CONFLICT OF INTEREST POST B10

Background: Following the discussion of the Conflict of Interest paper at the Finance Committee meeting (on 8 March 2011), the Finance Committee, reviewing WHO’s advice on this issue, requested the paper be amended following WHO’s recommendation, and be presented to the Board for their approval. The Legal department of WHO advised that the advisory group reviewing funding allocation to partners remains separate from the Finance Committee.

Following the discussion at the 10th PMNCH Board Meeting (1&2 June 2011), the Board decided not to approve the establishment of a separate or independent Advisory Group, but to expand the Finance Committee to five (5) members, tasking the Expanded Finance Committee with reviewing and making recommendations on funding allocation (cumulative to over US$100 000 per year) to partners for activities in the Workplan (instead of setting up an Independent Advisory Group) starting in 2012.

Conflicts of Interest and the Expanded Finance Committee

I. GLOSSARY OF TERMS

a. Board Member
   
   Means a government, institution or organization that holds a seat on the PMNCH Board on its behalf or on behalf of a Constituency.

b. Board Member Representative
   
   Means a person who represents the government, organization or institution that holds the Board Member seat on the Board.

c. Constituency
   
   A group of governmental, institutional or organizational stakeholders that collectively hold a single Board seat and who share a common identity, objective or position in relation to the work plan, strategy and goals of the partnership.

d. Constituency Representative
   
   A government, institution or organization that consults with and represents the collective views and interests of a Constituency and that has been designated by the Constituency members to be the Board Member representing such Constituency.

d. Financial Interest
   
   An interest that directly or indirectly results in or leads to a personal financial gain or loss as a result of an ownership or an interest in an investment, business, joint venture, partnership or other entity; or as a result of salary, gratuity or other compensation or remuneration from any person.
f. **Influence Interest**

Means the interest of others that may, or may be perceived to, unduly influence the views of a Board Member or Board Member Representative. A typical example is where the work of a Board Member Representative could affect or be affected by interests held by his/her family. In this regard, if a Board Member Representative is aware that the outcome of an activity would benefit or adversely affect other parties with whom such Board Member Representative has substantial common interests -- whether personal, professional or financial -- disclosure of those affected interests is also necessary. Examples of other parties include the Board Member Representative’s siblings, parents, employer, close professional colleagues, administrative unit or department.

g. **Associated Person**

Means the spouse, child or domestic partner of a Board Member Representative.

h. **Associated Institution**

Means (i) any institution, organization, corporation or government in which a Board Member Representative is serving as an officer, director, trustee, partner or employee, that receives or may receive funding from PMNCH or with which PMNCH has an agreement, contract, or relationship; or (ii) any person, organization, corporation, government or similar institution with whom a Board Member Representative is negotiating or has an arrangement concerning prospective employment.

**II. INTRODUCTION**

At its April 2010 meeting, the PMNCH Board reviewed a paper on Conflicts of Interest (the "COI Paper") presented by the Finance Committee. The COI Paper set out a number of options designed to address Board concerns in relation to Conflicts of Interest especially as they pertain to funding decisions made by the Board. Upon discussion by the Board, a consensus emerged that there should be some level of external review of funding proposals. In this regard, this paper:

a. Defines conflicts of interest as they may pertain to Board Members and Board Member Representatives;

b. Discusses how such conflicts of interest should be managed;

c. Proposes a set of key principles governing the allocation of funding to PMNCH Members, Partners and Board Members;

d. Describes the tasks of the “expanded” Finance Committee (FC) with regards to the allocation of funding to PMNCH Members, following the decisions of the Board with regards to the management of the conflict of interest.
III. CONTEXT AND ISSUE

a. PMNCH as a ‘partner-centric’ Partnership

The goal of the Partnership¹ is to support the global health community to work towards achieving MDGs 4 and 5 by enhancing partners’ interactions and using their comparative advantages to:

- Build consensus and promote evidence-based high-impact interventions and means to deliver them through harmonization;
- Contribute to raising USD 30 billion (by 2015) to improve maternal, newborn and child health through advocacy; and
- Track partners’ commitments and measurement of progress for accountability.

