



Pan American Health Organization

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Overview:
**THE PAHO REGIONAL
PROGRAM BUDGET POLICY
2006 – 2011**
(adopted September 2004)

146th Session of the Executive Committee
21 – 25 June 2010

DD/PBR



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Justification for the Policy

- Previous Program Budget Policy in effect since 1985
- 1998 WHA Resolution 51.31 reduced allocation to AMRO effective 2000-2001 biennium
- PAHO Strategic Plan 2003-2007 identifies priorities: 5 Key Countries; Special Population Groups; and 8 Technical Areas
- 2003 PAHO's Director introduces organization-wide country-centered strategy
- 2003 D/G WHO announced progressive shift in resources in support of its country-focused approach
- 2003 Directing Council signals need to update need-based criteria for resource allocation among countries



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Process for Review

- Consultative Group formed
 - Included planning and budget experts from 5 countries
- Two meetings held: March and May 2004
- Guidance from SPP (March 2004)
- Analytical work by Secretariat
- Proposal to Executive Committee (June 2004)
- Approval by Directing Council (September 2004)

Major Issues Considered for the New Program Budget Policy

- MDGs - major compass
- Concurrent regional & sub-regional integration processes
- Reflection of values and principles – equity and solidarity
- Measurement of need for health technical cooperation
- Country focused approach
- Ensuring core functions of PAHO/WHO at all levels



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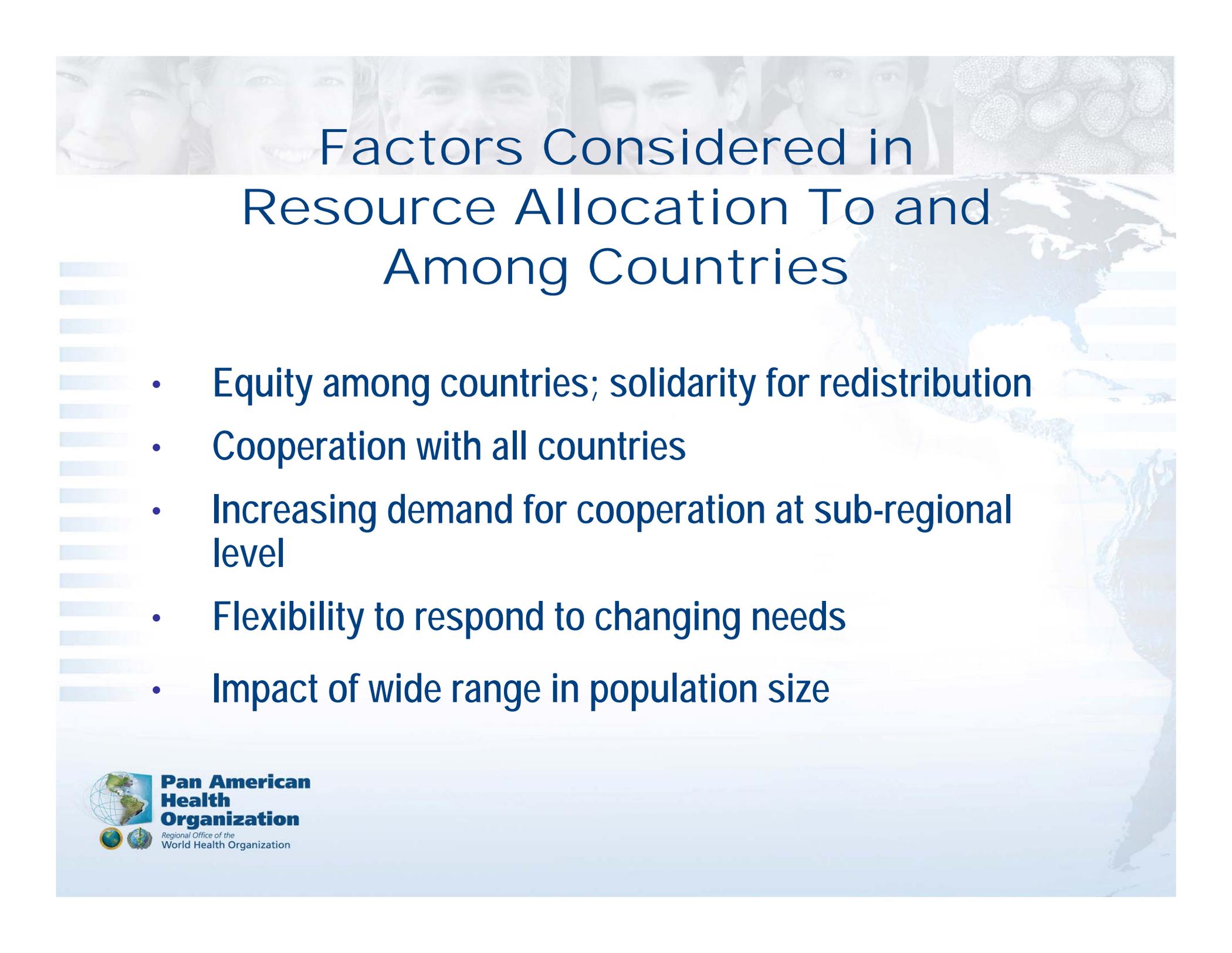
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Regular Budget targets set in the Policy *

