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## SECRETARIAT AND MANAGEMENT REFORM

by Irene Martinetti

### INTRODUCTION

The *World Summit Outcome Document* (WSOD), adopted in September 2005 at the largest gathering of Heads of State in history, was originally intended to reaffirm the commitments made by UN Member States at the Millennium Summit in 2000. During the drafting process, however, Secretary-General Kofi Annan pushed for a comprehensive package of institutional and management reforms. While the WSOD was agreed to by all Member States, the implementation of some of the reform proposals has encountered difficulties, due to both the magnitude of the endeavor and to fundamental differences in perspectives. From the viewpoint of the former Secretary-General, for instance, Secretariat and management reform should ideally provide the Secretariat with more authority, flexibility, and discretionary funding to better carry out its responsibilities. From the standpoint of Member States instead, Secretariat and management reform is mostly perceived as a way to ensure that the Secretariat will be more efficient, effective, and accountable.

The achievement of a consensus on this package of proposals was noteworthy as the debates both in the drafting process and in the subsequent implementation efforts have revealed profoundly different perspectives and priorities between Member States. While all Member States agree in principle that reform of the Secretariat and its management is overly due, they express different views as to how this should be achieved and which objectives should be implemented first. Differences between the North (developed countries) and the South (developing countries) are very apparent. Simply put, Secretariat and management reform is high on the agenda of Member States from the North, in particular the United States. Whereas Member States from the South would like to see the Secretariat improve its output as well, they suspect that some of the reforms might unfairly strengthen the influence of the biggest donors in the Secretariat. And while some Member States from the North see management reform as a way to reduce costs, many from the South would like to see any savings reinvested to help implement programs and activities (mandates) set by the membership, especially in the area of development. Contrary to the North's position, developing countries in general would like the UN's regular budget to be increased to provide better implementation of resolutions from the General Assembly. The developed countries pay for roughly 80% of the UN's regular budget, but, as the South likes to remind the North often, membership dues are assessed based on the capacity to pay and providing a larger portion of the assessments should not automatically entitle members to greater influence. Accordingly, developing countries resist decisions based on "the power of the purse."

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In order to speed up the Secretariat and management reform process, and at the insistence of the US, Member States decided to impose a spending cap on the 2006-2007 budget, stipulating that if

insufficient reform proposals were agreed to by June 2006, funding for the day-to-day functioning of the Secretariat could be withheld<sup>1</sup> (A/RES/60/247A). Arguably, the budget cap did not expedite agreement on management reforms. Rather, it further polarized the North and the South, highlighting divergences and, in fact, considerably decelerating the process. Eventually, the budget cap was removed by a vote at the insistence of Member States from the South who hold a sizable majority in the General Assembly. Given their greater monetary contributions and the understanding that important budget approvals should be agreed on by consensus rather than by a vote, some Northern Member States resent such “power of the majority.”

While the North/South divide and, on occasion, the late issuance of relevant reports from the Secretariat, have considerably slowed down the Secretariat and management reform process, many decisions have been taken thus far that will make important changes in the way the UN is managed in the upcoming years. Many delegates are encouraged that none of the critical reform proposals have met enough opposition to be considered ‘killed,’ and that, at the moment, it seems unlikely that the process will be abandoned.

### THE FIFTH COMMITTEE

The great majority of the recommendations for Secretariat and management reform mentioned in the WSOD, were referred to the Fifth Committee for its consideration. The “Fifth” is the Administrative and Budgetary Committee of the GA, where the resources to implement the reforms need to be approved and where Member States can comment on reports and proposals from the Secretariat. It is a Committee of the Whole, where all Member States are entitled to representation and therefore each country can make itself heard, regardless of how much it contributes to the UN regular budget or peacekeeping operations. As is generally the case throughout the General Assembly, this Committee aims to reach agreement by consensus on budget matters. Only a few times per session, as in all Main Committees, do Member States have to resort to a vote when they are unable to reach agreement on heavily politicized issues.

