results-based management approach.

78. In the discussion that followed, Members expressed agreement with the 16 strategic objectives and the 5 priority areas for action identified in the Plan. The results-based management approach was also applauded, as was the institutional reform process currently underway within WHO. General support was voiced for the proposal to merge Strategic Objectives 10, 11, 13, and 14; there was less enthusiasm for merging Strategic Objectives 1 and 2. In relation to the latter, it was feared that combining the two objectives might result in the diversion of resources away from AIDS, malaria, and tuberculosis, which were seen as the communicable diseases of highest priority.

79. It was pointed out that the Medium-term Strategic Plan was extremely long and, in the interest both of making the document more readable and of conserving paper, it was suggested that a condensed version should perhaps be published, with the longer, more detailed version to be provided only on request, as an annex. Additionally, it was pointed out that the strategic objectives seemed to be rather closely aligned with the administrative structure of WHO. At the same time, however, as there appeared to be considerable overlap in the activities and indicators identified under each objective, it was not always clear which area would be responsible for achievement of the indicators.

80. With regard to the Proposed Program Budget for 2008-2009, it was felt that it suffered from a lack of justification for the proposed increase and from a lack of information on how spending was to be reallocated from lesser to higher priorities. It also failed to present an alternative scenario that would give an idea of how the budget would be affected should the proposed increase not be approved.

81. Dr. Gutiérrez said that he had taken note of the Subcommittee's comments and would transmit them to WHO. He reiterated that the document before the Subcommittee was the version of January 2007 and that a revised version was being prepared, taking into account the views expressed by Member States during the January session of the WHO Executive Board and in other forums. PAHO's technical staff had been asked to comment on the proposal to merge some of the strategic objectives, but no decisions had yet been reached in that regard. From PAHO's standpoint, one potential concern was that by merging objectives, some clarity and focus might be lost. With respect to the assignment of responsibility for achieving the indicators, both PAHO and WHO would

be developing a mapping of indicators and responsibilities, identifying one person within their respective Secretariats who would have overall responsibility for each indicator and for coordinating the activities needed to achieve it.

82. The Director, responding to a question from the President, said that the Medium-term Strategic Plan would undoubtedly be discussed further by Group America (GRUA) during the World Health Assembly with a view to coming as close as possible to consensus on a regional position. She also intended to raise the matter at the meeting of heads of delegations from the Americas on the opening day of the Health Assembly.

83. She agreed that the design and the descriptions of the strategic objectives were probably too reflective of the organizational structure of WHO, which could be problematic in the implementation phase, especially at country level, as national governments might have an administrative structure that differed from that of WHO. In her view, the objectives should be formulated in a more strategic manner. It was true that the document was long, but a certain level of detail was required as the Plan was intended to guide the activities of WHO and its Member States over the next six years and would form the basis for three biennial program budgets.

84. The Director-General of WHO had undertaken an extensive consultation process with Member States and with the Regional Directors. In addition, there had been ongoing discussion by the networks of focal points for each strategic objective, aimed at refining the objectives and ensuring that the Medium-term Strategic Plan reflected the interests of the Member States of each Region. All the feedback received through those consultations would be taken into account in revising the document, which was expected to be available on the WHO website no later than 2 April 2007.

85. The Subcommittee thanked the Secretariat for the report.

Draft Strategic Plan for the Pan American Sanitary Bureau, 2008-2012, and Draft Proposed Program Budget of the Pan American Health Organization, 2008-2009 (Documents SPBA1/5 and SPBA1/6)

86. Dr. Gutiérrez introduced the draft Strategic Plan and Mr. Roman Sotela (Unit Chief, Planning and Program Budget, PAHO) then introduced the draft Proposed Program Budget. Dr. Gutiérrez presented an overview of the Strategic Plan, emphasizing that the document before the Subcommittee was an unfinished draft, which could not be completed until the Health Agenda for the Americas, 2008-2017, and the WHO Medium-term Strategic Plan, 2008-2013, had been finalized, as those two documents, along with the WHO Eleventh General Program of Work, 2006-2015, would form the basis for the PASB Strategic Plan, 2008-2012. In addition, considerable work was needed on the

indicators. A more final revised version of the plan would be prepared for the Executive Committee, bearing in mind the input received from the Subcommittee.

87. He described the components of the Strategic Plan, including the strategic objectives—which were the same as those identified in the WHO Medium-term Strategic Plan—and the office-specific expected results (OSERs), the regionwide expected results (RERs), and the global Organization-wide expected results (OWERs), all of which were linked to one another in a “chain of results,” with the OSERs contributing to the achievement of the RERs, which would in turn contribute to the achievement of the OWERs and the strategic objectives and, ultimately, to the fulfillment of the Health Agenda for the Americas and the global health agenda, the WHO Eleventh General Program of Work.

88. Mr. Sotela presented the draft program budget proposal for 2008-2009, noting that it was closely linked to the PASB Strategic Plan for 2008-2012 and that the strategic objectives and regionwide expected results presented in the two documents were identical. He also pointed out that the proposed resource allocations for the strategic objectives would probably change, depending on what was decided with regard to the merger of some objectives and other variables.

