



SPECIAL SESSION OF THE EXECUTIVE COMMITTEE

Virtual Session, 29 May 2020

CESS1.R2
Original: English

RESOLUTION

CESS1.R2

CURRENT FINANCIAL SITUATION AND ADJUSTMENTS TO THE PAN AMERICAN HEALTH ORGANIZATION STRATEGIC PRIORITIES

THE SPECIAL SESSION OF THE EXECUTIVE COMMITTEE,

Having reviewed the *Current Financial Situation and Adjustments to the Pan American Health Organization Strategic Priorities* (Document CESS1/2);

Noting that the current financial situation of the Pan American Health Organization (PAHO) is untenable due to the non-payment of US\$ 164.6 million¹ in assessed contributions owed by several PAHO Member States as of 30 April 2020;

Acknowledging that, in the absence of payments for the large amounts of assessed contributions owed, the Organization will be required in the very near future to undertake sweeping measures, including measures affecting the Organization's strategic priorities, as well as its financing, staffing, and structure;

Understanding that, while the Director of the Pan American Sanitary Bureau (PASB) has the authority to make financial and personnel decisions concerning the Organization and to enact major organizational changes due to the current scenario of severely reduced funding (i.e., the "worst-case" scenario), the Director is seeking Member State approval and guidance, as appropriate, prior to implementing actions that may include internal borrowing, the separation from service of a large part of the PAHO workforce, reductions in the take-home pay of PAHO staff members, discontinuation of technical programs, and other critical measures;

Bearing in mind the extensive cost-saving measures already taken by PASB to reduce organizational expenditures,

¹ Unless otherwise indicated, all monetary figures in this document are expressed in United States dollars.

RESOLVES:

1. To commend the Director for calling the Special Session of the Executive Committee in order to address the dire financial circumstances faced by the Organization.
2. To take note of the *Current Financial Situation and Adjustments to the Pan American Health Organization Strategic Priorities* (Document CESS1/2).
3. To acknowledge that the strategic priorities and budget allocations approved in the Program Budget of the Pan American Health Organization 2020-2021 (*Official Document 358*) and its accompanying resolutions will be impossible to fulfill in the “worst-case” funding scenario envisaged.
4. To establish a Member State Working Group to review PAHO’s strategic priorities for 2020-2021, with the Terms of Reference contained in the Annex.
5. To grant the Director the authority to borrow funds in order to finance expenses of the Program Budget 2020-2021, pending receipt of Assessed Contributions, in light of PAHO Financial Regulations 8.5 and 9.5, as follows:
 - a) the exceptional authority, until 31 December 2021, to borrow up to a maximum amount of \$15 million from the Master Capital Investment Fund (MCIF).
6. To approve the Director’s proposal to exercise her authority under PAHO Staff Rule 650.2 as follows:
 - a) implement a temporary administrative furlough by placing all PASB staff members, including those in the professional and higher, general service, and national officer categories, on Special Leave without Pay for a specified number of hours per month with a commensurate reduction in take-home pay proportionate to the number of furlough hours taken, but without impacting staff member accrued annual leave, benefits, or entitlements, while protecting PAHO priority countries;
 - b) implement a temporary furlough only after all other reasonable cost-saving measures have been taken by the Organization, and after all applicable funding sources have been exhausted.
7. To request that the Director, in consultation and coordination with the Member State Working Group, prepare a broad package of austerity measures, including a review of the organizational structure of the Pan American Sanitary Bureau and of the salaries of Executive Management, to be submitted for consideration by the next Directing Council of the Organization.
8. To request that the Director of PASB provide a report on the status of the Organization’s financial situation and the measures implemented to effect cost savings, as well as a detailed outline with the consequences if the Organization does not receive the

assessed contributions nor has access to external borrowing, to the 166th Session of the Executive Committee in June 2020 and the 58th Directing Council in October 2020.

9. To urge all Member States to ensure immediate and full payment of all outstanding assessed contributions.

Annex

Annex

Member State Working Group to Review PAHO's Strategic Priorities for 2020-2021

Terms of Reference

a) **Objectives:**

- i. To provide input and advice to the Director of the Pan American Sanitary Bureau (PASB) regarding strategic priorities for the Pan American Health Organization (PAHO) in the “worst-case” funding scenario described in the *Current Financial Situation and Adjustments to the Pan American Health Organization Strategic Priorities* (Document CESS1/2). Revisions to priorities as a consequence of the COVID-19 crisis may also be considered.
- ii. To prepare a set of written recommendations to the 58th Directing Council regarding revised strategic priorities for the Organization.

b) **Composition:** The Member State Working Group (MSWG) will be composed of all current members of the Executive Committee and any other Member State that sends a written request to form part of the Working Group. Requests should include the names of the individual(s) nominated to the Working Group and must be addressed to the current President of the Executive Committee (the Minister of Health of Barbados), submitted to the PAHO Governing Bodies Office, and received by 12 June 2020.

c) **Timeline:** The MSWG will begin its work on 16 June 2020 and conclude at the 58th Directing Council in September 2020.

d) **Working modalities:** The MSWG will conduct its work entirely through virtual means, including but not limited to virtual meetings and email communications. A “written silence procedure” will be used (i.e., non-response within a specified period will indicate approval) in order to expedite deliverables. A dedicated SharePoint site will be established to manage all written documents associated with the work of the MSWG.

e) **Deliverables:**

- i. Provide timely inputs to the Director and/or her representatives regarding proposed revisions to PAHO's strategic priorities as previously established in the Program Budget of the Pan American Health Organization 2020-2021, and the Strategic Plan of the Pan American Health Organization 2020-2025.
- ii. Provide a written report to the 58th Directing Council detailing the deliberations of the MSWG and providing recommendations to the Directing Council regarding revised strategic priorities for the 2020-2021 biennium.

(Second meeting, 29 May 2020)
