Evaluation of the Pan American Health Organization Program Budget Policy 2020–2025

Final report

PAHO
Pan American Health Organization
World Health Organization
Americas Region

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This report was prepared by Juan Pablo Martínez Guzmán, Ph.D., External Evaluation Team Leader, and David Talavera Zabre, External Evaluation Research Assistant.

Disclaimer

The opinions expressed in this report are those of the external evaluation team and do not necessarily reflect those of PAHO. Responsibility for the opinions expressed in this report rests solely with the authors. The publication of this document and the opinions expressed within it do not imply endorsement by PAHO.

Abbreviations and acronyms

BP20-25	PAHO's Budget Policy for the period 2020–2025
GOE	General Operating Expenses
PAHO	Pan American Health Organization
PASB	Pan American Sanitary Bureau
PASC	Pan American Sanitary Conference
PB20-21	PAHO's Program Budget for the period 2020–2021
PB22-23	PAHO's Program Budget for the period 2022–2023
PB24-25	PAHO's Program Budget for the period 2024–2025
PBE	Planning, Budget, and Evaluation Department
PMIS	PASB Management Information System
RBM	Results-based Management
RPBP	Regional Program Budget Policy
RPBP14-19	PAHO's Regional Program Budget Policy for the period 2014–2019
SHAA2030	Sustainable Health Agenda for the Americas for the period 2018–2030
SP20-25	PAHO's Strategic Plan for the period 2020–2025
VCTT	Voluntary Contributions Tracking Tool
WHO	World Health Organization

Executive summary

The Pan American Health Organization (PAHO) implemented a new Budget Policy (BP20-25) in 2019 to guide budget allocations for the period 2020–2025. The policy aimed to provide an evidence-based approach to resource allocation, ensuring equity, fairness, and transparency. It emphasized the importance of balancing resource allocation among country, subregional, and regional levels while maintaining flexibility to respond to evolving health needs and priorities.

This evaluation aims to assess how effectively the BP20-25 has met Member States' needs in budget formulation, examining improvements in equity, fairness, and transparency in budget allocations across PAHO's functional levels – country, subregional, and regional – as well as individual countries. It seeks to capture lessons learned in applying the BP20-25, especially considering PAHO's "integrated budget" approach introduced in 2014–2015, and to benchmark PAHO's budget policies against those of other United Nations agencies to identify practices relevant to future policy development. The evaluation covers the budget formulation process for the 2020–2021, 2022–2023, and 2024–2025 biennia.

This evaluation followed an evidence-based, participatory, and practical approach to assess PAHO's BP20-25. To ensure an evidence-based orientation, the evaluation team conducted a comprehensive review of budget documentation, comparing planned financial data with actual implementation. This was supplemented by a participatory orientation, inviting input from a wide range of stakeholders, including officials from PAHO Headquarters and country offices, to gather diverse perspectives. The practical orientation was focused on providing actionable recommendations, outlining PAHO's budget processes, and highlighting how the BP20-25 impacts them to support organizational learning and goal attainment.

A mixed-methods approach was used, combining both quantitative and qualitative analyses from primary and secondary data sources. Quantitatively, the team examined whether budget allocations conformed to BP20-25's mathematical formulas, while the qualitative analysis explored the rationale behind budget allocations and stakeholder perceptions. Data were collected through three methods: documentation analysis to verify policy and process compliance, a confidential online survey with a 92.6% response rate to gauge country office views on the BP20-25, and semi-structured interviews to understand key actors' perspectives on budgetary decisions. This thorough approach enabled the evaluation team to gather a comprehensive understanding of both the policy's effectiveness and stakeholders' insights.

The evaluation finds that the BP20-25 had a limited effect on budget allocations, primarily serving as one of several inputs in the initial budgeting phase. Although it offers a structured framework for setting up budget envelopes, its influence on actual budget allocations is diminished due to significant budget deviations during budget implementation. Country offices and technical entities generally appreciate how budget processes align with the BP20-25 guidelines, as the policy provides a structure that reduces subjectivity, fostering trust among stakeholders. Nonetheless, the BP20-25 does not fully guide final budget decisions, as many factors affect allocations beyond this policy.

There is, however, a considerable lack of understanding of the BP20-25 among various stakeholders, revealing a need for better communication and training. Many survey respondents and interviewees were unaware of the specifics of the policy, impacting its transparency as a guiding tool across organizational levels. Additionally, compliance with the BP20-25 targets is difficult to track, as no straightforward metric allows measuring the policy's influence on budget allocations. Quantitative analyses reveal deviations from the BP20-25's allocation targets, indicating that the policy's targets do not always translate effectively into country-level budgets.

Two significant design issues limit the BP20-25's impact on budget allocations. First, the BP20-25's assumptions about special program funding have proved inaccurate, as special programs have grown beyond the policy's estimated placeholders. Secondly, outdated data, which have not been updated for six years, have rendered the BP20-25 less relevant to current healthcare and socioeconomic needs, weakening its role in guiding budget decisions. While the policy incorporates improvements from previous budget evaluations, such as compatibility with integrated budget approaches, it still suffers from its reliance on outdated information, which affects the precision of budgetary forecasts.

The BP20-25 emphasizes budgetary equity by considering specific country needs, and over 80% of survey respondents believe it allocates resources fairly. However, the BP20-25's country-level targets called for relative reductions in the budgets of key countries compared to non-key countries, potentially due to overestimated needs calculated in 2019. The use of escape clauses has softened these reductions, resulting in smaller-than-expected budget cuts for key countries and increased satisfaction among stakeholders. Lastly, the World Health Organization (WHO) lacks a comparable budget policy, highlighting that such policies should only be implemented if they offer a clear benefit in guiding budget allocation decisions.

The evaluation concludes that while the BP20-25 provides a consistent and transparent structure for PAHO's budget allocations, reducing subjectivity and enhancing trust, several limitations hinder its effectiveness. Key issues identified include the use of outdated data for allocation targets, lack of a mechanism to update these targets, insufficient transparency about the policy's operations, and guidance that sometimes results in fewer resources for key countries. Despite these shortcomings, PAHO's budget process remains orderly and efficient, bolstered by well-managed internal systems.

Six recommendations are proposed to address these issues while retaining current strengths. First, set functional allocation targets that exclude special programs, focusing instead on base program budgets. Second, simplify country-level guidance to reflect marginal budget changes, preventing extreme or irrelevant allocations. Third, the budget policy should be updated every two years using the latest data. Fourth, recalibrate the policy's components to better assess changes in each country's needs compared to recent biennia. Fifth, produce a biannual transparency report to explain budget deviations and guidance decisions. Lastly, accessible materials on the budget policy should be developed to educate non-experts on its objectives and mechanisms, enhancing transparency and understanding among PAHO members.

1. Introduction

1. In September 2019, a new Budget Policy (henceforth BP20-25) was approved by the Pan American Health Organization's (PAHO, or the Organization) 57th Directing Council *(1)* to provide an evidence-based and empirical foundation for assigning budget ceilings across PAHO's country offices while allowing sufficient flexibility for the Pan American Sanitary Bureau (PASB) to respond to evolving political, health, and technical considerations.

2. The BP20-25 was designed to guide budget allocations during 2020–2025 and incorporate the lessons learned from the regional level (the previous PAHO budget policies, along with their assessments and evaluations) and the global level, especially the World Health Organization (WHO) 2015 Working Group on Strategic Budget Space Allocation *(2)*.

3. The BP20-25 emphasized that "budget allocation among the three functional levels of the Organization (country, subregional, regional) will be such that, with the aim of strengthening cooperation with countries, [PASB] will continuously strive to maintain optimal functional and organizational structures aimed at delivering the greatest level of impact in the countries, while still effectively responding to collective regional and subregional mandates" *(1)*.[1]

1.1. Background and context

4. The two main corporate planning instruments of PAHO are the six-year strategic plans and the two-year program budgets. The Strategic Plan outlines the Organization's strategic direction based on the collective priorities of its Member States and specifies the public health goals for the respective period. The program budget forms a results-based "contract" between PASB and PAHO Member States, containing the undertakings and actions necessary to achieve the health outcomes and outputs set in the Strategic Plan and Program Budget, respectively. Through the budget program process, PASB proposes a budget that balances new and existing programmatic needs, realistic financing prospects, WHO's budget space for the Region of the Americas, and internal efficiency efforts. Combined, these two documents set out the results structure of the Organization.

1 Resolution CD57.R3: resolution 3, bullet a; page 1.

5. In 2012, the 28th Pan American Sanitary Conference (PASC) approved the application of PAHO's Regional Program Budget Policy (RPBP14-19) along with PAHO's 2014–2019 Strategic Plan *(3)*. The RPBP14-19 prioritized the allocation of resources from PAHO's regular budget to the Region's key countries. In the same resolution that approved RPBP14-19, the PASC requested a mid-term assessment after one biennium of implementation, as well as a thorough evaluation of RPBP14-19 implementation after the second biennium (2016–2017) to "ensure that it continues to respond to changing health needs and that it consistently allocates resources in an equitable manner" *(3)*.[2]

6. In 2018, PAHO commissioned an external evaluation of the RPBP implementation from 2014 to 2017. The evaluation *(4)* showed that, although some of the restrictions of the RPBP14-19 were not always respected, officials from PAHO country offices had an overall positive perception of PAHO's allocation of resources across countries and that the aggregate budget allocations were highly correlated with the RPBP14-19 formulas. Also, the introduction of the integrated budget approach, starting from the 2016–2017 biennium, made many RPBP concepts no longer relevant. The evaluation also suggested that the RPBP14-19 may still represent a transparent, systematic approach to enhance equity in allocating resources and listed nine recommendations for future iterations of the RPBP14-19 to play that role.

