

# Principles and Processes for Funding to PMNCH Partners and External Entities: Avoiding any implied Conflict of Interest

## I. Introduction and Process

This policy paper considers how the Partnership should deal with real or perceived conflicts of interest that might arise when funding the work of Lead and other Partners on Partnership Priority Actions. It responds to a request from the 7<sup>th</sup> PMNCH Board Meeting in Ottawa [December 2009] and the Finance Committee. The paper is structured as follows:

- Section II provides the context for the paper given the specific nature of PMNCH as a 'Partner-centric' alliance.
- Section III sets out a proposed set of general funding principles within the partner-centric approach of the Partnership that might inform the way in which the Partnership should approach funding of Board Member institutions and other PMNCH members.
- Section IV describes three different options for funding that seek to ensure compliance with the funding principles described in this paper while at the same time seeking to manage and limit conflict of interest as much as possible.
- Section V describes the action being sought from the Board.

An initial draft of this paper was shared and discussed with the Executive Committee and comments made by committee members have been incorporated herein.

## II. Context and issue

### a. PMNCH as a 'partner-centric' Partnership

The goal of the Partnership 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 USD30b for (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 Members work collaboratively in areas where they can support the global health community in achieving MDGs 4 and 5. These areas have been described 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 ('Board Member institutions') – 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**

In implementing priority actions of the PMNCH Work Plan, some Partners are in a position to utilize their own agency's/institution's resources. For other Partners with more limited budgets the PMNCH channels donor funding to them. At any one time PMNCH can draw upon any one or several of approximately ten contribution agreements established with different donors, for example, DFID, SIDA and the Bill and Melinda Gates Foundation. Such donor funds are also drawn upon to meet costs of the Secretariat and to procure goods and services (e.g. printing, web maintenance).

In circumstances where funds are used to pay for goods and services rendered to the Secretariat, then the selection of service providers is done in a competitive and transparent manner in accordance with the WHO's Financial rules & regulations. In this regard, all contracts the value of which exceeds USD 200,000 are 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 support for the implementation of the PMNCH program of work, the Secretariat currently does not have an independent review mechanism for the award of such funding. In this regard, the decision to issue funding emanates from the Board-approved Work Plan and is implemented by the Secretariat. Furthermore, PMNCH provides funding to Members that are also involved in the process of approving that funding. The Board has noted that current processes for allocating funding a) may give rise to real or perceived conflicts of interest, and (b) may provide an advantage to PMNCH Members as compared to other third parties.

It is important to recognize that the existence of possible conflicts of interest with respect to the issuing of PMNCH funding to partners should not be regarded as a problem in and of itself. Indeed it can be argued that the existence of conflicts of interests are inherent in the Partnership's 'partner-centric' approach. That said, it is advisable that PMNCH puts in place mechanisms that address and mitigate against any real or perceived conflicts of interest and which ensure selection processes for funding of partners are transparent, competitive and fair.

#### **c. Conflict of Interest Limitation Measures**

The standard approach to mitigating the risk of conflicts of interest arising is to ensure that there are clear governance policies and processes that: (i) identify the circumstances in which such conflicts of interest arise in relation to the roles and responsibilities of the persons or entities concerned; and

(ii) to mandate actions that affected persons or entities must take in order to dilute or eliminate the consequences of such conflicts of interest.

The challenge for PMNCH is to put in place policies and processes that mitigate the risks that arise from conflicts of interest while at the same time preserving the 'partner-centric' nature of the partnership. At a minimum the following conflict of interest limitation measures should be followed:

- Board Members should not partake in the Board decision-making process relating to approval of a funding recommendation for which they or the organization that they represent is a beneficiary;
- Members that are potential recipients of PMNCH funding should (a) inform the Board Chair of their interest (i.e. as potential funding beneficiaries) so that he/she may publicly disclose such interest at a given meeting, and (b) unless otherwise agreed by the Board Chair, in consultation with the Secretariat, leave the meeting room during the time that items that they have a direct interest in, as potential funding beneficiaries, is being discussed.

### III. Key funding principles governing the allocation of funding to partners

Given the nature of PMNCH, it is normal that the Partnership provides funding to Members that dedicate time and resources to the work of Partnership as part of their existing mandates or institutional objectives and/or are leading a Priority Action.

As noted above, the Partnership Work Plan has been developed by the Board as a way of supporting improved outcomes for MNCH through joint working of Partners – with an expectation that sufficient financial resources will be available to fund certain activities.