PMNCH is a ‘partner-centric’ global health partnership. This means that it exists to provide a forum in which Partners (or Members)² work collaboratively in areas where they can support the global health community in achieving MDGs 4 and 5. These areas have been described in the Partnership’s 2009 – 2011 Strategy and Work Plan, which sets out a series of six Priority Action areas. Key points to note are as follows:

- The Partnership is not an implementing or funding agency; instead it acts to galvanize and facilitate the work of its Members in circumstances where it is felt that (i) working together in a collaborative manner adds value to the implementation of the PMNCH Strategy and Work Plan; and/ or (ii) the activities that further the Strategy and Work Plan are beyond the manageable limits of the PMNCH Members in isolation.
- The Priority Actions each have both Lead Partners and Contributing Partners who are jointly responsible for defining target outputs, associated activities and the budgets necessary to achieve agreed outcomes. These Partners have typically been drawn from the PMNCH Members who are also represented on the Board—although there is no restriction on other Members being involved.
- The Partnership is supported by a small Secretariat of professional staff who work with Partners to deliver Priority Actions as well as the core functions of the Partnership (e.g. Board meetings, administration and communication/dissemination and awareness raising). The Secretariat is hosted in WHO and follows its rules, regulations, administrative procedures and practices.

b. Potential issue of conflicts of interest

PMNCH partners cut across seven different constituencies: Country governments, Donors and Foundations, Academic, Research and Training Institutions, Health Care Professional Associations,

¹ This is the vision and mission in PMNCH’s Strategy and Workplan 2009 to 2011. PMNCH is currently reviewing its vision and mission as part of the 2012-2015 Strategy development.

² The Partnership membership is made up of member or partner organizations (not individuals) in six constituencies: country partners, international agencies, donors, non-governmental organizations, professional associations and research and academic institutions. Board Member representatives represent their organization on the Board, they are also elected as representatives of their constituency-wide membership.
NGOs; Multilateral Agencies and, since June 2011, the Private Sector. The capacity of partners to use their own resources for the implementation of activities included in the PMNCH Workplan might vary. PMNCH is funded by a number of donors (the list of donors is made publicly available through the pmnch website).

In circumstances where funds are used to pay for goods and services rendered to the Secretariat, then the selection of goods or service providers is done in a competitive and transparent manner in accordance with the WHO Financial rules & regulations. In this regard, all procurement the value of which exceeds USD 200,000 is subject to clearance by the WHO Contracts Review Committee, which ensures that due process has been followed and that value for money is being attained. Contracts for goods and services are also reviewed by the WHO Office of the Legal Counsel.

However, with respect to grant support for the implementation of the PMNCH program of work, real or perceived conflicts of interest might arise, when the PMNCH Board provides grant funding to Partners (also part of the Board and therefore also involved in the process of approving that funding) to develop or carry out activities in the PMNCH Workplan. PMNCH currently does not have an independent review mechanism for the award of such grant funding. In this regard, the decision to issue grant funding emanates from the Board-approved Work Plan and is implemented by the Secretariat. The Board has noted that current processes for allocating grant funding a) may give rise to real or perceived conflicts of interest, and (b) may provide an unfair advantage to some PMNCH Board Members vis à vis other PMNCH Members as well as individuals, organizations or institutions that are not part of PMNCH.

It is important to recognize that the existence of real or perceived conflicts of interest with respect to the issuing of PMNCH grant funding to partners is a common feature in partner-centric organizations. The Board has requested that PMNCH put in place mechanisms that address, mitigate, and manage real or perceived conflicts of interest and which ensure that the selection processes for funding of partners as well as the assessment of timeliness and quality of deliverables are transparent, competitive and fair.

**IV. DEFINITION OF CONFLICT OF INTEREST**

A conflict of interest arises when a Board Member or Board Member Representative participates personally and substantially\(^3\) in an official or unofficial capacity, in any matter in which, to his or her knowledge, he or she (or an Associated Person / Institution, or member of his/her Constituency) has a Financial or Influence Interest and if the particular matter has or is likely to have a direct, indirect and reasonably predictable effect on that interest.

In general, and without limitation, conflicts may be deemed to exist in the following situations:

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\(^3\) To participate personally means to participate directly, including, for example, consideration of a matter at a Board meeting, or direct and active supervision of a subordinate in a matter. To participate substantially means that the Board member's individual’s involvement is of significance to the matter.
Where a Board Member’s or Board Member Representative’s (or an Associated Person / Institution, or member of his/her Constituency) Financial or Influence Interest is related to a decision by the Board or any of its committees.

Where the Board Member’s or Board Member Representative’s actions create the perception that such Board Member or Board Member Representative is using his or her role within PMNCH for personal benefit or for the direct financial benefit of an Associated Person / Institution, or member of the Board Member’s Constituency.

V. DECLARATION OF INTERESTS

Board Member Representatives should complete a Declaration of Interest form on an annual basis. The content of the form shall be assessed by the Secretariat and may be publicly disclosed as part of the Secretariat’s management of Conflicts of Interest. At any time that a real or perceived conflict of interest arises, the Secretariat (or any Board Member who perceived it) should communicate such concern to the Board Chair copying the Secretariat. The Secretariat in consultation with the Board Chair may thereafter propose one of the following courses of action:

a. Recommend that the concerned Board Member or Board Member Representative fully participate in the meeting or activity;

b. Recommend that the concerned Board Member or Board Member Representative publically disclose his or her interest to all meeting or activity participants;

c. Recommend that the concerned Board Member or Board Member Representative be excused from making any decisions in connection with the relevant meeting or activity.

d. Recommend that the concerned Board Member or Board Member Representative excuses him/herself from participating in Board or committee discussions related to the matter; or

e. Recommend that the concerned Board Member or Board Member Representative attend the meeting (participate in the activity) in order to fulfill his or her administrative responsibilities, but not participate in any discussion on issues that have given rise to the conflict of interest.

