



**11th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Washington, D.C., USA, 22–24 March 2017

SPBA11/FR
24 March 2017
Original: English

FINAL REPORT

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FINAL REPORT

1. The 11th Session of the Subcommittee on Program, Budget, and Administration of the Executive Committee of the Pan American Health Organization (PAHO) was held at the Organization's Headquarters in Washington, D.C., from 22 to 24 March 2017. The session was attended by delegates of the following seven Members of the Subcommittee elected by the Executive Committee or designated by the Director: Antigua and Barbuda, Argentina, Guatemala, Guyana, Nicaragua, Peru, and United States of America. Delegates of Brazil, Canada, Colombia, Ecuador, Mexico, Panama, and Paraguay attended in an observer capacity.

Opening of the Session

2. Dr. Carissa Etienne (Director, Pan American Sanitary Bureau [PASB]) opened the session, welcoming the delegates of the Members of the Subcommittee and the Member States participating as observers. She noted that 2017 would be a special year for the Organization, as its highest governing authority, the Pan American Sanitary Conference, would meet to elect the next Director of PASB and to approve a new health agenda for the Americas, which would guide the work of the health sector in the Region for the period 2018–2030. The Conference would also approve the program and budget for 2018–2019, the last biennium covered by the current Strategic Plan. All of those items would be examined first by the Subcommittee and subsequently by the Executive Committee in preparation for the Conference. The Subcommittee would also examine an overview of the financial report for 2016 and a report on the Region's implementation of the Framework of Engagement with non-State Actors, adopted by the World Health Organization (WHO) in 2016.

3. In addition, the Subcommittee would consider nominees to fill an upcoming vacancy on the PAHO Audit Committee, one of the Organization's oversight bodies. The External Auditor was another important component of the audit function. She recalled in that connection that the term of office of the current External Auditor would end in 2018. Member States had been invited to submit nominations for a new External Auditor, but as none had been received by the original deadline of 31 January 2017, the deadline had been extended to 30 April 2017. She urged Member States to nominate public institutions of international repute. In the event that no nominations are received by the deadline, the Director would recommend the Executive Committee to proceed with a public request for proposals to commercial auditing firms of international repute.

4. Finally, she expressed solidarity with the people of Peru who had been affected by recent flooding and outlined the support deployed by PAHO to support the Ministry of Health in that country.

Election of Officers

5. The following Member States were elected to serve as officers of the Subcommittee for the 11th Session:

President: Guatemala (Dr. Edgar R. González Barreno)

Vice President: Guyana (Hon. Volda Lawrence)

Rapporteur: Nicaragua (Dr. Carlos José Sáenz Torres)

6. The Director served as Secretary ex officio, and Dr. Isabella Danel (Deputy Director, PASB) served as Technical Secretary.

Adoption of the Agenda and Program of Meetings (Documents SPBA11/1, Rev. 1, and SPBA11/WP/1)

7. The Subcommittee adopted the provisional agenda submitted by the Director (Document SPBA11/1, Rev. 1) without change. The Subcommittee also adopted a program of meetings (Document SPBA11/WP/1), with some minor adjustments to the order in which various agenda items would be considered.

Program Policy Matters***Update on the Development of the Sustainable Health Agenda for the Americas 2018-2030 (Document SPBA11/2)***

8. Mr. Peter Skerrett Guanoluisa (Ecuador) introduced the report on the development of the Sustainable Health Agenda for the Americas 2018–2030, noting that it was being developed by a working group composed of representatives of 16 countries, chaired by Ecuador. The working group had begun its work in late 2016 and had proceeded in accordance with the conceptual framework and roadmap agreed by high-level health officials at a special event held during the 55th Directing Council in 2016. The participants in that event had decided that the agenda should be a policy document that provided a shared vision for health development in the Region in the context of the 2030 Agenda for Sustainable Development and that it should draw on the lessons learned from the implementation of the current Health Agenda for the Americas 2008–2017 and the PAHO Strategic Plan 2014–2019. It had also been agreed that the process of developing the agenda should include the identification of strategies for its implementation and mechanisms for monitoring and reporting on progress. The new agenda would be submitted for consideration and adoption by the 29th Pan American Sanitary Conference in September 2017.

9. He expressed thanks to the members of the working group for their valuable contributions to the process and to the Bureau for the support it had provided to the working group.

10. The Subcommittee voiced support for the proposed outline of the agenda and the process for developing it, as described in Document SPBA11/2. It was considered important for the agenda to emphasize social and environmental determinants of health and strengthening of health systems. At the same time, it was pointed out that the agenda's main focus should be on improving the health of people, not on enhancing structures or systems. The rights-based approach was welcomed, but the working group was urged to ensure that the language in the principles and values section of the agenda was consistent with previously agreed language relating to various rights. The efforts to align the agenda with the 2030 Agenda for Sustainable Development and to put in place strong monitoring and evaluation components were also welcomed. The importance of country ownership of the agenda was underlined. It was considered that the new agenda should be the foremost instrument guiding the formulation and implementation of public health policies in the Region during the next 12 years. It was also suggested that the agenda should take account of the decisions and policies emanating from presidential summits and other high-level gatherings in the Region.

11. Mr. Skerrett Guanoluisa affirmed that the working group was striving to ensure that the agenda reflected subregional efforts with regard to the 2030 Agenda. It was also mindful of the need to align the terminology used in the agenda with previously agreed language. He emphasized that the group welcomed input from all Member States of the Region.

12. The Director commended the working group on its progress in developing the agenda, noting that it would be a high-level strategic document that would guide the work of both the Bureau and Member States. She assured the Subcommittee that the Bureau would continue to provide the working group with all necessary support.

13. The Subcommittee thanked the working group for its efforts and took note of the report.

PAHO Strategic Plan 2014–2019: Proposed Amendments (Document SPBA11/3)

14. Mr. Dean Chambliss (Director, Department of Planning and Budget, PASB) explained that the amendments to the PAHO Strategic Plan 2014–2019 proposed in Document SPBA11/3 were intended to align the Strategic Plan with changes to the WHO program and results structure and to include new priorities for the Region. The changes were outlined in Table 2 of the document. Summarizing the major proposed amendments, he noted that the number of program areas would increase from 30 to 34. Category 5 had been restructured in line with the new WHO Health Emergencies Program, and the programs on food safety and antimicrobial resistance had been moved from Category 5 to Category 1. Antimicrobial resistance had been established as a new program area, reflecting the increased focus on the problem. Likewise, viral hepatitis had been incorporated into Category 1, reflecting the Region's commitment to address that disease. Additional changes might be required following the adoption in May of the WHO program budget 2018–2019; for example, WHO was proposing the introduction of a new

program area under Category 3 relating to stewardship for the Sustainable Development Goals (SDGs).

15. In addition, the programmatic priorities stratification framework had been updated in keeping with the refined PAHO-adapted Hanlon methodology approved by the 55th Directing Council.¹ There might be further changes in the stratification of priorities as final results of the prioritization exercise were received from Member States. Lastly, the title of Category 6 had been changed from “Corporate Services/Enabling Functions” to “Leadership, Governance, and Enabling Functions” in order to more accurately reflect the scope of that category, which included leadership at the subregional and country levels as well as at the regional level.

16. The Subcommittee expressed support for the proposed amendments, welcoming in particular the increased focus on antimicrobial resistance and on food safety. The alignment of Category 5 with the WHO Health Emergencies Program was also welcomed. The Bureau was commended for taking into account the results of the priority stratification exercises and the needs and strengths of Member States. Clarification was sought as to how the results of ongoing national prioritization exercises would be incorporated into the document. With regard to antimicrobial resistance, the need to formulate and implement national action plans in line with the WHO Global Action Plan on Antimicrobial Resistance was stressed, and several further amendments were proposed with a view to highlighting the critical importance of country-level action.

