

Addendum IV

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

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

Consensus Scenario

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 recommendation of the Executive Committee, through Resolution CE148.R16, was the 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, which was presented as Addendum II.

During the Executive Committee a working group was formed for the purpose of reaching an agreement with respect to scenarios D and E. This group requested the Bureau to present a consensus scenario between D and E that would include a 3.2% increase in assessed contributions, equivalent to a regular budget of US\$ 285.1 million, which is presented below.

Consensus Scenario (3.2 % increase in assessed contributions)

The consensus scenario implies a 0.7% reduction in the total regular budget over that of the biennium 2010-2011, from \$287.1 million to \$285.1 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, and represents 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 0.7% 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.

This scenario implies a \$27.5 million reduction in funding from other sources over the biennium 2010-2011, from \$355.9 to \$328.3 million. As a result, the total budget proposal also decreases from \$643 million in 2010-2011 to \$613.4 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 12% 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
Consensus Scenario: 3.2 % increase in assessed contributions
(in thousands of \$U.S.)

Adverse impact on the program
(12 % of the targets of the Strategic Plan will not be met)

	2010-2011 \$	Change \$	2012-2013 \$	Percentage %
To be financed by:				
Assessed contributions	186,400	6,000	192,400	3.2%
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	(2,000)	285,100	-0.7%
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	(29,300)	58,500	-33.4%
Retiree health insurance	5,000	-	5,000	0.0%
Total regular budget	287,100	(2,000)	285,100	-0.7%
For type of principal cost:				
FTP	36,700	2,863	39,563	7.8%
Non-FTP	319,151	(30,414)	288,737	-9.5%
Total budget Other Sources	355,851	(27,551)	328,300	-7.7%
Total budget	642,951	(29,551)	613,400	-4.6%

* 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.

Consensus Scenario (3.2% assessed contribution increase) Net effect of the proposed assessed contributions and the Regular Budget Allocation by Country							
Member States	Assessed Contributions			Country Allocation			Net Effect
	2010-2011	2012-2013	Difference	2010-2011	2012-2013	Difference	
Antigua and Barbuda	41,008	42,328	1,320	519,000	515,000	(4,000)	(5,320)
Argentina	5,985,304	4,632,992	(1,352,312)	3,645,000	3,619,000	(26,000)	1,326,312
Bahamas	143,528	119,288	(24,240)	937,000	930,000	(7,000)	17,240
Barbados	111,840	86,580	(25,260)	632,000	627,000	(5,000)	20,260
Belize	41,008	42,328	1,320	790,000	784,000	(6,000)	(7,320)
Bolivia	85,744	94,276	8,532	5,529,000	5,490,000	(39,000)	(47,532)
Brazil	14,824,392	19,126,484	4,302,092	11,397,000	11,316,000	(81,000)	(4,383,092)
Canada	25,650,504	23,034,128	(2,616,376)	553,000	549,000	(4,000)	2,612,376
Chile	2,000,072	2,287,636	287,564	2,471,000	2,454,000	(17,000)	(304,564)
Colombia	1,563,896	2,018,276	454,380	4,593,000	4,560,000	(33,000)	(487,380)
Costa Rica	348,568	425,204	76,636	2,065,000	2,050,000	(15,000)	(91,636)
Cuba	449,224	352,092	(97,132)	4,232,000	4,202,000	(30,000)	67,132
Dominica	41,008	42,328	1,320	575,000	571,000	(4,000)	(5,320)
Dominican Republic	383,984	494,468	110,484	3,780,000	3,753,000	(27,000)	(137,484)
Ecuador	383,984	496,392	112,408	6,624,000	6,577,000	(47,000)	(159,408)
El Salvador	195,720	219,336	23,616	3,317,000	3,294,000	(23,000)	(46,616)
France	538,696	421,356	(117,340)	361,000	359,000	(2,000)	115,340
Grenada	41,008	42,328	1,320	700,000	695,000	(5,000)	(6,320)
Guatemala	348,568	323,232	(25,336)	6,500,000	6,454,000	(46,000)	(20,664)
Guyana	41,008	42,328	1,320	2,155,000	2,140,000	(15,000)	(16,320)
Haiti	83,880	65,416	(18,464)	5,619,000	5,581,000	(38,000)	(19,536)
Honduras	83,880	98,124	14,244	4,954,000	4,919,000	(35,000)	(49,244)
Jamaica	229,272	178,932	(50,340)	2,099,000	2,084,000	(15,000)	35,340
Mexico	15,174,824	15,932,644	757,820	6,827,000	6,778,000	(49,000)	(806,820)
Netherlands	167,760	130,832	(36,928)	361,000	359,000	(2,000)	34,928
Nicaragua	83,880	65,416	(18,464)	4,435,000	4,403,000	(32,000)	(13,536)
Panama	303,832	303,992	160	1,602,000	1,591,000	(11,000)	(11,160)
Paraguay	231,136	178,932	(52,204)	3,182,000	3,160,000	(22,000)	30,204
Peru	1,030,792	1,323,712	292,920	6,398,000	6,353,000	(45,000)	(337,920)
Puerto Rico	206,904	161,616	(45,288)	181,000	179,000	(2,000)	43,288
Saint Kitts and Nevis	41,008	42,328	1,320	463,000	459,000	(4,000)	(5,320)
Saint Lucia	41,008	42,328	1,320	677,000	672,000	(5,000)	(6,320)
Saint Vincent and the Suriname	41,008	42,328	1,320	643,000	639,000	(4,000)	(5,320)
	83,880	65,416	(18,464)	1,117,000	1,109,000	(8,000)	10,464
Trinidad and Tobago	283,328	346,320	62,992	1,614,000	1,602,000	(12,000)	(74,992)
United Kingdom	111,840	88,504	(23,336)	372,000	369,000	(3,000)	20,336
United States	110,805,480	114,372,180	3,566,700	361,000	359,000	(2,000)	(3,568,700)
Uruguay	337,384	411,736	74,352	1,332,000	1,322,000	(10,000)	(84,352)
Venezuela	3,839,840	4,205,864	366,024	3,588,000	3,563,000	(25,000)	(391,024)
Country Variable	0	0	0	5,640,000	5,600,000	(40,000)	(40,000)
	186,400,000	192,400,000	6,000,000	112,840,000	112,040,000	(800,000)	(6,800,000)