The minutes of a meeting shall note which, if any, conflicts of interest have been determined to exist and the appropriate action that was taken in relation thereto.

VI. KEY FUNDING PRINCIPLES GOVERNING THE ALLOCATION OF GRANT FUNDING TO PMNCH PARTNERS

Below are proposed a number of principles developed with the objective of ensuring fairness in the allocation of partnership grant funding.

General Grant Funding Principles

Suggested Declaration of Interest form enclosed with papers for the Board’s discussion.
a. PMNCH partners being considered for grant funding must have demonstrated a technical and administrative capability to deliver the required activities and outputs. In this regard, PMNCH grant funding should build on recipients’ existing mandate and expertise and avoid duplication of roles and activity.

b. When there is more than one PMNCH partner that is willing and able to deliver the required activities and outputs, a transparent selection process (managed by the secretariat) involving clearly articulated criteria should be developed and adhered to in order to ensure that the choice made is cost-effective and reflects the principles of performance based funding.

c. No single PMNCH partner should receive: (i) more than \([50\%]\) of grant funding for a particular Priority Action Area; or \([25\%]\) of total PMNCH “Programme Funding”.

d. PMNCH partners in receipt of grant funding should make periodic reports on achievement of results to the Board as set out in the Partnership Work Plan (reporting results to the Board is already included in Board agendas as a matter of routine).

e. When structuring a call for proposals or assessing proposals submitted for grant funding, PMNCH should ensure alignment with the administrative policies of WHO in its capacity as the PMNCH host organization.

VII. (EXPANDED) FINANCE COMMITTEE

The PMNCH Board agreed, at its 10th Meeting of 1 and 2 June 2011, to expand the Finance Committee (FC) from three (3) to five (5) members. The (expanded) Finance Committee was tasked with reviewing and making recommendations on funding allocation (cumulative to over US$100 000 per year) to partners for activities in the Workplan, following the principles stated in this Conflict of Interest policy starting in 2012. Requests for grant funding support for less than USD 100,000 would only require an internal assessment by the Secretariat and approval by the Board. In addition, any Board member may request the review of a proposal by the Finance Committee regardless of its value.

The expanded Finance Committee makes recommendations to the Board which remains the ultimate decision making body. The FC ensures technical soundness of proposals being considered for grant funding by the Board. Such proposals would normally have been developed in response to the Board-approved work plan and strategy. The review of proposals would, in this respect, contribute to ensuring that PMNCH grant funding is allocated in a transparent and competitive manner.

The Finance Committee may provides advice on specific issues raised by the Board through the Secretariat. They may also be asked, in relation to proposals, to identify key issues, conduct further investigation, or to seek counsel from others as required, with due regard for the confidentiality of the information.
ANNEX: TERMS OF REFERENCE – Finance Committee

Finance Committee of the PMNCH Board (as approved at 10th PMNCH Board Meeting, 1-2 June 2011)

Terms of Reference

The Finance Committee of the Board works closely with the Director and the Senior Finance Officer and other staff of the PMNCH Secretariat, and is responsible for providing advice on all policy and strategy issues that relate to finance and audit to the PMNCH Board. The Finance Committee reports to the PMNCH Board.

Specific responsibilities

- Support the work of the Executive Committee in its Resource Mobilization responsibilities;
- Review and provide advice on the Partnership’s budget with due consideration of the Partnership’s strategic framework and work plans;
- Review and make recommendations to the Board on funding allocation (cumulative to over US$100 000 per year) to partners for activities in the Workplan;
- Review interim and annual financial reports of the Secretariat, to recommend to the Board for approval;
- Monitor income and expenditure in the course of the year and report to the Board thereon after the conclusion of each half year, or as required;
- Provide advice to the Board on the Secretariat’s financial, grant and related management processes;
- Review findings of audits and report these to the Board;
- Convene meetings at least twice per year, usually just prior to the Board meeting, or as required.

Composition and appointment

- Five Board members, a minimum of two having appropriate financial and audit expertise;
- Appointed by the Board, for a two-year term, renewable once; renewal to be staggered to maximize learning and consistency.

Quorum and decisions

- A quorum of three members is required to convene a meeting
- The Committee will strive to take decision by consensus.

Time commitment

- Maximum of six days per year, excluding travel (including Board Meetings).