



PAN AMERICAN HEALTH ORGANIZATION  
WORLD HEALTH ORGANIZATION



## 152nd SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 17-21 June 2013

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*Provisional Agenda Item 3.1*

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22 April 2013

ORIGINAL: ENGLISH

### **REPORT ON THE SEVENTH SESSION OF THE SUBCOMMITTEE ON PROGRAM, BUDGET, AND ADMINISTRATION**

1. The Subcommittee on Program, Budget, and Administration held its Seventh Session at the Organization's Headquarters in Washington, D.C., on 20 and 21 March 2013.
2. The meeting was attended by delegates of the following members of the Subcommittee elected by the Executive Committee or designated by the Director: Argentina, Chile, Dominican Republic, El Salvador, Jamaica, Suriname, and United States of America. Delegates of Brazil, Canada, Colombia, Mexico, Panama, and Peru attended in an observer capacity.
3. Elected as officers were the Delegates of El Salvador (President), Dominican Republic (Vice President), and Jamaica (Rapporteur).
4. The Subcommittee discussed the following agenda items:
  - Draft Proposed PAHO Strategic Plan 2014–2019
  - Draft Proposed PAHO Program and Budget 2014–2015
  - Mid-term Evaluation of the Health Agenda for the Americas, 2012
  - Nongovernmental Organizations in Official Relations with PAHO
  - Appointment of One Member to the Audit Committee of PAHO
  - Overview of the Financial Report of the Director for 2012
  - Amendments to the Financial Regulations and Financial Rules
  - Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States

- Status of Projects Funded from the PAHO Holding Account
  - Master Capital Investment Plan
  - Amendments to the PASB Staff Rules and Regulations
  - PASB Staffing Statistics
  - Project for Modernization of the PASB Management Information System: Progress Report
  - Draft Provisional Agenda for the 152nd Session of the Executive Committee
5. The Subcommittee heard informal briefings on World Health Day 2013, Vaccination Week in the Americas 2013, and the Cholera-free Hispaniola initiative.
6. An additional meeting was held on 17 April 2013 via web conferencing software to conclude discussions on two matters.
7. The Final Report of the Session is attached.

Annex



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**SEVENTH SESSION OF THE SUBCOMMITTEE ON  
PROGRAM, BUDGET, AND ADMINISTRATION OF THE  
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CE152/4 (Eng.)  
Annex

SPBA7/FR (Eng.)  
17 April 2013  
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**FINAL REPORT**

## CONTENTS

	<i>Page</i>
<b>Opening of the Session</b> .....	3
<b>Officers</b> .....	4
<b>Adoption of the Agenda and Program of Meetings</b> .....	4
<b>Program Policy Matters</b>	
Draft Proposed PAHO Strategic Plan 2014–2019 .....	4
Draft Proposed PAHO Program and Budget 2014–2015 .....	9
Mid-Term Evaluation of the Health Agenda for the Americas, 2012 .....	11
Nongovernmental Organizations in Official Relations with PAHO.....	14
Appointment of One Member to the Audit Committee of PAHO.....	15
<b>Administrative and Financial Matters</b>	
Overview of the Financial Report of the Director for 2012.....	16
Amendments to the Financial Regulations and Financial Rules .....	18
Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States.....	19
Status of Projects Funded from the PAHO Holding Account .....	21
Master Capital Investment Plan .....	22
Amendments to the PASB Staff Rules and Regulations .....	23
PASB Staffing Statistics .....	24
<b>Matters for Information</b>	
Project for Modernization of the PASB Management Information System: Progress Report .....	27
Draft Provisional Agenda for the 152nd Session of the Executive Committee.....	29
<b>Other Matters</b> .....	30
<b>Closure of the Session</b> .....	30
<b>Annexes</b>	
Annex A: Agenda	
Annex B: List of Documents	
Annex C: List of Participants	
Annex D: Report of the Special Session of the SPBA	

## FINAL REPORT

1. The Seventh Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee of the Pan American Health Organization (PAHO) was held at the Organization's Headquarters in Washington, D.C., on 20 and 21 March 2013. An additional meeting was held on 17 April 2013 via web conferencing software to conclude discussions on two matters. The report of the latter meeting appears in Annex D.

2. The session was attended by delegates of the following seven Members of the Subcommittee elected by the Executive Committee or designated by the Director: Argentina, Chile, Dominican Republic, El Salvador, Jamaica, Suriname, and United States of America. Delegates of Brazil, Canada, Colombia, Mexico, Panama, and Peru attended in an observer capacity.

### Opening of the Session

3. Dr. Carissa Etienne (Director, Pan American Sanitary Bureau [PASB]) opened the session, noting that it marked her first Governing Body session as Director. She reiterated her gratitude to Member States for entrusting her with the responsibility of leading the Organization and emphasized the importance of the meetings of the PAHO's Governing Bodies, both for herself and for the rest of the Bureau staff. The meetings afforded an opportunity for staff to listen first-hand to Member States' views on a range of issues and also for staff to provide Member States with timely information on the Bureau's activities, helping to ensure transparency and accountability in its work. She looked forward to a frank and open debate.

4. Two of the items on the Subcommittee's agenda were of particular importance: the draft proposed PAHO Program and Budget 2014–2015 and the draft proposed PAHO Strategic Plan 2014–2019, both of which were being developed in the broader context of WHO reform and the ongoing discussions on the WHO Twelfth General Program of Work and also in the light of the Health Agenda for the Americas 2008–2017 and the post-2015 global development agenda. She apologized for the late publication of the documents on those items and pledged that in the future the Bureau would always endeavor to make Governing Body documents available sufficiently in advance of meetings to enable Member States to review them thoroughly. She thanked the Member States that were participating in the consultative processes on the Strategic Plan and the Program and Budget and also expressed appreciation to the Government of Argentina for leading the mid-term evaluation of the Health Agenda for the Americas.

## Officers

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

*President:* El Salvador (Dr. Matías Villatoro)

*Vice President:* Dominican Republic (Dr. Lorenzo Wilfredo Hidalgo)

*Rapporteur:* Jamaica (Dr. Jean Dixon)

6. The Director served as Secretary ex officio, and Dr. Jon Kim Andrus (Deputy Director, PASB) served as Technical Secretary.

## Adoption of the Agenda and Program of Meetings (Documents SPBA7/1, Rev. 1 and SPBA7/WP/1)

7. The Subcommittee adopted the provisional agenda submitted by the Director (Document SPBA7/1, Rev. 1) without change. The Subcommittee also adopted a program of meetings (Document SPBA7/WP/1).

## Program Policy Matters

### *Draft Proposed PAHO Strategic Plan 2014–2019 (Document SPBA7/2)*

8. Dr. Victor Raúl Cuba (Peru, Chair of the Countries Consultative Group) introduced the draft proposed Strategic Plan 2014–2019 on behalf of the Countries Consultative Group (CCG), which had been formed by the Executive Committee in September 2012<sup>1</sup> as a means of ensuring Member States' ownership of the Strategic Plan and their involvement in the development of both the Plan and the 2014–2015 Program and Budget (see paragraphs 26 to 36 below). The CCG had held a virtual meeting on 19 February 2013 to review outlines of the Strategic Plan and the Program and Budget and had formulated a set of general comments and recommendations, which appeared in the aide-mémoire in Annex B of Document SPBA7/2.

9. The CCG had recognized the importance of harmonizing the regional plan with WHO's Twelfth General Program of Work (GPW), but had highlighted the need to give due attention to regional priorities and specificities and to differentiate between the regional and global contexts. The need to ensure that determinants of health were reflected explicitly in a cross-cutting manner had also been underscored. The CCG had also made specific recommendations regarding the six categories set out in the Strategic Plan; those recommendations also appeared in the aide-mémoire.

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<sup>1</sup> Decision CE151(D9).

10. Dr. Amalia del Riego (Senior Advisor, Planning and Resource Coordination, PASB) provided an overview of the draft proposed Strategic Plan, noting that the Plan and the Program and Budget for 2014–2015 were being developed simultaneously as part of the same process, which would ensure complete consistency between the two. That process was ongoing and the document would continue to evolve, reflecting input received from Member States through the CCG. Key considerations shaping the process were: ownership and participation by Member States and by staff from all levels of PASB; balancing the response to global and regional mandates and countries' collective priorities; completion of the current PAHO Strategic Plan 2008-2013 and the third program and budget under that Plan; the Director's vision: "Championing Health in the Americas: Sustainable Development and Equity"; consolidation of results-based management, with emphasis on accountability, transparency, simplicity, and efficiency; and simplification and programmatic alignment with the WHO Twelfth General Program of Work and program budget, applying a "AAA approach": adopting the WHO framework, adapting it to reflect regional specificities, and adding elements to take account of specific regional priorities that were not well reflected in the global agenda.

11. Accordingly, modifications and additions were proposed under several of the program categories identified in the draft Twelfth GPW. For example, under vaccine-preventable diseases, the Region would focus on maintenance of poliomyelitis eradication rather than on eradication itself, since the disease had already been eradicated in the Americas, and in the area of gender, equity, and human rights mainstreaming, the Strategic Plan would include a component relating to intercultural aspects of health and marginalized populations, reflecting the importance of cultural diversity in the Region. Those modifications and additions, which had been recommended by the CCG, were underlined in Table 1 in Document SPBA7/2.

12. Consistent with the PAHO Budget Policy adopted in September 2012,<sup>2</sup> the Strategic Plan would prioritize seven key countries: Bolivia, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, and Suriname. It was recommended that Guyana also be identified as a key country because it was identified as such under the current Strategic Plan 2008-2013 and remained a highly indebted poor country.

13. The plan would incorporate several cross-cutting themes, defined as programmatic approaches for improving health outcomes and reducing inequities in health. Those themes would be applicable to all six categories. The proposed themes were gender equity, equity in health, human rights, cultural diversity, and social determinants of health. Health promotion, primary health care, and social protection in health would also be incorporated as strategic approaches. A priority-setting framework was being developed to guide resource allocation and to target resource mobilization for implementation of the Strategic Plan. That framework would be in line with the PAHO

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<sup>2</sup> Resolution CSP28.R10 (2012).

Budget Policy and results-based management framework. The priority-setting methodology would be objective and scientific and would be validated and applied by the CCG.

14. Complete drafts of the Strategic Plan and the program and budget would be circulated among CCG members by 15 April in preparation for a face-to-face meeting of the Group at the end of April. Virtual consultations would be held with Member States from 11 to 13 June, and complete drafts, incorporating the input received, would be presented to the Executive Committee during its 152nd Session (17–21 June). Revised drafts reflecting input received from the Committee would be circulated by 22 July and a virtual meeting of the CCG would be held on 30 July to review revised versions of both documents. If necessary, virtual briefings on the revised drafts would be held with Member States from 9 to 12 September, prior to the 52nd Directing Council (30 September–4 October), and final proposals would then be submitted to the Council for approval.