89. Total resource requirements for the 2008-2009 biennium were estimated at \$626,566,000, which included a 5.3% increase in the total regular budget and a 3.9% rise in assessed contributions from Member States. The proposed increase of \$14 million in the regular budget was all attributable to projected increases in the cost of fixed-term staff. It included no cost increases for the non-staff portion of the budget or for inflation. Analysis of current economic trends, including inflation and devaluation of the United States dollar, suggested that cost increases for the next biennium would be on the order of 13% to 15%, but the Secretariat had utilized a more optimistic estimate of 10% in order to keep the proposed increase in Member States’ assessments as low as possible. Under the current proposal, the figure of \$14 million would be funded by a \$6.7 million increase in the PAHO portion of the regular budget and a \$7.2 million increase in the WHO portion. The latter figure could change, however, if the World Health Assembly reduced the proposed allocation of \$85 million to the Region of the Americas.

90. The proposed regular budget amount did not include any increases to cover the cost of implementing the IPSAS or the Master Capital Investment Plan or any other non-staff cost increases. Those costs would have to be borne almost entirely out of the regional share of the regular budget, which continued to shrink under the Regional Program Budget Policy adopted in 2004.

91. The Subcommittee was asked to provide guidance specifically on whether or not, in the light of the proposal to merge several objectives in the WHO Medium-term Strategic Plan, Strategic Objectives 10, 11, 13, and 14 in the PASB Strategic Plan should be merged. The Subcommittee was also asked to comment on the proposed allocation of resources for each strategic objective.

92. In the ensuing discussion, the Subcommittee agreed to focus first on the draft Strategic Plan and then on the draft Proposed Program Budget.

Draft Strategic Plan for the Pan American Sanitary Bureau, 2008-2012

93. The Subcommittee recognized that the Strategic Plan was a work in progress and acknowledged the tremendous work that had gone into producing Document SPBA1/5. Members made a number of specific suggestions with regard to the document, and several indicated that they would submit additional comments in writing.

94. With regard to the merging of strategic objectives, Members felt that the Region should not necessarily follow whatever decision was made within WHO on the matter. All the delegates who expressed views on the subject said that Strategic Objectives 1 and 2 should be kept separate in the PASB Strategic Plan. Opinions regarding Strategic Objectives 10, 11, 13, and 14 differed somewhat, but most of the delegates who spoke agreed that while Strategic Objectives 10 and 11 might be combined, Strategic Objectives 13 and 14 should remain separate. In relation to Strategic Objective 13, several delegates highlighted the critical importance of health workforce issues, especially migration of health workers, in the Americas. At the same time, it was pointed out that the Strategic Plan offered numerous opportunities for interprogrammatic work. One delegate considered that Strategic Objectives 3, 6, and 9, in particular, would lend themselves to an interprogrammatic approach.

95. As for the allocations for the various strategic objectives, several delegates were of the view that the amount allocated for noncommunicable diseases was too small in proportion to the magnitude of the problem. Delegates also raised concerns about the number and the ambitiousness of some of the indicators and targets, questioning whether it was realistic to expect that they could all be achieved within the planned timeframe and with the allotted resources. The need to ensure that indicators were feasible, measurable, evidence-based, and truly reflective of the priorities of the Organization was underscored.

96. In relation to Strategic Objective 3, "To prevent and reduce disease, disability, and premature death from chronic noncommunicable conditions, mental disorders, violence, and injuries," one Member, noting that mental health was one of the most neglected areas of health, said that he believed that mental health should stand alone. Another Member, referring to Strategic Objective 7, "To address the underlying social

and economic determinants of health through policies and programs that enhance health equity and integrate pro-poor, gender-responsive, and human rights-based approaches,” suggested that, rather than having a separate objective dealing with the social determinants of health, it might be better to address those determinants under Strategic Objectives 2, 3, 6, and 8. The same delegate opined that RER 7.4 (Ethics- and rights-based approaches to health promoted within WHO and at national and global levels) was unrealistic and suggested that it should be deleted.

97. The Subcommittee made a number of recommendations for improving the content, style, and language of the document. In particular, it was suggested that the document would benefit from a more explicit discussion of the methodology used to formulate the Strategic Plan and, in particular, an explanation of how priorities had been identified and how resource allocation decisions had been made in the face of competing priorities. Also in regard to methodology, the need to clearly distinguish between activities, targets, and strategic approaches was emphasized. It was pointed out that in some cases strategic approaches incorporated targets, which was considered methodologically problematic. It was also pointed out there were no indicators for some targets, and thus there was no way to measure whether they had been met. Where there were indicators, it was felt that in some cases they did not really provide a means of assessing whether the expected results they were intended to measure had, in fact, been achieved.

98. While recognizing that indicators had to be aggregates, one delegate highlighted the need to find some way of measuring differences between and within countries, as such differences were indicative of inequities. The same delegate believed that the targets and indicators in the PASB Strategic Plan should be harmonized with those established in other international organizations and forums—for example, the targets and indicators relating to AIDS should be harmonized with those established during the United Nations General Assembly Special Session on AIDS. Another delegate highlighted the need for PAHO’s strategic planning to take account of the priorities identified for international cooperation at country level through the United Nations Development Assistance Framework (UNDAF).