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Fifth Committee delegates are aided in their decision-making process by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), composed of 16 members elected on the basis of regional representation, with demonstrated experience in administrative and budgetary matters. The ACABQ is charged with thoroughly evaluating the issues at stake and making recommendations. To a large extent, the Fifth follows the ACABQ’s recommendations, giving this committee great leverage in UN’s budget decision-making process.<sup>2</sup>

During the 60<sup>th</sup> session of the GA, consultations on the proposed reforms proceeded slowly. The *genesis* of the WSOD caused many Member States from the South to feel that they had been force-fed the reform agenda. They especially resented the financial pressure exerted by major donors to force the membership into accepting and funding reform proposals, contributing to a deeper and wider divide between Member States from the North and the South. The South arrives at common positions in the Fifth Committee through the Group of 77 and China caucus, comprised of 130 Member States out of a total of 192. (See Appendix III for its membership.) The Northern group mainly consists of the EU countries and some of its neighbors, the US, Japan, and CANZ (Canada, Australia and New Zealand). The latter group is not always a solid bloc and the EU often finds itself somewhere in between the positions of the G77 and other countries from the North.

In the prevailing climate of mistrust and opposing priorities evident throughout the GA, the South has interpreted the North’s reform efforts as veiled attempts to diminish the power of the developing world. The North, for its part, has insisted that it is merely trying to contain the cost of running the

Organization while at the same time realizing higher rates of efficiency, in order to use savings from unproductive or completed activities to implement needed reforms or new mandates. Relations became so strained that some experts equated the situation to the oil crisis in the mid-70s. Many observers commented that the abrasive negotiating style of former US Ambassador John Bolton tended to break up the once more unified North, while unifying the previously fragmented South. Others, however, contended that Bolton managed to keep the membership focused on achieving management reform.

## IMPLEMENTATION OF MANAGEMENT REFORM PROPOSALS

This chapter explores the progress that has been made to date on ongoing Secretariat and management reform proposals, focusing in particular on:

- *Mandate Review:* The review of all mandates older than five years which originated from the General Assembly (GA) and other relevant organs (Economic and Social Council (ECOSOC) and the Security Council).
- *Secretariat Management:* In the WSOD, the Secretary-General was asked to provide a review of the general management practices of the Secretariat. Member States pledged to grant the Secretary-General sufficient authority to carry out his responsibilities and asked the Secretary-General to make a proposal on the conditions and measures necessary for him to do so effectively.
- *Human Resources:* In compliance with WSOD recommendations, the Secretary-General issued his report *Investing in People* which contains a large number of proposals including streamlining contracts, harmonizing conditions of service, establishing a core cadre of career civilian peacekeepers, and providing for staff mobility among others.
- *Ethics Office:* The WSOD called for the creation of an Ethics Office.
- *Oversight and Governance:* In the WSOD, the Secretary-General was asked to coordinate an external review of the oversight and governance systems and practices of the UN for review by Member States. The Secretary-General was also requested to provide an internal review of the Office of Internal Oversight Services (OIOS) and to further submit a proposal to create an Independent Oversight Advisory Committee.
- *Procurement Reform:* This reform process deals with proposals to ensure that the UN can procure goods and services optimally and economically. It also looks at mechanisms that can be put in place to better identify and combat fraud and corruption.
- *Improving the Information Technology Infrastructure*

### Mandate Review

The review of all UN mandates was perhaps the most effected by political jousts during the 60<sup>th</sup> session of the GA. ‘Mandates,’ in UN lingo, are requests for action by the Secretariat or other UN entities deriving from resolutions taken by the General Assembly, the Security Council and ECOSOC. In a larger sense, mandates shape the programs and activities of the UN. Since there is no mechanism to monitor whether mandates reflect contemporary needs or are duplicative, it is appropriate to review them from time to time, to determine if they are still relevant and in line with

current priorities or if they can be consolidated or retired when deemed outdated or completed. The last review of UN mandates was conducted in 1953, under Secretary-General Dag Hammarskjöld. The review of mandates is the only issue in this chapter that is not delegated to the Fifth Committee but is negotiated instead within the framework of an *ad hoc* informal Working Group of the GA.

Over the years, there has been a gargantuan increase in UN activities, making some mandates duplicative, obsolete, or overly burdensome. In order to strengthen and update the program of work of the Organization, Member States at the World Summit decided that the GA should conduct a review process of all UN mandates older than five years. The review was meant to identify and resolve problems such as the increasing overlap of mandates from different organs addressing similar issues; the lack of guidance on how to integrate older mandates with newer ones when they address the same issues; the lack of information regarding the outcomes already achieved; and the uncoordinated and massive amount of reports required by Member States from the Secretariat on each mandate. An important objective of the review was that of ensuring that all mandates reflect contemporary needs by building a system capable of constantly reviewing and consolidating older mandates which may no longer meet Member States' priorities, with newer and more effective ones. As suggested by Kofi Annan, the creation of such a system would make it easier for Member States to oversee the Organization and make the UN more accountable to its members.