15. The Subcommittee welcomed the transparent and participatory manner in which the Strategic Plan was being developed and expressed gratitude to the Government of Peru for its leadership of the CCG and to the Bureau for its facilitation of the consultation process. It was pointed out that, although involving Member States in formulating the Plan might make the process slower and more difficult, it would increase their sense of ownership of the Plan and their commitment to its implementation. General support was expressed for the Plan's structure as outlined in Document SPBA7/2, although some delegates remarked that, because details of the Plan's content were largely missing, it was difficult to visualize the finished product and to see how the document would be used to guide planning and budgeting, particularly with respect to areas that were linked or cross-cutting. Several delegations indicated that they would submit proposed drafting changes in writing.

16. Delegates considered it important for the Plan to be aligned and harmonized with the WHO General Program of Work but also underscored the need to adapt it to reflect regional specificities and to address regional needs and priorities, in particular those identified in the Health Agenda for the Americas. Among those priorities, addressing social determinants of health, reducing gaps and inequities, and ensuring a life-course approach were considered especially important. The need for intersectoral action to address health determinants falling outside the direct control of the health sector was also stressed. Delegates identified a number of other areas that should be emphasized under the Strategic Plan, including meeting the core capacity requirements of the International Health Regulations (2005); upgrading health infrastructure; strengthening regulatory systems in order to ensure the availability of safe, effective, and high-quality medical products; and enhancing the training of human resources for health. Food security and dengue prevention and control were also considered important issues.



17. One delegate, while agreeing that the Strategic Plan should reflect regional priorities at the program level, said that the categories in PAHO's Strategic Plan should be the same as those in the Twelfth General Program of Work of WHO. He was concerned that differences between the categories in the two documents might create confusion, detract from coherence within the WHO system, and make it difficult to track progress. Other delegates disagreed, arguing that alignment with WHO did not mean that the structure of the Strategic Plan had to be identical to that of the General Program of Work and that the differences reflected the greater emphasis that the Region placed on certain issues, notably social determinants of health.

18. Several delegates felt that health determinants would not receive adequate priority or resources unless they were explicitly included in a category. One delegate questioned the utility of matching the Strategic Plan's categories to those of the WHO General Program of Work, given that not only would WHO not allocate additional resources to the Americas for areas where a lack of progress was noted, but it routinely failed to provide the Region with its full allocation from the WHO budget. Another delegate emphasized that Member States from the Americas, particularly those that were members of the WHO Executive Board, must exercise advocacy on behalf of the Region in order to ensure that regional interests and priorities were adequately taken into account in the Twelfth General Program of Work. It was felt that this matter should be discussed in greater depth by the CCG. To facilitate that discussion, the Bureau was asked to clarify what difficulties might be created if the categories in the Strategic Plan differed from those in the General Program of Work, especially with regard to monitoring, evaluation, and reporting.

19. Several delegates highlighted the need to ensure that the new Strategic Plan addressed weaknesses identified under the current Strategic Plan 2008–2013. It was suggested that the situation analysis envisaged under section IV of the Plan should take account of progress in respect of the various strategic objectives and Region-wide expected results set out in the current Plan. It was also suggested that the Strategic Plan 2014–2019 should identify leadership priorities for the Director and the Bureau that were aligned with those identified for the WHO Director-General in the draft Twelfth General Program of Work, but were tailored to the regional context. Examples included development of the health system of Haiti—which the Director had already prioritized—implementation of the International Health Regulations, prevention and control of noncommunicable diseases, elimination of violence against women, promotion of universal health coverage, and strengthening of health information systems.

20. With regard to the priority-setting framework to be developed in conjunction with the Strategic Plan, a delegate opined that the priorities identified in the WHO General Program of Work were too broad and underscored the need to identify priorities that reflected the role and resources of the Organization and that would help it to allocate resources so as to be able to implement the Plan. Another delegate called for more

efficient and cohesive use of resources, especially at country level, noting that more coherence among program areas and less duplication and fragmentation between PAHO programs at that level would contribute to better management of resources. Several delegates highlighted the need to simplify monitoring and reporting procedures. To that end, clear baselines, indicators, and parameters for comparison were considered essential. The importance of adapting the outcomes and outputs established in the WHO General Program of Work to the regional context was noted.

21. Dr. Del Riego observed that the Subcommittee's discussion was a manifestation of Member States' ownership of the Strategic Plan. The question of alignment of PAHO's plan with the WHO General Program of Work was entirely for Member States to decide. The Bureau's role was to support Member States in the consultation process and provide any needed information. She had taken careful note of all the comments and recommendations on the content of the document and assured the Subcommittee that the Bureau would, in coordination with the Government of Peru and the CCG, ensure that they were taken into account as development of the Plan proceeded.

22. The lessons learned from differences between the strategic objectives in PAHO's current Strategic Plan and those of WHO under its Medium-term Strategic Plan 2008-2013 had shown that not only was it difficult for WHO to incorporate information from the Region's reports into its global reports, but it had also been difficult for the Bureau to adjust its systems and reporting mechanisms to ensure that its reports were in line with WHO's results chain. The differences had doubtless also created challenges for Member States in their reporting on WHO impact and outcome indicators. As requested, the Bureau would provide additional information to facilitate the CCG's discussion of the matter.

23. The Director said that, while Member States had clearly indicated that PAHO's strategic planning should be aligned with that of WHO, the new Strategic Plan did not have to be identical to the WHO Twelfth General Program of Work. There was room for regional specificity and differences in category nomenclature. It seemed likely that there would be greater differences between the Twelfth GPW and the regional plan in the Americas than would be the case in other regions because of the unique dual nature of PAHO and because the Region was more advanced in some areas. Flexibility had been built into the process of formulating the WHO General Program of Work precisely in order to allow for such regional specificity.

24. As Dr. Del Riego had said, it was for Member States to decide on the final form of the Plan, and it was their prerogative to change the category headings or identify additional program areas. It should be borne in mind, however, that if the regional plan differed significantly in scope from the Twelfth GPW, both Member States and the Bureau would encounter difficulties with regard to reporting and evaluation. It should also be recalled that the Strategic Plan would guide the work of both Member States and

the Bureau and that Member States would also be evaluated on their ability to deliver on the Plan. While PASB would be solely responsible for the outputs, Member States and the Bureau would share responsibility for the outcomes and for the Plan's overall impact. The Bureau would continue to support the work of the CCG and would ensure that all Member States had the opportunity to comment and provide input on the Plan's development.

25. The Subcommittee endorsed the general structure of the Strategic Plan 2014–2019 as outlined in Document SBPA7/2, with the modifications and additions suggested by Member States, and recommended that discussion of the question of the categories and alignment with the WHO Twelfth General Program of Work should continue within the CCG.

***Draft Proposed PAHO Program and Budget 2014–2015 (Document SPBA7/3)***

26. Ms. Verónica Ortíz (Advisor, Program Budget, PASB) presented an overview of key sections of the outline of the proposed program and budget for 2014–2015 contained in Document SPBA7/3 and provided information on the resource context for the budget and on the application of the new PAHO Budget Policy. The program and budget would be aligned with the categories, program areas, outcomes, outputs, and outcome and output indicators identified under the PAHO Strategic Plan 2014–2019 and thus would also be aligned with the Twelfth General Program of Work of WHO (see paragraphs 8 to 25 above). Specific target indicators would, however, be defined for the biennium. The programmatic priorities for the biennium would be established in accordance with the priority-setting framework alluded to during the discussion of the new Strategic Plan (see paragraph 13 above and paragraph 10 of Document SPBA7/2).

27. As requested by Member States, the budget for the various program areas would include information on resources to be derived from the regular budget, voluntary contributions, and national voluntary contributions. The latter had not been shown as a separate source in previous budgets. With regard to the resource context and budget trends, the Region's allocation of \$80.7 million<sup>3</sup> from the WHO regular budget was expected to remain the same, and the situation with respect to miscellaneous income was not expected to improve significantly (see *Overview of the Financial Report of the Director for 2012*, paragraphs 59 to 67 below). Analysis of the funding gap between funds expected and funds actually received for 2008–2009, 2010–2011, and the first half of 2012–2013, showed a growing shortfall in receipt of voluntary contributions, largely because the Region generally received only 25%–30% of its allocated share of WHO voluntary contributions. That situation was not expected to improve, either.

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<sup>3</sup> Unless otherwise noted, all monetary figures in this report are expressed in United States dollars.

28. In accordance with the new budget policy, the budget would be distributed among functional levels as follows: 40% for direct technical support to countries, 7% for the subregional component, 18% for the inter-country component, and 35% for the regional component. The country allocations would include a floor component, which would ensure a minimum PAHO presence in each country where the Organization maintained an office and a minimum allocation to cover general operating expenses; a needs-based component; and a results-based component. Under the new policy, some country allocations would rise with respect to the current biennium, while others would fall. The changes would be phased in over two bienniums. PASB had committed to mobilize the resources needed to ensure that the allocations of the key countries were at least equal to the amounts they had received in 2012–2013. As mentioned in the discussion of the Strategic Plan, it was proposed to retain Guyana as a key country under the 2014–2015 budget. The Subcommittee was asked to consider endorsing that proposal.

29. In the discussion that followed, Subcommittee Members expressed unanimous support for the proposal to include Guyana as a key country. Support was also expressed for the application of the new budget policy and the principles of equity, solidarity, and Pan Americanism underpinning it. It was pointed out that some countries' allocations would rise by as much as 174% under the new policy, and clarification was sought as to whether the policy provided for maximum increases and reductions in country allocations. It was also pointed out that the decreases in some countries' allocations might be perceived as a penalty for improving health conditions at the national level and therefore might be a disincentive to further progress.

30. The Subcommittee welcomed the proposed results chain, which would contribute to enhanced accountability and transparency and to better results-based management. Monitoring and evaluation were seen as crucial to effective results-based management and to the formulation of evidence-based health policies, plans, programs, and projects. It was felt that the Bureau should take responsibility for setting targets, with guidance from Member States, and it was emphasized that output and outcome indicators should reflect broad Member State consensus.

