

58th DIRECTING COUNCIL

72nd SESSION OF THE REGIONAL COMMITTEE OF WHO FOR THE AMERICAS

Virtual Session, 28-29 September 2020

Provisional Agenda Item 4.3

CD58/7
22 August 2020
Original: English

PAHO GOVERNANCE REFORM

Background

1. The 166th Executive Committee of the Pan American Health Organization (PAHO) requested that the Pan American Sanitary Bureau (PASB) strengthen the Organization's management of projects funded by voluntary contributions to ensure appropriate decision making, controls, and risk management processes, as well as oversight and accountability to Member States. The purpose of risk management is to protect the Organization from institutional risks, including financial, legal, operational, technical, and reputational risks.

Assessment of Current Processes

2. The Pan American Sanitary Bureau is preparing 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 will detail the current approval and oversight process for these projects, including relevant financial, legal, and technical reviews. The assessment will provide details on the topics listed in Document CE166/6.

3. PASB will present the findings of this assessment in a report to the 167th Session of the Executive Committee, on 30 of September 2020, for review, comments, and decision, if appropriate.

Strengthening the Executive Committee's Oversight Role

4. 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 engaged an external independent subject matter expert to review and refine risk assessment as well as management criteria and frameworks related to new projects funded by voluntary contributions. This review focused on the potential reputational, legal, technical, operational, and financial risks of these projects to PAHO as an institution. The report from the assessment (Addendum I) includes recommendations on

a) how PASB could improve its risk management procedures, and b) how PASB could report to the PAHO Executive Committee risks and mitigation measures identified during the PASB risk management process for projects funded by voluntary contributions, for consideration and any action deemed appropriate.

PASB Action Plan

5. PASB has reviewed the recommendations of the independent external assessment and established a working group to develop a plan to revise the policy framework (Recommendations 1 and 3), the oversight mechanisms, and the project cycle procedures relating to voluntary contributions. These revisions will ensure that all high risk projects are identified according to consistent criteria (Recommendations 2 and 4), and that the associated risks are systematically and consistently documented and considered by senior management prior to the conclusion of grant agreements (Recommendations 5 and 7).

6. The revised framework will integrate the Enterprise Risk Management and Project Review processes with the Standard Operating Procedure (SOP) on internal control, and leverage the capacities of the Enterprise Risk Management and Compliance Standing Committee to include regular reviews of the internal control framework (Recommendations 6, 11, 12, and 13). A Risk Catalogue is under development for the use of project managers in establishing metrics for project risks (Recommendation 8). The staffing for guidance and support to project management will be reviewed in the context of the biennial human resource planning process, with a view to balancing quality with cost effectiveness (Recommendation 14). The existing process for review of implementation of voluntary contribution projects will be integrated into the Compliance Program (Recommendation 17).

7. PASB will review the format of the annual Financial Report of the Director to include the optimal means of informing governing bodies on risks associated with voluntary contribution projects (Recommendation 9). PASB will make available existing mechanisms for staff to report risks relating to projects not directly under their responsibility (Recommendation 10).

8. PASB will continue to review all of the recommendations in the assessment in greater detail and will provide an update in its report to the 168th Executive Committee.

9. For any voluntary contribution-funded project that is deemed during the PASB risk management process to present a high level of legal and reputational risk to PAHO, or that is expected to require an annual expenditure or intake of funds exceeding US \$25 million, including national voluntary contributions, the PASB Director will prepare an information document for presentation to the Executive Committee containing a synopsis of the project, the associated PASB risk assessment and proposed risk mitigation measures, and the Director's proposed action with regard to the project. Prior to approving implementation of the project, the PASB Director will call a special session of the Executive Committee,

using a virtual platform, to present the information document. The Executive Committee will be invited to make comments and recommendations as appropriate.¹

10. Emergency projects related to outbreak, 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, will be considered exempt from this process.

11. 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 Directing Council

12. The Directing Council is invited to take note of this document, including the recommendations contained in Addendum I, provide the comments it deems pertinent, and consider approving the proposed resolution presented in the Annex.

Annex

¹ 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.”

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PROPOSED RESOLUTION

PAHO GOVERNANCE REFORM

THE 58th DIRECTING COUNCIL,

(PP1) Having reviewed the document *PAHO Governance Reform* (Document CD58/7);

(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,

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) seek and fully consider Executive Committee recommendations on 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\$ 25 million or presents a high level of institutional risk (including financial, legal, operational, technical, and reputational risks); this will require that the Director provides a synopsis to the Executive Committee, including a summary of the proposed project, its risk assessment results, and the results of its internal review process;
- b) 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.