During the 60<sup>th</sup> and 61<sup>st</sup> sessions, the task proved to be more difficult than expected. In March 2006, the Secretariat issued a report to facilitate the review (*Mandating and Delivering A/60/733*) and, on a dedicated website, presented about 7000 mandates to Member States for review.<sup>3</sup>

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All mandates presented for the review are older than five years, both renewed and non-renewed, and issued by the principal organs of the UN, GA, Security Council and ECOSOC. If mandates issued in the last five years are also included, the number would increase to 9000. The review is also made extremely arduous by the lack of adequate information on each mandate, including the resources allocated. Since the exercise involves the reviewing of mandates covered by multiple agencies worldwide, gathering information on the amount and effectiveness of resources currently allocated to each mandate is a difficult and

extremely slow undertaking. Also, as a result of tensions and opposing priorities between Member States, it took the GA several months to agree on which mandates should be reviewed. The G77 and China stated that the WSOD authorized only the review of mandates older than five years that had not been renewed by follow-up GA resolutions. The US, Japan and the EU insisted on reviewing all mandates older than five years, regardless of whether they had been renewed or not. In order to facilitate the review, an *ad hoc* informal Working Group on Mandate Review began meeting regularly from June 2006 onwards. The group agreed to begin Phase I of the review with mandates older than five years, non-renewed, and issued only by the GA – a total of 399 mandates. Depending on the results of this initial review, the membership would decide whether to move on to a second phase.

In addition to the magnitude of the task, the review process had a slow start as a result of the numerous reservations from the South about its scope. Several members of the G77, in fact, became persuaded that the true intent of the review was to dispose of politically sensitive mandates (such as those dealing with Palestine). Also, developing countries interpreted mandate review, and the elimination of mandates, as a pretext to cut costs to the detriment of mandates dealing with development. Consequently, a rift developed within the membership over how to best use potential savings from the consolidation of mandates: the G77 and China insisted that resources should be redirected to activities of the Organization in the area of development. The US contended that resources should be employed where needed, and hopefully to help finance the reform of the Secretariat, while others proposed that savings be re-invested in other mandates.

Finally, in October 2006, Phase I of the review came to a close. Out of the 399 non-renewed

mandates older than five years examined by the working group, only 74 were declared completed.

In November 2006, Member States finally agreed to continue to Phase II. Phase II entails reviewing all mandates older than five years, but renewed by recent GA resolutions. The first thematic cluster to be reviewed consisted of the mandates related to *drug control, crime prevention, and combating international terrorism*, a cluster suggested by the G77. Latent disagreement on how to conduct the review, difficulties in finding ambassadors willing to be Co-Chairs of the Working Group, and delays in receiving the necessary information from the Secretariat and other implementing entities worldwide, stalled the process. Despite a deadline extension to September 2007, little progress was made during the 61<sup>st</sup> session. The informal working group only met three times on the cluster on drug control, crime prevention, and combating international terrorism and the process, as noted by the Co-Chairs of the group, was deemed “far from complete.”

Early on in the 62<sup>nd</sup> session, GA President Srgjan Kerim succeeded in reviving the mandate review by formulating parameters to be used which addressed some of the concerns of the South. It was agreed that certain “politically sensitive” mandates would not be under discussion and that any savings resulting from eliminating development mandates would be redirected to other development mandates.

The current Co-Chairs, Ambassadors Rosemary Banks from New Zealand and Kaire Mbuende from Namibia, presented on 27 February 2008 a comprehensive methodology which they applied to humanitarian mandates, noting that not all Member States directly affected by this review had yet responded to the findings. They also noted that the Secretariat, because of present accounting mechanisms, has been unable to provide to Co-Chairs with the costs for each mandate. The methodology is currently under discussion and may need some minor revisions.<sup>4</sup> Member States across the board have congratulated the Co-Chairs on their impressive work but many are concerned about the lack of information available on resources applied to each mandate. Currently, 297 mandates dealing with humanitarian issues are under review before Member States will move on to the 1600 mandates dealing with development.

Considering the importance of the UN’s activities which critically affect people worldwide, it is desirable for Member States to agree on a comprehensive mechanism to regularly review its mandates in order to ensure that the UN’s work is not duplicative or out-of-tune with current realities and priorities.