99. Members requested clarification of a statement in the document regarding classification of expenditures according to PAHO’s core functions (paragraph 72 of Document SPBA1/5) and of the reporting implications of that classification. Clarification was also sought as to the meaning of “normative work,” mentioned in the section on core functions and elsewhere in the document. In that connection, some delegates questioned whether it was PAHO’s role to prescribe standards and norms to be applied at country level.

100. Finally, several delegates felt that, given the length of the document, another month should be allowed for Member States to circulate the Strategic Plan for comment by their respective technical personnel and then provide input to the Secretariat. The President proposed that the Secretariat might create a space on the PAHO website where Member States could submit their comments.

101. Dr. Gutiérrez said that the Secretariat would make arrangements for countries to comment on the Strategic Plan via the PAHO website. He encouraged Members of the Subcommittee to submit their comments in writing and said that all input received, both during and after the session, would be taken into account in revising the document. The Director suggested that it might also be helpful to set up a virtual teleconference of the Subcommittee, perhaps following approval of the WHO Medium-term Strategic Plan in May, so that Members could continue providing guidance for the Secretariat and for the Executive Committee.

102. Responding to some of the specific questions and comments of the Subcommittee, he said that the core functions mentioned in the document were the same as the core functions for WHO identified in the Eleventh General Program of Work, which PASB, as the Regional Office of WHO, had adopted. They were derived from the functions set out in the Constitution of WHO. They would be reflected in the work plans of the various units of the Secretariat, and in the allocation of resources all activities would be linked to one of the core functions.

103. Reiterating that the Strategic Plan was a work in progress, he said that the methodological issues raised by the Subcommittee would be addressed as the process proceeded. In developing the plan, the Secretariat had employed the same methodology as WHO in order to align the PASB Strategic Plan with the WHO Medium-term Strategic Plan and Eleventh General Program of Work. The methodology was rooted in results-based management. It required participation by personnel at all levels and was very complex in the present planning stage, but it would greatly simplify the formulation of biennial program budgets and work plans in the future because the strategic objectives and regionwide expected results would clearly chart the Organization's course over the next five years.

104. With regard to the harmonization of indicators, the Secretariat intended to circulate the draft Strategic Plan among other agencies in the United Nations and inter-American systems. Each indicator would have a baseline, which would make it possible to measure progress towards the expected results and determine when they had been achieved. The Secretariat was in the process of consulting with countries in order to ensure that the baselines were correct.

105. Dr. Jarbas Barbosa (Area Manager, Health Surveillance and Disease Management, PAHO), thanking the Subcommittee for its helpful input, said that the Secretariat would continue working to strike the difficult balance between indicators that were feasible and indicators that would challenge and motivate both the Secretariat and Member States to make real headway towards solving the Region's health problems. The Secretariat would also endeavor to find the best balance among all the various health problems and challenges to be addressed under the Strategic Plan.

106. Dr. Gina Tambini (Area Manager, Family and Community Health, PAHO) affirmed that the Secretariat intended to take full advantage of opportunities for interprogrammatic work under the Strategic Plan. For example, in the area of sexual and reproductive health, it was exploring options for joint action under Strategic Objectives 2, 4, and 6, and in conjunction with the implementation of the recently adopted Regional Strategy and Plan of Action on Nutrition in Health and Development, it was seeking to combine work across Strategic Objectives 3, 6, 7, and 9.

107. The Director, addressing the questions concerning methodology, noted that the Americas had a long tradition of strategic planning and had been the first WHO Region to develop a computerized system for that purpose—the American Region Programming, Monitoring, and Evaluation System (AMPES). AMPES made it possible to reconcile the Organization's response to priorities identified by Member States with its contribution to the global priorities of WHO. That was one of the ways that decisions about priorities and resource allocation were made. Other inputs for decision-making in regard to the Strategic Plan, 2008-2012, included the various regional strategies and plans of action adopted by the Governing Bodies and the lessons learned from evaluations of previous strategic plans.

108. The move to results-based management had brought with it a shift in PAHO's approach to strategic planning. There was now much greater emphasis on final outcomes and less on the activities and resources needed to achieve them. Accordingly, there was also a greater focus on medium- and long-term planning than on decisions about programming and resource allocation in the short term.

109. With regard to the harmonization of PAHO's work with that of other agencies, she pointed out that the multilateral financial institutions did not participate in UNDAF; instead, they tended to establish their own strategies for cooperation with countries. The World Bank and the Inter-American Development Bank (IDB), for example, already had or were currently developing health strategies without any input from PAHO or the ministries of health of the Region. In her view, that situation could only be rectified if Member States insisted that the financial institutions coordinate their efforts with those of other agencies of the United Nations and inter-American systems.

110. The Shared Agenda for Health in the Americas, adopted by PAHO, the IDB, and the World Bank in 2000, had been conceived as a means of enhancing inter-agency alignment with regard to health policies and objectives, but the initiative had fallen far short of that aspiration. Collaboration among the three agencies had been limited to highly technical work in a handful of areas, and currently work was ongoing only in the area of national health accounts.

111. Concerning PAHO's normative role, she noted that one of the functions of WHO under its Constitution was to establish global norms and standards, such as the recently approved Framework Convention on Tobacco Control and the revised International Health Regulations. As a Regional Office of WHO, PAHO shared that function, although it let WHO take the lead in developing international instruments. However, PAHO had been active in establishing regulatory instruments at the regional level, notably the Pan American Sanitary Code.

