

167th SESSION OF THE EXECUTIVE COMMITTEE

Virtual Session, 30 September 2020

Provisional Agenda Item 7.2

CE167/INF/2
1 September 2020
Original: English

PAHO GOVERNANCE REFORM: INTERNAL ASSESSMENT OF THE APPROVAL PROCESS OF PROJECTS FUNDED BY VOLUNTARY CONTRIBUTIONS

Background

1. The Pan American Sanitary Bureau (PASB or the Bureau) has recognized an increasing need to strengthen project management within the Pan American Health Organization (PAHO), including the negotiation, development, monitoring, and evaluation of voluntary contributions. More recent initiatives on this topic included the development of a Framework for Managing Voluntary Contributions, approved by the Director in 2014. A working group was established in 2014 to facilitate the implementation of the preliminary framework, review current business processes associated with grant implementation, and identify immediate actions to improve project management in the Organization. A key recommendation from this working group was the need to update the policy and workflow for the corporate review of voluntary contributions in PAHO.
2. The first Review Process for Extrabudgetary Initiatives went into effect in May 2004. It laid out the policy and guidelines for the review of voluntary contributions¹ replacing earlier organizational efforts to coordinate the review of proposals and agreements. In 2012, another iteration of the policy was formally included in the PAHO/WHO E-Manual (chapter IV.1.2a). The Project Cycle Working Group was convened in 2015 to assess the project cycle review and approval process of projects funded by voluntary contributions. It generated important recommendations for the project cycle and for simplifying the project review process.
3. Several key corporate changes, that affect project management and the review process, have occurred since the working group was established in 2015:
 - a) PASB finalized the Project Management Framework for Voluntary Contributions and Project Management Standard Operating Procedures for Voluntary Contributions in 2018 as an important step toward advancing a corporate approach to project management. The framework and related procedural guidelines provide

¹ The term “extrabudgetary initiatives” was replaced with “voluntary contributions.”

- a general structure to support the management of projects funded by voluntary contributions, in a consistent manner, utilizing common language and methodology.
- b) The policy for the Review Process for Voluntary Contributions and Agreements was updated in 2020, building upon the recommendations made by the Project Cycle Working Group in 2015. It reflects current practices, including embracing the new terminology of voluntary contributions, and aligns with the Project Management Framework. Given the need to improve the quality of grant proposals, align proposals with organizational policies and priorities, and strengthen project management as an important contributor to resource mobilization, the policy establishes the procedure for accepting voluntary contributions and for improving the performance of PASB in mobilizing and implementing voluntary contributions and technical cooperation agreements.
 - c) The PAHO Enterprise Risk Management Policy became effective in 2016 (PAHO/WHO E- Manual I.6.5b). It seeks to better integrate risk management into corporate processes, foster a comprehensive understanding of the Organization's risks and opportunities, and provide guidance on how to address undesirable risks. An important development in the operational planning process for the 2020-2021 biennium was the inclusion of a specific risk related to projects funded by voluntary contributions in the corporate Risk Register of the Organization.

Assessment Objectives and Methodology

- 4. In compliance with Resolution CE166.R9, PASB, the Director commissioned the Office of Internal Audit (OIA) to conduct an internal assessment of the approval and oversight processes for projects funded by voluntary contributions. The assessment took place between June and August 2020.
- 5. The assessment included the following objectives:
 - a) To detail the Bureau's current approval and controls, oversight, and risk management systems and processes related to projects funded by voluntary contributions, including relevant financial, legal, and technical reviews of these projects.
 - b) To address the organizational capacity, existing gaps, and effectiveness of various systems and mechanisms as outlined in the PAHO Governance Reform (Document CE166/6) (I) as they relate to the approval process for proposed projects funded by voluntary contributions.²

² The specific areas, as related to the approval review, include PAHO ethics and investigation systems; PAHO Helpline for staff; whistleblower protections for PAHO staff and consultants or contractors; institutional risk management review mechanisms and processes; role of the legal office in project approvals; processes to ensure project accountability, coordination, monitoring, and reporting; and mechanisms used to monitor projects and associated risk profiles once projects are approved and under implementation.

6. The assessment methodology included a desk review of projects funded by national voluntary contributions and voluntary contributions undertaken by PASB during the period January 2017 to July 2020.