### **Secretariat Reform**

In March 2006, then Secretary-General Kofi Annan issued *Investing in the United Nations for a stronger Organization Worldwide: a detailed Report* on management reform for consideration by the Fifth Committee. Several appendices and additional reports (e.g. the report on Human Resources Management, *Investing in People*) complement the observations and recommendations contained in *Investing in the UN*. The reports discuss in detail crucial issues of management reform such as human resources, information and communications technology, delivering conference services, governance, and budget and finance, among others.

In particular, the reports detail a series of proposals directed at improving the performance of the Secretary-General and the Secretariat. It is noted that more than 25 departments and offices of vastly different scale report directly to the Secretary-General. In addition, ten heads of funds and programs require his strategic guidance. The reports proposed a clearer division of labor between the Secretary-General and the Deputy Secretary-General - a post introduced in 1997 - who could be made more clearly responsible for the day-to-day management of the Organization. Also proposed was reorganizing the currently extremely fragmented departments reporting to the Secretary-General

around broad functional clusters, each headed by an Under-Secretary-General. With regards to budgeting, *Investing in the UN* proposes that the Secretary-General should ideally have expanded authority to redeploy posts as necessary, and to be able to use savings resulting from vacant posts for areas where unexpected needs occur.

In the report, the Secretary-General also provides a framework for the outsourcing of many services, such as printing and translations, which are currently provided at headquarters, with the goal of decreasing spending by the Secretariat. However, this proposal encountered fierce opposition from staff unions as well as from some Member States, particularly developing countries, and was not included in subsequent reform proposals.

The request of the Secretary-General for increased budgetary discretion caused an uproar within the caucus of the developing countries, as they feared that this would increase the possibility for major donors to influence the Secretariat's use of human and financial resources, as well as its planning of activities. The G77 sees the Secretariat as already excessively under the influence of the biggest donors. Finally, Member States agreed that only for the budget of the biennium 2004-2005, the Secretary-General could redeploy 50 posts (A/RES/60/283). Also, in order for the Secretary-General to be able to meet the evolving needs of the Organization, the GA gave him in July 2006, on an experimental basis, limited discretion for budgetary implementation. For the biennia 2006-2007 and 2008-2009, the Secretary-General was authorized to enter into commitments for a sum not to exceed \$20 million in each biennium for positions and non-post requirements. Implementation of this reform is expected to be reviewed in 2009.

### **Human Resources Management Reform**

Arguably one of the most direly needed reforms at the United Nations concerns its human resources management policies. Inefficient and outdated, they are undoubtedly at least partly to blame for the failure of the Organization to fulfill its programs and activities effectively.

Existing policies, originally devised for a stable staff at the Secretariat, are no longer suitable, as 61% of the UN's personnel, almost 22,000 staff members, are currently serving in field locations. Due to the numerous additional activities staff now has to perform, new skills and a substantially improved recruitment process are required. The UN also experiences severe difficulties in staffing missions in "undesired" locations. Moreover, technological tools currently available to manage human resources are outdated and incompatible with the overall IT framework, and lack the capacity to effectively handle the massive number of applications received.

The current system does not incorporate adequate results-based management measures, often allowing managerial staff to escape accountability for errors and wrongdoings. Furthermore, the current hiring and evaluation practices do not provide the Organization with staff upholding the "... highest standards of efficiency, competence and integrity" and "on as wide a geographical basis as possible" - both essential conditions of recruitment as stipulated by the UN Charter.<sup>5</sup>

After a few meager attempts to reform the Organization's human resources policies in 1997 and 2002, Member States agreed at the World Summit that one of the essential components to achieve better efficiency and effectiveness at the UN would be comprehensive reform of Human Resources Management. In response, the Secretary-General issued his report *Investing in People* in August 2006 which detailed recommendations for significant improvement of the Organization's human resources policies. These include:

- Enhancing the Organization's ability to attract and retain high-quality staff, including better career development opportunities and training tools.

- Creating “pre-screened rosters” of candidates selected for general job descriptions.
- Introducing a one-time staff buyout.
- Stimulating staff mobility by making it a requirement for promotion.
- Streamlining contractual agreements by consolidating the nine existing contracts into just three types of appointment: temporary, fixed term and continuing contracts.
- Harmonizing conditions of service so that it is not more advantageous to work in some UN entities than in others.
- Establishing a core cadre of 2,500 civilian career peacekeepers to ensure that new field offices can be staffed more rapidly with experienced staff.