31. The importance of prioritizing activities, particularly in light of resource constraints, was highlighted. It was emphasized that the distribution of resources within categories and program areas must reflect the priorities established in the Region. At the same time, it was pointed out that cost increases for higher priority programs and initiatives should be offset through cost reductions and phasing out of activities in lower-priority program areas. One delegate, noting the financial difficulties faced by her Government and others in the Region, stressed the importance of adhering to a policy of zero nominal growth in the Organization's budget.

32. A number of delegates expressed concern about the funding gap and the chronic shortfall in resources from WHO, which complicated the Region's planning and

budgeting. It was noted that for the 2012–2013 biennium a shortfall in both PAHO and WHO resources was projected, and the Bureau was asked to elucidate the reasons for that situation. The Delegate of Mexico circulated a set of tables and graphs showing the difference in the amount budgeted by WHO for the Region of the Americas and the amount actually received during the bienniums from 2008–2009 to 2012–2013, with projections for 2014–2015 and 2016–2017. She recalled that during the World Health Assembly in 2011 the countries of the Region had called on WHO to exercise equity and fairness in the distribution of resources among regions and suggested that the countries of the Americas should mount a regional effort aimed at negotiating a larger share of the WHO budget for the Americas and ensuring that the Region received its full allocation from WHO. The Bureau was asked to validate the figures provided by the Delegate of Mexico so that they might serve as the basis for a formal proposal by the Member States from the Americas. This matter was discussed further during a special meeting held on 17 April 2013 via web conferencing software (see meeting report in Annex D).

33. Ms. Ortíz thanked the Delegate of Mexico for the information provided and said that the Bureau would review and validate the figures. Responding to the various requests for clarification, she explained that the budget policy provided that no country's allocation could be reduced by more than 50% in a single biennium. It did not establish a maximum increase. As to the reasons for the projected funding gap in 2012–2013, the main ones were the expected shortfalls in miscellaneous income and receipt of voluntary contributions from WHO.

34. The Director, expressing appreciation to Member States for their efforts to ensure that the Region received its full allocation from WHO, said that the Bureau also needed to strengthen its resource mobilization efforts, including at the country level through the PAHO/WHO representative offices, and enhance its capacity to report to donors in a timely and appropriate manner. It was essential to ensure that any activities for which resources were mobilized were consistent with the Strategic Plan and with the Organization's programmatic priorities. Activities funded with national voluntary contributions also had to be in line with the Strategic Plan and with the country cooperation strategy for the country concerned.

35. In the face of resource constraints, increasing efficiencies was obviously important. Nevertheless, only a certain amount could be done with available funds, and it would therefore be necessary to consider scaling down or phasing out some activities and programmatic areas. The Bureau would assess the situation and put forward recommendation for "sunsetting" of activities. It would welcome input from Member States on the matter.

36. The Subcommittee thanked the Bureau for the outline of the proposed program and budget for 2014–2015 and endorsed the proposal to include Guyana as a key country.

*Mid-term Evaluation of the Health Agenda for the Americas, 2012 (Document SPBA7/4)*

37. Mr. Sebastián Tobar (Argentina) introduced the report of the mid-term evaluation and summarized its main findings, conclusions, and recommendations. He recalled that the Government of Argentina had been appointed to coordinate the country-led portion of the evaluation, which had examined how the Health Agenda for the Americas 2008–2017 had contributed to health planning and programming at the national and subregional levels and the extent to which it had influenced the activities of international organizations working in the area of health. A key finding of the evaluation had been that while countries had made extensive use of the Agenda in the design of their health strategies, policies, and plans, international organizations had used it only to a limited extent. That finding had pointed up the need for greater dissemination of the Agenda and greater advocacy, particularly by the Bureau, of the Agenda's use to guide health cooperation activities in the Region. It had also highlighted the need for countries to draw on the Agenda when negotiating cooperation agreements with international organizations. Fair use had been made of the Agenda in designing health plans and strategies at the subregional level, but there, too, additional effort was needed to strengthen dissemination and improve knowledge of the document.

38. Good progress had been made in all of the eight areas of action identified under the Agenda. Nevertheless, redoubled effort was needed with respect to maternal mortality, which had not declined to the extent expected in recent years; dengue, which had increased; rates of tuberculosis, HIV infection/AIDS, and obesity, which remained high; public spending as a percentage of GDP, which had stagnated; and high out-of-pocket spending on health, which was a significant barrier to access to health care.

39. The main recommendations emanating from the evaluation, in addition to increased attention to the above areas and to dissemination and promotion of the Agenda, were to use the proxy indicators identified for the mid-term evaluation in conducting the final evaluation of the Agenda, taking 2011 as a baseline; to strengthen health information systems, particularly in order to remedy gaps in the availability of information noted during the evaluation; to use the results of the mid-term evaluation to guide planning at the country and subregional levels and in international agencies; to apply the results of the evaluation in the preparation of the new PAHO Strategic Plan 2014–2019 and Program and Budget 2014–2015; and to monitor the implementation of the recommendations. Above all, it was essential to join forces and to continue striving to improve the health of the Region's people.

40. The Subcommittee expressed gratitude to the Government of Argentina for its leadership of the evaluation process and welcomed the positive evaluation findings, while also underscoring the need for continued effort, particularly in the areas in which progress had been limited. The need for continued effort to identify and address health

inequalities between and within countries was stressed, as was the need for differentiated and multicultural approaches targeted to specific groups and areas.

41. Delegates agreed that the evaluation would provide valuable input for the formulation of the next strategic plan and program and budget at the regional level and also for the preparation of the Twelfth General Program of Work at the global level. The importance of the mid-term evaluation—and of evaluation in general—for purposes of results-based management was also highlighted. It was considered essential to promote greater awareness of the Agenda and to encourage its continued use in planning and policy-making at the national and subregional levels and, especially, among other international cooperation organizations. Advocacy among the latter was seen as critical in order to help address health determinants that fell outside the direct control of the health sector.

42. Several delegates noted that their governments had used the Agenda in drawing up their national health plans and strategies. It was pointed out that one of the obstacles to greater use of the Agenda might have been lack of clear objectives and baselines for measuring progress. The working group's identification of baselines was therefore welcomed.

43. Mr. Tobar said that another factor that appeared to have limited the Agenda's use at the national level was turnover of health officials; newly appointed health ministers and their staff were sometimes unaware of the Agenda's existence and therefore did not apply it in their work. The Bureau could play an important role in addressing that problem by ensuring that national health officials were informed about the Agenda and by promoting national ownership of it. At the subregional level, while the Agenda might not have been incorporated explicitly into the plans and strategies of organizations such as the Union of South American Nations (UNASUR), it was clearly reflected in their health-related activities.

44. The Director agreed that increased dissemination of the Agenda was crucial and said that all PAHO/WHO representatives would be instructed to apprise incoming health officials in countries about all of the Organization's strategic documents, including the Agenda and the Strategic Plan. The Bureau was particularly concerned about the gaps that the mid-term evaluation had revealed with respect to maternal mortality, dengue, tuberculosis, HIV/AIDS, obesity, public expenditure and out-of-pocket spending on health, and weaknesses in health information systems. Those were all fundamental issues that reflected inequities and highlighted the need for a reexamination of some of the approaches taken to health matters in the Region. It was not sufficient to formulate policies to address health inequities or even to make more resources available for health. It was essential first to identify where inequalities were occurring and to determine what barriers were preventing some people from accessing health services and making the best

use of the resources available to them, and then to design interventions tailored specifically to the needs of disadvantaged groups.

45. Solidarity among countries would be key in meeting collective needs and addressing inequities in the Region. Accordingly, under the Organization's next Strategic Plan, an important area of focus for the Bureau would be on how best to utilize expertise available at the national level in order to address the health problems of the Region as a whole. She looked forward to working with Member States in order to put in place networks and mechanisms for the sharing of technical expertise between countries.

46. Expressing gratitude to the Member States that had carried out the mid-term evaluation and to the Government of Argentina for its leadership of the process, she recalled that the evaluation had also comprised an assessment of the Bureau's response in implementing the Agenda. The report of that assessment, conducted by PAHO's Office of Internal Oversight and Evaluation Services (IES), was available on request for review by Member States.

47. The Subcommittee took note of the report.

***Nongovernmental Organizations in Official Relations with PAHO (Document SPBA7/5)***

48. Mr. James Hill (Advisor, Resource Mobilization, PASB) introduced Document SPBA7/5, which contained information on one nongovernmental organization (NGO) seeking admission into official relations with PAHO and seven nongovernmental organizations wishing to renew their status as organizations in official relations with the Organization. The document also provided brief progress reports on the Organization's collaboration with all of the NGOs currently in official relations with PAHO.

49. In accordance with the procedure outlined in the Principles Governing Relations between the Pan American Health Organization and Nongovernmental Organizations (NGOs), the Subcommittee undertook its review of the various NGOs in a closed meeting, following which the President announced that the Subcommittee had decided to recommend that the Executive Committee admit the American Public Health Association (APHA) into official relations with PAHO for a period of four years and that it continue official relations between PAHO and the American Society for Microbiology (ASM), the Inter-American Association of Sanitary and Environmental Engineering (AIDIS), the International Diabetes Federation (IDF), the Latin American Federation of the Pharmaceutical Industry (FIFARMA), the March of Dimes, the U.S. Pharmacopeial Convention (USP), and the World Association for Sexual Health (WAS, formerly World Association for Sexology), also for a period of four years.



50. The Subcommittee also recommended that the Bureau should take steps to ensure greater consistency in the information submitted by nongovernmental organizations—in particular information with respect to their level and sources of funding and their financial capacity to carry out their agreed collaborative activities with PAHO. It was suggested that a first step might be to request one-year financial statements from all of the organizations seeking continuation of their official relations with PAHO.

51. The President announced that the Subcommittee's recommendations would be submitted to the 152nd Executive Committee in the form of a proposed resolution.

***Appointment of One Member to the Audit Committee of PAHO (Document SPBA7/6)***

52. Dr. Heidi Jiménez (Legal Counsel, PASB) introduced Document SPBA7/6, recalling that the Audit Committee had been established in 2009 to serve as an expert advisory committee that reviewed and issued recommendations regarding the Organization's financial controls, reporting structures, risk management processes, and other audit-related matters. The Committee's terms of reference were included in the Annex to Document SPBA7/6. Committee members were elected by the Executive Committee and served three-year terms. The initial members had been elected in 2010 from a list of candidates recommended by the Subcommittee. In order to ensure that not all of the initial members of the Committee would be reelected at the same time, their terms of office had been staggered, with Mr. Alain Gillette serving a four-year term, Ms. Amalia Lo Faso a three-year term, and Mr. Peter Maertens a two-year term.

