

EB131 (28-9 May, 2012)

Item 4. Report of PBAC

PBAC (through Dr Saide (Mozambique) as chair of PBAC) now reports to the EB131 concerning Meeting 16-18th May 2012. See [EB131/2](#)

Saide : from PBAC: congratulations to Chair.

The PBAC considered 9 Items on which it reported to WHA65 and 5 items for report to EB. These latter included

- WHO Reform (revised TORs for PBAC and draft formal evaluation policy);
- general management update (financing the PB12-13; foreign currency risk; enterprise risk management; Global Management System upgrade; financing of administrative functions);
- annual report of IEOAC;
- internal and external audit reports; and
- amendments to staff regulations and rules.

Committee considered report of committee on general management update. Appreciated update on PB12-13 highlighting the gaps in funding. The financing of the current PB is nearly 70% at this stage. Ask for report on ACs and VCs and VCs which cannot be shifted. Requested disaggregation.

Update on Foreign currency risk mgt. Notes the structural imbalance re Swiss franc led to increased burden on budget. Considered split payments (dollars and Francs); Committee requested a comprehensive report on the global management system for next meeting

Approved extended study on financing of administrative functions. Need to enquire why 13% overheads on all contributions and what are the criteria for exceptions. Ctte noted

Considered report of IEOAC. Agreed with rec re currency risk management and on currency hedging. Fin control suggestions also appreciated; incl strengthening the authority of the controller. Supported the idea of a two part budget: funded and contingent

Reviewed report of progress on Int Audit Recs. Appreciated the distinctions between policies and procedures needing attention of non-compliance. Full implementation of some audit rec required major policy changes and investments. Agreed that Secretariat will provide explanations of delays of over 2 years. Committee noted the progress on audit rec.

On WHO reform PBAC welcomed the proposed revised TOR contained in [EB131/10](#). Noted strengthening of the role of the PBAC. Committee agreed to consider the reports of the proposed Ethics Office. Proposed to amend the revised TOR stating that the Committees shall review and provide guidance for the Ethics Office. Rec [Adopt 131/10](#) approving revised TOR.

Committee considered draft formal evaluation policy ([EB131/3](#)). Expressed satisfaction and supported the principles and deliverables. In fostering the development of a culture of

evaluation, evaluation responsibility should be shared across the organisation. Rec that the EB appr draft Eval Policy 131 /3

Noted the report on amendments to the staff rules. Rec EB adopt [131/5](#)

Discussion

Lebanon: thanks chair, considering new ToR of PBAC, which I fully support, the request to MS in para 4 is very imp. the PBAC needs to hv the profiles of members on it. i hv 3 comments: 1) in para 9 gaps in funding under SO 6,7,8, & 9; the rpt does not offer any suggestions; 2). regarding foreign risk mgt, options regardsin ChF explored, but not options such as conducting some WHO operations in low cost settings now explored. 3).there's a para about WHA resolution not respected. my understanding of the constitution is that it is the WHA responsibility to ensure that its resolutions are implemented. i need a legal advice on whether EB shd rpt to WHA.

China: as member of PBAC, China goes along with the report by the Chair on behalf of PBAC. In many places of thereport it rece shift in curreencies of ACs, Suggest Sect carefully analyse the pros and cons. Also mentions that WHO Reform IMpl will require funding support. What does the Sect think about this and about funds mobilisation

Barbados: thanks sec. for rpt. and notes that despite occasional difficulties occasioned by vol. contributions, WHO has been able to meet most of its expectations. However, it may have implications of delivering in future. esp regarding funding and mgt. priority setting now more imp. than b4. PBAC discussed the lower than expected vol. contributions last yr. and in an env't where exchange rate volatilities over last two years. hedging becomes imp. in the context of appreciating ChF. However, some reluctance in terms of accepting assessed contributions in ChF was noted. I believe many of the recommendations will be critical moving forward. Finally, the financing of gaps identified the most critical point moving forward, and we need to get a consensus.

Nigeria: Welcomes the report of the PBAC. Thanks Ctee for detailed report. Endorse the contents. Note the revised TOR of PBAC will improve performance. Supprt the extention of the oversight to other areas. Agree with the proposal for 3-5% of budget to be spent on Evaluation. Welcomes report of IEOAC. Agrees need to explore more study of how to manage exchange rate fluctuations. Agree with the need for a two part budget system. Supports WHO reform and recognises need for financial resources.

Cuba: thanks chair, I note the detailed and excellent report. I agree with revised mandate of PBAC which now includes oversight and supervision of the Ethics Office. As mentioned, it is important to create a culture of evaluation. It should be done at the entire admin process. It has to be implemented and I believe we'll see it more in the draft evaluation policy. It is a good recommendation asking WHO for details. In para 4 it says MS shd hv an effective detail of how this c'ttee works, but i'm not sure of this and needs more info.

Mexico: Thanks for serious and committed work of PBAC. Ref para 36 estimates the dedicated funding will be needed for WHO reform. Resources to be reoriented for that purposes.

Australia: we are supportive of the expanded role of PBAC. An effective oversight using a mechanism such as the PBAC with more qualified membership is welcome. On

currency, I recall previous discuss on hedging. We have no opinion regarding USD or CHF but I note that expenditures are made in other currencies. I wonder if we can have expert analysis. In para 45 of PBAC report talks about audit recommendations that are over 2 yrs old; but they don't focus a lot on staff. Changes recommended by audit will affect staff; their attention on this matter will be helpful.