However, in order to protect the organisation and ensure fairness in access, the provision of such funding should be subject to the following general funding principles:

#### a. General Funding Principles

- PMNCH members being considered for funding must have demonstrated a technical and administrative capability to deliver the required activities and outputs.
- When there is more than one PMNCH Member that is willing and able to deliver the required activities and outputs, then a transparent selection process 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.
- No single PMNCH Member should receive: (i) more than [50%] of funding for a particular Priority Action Area; or [25%] of total PMNCH "Programme Funding".
- PMNCH Members in receipt of 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.
- PMNCH funding should build on recipients existing mandate and expertise and avoid duplication of roles and activity.

- When structuring a call for proposals or assessing proposals submitted for funding, PMNCH should ensure alignment with the policies and normative functions of WHO in its capacity as the PMNCH host organization.

## IV. Possible Funding Review Mechanisms

### a. Direct Review by the Board

Under this option the *status quo* is maintained to the extent that all funding decisions continue to be considered and decided upon by the full Board its review and approval of the Partnership Work Plan. However, should the Board agree to (i) adopt the Conflict of Interest Limitation Measures, and (ii) apply the General Funding Principles described above, then the concerns noted by the Board relating to conflicts of interest would in part be addressed. It is important to note that under this option no external review of funding decisions would take place and consequently the Board may continue to face criticism from partners and third parties that the processes leading up to the approval of funding do not take into account independent expert advice and that consequently it is the interests of a small and privileged circle of Board Members that prevails when funding decisions are made.

- **Advantages:** no additional Secretariat staff time is implied/required; can be implemented immediately upon acceptance of the Limitation Measures
- **Disadvantages:** may be viewed by partners who do not serve on the Board as "business as usual"; absence of any external review may perpetuate funding to only a small number of partners rather than tapping into the diverse range of interests and expertise amongst the partners at large.

### b. Review by a Board Committee

PMNCH Members may wish to consider delegating the authority to review and approve funding for implementation of work plan activities to an existing committee of the Board. If an existing committee, such as the Finance Committee, were used for this purpose, its terms of reference would need to be revised and agreed by the full Board.

In order to mitigate against the risks of conflict of interest the membership of the FC - should the FC be selected for this role - would have to be reviewed and modified to ensure that potential recipients and donors are not participating in FC discussions *when funding decisions are being discussed*. This may mean (depending on the composition of the FC at the time) that an additional FC member would need to be recruited for these discussions.

- **Advantages:** would not require establishment of a new structure; could be implemented rapidly at no additional cost; would remove conflict of interest from funding decisions
- **Disadvantage:** there is a slight risk that the Committee may wish to make a recommendation on funding which is at variance with that of the FC proper.

### c. Combination of options (a) or (b) with an Independent Ad-hoc Advisory Group

The PMNCH Board may wish to consider establishing an ad-hoc advisory group (AG) composed of a small number of independent experts (approximately three to five persons) in the field of maternal,

newborn and child health. The experts would be selected by the Board on the basis of skills, expertise and independence following a nomination process managed by the Secretariat. They would serve to guarantee the integrity and consistency of an open and transparent programme funding process. The experts would be tasked with reviewing funding allocations within the Work Plan and would make an assessment of the strengths and weaknesses of funding options or of the activities foreseen by partners implementing the program of work. The assessment would be submitted to the Board along with the submission of the partnership Work Plan. Such assessments would be conducted on the basis of criteria approved by the Board.

The Board could agree that only decisions for funding above a certain threshold e.g. USD 100,000 would need to be submitted to the AG. In this regard, requests for funding support for less than USD 100,000 would only require an internal assessment by the Secretariat and approval by the Board.

The AG would be lead by a Chair who would manage its work and who would attend Board meetings as a technical resource person when needed and upon invitation. AG members would be regarded as Temporary Advisors in the context of WHO's rules and regulations, would be required to complete a WHO Declaration of Interest form, and would be provided a per diem in relation to their travel in line with WHO standard practice. The Secretariat would develop the terms of reference (TORs) for the AG and submit them to the Board for approval.

The role of the AG would be advisory and therefore the recommendations its members make would still be subject to approval by the full Board (option a) or a Board committee (option b).

- **Advantages:** would provide an independent third-party technical review of work plan funding decisions; would help to enhance a perception of transparency from outside the Partnership
- **Disadvantages:** would involve the establishment of a new structure; would require additional staff time and budget to manage the work and documentation processes; would increase the cost of Board meetings through the need to travel up to five additional persons; the increase in cost would not be commensurate with the funding decisions tabled; could not be implemented rapidly

## V. Board Action

The Board is requested, subject to any amendments, to:

1. Adopt the Conflict of Interest Limitation Measures set out in Section II;
2. Agree the General Funding Principles set out in Section III; and
3. Take a decision on the options / or combination thereof from Section IV relating to the management of conflicts of interest within the Partnership in relation to funding decisions.