53. The Executive Committee had reappointed Mr. Maertens to a second term of three years in June 2012. Ms. Lo Faso's term of office would end in June 2013. The Bureau had determined that Ms. Lo Faso was willing to serve a second term, and the Director therefore proposed that the Subcommittee recommend that she be appointed to a three-year term commencing in June 2013. Background information on Ms. Lo Faso had been provided to Subcommittee Members.

54. In the ensuing discussion, it was suggested that it would be useful for Subcommittee Members to receive performance reports on Audit Committee members proposed for reappointment so that the Subcommittee would have a better basis for decision-making. As one of the Audit Committee's functions was to advise the Director, her views on the reappointment of Ms. Lo Faso were sought.

55. Dr. Jiménez explained that, since the Audit Committee was a strictly independent body elected by Member States and consisting of individuals who were not accountable to any one government or entity or to the Bureau, it would be difficult for the Bureau to provide performance reports on the Committee's members. She also noted that the Audit Committee reported annually to the Executive Committee, and that Member States would

therefore have an opportunity to engage the Audit Committee members in discussion in June 2013.

56. She acknowledged that members should not be reelected as a matter of course. However, as the Committee had only been functioning since 2010, in essence Ms. Lo Faso had served a three-year term. That fact, in combination with her background and the quality of her work on the Committee thus far, had led the Bureau to propose her reelection. She said that the Bureau would likely be able to present more than one candidate in 2014.

57. The Director said that, as her own term of office had begun only on 1 February, she had had limited opportunity to interact with Ms. Lo Faso, but had found that her comments and recommendations evidenced objectivity and openness to discussion with the Bureau and with the Organization's internal and external auditors. Given that and given Ms. Lo Faso's background and experience, she would suggest that the Subcommittee consider recommending that Ms. Lo Faso be reelected.

58. The Subcommittee agreed to recommend that the Executive Committee reappoint Ms. Lo Faso as a member of the Audit Committee for a three-year term commencing in June 2013.

#### **Administrative and Financial Matters**

##### ***Overview of the Financial Report of the Director for 2012 (Document SPBA7/7, Rev. 1)***

59. Mr. Michael Owen (Area Manager, Financial Resources Management, PASB) introduced the draft financial report of the Director for 2012, noting that it was as yet unaudited. The Organization's total consolidated revenue for 2012 was \$979 million, an increase of 17% over the prior year. A significant factor in the increase had been a rise of \$106.5 million in procurement funds, from \$455.9 million in 2011 to \$562.4 in 2012. Assessed contributions for 2012 totaled \$106 million, which in accordance with the International Public Sector Accounting Standards (IPSAS) must be fully accrued at the beginning of the year. Miscellaneous income, which had been budgeted at \$6 million, had reached only \$3.3 million in 2012, largely owing to continuing low interest rates worldwide.

60. Regular budget revenue comprised \$99.8 million from assessed contributions and miscellaneous income and \$37.8 million from the WHO regular budget, yielding a total of \$137.6 million for 2012 (as against \$138.9 million in 2011). A total of 36 Member States, Participating States, and Associate Members had made cash payments to the Organization in 2012, comprising assessed contributions for that year of \$78.2 million and for prior years of \$23.9 million. Assessed contributions still outstanding on 31 December 2012 had totaled \$28 million; as of the opening of the Subcommittee's seventh

session, the figure had dropped to \$8.4 million. WHO “Other Sources” funds had amounted to \$23.8 million, and a further \$39 million in other funds had also been received. Voluntary contributions entrusted to the Organization by Member States and partners for multi-year public health programs amounted to \$216.4 million for 2012, an increase of \$19.3 million over 2011.

61. The Organization’s 2012 consolidated expenses, including for the Caribbean Epidemiology Center (CAREC) and the Caribbean Food and Nutrition Institution (CFNI), had totaled \$970 million. Of that amount, the purchase of vaccines and syringes via the Revolving Fund for Vaccine Procurement or the Regional Revolving Fund for Strategic Public Health Supplies accounted for a significant portion, reaching \$482 million in 2012, which was an increase of approximately 22% over the \$394 million recorded in 2011.

62. In the ensuing discussion, the Bureau was asked to provide comparative information on budgeted and actual expenditures in 2012 and 2011 and on what had been achieved with those expenditures. Clarification was sought of why so much less had been received under the heading of miscellaneous income than had been budgeted. It was considered that both of those pieces of information would assist the Subcommittee in its examination of the draft proposed program and budget for 2014–2015. Information was also requested on whether the Audit Committee would be examining the financial report and on the progress of the External Auditor’s review of it.

63. Mr. Guillermo Birmingham (Director of Administration, PASB) said that the reports provided by the Bureau to the Governing Bodies included performance monitoring and project assessment to ensure that resources were being spent in line with the strategic objectives laid down by Member States. There was thus extensive documentation that could be provided to the Subcommittee to illustrate specifically what had been achieved with the resources entrusted to the Bureau. The report for 2011 was available on the PAHO website.

64. Explaining that miscellaneous income consisted primarily of interest on the Organization’s investments, he noted that the budget was fixed for a biennium. Once a figure had been projected—in this case \$12 million for miscellaneous income over the biennium—it could not be changed for the second year even if results in the first year indicated that the target was unlikely to be met in the second.

65. Mr. Owen said that the unaudited financial report had been presented to the Audit Committee, which had met immediately prior to the opening of the Subcommittee’s Seventh Session. It was expected that the Report of the External Auditor would be delivered on 5 April 2013.

66. The Director said that the various documents would be made available well in advance of the forthcoming session of the Executive Committee in order to facilitate thorough analysis of the financial report. If members anticipated raising questions in respect of the report, it would be helpful for the Bureau to have some of them in advance so as to ensure that well-developed responses could be provided during the meeting.

67. The Subcommittee thanked the Bureau for the information presented and took note of the report.

***Amendments to the Financial Regulations and Financial Rules (Document SPBA7/8)***

68. Mr. Guillermo Birmingham (Director of Administration, PASB) outlined the proposed changes to the Financial Regulations and Rules, as contained in Document SPBA7/8. The new text proposed as Regulation 3.8 gave a new definition of “Program and Budget,” and the modifications to Regulations 4.2 and 4.4 and Rule 104.8 simply reflected that new definition, which was in line with IPSAS Standard 24, “Presentation of Budget Information in Financial Statements.” The proposed change would permit funds to be drawn from a biennial budget up to three months after the end of the biennium, in order to pay for work that had been contracted for in that biennium. The change related only to non-severable contracts ending within the first three months of a budgetary period.

69. The Subcommittee requested clarification of the impact on the Organization if the proposed changes were not made and on the source of the funds that would need to be paid out in the first three months of a new biennium in order to cover fees payable to contractors for work begun but not completed in the previous biennium. A delegate asked for an example of the sort of contract to which the revised financial regulations would apply. It was suggested that, from a methodological standpoint, any changes proposed to the Financial Rules should derive directly from the implementation of the Strategic Plan.

70. Mr. Birmingham, referring to the disposition of the funds and to the impact of the proposed change, explained that monies not expended before the end of a biennium were currently absorbed into a surplus, which was used to top up the Working Capital Fund. Under the new arrangement, there would be fewer funds available to add to the surplus. As an example of the sort of contract affected by the proposed change, he cited an actuarial study that might have begun, for example, in September and was due to be delivered in March of the following biennium. Such studies were not normally broken down into segments, and thus in March, under the current rules and regulations, funds would have to be found to pay for the whole study, thereby reducing the resources available for the new biennium’s work plan.

71. The Subcommittee agreed that the proposed changes to the Financial Rules and Regulations should be forwarded to the Executive Committee for approval.

***Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States (Document SPBA7/9)***

72. Ms. Florence Petizon (Area Manager, Procurement and Supply Management, PASB) recalled that in 2010 the 50th Directing Council had authorized an increase of 0.5% in the 3.0% charge levied on the procurement of all public health supplies, in order to better defray the administrative costs of the Bureau's procurement activities on behalf of Member States, as described in Document SPBA7/9. Subsequent reviews had confirmed that the current charge of 3.5% was not sufficient to cover those costs, which were therefore being subsidized from the Organization's regular budget. As a result, other vital initiatives were being delayed or weakened. In 10 years, the value of PAHO's procurement work had quadrupled, which had significantly increased transactional activities and logistical complexity. Meanwhile, the size of the Bureau's procurement staff had barely changed.

73. The estimated operating and staffing costs of the procurement mechanism were between \$12 million and \$14 million per biennium; the current charge would generate only about \$5 million per biennium. The Bureau was therefore proposing that the current charge of 3.5% be increased by 0.75%, making the total levy on procurement activities 4.25%.

74. At the request of two Member States, Dr. Cuauhtémoc Ruíz Matus (Senior Advisor, Family and Community Health, PASB) gave a slide presentation on the Revolving Fund for Vaccine Procurement, showing that since its inception in 1979, the number of countries using the Fund had increased from 8 to 40, and the annual value of the purchases through it had risen from \$2.3 million to \$512 million. He noted that as a result of the Organization's procurement initiatives, the Region of the Americas was the WHO region with the highest rate of vaccination coverage in the world.

75. The Subcommittee expressed appreciation of PASB's procurement activities and of the benefits that Member States derived from its international bidding efforts. Several members described the use their governments had made of the procurement mechanisms in support of their national vaccination programs. Some made suggestions for new types of public health products that might also be procured, such as those for use in the management of chronic noncommunicable diseases or for treatment of catastrophic illnesses like cancer. Others, while acknowledging PASB's efforts so far, urged it to examine ways of reducing administrative charges so that countries would be better able to afford costly medical products and technologies. It was stressed that international organizations should not disproportionately subsidize from their regular budgets activities that were funded with voluntary and other extra-budgetary sources of income, particularly when that had the effect of weakening or delaying other programs.

76. A number of members, while supporting an adjustment to the charge, questioned whether an increase of 0.75% would be sufficient. It was pointed out that other international organizations charged a higher administrative levy than PASB was proposing. At the suggestion of some members, the draft resolution proposed for submission to the Executive Committee (contained in the annex to Document SPBA7/9) was revised to include a provision that the level of the charge would be reviewed again by the Governing Bodies in 2015. The preamble of the resolution was also strengthened to reflect Member States' appreciation of the importance of PASB's procurement efforts.

77. Ms. Petizon thanked the Subcommittee for its expressions of support. She added that the procurement mechanism was beneficial for all Member States, since even those countries that were not purchasing their public health supplies through the procurement mechanism benefited from PASB's negotiating efforts, which increased the availability of products for the Region and brought down their prices. Moreover, the procurement activities also involved technical cooperation, capacity-building, and advocacy, which helped to strengthen public health infrastructure throughout the Region.

