

Addendum II, Rev. 1

**to the proposed Program and Budget 2012-2013
Pan American Health Organization**

**JUSTIFICATION OF THE REQUEST TO INCREASE ASSESSED
CONTRIBUTIONS**

Scenario E

INTRODUCTION

During the 148th Session of the Executive Committee, the Bureau presented the Proposed Program and Budget 2012-2013 with a justification for an increase in assessed contributions and three possible financing scenarios. Scenario A, full cost recovery (a 10.5% increase in assessed contributions); scenario B, partial cost recovery (a 6.7% increase in assessed contributions); and scenario C, no increase in assessed contributions.

It was agreed during the session that a subsequent virtual session would be held to continue discussing the topic, and to that effect, it was requested that the Bureau prepare a fourth scenario that would include an intermediate level of assessed contributions between scenarios B and C, where zero nominal growth of the total regular budget would be maintained, along with an even greater reduction in FTP costs. For this reason, the Bureau presented a new scenario, D, with a 4.3% increase in assessed contributions.

The Executive Committee recommended, through Resolution CE148.R16, approval of the proposal with a 4.3% increase in assessed contributions, for a total of US\$ 626.7 million (scenario D), \$287.1 million of which would be financed with funds from the regular budget and \$339.6 million with funds from other sources. The Bureau was also asked to present a new scenario, E, that would include a regular budget of \$283.1 million, amounting to a 2.15% increase in assessed contributions, presented below.

Scenario E: (2.15% increase in assessed contributions)

Scenario E implies a 1.4% reduction in the total regular budget over that of the biennium 2010-2011, from \$287.1 million to \$283.1 million. It includes an adjusted calculation of \$12 million for miscellaneous income, which reflects the most recent financial projections. It also eliminates three more fixed-term posts, for a total of 21 fewer fixed-term posts, representing a saving of approximately \$5.8 million in the FTP component of the budget over the Program and Budget 2010-2011. Considering the increase in statutory and inflationary costs, a 1.4% reduction in the total regular budget poses an enormous challenge for the Organization in its efforts to mobilize the level of additional resources necessary to implement its program and will undoubtedly have an adverse impact in this respect.

Therefore, in keeping with the other scenarios presented, this scenario proposes a \$23.5 million reduction in funding from other sources over the biennium 2010-2011, from \$355.9 to \$332.3 million. As a result, the total budget proposal also decreases from \$643 million in 2010-2011 to \$615.4 million. In accordance with the results-based management approach, this reduction requires an equivalent reduction in the program, which would impede the achievement of approximately 14% of the goals of the Strategic Plan for 2013. A more detailed analysis will be performed to determine which indicators of the region-wide expected results found in section III would not be achieved under this scenario.

Table 1. Proposed Regular Budget for 2012-2013
Scenario E: 2.15% increase in assessed contributions
(in thousands of \$U.S.)

	2010-2011 \$	Change \$	2012-2013 \$	Percentage %
To be financed by:				
Assessed contributions	186,400	4,000	190,400	2.15%
Miscellaneous Income	20,000	(8,000)	12,000	-40.0%
WHO/AMRO (Proposed to the World Health Assembly)	80,700	-	80,700	0.0%
Total regular budget	287,100	(4,000)	283,100	-1.4%
For type of principal cost:				
FTP				
Mandatory costs (statutory and inflationary)	194,300	15,100	209,400	7.8%
Rate per filled post *	-	12,200	12,200	6.3%
Total FTP	194,300	27,300	221,600	14.1%
Non-FTP (including country variable)				
	87,800	(31,300)	56,500	-35.6%
Retiree health insurance	5,000	-	5,000	0.0%
Total regular budget	287,100	(4,000)	283,100	-1.4%
For type of principal cost:				
FTP	36,700	2,863	39,563	7.8%
Non-FTP	319,151	(26,414)	292,737	-8.3%
Total budget Other Sources	355,851	(23,551)	332,300	-6.6%
Total budget	642,951	(27,551)	615,400	-4.3%

* Includes a Post Occupance Charge imposed on all posts funded by PAHO to partially finance the PMIS, as presented to the 50th Directing Council in document CD50/7 and adopted in Resolution CD50.R10.