7. In 2019, PAHO's 57th Directing Council approved the BP20-25. The new BP20-25 was designed to guide budget allocations during the period 2020–2025. Its main objective was "to provide an evidence-based, empirical foundation for assigning budget ceilings across PAHO Member States while allowing sufficient flexibility for PASB to respond to evolving political, health, and technical considerations" *(5)*.[3] While the calculation of the indicative budget levels uses a formula based on the updated health needs index and other factors, the formula does not intend to produce mathematical budget allocations. The indicative budget levels from the formula could be subject to adjustment by PAHO senior management and Member States based on their strategic judgment. Moreover, the BP20-25 emphasizes the following points: the target budget share for the country and subregional levels combined is 45% of the total budget; the distribution among functional and organizational levels remained dynamic; a country's budget allocation shall not change by more than 10% of that country's budget per biennium; if an adjustment using the "escape clause" *(1)*[4] were made, the respective justification would have to be presented to the Member States for consideration and approval.

2 PAHO Document CSP28.R10: Resolution 6, bullet d; page 3.

3 PAHO Document CD57/5: Overall Purpose of the New Budget Policy; page 1, paragraph 4.

4 Document CD57/5, Resolution CD57.R3, defines escape clauses within the BP20-25 as a manual tool that can be used to bypass formula calculations "when the results of the budget formula, even with the variable component, do not respond to the recognized situation of a specific country." The BP20-25 requires that the use of escape clauses must be accompanied by "the respective justification presented to Member States for their consideration."

8. In 2019, during the same session of the Directing Council in which the BP20-25 was approved, the Program Budget of the Pan American Health Organization 2020–2021 (PB20-21) was presented by PASB *(5)*. It was developed in the context of the WHO Program Budget 2020–2021, the Sustainable Health Agenda for the Americas 2018–2030 (SHAA2030), and the PAHO Strategic Plan 2020–2025 (SP20-25). The PB20-21 was the first program budget developed under the BP20-25. Accordingly, the programmatic structure was significantly different from PAHO's previous biennium. It included a new results framework that would allow for verifiable measurement of PAHO's contribution to all relevant goals set in the mentioned global and regional instruments. The programmatic section contained the outcomes and outputs and their respective indicators for the biennium. The budget section included a proposal of the overall budget by outcomes, and it explained how the budget was expected to contribute to SHAA2030 and how it compared with the 2018–2019 Program Budget. The budget space requested for the 2020–2021 biennium was USD 620 million for base programs, flat from 2018–2019, and a USD 30 million "placeholder"[5] budget for special programs. The total proposed budget for the 2020–2021 biennium was USD 650 million. This budget was approved within the context of a dire financial situation for PAHO.

9. During 2021, the Program Budget for 2022–2023 (PB22-23) *(6)* was developed. The countries of the Americas were combating COVID-19 while simultaneously addressing many ongoing and emerging health challenges. The PB22-23 was developed through a consultative planning process that considered the priorities defined for the SP20-25 and incorporated adjustments in view of the ongoing COVID-19 pandemic. PAHO/WHO Representative (PWR) offices conducted a strategic review of the priorities in the SP20-25 and identified areas where a new focus was required for 2022–2023. The proposed PB22-23 was guided by three strategic approaches (1. Protect public health gains while ensuring effective response to COVID-19; 2. Recover from the impact of the pandemic, accelerating actions to get back on track toward the 2030 goals; 3. Build stronger, harnessing innovation for universal health and sustainable health development with people at the center) and six areas of focus that outlined key topics and actions that required special attention during 2022–2023. These strategic approaches and focus areas did not replace the existing results structure set out in the SP20-25. Rather, they served to group topics that emanated from the situation analysis. For the 2022–2023 biennium, the budget space requested was USD 640 million for base programs and USD 48 million for special programs (including emergencies). The proposed budget for the 2022–2023 biennium was USD 688 million.

5 A placeholder represents a tentative amount to be updated later.

10. In September 2022, PASB presented to the 30th Pan American Sanitary Conference a revision of the PB22-23 *(7)*. The revision was a response to the revision that WHO made to its Program Budget 2022–2023 to reflect the rapidly changing health situation of the world due to the COVID-19 pandemic in light of the findings of the independent reviews presented to the World Health Assembly and the recommendations of the Working Group on Sustainable Financing, and given the interconnection of WHO's Program Budget with PAHO's own Program Budget, and to the influx of funds already received for the special programs segment of the PB22-23 for outbreak and crisis response and the Smart Hospitals initiative. Such actions merited an update to the figures that PASB presented as a "placeholder." These two changes to the budget implied an increase of USD 39.5 million in base programs and USD 154 million in special programs, bringing the total amended PB22-23 to USD 881.5 million.

11. In the third quarter of 2023, PASB proposed the Program Budget 2024–2025 (PB24-25) *(8)*. It was noted that since the approval of the SP20-25, the Region has been marked by the unprecedented toll of the COVID-19 pandemic and PAHO's financial crisis against a backdrop of a rapidly evolving socioeconomic and political context. Setbacks threatened the attainment of the SP20-25 targets and the SHAA2030 goals. As the last program budget for the SP20-25, the PB24-25 would be critical for PAHO's efforts to continue the recovery, accelerate actions, and undertake innovations to advance the health agenda and reduce health inequities in the Region. Through the consultative process with Member States, it was clear that "the COVID-19 pandemic [...] highlighted the importance of the health workforce and strengthening information systems for health [...] these two areas have emerged as new high priorities for 2024–2025" *(8)*.[6] In a resource-constrained context, PASB would apply the principle of risk-based prioritization when investing the efforts needed to address risks, primarily focusing on the work at the country level. For the 2024–2025 biennium, the budget space requested was USD 700 million for base programs and USD 120 million for special programs (including emergencies). The total budget for the 2024–2025 biennium is USD 820 million.

1.2. Overview of the Budget Policy 2020–2025[7]

12. The BP20-25 established a target budget distribution among PAHO's functional levels. Table 1 shows the target distribution, which aims to direct more resources to country-level spending. For the 2018–2019 biennium, the last one before the enactment of the BP20-25, the country-level allocation represented 36% of the total budget.

6 PAHO Document CD60/OD369: Executive summary; paragraph 5, page 5.

7 The information in this section was extracted from: Pan American Health Organization. PAHO Budget Policy 2019 [Document CE164/14]. 164th Session of the Executive Committee; 24–28 June 2019. Washington, D.C.: PAHO; 2019. Available from: https://iris.paho.org/handle/10665.2/51386

Table 1. Budget Policy 2020–2025 functional level target distribution

Functional level	Target distribution 2020–2025
Regional	50%
Subregional	3%
Country	42%
Total – base programs	**95%**
Special programs	5%
Total – Program and Budget	**100%**

13. The BP20-25 also established a formula to allocate the country-level budget across individual countries. The formula (see Table 2) is based on four components detailed below.

Table 2. Formula to establish resource allocation across countries

Budget component	Share of budget
Floor component (staff + general operating expenses)	25%
Needs-based component	50%
Resource mobilization component	20%
Variable component	5%
Total allocation for country-level	**100%**

14. The **floor component** consists of two main elements: core staff and general operating expenses (GOE). Alike the Budget Policy of 2012, the proposed policy assumes that minimum operations in an established PAHO/WHO Representative office require five core staff plus the general costs of running the office. Staff costs were calculated based on updated estimates of current costs in each PWR office. General operating expenses considered these costs for 2016–2017 and 2018–2019 expenses to date. A factor of 3.5% growth in costs was added to the floor component to allow for inflation and other costs that could increase this component over the next six years.

15. The **needs-based component** is based on the Sustainable Health Index Expanded Plus (SHIe+) (see Figure 1). The dimensions, with their proxy indicators, are defined as follows:

a) Health outcome: healthy life expectancy (HALE) at birth or health-adjusted life expectancy;

b) Health access: proportion of births attended by skilled health personnel and immunization coverage with third dose diphtheria–pertussis–tetanus vaccine (DPT3);

c) Inequality: Gini coefficient of income inequality;

d) Economic: gross national income per capita (USD);

e) Social: years of education attained;

f) Environmental: proportion of the population using improved water supplies.

Figure 1. **Sustainable Health Index Expanded Plus formula**

$$SHI_{e+} = (I_{\text{health outcome}} \times I_{\text{health access}} \times I_{\text{inequality}} \times I_{\text{economic}} \times I_{\text{social}} \times I_{\text{environmental}})^{1/6}$$

16. Once the index had been calculated, its results were adjusted using the same population smoothing technique used in the Budget Policy 2012, the Adjusted Log Population Squared (ALPS). This mathematical technique reduces the effect of wide population ranges within the model.

17. The **resource mobilization component** introduced an element to the formula that accounted for each country's potential for resource mobilization to fill its allocated budget. This component was calculated based on resource mobilization at the country level in previous biennia. The total allocation to the country for this component was distributed according to the proportional weight of the voluntary contributions available in each country against the total voluntary contributions available in prior biennia.

18. The **variable component** provided an added level of flexibility in the formula, allowing PASB to address emergent situations that may not be reflected in the needs-based calculation (for example, natural disasters and events of public health concern, such as epidemics, conflicts, etc.). The variable component also allows the Director and Member States to strengthen technical cooperation in a specific country in the short term according to priorities that have been identified and that would require additional budget allocation.

2. Objectives, scope, and methodology

19. The objectives of the evaluation are to:

a) Assess how well the BP20-25 has addressed Member States' needs during budget formulation and whether changes in budget allocation have improved equity, fairness, and transparency.

b) Determine whether resources have been allocated across the functional levels of PAHO (country, subregional, and regional) and the individual countries in accordance with the BP20-25.

c) Identify lessons learned in the application of the BP20-25, especially in view of the "integrated budget" approach that PAHO adopted in 2014–2015.

d) Benchmark PAHO's budget allocation policies with those of other United Nations agencies, including WHO, and identify relevant practices that could be applicable to the new budget policy.