78. As had been seen in the presentation on the financial report of the Director (see paragraphs 59 to 67 above), the numbers of countries participating and the amounts they were committing to the various funds were steadily and markedly increasing. She was confident that an increase of 0.75% would be sufficient, based on projections drawing on historical data and analysis of the procurement model, together with anticipated figures for increased procurement activity in the future. The figure took account of the budgetary constraints facing Member States, and would allow PASB to move forward with the procurement initiatives it had planned.

79. The Director welcomed Member States' expressions of support for the Revolving Fund and other procurement mechanisms, which she saw as valuable tools for obtaining affordable vaccines and medical products needed to treat HIV/AIDS, tuberculosis, malaria, and, increasingly, noncommunicable diseases. She recalled that, of the 3.5% currently levied on purchases, 3% went directly to recapitalization of the funds, with only 0.5% going to defray the costs of the negotiation, administration, monitoring, and technical cooperation involved in procurement activities. An increase of 0.75% was modest, and she welcomed the Subcommittee's suggestion that the matter should be reviewed again in 2015. She added that the costs of any Bureau staff who spent less than 70% of their time working on procurement activities would not be covered by the charge levied. While the Bureau would continue to seek ways to increase procurement efficiency, she cautioned that the complexity of the environment was increasing, in terms of both the negotiations that had to be pursued with the pharmaceutical industry and the interaction with Member States on procurement matters.

80. The Subcommittee endorsed the submission of the revised proposed resolution to the Executive Committee for approval.

*Status of Projects Funded from the PAHO Holding Account (Document SPBA7/10)*

81. Ms. Verónica Ortíz (Advisor, Program and Budget Management, PASB) recalled that the Holding Account had been created in 2008 from a surplus of \$25 million left over from the implementation of the IPSAS. Member States had drawn up criteria for the approval of projects,<sup>4</sup> to be funded from that one-time surplus; 15 projects had been proposed and 14 approved. Of the \$25 million, \$14.9 had already been allotted to the different entities implementing the projects. Four projects had been completed, two of which had left a surplus after completion: the projects 3.A, “Modernization of the PASB Management Information System, Phase 1,” and 3.C, “Strengthening of the Organization’s Capacity to be IPSAS-Compliant” had left balances of \$80,000 and \$13,000, respectively. The Bureau was proposing that those two balances should be transferred to project 3.D, Modernization of the PASB Management Information System, Phase 2.

82. In the discussion that followed, it was emphasized that careful monitoring of the projects and identification of potential savings were important, especially given the expected high cost of modernizing the PASB Management Information System. Clarification was sought on whether any action was required of the Subcommittee with regard to the disposal of the surpluses from two projects, or whether that was a matter for the Executive Committee. Clarification was also requested of the source of the funds shown in the column headed “Estimated from other sources” in Table 1 of Document SPBA7/10. It was suggested that a new column should be added to Table 2, showing the degree of progress of each project.

83. Ms. Ortiz clarified that the allocation of the two surpluses would be a matter for decision by the Executive Committee. She explained that the “other sources” referred to in Table 1 differed from project to project and included the regular budget, grants, funds from WHO, investment income, and the post occupancy charge.

84. The Director said that the Bureau would certainly continue with its monitoring of the projects in question with a view to ensuring efficiency and effectiveness. She had noted the request for information on project progress and undertook to provide an update to the Executive Committee. She also confirmed that the Bureau would continue to seek sources for the revenue that would be needed to bring certain projects to completion.

85. The Subcommittee endorsed the proposal to transfer the balance remaining from projects 3.A and 3.C to project 3.D.

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<sup>4</sup> See Document CD48/22.

***Master Capital Investment Plan (Document SPBA7/11)***

86. Mr. Guillermo Birmingham (Director of Administration, PASB) recalled that the Master Capital Investment Fund (MCIF) was replenished from any excess of revenue over expenditure. As there had been no such surplus in the previous biennium, expenditure on building infrastructure had been relatively limited. One project that was under way was a \$1-million upgrade of the elevators in the Headquarters building, which had been in operation since 1965.

87. WHO had contributed \$850,000 to the Real Estate Maintenance and Improvement Subfund in order to fund the reconstruction of the PAHO/WHO Representative office in Haiti, destroyed in the earthquake of 2010. PAHO had supplemented that funding with a further \$150,000 from the MCIF. The contract for construction had been awarded and it was expected that the work would be completed by the end of 2013 or early 2014.

88. He recalled that the most recent Pan American Sanitary Conference had approved the creation of a Vehicle Replacement Subfund and a Revolving Strategic Real Estate Subfund. No expenditures from those two subfunds had yet occurred. The latter subfund had received \$1 million in December 2012 from the IPSAS Surplus Account, and several requests for funding of relocation of country offices to newer and safer facilities were currently being evaluated. Prior to any real estate expenditures, a review of all the Organization's buildings across the Region would be undertaken.

89. With regard to the MCIF's Information Technology Subfund, the Bureau had implemented a new information technology strategy with nine overarching goals, as shown in Document SPBA7/11, and had also established a new governance structure to assist the Director in making strategic decisions as to the areas in which resources should be invested.

90. The Subcommittee welcomed the update. A delegate, noting that the Real Estate Maintenance and Improvement and Information Technology subfunds reflected substantial expenditures during 2012–2013, inquired whether the Bureau expected any additional funding from WHO in 2013, beyond the \$850,000 already received. In light of the significant expenditures planned under the 10-year Information Technology Strategy, the same delegate sought information on the anticipated sources of finance to ensure that the strategy was fully funded.

91. Mr. Birmingham replied that WHO had approved a payment of \$500,000 for the review of all the Organization's buildings, which was intended to reveal where improvements should be made. PASB did not expect to receive any further funding from WHO. Anticipated sources of additional funding would be based on any excess of revenue over expenditure. Additionally, if PAHO were to sell any of its properties, the



gains realized would be deposited in the Revolving Strategic Real Estate Subfund and then be available to invest in other real estate activities across the Region.

92. The Director said that the Bureau and Member States had an obligation to ensure that PAHO staff were working in facilities that were safe and appropriate to the level of their work. PASB would work with Member States to ensure that the funding available was used to achieve that end.

93. The Subcommittee took note of the report.

***Amendments to the PASB Staff Rules and Regulations (Document SPBA7/12)***

94. Ms. Kate Rojkov (Area Manager, Human Resources Management) summarized the proposed changes to the Staff Rules set out in the annex to Document SPBA7/12. Some of the changes were considered necessary in order to maintain consistency with decisions of the United Nations General Assembly, which in turn were based on recommendations of the International Civil Service Commission. Others were being proposed in order to maintain consistency in the conditions of employment of PASB and WHO, in light of experience and in the interest of good human resources management. The changes fell into three categories, having to do with appointment policies, working hours and attendance, and completion of appointments. Most of them were editorial, undertaken in order to bring clarity to the Staff Rules. She confirmed that the changes had no financial implications, adding that consultation on them with the Staff Association was still under way.

95. She noted that the recommendations of the International Civil Service Commission might be approved by the Sixty-Seventh Session of the United Nations General Assembly before June 2013, in which case the Director would submit them to the Executive Committee for confirmation. Those changes also fell into three categories, having to do with remuneration of staff in professional and higher categories, review of the level of the education grant, and a change to the mandatory retirement age for new participants in the United Nations Joint Staff Pension Fund.

96. The Subcommittee endorsed the proposed amendments, which were considered consistent with best practices in human resources and with decisions taken by the WHO Executive Board in January 2013. One member suggested that it would be desirable to complete preparation of the Strategic Plan 2014–2019 and draw up a human resources plan on the basis of the Strategic Plan, and then make any necessary changes to the Staff Rules and Regulations.

97. Ms. Rojkov affirmed that the Organization's staffing models were designed to assist the Organization in meeting its goals on the basis of the Strategic Plan. In response to questions, she clarified that the proposed change to Staff Rule 1040.1 would not

impact contract length, but would simply clarify the language, making it clear that temporary staff contracts did not entail a right of conversion to a PASB post. Temporary staff were notified of that fact at the beginning of their contracts, and the notification was repeated close to the end of the contract as a matter of good human resources practice, even if under Rule 1040.1.2 doing so was not required. If necessary, the language of the Rule could be further refined.

98. The Director confirmed that the Staff Association would have an opportunity to make its views known when the proposed changes were presented to the Executive Committee.

99. The Subcommittee agreed that the proposed changes should be forwarded to the Executive Committee for confirmation.

***PASB Staffing Statistics (Document SPBA7/13)***

100. Ms. Kate Rojkov (Area Manager, Human Resources Management, PASB) introduced Document SPBA7/13. She noted that the Organization had 170 temporary staff and slightly over 1,000 working under a variety of non-UN-staff contractual mechanisms. The Bureau continued to pursue its policy of gender equity in all employment-related matters. Currently, 51% of professional staff and 40% of PAHO/WHO Representatives were women. PASB was continuing to reduce the number of posts funded from the regular budget, which had decreased from 746 in 2011 to 738 in 2012.

101. Over 50% of the PASB work force would reach mandatory retirement in the next decade. Human Resources Management was monitoring the situation and working closely with managers in order to ensure continuity and transfer of institutional memory, as well as examining the effectiveness of recruitment processes.

102. The Subcommittee expressed appreciation for the Bureau's commitment to ensuring gender parity at all levels, encouraging it to continue those efforts. The rise in recent years in the number of women in professional and managerial grades was considered particularly praiseworthy.

103. The reduction in regular-budget fixed-term posts was noted with appreciation. Drawing attention to the large number of non-UN-staff contractual mechanisms, a delegate asked whether the Bureau reviewed those arrangements to ensure that consultants were not being used to do the work of regular staff members. It was requested that future reports should contain more information on average length of service, average number of times consultancies were renewed, and cost implications of the large number of such arrangements. It also suggested that policies regarding the various consultancy types should be made more transparent. Information was also requested on the percentage

of temporary staff who were former and retired staff members, since it appeared that some vacant posts were not being advertised but were being filled instead by former staff. It was pointed out that while that approach might have some short-term advantages, it jeopardized the Organization's future development.

104. It was also pointed out that whereas the current report stated that there had been a significant drop in short-term staff compared to recent years, and Figure 1 of Document SPBA7/13 showed 152 short-term professionals (STPs) and 63 short-term general services personnel (STGs), the 2011 report (Document SPBA6/12) had given figures of 105 STPs and 54 STGs, which seemed to indicate that there had been an increase, not a reduction. A delegate noted that one PASB official was stationed in Brussels and asked whether the level of contact between that individual and the local authorities justified that assignment; if not, the post of that official should perhaps be taken over by the European regional office.