17. With regard to Category 5, it was pointed out that the scope as described in paragraph 228 of the document had been narrowed to focus on strengthening capacities only in the health sector. Given the acknowledged importance of action by other sectors in emergency preparedness and response, the Bureau was strongly encouraged to remove the reference to the health sector in that paragraph. Additional information was requested with regard to outcome 5.5 (Emergency Core Services) and the indicator for that outcome. The Delegate of Peru expressed gratitude for the support provided to her country by the Bureau and Member States in response to the recent floods and requested clarification as to the strategies to be employed to help countries and territories build resilience from an operational standpoint. In relation to leadership and governance, she suggested that PAHO should provide technical support to enhance Member States’ ability to recruit health officials, particularly high-level ones, with the required capacities and qualifications.

18. Mr. Chambliss said that additional results from country-level prioritization exercises would be incorporated into the document before the June session of the Executive Committee and would also be reflected in the proposed program and budget for 2018–2019 (see paragraphs 24 to 39 below). The additional amendments proposed during the discussion could also be incorporated if the Subcommittee was in agreement. He explained that the indicator for outcome 5.5 was intended to reflect PAHO’s own funding for its Health Emergencies Program. Information on the baseline, target, and

¹ See Document [CD55/7](#) and Resolution [CD55.R2](#) (2016).

reporting for that indicator would be provided in the document to be prepared for the Executive Committee.

19. Dr. Ciro Ugarte (Director, Department of Health Emergencies, PASB) said that PAHO would build on the considerable progress made under the Safe Hospitals Initiative in order to continue improving resilience. He noted that Peru was one of the countries that had invested most heavily in strengthening the resilience of its health institutions. That investment had paid off, as was evident from the fact that health facilities in Peru had generally withstood the recent flooding much better than infrastructure in other sectors. The Bureau would continue to collaborate with national health authorities to enhance capacity for emergency preparedness and response.

20. Dr. James Fitzgerald (Director, Department of Health Systems and Services, PASB) recalled that the 55th Directing Council had endorsed a policy paper² that defined the concept of resilience as a characteristic of a well-performing health system that had the capacity to absorb and adapt to various types of shocks and continue functioning. Member States had identified three pillars for health system strengthening: universal access to health and universal health coverage, including organization of health services on the basis of primary health care and integrated networks of care; adequate financing; and integrated intersectoral planning and response. Linkage with the International Health Regulations (2005) was a crucial aspect of the last pillar. The Council had also highlighted the need for a renewed focus on essential public health functions. The importance of health information systems had also been stressed. The Bureau was working with national authorities to ensure that health system resilience was a fundamental component of their policy and planning processes.

21. The Director observed that the concept of health system resilience was broader than that of emergency response and encompassed much more than just physical infrastructure. It meant building strong health systems and services that could continue to operate in emergency situations.

22. She agreed that capacity-building for top decision-makers in the health sector was needed, particularly as such officials sometimes had no training or experience in public health. During the Zika virus disease outbreaks of 2016, for instance, it had become evident that there was a need for training in risk communication for ministers of health and heads of State in order to avoid the dissemination of incorrect or misleading information to the public. The Bureau had produced a brochure on risk communication for that purpose. To facilitate further such capacity-building, PASB could perhaps work with universities in the Region that offered short-term training programs for health sector top leaders. In addition, courses available through the Virtual Campus for Public Health of the Latin American and Caribbean Center on Health Sciences Information (BIREME) could also be used and adapted to the needs of top health officials.

² See Document CD55/9 and Resolution CD55.R8 (2016).

23. The Subcommittee expressed agreement with the spirit of the amendments proposed during the discussion, but wished to see the suggested language in writing. It was agreed that those amendments, and any additional amendments that might be submitted by the Members of the Subcommittee prior to the Executive Committee session in June, would be incorporated into the document in brackets, together with the name of the proposing country, and submitted for the consideration by the Subcommittee.

Draft Proposed PAHO Program and Budget 2018–2019 (Document SPBA11/4)

24. Mr. Dean Chambliss (Director, Department of Planning and Budget, PASB) introduced the draft proposed program and budget for 2018–2019, noting that for the first time the Bureau was presenting a complete preliminary version of program and budget to the Subcommittee, whereas in the past it had presented only an outline. The intention was to give Member States the opportunity to provide feedback on the complete proposal at an earlier stage and thus to facilitate the consideration and approval of the program and budget later in the year. He also noted that the program and budget would be the last covered under the current PAHO Strategic Plan. The proposal built on the lessons learned from recent programs and budgets and included an analysis of risks and opportunities. The budget figures had been arrived at through an extensive bottom-up costing and prioritization exercise involving all countries and territories in the Region. The proposal was aligned with the SDGs and with other regional and global mandates and commitments. The Bureau would begin operational planning in mid-2017 in order to be ready to implement the new program and budget in January 2018.

25. The total program and budget would increase somewhat, with the bulk of the increase going to specific programs and to outbreak and crisis response (OCR). Assessed contributions would remain unchanged at \$210.6 million.³ Base programs would increase by around 1%, rising from US\$ 612.8 million under the program and budget for 2016–2017 to \$621.1 million. The Bureau considered that figure feasible, based on program and budget financing trends since 2014–2015. Most of the funding for the proposed increase in the total budget was expected to come from an increase in the WHO allocation to the Region. In the WHO program budget proposal presented to the WHO Executive Board, the amount allocated to the Americas had been \$191.6 million, as compared with \$178.1 million in 2016–2017. However, the Bureau had recently been informed that, in the light of the Board’s deliberations, the WHO Secretariat intended to reduce the proposed allocations to the regions in various categories. In the Americas, the WHO allocations for Categories 2, 4, and 6 were expected to decrease by \$600,000, \$400,000, and \$1.1 million, respectively. Nevertheless, the total allocation from WHO would still be significantly higher than in 2016–2017.

26. Funding for Categories 1 (Communicable Diseases), 2 (Noncommunicable Diseases and Risk Factors), and 3 (Determinants of Health and Promoting Health throughout the Life Course) would remain essentially the same as in the current biennium, while funding for Categories 4 (Health Systems) and 5 (Health Emergencies)

³ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

would rise significantly. Category 6 (Leadership, Governance, and Enabling Functions) would remain the same as in 2016–2017. The main programmatic changes would be the restructuring of Category 5, the movement of antimicrobial resistance and food safety and the addition of hepatitis to Category 1, and the change in the name of Category 6 (see proposed amendments to the PAHO Strategic Plan 2014–2019, paragraphs 14 to 23 above). The various program areas would be classified in three tiers on the basis of the programmatic priority stratification exercise, as shown in Table 4 of Document SPBA11/4. Those results might change somewhat before the 160th Session of the Executive Committee, as the prioritization exercise was still under way in some countries and territories.

27. The Subcommittee welcomed the presentation of a complete program and budget proposal in March in order to allow Member States more time to provide feedback before the consideration and approval of the final proposal in September. The Subcommittee also welcomed the Bureau's application of the programmatic priorities stratification framework in preparing the proposal. Members expressed appreciation for the Bureau's efforts to ensure the budget's feasibility and applauded the steps it had taken to improve efficiencies and adjust for inflation in order to avoid any increase in the assessed contributions of Member States.

28. Nevertheless, concern was expressed about the large proportion of the budget allocated to management and administration under Category 6, and it was suggested that some of those funds should perhaps be redistributed to high-priority areas such as noncommunicable diseases and health emergencies. Delegates also voiced concern about the reductions in the proposed allocations for various program areas, including women's, maternal, newborn, child, adolescent, and adult health, and sexual and reproductive health; HIV/AIDS, sexually transmitted infections, and hepatitis; vaccine-preventable diseases; human resources for health; and country health emergency preparedness and the International Health Regulations (2005). The importance of those program areas for the achievement of the SDGs was underscored. Continued PAHO support to enable Member States to implement and maintain the core capacities under the International Health Regulations was considered crucial.

29. It was pointed out that the PAHO program and budget proposal would have to be adjusted to reflect the new scale of assessments to be adopted by the General Assembly of the Organization of American States (OAS) in June. The Bureau was asked to indicate what adjustments would be made in the light of the anticipated reductions in the WHO allocation for certain program areas. Delegates also sought clarification as to how adequate funding for base programs would be ensured, given that assessed contributions would not increase. In that connection, further information was requested on the proposal, mentioned in paragraph 35 of Document SPBA11/4, to establish a PAHO flexible voluntary contribution fund. Information was also sought on what measures were in place to ensure that program support costs for projects funded by voluntary contributions were not being subsidized by assessed contributions.

