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Evaluation Final Report

Highlights from the Report of the External Evaluation of PAHO's Program Budget Policy 2020-2025 (EPBP)

The Evaluation of PAHO's Program Budget Policy 2020-2025 (EPBP) aimed to assess how well the Budget Policy (BP) 20-25 met the needs of Member States in budget formulation. The focus was on improving equity, fairness, and transparency across PAHO's functional levels and countries. The evaluation reviewed lessons learned from applying the BP20-25, evaluated PAHO's "integrated budget" approach introduced in 2014-2015, and compared PAHO's budget policies with those of other UN agencies to guide future policy development. The EPBP covered the budget formulation process for the three most recent biennia (2020-21, 2022-23, 2024-25) to determine if the procedures outlined in the BP20-25 were followed. The evaluation focused on the budget allocation process and did not consider how field resources were used.

Key Findings and Conclusions

- **There is high satisfaction with how the Planning, Budget and Evaluation (PBE) Department manages** the initial budget formulation and complies with the BP20-25 guidance.
- **Allocations at the country level have moved further away from the BP20-25 targets**, mainly because funding for special programs has been between six and seven times higher than anticipated.
- **The BP20-25 has had a minimal effect on driving each functional level toward its allocation target.** After three biennia, country-level and regional-level allocations have moved only 2 and 1 percentage point closer to their allocation targets, respectively.
- **The quantitative analysis of compliance with country-level formulas was not definitive.** When comparing the budgets received by biennium vis a vis the targets set by the BP20-25, the evaluation could not conclusively determine if the country-level formulas were being followed consistently.
- **There were errors in forecasting the budget targets for each country from the overall budget.** Since the targets were set as percentages of the forecasted budget, any errors in the forecast affected the relevance and accuracy of the country-level targets.
- **The country-level targets in the BP20-25 aimed to gradually reduce the budgets of key countries compared to non-key countries.** This suggests that key countries might be overbudgeted or that the current formulas used in BP20-25 might not fully consider the specific needs and realities of these countries.
- **Although the BP20-25 called for significant budget reductions in key countries, the actual reductions were smaller than planned.** This was partly because of the use of "escape clauses", which are provisions that allow for exceptions or adjustments to budget reductions. These clauses helped to mitigate the impact of the reductions, making them less severe than originally intended.
- **The BP20-25 meets its objectives** of providing a structured approach to creating the budget, helping different stakeholders reach a consensus on budget allocations, using data and analysis to support budget decisions, and offering the ability to adjust the budget as needed. However, as the BP20-25 was applied at the early stages of the budget cycle, specifically to develop the initial budget, **its long-term impact on the final budget allocations cannot be fully verified or traced** through any documentation or evidence, as any impact that the BP20-25 might have gets diluted through the many inputs of the budget process.
- Although the BP20-25 influences the elaboration of the initial budget envelope, **its impact is less visible and harder to measure once the budget is fully executed and adjusted.**
- **There needs to be more knowledge about the BP20-25 outside of PBE.**
- The BP20-25, like its predecessor, **needs to incorporate the latest data to ensure that budgetary guidance is relevant and accurate.**

- Out of the nine recommendations of the evaluation of the previous budget policy, **eight were successfully implemented in the development of the BP20-25**. Despite these improvements, the BP20-25 still relies on some outdated data.
- **There are existing systems within PAHO that can provide more current and accurate data to improve the BP20-25.** The Pan American Sanitary Bureau Management Information System (PMIS) includes updated budgetary information that can update the data for the floor component (The floor component refers to the baseline or minimum budget allocations for different entities or countries). At the same time, the Voluntary Contributions Tracking Tool (VCTT) can be used to update the resource mobilization component.
- **When creating the BP20-25 policy, PAHO took into account most of the suggestions and feedback from the evaluation of the previous budget policy.** By doing so, the Organization ensured that the BP20-25 aligns well with PAHO's integrated budget approach.
- **The World Health Organization (WHO) does not have a budget policy similar to PAHO's BP20-25, which includes specific mathematical targets for budget allocations.** The absence of such a detailed policy suggests that it is possible to manage budgets successfully without the need for detailed formulas and targets, as evidenced by WHO's approach.
- **There should be a short biennial report to enhance transparency.** This report will make the budget policy's guidance publicly available, explaining the factors that drive budget decisions for each country. It should also address any deviations from the functional-level targets and should be included in the document that presents the proposed budget ceilings
- **Create dissemination materials about the new budget policy for non-budget experts.** While most PAHO members do not need to know the details of the budget policy, there should be easy-to-understand materials available for those who are interested. These materials should explain the budget policy in simple terms, making it accessible to non-experts, and helping to ensure that everyone who wants to learn about the budget policy can do so without needing specialized knowledge.

An external independent team conducted the evaluation from June to October 2024. The evaluation used mixed methods to collect and triangulate data from three sources: documentation analysis, an online survey of PAHO country office personnel, and semi-structured interviews with relevant stakeholders.

Recommendations

- **Establish functional allocation targets independent of special programs.** The budget policy should set targets for functional areas without including special programs. This is because the policy was not meant to dictate how much of the budget should go to special programs. Instead, targets should be based on the core or base programs. These targets can be set for a six-year period with intermediate goals for each two-year biennium.
- **The budget policy should provide simple country-level guidance based on marginal budgetary changes.** The new budget policy should offer clear and straightforward advice on how the budget for each country is expected to change. This means providing guidance on whether a country's budget will increase, decrease, or remain the same in the upcoming biennium.
- **The three components of the budget policy** (floor component, needs-based component, and resource mobilization component) **should be adjusted to focus on how each country's situation has changed compared to the most recent biennia.** This means recalibrating the guidance to reflect recent trends and data, ensuring that budget allocations are based on the latest information and changes in each country's needs and resources.

Contact

For further information please contact **evaluation@paho.org** at the Planning, Budget, and Evaluation Department (PBE).

Evaluation Report and Annexes on PAHO website (to add the link when published internally in PAHO).