112. The President encouraged Member States to submit their comments on the Strategic Plan in writing and thanked the Secretariat for agreeing to put in place an electronic mechanism for that purpose.

Draft Proposed Program Budget of the Pan American Health Organization, 2008-2009

113. The Subcommittee appreciated the information provided on the challenges of the budgeting process and the explanations offered regarding the basis for the proposed increase, but requested further detail on the methodology used to calculate the cost increases and the assumptions underlying those calculations, including an explanation of why the Secretariat had opted for the more optimistic scenario mentioned in Document SPBA1/6. The Secretariat was asked to comment on what contingency plans were being developed in case that optimistic scenario did not materialize.

114. The Subcommittee requested that the budget proposal to be submitted to the Executive Committee include alternative budget scenarios and provide an analysis of how programs would be impacted if the proposed increase in Member States' assessments were not approved or if the anticipated increase in voluntary contributions did not occur. While recognizing that PAHO faced a challenging budget situation, delegates emphasized that their countries, too, were grappling with budget difficulties and that they would need strong justification in order to make a case for increasing their respective governments' contributions to the Organization. One delegate pointed out that the strongest argument for an increase would be documented proof of health results achieved thanks to PAHO technical cooperation.

115. In relation to voluntary contributions, it was pointed out that PAHO was projecting a 30% increase, whereas the increase anticipated by WHO was only 18%. Several delegates wondered whether the PAHO projection was realistic. Delegates also

inquired whether PAHO anticipated further reductions in the number of posts, whether such reductions might affect the proposed increase in PAHO Member State assessments, and whether the proposed increase in PAHO assessments would change if the proposed increase in WHO assessments were not approved. The Secretariat was encouraged to continue pursuing budget discipline and program prioritization and to seek efficiencies in program implementation.

116. With regard to the format and content of the document, it was suggested that Table 3, which showed the proposed budget by strategic objective, should also show the proportion of the total budget allocated to each strategic objective in the 2006-2007 budget and in the proposed 2008-2009 budget. It was also suggested that more thought should be given to linking the estimated burden of disease in the Region to the anticipated program achievements and indicators and, wherever possible, to anticipate costs. The recommendation regarding inclusion of a pie chart showing the impact of implementation of the IPSAS and the Master Capital Investment Plan on program funds was reiterated (see paragraph 46 above), and it was suggested that the chart should also show the impact of mandatory post-related increases.

117. Mr. Sotela emphasized that the document before the Subcommittee represented the first round in the budgeting process. There were still too many unknowns for the Secretariat to provide more detail at the present time, but the document submitted to the Executive Committee would contain much more specific information, including budget estimates for each regionwide expected result and an estimate of the amount of staff time that would be devoted to each one during the biennium. The non-staffing component of the regular budget at the regional level would also be known. The figures for the non-staffing component at country level might not have been finalized by June, but the Secretariat should be able to provide Members with a fair estimate.

118. He confirmed that the needed increase in PAHO Member States' assessments would indeed be influenced by the budget decisions made during the World Health Assembly in May. The estimate of 3.9% in the document was based on the current number of fixed-term staff, which had been reduced by 12 since the start of the 2006-2007 biennium. Those cuts came on top of the reduction of 41 posts during the previous biennium.

119. As for why the Secretariat had adopted the optimistic scenario, there really had not been any other choice. The Secretariat was well aware of Member States' positions on budget growth. If the budget proposal had been based on actual cost increases, which were running at 13%-14% in the current biennium, the rise in assessments would have been at least 10%. In the current environment, the Secretariat had not considered that a realistic possibility and had therefore decided to base its calculations on a more hopeful scenario in which cost increases over the next two years would be less impacted by dollar devaluation than had been the case in the current biennium.

120. With regard to voluntary contributions, the estimate in the document was based on current trends, expectations of future funding, and, especially, WHO estimates of voluntary contributions, as the majority of the projected growth in PAHO's voluntary contributions would come from WHO.

121. The Director said that the Secretariat perhaps needed to improve its "business case"—i.e., the way in which it presented the situation and the way in which it explained how it intended to respond to the demands of Member States and how much it would cost to do so. She emphasized that the Organization had been absorbing cost increases for over 15 years—costs over which it had no control, such as inflation, mandatory post-related costs, security costs mandated by the United Nations, and the costs associated with implementation of the IPSAS. During that time the Secretariat had sought continually to increase efficiencies and keep expenditures as low as possible. It had reduced international posts to the lowest level in 20 years, it had increased its work with collaborating centers in order to supplement the Organization's technical capacity without adding staff, and it had transferred some posts and units to lower-cost locations in the Region, thereby reducing both operating and travel costs.

122. At the same time, however, the demands on the Organization had increased steadily, both as a result of the emergence of new health threats and as a consequence of the creation of new global health initiatives, such as the Global Fund to Fight AIDS, Tuberculosis, and Malaria, which generated new demand for technical cooperation.

123. What would happen if the proposed funding increases did not materialize? One possibility was that PAHO would simply stop working in some areas. For example, the Organization might cease to offer any technical cooperation with regard to AIDS, malaria, or tuberculosis, since the Global Fund existed. Another possibility would be to follow in the footsteps of several other United Nations agencies and move the Regional Office to Panama, where staff and operating costs would be lower.

