



PAN AMERICAN HEALTH ORGANIZATION  
WORLD HEALTH ORGANIZATION



# 142nd SESSION OF THE EXECUTIVE COMMITTEE

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*Provisional Agenda Item 6.2*

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## **U.N. CONTRACT REFORM IMPLEMENTATION IN PAHO: PROGRESS REPORT**

### **Background**

1. During the 140th Session of the Executive Committee, the Director's contract reform proposal (and related Staff Rule amendments) was approved; however, the Executive Committee conditioned implementation of PAHO's new contractual arrangements on U.N. General Assembly approval of a similar framework for the United Nations (UN) common system.

### **Progress Report**

2. The General Assembly held the main part of its Sixty-second Session between October and December 2007. Submitted for its consideration was the 17 August 2007 Report of the Secretary General<sup>1</sup> outlining a proposal for implementation of streamlined United Nations contractual arrangements. The Secretary General proposes to reduce the number of types of appointments within the U.N. system to three, namely, fixed-term, continuing and temporary and specifically notes that the proposal is designed in conformity with the International Civil Service Commission's (ICSC's) framework for contractual arrangements.<sup>2</sup> The reform implemented in WHO in 2007 and that approved by PAHO's Executive Committee during its 140th Session are also consistent with the ICSC framework.

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<sup>1</sup> Document A/62/274

<sup>2</sup> Document A/62/274 at paragraph 22.

3. In his report, the Secretary General noted that the separately-administered funds and programs will continue to have the flexibility in the implementation of new contractual arrangements in respect of their own staff, taking into account their respective operational needs.<sup>3</sup>

4. The Secretary General's proposal was reviewed by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), which supported many aspects of the Secretary General's proposal and asked to receive clarification on a number of others during the first resumed part of the Sixty-second Session in March 2008.<sup>4</sup> In March, a number of formal and informal sessions were held by the ACABQ and, based on its recommendations, the General Assembly decided to continue its consideration of the issues of contractual arrangements and conditions of service at its Sixty-third Session (which opens in September 2008), taking into account the conclusions and recommendations of the ACABQ and with a view to implementing the new arrangements and conditions on 1 July 2009.<sup>5</sup>

5. WHO contract reform implementation is well underway and the majority of changes took effect during 2007. The resulting divergence of appointment types and contractual mechanisms in WHO and in PAHO has presented some serious challenges to PAHO on a number of fronts. For example:

- In July 2008, WHO is expected to implement significant changes to its policy regarding the hiring of consultants. Prior to WHO's contract reform, WHO consultants were considered staff members of the Organization and entitled to certain benefits, including participation in the United Nations Joint Staff Pension Fund. WHO has amended its staff rules, as part of its reform, to convert consultant contracts to non-staff contracts. The new policy will:
  - streamline a number of WHO temporary contracts (i.e., Short-Term Consultants, When Actually Employed, Agreements for Performance of Work) into a single consultant contract mechanism;
  - clarify the status of consultants;
  - establish clear parameters for the use of this contractual mechanism;
  - establish procedures for the selection of consultants;
  - elaborate details regarding remuneration; and
  - establish compensation guidelines.

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<sup>3</sup> Document A/62/274 at paragraph 10.

<sup>4</sup> Document A/62/7/Add.14.

<sup>5</sup> Document A/62/PV.91.

While good managerial practice would dictate that PAHO also update and refine the mechanisms it uses to hire consultants, the Staff Rule amendments needed to implement these changes were approved during the 140th Session of the Executive Committee but implementation is pending U.N. General Assembly approval of the ICSC contractual framework for U.N. staff members.

- The inter-agency transfer of staff from WHO to PAHO is complicated by the differences in appointment types between the two agencies. WHO staff members who hold continuing appointments or who are eligible to receive one will be reluctant to join PAHO under a two-year contract.
  - Currently, a temporary staff member who has completed 11 months of continuous service with PAHO must take a mandatory 30-day break before he or she can be re-employed, regardless of the needs of the technical program at that juncture. The Staff Rule amendments needed to allow temporary staff to work for a period of up to 24 months without interruption were approved during the 140th Session of the Executive Committee but implementation is pending.
6. With respect to matters over which PAHO's Director has decision-making authority, the current state of PAHO's contract reform has caused concern and confusion:
- In September 2007, WHO amended its Staff Health Insurance (SHI) Rules to reflect the new contractual framework for fixed-term, continuing and temporary appointments. Noteworthy is the broader range of health insurance benefits now being made available to temporary staff (*i.e.*, short-term professionals and short-term general service staff with contracts of more than 60 days) in WHO under the new framework. Because PAHO staff members participate in the WHO health insurance program and their insurance coverage is governed by the terms of the SHI Rules, the amendments to the SHI Rules apply to PAHO staff members as well. Nevertheless, PAHO informed WHO that it could not implement the broader range of benefits for temporary staff or any other aspect of the SHI Rule changes intended to implement contractual reform, as these same contractual reform changes have not been approved for PAHO.

This situation resulted in confusion for PAHO staff members and imposed potential liability for PAHO. During the March 2008 session of the Subcommittee on Program, Budget and Administration (SPBA), the Director raised this issue with the subcommittee's members. She noted that while PAHO's Director has the authority to implement changes to the SHI rules for PAHO staff, she wished the affirmation of the SBPA that the Organization could move forward. The SPBA considered the matter, acknowledged the difficulty created by a lack of consistency with WHO SHI rules, and agreed that the Director should move

forward to adopt the newly revised SHI rules. The Administration is taking steps to implement the new SHI rules retroactive to their effective date of 1 July 2007.

7. Despite the abovementioned challenges, the Organization continues to work on a number of draft policies and procedures that will be needed to implement PAHO's reform once the United Nations General Assembly has approved a framework for its own staff. In the interim, the Organization continues to look for ways to minimize the impacts of the challenges it faces due to the significant differences in its own appointment and contractual mechanisms vis-à-vis those of WHO.

**Action by the Executive Committee**

8. The Executive Committee is asked to take note of this report.

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