During the 61<sup>st</sup> session of the GA, in 2006 and 2007, the Fifth Committee discussed the proposals and recommendations contained in the report. During the negotiations, however, Member States expressed substantially diverging approaches to the reform of the UN’s human resources management framework, particularly in regard to the enforcement of geographical and gender targets, the criteria for the recruitment of candidates, mobility of staff, career development, harmonization of conditions of service, and reform of the field service. Since the package of reforms also raised several complicated questions that could reverberate throughout the entire UN system, Member States, following the advice of the ACABQ report (A/61/537), requested further clarifications concerning the implementation of several of the suggested policies, thus postponing decisions on most of the reforms.

A resolution on the reform of the Organization’s human resources practices was approved in December 2006 (A/61/244), but did not contain approval of any significant proposal. Member States did indicate, however, that they do not favor the proposal for a one-time staff buyout which they deemed too costly considering that a great number of UN staff is going to retire by 2010. Though it was on the agenda, intense negotiations on the regular 2008/2009 budget prevented Member States from dealing with Human Resources Management in its October-December 2007 session. Prominently on the agenda of the first resumed session of the Fifth Committee in March 2008, insiders fear that no important decisions will be made anytime soon as some Member States have indicated that issues dealing with human resources are normally addressed in the year following the approval of the budget. Others have suggested that postponement makes sense because human resources will be discussed in the Thematic Debate on Management Reform organized by the GA President and scheduled to take place on 8 and 9 April 2008.

Often, negotiations are postponed because reports from the Secretary-General are outstanding. But in this instance, the Secretariat has provided all necessary reports, as has the ACABQ and the International Civil Service Commission (ICSC). The report from the latter includes recommendations from staff federations. Representatives from the ICSC have informed the Fifth Committee at its March session that they support immediate action by Member States on streamlining contractual arrangements under a new set of staff rules and harmonization of conditions of service. The Secretary-General also informed Member States of the costs involved: \$23.7 million per annum for the new system of contracts and \$199 million per year for more equitable conditions of service.

#### *Recruitment and Staffing*

As expressed by the Office of Human Resources Management, the proposed reforms in the recruitment and staffing policies of the UN are meant to ensure “a high-quality, multi-skilled and mobile workforce, with the highest standards of efficiency, competence and integrity and with due regard to geographic representation and gender balance.” (A/61/255).

In order to increase efficiency in recruitment the Secretariat proposed the following measures:

- Providing more extensive outreach based on strategic workforce planning;
- Establishing a dedicated recruitment service to support managers in the selection of staff;
- Reducing advertising time for vacancy announcement to 30 days to cut average recruitment times by half;
- Expediting recruitment processes for surge needs;
- Expanding career opportunities for staff and creating of a broader pool of talent by eliminating eligibility restrictions based on contractual status, category, location or duration of service;
- Using rosters of pre-screened candidates;
- Revising examinations and job profiles to match current needs;
- Enforcing compliance with geography and gender targets.

In 2006, the approval of funds for a recruitment and staffing center was deferred to the 2008-2009 budget negotiations. The expedited recruitment process was accepted but should be limited exclusively to surge needs, while the G77 and China refused to accept the Secretary-General's suggestion to reduce the number of days required for advertising a vacancy from 60 to 30 days. While it was recognized that the use of pre-screened rosters could expedite the recruitment process, its use was deferred to a later stage pending the provision of further details on how it would be implemented. Meanwhile, the GA requested that the Secretariat make full use of the existing rosters. Limitations currently in place for the reassignment of General Service staff to field missions were not lifted. But an additional \$3 million dollars was approved for career development support.

With regards to geographical balance, Member States lamented that managerial staff is not held sufficiently accountable in achieving equitable geographic distribution. The Secretary-General was requested to involve the Management Performance Board<sup>6</sup> in monitoring the implementation of the provisions on accountability contained in the Human Resources Action Plan and called for the plan to be publicly available on the UN's website. Member States also urged the Secretariat to reduce the number of under-or-unrepresented Member States within its staff by 30% by the year 2010. The Secretary-General is also expected to ensure, "as a general rule," that no national of a Member State succeeds a fellow-national in the same senior post.

The latest report issued by the Secretary-General on the subject of recruitment and staffing, A/61/822, provides an overview of the progress made on approved policies and formulates additional policies for the development and implementation of a training program for members of the central review bodies assigned to review recruitment processes system-wide; efforts undertaken to reduce the time required to fill vacancies; and proposals for the implementation of pre-screened rosters for recruitment.