124. The Subcommittee thanked the Director and Mr. Sotela for their comments and explanations.

Organization of the Forum of Candidates for the Post of Director of the Pan American Sanitary Bureau (Document SPBA1/8)

125. The President drew attention to Document SPBA1/8, recalling that at the 139th Session of the Executive Committee it had been agreed that the Secretariat would draw up a proposal concerning details of the format and logistics of the candidates' forum, to be discussed during the First Session of the Subcommittee on Program, Budget, and Administration.

126. The Subcommittee expressed general agreement with the proposal presented in Document SPBA1/8, but several Members were of the view that paragraph 6 concerning the question-and-answer period should be modified to the effect that, if there were not enough questions to fill an entire hour, Member States could continue posing questions until the hour was exhausted.

127. In response to questions from the Subcommittee, Dr. Richard Van West Charles (Acting Deputy Director, PASB) confirmed that it would be possible for Member States to submit additional questions in writing via electronic media.

128. The Subcommittee endorsed the proposal presented in Document SPBA1/8, with the aforementioned modification to paragraph 6.

Strengthening Relationships between PAHO and Nongovernmental Organizations (Document SPBA1/9)

129. Mr. James Hill (External Relations Officer, PAHO), complementing the information in Document SPBA1/9, said that PAHO currently had official relations with 19 nongovernmental organizations (NGOs), which entitled those NGOs to certain privileges with regard to participation in the life and work of the Organization. Official relations between PAHO and NGOs were governed by a set of principles, the most recent revision of which had been adopted by a special session of the Executive Committee in January 2007 (Resolution CESS.R1). In addition, PAHO worked informally with a number of NGOs at regional and national level. That collaboration took place in a wide variety of technical areas, and was generally guided by a memorandum of understanding or a project document. Such collaboration was not always evaluated in a systematic way, however. Examples of the Organization's non-official relations with NGOs included its partnership with the Red Cross in implementing the Integrated Management of Childhood Illness (IMCI) initiative at the community level and its work on sickle-cell anemia with a national NGO in Brazil. In the future, PAHO expected to collaborate with NGOs in areas such as avian influenza preparedness, social determinants of health, HIV/AIDS, and issues from the Summits of the Americas.

130. The Organization's informal collaborative work with NGOs could be broadened and enhanced through a more systematic approach to the way in which it identified NGO partners at regional and country level. To that end, technical meetings might be held with representatives of health ministries and NGOs, with a view to formulating joint recommendations and lines of action. For such joint initiatives to be effective, however, performance and results needed to be evaluated in order to highlight best practices and lessons learned, including identification of issues that impeded effective collaboration and led to low performance.

131. The Subcommittee applauded PAHO's efforts to improve its work with nongovernmental organizations. It was suggested that PAHO should be more proactive in seeking out NGO partners, although it was also recognized that the expansion of collaboration with NGOs would necessarily be tempered by resource availability. The Subcommittee agreed, in general, with the criteria for establishing and strengthening NGO relations outlined in Document SPBA1/9, but it was felt that the document could have done a better job of identifying the comparative advantages of PAHO and NGOs. It was pointed out, for example, that PAHO's comparative advantages went beyond access to ministries of health and included contributing to policy assessment, review, and development and to regulation- and standard-setting. As for NGOs, perhaps one of their most valuable comparative advantages, in addition to flexibility, was their ability to support the implementation of policies and help evaluate their impact.

132. Members sought clarification of statements in the document concerning the role of NGOs as instruments for resource mobilization and the organization of a consultation with NGOs at the regional level. Information was also requested on who within the Secretariat and in the country offices was responsible for NGO relations. It was pointed out that the list of examples of successful collaborative experiences with NGOs did not mention any work relating to women's health or immunization, and the Secretariat was asked to provide information on any collaboration occurring in those areas. It was suggested that it might be useful for PAHO to put together a publication documenting successful examples and highlighting lessons learned from the Organization's work with NGOs.

133. With regard to a recommendation in the document that Member States should consider including representatives of NGOs in their delegations to sessions of the Governing Bodies, one Member, while recognizing the value of NGO participation in PAHO meetings, opined that it would not be appropriate to include representatives of nongovernmental bodies in an official government delegation; instead, NGOs should be invited to participate in their own right. Another Member pointed out that in some countries NGOs played a key role in health-sector policy development and program delivery, and that, in such cases, a country might well consider it appropriate to include NGO representatives in its official delegation.

134. Mr. Hill emphasized that the suggestion concerning inclusion of NGO representatives in country delegations was just that: a suggestion. The Secretariat was seeking ways of involving NGOs in the regular activities of the Organization without committing additional resources by organizing special activities for NGOs as, for example, the World Bank and the IDB had done. He would welcome Members' comments and suggestions on how to accomplish that. He agreed that NGOs had a valuable role to play in assessing the impact of health programs and initiatives, and cited as an example PAHO's collaboration with a regional NGO in assessing HIV/AIDS programs in the Dominican Republic. Regarding the role of NGOs in resource

mobilization, he said that PAHO's collaboration with NGOs had at times enabled it to leverage large amounts of extrabudgetary funding through sources such as the United Nations Foundation.