2.1. Evaluation scope

20. This corporate and normative evaluation focuses on the budget formulation process for the three most recent biennia (2020–2021, 2022–2023, and 2024–2025). The main area of interest is in evaluating if the procedures from the BP20-25 have been followed for the last three biennia. Table 3 presents the full list of 15 evaluation questions and groups them into five criteria: relevance, coherence, effectiveness, efficiency, and sustainability. Annex 2[8] provides a more detailed evaluation matrix that links the evaluation questions with specific indicators, sources of information, and data collection methods.

8 All the annexes can be found in Volume 2 of the *Evaluation of the Pan American Health Organization Program Budget Policy 2020–2025*, which will be published on PAHO IRIS: https://iris.paho.org.

Table 3. Evaluation questions

Relevance	1. Has PAHO allocated resources (in the period 2020–2025) across the functional levels of the Organization (country, subregional, and regional) and individual country offices in accordance with the BP20-25? 2. To what extent does the BP20-25 provide country offices and PASB with a tool that is **useful*** for developing budget allocations? 3. How relevant is the BP20-25 in ensuring that the needs, expectations, and capacities of country offices are considered during budget formulation?
Coherence	4. Can the BP20-25 be improved by adopting practices used in WHO's budget allocation policies? 5. Is the BP20-25 compatible with PAHO's results-based management (RBM) framework? 6. Is the BP20-25 compatible with PAHO's program budget structure?
Effectiveness	7. How has the BP20-25 impacted each functional level (country, subregional, regional)? 8. To what extent has the implementation of the BP20-25 reflected the principles of equity, solidarity, and Pan-Americanism**? 9. What effect did the BP20-25 have on promoting the principles of equity, solidarity, and Pan-Americanism** in the budget allocation for priority/key countries? 10. To what extent were the recommendations of the 2018 budget policy evaluation*** considered and integrated into the new policy and subsequent years? 11. To what extent does the BP20-25 provide country offices and PASB with an **evidence-based**** tool?
Efficiency	12. Does the BP20-25 facilitate the budget allocation process? 13. To what extent does the BP20-25 provide country offices and PASB with a **transparent**** tool?
Sustainability	14. Is the current RPBP fit for the purpose of addressing Member States' (evolving) future health needs? 15. To what extent does the BP20-25 provide country offices and PASB with a tool that is **flexible**** enough to ensure that PASB can remain responsive and proactive in allocating resources to maximize impact on public health?

* As set out in paragraphs 5 and 7 of Document CD57/5: Pan American Health Organization. PAHO Budget Policy [Document CD57/5, Resolution CD57.R3]. 57th Directing Council, 71st Session of the Regional Committee of WHO for the Americas; 30 September–4 October 2019. Washington, D.C.: PAHO; 2019. Available from: https://iris.paho.org/handle/10665.2/58123.

** The principles of equity, solidarity, and Pan-Americanism will be evaluated from a holistic perspective that calls for a higher allocation of resources to countries with higher or emerging healthcare needs.

*** Pan American Health Organization. Evaluation of the PAHO Budget Policy [Document SPBA12/3]. 12th Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee; 21–23 March 2018. Washington, D.C.: PAHO; 2018. Available from: https://iris.paho.org/handle/10665.2/51015.

21. The evaluation did not analyze the results, effectiveness, or impact produced by PAHO's interventions allocated through the budget process. In other words, this evaluation looks at the budget allocation process but does not provide an ex-post evaluation of how resources were used or their impact on the field.

2.2. Methodological approach

22. The evaluation has an evidence-based, participatory, and practical orientation. The evidence-based orientation was followed by conducting an extensive review of the relevant documentation, building from hard budgetary data, and contrasting planned versus actual financial information. The participatory orientation means that the external evaluation team was open to gathering views and opinions from different stakeholders and incorporating the views of officials from PAHO Headquarters and country offices. The practical orientation was pursued by providing an overview of the budgetary processes and the role that PAHO's BP20-25 plays in them to derive useful and practical recommendations that can help the Organization learn and achieve its goals.

23. The evaluation used a mixed-methods approach and various data collection methods, including primary and secondary sources. The quantitative (statistical) component was used to determine whether budget allocations were made in conformity with the mathematical formulas from the BP20-25. The qualitative component assessed why the budget was allocated the way it was and explored the perception of different stakeholders about how budget decisions are made.

2.3. Data collection and data analysis

24. The data collection process was based on three sources of data: documentation analysis, an online survey, and semi-structured interviews. The following paragraphs summarize the approach for each source of data.

25. Documentation analysis. The main objective of documentation analysis was to review, understand, and interpret policies and processes, verify underlying data, and examine compliance with the BP20-25. Annex 3 lists the main documents identified, including publicly available documents and other documents provided by PAHO's Budget Unit. No issues were identified regarding the validity or the availability of documentation.

26. Online survey. The main objective of the online survey was to understand the perception of officials at PAHO country offices regarding the BP20-25. Survey protocols were developed using Microsoft Forms and shared with the PAHO Budget Unit and PAHO Evaluation staff for feedback. The survey was confidential, as only the external evaluation team could access individual responses. The survey was sent to PWR, Program Management Network (PMN), and/or Administrators of all PAHO country offices. The survey was completed by individuals from 25 different country offices, representing a 92.6% response rate.

27. Semi-structured interviews. The main objective of semi-structured interviews was to identify the underlying considerations that key actors had when making budgetary decisions and to understand the perception of relevant stakeholders regarding the BP20-25. Annex 4 presents the list of interviewees. All interviewees were granted anonymity.

- The list of interviewees from country offices consisted of a subset of survey respondents selected to ensure representation from a regional perspective and country offices that are both satisfied and dissatisfied with budget allocations (based on survey responses). Six interviews were conducted, half with country offices that were satisfied with budget allocations and half with country offices that were dissatisfied with budget allocations. A representative sample was selected by including priority and non-priority countries and at least one country from each subregion: the Caribbean, Central America, and South America.

2.4. Risks, limitations, and mitigation strategies

Table 4. Risks, limitations, and mitigation strategies

Risks and limitations	Mitigation strategies
Potential delays in receiving documentation. One of the main risks that could have delayed this evaluation was that documentation was not produced on time.	The external evaluation team mitigated this risk by being proactive in its requests for documentation, expecting that requests would be fulfilled within two working days.
Potential issues in scheduling interviews and a potential low response rate for the online survey. The timing of this evaluation made it impossible to avoid running interviews and surveys during July and August, which tend to coincide with the vacation period for many PAHO employees.	The external evaluation team mitigated this risk by sending prompt reminders to interviewees and survey participants and allowing the survey to run for multiple weeks.
Unforeseen difficulties related to budgetary practices used during PAHO's response to the COVID-19 pandemic. The external evaluation team expected to find that budgetary practices remained constant during the COVID-19 pandemic. If this was not the case, the evaluation might have been more complex than anticipated, which could have resulted in delays.	This risk was mitigated by tackling the COVID-19 situation right from the start of the evaluation process. This was done by requesting documents that refer to the COVID-19 impact on the budget (those that may not be the traditional program budgeting documents) and systematically asking related questions in the interviews and questionnaire (as opposed to letting the topic "appear" organically).
Potential delays in the workplan. This evaluation planned to cover broad and complex processes within PAHO's administration within a tight timeframe. Most of the risks identified above could have led to delays.	Besides the mitigation measures described above, the external evaluation team mitigated the risk of delays by developing a detailed workplan and doing regular assessments with PAHO's Evaluation Unit to ensure that the workplan was being followed and to resolve any issues.

3. Findings

28. The findings are presented in four separate subsections. The first analyzes whether budget decisions have been made in compliance with the resource allocation targets from BP20-25. The second provides an in-depth view of how the budgets of key countries have been affected. The third discusses how the BP20-25 is related to budget transparency, flexibility, and credibility measures. The final subsection examines if the BP20-25 works in coherence with other systems. Table 5 details how the 15 evaluation questions are distributed across the four findings subsections.

Table 5. Distribution of the evaluation questions across the findings subsections

3.1. Compliance with resource allocation targets	1. Has PAHO allocated resources (in the period 2020–2025) across the functional levels of the Organization (country, subregional, and regional) and individual country offices in accordance with the BP20-25? 2. To what extent does the BP20-25 provide country offices and PASB with a tool that is useful for developing budget allocations?* 7. How has the BP20-25 impacted each functional level (country, subregional, regional)? 12. Does the BP20-25 facilitate the budget allocation process?
3.2. Equity and fairness in resource allocation	8. To what extent has the implementation of the BP20-25 reflected the principles of equity, solidarity, and Pan-Americanism? 9. What effect did the BP20-25 have on promoting the principles of equity, solidarity, and Pan-Americanism in the budget allocation for priority/key countries?
3.3. Budgetary transparency, flexibility, and credibility	2. To what extent does the BP20-25 provide country offices and PASB with a tool that is useful for developing budget allocations?* 3. How relevant is the BP20-25 in ensuring that the needs, expectations, and capacities of country offices are considered during budget formulation? 11. To what extent does the BP20-25 provide country offices and PASB with an evidence-based tool? 13. To what extent does the BP20-25 provide country offices and PASB with a transparent tool? 14. Is the current RPBP fit for the purpose of addressing Member States' (evolving) future health needs? 15. To what extent does the BP20-25 provide country offices and PASB with a tool that is flexible enough to ensure that PASB can remain responsive and proactive in allocating resources to maximize impact on public health?
3.4. Coherence with other systems	4. Can the BP20-25 be improved by adopting practices used in WHO's budget allocation policies? 5. Is the BP20-25 compatible with PAHO's RBM framework? 6. Is the BP20-25 compatible with PAHO's program budget structure? 10. To what extent were the recommendations of the 2018 budget policy evaluation considered and integrated into the new policy and subsequent years?