#### *Mobility Policy*

Kofi Annan formulated the mobility and mandatory reassignment staff policies to create a more versatile and multi-skilled international civil service capable of working effectively both at Headquarters and in the field. The Secretary-General believed that mobility across functions, departments, occupational groups and duty stations should be accepted as an essential element of international civil service. Mobility would allow the human resources departments to better address chronic vacancy challenges, increase staff career development, and provide staff with a more comprehensive understanding of the many facets of the UN's work.

Mandatory mobility began to be discussed in 1999 and was applied to P2 staff, e.g. entry-level positions in 2000. It was later introduced as an integral part of the staff selection system in 2002 (ST/SGB/2002/5). It provides for staff to move twice across functions, departments or duty stations, before qualifying for promotion to a higher position. If implemented, the Secretariat's recent

proposal extends mandatory mobility to all regular staff. Within the framework of increased staff mobility, the Secretary-General would also exercise more authority than at present to redeploy posts when needed.

The proposal to extend mobility policy to all staff, however, has been received with skepticism by both the ACABQ and Member States and has been subjected to extensive discussions without leading to particularly substantial progress. Among Member States, substantially different views were expressed on how, and to what extent, such a policy should be implemented. The ACABQ noted with concern that expanding the managed mobility scheme is likely to present unforeseen financial, administrative and management implications. Furthermore, during negotiations in December 2006, the Russian Federation and the G77 and China expressed concern that the General Assembly never endorsed a system-wide mandate for mobility policy. Concerns that the policy might infringe on the rights of staff were also raised. A large number of Member States is concerned that until a new system of internal justice is in place (foreseen by 2009), mobility policy should not be applied system-wide. The Joint Inspection Unit (JIU),<sup>7</sup> while recognizing the necessity for a mobility policy, raised doubts as to its acceptance by Secretariat staff, the preservation of institutional memory, and the costs involved (A/61/806).

Ban Ki-moon, in a recent report (A/62/215), addressed these concerns related to the concept of mobility through the creation of programs and mechanisms to prepare and support staff, including developing better knowledge-management practices, enhancing Organizational information technology tools, and providing a dedicated website. A working group was established on the implementation of a mobility policy and it is foreseen that the new internal justice system could play a role in resolving any grievances on mobility.

#### *Streamlining of Contractual Arrangements*

Kofi Annan advised that streamlining UN contracts into a single UN contract, providing for just three types of appointment - temporary, fixed-term and continuing – would reduce the administrative load and margin for errors, while providing more equity for staff in the field.

While considering streamlining contracts, and despite the approval of the Staff Management Committee, the ACABQ suggested Member States seek the opinion of the International Civil Service Commission (ICSC) before making any decisions in this regard. Even though Member States from the North were inclined to make a decision aimed at simplifying contractual arrangements in 2006, the G77, Japan and the Russian Federation insisted on hearing the ICSC recommendations before discussing the issue any further. The ICSC issued a report on April 2007 (A/61/30/Add.1) and the Secretariat issued two further reports which reflect the ICSC's recommendations (A/61/857, A/62/274). As stated earlier in this Chapter, some Member States are still stalling negotiations on this issue.

#### *Harmonization of Conditions of Service*

Kofi Annan also proposed harmonizing the conditions of service of Secretariat staff in the field with those of staff of UN funds and programmes (*Investing in People*). Member States raised concern about the proposals during the 61<sup>st</sup> session and requested the Secretariat to issue a more detailed report which would include the observations of the ICSC and detail a proposed timeline of implementation.<sup>8</sup>

#### *Reform of the Field Service*

Since the 1990s, the Secretariat has observed that peacekeeping activity has shown sustained requirement for a minimum of about 2,600 international staff. Currently, the number of career

peacekeeping staff represents just 5% of all international field staff. In view of the great surge in peacekeeping operations since 2000 - eight new peacekeeping missions, five expanded missions and 13 new special political missions – and considering that the UN has consistently failed to provide the expert and experienced civilian specialists necessary to meet the increasing operational demands, the Secretariat has proposed creating a baseline capacity of 2,500 career posts filled by civilian staff with skills, expertise and experience gained in key posts to ensure successful planning and support of UN peace operations. The 2,500 career civilian staff would be subject to rapid deployment and rotation. This reform proposal does not entail adding to existing staffing levels since the SG proposes financing the 2,500 career civilian peacekeepers through existing authorized positions in UN peace operations.