30. The Bureau was asked to include an analysis of funding availability and budget feasibility in all future program and budget proposals. It was also requested to make a revised program and budget proposal available well before the 160th Session of the Executive Committee in order to allow sufficient time for experts in Member States to carry out a thorough analysis of the proposal.

31. Mr. Chambliss said that the Bureau would include a historic trend analysis of both the WHO- and PAHO-funded portions of the budget in the proposal to be submitted to the Executive Committee and in future program and budget proposals. He noted that Category 6, which accounted for about 32% of the total budget proposal, included staff costs for all senior management and directors at Headquarters, as well as the full cost of all PAHO/WHO representatives, many of whom performed both technical and managerial functions. Hence, that category did not reflect only leadership, administration, and governance. He also noted that the proposal for zero nominal growth in that category represented a *de facto* decrease owing to inflation and other factors.

32. The figures in the budget proposal were preliminary and could be adjusted if Member States so wished. Those figures reflected the results of the bottom-up costing exercise. The figure for human resources for health, for example, was exactly what had been proposed in the light of that exercise by the country offices and the relevant technical department at Headquarters. The proposed reductions in Categories 2 and 3 reflected the fact that the areas of noncommunicable diseases and health determinants did not generally attract much voluntary funding. Even with the reductions, the proposed allocations were probably somewhat optimistic.

33. The proposal would be adjusted to reflect the new OAS scale of assessments; however, while the assessments of some Member States might change under the new scale, the overall level of PAHO assessed contributions would not. As to how funding for base programs would be ensured without an increase in assessed contributions, some funding would come from the increase in the WHO allocation to the Region, but any shortfall would have to be covered from voluntary contributions. Thanks to the strategic budget space allocation exercise at the global level, there had been a positive trend in the proportion of the AMRO budget funded by WHO in recent bienniums, and that trend was expected to continue into 2018–2019, although the amount originally proposed would be reduced by \$2.1 million, as indicated above (see paragraph 25).

34. The PAHO flexible voluntary contribution fund would be similar to the WHO core voluntary contribution account. It would enable Member States to make non-earmarked contributions to PAHO, which could be allocated wherever they were needed, unless a Member State specified that they were only to be used for activities in a particular category. With regard to program support costs, in most cases PAHO charged the standard United Nations rate of 13%; however, different rates were sometimes negotiated on a case-by-case basis. For contributions from other United Nations organizations, for example, the rate was only 7%. For national voluntary contributions, the rate was 5% because all direct costs for projects funded from such contributions were met out of the project funds.

35. The Director said that the bottom-up costing and prioritization process had provided valuable guidance for the Bureau's decision-making about how to allocate anticipated resources. Unfortunately, some high-priority items attracted relatively little voluntary funding. Over the years, the Bureau had tried to increase flexible funding to those areas, but such funding was decreasing. That situation had made it necessary to think carefully about whether the proposed budget for some items was realistic. For many years the budget for Category 3 had been highly aspirational, and it had not been possible to fully fund the budget for that area. Similarly, it had proved very difficult to raise voluntary funding for prevention and control of noncommunicable diseases, despite their priority importance for Member States and for the Bureau, which had increased flexible funding for that area over the years.

36. The integrated, interprogrammatic nature of PAHO's work should be borne in mind when considering the amounts allocated to the various categories and program areas. The program areas under Category 4 (Health Systems), for instance, were highly integrated, which meant that financing for human resources for health and other program areas was also integrated. There was, necessarily, integration across categories, too. For example, women's and children's health could not be addressed effectively without also addressing weaknesses in health systems and services. The same was true of noncommunicable diseases and health emergencies.

37. The Bureau had consistently tried to reduce the amount allocated to Category 6. However, that category covered a huge part of the services that the Bureau provided to Member States, and she did not believe that any significant further reductions would be possible without decreasing the number of PAHO/WHO representatives, which would leave some countries without a PAHO presence. The Bureau would nevertheless continue to seek ways of increasing efficiencies and reducing costs.

38. She recalled that the strategic budget space allocation exercise had originated at the initiative of PAHO Member States, which had been concerned that the Region was not receiving a fair share of the WHO budget. That situation had been rectified and the Region's portion of the budget was expected to increase progressively. However, following the January 2017 session of the WHO Executive Board, the Global Policy Group had decided that the WHO Secretariat would reduce the percentage increase that it had sought in assessed contributions. That reduction would be reflected in the WHO program budget to be submitted to the World Health Assembly in May and in the PAHO program and budget proposal to be submitted to the Executive Committee in June.

39. The Subcommittee took note of the report.

Report on the Implementation of the Framework of Engagement with non-State Actors (Document SPBA11/5)

40. Mr. Scott Shauf (Senior Legal Advisor, Office of Legal Counsel, PASB) introduced Document SPBA11/5, which reviewed the steps taken by PAHO to implement

the Framework of Engagement with non-State Actors (FENSA), adopted by the World Health Assembly in May 2016 and by the PAHO Directing Council in September 2016. He recalled that Member States had instructed the Director to implement the Framework in coordination with the WHO Secretariat, taking into consideration PAHO's constitutional and legal framework. FENSA had thus replaced PAHO's Guidelines on Collaboration with Commercial Enterprises and the Principles Governing Relations between the Pan American Health Organization and Nongovernmental Organizations. Although the Framework had become immediately applicable to PAHO's engagements with non-State actors, the Bureau had been given two years to operationalize it fully.

41. Steps taken thus far included the issuance of a general information bulletin explaining the new policy to staff and outlining the interim processes needed to initiate review and analysis of PAHO's relations with non-State actors under FENSA. In addition, managers had been briefed on FENSA during a regional managers' meeting in November 2016 and subregional meetings in February and March 2017. As instructed by Member States, the Bureau had been coordinating closely with the WHO Secretariat, including with respect to due diligence and risk analysis to ensure that FENSA was being implemented in a consistent manner at the global and regional levels.

42. WHO was still developing some tools that would be needed for the full implementation of the Framework, including the register of non-State actors, a guide for staff, and a handbook for non-State actors. Work on the guide and handbook was in the final stages, and the register was expected to be in place by May 2017.

43. The Subcommittee welcomed the steps taken to implement FENSA, which was seen as a means of ensuring transparency in relations with non-State actors, avoiding conflicts of interest and preventing undue influence by such actors in the design and implementation of public health policies, and protecting the integrity and independence of and public trust in PAHO and WHO. The Bureau was encouraged to continue its efforts to implement the Framework promptly and fully at all three levels of the Organization.

44. Delegates sought additional information on how the PAHO/WHO country offices were collaborating in the Framework's implementation, on the method being used to assess relations with non-State actors under FENSA, on PAHO's participation in the register of non-State actors, on the costs associated with the implementation of the Framework, and on the training program for personnel mentioned in paragraph 7 of Document SPBA11/5. Delegates also inquired whether the Bureau planned to conduct consultations with Member States on the register of non-State actors, the guide for staff, and the handbook for non-State actors; whether the Bureau had identified any specific issues that had required it to take into account PAHO's constitutional and legal framework in the application of FENSA; and whether PAHO might exceed the requirements of FENSA in its relations with non-State actors.

45. Mr. Shauf said that the staff training originally planned for the first quarter of 2017 had been delayed because the WHO guide for staff had not yet been completed. Once the guide was ready, the Bureau would initiate training for all PAHO staff. The guide was

intended to be an internal tool to enable staff to know how to implement FENSA; he did not believe WHO planned to consult Member States about its content. The non-State actors with which PAHO engaged would be included in the WHO registry. The Bureau would work with the WHO Secretariat to determine how those entities were to be included, bearing in mind that PAHO engaged with them as an organization in its own right, not as the Regional Office of WHO. To date, no other issues had arisen that had required the Bureau to take account of PAHO's constitutional and legal framework. The Bureau intended to comply fully with the requirements of FENSA, but had no plans to exceed them. As to costs associated with the Framework's implementation, the Bureau anticipated that some additional staff would be required to conduct due diligence assessments; however, because PAHO would be participating in the WHO registry, those costs were expected to be minimal.