*Appears in more than one subsection.

3.1. Compliance with resource allocation targets

29. The BP20-25 is applied at an early stage of the budget process, and it is used as one of many inputs that inform the elaboration of the initial budget envelope or budget space. As detailed by interviewees from PBE personnel, there are at least five other inputs besides the BP20-25 that inform the elaboration of the initial budget envelope, including historical budget allocations, budget execution ratios, the capacity of each entity to mobilize voluntary contributions, whether the country is considered a key/priority country, and estimated personnel and general operating costs. Considering that the elaboration of the initial budget envelope is conducted almost exclusively by PBE and that the BP20-25 informs no other processes, no entity outside of PBE has direct operational use of the BP20-25.

30. There is no method to trace the actual use or the budgetary impact of the BP20-25. This is also true of the other inputs that inform the elaboration of the initial budget envelope. Interviewees from PBE confirmed that the BP20-25 is the starting point in the elaboration of the initial budget envelope and provided documents used for elaborating the initial budget envelope, which show the BP20-25's targets. However, they acknowledge that other factors (mainly the inputs mentioned above) lead to deviations from the target budget allocations determined by the BP20-25. Further discussion of this is presented in the subsection on budgetary transparency.

Key finding 1. Interview and survey data show a high level of satisfaction with how PBE manages the elaboration of the initial budget envelope and complies with the BP20-25.

31. There is a strong level of trust throughout country offices in that PBE carefully follows the BP20-25 in elaborating the initial budget envelope. About two-thirds of survey respondents consider that the elaboration of the initial budget envelope properly accounts for factors such as the base needs and resource mobilization capacity of their country office. Five interviewees at country offices highlighted that PBE handles the process of elaborating the budget envelopes properly. One of them explicitly said that "there is absolute confidence that the PBE team will have reviewed the BP20-25 and distribute the budget accordingly." This view is consistent with what was expressed by interviewees from technical entities.

32. Interviewees from the PBE department highlighted that the BP20-25 provides a useful and transparent guide for elaborating the initial budget envelope. They also emphasize that the BP20-25 reduces the subjectivity of the process and facilitates agreements with other entities. This view is consistent with what was reported from country offices, as almost all interviewees agreed that the BP20-25 makes it easier to accept their initial budget envelopes, and 76% of survey respondents find the BP20-25 relevant for budget allocation.

33. While the qualitative findings show positive perceptions about compliance with the BP20-25, the quantitative findings are inconclusive. Considering that the BP20-25 is one of many inputs used at an early stage of the budget process and that there is no mechanism to trace the role of each input in decision-making, there is no single straightforward metric to verify whether PAHO has allocated resources across the functional levels of the Organization (country, subregional, and regional) and individual country offices in accordance with the BP20-25. The next two subsections present our findings using the best possible metrics.

3.1.1. Functional-level formulas

Key finding 2. The country-level allocations drifted further away from the BP20-25 targets. The main reason is that funding for special programs has been between six and seven times higher than anticipated. The targets in the BP20-25 should have been set exclusively for base programs.

34. The BP20-25 calls for a distribution of resources across functional levels that provides 42% of resources to the country level, 3% to the subregional level, and 50% to the regional level, leaving 5% for special programs. Table 6 contrasts the target distribution from the BP20-25 with the approved budget space for each biennium. The data show that the country-level allocation has been moving further away from the target set by the BP20-25, the regional-level allocation remains several percentage points away from its target, and the subregional-level allocation has been consistently on target.

Table 6. Comparison of budget policy target distribution policy and approved budget space

Functional level	Budget policy target distribution 2020–2025	Approved budget space 2020–2021	Approved budget space 2022–2023	Approved budget space 2024–2025
Country level	42%	38%	38%	36%
Subregional level	3%	3%	3%	3%
Regional level	50%	54%	52%	47%
Base programs (subtotal)	**95%**	**95%**	**93%**	**85%**
Special programs	5%	5%	7%	15%
Total	**100%**	**100%**	**100%**	**100%**

Key finding 3. After three biennia, country-level and regional-level allocations have moved 2 and 1 percentage points closer to their allocation targets, respectively. This evidence suggests that the BP20-25 has had no more than a minimal effect in driving each functional level toward its allocation target.

35. The data from Table 6 also suggest that the main reason why resource allocation does not align with the targets from the BP20-25 is that the special programs have been between six and seven times higher than anticipated. It must be acknowledged that the BP20-25 did not aim to restrict special programs but only included them as a "placeholder."[9]

36. In Table 7, the growth of special programs is controlled for by extrapolating the BP20-25's allocation targets exclusively for base programs. The data from Table 7 suggest that the allocation across the functional level within base programs has been closely aligned with the targets from the BP20-25. The BP20-25 has no control over the funding that flows for PAHO's special programs, nor does it intend to limit them to 5% of the budget/placeholder. It can be argued that the targets from the BP20-25 were flawed in assuming the 5% placeholder amount for special programs, and, therefore, the values from Table 7 provide a better picture of how well the functional targets have been met.

Table 7. Comparison of budget policy target distribution and approved budget space for base programs

Functional level	Budget policy target distribution 2020–2025 (% of base programs)	Budget policy target distribution 2020–2025 (% of base programs)	Approved budget space 2022–2023 (% of base programs)	Approved budget space 2024–2025 (% of base programs)
Country level	44%	40%	40%	42%
Subregional level	3%	3%	3%	3%
Regional level	53%	56%	56%	55%
Base programs	**100%**	**100%**	**100%**	**100%**

3.1.2. Country-level formulas

Key finding 4. The quantitative analysis of compliance with country-level formulas is not conclusive. During the first biennium, many countries received budget allocations that were significantly different from what the BP20-25 targeted. This situation was reversed for the second biennium, as country-level allocations were broadly at par with the BP20-25. Finally, the third biennium seems irrelevant for this analysis as inaccurate forecasts rendered the BP20-25 targets irrelevant.

9 A placeholder represents a tentative amount to be updated later.

37. The BP20-25 provides specific percentage changes to be implemented for each country throughout the three biennia between 2020 and 2025. Table 8 contrasts the percentage changes indicated in the BP20-25 with the actual budgetary changes for the 30 countries with the largest budget change for the 2020–2021 biennium. The table starts with the 15 countries and territories with the largest budget cuts and continues with the 15 countries and territories with the largest budget increases.[10] The data show a clear misalignment between how the budgets of those countries changed and how they should have changed according to the BP20-25. Only 4 of the 30 countries and territories listed in Table 8 saw a budget change within a range of 5 percentage points of its BP20-25 allocation target.

38. The document establishing the BP20-25 justifies three of the largest deviations – Brazil, Haiti, and Mexico – with escape clauses. The document states that the BP20-25 called for more than doubling the budgets of Brazil and Mexico and slashing two-thirds of Haiti's budget. The argument provided is that "the well-known challenges facing Haiti and the high priority given to this country in the Region and considering the ability of Brazil and Mexico to redirect their own national resources to address their domestic health situations," the allocation targets of the BP20-25 should be bypassed for these countries. However, no explanation is provided for the other 23 countries/territories listed in Table 8 that show a deviation of at least 5 percentage points between their budget allocation and the BP20-25 allocation target.

39. Table 9 provides a similar analysis for the 2022–2023 biennium.[11] During this period, the deviations between the BP20-25 and the budget allocations were significantly reduced. Furthermore, the only three countries with a significant deviation – Guatemala, Nicaragua, and Trinidad and Tobago – were justified using escape clauses in the program budget. For the cases of Nicaragua and Trinidad and Tobago, the BP20-25 called for a budget reduction, but it was determined to "maintain their budget at the same level as in 2020–2021. Doing so effectively reduces their relative weight with respect to all other countries. This complies with the direction suggested by the Budget Policy." In the case of Guatemala, it was determined to increase its budget, while the BP20-25 called for maintaining it at the same level. This decision was justified on the basis of its being one of the countries with the highest needs, according to the SHIe+.

10 Table A4 in Annex 1 includes data for all countries for the 2020–2021 biennium.

11 Table A5 in Annex 1 includes data for all countries for the 2022–2023 biennium.

Table 8. Countries and territories with the largest program budget change from previous biennia in comparison to the Budget Policy, 2020–2021

	Entity ID	Country/ territory	Previous biennia approved budget	Proposed and approved 20–21 budget space	% change from previous biennia approved budget vs. 20–21 approved budget	% change from previous biennia according to Budget Policy *
Countries and territories with the smallest (or negative) budget growth	UKT**	UK territories**	2 180 000	1 500 000	–31%	0%
	HTI	Haiti	40 630 000	32 500 000	–20%	–5%
	BRA	Brazil	22 900 000	18 600 000	–19%	0%
	MEX	Mexico	10 800 000	9 500 000	–12%	10%
	CAN	Canada	550 000	500 000	–9%	0%
	NIC	Nicaragua	13 000 000	12 500 000	–4%	–10%
	CUB	Cuba	6 900 000	6 900 000	0%	–4%
	GRD	Grenada	600 000	600 000	0%	10%
	PAN	Panama	5 700 000	5 700 000	0%	10%
	URY	Uruguay	4 200 000	4 200 000	0%	10%
	VCT	Saint Vincent and the Grenadines	700 000	700 000	0%	10%
	GTM	Guatemala	12 900 000	13 000 000	1%	–3%
	DOM	Dominican Republic	6 590 000	6 700 000	2%	10%
	SLV	El Salvador	5 500 000	5 600 000	2%	10%
	USA	United States of America	490 000	500 000	2%	0%
Countries and territories with the largest budget growth	CRI	Costa Rica	3 100 000	3 600 000	16%	10%
	ATG	Antigua and Barbuda	600 000	700 000	17%	10%
	BRB	Barbados	600 000	700 000	17%	10%
	ECC***	Eastern Caribbean Countries***	6 000 000	7 000 000	17%	***
	FDA	French Departments	300 000	350 000	17%	0%
	VEN	Venezuela (Bolivarian Republic of)	7 230 000	8 500 000	18%	10%
	KNA	Saint Kitts and Nevis	500 000	590 000	18%	10%
	HND	Honduras	10 800 000	14 000 000	30%	10%
	ECU	Ecuador	5 400 000	7 700 000	43%	10%
	PRI	Puerto Rico	340 000	500 000	47%	0%
	NET****	Netherlands territories****	120 000	200 000	67%	0%
	CUW	Curaçao	120 000	250 000	108%	0%
	BLZ	Belize	2 200 000	5 000 000	127%	10%
	ABW	Aruba	120 000	350 000	192%	0%
	SXM	Dutch Sint Maarten	120 000	350 000	192%	0%