- Three organizational levels formally identified:
 - Country 40% (increase)
 - Subregional 7% (increase)
 - Regional 53% (decrease)

* The Policy guides allocation of voluntary contributions



Factors Considered in Resource Allocation To and Among Countries

- Equity among countries; solidarity for redistribution
- Cooperation with all countries
- Increasing demand for cooperation at sub-regional level
- Flexibility to respond to changing needs
- Impact of wide range in population size



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Elements of the resource allocation model

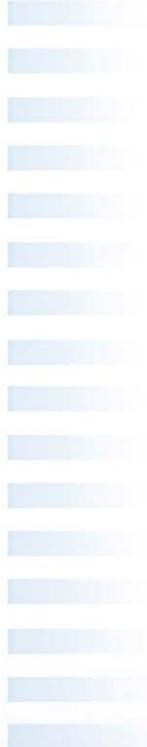


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Resource allocation to Countries



- **Elements of the Model:**

1. Two-tier approach: core and variable allocations
 2. Use of needs-based parameter (development of a health-needs index - HNI) to determine core funding
 3. Grouping countries into percentiles
 4. Progressive distribution of resources based on relative need (percentile weighting)
 5. Population smoothing
- 



Elements of the model..



1. Two-tier approach to the allocation of resources:

– Core allocation

- Floor portion – to ensure minimum level of technical cooperation activity
- Needs-based portion – driven by relative health and economic need of countries

– Variable allocation

- Targeted to accelerate achievement of collective global and regional mandates, priority setting, and mitigating impact for countries experiencing severe budget reductions



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Elements of the model..



2. Needs-based parameter – issues:

- Surrogate marker of the degree of health needs
- Challenge in finding health status indicators that were 1) widely available across all countries, 2) reliable and consistent
- This excluded some desirable measures such as 1) social exclusion and 2) equity gap



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Elements of the model..



2. Needs-based parameter - definition:

- Development of a health-needs index (HNI) using well-known summary measures
 - Life expectancy at birth
 - Income per capita



Elements of the model..