46. The Director observed that the Region was in a unique position with respect to the other WHO regions because it had its own legal department, which could conduct much of the due diligence, required under FENSA. Unless alternative arrangements were put in place, the other regions would have to rely on the WHO legal department, which was bound to result in bottlenecks. She affirmed that the Bureau was committed to the full implementation of FENSA and was now applying the Framework in all of PAHO's relations with non-State actors. As a result, it had decided to terminate the Organization's relations with some actors because careful analysis by the PAHO Office of Legal Counsel had determined that they were not in conformity with the FENSA principles. That situation had caused considerable anxiety in some country offices that had had a longstanding collaboration with those entities. The Bureau had also proceeded with staff capacity-building, although the WHO staff guide was not yet available. Staff training would continue in the coming months.

47. The Subcommittee took note of the report.

Non-State Actors in Official Relations with PAHO (Document SPBA11/6)

48. Mr. Alberto Kleiman (Director, Department of External Relations, Partnerships and Resource Mobilization, PASB) introduced Document SPBA11/6, which contained information on eight nongovernmental organizations (NGOs) whose status as non-State actors in official relations with PAHO was due for review. The document also provided brief progress reports on the Organization's collaboration with other NGOs currently in official relations with PAHO and a schedule for the review of relations with the various NGOs in the next two years.

49. He recalled that the Executive Committee, through the Subcommittee, was responsible for reviewing the Organization's collaboration with non-State actors in accordance with the policies and principles set out in the Framework of Engagement with non-State Actors (see paragraphs 40 to 47 above) and deciding whether to continue or discontinue the Organization's relations with those actors. The Committee also had the option of deferring a decision on the review to the following year. In the Bureau's assessment, six of the NGOs continued to contribute to the achievement of the

Organization's objectives, and it therefore invited the Subcommittee to consider recommending the continuation of official relations with those six organizations, namely: the American Public Health Association (APHA), the American Society for Microbiology (ASM), the Inter-American Association of Sanitary and Environmental Engineering (AIDIS), the March of Dimes, the United States Pharmacopeial Convention (USP), and the World Association for Sexual Health (WAS). The Subcommittee was also invited to consider recommending that a decision on the continuation of relations with the Latin American Federation of the Pharmaceutical Industry (FIFARMA) should be deferred for a year in order to allow that organization additional time to draw up a more robust plan of collaboration. Lastly, the Subcommittee was invited to consider recommending the discontinuation of official relations with the International Diabetes Federation (IDF) owing to a lack of collaboration over the past two years. Members of the Subcommittee were provided with a confidential packet of information containing additional background information on each organization and details on the activities it had undertaken in collaboration with PAHO in recent years.

50. The Subcommittee first engaged in a general discussion of the topic and then considered the recommendations on each NGO mentioned above. Members sought clarification of the reasons for the lack of collaboration between PAHO and the International Diabetes Federation in recent years, particularly in light of the high rates of diabetes and other noncommunicable diseases in the Region. Clarification of the reasons for the recommendation to defer a decision on FIFARMA was also requested. The Delegate of Brazil noted that APHA was collaborating with PAHO in the translation of scientific articles relating to Zika virus disease and asked whether the articles might also be translated into Portuguese. He also noted that, as part of its collaboration with PAHO, USP would be providing technical assistance and cooperation in ensuring the quality of medicines in Latin American and Caribbean countries; he wondered how an NGO would be able to identify national needs and whether the technical assistance activities to be carried out would be related to the prequalification process for the PAHO procurement funds.

51. The Deputy Director explained that the translation project with APHA was part of a longstanding arrangement whereby PAHO provided the Spanish-language translation of the APHA manual *Control of Communicable Diseases*, which was published every five years. A new electronic chapter on Zika virus disease was to be added to the publication by APHA, which was also translated into Spanish by PAHO. The Bureau has not translated the book into Portuguese however, as the manual is an APHA publication, the possibility of also translating this chapter into Portuguese would need to be discussed with APHA.

52. Dr. Analía Porras (Chief, Medicines and Health Technologies Unit, PASB) said that USP collaborated with PAHO in the area of laboratories and quality specifications, particularly in countries that applied the United States Pharmacopeia reference standards and that requested such collaboration. It had also collaborated with PAHO on training courses aimed at enhancing national drug regulatory capacity.

53. Mr. Kleiman explained that PAHO had been collaborating with FIFARMA for many years and intended to continue doing so. The recommendation to defer a decision had been made because, owing to time constraints, a joint work plan had not yet been agreed.

54. Ms. Silvana Luciani (Advisor, Cancer Prevention and Control, Noncommunicable Diseases Unit, PASB) said that it had been difficult for the Bureau to recommend the discontinuation of official relations with IDF, especially as diabetes was an important area of work for PAHO. However, in order to remain in official relations with the Organization, NGOs were required to agree on a joint work plan and maintain ongoing communication and collaboration on that plan. Unfortunately, in the past couple of years collaboration with IDF had deteriorated for reasons unknown to the Bureau, which had made several unsuccessful attempts to contact IDF officials at both the global and regional levels. The discontinuation of official relations would not, however, preclude future collaboration with the Federation or with the national-level associations that it represented.

55. Mr. Scott Shauf (Senior Legal Advisor, Office of Legal Counsel, PASB) added that, in accordance with FENSA, official relations with NGOs should be discontinued if there had not been continuous collaboration over a period of two years.

56. Having reviewed the information on each NGO and having heard the explanations provided by the various members of the Bureau, the Subcommittee decided to recommend to the Executive Committee that it approve the continuation of official relations between PAHO and the American Public Health Association, the American Society for Microbiology, the Inter-American Association of Sanitary and Environmental Engineering, the March of Dimes, the United States Pharmacopeial Convention, and the World Association for Sexual Health. The Subcommittee also recommended that the Committee defer a decision on the continuation of official relations with the Latin American Federation of the Pharmaceutical Industry until 2018 and that it discontinue official relations with the International Diabetes Federation.

57. The President announced that the Subcommittee's recommendations would be submitted to the 160th Session of the Executive Committee in the form of a proposed resolution.

Appointment of One Member to the Audit Committee of PAHO (Document SPBA11/7)

58. Mr. Scott Shauf (Senior Legal Advisor, Office of Legal Counsel, PASB) reviewed the background of the Audit Committee and drew attention to its Terms of Reference, which appeared as an annex to Document SPBA11/7. He noted that under those Terms of Reference the three Audit Committee members were elected by the Executive Committee and served up to two terms of three years each. Candidates were drawn from a list compiled by the Director. As the term of office of one of the Audit Committee members would end in June, it would be necessary for the Executive Committee to appoint a new member during its 160th Session. Accordingly, the Director had drawn up a short list of

candidates to be considered by the Subcommittee, which was asked to recommend a candidate to the Executive Committee. Confidential documentation on the candidates was distributed to the Subcommittee Members.

59. The Subcommittee decided to establish a working group consisting of Guyana, Nicaragua, Peru, and the United States of America to review the list of candidates proposed by the Director. The working group met during the Subcommittee's 11th Session. Subsequently, Dr. Carlos José Sáenz Torres (Nicaragua) reported that the working group had evaluated the five candidates on the basis of the criteria for membership set out in Section 4 of the Terms of Reference and had selected five critical factors for ranking the candidates. Each member of the group had ranked each of the candidates separately, and the scores had then been consolidated and the individual results averaged. Ms. Kumiko Matsuura-Müller had been unanimously selected as the candidate to be recommended for appointment to the Audit Committee.

60. The Director expressed her thanks to the members of the working group and of the Subcommittee for their contribution to the important task of appointing the new member of the Audit Committee.

61. The Subcommittee endorsed the recommendation of the working group. The President announced that the Subcommittee's recommendation would be communicated to the Executive Committee.