Morocco: Thanks. Notes the report. Fully supports Lebanon comments. Important to have clear understanding of public health, financing. Suggestion in para4 is important. Necessary representation also important.

Timor L'Este: we appreciate the impartial reports of internal and external auditors. Grateful to WHO for technical support to SEARO states which are still dealing with communicable and NCDs. Therefore proposes that WHO allocates supports according to the needs of each region.

Switzerland: Congratulates Chair of PBAC for excellent chairing. Appreciated richness of debate. Challenging questions and honest answers. Goes in the right direction. Haven't yet captured the full richness of the debate. Our responsibility as PBAC members is to remain in dialogue across the years. Size of PBAC is right. Welcome exchange between other MS and members of PBAC. Useful to have interdisciplinary and intersectoral teams. Like Lebanon we need to find solution to the problem of support costs. Can no longer tolerate the support of VC sponsored projects with AC money.

Iran: on basing AC on CHF, it requires careful examining of pros and cons; including future estimates of the currency market. We like to listen more on this. Regarding revised ToR of PBAC, we are of the view that it needs more capacity to enable it fulfil its mandate.

UK: Thanks. Congrats. Thank PBAC for their report. Three points. 1. Internal control including implementation of audit recommendations; 2. enterprise risk management; 3. strengthening the controllership function. Three areas which are critical. Hope to see progress by Jan.

France: Thanks. Quality of PBAC report is commendable. We appreciate having a dual approach to the recommendations and linking to the reform process. This PBAC session enabled us to properly define the main gaps and the principal problems. The annual report on human resources came very late and deserves to be presented separately. We commend quality of replies from the sec. Finally, we invite all MS to actively participate in this forum to make it more relevant and for the traffic light to include sound when moving to red.

Haiti: Thanks. Congrats. Thanks the contributors and chair of PBAC. Two points: 1. expanding the TOR of the Committee good; 2. currency strategy: concerned that might have impact on the procedures and implications for administrative procedures executed by MS

Canada: Thanks. Congrats to chair. 1. we appreciate the report and revised ToR of PBAC. We recognize the importance of the type of qualification required to participate in PBAC. 2 to be a PBAC member, need to get documents in advance. We encourage the Secretariat for its continuous support in this respect, to date.

Germany. Agree with France, Canada and UK regarding internal control, risk management, open audit and strengthened controllership (par 30). Important to strengthen the authority of the controller. But must strengthen the resources of the controller. In UNHCR

the controller has received 40 new posts to strengthen his capacity. If we are asking the controller to control regions more adequately he needs adequate resources.

Response by DG: Thanks chair.

To Lebanon: 1. on the non-proposal of solutions. This is precisely the Catch 22 situation. When the funding is highly earmarked, we cannot shift it. 2. the 13% cross-subsidy, is the resolution of the WHA.

To China: analysis of shifting from USD to CHF, we look out for what other agencies have done; on cost of WHO reform, I'm fine tuning cost estimates and will give updates later.

To Barbados: we are doing so analysis regarding hedging, but hedging is not free. It comes at a cost, and we need to get the advice of some experts. The IEOC members have experience in banking and have given us some good advice. Re managing capital - in the past we got interest on our funds, but now [?interest] rate too low. I'm not sure what is the safest investment and we are taking care not to risk your investment.

To Australia and others: need to have highly qualified members into PBAC. We fully agree with you, and from our part, we'll ensure you get the documents early. We'll give you as much info as possible. Sometimes we are too careful by waiting for all info to come and that delays our report.

To Switzerland: the size of PBAC is right size but need to interact with others. It is entirely your prerogative to interact with it and make it more inclusive.

To Iran on AC: I have already responded to it

To UK: I promise all your 3 points will be addressed. On the GM function: this is where the Controller lies. Also the Ethics Office will be there, meaning there'll be increased cost for admin. At this time we are using the 13% to PSC to support the admin cost. The Assembly has requested the Secretariat to do a proper costing on how much is costs for these admin costs. In addition to strengthening Controller's role, we are also strengthening the function of the directors. Staff sometimes think this is a bureaucratic way of doing work but it is part of accountability. Also sanctions need to be looked at. There is no deliberate intention of my staff to take money - there is zero tolerance to fraud in this office - but sloppiness can be improved.

To China: how much does it cost WHO for the reform - whilst we are embarking on WHO reforms, we need to make sure that we can move ahead eg on the financing mechanisms. We'll come back to you next Jan. We'll also come back to you on how we should work with civil society and private sector; and how we work with partnerships. We need to move ahead with reform areas where we have approval, whilst waiting for the other areas.

On the cost of the reforms, we have been doing some informal consultation here and we now can provide cost estimates on what we plan to do for the next 2 years, 2012-2013. Ball park figure is 10million. That will involve a small Change Management team, the Ethics Office, the Internal Auditor function; the 2nd stage of the evaluation; governance work; consultations with CSOs and the private sector. We'll present paper to the next EB. Also, some MS calling for a new IGWG. That'll cost another 1.5 million.

Chair: I take it that the Board wishes to take note of the report [EB131/2](#).