

# 166th SESSION OF THE EXECUTIVE COMMITTEE

*Virtual Session, 22-23 June 2020*

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*Provisional Agenda Item 4.2*

CE166/6  
8 June 2020  
Original: English

## PAHO GOVERNANCE REFORM

**(Proposal presented by the United States of America)**

### Background

1. The intention of this concept paper is to strengthen the Pan American Health Organization's (PAHO) management of voluntary contribution funded projects to ensure appropriate decision making, controls, and risk management processes, as well as oversight and accountability to Member States. The purpose is to protect the Organization from institutional risks, including financial, legal, operational, technical, and reputational risks.

### Assessment of Current Processes

2. The Executive Committee requests that the Pan American Sanitary Bureau (PASB or the Bureau) prepare an internal assessment of its current approval and controls, oversight, and risk management systems and processes related to projects funded by voluntary contributions. The assessment should detail the current approval and oversight process for these projects, including relevant financial, legal, and technical reviews.

3. This assessment should also detail the organizational capacity, existing gaps, and effectiveness of the following as they relate to the approval process for projects funded by voluntary contributions:

- a) PAHO ethics and investigation systems;
  - b) the PAHO Helpline for staff, which is used to express concerns or report suspected wrongdoing to the Investigations Office;
  - c) whistleblower protections for PAHO staff and consultants or contractors who express concerns regarding new projects;
  - d) institutional risk management review mechanisms, and processes as well as roles and responsibilities of technical, legal, financial, and administrative areas in PASB Headquarters and the PAHO/WHO Country Offices in the countries;
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- e) the role of the legal office in project approvals, including the current levels of Headquarters legal review and approval for Country Office led initiatives;
- f) the processes in place to ensure project accountability, coordination, monitoring, and reporting; and
- g) mechanisms used by PAHO to monitor projects and their associated risk profiles once projects are approved and under implementation.

4. PASB is asked to present the findings of this assessment in a report to the 167th Executive Committee in October 2020 for review, comments, and decision, if appropriate.

### **Strengthening the Executive Committee's Oversight Role**

5. To increase the transparency and accountability of the PASB review process for projects funded by voluntary contributions, and to strengthen the oversight role of the Executive Committee, PASB should take the following steps:

- a) In consultation with an external, independent subject matter expert, review and refine risk assessment and management criteria and frameworks related to new projects funded by voluntary contributions. This review will focus on the potential reputational, legal, technical, operational, and financial risks of these projects to PAHO as an institution. This should also detail how PAHO could implement a process whereby the concerns expressed by PAHO leadership or staff regarding projects under consideration are reported to the PAHO Executive Committee for consideration and potential decision making.
- b) For any voluntary contribution-funded project that is deemed to present a high level of legal and reputational risk to PAHO,<sup>1</sup> or that is expected to require an annual expenditure or intake of funds exceeding US\$ 20 million, including national voluntary contributions, the PASB Director should generate a synopsis of the project, its risk assessment results, and the results of its internal review process for presentation to the Executive Committee. Prior to project approval, the PASB Director will call an ad hoc, virtual meeting of the Executive Committee to present the project, its institutional risk assessment (reputational, legal, technical, operational, and financial), and the risk mitigation strategy. In this meeting, PASB will seek recommendations from Executive Committee Members.<sup>2</sup>

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<sup>1</sup> Risk classification to be defined, and to take into consideration voluntary contribution funded projects' support to and alignment with the Organization's Program Budget and Strategic Plan.

<sup>2</sup> This meeting shall be called as a special virtual meeting of the Executive Committee via video or teleconference, pursuant to Article 17.A of the PAHO Constitution, which states: "Special meetings shall be held when convoked by the Director of the Bureau, either on his own initiative or upon request of at least three Member Governments."

6. Emergency projects related to outbreak and humanitarian or other crisis response, as well as funding for the Revolving Fund for Access to Vaccines and the Regional Revolving Fund for Strategic Public Health Supplies, are exempt from this process.

7. The 168th Session of the Executive Committee in June 2021 will consider the lessons learned from this process and make any necessary adjustments.

**Action by the Executive Committee**

8. The Executive Committee is invited to take note of this document, provide the comments it deems pertinent, and consider approving the proposed resolution presented in the Annex.

Annex

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### ***PROPOSED RESOLUTION***

#### **PAHO GOVERNANCE REFORM**

##### ***THE 166th SESSION OF THE EXECUTIVE COMMITTEE,***

(PP1) Having reviewed the document *PAHO Governance Reform* (Document CE166/\_\_\_);

(PP2) Recognizing the importance of further strengthening of management by the Pan American Health Organization (PAHO) of technical cooperation projects funded by voluntary contributions so as to increase oversight and accountability to Member States, and to protect the Organization from institutional risks, including financial, legal, operational, technical, and reputational risks,

#### ***RESOLVES:***

(OP) To recommend that the 58th Directing Council adopt a resolution along the following lines:

#### **PAHO GOVERNANCE REFORM**

##### ***THE 58th DIRECTING COUNCIL,***

(PP1) Having reviewed the document *PAHO Governance Reform* (Document CD58/\_\_\_);

(PP2) Recognizing the importance of further strengthening of PAHO management of technical cooperation projects funded by voluntary contributions so as to increase oversight and accountability to Member States, and to protect the Organization from institutional risks, including financial, legal, operational, technical, and reputational risks,

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***RESOLVES:***

(OP)1. To thank the Director of the Pan American Sanitary Bureau for the advances made, and for the policies and procedures implemented to promote good governance, transparency, and accountability throughout the Organization.

(OP)2. To request the Director to:

- a) review and refine risk assessment and management criteria and frameworks related to new technical cooperation projects funded by voluntary contributions, in consultation with an external, independent subject matter expert;
- b) generate a synopsis of any proposed technical cooperation project funded by voluntary contributions (including national voluntary contributions) that is expected to require an annual expenditure or receipt of funds by the Organization exceeding US\$ 20 million and that presents a high level of institutional risk (including financial, legal, operational, technical, and reputational risks); this synopsis, including a summary of the proposed project, its risk assessment results, and the results of its internal review process, will be shared by the Director with the Executive Committee for recommendations;
- c) prepare a document to be presented at the 168th Session of the PAHO Executive Committee in June 2021 describing lessons learned from implementation of the above requests.

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