Administrative and Financial Matters

Overview of the Financial Report of the Director for 2016 (Document SPBA11/8, Rev. 1)

62. Mr. Xavier Puente Chaudé (Director, Department of Financial Resources Management, PASB) introduced the draft financial report of the Director for 2016, noting that the report was still being finalized and the figures were still being audited by the Organization's External Auditor. He also noted that the financial report had been prepared using the new PASB Management Information System (PMIS) (see paragraphs 110 to 117 below). Highlighting the main trends with regard to revenue from various sources, he reported that the Organization's consolidated total revenue in 2016 had amounted to \$1.484 billion, which was a decrease of \$12 million, or about 1%, with respect to 2015. Variations in consolidated revenue for the previous five years had mainly been the result of fluctuations in national voluntary contributions, which had declined in 2015 and 2016 as a consequence of a reduction in the value of local currencies against the United States dollar. In terms of local currency, the amounts received had remained about the same. Hence, the level of consolidated income in 2016 had, in fact, been virtually the same as in 2015.

63. Regular budget revenue had amounted to \$197.9 million for 2016, which was \$28 million, or 12%, less than in 2015. The reduction was due mainly to a decline in voluntary contributions. However, in comparison with 2014—also the first year of a

biennium—regular budget resources had remained fairly stable. PAHO assessed contributions had totaled \$97.8 million in 2016. Revenue from WHO assessed and voluntary contributions had amounted to about \$53 million, while miscellaneous income had totaled \$15.2 million. PAHO voluntary contributions had decreased from \$34.3 million in 2015 to \$30.9 million in 2016. PAHO assessed contributions for 2016 had totaled \$66.4 million; assessed contributions for prior years collected in 2016 had amounted to \$39.7 million. In 2016, 29 Member States, Associate Members, and Participating States had paid their assessed contributions in full, five had made partial payments, and eight had made no payments. Arrears in the payment of assessed contributions had amounted to \$40.5 million at the end of 2016, which was \$4 million less than in 2015. Three Member States had accounted for the majority of the arrears for 2016, and two of them were potentially subject to the voting restrictions provided for under Article 6.B of the PAHO Constitution. All outstanding amounts due for years prior to 2014 had been collected.

64. While there had been a steady decline in voluntary contributions in recent years, deferred revenue from such contributions (i.e., funds or commitments received but not yet implemented) had increased substantially, rising from \$65.6 million in 2015 to \$145.6 million in 2016, which was a positive sign for the future. In 2016 two major agreements for voluntary funding had been signed, one with the United States Agency for International Development for \$31 million and the other with the Department for International Development of the United Kingdom for \$43 million.

65. Revenue received through the Organization’s funds for procurement on behalf of Member States had totaled \$678.5 million in 2016, \$40 million more than in 2015. The Revolving Fund for Vaccine Procurement had accounted for \$582.3 million of that total (as compared with \$562.1 million in 2015), the Revolving Fund for Strategic Public Health Supplies (commonly known as the “Strategic Fund”) for \$92.2 million (versus \$71.5 million in 2015), and the Reimbursable Procurement on Behalf of Member States for \$4 million (versus \$6 million in 2015). Use of credit lines—which enabled Member States to defer payment for purchases made through the procurement funds for 60 days—had also increased, especially in the case of the Revolving Fund.

66. The Subcommittee commended the Bureau for its transparency in reporting the financial results for the year and its efficiency in the management of resources. The difficulties caused by non-payment of assessed contributions were recognized, and all Member States were encouraged to meet their financial obligations to the Organization on a timely basis. Information was requested on what measures the Bureau had taken to increase the collection of assessed contributions. Delegates also sought clarification of the reasons for the decrease in the use of the Reimbursable Procurement Fund and the increase in the use of the Revolving Fund for Vaccine Procurement. In relation to the latter, a delegate inquired whether the increase was the result of a policy change or of countries’ ability to access the credit line. Another delegate asked whether the increased use of the Revolving Fund had had any effect on the number and the prices of vaccines included in countries’ immunization schedules.

67. Mr. Puente Chaudé affirmed that timely receipt of assessed contributions was essential to the smooth functioning of the Organization. The Bureau consistently sent reminders to Member States in arrears and also sought to take advantage of sessions of the Governing Bodies and other meetings to impress upon Member States the importance of timely payment. The rise in the use of the Revolving Fund for Vaccine Procurement could be attributed to several trends, including an increase in the number of countries purchasing through the Fund; greater use of the credit lines and an increase in the average amount of credit used, which had risen from \$37 million in 2014 to \$47 million in 2016; and the addition of new vaccines to immunization programs. Greater use of the Fund had enabled the Bureau to negotiate more favorable prices for many vaccines. Use of the Reimbursable Procurement Fund had declined mainly because some items formerly available through that Fund, such as the seasonal influenza vaccine and some diagnostic kits, were now being offered through the Revolving Fund for Vaccine Procurement.

68. The Director added that the Bureau's ability to negotiate better vaccine prices was linked to the rise in demand, which in turn was linked to the fact that several large countries had recently begun purchasing through the Revolving Fund. In addition, more countries were purchasing relatively high-cost vaccines, such as the human papillomavirus vaccine. With regard to voluntary contributions, the Bureau had made some changes in the way it mobilized such funding, including the introduction of a new resource mobilization strategy. In addition, it was supporting the PAHO/WHO representative offices in mobilizing resources directly at country level. As reported by Mr. Puente Chaudé, the Bureau was currently managing several large grants, which had increased the amount of deferred revenue. Nevertheless, PASB recognized the need for additional effort to mobilize voluntary resources, since the amounts received in assessed contributions were not sufficient to fill the entire budget envelope.

69. She expressed gratitude to those Member States that had paid their assessed contributions and encouraged others to do likewise, noting that the Bureau was obliged to make use of the Working Capital Fund if it failed to receive such contributions in a timely manner. At times the Fund had been almost fully depleted. She also reported that the Bureau was working with the two countries potentially subject to the provisions of Article 6.B of the PAHO Constitution to set up payment plans.

70. The Subcommittee noted the report.

Programming of the Revenue Surplus (Document SPBA11/9, Rev. 1)

71. Mr. Dean Chambliss (Director, Department of Planning and Budget, PASB) recalled that the budgeted miscellaneous revenue for the biennium 2014–2015 had been \$6 million. However, the actual miscellaneous revenue figure at the end of the biennium had been \$13,863,887.91, resulting in a surplus of \$7,863,887.91, mostly comprising interest earnings from investments of excess liquidity.

72. He also recalled that in May 2015 PASB had presented a report on the Master Capital Investment Fund and reassessment of the real estate projects in the Master Capital

Investment Plan.⁴ The report had listed the repair work that would need to be carried out on both the Headquarters building and the PAHO/WHO Representative (PWR) offices across the Region, together with cost estimates, which had totaled approximately \$50 million. The Executive Committee had requested that the Bureau develop a self-financing plan to implement the required works without requesting any special assessment or increase in assessed contributions. As a step towards accumulating the funds needed, the Director was proposing to allocate the total revenue surplus of \$7,863,887.91 to the Real Estate Maintenance and Improvement Subfund, part of the Master Capital Investment Fund.

73. In the ensuing discussion, delegates acknowledged the need for renovation work in the various PAHO-owned buildings and expressed agreement with the proposed use of the revenue surplus for that purpose, with some seeking additional information on whether the surplus would be used for work on both the PWR offices and the Headquarters building or only the latter. Clarification was also sought as to whether the cost estimate of \$50 million was for all PAHO-owned buildings or only Headquarters.

74. Mr. Gerald Anderson (Director of Administration, PASB) clarified that the estimate of \$50 million related only to the Headquarters building. The work needing to be done on the PAHO-owned PWR offices was estimated to cost a further \$10 million. The proposal was to allocate the entire \$7,863,887.91 to the Headquarters portion. It would take some time to accumulate all of the funds needed, and therefore the various projects would have to be prioritized, with an emphasis on measures to enhance staff security and safety.

75. The Subcommittee concurred with the Director on the allocation of the revenue surplus of \$7,863,887.91 to the Real Estate Maintenance and Improvement Subfund.