135. He stressed that the main objective of Document SPBA1/9 had been to stimulate discussion, not to come up with a definitive policy on NGO relations or provide an exhaustive account of PAHO's work with NGOs. The document cited only a few examples of successful collaborative relationships with NGOs, but there were many more. He would be pleased to provide additional information.

136. Dr. Tambini gave an example of PAHO's work with NGOs in expanding immunization coverage at country level, and Dr. María Mercedes Juárez (Unit Chief, Gender, Ethnicity, and Health, PAHO) provided information on the Organization's collaboration with networks of NGOs on both gender and ethnicity. Dr. Luiz Augusto Cassanha Galvão (Area Manager, Sustainable Development and Environmental Health), responding to the questions concerning the organization of consultations with NGOs, said that PAHO was, jointly with the OAS, currently engaged in a consultation process with civil society on social determinants of health, utilizing a consultation mechanism that already existed within the OAS.

137. Dr. Hugo Prado (Unit Chief, External Relations and Partnerships, PAHO) said that he and his staff were delighted that the document had elicited so much interest on the part of the Subcommittee, and invited delegations to submit their suggestions for improvement in writing. He noted that the initial draft of the document had contained much more detailed information, but it had been shortened in the interest of providing the Subcommittee with a concise working document. Future reports might be accompanied by annexes providing more information on successful collaboration initiatives.

138. Regarding who was responsible for NGO relations, at the country level the PAHO/WHO representatives served as liaisons with NGOs, although they might delegate that responsibility to another staff member within the country office. At the regional level, the External Relations and Partnerships Unit oversaw relations with NGOs. A restructuring of the Unit was currently being contemplated, and under the new structure, one staff member would be concerned almost entirely with relations with civil society, including NGOs. That would help the Organization to identify NGOs that could help further its programs.

139. The Director pointed out that, under the PAHO Constitution, NGOs could participate in the deliberations of the Governing Bodies in only two ways: NGOs in official relations with PAHO were entitled to participate as observers; other NGOs could only participate as members of a country delegation. That was why the Secretariat had encouraged countries to consider including NGO representatives in their delegations, in line with one of the objectives for PAHO's cooperation with NGOs, which was to

facilitate relations between governments and civil society organizations. The Organization would do all that it could to support cooperation between ministries of health and such organizations, but it could not, as had been suggested, be more proactive in trying to forge relations with NGOs because, in the current budgetary environment, it simply did not have the resources to do so. She clarified that, while the External Relations and Partnerships Unit was the overall focal point for PAHO-NGO relations, the various technical units worked directly with NGOs on, for example, tobacco control, HIV/AIDS, and maternal and child health.

140. The Subcommittee thanked the Secretariat for the report and looked forward to receiving future reports on PAHO's collaboration with NGOs.

Nongovernmental Organizations in Official Relations with PAHO (Document SPBA1/10)

141. The Subcommittee held a private meeting to review collaboration with the Medical Confederation of Latin America and the Caribbean (CONFEMEL), based on the criteria set out in the Principles Governing Relations between the Pan American Health Organization and Nongovernmental Organizations. Following the meeting, the President announced that, based on its review of the documentation provided by the Secretariat and the information obtained from CONFEMEL, the Subcommittee had decided to recommend discontinuation of relations with CONFEMEL, bearing in mind that it might be desirable to consider reestablishing official relations in the future as PAHO seemed interested in pursuing relations with the NGO. The Subcommittee encouraged the Secretariat to remain vigilant and to strive to ensure that all NGOs in official relations with PAHO fulfilled their commitments to the Organization.

142. In the discussion that followed, it was clarified that the Subcommittee's recommendation applied only to formal official relations with the NGO; informal working relations could continue, and official relations might be reestablished after two years on the basis of a new collaborative work plan. It was also stressed that maintaining fruitful relations with NGOs required effort on the part of both PAHO and the NGO.

143. The Subcommittee recommended that the Executive Committee discontinue official relations between PAHO and the Medical Confederation of Latin America and the Caribbean (CONFEMEL).

Preliminary Daily Timetable for the 27th Pan American Sanitary Conference (Document SPBA1/INF/5)

144. The President drew the attention of the Subcommittee to Document SPBA1/INF/5 and recalled that at the 139th Session of the Executive Committee it had been agreed that the Secretariat would draw up a proposed program of meetings for the 27th Pan

American Sanitary Conference and submit it for discussion by the Subcommittee on Program, Budget, and Administration.

145. In addition to the preliminary daily timetable for the 27th Pan American Sanitary Conference, the Subcommittee discussed a draft of the provisional agenda for the 140th Session of the Executive Committee (Document CE140/1). The Director reviewed the content of the agenda, explaining the rationale for the inclusion of the various Program Policy Matters.

146. The Subcommittee expressed general approval of the proposed timetable for the 27th Pan American Sanitary Conference, but requested that the Secretariat change the order of the items scheduled for discussion on the morning of Tuesday, 2 October, so that the Strategic Plan for PASB, 2008-2012, would be discussed in conjunction with the Proposed Program Budget for 2008-2009. The Conference would thus examine the items in the following order: Strategic Plan for PASB, 2008-2012, and Proposed Program Budget of PAHO for the Financial Period 2008-2009; Report on the Collection of Quota Contributions; and Proposed Scale of Quota Assessments based on the New OAS Scale.