* "% change from previous biennia according to Budget Policy" was taken from Annex D of the BP20-25 document CE164/14. It did not provide a % change figure (i.e., was left blank) for Aruba, Canada, Curaçao, France territories, Netherlands territories, Puerto Rico, Sint Maarten, United Kingdom territories, and United States of America.

** UKT is not an Entity. It refers to the United Kingdom territories (Anguilla, Bermuda, Cayman Islands, Montserrat, Turks and Caicos, and British Virgin Islands) that are aggregated.

*** ECC was not included in the Budget Policy projections.

**** NET is not an Entity. It refers to the overseas territories of the Netherlands of Bonaire, Sint Eustatius, and Saba.

Table 9. Countries and territories with the largest program budget change from previous biennia in comparison to the Budget Policy, 2022–2023

	Entity ID	Country/ territory	Previous biennia approved budget	Proposed and approved 20–21 budget space	% change from previous biennia approved budget vs. 20–21 approved budget	% change from previous biennia according to Budget Policy *
Countries and territories with the smallest (or negative) budget growth	ABW	Aruba	350 000	350 000	0%	0%
	BHS	Bahamas	2 890 000	2 890 000	0%	0%
	BRA	Brazil	18 600 000	18 600 000	0%	0%
	CAN	Canada	500 000	500 000	0%	0%
	CUB	Cuba	6 900 000	6 900 000	0%	0%
	CUW	Curaçao	250 000	250 000	0%	0%
	FDA	French Departments	350 000	350 000	0%	0%
	HTI	Haiti	32 500 000	32 500 000	0%	0%
	JAM	Jamaica	5 500 000	5 500 000	0%	0%
	NET**	Netherlands territories**	200 000	200 000	0%	0%
	NIC	Nicaragua	12 500 000	12 500 000	0%	–10%
	PER	Peru	11 600 000	11 600 000	0%	0%
	PRI	Puerto Rico	500 000	500 000	0%	0%
	PRY	Paraguay	9 400 000	9 400 000	0%	0%
	SXM	Dutch Sint Maarten	350 000	350 000	0%	0%
Countries and territories with the largest budget growth	SLV	El Salvador	5 600 000	6 020 000	8%	10%
	ARG	Argentina	6 500 000	6 990 000	8%	10%
	PAN	Panama	5 700 000	6 130 000	8%	10%
	COL	Colombia	11 500 000	12 370 000	8%	10%
	DMA	Dominica	660 000	710 000	8%	10%
	LCA	Saint Lucia	660 000	710 000	8%	10%
	SUR	Suriname	5 280 000	5 680 000	8%	10%
	BLZ	Belize	5 000 000	5 380 000	8%	10%
	URY	Uruguay	4 200 000	4 520 000	8%	10%
	CHL	Chile	4 700 000	5 060 000	8%	10%
	GRD	Grenada	600 000	650 000	8%	10%
	KNA	Saint Kitts and Nevis	590 000	640 000	8%	10%
	ATG	Antigua and Barbuda	700 000	760 000	9%	10%
	BRB	Barbados	700 000	760 000	9%	10%
	VCT	Saint Vincent and the Grenadines	700 000	760 000	9%	10%

* "% change from previous biennia according to Budget Policy" was taken from Annex D of the BP20-25 document CE164/14. It did not provide a % change figure (i.e., was left blank) for Aruba, Canada, Curaçao, France territories, Netherlands territories, Puerto Rico, Saint Maarten, United Kingdom territories, and United States of America.

** NET is not an Entity. It refers to the overseas territories of the Netherlands of Bonaire, Sint Eustatius, and Saba.

Key finding 5. The country-level targets in the BP20-25 should not have been set as percentages of the forecasted budget because errors in forecasting render them irrelevant.

40. Table 10 provides a similar analysis for the 2024–2025 biennium.[12] While the deviations between budget allocations and the BP20-25 increased, they were the result of significantly higher resource availability compared to the projections established in the BP20-25. All countries/territories saw their budgets increase, and in almost every case, the increase was higher than what was called for by the BP20-25.

41. The situation experienced in the 2024–2025 biennium shows a flaw in how the country-level targets were established in the BP20-25. The flaw is that the targets are based on percentages of a forecast, developed in 2019, of what was going to be the total budget for the 2024–2025 biennium. The original forecast proved inaccurate, and deviations from the forecasted amount made the BP20-25 country-level targets irrelevant.

12 Table A6 in Annex 1 includes data for all countries for the 2024–2025 biennium.

Table 10. Countries and territories with the largest program budget change from previous biennia in comparison to the Budget Policy, 2024–2025

	Entity ID	Country/ territory	Previous biennia approved budget	Proposed and approved 20–21 budget space	% change from previous biennia approved budget vs. 20–21 approved budget	% change from previous biennia according to Budget Policy *
Countries and territories with the smallest (or negative) budget growth	CUW	Curaçao	250 000	260 000	4%	0%
	CUB	Cuba	6 900 000	7 200 000	4%	0%
	MEX	Mexico	10 050 000	10 500 000	4%	0%
	ECC**	Eastern Caribbean Countries**	7 350 000	7 700 000	5%	**
	NET***	Netherlands territories***	200 000	210 000	5%	0%
	UKT****	UK territories****	1 500 000	1 580 000	5%	0%
	ABW	Aruba	350 000	370 000	6%	0%
	FDA	French Departments	350 000	370 000	6%	0%
	SXM	Dutch Sint Maarten	350 000	370 000	6%	0%
	CAN	Canada	500 000	530 000	6%	0%
	PRI	Puerto Rico	500 000	530 000	6%	0%
	USA	United States of America	500 000	530 000	6%	0%
	NIC	Nicaragua	12 500 000	13 310 000	6%	–5%
	TTO	Trinidad and Tobago	4 500 000	4 800 000	7%	0%
	BRA	Brazil	18 600 000	19 900 000	7%	0%
Countries and territories with the largest budget growth	ECU	Ecuador	8 060 000	9 100 000	13%	0%
	BOL	Bolivia (Plurinational State of)	11 460 000	13 000 000	13%	0%
	HND	Honduras	15 050 000	17 300 000	15%	4%
	SUR	Suriname	5 680 000	6 600 000	16%	10%
	GUY	Guyana	7 020 000	8 200 000	17%	0%
	ARG	Argentina	6 990 000	8 200 000	17%	6%
	SLV	El Salvador	6 020 000	7 100 000	18%	7%
	COL	Colombia	12 370 000	14 700 000	19%	2%
	GTM	Guatemala	13 650 000	16 300 000	19%	0%
	DMA	Dominica	710 000	880 000	24%	10%
	DOM	Dominican Republic	7 080 000	8 800 000	24%	0%
	JAM	Jamaica	5 500 000	6 900 000	25%	0%
	CRI	Costa Rica	3 870 000	5 200 000	34%	10%
	VEN	Venezuela (Bolivarian Republic of)	9 110 000	13 500 000	48%	0%
	BRB	Barbados	760 000	1 580 000	108%	10%

* "% change from previous biennia according to Budget Policy" was taken from Annex D of the BP20-25 document CE164/14. It did not provide a % change figure (i.e., was left blank) for Aruba, Canada, Curaçao, France territories, Netherlands territories, Puerto Rico, Sint Maarten, United Kingdom territories, and United States of America.

** ECC was not included in the Budget Policy projections.

*** NET is not an Entity. It refers to the overseas territories of the Netherlands of Bonaire, Sint Eustatius, and Saba.

**** UKT is not an Entity. It refers to the United Kingdom territories (Anguilla, Bermuda, Cayman Islands, Montserrat, Turks and Caicos, and British Virgin Islands) that are aggregated.

3.2. Equity and fairness in resource allocation

42. The BP20-25 has built-in features aiming to promote equity and fairness in resource allocation. The calculation of the target allocation per country considers the specific needs of each country office and the Member State in which they operate. These considerations are operationalized by calculating the floor component (which includes core staff needs and GOE), the needs-based component (which accounts for healthcare and socioeconomic indicators), and the resource mobilization component.

43. Survey and interview data show a great sense of equity, solidarity, and Pan-Americanism. Over 80% of survey respondents believe that it is equitable for key countries to get budgetary priority. Those who disagree argued that there might be issues with elaborating the list of key countries and with the implementation capacity of these countries. Also, the number of survey respondents who agree that program budget ceilings are allocated equitably across country offices and that key countries receive an appropriate share of the budget is over three times higher than those who disagree. From interviews, it emerges that members of the External Relations, Partnerships, and Resource Mobilization (ERP) department ensured that they prioritize efforts from key countries to raise contributions, and at least three interviewees from technical entities said that they prioritize key countries in their efforts.