After-service Health Insurance (Document SPBA11/10, Rev. 1)

76. Mr. Gerald Anderson (Director of Administration, PASB) recalled that pursuant to the International Public Sector Accounting Standards (IPSAS), adopted in 2010, PAHO was required to report its total obligation with respect to payment of health benefits to active and past staff in the event that the Organization ceased operations. In 2016 the Bureau and the WHO Secretariat had developed a long-term plan to fund the after-service health insurance (ASHI) obligation, whereby the two organizations would combine their assets in the Staff Health Insurance Fund. PAHO would also begin to transfer its 4% payroll levy to the joint fund. However, separate records would be kept of PAHO's assets in the fund and the earnings thereon. According to actuarial estimates, WHO would have fully funded its ASHI obligation by 2038 and PAHO would have done so by 2052. As another part of the plan, efforts would be made to contain the costs of health care for staff in the United States of America, which were 2.5 times higher than those of staff in Switzerland, for example, and eight times the global average.

⁴ See Document [CE156/24, Rev. 1](#) (2015).

77. It was proposed that future reports on the status of the ASHI obligation should not be presented as a separate agenda item, but instead should be included in the Director's financial report.

78. The Subcommittee welcomed the progress made towards funding the ASHI obligation and the plans for the future. The cooperation with WHO was regarded as a positive step. A delegate asked for more details on how PAHO would actually achieve full coverage of its defined benefit obligation and also on how health insurance was handled in other WHO regions. Another delegate asked about the potential impact on health insurance of the decision to increase in the age of retirement in the United Nations system to 65.

79. Mr. Anderson explained that the payroll levy would remain unchanged at 4%, but that the amounts levied would now be invested jointly with WHO, at a higher return and lower management cost than PAHO had been able to achieve on its own. Additionally, if PAHO was successful in containing the cost of health care for staff in the United States, as it had been to some extent in 2016, the savings would also be available for investment. With regard to the question about other WHO regions, there was one staff health plan, with the same benefits applying worldwide. There would be no impact from the increase in retirement age to 65: staff had health insurance coverage whether they were active or retired.

80. The Subcommittee endorsed the proposal regarding future reporting on the ASHI obligation.

Amendments to the PASB Staff Regulations and Rules (Document SPBA11/11)

81. Dr. Luz Marina Barillas (Director, Department of Human Resources Management, PASB) summarized the proposed changes to the Staff Rules set out in Annex A to Document SPBA11/11, which were intended to maintain consistency in the conditions of employment of staff of the Pan American Sanitary Bureau and the other arms of the United Nations system, in accordance with United Nations General Assembly Resolution 70/244 (2015), which mandated changes to the compensation package for professional staff with effect from 1 January 2017. The changes were intended to simplify the system and slightly reduce personnel costs in the long term.

82. The financial savings associated with the recommendations concerning the common system compensation package were estimated at \$113.2 million per annum, United Nations system-wide. The double (dependent/non-dependent) salary scale was being eliminated and replaced by a single scale, with future entitlements for dependents being met with grants. Another significant source of the savings arose from the elimination or curtailment of entitlements related to children's education. Details were given in Document SPBA11/11.

83. One of the most important changes covered by General Assembly Resolution 70/244 was the increase of the age of retirement to 65. That change would affect staff

engaged before 1 January 2014, but such staff would have the option of retiring at the age of separation that had been in force when they had entered the Organization, namely 60 or 62. Choosing to retire at that previously established age would have no negative impact on the staff member's pension.

84. In the ensuing discussion, one delegate, while endorsing the change in the mandatory age of separation and the revised salary scale and allowances, proposed additional language in Regulation 350.2.2 to make clear the limitation on the lump sum payable for boarding-related expenses. She also expressed the view that there was insufficient precision in Rules 360.2 and 360.3 regarding the mobility incentive, hardship allowance, and non-family service allowance. She suggested that those rules should be revised to state the limit on the amounts that could be claimed.

85. Dr. Barillas said that the requested change in Rule 350 could be made and the new version submitted to the Executive Committee.

86. Mr. Paul de la Croix-Vaubois (Human Resources Advisor, Department of Human Resources Management, PASB) explained that the wording of the proposed amendments to Rule 360 was in line with the proposal made by the International Civil Service Commission and subsequently endorsed at the General Assembly. It had also been cleared by PASB's Human Resources Management Department and by its Office of Legal Counsel.

87. The Subcommittee noted the proposed amendments.

PASB Staffing Statistics (Document SPBA11/12, Rev. 1)

88. Dr. Luz Marina Barillas (Director, Department of Human Resources Management, PASB) presented the PASB staffing statistics, highlighting changes between 2015 and 2016. The overall staff complement was almost unchanged: 2,038 in 2015 and 2,039 in 2016. Fixed-term United Nations staff had decreased from 759 to 744, a drop of 2%. Temporary United Nations staff had also gone down, by 3%.

89. In the professional and ungraded categories, 52% of post-holders were women, most of them concentrated at the P1, P2, and P3 levels. That was partly because the approximate age when staff generally moved up to P4 was also the age when many women started to increase their family commitments, notably through childbirth. With regard to mobility of professional staff, there was a policy of trying to move personnel after about five years of service in one location, so that they could bring their knowledge and experience to other locations.

90. The majority of staff members had between 1 and 10 years of service, which meant that the Organization had a relatively young workforce. However, there were also over 100 staff with 20 or more years of work experience, who offered knowledge and guidance. Individuals aged 50 to 59 years made up the largest segment in all categories of fixed-contract staff. The Bureau had initiated a series of measures to deal with the

impending wave of retirements. That had involved not only ensuring the replacement of retiring staff but also establishing a process of knowledge transfer to safeguard institutional memory.

91. In 2016 a total of 20 professional and 2 general services staff had had their contracts extended beyond their age of retirement. That total of 22 compared with 37 for 2015, a drop due to the robust process of analysis undertaken to determine whether an extension beyond retirement age was justified and in the best interests of the Organization. Eight individuals had been rehired after retirement as “PAHO temps,” to continue fulfilling the substantive functions of a post, a circumstance that the Bureau was trying to eliminate through its succession plan. Another 30 retirees had been hired as consultants, contributing their accumulated knowledge and experience to a specific task or deliverable.

92. In the ensuing discussion, delegates congratulated the Bureau on its continued progress towards gender parity in the professional and higher categories and sought information on any new initiatives that were being implemented to increase upward mobility for women in the lower professional positions. The Bureau was encouraged to continue to promote geographic mobility as a means of enabling staff to acquire diverse skills and experience, thus strengthening the technical excellence of the Organization as a whole. More information was requested on how the rise in the age of mandatory retirement would affect retirement trends in the coming 10 to 12 years.

93. A delegate pointed out that over one quarter of the staff was below the age of 40, while there was also a large segment aged 50 to 59. He asked what strategy was in place to ensure that there would not be a gap when the older cohort reached retirement age. Other delegates expressed concern that the strategy for replacing retiring staff was not very clear and asked what mechanisms and strategies would be adopted to fill staffing gaps and how impacts on the quality of work of the country offices would be avoided.

94. Dr. Barillas said that the aspect of gender was taken into consideration at all stages of selection processes for both professional and general services staff. The Bureau recognized that, while much progress had been made with regard to gender parity, there was still more to be done to support the advancement of women. One new initiative, still in its early stages, was the introduction of remote working, utilizing technology to assist women in balancing their work and home responsibilities.

95. With regard to the impending wave of retirements, a succession plan had been approved by executive management in 2016 and was now being operationalized. The succession plan comprised various analytical stages, starting with the identification of key positions where vacancies would not only jeopardize technical cooperation, but would also entail a risk to the Organization’s reputation. The second stage was to assess the current and future skills required for such posts and the third was to identify potential candidates who could meet those requirements. The plan required rigorous analysis and concerted effort at a corporate level, but was expected to secure the future of those crucial

posts. Furthermore, the rise in the mandatory retirement age would give the Bureau a little more time to consolidate the succession plan.

96. The Director noted that PASB had begun a mentoring program to help some P2 and P3 staffs prepare to move to higher positions. While the Bureau was committed to gender parity at all levels, there were some difficulties in trying to attract women to the higher-level positions. For example, it tended to be more difficult for women to uproot. Moreover, vacancies at the P4 level did not arise very often because not many staff in P4 posts had the opportunity to move to the P5 level.