147. One delegate, recalling that it had been decided some years earlier that the awards ceremonies should be held on the Monday of the Directing Council or the Conference in order to ensure maximum attendance by ministers of health, inquired why the awards ceremony had been scheduled for Wednesday, 3 October. The same delegate asked for information on the aim and topic of the roundtable discussions scheduled for Tuesday, 2 October. Another delegate suggested that the Secretariat might provide an update during the Conference on progress in the important area of social determinants of health.

148. With regard to the draft Executive Committee agenda, Members requested clarification of the nature of items 4.8 (Regional Safe Hospitals Initiative) and 4.13 (Regional Policy and Strategy for Guaranteeing Quality of Care, including Patient Safety) and of the relationship between them. The Secretariat was asked to consider revising the title of agenda item 4.13, replacing the word “guaranteeing” with “strengthening” or “improving.” The Delegate of Canada pointed out that the topic of diabetes did not appear on the agenda, although it had been one of the topics proposed by the Executive Committee when the agenda for the 140th Session had been discussed in September 2006. Observing that diabetes was a serious problem among indigenous populations and a huge contributor to morbidity and mortality in some parts of the Region, he asked that the Secretariat consider including diabetes on the agenda.

149. The Delegate of Chile, speaking also on behalf of Argentina and Brazil, proposed that the Subcommittee should recommend to the Executive Committee the inclusion of an item and the adoption of a resolution on the topic of health and international relations, focusing in particular on PAHO’s role in strengthening the capacity of the personnel

within ministries of health who deal with international relations and international cooperation in health.

150. The Director, responding to the questions concerning the timetable for the 27th Pan American Sanitary Conference, explained that the awards ceremony had been scheduled for the Wednesday because that was the day that the election of the Director would be held and it was therefore the day when all, or most, of the ministers of health of the Region were expected to be present. The practice of holding the awards ceremony on the first day of the Directing Councils would continue, however. Regarding the roundtable discussions, the topic would be international health security, which was the theme of World Health Day 2007 and would be the focus of the World Health Report 2007. The roundtables would focus on three aspects of the topic: disease outbreaks and pandemics, disasters, and environmental risks.

151. Turning to the draft provisional agenda for the 140th Executive Committee, she said that the focus under item 4.13 would be the regional approach to patient safety, which was broader and more comprehensive than that of the global patient safety initiative of WHO (the Global Patient Safety Challenge). The same was true of the Regional Safe Hospitals Initiative (provisional agenda item 4.8). The two topics were certainly related and might be discussed together, but she would recommend that they remain separate items on the agenda because they were associated with two separate global initiatives. With respect to the title of agenda item 4.13, as that item related to one of the essential public health functions discussed by the Governing Bodies in 2000, the Secretariat would use the same language as had been used in the document on that topic (Document CD42/15).

152. As for the non-inclusion of diabetes on the agenda, the Secretariat had given careful consideration to all of the topics proposed by Member States, but had decided against including some of them because the technical staff concerned felt that there were too many unanswered questions regarding the approach to be taken in the document on the topic. That was the case with diabetes. It was not known whether the aim should be to present a progress or status report, approve a policy, outline a conceptual framework, or propose a strategy or plan of action. Accordingly, the Secretariat proposed to hold a regional forum on diabetes to examine the state of knowledge on the disease and identify the role and approach of the Organization in addressing it from a public health standpoint.

153. With regard to the proposal by Argentina, Brazil, and Chile, in her view, a resolution was unnecessary, as PAHO was already providing training in the area of international relations in health as part of its technical cooperation with countries and through its Training Program in International Health, although the latter had, unfortunately, had to be suspended owing to budget constraints. Moreover, not all ministries of health had an office of international relations, and she did not feel that it

would be appropriate to adopt a resolution which might be perceived as a suggestion by the Organization that all ministries should have such an office. The Organization did not need a special mandate, in the form of a resolution, to continue or intensify its work with regard to capacity-building in international health, but it did need the financial wherewithal. She therefore encouraged countries that were interested in receiving such technical cooperation to ensure that funds were allocated for that purpose in their country program budgets.

154. Concerning the suggestion for an update on work with respect to social determinants of health, she noted that the Commission on Social Determinants of Health was still concluding its work, and its final report would not be available until 2008. For that reason, she would advise postponing discussion of that topic by the PAHO Governing Bodies until the following year.

155. In the ensuing discussion, it was suggested that countries might share experiences and best practices in the management of international health relations through technical cooperation among countries (TCC) and through presentations made in conjunction with meetings of the Governing Bodies and other gatherings.

156. The Subcommittee expressed appreciation to the delegations of Argentina, Brazil, and Chile for raising the issue and thanked the Director for her remarks, agreeing that a formal resolution was not needed to pursue cooperation in the area of international health capacity-building. The Subcommittee approved the preliminary timetable for the 27th Pan American Sanitary Conference with the changes noted in paragraph 146 above.