Consensus Scenario (increase of 3.2% in assessed contributions)
Net effect in the change of assessed contributions

Member States	2010-2011	Proposal 2012-2013	Difference	Details of the changes		
				Effect due to the new scale	Effect due to the Budget increase	Total of the difference
Antigua and Barbuda	41,008	42,328	1,320	0	1,320	1,320
Argentina	5,985,304	4,632,992	(1,352,312)	(1,496,792)	144,480	(1,352,312)
Bahamas	143,528	119,288	(24,240)	(27,960)	3,720	(24,240)
Barbados	111,840	86,580	(25,260)	(27,960)	2,700	(25,260)
Belize	41,008	42,328	1,320	0	1,320	1,320
Bolivia	85,744	94,276	8,532	5,592	2,940	8,532
Brazil	14,824,392	19,126,484	4,302,092	3,705,632	596,460	4,302,092
Canada	25,650,504	23,034,128	(2,616,376)	(3,334,696)	718,320	(2,616,376)
Chile	2,000,072	2,287,636	287,564	216,224	71,340	287,564
Colombia	1,563,896	2,018,276	454,380	391,440	62,940	454,380
Costa Rica	348,568	425,204	76,636	63,376	13,260	76,636
Cuba	449,224	352,092	(97,132)	(108,112)	10,980	(97,132)
Dominica	41,008	42,328	1,320	0	1,320	1,320
Dominican Republic	383,984	494,468	110,484	95,064	15,420	110,484
Ecuador	383,984	496,392	112,408	96,928	15,480	112,408
El Salvador	195,720	219,336	23,616	16,776	6,840	23,616
France	538,696	421,356	(117,340)	(130,480)	13,140	(117,340)
Grenada	41,008	42,328	1,320	0	1,320	1,320
Guatemala	348,568	323,232	(25,336)	(35,416)	10,080	(25,336)
Guyana	41,008	42,328	1,320	0	1,320	1,320
Haiti	83,880	65,416	(18,464)	(20,504)	2,040	(18,464)
Honduras	83,880	98,124	14,244	11,184	3,060	14,244
Jamaica	229,272	178,932	(50,340)	(55,920)	5,580	(50,340)
Mexico	15,174,824	15,932,644	757,820	260,960	496,860	757,820
Netherlands	167,760	130,832	(36,928)	(41,008)	4,080	(36,928)
Nicaragua	83,880	65,416	(18,464)	(20,504)	2,040	(18,464)
Panama	303,832	303,992	160	(9,320)	9,480	160
Paraguay	231,136	178,932	(52,204)	(57,784)	5,580	(52,204)
Peru	1,030,792	1,323,712	292,920	251,640	41,280	292,920
Puerto Rico	206,904	161,616	(45,288)	(50,328)	5,040	(45,288)
Saint Kitts and Nevis	41,008	42,328	1,320	0	1,320	1,320
Saint Lucia	41,008	42,328	1,320	0	1,320	1,320
Saint Vincent and the Grenadines	41,008	42,328	1,320	0	1,320	1,320
Suriname	83,880	65,416	(18,464)	(20,504)	2,040	(18,464)
Trinidad and Tobago	283,328	346,320	62,992	52,192	10,800	62,992
United Kingdom	111,840	88,504	(23,336)	(26,096)	2,760	(23,336)
United States of America	110,805,480	114,372,180	3,566,700	0	3,566,700	3,566,700
Uruguay	337,384	411,736	74,352	61,512	12,840	74,352
Venezuela	3,839,840	4,205,864	366,024	234,864	131,160	366,024
	<u>186,400,000</u>	<u>192,400,000</u>	<u>6,000,000</u>	<u>0</u>	<u>6,000,000</u>	<u>6,000,000</u>