3. Grouping countries into percentiles:

- Countries grouped to minimize impact of inconsistencies in underlying statistics
- Countries in a given percentile receive same application of needs-based criteria

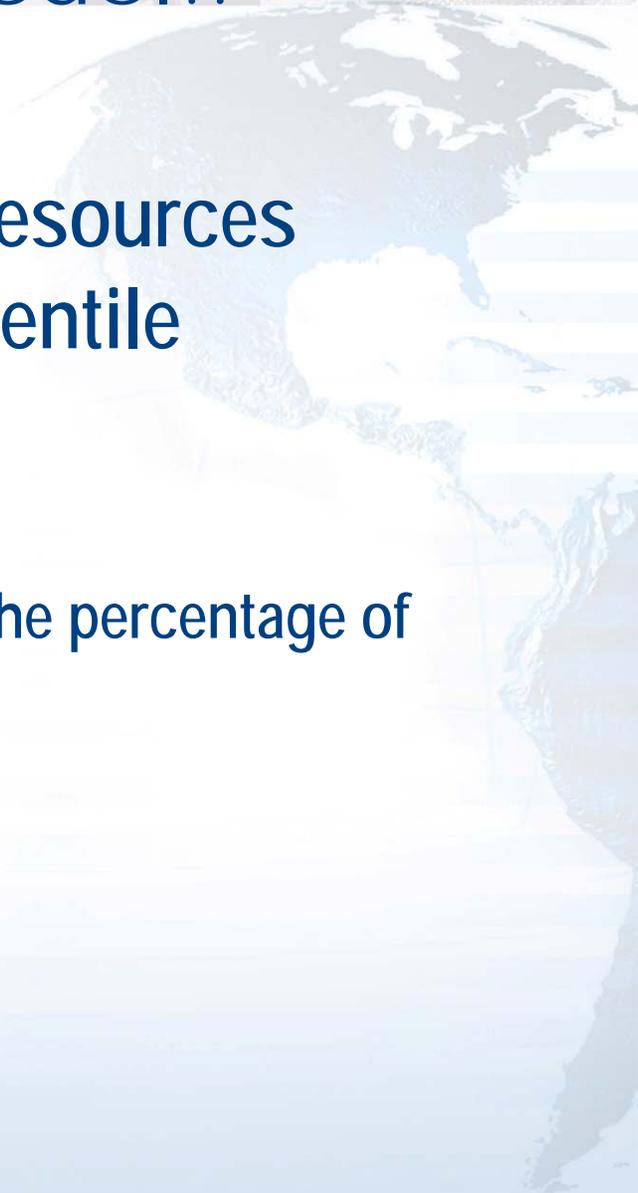


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Elements of the model..



4. Progressive distribution of resources based on relative need (percentile weighting):

- The greater the need, the greater the percentage of resources allocated
- Preserves the principle of equity



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Elements of the model..



5. Population smoothing

- Very wide range of population sizes among countries in the region
- Population “smoothing” ensures small and mid-size countries have reasonable access to needs-based funds
- All else being equal, larger countries will receive more resources than smaller ones
- Smaller countries will receive more resources per capita



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Conceptual Model

| COUNTRY | (+) Needs-based Parameter (-) | PERCENTILE | CORE FUNDING | | VARIABLE FUNDING |
|-----------|-------------------------------------|--------------------------|--------------|------------------------------------|------------------|
| | | | Floor | Needs-based (percentile weighting) | |
| Country A | | Group 1 (least needy) | \$ | \$ | ? |
| Country B | | | \$ | | ? |
| Country C | | | \$ | | ? |
| Country J | | Group 2 | \$ | \$\$ | ? |
| Country K | | | \$ | | ? |
| Country L | | | \$ | | ? |
| Country X | | Group 3 (most needy) | \$ | \$\$\$ | ? |
| Country Y | | | \$ | | ? |
| Country Z | | | \$ | | ? |

Implementation of the Policy

- Phased-in over three biennia:
 - 2006-2007; 2008-2009; 2010-2011
- No one country would be reduced by more than 40% over the three biennia (relative to 2004-2005 allocation)
- 5 Key countries protected from any possible reduction
- Variable portion used to help certain countries transition to significantly reduced regular budget levels
- Policy to be evaluated following the second biennium



Thank You

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