Other Matters

157. The Delegate of Argentina announced that his Government would be hosting an international conference on primary health care from 13 to 17 August 2007 in Buenos Aires. The conference, "Buenos Aires 30-15: From Alma-Ata to the Millennium Declaration," was timed to coincide with the approach of the 30th anniversary of the Declaration of Alma-Ata and the mid-point between adoption of the Millennium Declaration and 2015, the target date for achievement of the Millennium Development Goals. The event was being cosponsored by PAHO, WHO, IDB, and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). Additional information was available at www.buenosaires30-15.gov.ar.

158. Ms. Dianne Arnold (Area Manager, Human Resources Management, PAHO) provided an update on the contractual reform process taking place within PAHO in the framework of United Nations contractual reform, noting that a more detailed report would be submitted to the Executive Committee in June. Specific reforms included a shift to long-term contracts of indefinite duration (after an initial period of 5 years), replacing the current system of 2- or 5-year contracts that were renewed every 2 or 5 years for the

duration of the staff member's employment, which entailed considerable administrative work. That change would take effect on 1 January 2008, pending approval by the Executive Committee of the corresponding changes to the Staff Rules and Regulations. With regard to short-term contracts of 24 months or less, WHO was proposing to institute a policy whereby short-term staff holding contracts of longer than 12 months would be entitled retroactively to the same benefits as long-term staff. PAHO considered that change unwarranted and prohibitively expensive, and intended to propose some much smaller-scale changes. Those proposals would be put before the Executive Committee for consideration in June, and, assuming they were approved, the short-term contract reforms would be implemented on 1 July 2008.

159. The Director noted that the PAHO/WHO Staff Association had been closely involved in the work on contractual reform.

160. Dr. Heidi Jiménez (General Counsel, PAHO) briefed the Subcommittee on the Secretariat's negotiations with the Government of the United States of America aimed at establishing a headquarters agreement. Several meetings had been held since the September 2006 session of the Executive Committee, and the two parties were currently in the process of identifying specific points to be addressed under the agreement, which might take the form of a headquarters agreement or a privileges and immunities agreement. In the meantime, several practical recommendations had been formulated that would facilitate certain matters, notably the issuing of visas for representatives of Member States attending PAHO meetings. Such negotiations were complex and time-consuming, but the meetings thus far had been very positive, with much goodwill on both sides, and she was therefore confident that it would be possible to arrive at an agreement in due course.

161. Dr. Richard Van West Charles (Acting Deputy Director, PAHO) outlined the program planned for World Health Day, 2 April 2007. Under the overall theme, "Invest in Health, Build a Safer Future," three panel discussions would be held, one on transborder health threats, one on health diplomacy, and the third on preparedness for health threats.

Closure of the Session

162. Following the customary exchange of courtesies, the President declared the First Session of the Subcommittee closed.

Annexes

AGENDA

1. Opening of the Session
2. Election of the President, Vice President, and Rapporteur
3. Adoption of the Agenda and Program of Meetings
4. International Public Sector Accounting Standards
5. Master Capital Investment Plan
6. Draft Strategic Plan for the Pan American Sanitary Bureau 2008-2012
7. Draft Proposed Program Budget of the Pan American Health Organization for the Financial Period 2008-2009
8. Interim Financial Report of the Director 2006
9. Organization of the Forum of Candidates for the Post of Director of the Pan American Sanitary Bureau
10. Nongovernmental Organizations
 - 10.1 Strengthening Relationships between PAHO and Nongovernmental Organizations
 - 10.2 Nongovernmental Organizations in Official Relations with PAHO
11. Matters for Information
 - 11.1 Update on the Process for the Appointment of the External Auditor
 - 11.2 Development of a Health Agenda for the Americas
 - 11.3 Report on Voluntary Contributions in PAHO/WHO

AGENDA (*cont.*)

11. Matters for Information (*cont.*)
 - 11.4 WHO Draft Medium-term Strategic Plan 2008-2013
including the Draft Proposed Programme Budget 2008-2009
 - 11.5 Preliminary Daily Timetable for the 27th Pan American
Sanitary Conference
12. Other Matters
13. Closing of the Session

LIST OF DOCUMENTS

Working Documents

SPBA1/1, Rev. 1 and SPBA1/WP/1	Adoption of the Agenda and Program of Meetings
SPBA1/3	International Public Sector Accounting Standards
SPBA1/4	Master Capital Investment Plan
SPBA1/5	Draft Strategic Plan for the Pan American Sanitary Bureau 2008-2012
SPBA1/6	Draft Proposed Program Budget of the Pan American Health Organization for the Financial Period 2008-2009
SPBA1/7	Interim Financial Report of the Director 2006
SPBA1/8	Organization of the Forum of Candidates for the Post of Director of the Pan American Sanitary Bureau
SPBA1/9	Strengthening Relationships between PAHO and Nongovernmental Organizations
SPBA1/10	Nongovernmental Organizations in Official Relations with PAHO

Information Documents

SPBA1/INF/1	Update on the Process for the Appointment of the External Auditor
SPBA1/INF/2	Development of a Health Agenda for the Americas
SPBA1/INF/3	Report on Voluntary Contributions in PAHO/WHO
SPBA1/INF/4	WHO Draft Medium-term Strategic Plan 2008-2013 including the Draft Proposed Programme Budget 2008-2009
SPBA1/INF/5	Preliminary Daily Timetable for the 27th Pan American Sanitary Conference

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