97. Attracting staff with the expertise required to address evolving needs was another challenge. For example, the Bureau did not currently have a sufficient number of staff with expertise in climate change and its attendant health impacts. In the area of health systems and services, as another example, the greatest demand from Member States was for health economists to help them design health care financing mechanisms. An added complication was that some of those new types of expertise might be required only for a limited time, and candidates with the requisite skills might not be interested in a short-term engagement. The Bureau's human resources strategy therefore sought to put in place a core long-term staff, with space for relatively short engagements of particular specialists to meet Member States' short-term needs. Additional information on implementation of the strategy would be provided during the June 2017 session of the Executive Committee.

98. The Subcommittee took note of the report.

Matters for Information

Process for the Election of the Director of the Pan American Sanitary Bureau and Nomination of the Regional Director of the World Health Organization for the Americas (Document SPBA11/INF/1)

99. Mr. Scott Shauf (Senior Legal Advisor, Office of Legal Counsel, PASB) outlined the procedure for the election of the Director, which would occur during the 29th Pan American Sanitary Conference in September 2017. In March, all Member States, Participating States, and Associate Members had been invited to submit nominations. The nomination period would close on 1 May 2017. By 1 June, all nominations received would have been compiled, translated into the Organization's four official languages, and forwarded by the President of the Executive Committee to Member States, Participating States, and Associate Members.

100. Nominees would be invited to make a presentation during a candidates' forum, to be held during the week of 26 to 30 June 2017, alongside the 160th Session of the Executive Committee. Delegates of all Member States, Participating States, and Associate Members would be able to participate in the forum, either in person or by means of electronic communications. Details of the procedure and rules governing the election of the Director were provided in the annexes to Document SPBA11/INF/1.

101. In response to a question from a delegate, Mr. Shauf clarified that all nominated candidates would be entitled to take part in the forum, and all candidates would be on the ballot submitted to the Pan American Sanitary Conference for the election.

102. The Subcommittee took note of the report.

Update on WHO Reform (Document SPBA11/INF/2)

103. Mr. Dean Chambliss (Director, Department of Planning and Budget, PASB), highlighting the key actions and achievements with respect to WHO reform since the last report on the subject in 2016, said that both PAHO and WHO had continued to apply a bottom-up planning approach for the development of their program budgets. In developing the 2018–2019 program and budget proposal for PAHO, the Bureau had applied the refined programmatic priorities stratification methodology approved by the Directing Council in 2016.⁵ It had also begun developing a web portal similar to the WHO program budget web portal. A preliminary version of the PAHO portal was expected to be ready by the time of the June 2017 session of the Executive Committee, and the portal was expected to go live by the time of the Pan American Sanitary Conference in September.

104. The Bureau continued to strive to limit the number of items on the agendas of the Governing Bodies and to improve the quality of the reports submitted for consideration. The Framework of Engagement with non-State Actors, adopted in 2016, had replaced PAHO's guidelines for collaboration with commercial enterprises. The WHO Health Emergencies Program had been established in a coordinated fashion at the global and regional levels. Both WHO and PAHO were launching a new staff recruitment tool and were ensuring the alignment of staff profiles with functional requirements. WHO had begun participating in the International Aid Transparency Initiative, in which PAHO was also participating through its reporting as the Regional Office of WHO for the Americas. In addition, the Bureau had completed the transition to the new PASB Management Information System (see paragraphs 110 to 117 below).

105. For the future, the Bureau proposed to discontinue the presentation of annual reports on WHO reform to PAHO's Governing Bodies. Any updates needed on aspects of reform that remained relevant could be presented through reports on individual agenda items. The Subcommittee was invited to comment on that proposal.

106. In the discussion that followed, it was suggested that, rather than discontinuing the annual reports altogether, the Bureau should present updates on PAHO and WHO coordination with regard to programs, governance, emergency response, management and human resources, and other areas; the report might also include information on the Director's participation in the Global Policy Group. Assurance was sought that the PAHO web portal would be linked electronically to the WHO portal and would ensure the same level of transparency and accessibility of data.

⁵ See Document [CD55/7](#) and Resolution [CD55.R2](#) (2016).

107. Mr. Chambliss explained that the PAHO portal could not be linked directly to the WHO portal because of PAHO's status as a separate legal entity. PAHO-specific financial information could not be reported through a WHO website. However, the Bureau was working closely with WHO information technology staff to put in place a platform that was virtually identical to the WHO platform and that would present the same level of information in the same structure and format. However, whereas the WHO portal provided information only on the WHO allocation to the Region of the Americas (AMR), the PAHO portal would provide information on both WHO/AMR and PAHO funds and expenditures.

108. The Director said that the Bureau would continue providing reports on PAHO-WHO coordination if the Subcommittee so recommended. She assured the Subcommittee that the PAHO portal would be similar and ensure the same level of transparency as the current WHO portal.

109. The Subcommittee took note of the report on WHO reform and recommended that future reports present information on coordination between PAHO and WHO.

Status of the PASB Management Information System (Document SPBA11/INF/3)

110. Mr. Valentín Prat (Director, Department of Information Technology Services, PASB), outlining the progress of the PASB Management Information System project, reported that Phase 1, covering the areas of human resources and payroll, had gone live in February 2015, and Phase 2, comprising finance, procurement, and budget, in January 2016. The year 2016 had been devoted to stabilization of the system, issues of governance, system enhancements, creation of custom reports, financial closure of the project, and its transition from the project team to the Information Technology Services department. Also in 2016, the system had been used for the first time for the financial closure of the year. The system had now been operational for more than two years, having been completed on time and on budget.

111. The system was already yielding benefits, including the streamlining of many business processes. Data management had been improved and collaboration and workforce efficiencies achieved. All of the benefits were intended to improve support to technical cooperation. As with any system of such magnitude, certain difficulties had been encountered, some of them arising from the system's complexity; those had been dealt with through a very effective change management system implemented across the Organization. Another challenge had been the need for staff to adapt to the new system while at the same time continuing traditional ways of operating. The change management program had helped all staff to transition to the new ways of working. In addition, a comprehensive training program had been put in place and all staff had been trained before the system had gone live.

112. Not all aspects of the system had functioned correctly right from the start, but most problems encountered had now been resolved, thanks to the hard work of staff and close cooperation with the software vendor. The system was constantly being improved,

and several upgrades had been completed without problems. Transfer of full knowledge of the system from external consultants to the Bureau staff was expected to be completed within a year. One forthcoming challenge was that the next financial closure would relate to the end of a biennium, a much more complex process than a mid-biennium closure. The required work was being planned and implemented by a cross-functional working group.

113. The total budget for the project had been \$22.5 million, and the total amount expended up to December 2015 had been \$17.4 million, leaving \$5.1 million to be used in 2016 on enhancements and completion work. All future costs for the PMIS would be covered from the regular information technology budget.

114. The Subcommittee welcomed the information provided. A delegate requested that, as the biennial closure would be such a challenging exercise, updates on the performance of the PMIS should continue to be provided to the SPBA and the Executive Committee.

115. Mr. Prat took note of that request.

116. The Director noted that the presentation had not reflected the many difficulties that the Bureau had undergone in the course of the project's implementation. The complexity of the system, and the fact that it had not been custom-built but had been modified for PAHO's purposes, had demanded enormous amounts of unanticipated work by staff, to whose dedication and commitment she wished to pay tribute. The implementation of the PMIS had not been just a matter of installing a new computer system, but rather of adapting to a radically new way of working throughout the Organization.

117. The Subcommittee took note of the report.

Update on the Master Capital Investment Fund (Document SPBA11/INF/4)

118. Ms. María Teresa Angulo (Director, Department of General Services Operations, PASB) recalled that the Master Capital Investment Fund comprised five subfunds. As of 31 December 2016, the available balances in those subfunds had been: Real Estate Maintenance and Improvement, \$5,421,725; Information Technology, \$1,578,506; Vehicle Replacement, \$1,353,749; Revolving Strategic Real Estate, \$95,058; and Human Resources Strategy, \$877,914. In addition, the Reserve for the Master Capital Investment Fund had a balance of \$4 million, of which the Director might allocate up to \$2 million during the 2016–2017 biennium to one or more of the MCIF subfunds.