105. It was suggested that the development of the Strategic Plan 2014–2019 afforded an opportunity to identify key human resources requirements and draw up a recruitment plan with a view to meeting those them. A sound recruitment plan was considered especially important in light of the recent retirement of some highly experienced managers, which had left a knowledge gap, and the anticipated retirement of over 200 staff in the coming five to nine years. It was noted that around 8% of the staff, including both professionals and non-professionals, were over 60 years of age and working under an extension, and while it was recognized that policy considerations might dictate the adoption of such an approach to fill key professional posts, it was not certain there was justification for extending the contracts of staff in non-professional posts. Information was sought on the criteria under which extensions were granted.

106. It was pointed out that nearly 17% of professional staff were from countries outside the Region of the Americas, an increase of 3.8% over the preceding year, and it was suggested that it might be preferable to prioritize the hiring of workers from within the Region, in particular the Caribbean, as it appeared that some representatives of countries in that subregion felt that it was underrepresented in the functions of the Organization.

107. Ms. Rojkov said that the items of additional information requested could certainly be provided. The reason for the apparent discrepancy relating to numbers of short-term staff might be related to the dates on which the 2011 and 2012 reports had been prepared. She would investigate and provide a response to the request for clarification.

108. The various contractual mechanisms were currently under review. As PASB had undertaken contractual reforms three years before, it was now time to assess whether the mechanisms introduced at that time still served the needs of the Organization. Human Resources Management regularly monitored the terms of reference for consultants,

including ensuring that there was no duplication with functions to be carried out by a staff member in a regular post. The department also closely monitored the number of retired staff who returned to the Organization or were given an extension beyond retirement age. As had been recognized, those steps were sometimes necessary to ensure continuity or smooth transition in some key professional-level posts. Any such cases were reviewed on an individual basis. More information on the matter could be provided.

109. Any increase in the hiring of staff from outside the Region was related to the United Nations concept of staff mobility, but actions in line with that concept were closely monitored to ensure that they did not jeopardize the representativity of the Region. When posts were to be filled, Human Resources Management worked with country offices to identify where the vacancy notice should be posted in order to increase the number of applicants, especially from the Caribbean subregion.

110. The human resources plan had been developed as an internal mechanism to ensure control, planning, and business continuity. The driving forces behind the plan were the technical experts and managers, expressing their needs for human resources, with input from the budget departments to consider the source of the necessary funding, and from Human Resources Management in areas such as determination of whether the desired staffing profile should be achieved through staff posts or consultancy contracts. She reaffirmed that all staffing and human resources planning in the coming years would be based on the Strategic Plan 2014–2019.

111. The Director agreed that an organization embarking on a six-year strategic plan and facing a large number of retirements in the near future needed to engage in strategic human resources and succession planning in order to secure the right skill mix for the future. At the same time, the Bureau needed to consider its staff numbers and where it could ensure efficiencies, as well as addressing issues of staff distribution.

112. She had asked for a cost-benefit analysis of the value of the post in Brussels. As the Region's relationship with the European Union evolved, it would be appropriate to examine the relevance of the post, particular in terms of the level of resources it served to mobilize. With regard to the issue of personnel coming from outside the Region, it was always difficult to simultaneously ensure technical excellence, gender balance, and equitable geographical representation. The Bureau had actively urged people from the Caribbean, including some whom the Bureau had considered could be very good PAHO/WHO Representatives, to apply for vacancies, but the response had been disappointing. She hoped that representatives of Member States could help to persuade Caribbean nationals to apply.

113. The Subcommittee took note of the information provided.

## **Matters for Information**

### ***Project for Modernization of the PASB Management Information System: Progress Report (Document SPBA7/INF/1)***

114. Ms. Caterina Luppi (Area Manager, Information Technology Services, PASB) said that the main item of progress since the last report<sup>5</sup> on the modernization of the PASB management information system (PMIS) was the completion of the business case, an operation that had taken four months, involved 120 workshops, and resulted in change suggestions for hundreds of processes. The chief recommendations had included that PASB should streamline processes immediately, rather than waiting for procurement of the software; that it should start the change management process as soon as possible; and that it should define clear objectives and success criteria for the modernization. The Bureau had also been urged to carry out a cost-benefit analysis of Tier II Enterprise Resource Planning (ERP) products, since the solutions submitted in response to the original request for proposals had been too expensive for its purposes. The Bureau would be examining its processes closely to determine whether they could be covered by a Tier II ERP solution, in other words a mid-market software, and which of the process would have to be simplified to that end.

115. The challenges of the project had not changed. They included the fixed budget; the expectations of both Member States and the PASB staff; and the legacy systems that were currently in place (of varying ages, one being almost 30 years old). Also, by December 2014 PAHO would be the last user of the United Nations International Computing Centre mainframe, at which time its usage fees would double. Other challenges included system reliability and sustainability, particularly as the expertise required to maintain those older systems dried up. In order to meet the various challenges, PASB had set up a project structure with a new charter and new governance arrangements.

116. The Bureau would be seeking a specialized company to provide professional help in implementing change management, project management, and creation of a communication plan. As part of the selection process, PASB would be holding informational workshops with different Tier II software vendors, by the end of which it was hoped that one or, at most, two products would be identified as the most suitable for its requirements, in particular for those functions that gave PAHO a strategic edge over other organizations. If necessary, the core ERP software would be supplemented with additional products to fill specific gaps that had been identified. The procurement schedule was aggressive: the intention was to issue the request for proposals for software and integration services by the end of April 2013, and to be able to start implementation by October 2013. The schedule might be impacted by unavailability of system integration

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<sup>5</sup> Document CE150/INF/3

companies or by the recommendations of change management firms with relevant experience.

117. In the ensuing discussion, it was recalled that the Directing Council's approval for modernizing the PASB system had laid down some key principles, one of which had been that an independent PAHO system must nevertheless be aligned with WHO's Global Management System (GSM) and meet all its requirements. It was pointed out that cost-effectiveness would probably increase with closer alignment of the two systems, although it was recognized that PAHO was an independent organization, having a constitution separate from WHO's, and might therefore need its own system.

118. A delegate expressed disappointment that the initial acquisition process had not identified a total implementation solution that could be put in place for the \$20 million approved by the Directing Council and expressed the hope that it would still be possible to identify a solution that would meet all of PASB's requirements within the established timeframe and budgeted amount. She stressed the importance of careful monitoring of the risks and areas of concern and requested an updated report for the Executive Committee.

119. Ms. Luppi confirmed that being able to work in close concert with WHO was one requirement of the project. However, for systems to be able to work together, they did not necessarily have to be identical: they just needed to have certain operating and data exchange characteristics in common. PASB staff would shortly be visiting WHO headquarters to reexamine the GSM option. There were a number of risks associated with that solution as well, and it was hoped that by the time PASB had to make a decision, at the end of June, it would have all the information necessary to compare a PAHO-only solution with one entailing joining the WHO system. That would involve consideration of timeline, funds, and project priorities, as well as fundamental issues of operating philosophy, such as whether to move over to a global service center as WHO had done.

120. She agreed that the timeline was challenging. With the need to move off the ICC mainframe by mid-2015 at the latest, it was crucial not to make mistakes that would introduce delays. One advantage of a Tier II system was that it would require 30% to 50% less in financial investment. That in turn would make it possible to invest more in change management, the most critical component of transitioning to an ERP system. Risk management would also be crucial, as every ERP project was a high-risk endeavor, with around 50% of them failing.

121. The Director recalled that she had lived through the implementation of the GSM in Geneva, which was not an experience she would care to repeat. Nevertheless, it was essential not to underestimate the potential risks of implementing an ERP system, not only in terms of the scale of the investment but also the potential for disruption, which could seriously jeopardize the delivery of technical cooperation. It was known that the GSM had had difficulties and would have to be somewhat reworked. That was also an

important factor for PASB to take into consideration in the selection process. The Bureau had a duty to monitor several issues very closely. The first was cost: PASB had a responsibility to keep its choice of system within the budget approved by Member States, while at the same time ensuring that the choice would meet the Organization's needs. The second was risk: the study of the business model had revealed 15 major risks, with the overriding one being the potential for disruption of the Organization's mission.

122. Together with relevant Bureau staff and executive management, the Internal Auditor and the Audit Committee were also monitoring the project very closely. She invited Member States also to work with the Bureau as it pursued this major endeavor, not in order to micromanage but to offer expertise and advice. For its part, the Bureau would take every action needed to ensure that it successfully implemented an ERP system that would enable the Organization to deliver the best possible technical cooperation, within an environment of accountability and transparency.

***Draft Provisional Agenda for the 152nd Session of the Executive Committee (Document SPBA7/INF/2)***

123. Ms. Piedad Huerta (Senior Advisor, Governing Bodies Office, PASB) presented the draft provisional agenda for the 152nd Session of the Executive Committee contained in Document SPBA7/INF/2. She recalled that the 151st Session of the Executive Committee had reviewed a proposed list of topics for consideration by the Governing Bodies in 2013 (Document CE151/FR, Annex C) and had recommended that the list be shortened in order to ensure that there would be sufficient time for discussion of all items. The list had been revised and circulated to Member States by the former Director, Dr. Mirta Roses, and then had been further shortened by the current Director with a view to maximizing the amount of time available for consideration of the proposed PAHO Strategic Plan 2014–2019 and the proposed program and budget for the next biennium, while also allowing time for the discussion of matters referred to the regional committees by the World Health Assembly. The result was the draft provisional agenda submitted to the Subcommittee, from which it was proposed to remove item 7.4, "Mid-term Evaluation of the Health Agenda for the Americas: Final Report," as that report had already been presented to the Subcommittee during its Seventh Session (see paragraphs 37 to 47 above).

124. In the discussion that followed, the Bureau was asked to include in the report on WHO reform (agenda item 7.1) information on PAHO's efforts as a regional body of WHO to increase harmonization across the three levels of Organization. The Delegate of Brazil noted that his country would host the Third Global Forum on Human Resources for Health in November 2013 and suggested that a report on preparations for that event should be included under "Matters for Information." His delegation agreed to prepare that report. The Delegate of Argentina asked that the report on implementation of the International Health Regulations (IHR) (agenda item 7.7-H) include information on the

current status of countries that had requested an extension of the deadline for meeting the IHR core capacity requirements and on a tool developed by the countries of the Southern Common Market (MERCOSUR) for assessing capacity in ports of entry. He noted that his delegation had offered repeatedly to share the tool with WHO and requested the Bureau to use its good offices to ensure that it was included in WHO's IHR toolkit.