7. Specifically, the OIA reviewed a total of 401 projects funded by voluntary contributions, totaling US \$317 million, as well as 12 project proposals funded by voluntary contributions that are in an advanced stage of negotiation, as of July 2020.

Summary of Assessment Findings

8. The assessment recognizes the importance of projects funded by voluntary contributions and the complementary role these projects play in achieving the impact and outcome targets put forth in the Strategic Plans of the Pan American Health Organization, aligned with the principles of results-based management.

9. In general, PASB has satisfactory structures and working practices in place for the administration of approvals and oversight processes for projects funded by voluntary contributions. These include the active engagement of leadership in project implementation reviews; accessibility of guidance on project management; application of a corporate risk analysis and monitoring methodology; and a clear delineation of responsibilities for PASB investigative and ethics functions.

10. Given the specific characteristics of projects funded by voluntary contributions and the continued focus on accountability in the Organization's relations with external partners, rigorous project management is essential to institutional governance practices. The assessment proposes six recommendations to strengthen the current approval and controls, oversight, and risk management systems and processes related to these projects. One key area addressed is the need for an updated policy framework for projects funded by voluntary contributions, aligned with the Project Management Framework for Voluntary Contributions. Complementary to this, a second recommendation calls for broadening the internal consultations that occur within the project proposal review process. The assessment also calls for stronger integration of risk assessments into all proposals for projects funded by voluntary contributions and a broader role for the Office of Investigations beyond PASB. Other recommendations concern the availability of a digital data repository on voluntary contributions and clear criteria regarding independent evaluations of projects funded by voluntary contributions.

Comments by the Pan American Sanitary Bureau

11. Overall, the assessment findings are consistent with initiatives underway to strengthen the management of projects funded by voluntary contributions. PASB Project Management Framework for Voluntary Contributions and complementary Standard Operating Procedures, which provide step-by-step actions to facilitate a standard approach to project management, emphasize the importance of risk management throughout the project life cycle. The recommendations of the assessment—a broader policy framework for voluntary contributions, increased integration of risk assessments in projects funded by

voluntary contributions, the development of an accessible repository for those projects, and the proactive evaluation of projects—provide an important impetus to advance these efforts.

12. The pre-approval review process for project proposals applies a consistent approach based on the four elements highlighted in the report - policy alignment, technical strategy and project design, managerial soundness, and financial self-reliance-, a substantive understanding of organizational structure and responsibilities, and fluid dialogue with the entities submitting proposals for projects to be funded by voluntary contributions. During the 2018-2019 biennium, a total of 379 initiatives, spanning voluntary contribution-related proposals, agreements, and amendments, were submitted for the review process; of these, 81 were projects funded by voluntary contributions (excluding national voluntary contributions). Given the nature of the voluntary contributions, nearly all proposals and/or agreements are shared with a core group of review process focal points in relevant technical departments, PAHO/WHO Representative Offices, and enabling functions, including departments under the Director of Administration. PASB will explore the assessment recommendation to determine which departments beyond the core group of reviewers should be included in the process, and will provide guiding criteria while ensuring that the process does not lead to unnecessary delays that would hinder the Organization's ability to mobilize resources.

13. PASB recognizes that its relationships with implementing partners and third parties are built upon mutual responsibility set out in legally binding technical cooperation agreements, Letters of Agreement, and other modalities. In considering whether an investigative function should extend beyond the Bureau, PASB will review the potential implications of permitting investigations of third-party contractors and partners, taking into account consistency with terms of agreements and other relevant issues.

14. PASB proposes to analyze the recommendations contained in the internal assessment, in conjunction with the decision by the Directing Council on PAHO Governance Reform and taking into account the report of the external assessment, to continue efforts to improve the review process for projects funded by voluntary contributions.

Actions by the Executive Committee

15. The Executive Committee is invited to take note of the report and provide any additional comments and/or guidance to the Bureau that it deems pertinent.

References

1. Pan American Health Organization. PAHO Governance Reform [Internet]. 166th Session of the Executive Committee, Virtual Session; 2020 June 22-23. Washington, DC: PAHO; 2020 (Document CE166/6), 2020 [cited 2020 September 21]. Available from:
https://www.paho.org/hq/index.php?option=com_content&view=article&id=15763:166th-session-of-the-executive-committee&Itemid=40453&lang=en