119. She also recalled the discussions at the 156th Session of the Executive Committee about the value and the cost of necessary renovation work of all PAHO-owned buildings, and she noted that the Subcommittee had approved the proposal to transfer the revenue surplus of \$7,863,887.91 to the Real Estate Maintenance and Improvement Subfund of the Master Capital Investment Fund (see paragraphs 71 to 75 above).

120. In the ensuing discussion, the Subcommittee concurred that the proposal represented a wise use of the surplus, with some Members of the Subcommittee requesting additional information on the renovation work that would be needed at Headquarters and in the PAHO-owned PWR offices. Others asked about the funds allocated to the human resources strategy and whether any of those resources could be transferred from Headquarters to any of the PWR offices to strengthen their presence in Member States.

121. Mr. Gerald Anderson (Director of Administration, PASB), responding to the questions about the renovation work, referred to the discussions at the 156th Session of the Executive Committee and to Document CE156/24, Rev. 1 (2015), which contained detailed information on the topic. Responding to the questions about human resources, he recalled that the Human Resources Strategy Subfund had been created in 2015. Of the two main projects to be financed from that fund, the recruiting platform had gone live in February 2017 and work on the electronic learning platform was nearing completion, with training courses for new employees planned for the near future.

122. The Director reviewed some of the urgent renovation work that had already been completed at Headquarters, together with some of the tasks planned for the near future, noting that a recent major task had been the renovation of the elevators in the Headquarters building. In the near term, work would be needed on the building's heating system and on the sanitary facilities in the basement. Also in the near future all of the windows in the Headquarters building would have to be replaced.

123. The Subcommittee took note of the report.

Draft Provisional Agenda for the 160th Session of the Executive Committee (Document SPBA11/INF/5)

124. Ms. Piedad Huerta (Senior Advisor, Governing Bodies Office, PASB) presented the draft provisional agenda for the 160th Session of the Executive Committee contained in Document SPBA11/INF/5, which had been adjusted to reflect the recommendations made by the Executive Committee during its 159th Session on 30 September 2016.⁶ The Director had also taken into account that time needed to be allotted for the candidates' forum (see paragraph 99 to 102 above), and had therefore decided to defer the consideration of several progress reports until 2018. Other changes included the addition of item 4.3 (New Scale of Assessed Contributions) and changes in the titles of item 4.4 (Policy on Ethnicity and Health), item 4.5 (Plan of Action for the Sustainability of Measles, Rubella and Congenital Rubella Syndrome Elimination in the Americas), and item 4.6 (Plan of Action for the Strengthening of Vital and Health Statistics).

125. With regard to item 4.4, Ms. Huerta explained that the Director had considered it advisable first to propose a policy for consideration and then, on the basis of that policy, to propose a strategy and plan of action for consideration at a subsequent session. As to

⁶ See Final Report of the 159th Session of the Executive Committee, Document [CE159/FR](#) (2016).

items 4.5 and 4.6, the Bureau would propose only plans of action, as the Governing Bodies had already adopted strategies on those topics.

126. The Director recalled that, as part of WHO governance reform, the Bureau had committed to ensuring Governing Body meeting agendas of reasonable length. It had also undertaken an exhaustive analysis of all the resolutions and policies, strategies, and plans of action adopted by the Governing Bodies with an eye to identifying those that remained relevant and those that could be sunsetted.⁷ She would continue to be guided by that analysis in drawing up future agendas, and she encouraged Member States also to refer to it before proposing new items. She noted that it was important to rationalize the Governing Body meeting agendas in order to allow sufficient time for a full discussion of all items, but particularly of the technical items, and she expressed gratitude to Member States for their cooperation in that regard.

127. The Subcommittee endorsed the provisional agenda as proposed by the Director.

Closure of the Session

128. Following the customary exchange of courtesies, the President declared the 11th Session of the Subcommittee closed.

Annexes

⁷ See Document [CD55/18, Rev. 1](#), and Resolution [CD55.R11](#) (2016).

IN WITNESS WHEREOF, the President of the Eleventh Session of the Subcommittee on Program, Budget, and Administration, Delegate of Guatemala, and the Secretary ex officio, Director of the Pan American Sanitary Bureau, sign the present Final Report in the Spanish language.

DONE in Washington D.C., United States of America, this twenty-fourth day of March in the year two thousand seventeen. The Secretary shall deposit the original signed document in the Archives of the Pan American Sanitary Bureau. The Final Report will be published on the webpage of the Pan American Health Organization once approved by the President.

Edgar R. González Barreno
President of the 11th Session
of the Subcommittee on Program, Budget,
and Administration
Delegate of Guatemala

Carissa F. Etienne
Secretary ex officio of the 11th Session
of the Subcommittee on Program, Budget,
and Administration
Director of the Pan American Sanitary Bureau

Annex A

AGENDA

1. OPENING OF THE SESSION

2. PROCEDURAL MATTERS

2.1 Election of Officers

2.2 Adoption of the Agenda

3. PROGRAM POLICY MATTERS

3.1 Update on the Development of the Sustainable Health Agenda for the Americas 2018-2030

3.2 PAHO Strategic Plan 2014-2019: Proposed amendments

3.3 Draft Proposed PAHO Program and Budget 2018-2019

3.4 Report on the Implementation of the Framework of Engagement with non-State Actors

3.5 Non-State Actors in Official Relations with PAHO

3.6 Appointment of One Member to the Audit Committee of PAHO

4. ADMINISTRATIVE AND FINANCIAL MATTERS

4.1 Overview of the Financial Report of the Director for 2016

4.2 Programming of the Revenue Surplus

4.3 After-service Health Insurance

4.4 Amendments to the PASB Staff Regulations and Rules

4.5 PASB Staffing Statistics

5. MATTERS FOR INFORMATION

- 5.1 Process for the Election of the Director of the Pan American Sanitary Bureau and Nomination of the Regional Director of the World Health Organization for the Americas
- 5.2 Update on WHO Reform
- 5.3 Status of the PASB Management Information System (PMIS)
- 5.4 Update on the Master Capital Investment Fund
- 5.5 Draft Provisional Agenda for the 160th Session of the Executive Committee

6. OTHER MATTERS

7. CLOSURE OF THE SESSION

Annex B

LIST OF DOCUMENTS

Working Documents

SPBA11/1, Rev. 1	Agenda
SPBA11/2	Update on the Development of the Sustainable Health Agenda for the Americas 2018-2030
SPBA11/3	PAHO Strategic Plan 2014-2019: Proposed amendments
SPBA11/4	Draft Proposed PAHO Program and Budget 2018-2019
SPBA11/5	Report on the Implementation of the Framework of Engagement with non-State Actors
SPBA11/6	Report on the Implementation of the Framework of Engagement with non-State Actors
SPBA11/7	Appointment of One Member to the Audit Committee of PAHO
SPBA11/8, Rev. 1	Overview of the Financial Report of the Director for 2016
SPBA11/9, Rev. 1	Programming of the Revenue Surplus
SPBA11/10, Rev. 1	After-Service Health Insurance
SPBA11/11	Amendments to the PASB Staff Regulations and Rules
SPBA11/12, Rev. 1	PASB Staffing Statistics

Information Documents

SPBA11/INF/1	Process for the Election of the Director of the Pan American Sanitary Bureau and Nomination of the Regional Director of the World Health Organization for the Americas
SPBA11/INF/2	Update on WHO Reform

Information Documents (*cont.*)

SPBA11/INF/3	Status of the PASB Management Information System (PMIS)
SPBA11/INF/4	Update on the Master Capital Investment Fund
SPBA11/INF/5	Draft Provisional Agenda for the 160th Session of the Executive Committee

Annex C

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Vice-President/Vice-Presidente:	Hon. Volda Lawrence (Guyana)
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ORGANIZACIÓN PANAMERICANA DE LA SALUD

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