Key finding 6. The country-level targets in the BP20-25 call for constant reduction of the budget of key countries in relative terms to non-key countries. This suggests that key countries are overbudgeted and/or that the formulas in the BP20-25 do not properly account for the realities of each country.

44. However, the BP20-25 calls for a relative reduction in the budgets of the key countries: Belize,[13] Plurinational State of Bolivia, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, and Suriname. As Table 11 shows, the allocation targets from the BP20-25 for the 2020–2021 biennium call for an average increase of 0.81% for the budgets of key countries while calling for a much larger increase – equivalent to 5.77% – for the budget of non-key countries. Tables 12 and 13 show that the gap between the allocation targets from the BP20-25 for key and non-key countries gets reduced in the other two biennia while still calling for a relative reduction of the budget of key countries compared to the budget of non-key countries. In other words, the budgets of non-key countries grew more than those of key countries, but not as disproportionally as suggested by the BP20-25 allocation targets.

13 It should be noted that Belize was added to the list of key countries for the 2020–2025 period, while the other seven countries had already been listed as key countries for the previous five years.

Table 11. Budget comparisons for key countries, 2020–2021

	Previous biennia approved budget *	Proposed and approved budget space *	% change from previous biennia approved budget vs. approved budget	% change from previous biennia according to Budget Policy **
Belize	2 200 000	5 000 000	127%	10%
Bolivia (Plurinational State of)	10 200 000	11 320 000	11%	10%
Guatemala	12 900 000	13 000 000	1%	–3%
Haiti	40 630 000	32 500 000	–20%	–5%
Honduras	10 800 000	14 000 000	30%	10%
Nicaragua	13 000 000	12 500 000	–4%	–10%
Paraguay	8 900 000	9 400 000	6%	5%
Suriname	4 800 000	5 280 000	10%	10%
Key countries' total and average	103 430 000	103 000 000	5.76%	0.81%
Non-key countries' total and average	142 340 000	147 100 000	6.22%	5.77%

* The Budget Policy and Program Budget consider the budget for base programs only, not including special programs.

** "% change from previous biennia according to Budget Policy" was taken from Annex D of the BP20-25 document CE164/14. It did not provide a % change figure (i.e., was left blank) for Aruba, Canada, Curaçao, France territories, Netherlands territories, Puerto Rico, Sint Maarten, United Kingdom territories, and United States of America.

Table 12. Budget comparisons for key countries, 2022–2023

	Previous biennia approved budget *	Proposed and approved budget space *	% change from previous biennia approved budget vs. approved budget	% change from previous biennia according to Budget Policy **
Belize	5 000 000	5 380 000	8%	10%
Bolivia (Plurinational State of)	11 320 000	11 460 000	1%	1%
Guatemala	13 000 000	13 650 000	5%	5%
Haiti	32 500 000	32 500 000	0%	0%
Honduras	14 000 000	15 050 000	8%	10%
Nicaragua	12 500 000	12 500 000	0%	–10%
Paraguay	9 400 000	9 400 000	0%	0%
Suriname	5 280 000	5 680 000	8%	10%
Key countries' total and average	103 000 000	105 620 000	2.64%	2.07%
Non-key countries' total and average	147 100 000	153 110 000	4.19%	5.18%

* The Budget Policy and Program Budget consider the budget for base programs only, not including special programs.

** "% change from previous biennia according to budget policy" was taken from Annex D of the BP20-25 document CE164/14. It did not provide a % change figure (i.e., was left blank) for Aruba, Canada, Curaçao, France territories, Netherlands territories, Puerto Rico, Sint Maarten, United Kingdom territories, and United States of America.

Table 13. Budget comparisons for key countries, 2024–2025

	Previous biennia approved budget *	Proposed and approved budget space *	% change from previous biennia approved budget vs. approved budget	% change from previous biennia according to Budget Policy **
Belize	5 380 000	5 950 000	11%	10%
Bolivia (Plurinational State of)	11 460 000	13 000 000	13%	0%
Guatemala	13 650 000	16 300 000	19%	0%
Haiti	32 500 000	35 940 000	11%	0%
Honduras	15 050 000	17 300 000	15%	4%
Nicaragua	12 500 000	13 310 000	6%	–5%
Paraguay	9 400 000	10 500 000	12%	0%
Suriname	5 680 000	6 600 000	16%	10%
Key countries' total and average	105 620 000	118 900 000	12.69%	1.04%
Non-key countries' total and average	153 110 000	175 800 000	16.27%	2.40%

* The Budget Policy and Program Budget consider the budget for base programs only, not including special programs.

** "% change from previous biennia according to Budget Policy" was taken from Annex D of the BP20-25 document CE164/14. It did not provide a % change figure (i.e., was left blank) for Aruba, Canada, Curaçao, France territories, Netherlands territories, Puerto Rico, Saint Maarten, United Kingdom territories, and United States of America.

Key finding 7. Consistent with the BP20-25, the budgets of key countries have been consistently reduced in relative terms to non-key countries. However, partly explained by the use of escape clauses, the relative reduction in key countries' budgets has been significantly smaller than what the BP20-25 calls for.

45. The data in Tables 11 to 13 also show that the approved budgets have been largely aligned with the BP20-25 regarding the country budget increases, increasing the resources allocated to non-key countries in a higher proportion than the key countries. However, in all three biennia, the gap between key and non-key countries has been proportionally smaller than the allocation targets, in all cases favoring key countries by reducing (although not eliminating) their disadvantaged budget target. For example, while the BP20-25 called for allocation increases to be twice as large for non-key countries as compared to key countries, the approved budget was only 50% larger for non-key countries compared to key countries.

46. As explained in section 1.2, the BP20-25 allocation targets were developed based on four components. The most influential component is called the needs-based component, weighted 50% of the BP20-25 inputs. The needs-based component is based on the SHIe+ index, which is described as the most updated "synthetic measure of the degree of relative health needs of a country" *(9)*. The SHIe+ is a complex indicator elaborated by the Subgroup on the Health Needs Index and Budget Policy of the Strategic Plan Advisory Group (SPAG) *(9)*.[14]

47. The decision on the final formulas for the BP20-25 was based on multiple factors that differed mainly in how they accounted for resource mobilization capacities and whether the formula applied to weight per quintile. Even though the final version called for a decrease in the relative budget of key countries, it was reported that other scenarios would have produced an even deeper decrease in the relative budget of key countries. The final formulas were adopted despite the fact that they arguably did not properly account for the reality of many countries. Instead of further refining them, it was decided to apply manual escape clauses to correct for major inconsistencies.

48. Escape clauses were used to mitigate the impact of the BP20-25 on key countries. Four of the seven cases for which escape clauses were applied throughout the 2020–2025 period correspond to key countries. The most notable case is Nicaragua, which should have seen 10% and 5% reductions on its budgets for the last two biennia. However, using escape clauses, Nicaragua's budget did not decrease in the 2022–2023 biennium but increased by 6% in the 2024–2025 biennium. We reviewed the use of escape clauses in section 3.1.2.

49. Finally, most survey and interview respondents from key countries were satisfied with their budgetary treatment. This statement is true for the two interviewees from key countries and all but one survey respondent from key countries. The other survey respondent showed mixed satisfaction with their budgetary treatment.

14 See Annex B of the Document CE164/14 for a detailed description of how the SHIe+ was elaborated.

3.3. Budgetary transparency, flexibility, and credibility

50. Two of the BP20-25's objectives were to provide Member States and PASB with an evidence-based and transparent tool. While there are some measures by which the BP20-25 could be considered both an evidence-based and transparent tool, its overall role shows severe limitations in both areas.

Key finding 8. The BP20-25 meets its objective of informing the budget process and facilitating budget agreements while building from relevant evidence and allowing budgetary flexibility.

51. On the positive end, the BP20-25 is a tool that builds directly on data. As it has been explained previously in this report, the BP20-25 country-level budgetary targets are informed by evidence about the core staff and operating needs of each country office and the healthcare and socioeconomic situation of the Member State in which they operate. The BP20-25 could also be deemed transparent from the perspective that it is publicly available, including all the specific formulas that inform the BP20-25, and the evaluations conducted on previous budget policies.

52. Most interviewees highlighted budget flexibility as another positive aspect of the budget process. While the BP20-25 does not directly promote budget flexibility, one positive outcome of its design is that it is not based on stringent rules that would hinder flexibility. Six interviewees positively described situations when they needed to deal with unexpected needs and found PBE to be a flexible partner in making budgetary adjustments. These adjustments might not have been possible if the BP20-25 was based on stringent rules. In contrast, only one interviewee complained about a lack of flexibility in the use of flexible funds.

53. Interviewees noted that the BP20-25 serves as a valuable and transparent tool in shaping the initial budget envelope. They also emphasized that the BP20-25 minimizes subjectivity in the process and aids in reaching agreements with other entities. This perspective aligns with reports from country offices, where nearly all interviewees agreed that the BP20-25 simplifies the acceptance of their initial budget envelopes, and 76% of survey respondents consider the BP20-25 relevant for budget allocation.

54. The negative aspects can be summarized in four areas. First, the impact of the BP20-25 cannot be traced through any documentation or evidence. Second, any impact that the BP20-25 might have gets diluted through the budget process due to how much the budget allocations change between when the initial budget ceiling is defined and when the actual budget is implemented. Third, there is very limited knowledge about the BP20-25 outside the PBE department. Fourth, the data that inform the BP20-25 become outdated quickly and have not been updated for six years. The following paragraph explains each of these negative areas.

Key finding 9. The BP20-25 is applied at an early stage of the budget cycle to elaborate the initial budget envelope. Its impact on the budget envelope cannot be fully verified, as it is one of many inputs that influence it, and there is no documentation registering the impact of each input.