125. Dr. Marcos Espinal (Area Manager, Health Surveillance and Disease Prevention and Control, PASB) said that the report on the International Health Regulations would include information on the MERCOSUR tool and on countries' progress towards meeting the core capacity requirements. He suggested that a meeting should be organized during the period of the World Health Assembly in May 2013 with the MERCOSUR countries and Dr. Keiji Fukuda (Assistant Director-General, WHO) in order to discuss the tool. Dr. Fukuda might also be invited to attend the 152nd Session of the Executive Committee.

126. The Subcommittee endorsed the draft provisional agenda as presented in Document SPBA7/INF/2 with the modifications suggested by the Bureau and Member States.

#### **Other Matters**

127. The Subcommittee heard informal briefings on World Health Day 2013, Vaccination Week in the Americas 2013, and the Cholera-free Hispaniola initiative.

#### **Closure of the Session**

128. Following the customary exchange of courtesies, the President declared the Seventh Session of the Subcommittee closed.

Annexes



IN WITNESS WHEREOF, the President of the Subcommittee on Program, Budget, and Administration, Delegate of El Salvador, and the Secretary ex officio, Director of the Pan American Sanitary Bureau, sign the present Final Report in the Spanish language.

DONE in Washington D.C., United States of America, this twenty-first day of March in the year two thousand thirteen. The Secretary shall deposit the original signed document in the Archives of the Pan American Sanitary Bureau.

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Matías Villatoro  
Delegate of El Salvador  
President of the Seventh Session  
of the Subcommittee on Program,  
Budget, and Administration

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Carissa F. Etienne  
Director of the Pan American Sanitary Bureau  
Secretary ex officio of the Seventh Session  
of the Subcommittee on Program, Budget,  
and Administration

## **AGENDA**

### **1. OPENING OF THE SESSION**

### **2. PROCEDURAL MATTERS**

- 2.1 Election of the President, Vice President, and Rapporteur
- 2.2 Adoption of the Agenda

### **3. PROGRAM POLICY MATTERS**

- 3.1 Draft Proposed PAHO Strategic Plan 2014-2019
- 3.2 Draft Proposed PAHO Program and Budget 2014-2015
- 3.3 Mid-term Evaluation of the Health Agenda for the Americas, 2012
- 3.4 Nongovernmental Organizations in Official Relations with PAHO
- 3.5 Appointment of One Member to the Audit Committee of PAHO

### **4. ADMINISTRATIVE AND FINANCIAL MATTERS**

- 4.1 Overview of the Financial Report of the Director for 2012
- 4.2 Amendments to the Financial Regulations and Financial Rules
- 4.3 Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States
- 4.4 Status of Projects Funded from the PAHO Holding Account
- 4.5 Master Capital Investment Plan
- 4.6 Amendments to the PASB Staff Rules and Regulations
- 4.7 PASB Staffing Statistics

**5. MATTERS FOR INFORMATION**

- 5.1 Project for Modernization of the PASB Management Information System (PMIS): Progress Report
- 5.2 Draft Provisional Agenda for the 152nd Session of the Executive Committee

**6. OTHER MATTERS**

**7. CLOSURE OF THE SESSION**

## LIST OF DOCUMENTS

### Working Documents

SPBA7/1, Rev. 1	Agenda
SPBA7/2	Draft Proposed PAHO Strategic Plan 2014-2019
SPBA7/3	Draft Proposed PAHO Program and Budget 2014-2015
SPBA7/4	Mid-term Evaluation of the Health Agenda for the Americas, 2012
SPBA7/5	Nongovernmental Organizations in Official Relations with PAHO
SPBA7/6	Appointment of One Member to the Audit Committee of PAHO
SPBA7/7, Rev. 1	Overview of the Financial Report of the Director for 2012
SPBA7/8	Amendments to the Financial Regulations and Financial Rules
SPBA7/9	Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States
SPBA7/10	Status of Projects Funded from the PAHO Holding Account
SPBA7/11	Master Capital Investment Plan
SPBA7/12	Amendments to the PASB Staff Rules and Regulations
SPBA7/13	PASB Staffing Statistics

### Information Documents

SPBA7/INF/1	Project for Modernization of the PASB Management Information System (PMIS): Progress Report
SPBA7/INF/2	Draft Provisional Agenda for the 152nd Session of the Executive Committee

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ORGANIZACIÓN PANAMERICANA DE LA SALUD**

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## REPORT OF SPECIAL MEETING

1. The Subcommittee, on Program, Budget, and Administration (SPBA) held a special meeting on 17 April 2013 via web conferencing software to discuss two program policy matters:

- Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium
- Proposed Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas

2. All members of the Subcommittee (Argentina, Chile, Dominican Republic, El Salvador, Jamaica, Suriname, and United States of America) took part in the special meeting. Representatives of Brazil, Bolivia (Plurinational State of), Canada, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, and Saint Kitts and Nevis also participated. Dr. Jon Kim Andrus (Deputy Director, PASB) served as Technical Secretary. The Director was unable to attend the meeting owing to a family matter.

3. Dr. Andrus opened the meeting, welcoming participants on behalf of the Director. He noted that the meeting had been organized at the request of Dr. Matías Villatoro of El Salvador, President of the Seventh Session of the Subcommittee, who had also requested the Pan American Sanitary Bureau to prepare a document on the status of the allocation of funds by WHO and a comparative financial overview by biennium. The Bureau had also been informed that the Government of Mexico would be presenting a proposed declaration by Member States of the Americas on allocation of funds by WHO to the Region of the Americas.

4. He expressed the Bureau's appreciation to Member States for their commitment to securing full funding of the PAHO budget and for their intention to propose a unified course of action aimed at ensuring that the Region would have a sustained level of support from WHO and would receive its whole allotment from the WHO budget, including both assessed and voluntary contributions. The Bureau saw that commitment as a reflection of the value that Member States attached to the work of the Organization and to the improvement of health in the Americas and was grateful the Governments of El Salvador and Mexico for their leadership on the issue.

5. Dr. Matías Villatoro (El Salvador, President of the Seventh Session of the Subcommittee) recalled that during the Subcommittee's discussion of the draft proposed program and budget in March (see paragraphs 26 to 36 of the final report of the session), the Delegate of Mexico had presented data on the historic trend of WHO funding for the Regional Office for the Americas (AMRO). PASB had been requested to validate the

data. Subsequently, as Dr. Andrus had explained, the President had requested that a special virtual meeting be scheduled to discuss the data presented by Mexico and to provide additional guidance to assist Member States in preparing for the World Health Assembly in May 2013. In response to that request, the Bureau had prepared Document SPBA7/SS/2.

### **Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium (Document SPBA7/SS/2)**

6. Ms. Verónica Ortíz (Advisor, Program and Budget, PASB), introducing Document SPBA7/SS/2, said that in order to understand the budgetary relationship between PAHO and WHO, it must also be understood that PAHO was an independent international organization with its own legal personality and governance and financial structures. The PAHO Governing Bodies had ultimate authority to make decisions concerning the Organization's program and budget. WHO could approve the Region's portion of the WHO budget, but did not have the authority to approve PAHO's overall budget. PAHO Member States paid assessed contributions to both PAHO and WHO, and PAHO therefore received assessed contributions both directly from Member States in the Americas and through the Region's share of the assessed contributions paid by Member States to WHO. Similarly, it received voluntary contributions directly from Member States and as a share of the voluntary contributions mobilized by WHO at the global level.

7. Conflicting expectations existed with regard to the allocation of voluntary contributions. On the one hand, PAHO Member States expected WHO to honor its commitments in respect of the AMRO voluntary contribution budget. On the other hand, the WHO Secretariat expected the Bureau to participate in fundraising efforts to cover the AMRO voluntary contribution portion of the WHO budget. As PAHO was an independent international organization, however, funds mobilized at the regional level could not legally be counted as part of the AMRO share of WHO voluntary contributions. To do so would be a breach of the Bureau's fiduciary responsibility to the PAHO Member States.

8. As shown in Table 1 in Document SPBA7/SS/2, in the 2010–2011 biennium the Region had received only 25% of its allotted share of WHO voluntary contributions. As of 31 December 2012, it had received 37% of its allotment for the 2012–2013 biennium. Figure 1 in the document showed the gap between budgeted and actual PAHO and WHO voluntary contributions. In 2008–2009, although PASB had mobilized 40% more than the amount budgeted for PAHO voluntary contributions, WHO had provided only \$59 million of the \$197 million budgeted as the Region's share of WHO voluntary contributions, and the gap had therefore amounted to \$77 million. The situation had been similar in 2010–2011, when the gap had been \$85 million. The amount of the funding gap for the current biennium was not yet known but was expected to be sizeable. While

no region received its full allocation of WHO voluntary contributions, other regions received a far larger portion than the Americas: 75% or more versus 25%–30% for AMRO. Moreover, although PAHO implemented virtually all of the voluntary funding it received from WHO, in WHO's records the Region's implementation level appeared very low because WHO measured implementation in terms of the Region's total voluntary contribution allocation, not in terms of the amount the Region actually received.

9. Under the strategic resource allocation validation mechanism approved in 2006 to guide the allocation of the WHO budget among the regions (WHO Document EB118/7), AMRO was to receive between 6.3% and 7.7% of the total, but in fact it had received 5.9% in 2008–2009, 4.9% in 2010–2011, and 4.2% in 2012–2013 (as of 31 December 2012). For 2014–2015, WHO's total proposed budget was \$3.9 billion, of which AMRO was expected to receive \$176 million, or 4.4%. The 2014–2015 program budget proposal (WHO Document A66/7) indicated that the strategic resource allocation validation mechanism had not been used in preparing the budget but provided no information on what criteria had been applied in order to determine regional allocations. Although AMRO's share of the WHO budget was low, it would be manageable provided that all of the funding allocated was actually received. In order for that to happen, the Region's share of assessed contributions must be maintained or increased and its share of WHO voluntary contributions must be funded at the same percentage as that of other regions.

10. In the discussion that followed Ms. Ortíz's presentation, members of the Subcommittee expressed concern about the decline in AMRO's share of the WHO budget and called for a more equitable approach to resource allocation among the WHO regions. The fact that the Region routinely failed to receive its full allocation from the WHO budget was also seen as cause for serious concern. It was considered essential to adopt a common regional position regarding PAHO's situation with respect to WHO and its budget. A delegate observed that all multilateral organizations had seen their budgets shrink in recent years, while at the same time the demands placed on those organizations by their Member States had grown. She underscored the need to mount an effort aimed at persuading Member States to increase their contributions to multilateral organizations, including WHO and PAHO, rather than channeling resources through special funds and institutions that did not support all countries. Clarification was sought of the methodology that WHO had used to calculate regional allocations under the proposed program budget 2014–2015.