Illustration of the net effect of the proposed assessed contributions and regular budget allocations per country with Scenario E

Scenario E (2.15% increase in assessed contributions) Net effect of proposed assessed contributions and regular budget allocations per country							
Member States	Contributions			Country Allocations			Net Effect
	2010-2011	2012-2013	Difference	2010-2011	2012-2013	Difference	
Antigua and Barbuda	41,008	41,888	880	519,000	512,000	(7,000)	(7,880)
Argentina	5,985,304	4,584,832	(1,400,472)	3,645,000	3,593,000	(52,000)	1,348,472
Bahamas	143,528	118,048	(25,480)	937,000	923,000	(14,000)	11,480
Barbados	111,840	85,680	(26,160)	632,000	623,000	(9,000)	17,160
Belize	41,008	41,888	880	790,000	779,000	(11,000)	(11,880)
Bolivia	85,744	93,296	7,552	5,529,000	5,451,000	(78,000)	(85,552)
Brazil	14,824,392	18,927,664	4,103,272	11,397,000	11,235,000	(162,000)	(4,265,272)
Canada	25,650,504	22,794,688	(2,855,816)	553,000	545,000	(8,000)	2,847,816
Chile	2,000,072	2,263,856	263,784	2,471,000	2,436,000	(35,000)	(298,784)
Colombia	1,563,896	1,997,296	433,400	4,593,000	4,527,000	(66,000)	(499,400)
Costa Rica	348,568	420,784	72,216	2,065,000	2,036,000	(29,000)	(101,216)
Cuba	449,224	348,432	(100,792)	4,232,000	4,172,000	(60,000)	40,792
Dominica	41,008	41,888	880	575,000	567,000	(8,000)	(8,880)
Dominican Republic	383,984	489,328	105,344	3,780,000	3,727,000	(53,000)	(158,344)
Ecuador	383,984	491,232	107,248	6,624,000	6,530,000	(94,000)	(201,248)
El Salvador	195,720	217,056	21,336	3,317,000	3,270,000	(47,000)	(68,336)
France	538,696	416,976	(121,720)	361,000	356,000	(5,000)	116,720
Grenada	41,008	41,888	880	700,000	690,000	(10,000)	(10,880)
Guatemala	348,568	319,872	(28,696)	6,500,000	6,407,000	(93,000)	(64,304)
Guyana	41,008	41,888	880	2,155,000	2,125,000	(30,000)	(30,880)
Haiti	83,880	64,736	(19,144)	5,619,000	5,541,000	(78,000)	(58,856)
Honduras	83,880	97,104	13,224	4,954,000	4,883,000	(71,000)	(84,224)
Jamaica	229,727	177,072	(52,200)	2,099,000	2,069,000	(30,000)	22,200
Mexico	15,174,824	15,767,024	592,200	6,827,000	6,730,000	(97,000)	(689,200)
Nicaragua	83,880	64,736	(19,144)	4,435,000	4,372,000	(63,000)	(43,856)
Netherlands	167,760	129,472	(38,288)	361,000	356,000	(5,000)	33,288
Panama	303,832	300,832	(3,000)	1,602,000	1,580,000	(22,000)	(19,000)
Paraguay	231,136	177,072	(54,064)	3,182,000	3,137,000	(45,000)	9,064
Peru	1,030,792	1,309,952	279,160	6,398,000	6,307,000	(91,000)	(370,160)
Puerto Rico	206,904	159,936	(46,968)	181,000	178,000	(3,000)	43,968
Saint Kitts and Nevis	41,008	41,888	880	463,000	456,000	(7,000)	(7,880)
Saint Lucia	41,008	41,888	880	677,000	667,000	(10,000)	(10,880)
Saint Vincent and the Grenadines	41,008	41,888	880	643,000	634,000	(9,000)	(9,880)
Suriname	83,880	64,736	(19,144)	1,117,000	1,101,000	(16,000)	3,144
Trinidad and Tobago	283,328	342,720	59,392	1,614,000	1,591,000	(23,000)	(82,392)
United Kingdom	111,840	87,584	(24,256)	372,000	368,000	(4,000)	20,256
United States of America	110,805,480	113,183,280	2,377,800	361,000	356,000	(5,000)	(2,382,800)
Uruguay	337,384	407,456	70,072	1,332,000	1,313,000	(19,000)	(89,072)
Venezuela	3,839,840	4,162,144	322,304	3,588,000	3,537,000	(51,000)	(373,304)
Country Variable	0	0	0	5,640,000	5,560,000	(80,000)	(80,000)
	186,400,000	190,400,000	4,000,000	112,840,000	111,240,000	(1,600,000)	(5,600,000)

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