55. As introduced earlier in this section, the impact of the BP20-25 cannot be traced through any documentation or evidence. The BP20-25 is applied early in the budget process and serves as one of several inputs guiding the formulation of the initial budget envelope or budget space. These inputs include historical budget allocations, budget execution ratios, each entity's capacity to mobilize voluntary contributions, whether the country is deemed a key country, and estimated personnel and general operating costs. The development of the initial budget envelope or budget space does not allow one to trace how each of those inputs (including the BP20-25) affected decisions.

Key finding 10. The BP20-25 influences the elaboration of the initial budget envelope. However, budget allocation changes significantly during budget execution. This means that whatever impact the BP20-25 has on the elaboration of the initial budget envelope gets diluted during budget execution.

56. Table 14 contrasts the target distribution from the BP20-25 with the approved budget space and the implemented budgets for the 2020–2021 and 2022–2023 biennia.[15] This table shows that budget implementation deviates further from the BP20-25 allocation targets. For example, in the 2022–2023 biennium, the country-level allocation in the approved budget was only 4 percentage points below the BP20-25 targets. Still, the implemented budget drifted 17 percentage points away from those targets.

15 At the time of writing, the budget for the 2024–2025 biennium was still under implementation. For that reason, all analysis of fund implementation excludes the last biennium.

Table 14. Comparison of budget policy target distribution policy and implemented funds

Functional level	Budget policy target distribution 2020–2025	Approved budget space 2020–2021	Funds implemented by the end of the 2020–2021 biennium	Approved budget space 2022–2023	Funds implemented by the end of the 2022–2023 biennium
Country level	42%	38%	25%	38%	27%
Subregional level	3%	3%	1%	3%	1%
Regional level	50%	54%	40%	52%	42%
Base programs (subtotal)	**95%**	**95%**	**66%**	**93%**	**70%**
Special programs	5%	5%	34%	7%	30%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

57. Consistent with the first section of the findings, the growth of special programs was then controlled for by extrapolating the BP20-25's allocation targets exclusively for base programs. Table 15 shows that controlling for the growth of special programs explains most of the deviation from the BP20-25 allocation targets. Nevertheless, the fact that the implemented budget drifts away from the BP20-25 remains, albeit at a much smaller degree.

Table 15. Comparison of budget policy target distribution policy and implemented funds for base programs

Functional level	Budget policy target distribution 2020–2025 (% of base programs)	Approved budget space 2020–2021 (% of base programs)	Funds implemented by the end of the 2020–2021 biennium (% of base programs)	Approved budget space 2022–2023 (% of base programs)	Funds implemented by the end of the 2022–2023 biennium (% of base programs)
Country level	44%	40%	38%	40%	39%
Subregional level	3%	3%	2%	3%	2%
Regional level	53%	56%	60%	56%	59%
Base programs	**100%**	**100%**	**100%**	**100%**	**100%**

58. There is also a significant deviation between the approved budget space and the implemented budgets at the country level. For the 2020–2021 biennium, the average absolute deviation between those two figures was 36.28%.[16] For the 2022–2023 biennium, the average absolute deviation between those two figures was 33.59%.[17]

16 Table A7 in Annex 1 includes data for all countries for the 2020–2021 biennium.

17 Table A8 in Annex 1 includes data for all countries for the 2022–2023 biennium.

59. Some interviewees argued that the budget execution level is not the only source of mismatch. The other source of mismatch is that the flexible funds provided centrally by PAHO are sometimes insufficient to cover even basic human resource needs in some country offices and technical entities. One interviewee at a country office and one at a technical entity provided lengthy explanations of the logistical issues that arise from the fact that they need to cover indispensable personnel through potentially volatile voluntary contributions. Other interviewees agreed that flexible funding is limited but sufficient to cover basic personnel needs.

Key finding 11. There is very limited knowledge about the BP20-25 outside of PBE.

60. Survey and interview data make it clear that there is a very limited understanding of the specifics of the BP20-25. Less than 40% of survey respondents said they were aware of BP20-25 and of the guidance it provides in allocating resources. When interviewing some of those who responded positively, it became clear that they had misunderstandings about the BP20-25, as they provided wrong answers to basic questions about the policy. Only three interviewees across technical entities and country offices provided correct explanations of the BP20-25. Multiple interviewees and survey respondents highlighted the need for training to understand key processes better. As one interviewee said, "You get to a position and start being asked to approve things that relate to processes for which you had no training."

Key finding 12. As with the previous budget policy, the BP20-25 fails to incorporate updated data in its budgetary guidance.

61. The data that inform the BP20-25 have not been updated throughout the last six years. This means that the budgetary guidance provided by the BP20-25 for the 2024–2025 biennium was based exclusively on data analyzed in 2019. This situation is inconsistent with the fact that survey respondents said that the healthcare needs of the Member State where they are located change significantly during a biennium.

Key finding 13. Eight of the nine recommendations from the evaluation of the previous budget policy were properly addressed in the development of the BP20-25. However, as was the case of the previous budget policy, the BP20-25 continues to rely on outdated data.

62. The issue of using outdated data for the budget policy was raised in the evaluation of the previous budget policy *(4)* conducted in 2018, but it was largely dismissed for the BP20-25. Instead of updating the underlying data of the budget policy every biennium to reflect current conditions, the BP20-25 took the path of setting all allocation targets in 2019. This is the only issue raised from the 2018 evaluation that was not properly corrected in the BP20-25. The evaluation team finds that the other eight recommendations were properly addressed.

63. Finally, the transparency in the use of escape clauses remains unclear. There are seven cases for which escape clauses are justified in budget documents. However, given that there are many more cases where the budget envelope did not fully adhere to country-level targets, it would seem that the use of escape clauses was not comprehensive. This finding is inconclusive, as the deviations not mentioned in escape clauses might relate to other inputs considered in the budget formulation process.

3.4. Coherence with other systems

64. There are other systems within PAHO's structure that in some way interact with the BP20-25. The four most relevant frameworks, systems, and practices are the Results-based Management (RBM) framework, the PASB Management Information System (PMIS), the Voluntary Contributions Tracking Tool (VCTT), and the integrated budget approach. The RBM system comprises the functioning of an internal framework of strategic planning, performance monitoring and assessment, evaluation, and accountability. The PMIS is an information and transactional system with human resources, payroll, financial, procurement, and budget components *(10)*. The VCTT is the newest of these three systems, and it is used to keep track of and manage the process of raising voluntary contributions. Finally, the integrated budget approach is a practice that combines multiple sources of funding into a unified budget process.

65. This section addresses the coherence of the BP20-25 within PAHO's structure from two perspectives. First, it reviews whether the BP20-25 obstructs (or is obstructed by) other PAHO systems. Second, it contrasts the design of the BP20-25 with similar processes at WHO.

Key finding 14. Some PAHO systems offer opportunities for the BP20-25 to work with updated data. The PMIS includes updated budgetary information that can update the data for the floor component, while the VCTT can be used to update the resource mobilization component.

66. The functioning of the BP20-25 is independent of that of other PAHO frameworks, systems, and practices, such as the RBM framework. The BP20-25 and the RBM framework work independently in different stages of the budget cycle. The BP20-25 operates from a broad angle, guiding the elaboration of the budget ceilings across functional areas and between countries. In contrast, the RBM framework guides at a more detailed level, serving as the basis for preparing the Biennial Work Plans (BWP). The program budget documents do not attempt to articulate the two functions.

67. The evaluation team did not find any operational or strategic issues with the fact that the BP20-25 and the RBM framework function independently from each other. In fact, this independence allows each of them to serve their objectives coherently without becoming an obstacle to each other.

68. The evaluation team's review of the PMIS system and the VCTT system, two of the most relevant information systems for the budgetary process, did not find instances where any of these systems interfered with the BP20-25, or vice versa. However, the richness of the information available in the PMIS and VCTT systems may open opportunities to update the values used to calculate the budget policy periodically.

Key finding 15. The BP20-25 was designed following key recommendations from the evaluation of the previous budget policy. For this reason, the BP20-25 is fully consistent with PAHO's integrated budget approach.

69. The integrated budget approach was adopted in 2014–2015 and introduced in the 2016–2017 biennium budget. In the integrated budget approach, the term "regular budget" was replaced by "flexible funding," which consists of a broader range of funding sources. The integrated budget approach was critical during the implementation phase of the previous budget policy. The evaluation of the previous policy found that the integrated budget approach made the budget policy inoperative and recommended that the BP20-25 move away from the concept of a regular budget *(4)*. In this current evaluation, the team found that the BP20-25 did, in fact, adapt to the integrated budget approach, leaving no incongruences between the two systems.

Key finding 16. WHO does not have a budget policy equivalent to the BP20-25. This suggests that a detailed budget policy with mathematical targets is not an absolute necessity.

70. The contrast between the BP20-25 and similar processes from WHO is that the latter does not have a budget policy equivalent to the BP20-25. That is, WHO does not have a budget policy document that establishes specific allocation targets similar to those of the BP20-25. This highlights the fact that a budget policy is not required to guide the development of budget envelopes and that policies such as the BP20-25 should be used only if they effectively serve a specific purpose.

71. Despite not having a budget policy equivalent to the BP20-25, PAHO and WHO have commonalities in their budget processes. Like the case of PAHO, WHO's budget process is informed by a strategic planning process. The WHO programme budgets refer to the 13th General Programme of Work 2019–2023 *(11)*. The Programme of Work 2019–2023, in turn, mentions that "in order to move from high-level strategy to an implementation plan and a programme budget," a framework following four principles is needed: i) impact and outcome focused, ii) ensuring organizational flexibility and accountability, iii) putting countries at the center, and iv) fostering collaboration. These four principles are similar to some of the principles guiding PAHO's budgeting process, especially running an outcome-focused process and putting countries at the center, as mentioned in the SP20-25 and the BP20-25.