11. Ms. Ortíz said that the methodology for determining the percentage distribution of the WHO budget had not been spelled out.

12. Mr. Dean Chambliss (Special Advisor to the Director, PASB) confirmed that no official methodology had been used in determining regional allocations under the WHO budget proposal for 2014–2015. The proposal did mention strategic considerations, but did not elaborate on what they were. He also noted that the WHO Secretariat had

repeatedly sought, and continued to seek, to include the PAHO budget figures in the overall global budget of WHO. That had not occurred to date, but it was a situation of which Member States should be aware.

13. The Subcommittee thanked the Bureau for the report and presentation and for its clear explanations of the budgetary relationship between PAHO and WHO.

**Proposed Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas (Document SPBA7/SS/3)**

14. Ms. Martha Caballero Abraham (Mexico) presented two slides showing the absolute value and the proportional share of AMRO's portion of the WHO budget for 2008–2009, 2010–2011, and 2012–2013, with projections for 2014–2015. The slides also showed the amounts and percentages of the approved budget actually made available to and executed by PAHO. The figures were derived from or estimated on the basis of official documents of WHO and PAHO. In 2008–2009, the amount budgeted by WHO for AMRO had been \$279 million. Of that amount, the Region had received \$148 million, or 53.05%. In 2010–2011, the Region had received \$158 million, or 61.72% of the \$256 million budgeted by WHO for AMRO. The percentages of the allocated WHO budget actually executed in those two biennia had been 49.1% and 60.16%, respectively.

15. Using the average of the percentages actually received for 2008–2009 and 2010–2011 (57.38%), it could be estimated that of the \$173 million allocated to the Region for 2012–2013, only about \$99.2 million would be received, and of the total expected regional allocation of \$176 million for 2014–2015, only \$100.99 million would be received. Cumulatively, if the current trend continued, funds budgeted but not received since 2008–2009 would amount to some \$377 million by the end of the 2014–2015 biennium, while the amount budgeted but not executed would total around \$402 million.

16. In her Government's view, during the forthcoming World Health Assembly it would be important for the Member States from the Americas to call attention to the fact that not only was the Region receiving the smallest proportion of the WHO budget, but that it was receiving far less than the amount it had been allocated. Member States should also insist that the Region must receive its full allocation. It would also be important to seek clarification of the criteria that WHO was applying in order to determine regional allocations and to demand transparency in the resource allocation process. The programmatic impact of the non-execution of a significant proportion of the WHO budget—for both WHO and PAHO—should also be highlighted.

17. The President invited the Subcommittee to comment on the presentation by the Delegate of Mexico and on the proposal put forward in Document SPBA7/SS/3.

18. The Subcommittee expressed gratitude for the presentation and the document prepared by the Government of Mexico. It was agreed that greater transparency and accountability was needed with regard to the methodology and criteria used to determine the allocation of the WHO budget to the regions. While emphasizing the importance of solidarity with other regions and acknowledging that increases in one region's allocation would mean reductions in those of other regions, delegates reiterated the view that AMRO was not receiving a fair share of the WHO budget and underscored the need to bring the matter to the attention of the World Health Assembly. It was considered timely to do so during the Health Assembly's forthcoming Sixty-sixth session in May, in the context of the discussion of WHO reform, the Twelfth General Program of Work of WHO, and the WHO program budget for 2014–2015.

19. It was pointed out that the Region's share of WHO voluntary contributions had diminished by more than 50% between the 2010–2011 and 2012–2013 bienniums, and clarification was sought as to how WHO determined what portion of the WHO voluntary contribution budget would go to AMRO and why the Region received such a small portion relative to other WHO regions. A delegate inquired whether the strategic resource allocation methodology approved in 2006 had applied to both the assessed contribution and voluntary contribution portions of the WHO budget. It was pointed out that the financing dialogue to take place in relation to the WHO program budget 2014–2015 might afford an opportunity for the countries of the Americas to improve the Region's situation with regard to WHO voluntary contributions.

20. As to the proposed declaration contained in Document SPBA7/SS/3, clarification was requested from the Bureau regarding the procedure to be followed, given that the Sixty-sixth World Health Assembly would be convened prior to the 152nd Session of the PAHO Executive Committee in June. Clarification was also sought as to what standing a declaration approved by a subcommittee of a regional body would have at the World Health Assembly.

21. Responding to the Subcommittee's comments and questions, Ms. Ortiz said that one explanation for the low proportion of WHO voluntary contributions allocated to the Region was that AMRO was expected to mobilize its own voluntary funds.

22. Mr. Chambliss pointed out that the voluntary contribution portion of the budget was rarely fully funded in any region because it could not be guaranteed that WHO would actually be able to mobilize the amount of voluntary contributions envisaged in its program budget. Nevertheless, the proportion that AMRO received was undeniably much lower than that received by other regions: generally 25%–30% versus 75%–80%. It was fair to say that there was a perception among some colleagues at WHO headquarters that, as PAHO had its own funding sources, the Region did not need as much as other regions from WHO voluntary funding. It was necessary to bear in mind, however, that core voluntary contributions made up a relatively small percentage of the total voluntary

allocation and that the remainder consisted of specified, or earmarked, contributions, some of which, under the terms of the agreement negotiated with the donor, had to go to a particular region.

23. The reduction in the Region's voluntary contribution allocation between 2010–2011 and 2012–2013 reflected a corresponding reduction in the voluntary contribution portion of the program budget at the global level. That reduction, in turn, reflected an effort to ensure that WHO's budgets were more realistic. While all regions had seen a decline in the amount of voluntary funding they received from the WHO budget, no other region had experienced a decrease of 50%. The reduction for AMRO had been exceptionally large in percentage terms.

24. Regarding whether the strategic resource allocation methodology had been applied individually to the regular budget and to voluntary contributions, to his knowledge it had applied to the budget as a whole, without regard to the source of the funds. Concerning his earlier comment about including PAHO's budget figures in the WHO global program budget, he wished to clarify that, as Ms. Ortiz had explained, PAHO was a separate organization, and the World Health Assembly could not make decisions about the overall PAHO budget; it could decide only the AMRO portion.

25. Mr. Guillermo Birmingham (Director of Administration, PASB), responding to questions regarding the methodology used in allocating the proposed WHO program budget for 2014–2015, said that it had been explained at a recent meeting that there had been a mapping between the strategic objectives contained in the 2012–2013 program budget and the new categories to be used in the program budgets for 2014–2015 and subsequent bienniums covered under the Twelfth General Program of Work. The mapping had reflected the use of resources by regions, but there appeared to have been little strategic analysis of how resources had been allocated to the various strategic objectives. Rather, the mapping had been based mainly on mathematical calculations of actual expenditure and execution levels. If those figures reflected under-funding of the regional allocation, as in the case of AMRO, then that type of mapping would perpetuate the trend of under-resourcing.

26. Dr. Amalia del Riego (Senior Advisor, Planning, Budget and Resource Coordination, PASB), commenting on the programmatic impact of reductions in the Region's share of WHO resources, said that the greatest impact would be felt if the regular budget allocation were to decline below its current level. That allocation was derived from assessed contributions, which, unlike voluntary contributions, could not be earmarked for specific purposes or regions.

27. Dr. Heidi Jiménez (Legal Counsel, PASB) said that, from a procedural standpoint, the Subcommittee had two options: it could recommend that a special session of the Executive Committee be convened to consider the matter prior to the Sixty-sixth World

Health Assembly or it could endorse, with any modifications considered necessary, the declaration put forward in Document SPBA7/SS/3 and then forward it for discussion by the Group of the Americas (GRUA), which would meet shortly before the Health Assembly. In the latter case, GRUA could formulate a statement to be read out by a representative of a Member State from the Americas during the Health Assembly. The advantage of the first option would be that the Executive Committee could, if it wished, adopt a resolution, which would carry more weight than a declaration endorsed by the Subcommittee and submitted to GRUA, which was not a Governing Body.

28. Some members of the Subcommittee favored the presentation of a statement emanating from GRUA, while others felt that an Executive Committee resolution would be more appropriate. Those in the latter group stressed that a formal expression of opinion from a PAHO Governing Body was needed and called for the convening of a special session of the Executive Committee in order to adopt a resolution that could then be transmitted to the WHO Programme, Budget and Administration Committee, which would meet immediately prior to the Sixty-sixth World Health Assembly. Those in favor of a GRUA statement were of the view that there was insufficient time to convene a special session of the Executive Committee before the Health Assembly. They also pointed out that Member States were busy preparing for the discussion of a number of important items during the Health Assembly, including the WHO Twelfth General Program of Work and the program budget for 2014–2015, as well as the discussion of PAHO's next Strategic Plan by the Countries Consultative Group (CCG).

29. It was pointed out that, in either case, WHO could not be called upon to guarantee a certain amount of voluntary funding for the Region as it might not be able to mobilize all of the voluntary funding budgeted. It was also pointed out that the two options were not mutually exclusive and that the adoption of a resolution by the Executive Committee would not preclude discussion of the matter by GRUA.

30. A vote was taken and five of the seven Subcommittee members voted in favor of convening a special session of the Executive Committee. It was suggested that the special session might be timed to coincide with a meeting of the CCG scheduled for the end of April.

31. The Deputy Director said that the Bureau would make the necessary arrangements for the special session. He observed that two main conclusions had emerged from the Subcommittee's deliberations: AMRO's share of the WHO budget must be sustained and there must be more transparency in the method of allocating the budget.

32. The President expressed gratitude to the Bureau for organizing the meeting and to Member States for their participation and then declared the meeting closed.

**SPECIAL SESSION**

**AGENDA**

- 1. OPENING OF THE SESSION**
- 2. PROCEDURAL MATTERS**
  - 2.1 Adoption of the Agenda
- 3. PROGRAM POLICY MATTERS**
  - 3.1 Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium
  - 3.2 Proposed Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas
- 4. OTHER MATTERS**
- 5. CLOSURE OF THE SESSION**



**SPECIAL SESSION**

**LIST OF DOCUMENTS**

**Working Documents**

SPBA7/SS/1

Agenda

SPBA7/SS/2

Status of the Allocation of Funds by WHO to the Region of the Americas and Comparative Financial Overview by Biennium

SPBA7/SS/3

Propose Declaration by Member States of the Americas on Allocation of Funds by WHO to the Region of the Americas

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