72. Although WHO has no budget policy dictating what should be the target allocation percentage per functional level (i.e., country, regional, and headquarters), WHO's biennial programme budget documents *(12)* show their calculations using the total budget for base programs as the 100% base, which contrasts with PAHO's policy which uses the total budget (i.e., base programs and special programs) as the base.

4. Conclusions

73. Limited impact of BP20-25 on budget allocations: Although the BP20-25 is used as an input for elaborating the initial budget envelope, its actual influence on budget allocations is limited. This is because it is just one of many inputs that drive the initial budget envelope, and that actual budget implementation deviates significantly from initial budget figures.

74. Positive appreciation of how PBE drives the budget process and follows the BP20-25: There is a strong consensus among country offices and technical entities that PBE effectively follows the BP20-25 framework in elaborating the initial budget envelope. Survey results and interviews indicate that the BP20-25 reduces subjectivity and provides a transparent and reliable guide for budget allocation, fostering trust in the process.

75. Limited knowledge and understanding of the BP20-25: There is a widespread lack of understanding of the BP20-25 outside of PBE. Many survey respondents and interviewees are unaware of the specifics of the BP20-25, indicating a need for better training and communication regarding the policy.

76. Challenges in measuring compliance with BP20-25: There is no straightforward metric to trace the use and impact of BP20-25 on budget allocations at the country level. This makes it impossible to verify how much consideration was given to the BP20-25's targets. The quantitative analysis shows that the budget always deviates from the BP20-25's allocation targets by country.

77. Two design features of the BP20-25 reduce the relevance of its allocation targets: First, the misalignment between BP20-25 functional-level targets and actual budget allocations is largely due to the growth of special programs, which far exceeded the BP20-25's placeholder estimate. This indicates that the BP20-25's assumptions about special program funding were flawed. Second, the BP20-25's country-level targets became largely irrelevant due to inaccuracies in budget forecasts. Both issues could have been prevented using metrics not tied to budget forecasts.

78. Outdated data undermine the BP20-25's effectiveness: The data used to inform the BP20-25 have not been updated for six years, making the policy less responsive to current healthcare and socioeconomic conditions. This reliance on outdated data limits the BP20-25's relevance and accuracy in guiding budgetary decisions.

79. The BP20-25 appropriately incorporates most recommendations from the evaluation of the previous budget policy. The recommendations from the evaluation of the previous budget policy helped make the BP20-25 better than its predecessor. One of the most important corrections was to make the BP20-25 compatible with the integrated budget approach. The only recommendation not properly addressed was that the BP20-25 continues to rely on outdated data.

80. General satisfaction with budgetary equity: The BP20-25 incorporates features designed to ensure equitable resource allocation by considering each country's specific needs. There is a strong sense of equity and solidarity among stakeholders, with over 80% of survey respondents believing that key countries should receive budgetary priority. Most respondents agree that budget ceilings are allocated equitably across country offices, with key countries receiving an appropriate budget share.

81. Relative budget reductions for key countries: Despite the BP20-25's emphasis on equity, the country-level targets call for a relative reduction in the budgets of key countries compared to non-key countries. This suggests that key countries may have been overbudgeted at the end of 2019 – when budget targets were calculated – or that the BP20-25 formulas do not fully account for the realities of these countries.

82. Use of escape clauses has mitigated budget reductions for key countries: While the BP20-25 has largely been followed in reducing key countries' budgets relative to non-key countries, the use of escape clauses has mitigated the impact on key countries. This has resulted in smaller-than-expected budget reductions for key countries, leading to general satisfaction among stakeholders from these countries.

83. WHO does not have an equivalent to PAHO's BP20-25. Several inputs inform every budget process, and there is no requirement for one of those inputs to be a budget policy with mathematical targets. The fact that WHO does not have a policy equivalent to the BP20-25 serves as a reminder that such policies should only be used if they provide a benefit.

5. Recommendations

84. This evaluation demonstrates that the BP20-25 minimizes subjectivity and offers a clear, dependable framework for budget allocation, fostering trust in the process while allowing for sufficient flexibility to deal with a changing environment. At the same time, the BP20-25 has flaws that should be addressed. The most significant flaws include:

- Limitations on its relevance because its targets are based on outdated forecasts;
- Lack of mechanisms to update allocation targets based on updated data;
- Inadequate transparency, as most PAHO members do not know how the policy works, and no justification is provided for most cases when allocation targets are not met;
- Counterintuitive guidance regarding equity, as the BP20-25 provided a budgetary path that allocated fewer resources to key countries vis-à-vis other countries.

85. While the BP20-25 has many deficiencies, PAHO's budget process seems to work in an orderly way, transparently, and efficiently. This positive outcome is the result of well-run and well-organized internal processes. Based on the findings of this evaluation, the team recommends updating the budget policy in a way that addresses its key weaknesses at the lowest cost possible while maintaining the current strengths of PAHO's internal budget process. The evaluation team believes this can be achieved through the following five recommendations.

86. First recommendation: Establish functional allocation targets independent of special programs. The budget policy was never intended to influence the percentage of the budget devoted to special programs. Therefore, the functional-level targets should not be established as a percentage of the total budget but only as a percentage of base programs. The functional-level targets may continue to be set for six years, with intermediate targets for each biennium.

87. Second recommendation: The budget policy should provide simple country-level guidance based on marginal budgetary changes. One of the flaws of the BP20-25 is that it ties its country-level allocation targets to other budgetary numbers and forecasts. This resulted in allocation targets that were often extreme (such as the major changes that were prevented using escape clauses) or irrelevant (such as the allocation targets that were based on wrong forecasts). The new budget policy should provide straightforward guidance on whether the budget allocation for each country should be expected to increase, decrease, or stay the same for the upcoming biennium.

88. Third recommendation: The budget policy should provide guidance only for the upcoming biennium and be updated every two years. The allocation guidance from the budget policy should focus exclusively on the upcoming biennium and be built based on the most updated data for its three components (floor component, needs-based component, and resource mobilization component). The process of updating the budget policy should start three months before the policy is needed for budget formulation purposes.

89. Fourth recommendation: The three components should focus on determining how the situation of each country is expected to change as compared to the most recent biennia. The way in which the components of the BP20-25 were calculated was overly technical and, in some cases, led to potentially inequitable scenarios. The guidance from the floor component, the needs-based component, and the resource mobilization component should be recalibrated and focused on a contrast with the previous biennia. For example, the needs-based component should be based on key indicators that can determine whether the health-related needs of the country are expected to change significantly in the following biennia. Table 16 provides a visual example of how the budgetary guidance from the new budget policy might look. Under this approach, the variable component would no longer be necessary.

Table 16. Sample guidance from the new budget policy

	Floor component	Needs-based component	Resource mobilization component	Overall budget guidance
Country A	No change	Significant increase	No change	Modest–significant increase
Country B	No change	No change	Significant increase	Modest increase
Country C	No change	No change	Modest increase	Modest increase or no change
Country D	Modest increase	Significant increase	Significant increase	Significant increase
Country E	Modest decrease	No change	No change	No change

90. Fifth recommendation: There should be a short biennial report to enhance transparency. The report will make the guidance provided by the budget policy publicly available, ideally with a format similar to that of Table 16, allowing readers to have a broader understanding of what components drive the guidance for each country. The report should provide brief explanations for all cases where an escape clause is applied; i.e., where the recommended budget ceilings do not align with the guidance from the new budget policy. The report should address any deviation from functional-level targets. The report may be included in the document presenting the proposed budget ceilings.

91. This report could also be a tool to provide further transparency on an issue that is highlighted in this evaluation: the fact that budget allocations change significantly throughout the formulation and execution process. The report should include a table that shows how last biennia's budget allocations and actual budget implementation diverged from the proposed budget ceilings.

92. Sixth recommendation: Create dissemination material about the new budget policy for non-budget experts. While it is true that most members of PAHO do not need to understand the details of the budget policy to perform their job duties, there should be easy-to-understand material that allows those interested to learn more about the budget policy. The evaluation team recommends creating a one-page document and/or a short, illustrated video that explains the objectives of the budget policy, what data it uses to provide budget guidance, and how it is used as part of the budget formulation process.

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The Pan American Health Organization (PAHO) introduced the Budget Policy (BP20-25) in 2019 to guide budget allocations from 2020 to 2025, aiming to ensure equity, fairness, and transparency. This evaluation examines the policy's effectiveness in meeting Member States' needs, focusing on improvements in budget allocation processes across PAHO's country, subregional, and regional levels. The evaluation employed a mixed-methods approach, combining quantitative and qualitative analyses, to assess the policy's influence.

Findings indicate that although BP20-25 offers a consistent structure that reduces subjectivity and fosters trust among stakeholders, its effectiveness is hindered by outdated data, lack of clear metrics for compliance, and insufficient communication about the policy's specifics. Many stakeholders were unaware of the policy details, impacting its transparency and overall effectiveness. The evaluation highlights that while BP20-25 provides a structured framework for budget formulation, its impact on actual budget allocations was limited due to significant deviations during implementation.

Key recommendations include setting functional allocation targets that exclude special programs, simplifying country-level guidance to reflect marginal budget changes, and updating the policy every two years with the latest data. Additionally, recalibrating the policy's components to better assess changes in each country's needs, producing biannual transparency reports, and developing accessible educational materials are suggested to enhance understanding and transparency.

Despite its limitations, the BP20-25 has contributed to a more orderly and efficient budget process within PAHO. The evaluation underscores the importance of continuous improvement and adaptation to ensure the policy remains relevant and effective in guiding budget allocations.

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