The proposal met with strong reactions when discussed at the Fifth Committee in the Fall of 2006. While developed countries agree with the Secretary-General's proposal that peacekeeping should be professionalized because it is a function of the UN that is only likely to increase in the next few decades, the G77 is adamant in claiming that peacekeeping should not be professionalized because it was created as a temporary entity and should continue to be considered as such. The G77 envisages peacekeeping to be a function that the UN would not have to perform in perpetuity, and thus it would be nonsensical to create positions within the Secretariat specifically for peacekeeping. Japan also expressed skepticism, contending that, if peacekeeping is indeed temporary, creating fixed positions for peacekeeping within the Secretariat might generate financial difficulties in the future. Nevertheless, according to the Secretariat's estimation, peacekeeping will be a UN function for at least two more decades, and the creation of 2,500 civilian career peacekeepers within the Secretariat is crucial in order to properly address the current high vacancy rates and difficulties in staffing missions with experienced personnel.

While no decision was taken in this regard, Member States did not discard the proposal and instead requested further information, including an analysis of potential financial implications. In April 2007, the SG issued a detailed report (A/61/850), which is scheduled for discussion during the first half of 2008.<sup>9</sup>

#### *Ethics Office*

The primary objective of the Ethics Office is that of ensuring that all UN staff members observe and perform their functions according to the highest standards of integrity (ST/SGB/2005/22). The establishment of an Ethics Office within the Secretariat represents one of the first successes in the effort to reform the Secretariat's management agreed to at the World Summit. Charged with improving Organizational ethics, fostering more transparency and better accountability of staff, the Ethics Office was created in January 2006. The office did not become fully active until May 2007, when a permanent director was appointed by the new Secretary-General. Since May 2007, Robert Benson, a Canadian lawyer with extensive experience in governmental ethics, is heading the Office and a considerable series of policies have been initiated.

The main areas of responsibility of the Ethics Office comprise:

- developing standards, training and education on ethics issues;
- providing confidential advice and guidance to staff on ethical issues, preventing conflicts of interest, including administering an ethics helpline;
- administering the Organization's financial disclosure program for senior staff and staff working on procurement;
- carrying out the Organization's policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations (whistleblower protection policy) (ST/SGB/2005/22).

In collaboration with the Office of Human Resources Management (OHRM), the Ethics Office added an ethics component to training modules; introduced new post employment restrictions; instituted ethics training for the global Secretariat; and special workshops for high-risk groups. It also instituted, in collaboration with OHRM and the Office of Legal Affairs, directions on the acceptance and disposal of gifts. The Ethics Office prepared a consolidated and bilingual (English and French) guide entitled *Working Together: Putting Ethics to Work* to help staff system-wide to understand the UN Code of Conduct and other standards. In addition, the Ethics Office advises other offices on ethics related issues and is available to staff members for discussion of such issues as potential and actual conflicts of interest, post employment activities, or acceptance of gifts.

The Ethics Office has also begun preliminary work for the formulation of a system-wide code of ethics for all UN personnel, and for a compilation of ethics-related activities involving different UN entities. (A/62/285)

A financial disclosure program to ensure that no potential conflicts of interest arise from staff members' financial holdings is administered by the Ethics Office. Once statements are collected from relevant personnel, an external contractor (currently PricewaterhouseCoopers) performs the financial review. Since May 2006, the threshold of reporting staff has been lowered to include staff members at the D-1/L-6 level and above; staff whose principal duties include procurement or investment functions; and all staff serving in the Ethics Office. The value of gifts that UN officials are required to report has been lowered from \$10,000 to \$250. Financial disclosures now also involve concerned staff's spouses and dependent children.

Finally, the office also enforces the policy on protection against retaliation for reporting misconduct and for cooperating with audits or investigations. This policy entered into force on 1 January 2006 (ST/SGB/2005/21). Within this mandate, the Ethics Office is still developing procedures and methodology in collaboration with OIOS, the Office of the Ombudsman, and Human Resources.

With respect to the latter task, the Ethics Office faced its first quandary in August 2007. Since the jurisdiction of the Office is not system-wide, the Office could not launch a preliminary investigation on a potential case of retaliation reported by a UNDP employee. UNDP refused to cooperate on the basis that the Ethics Office does not have jurisdiction over the programme. Indeed, under the current mandate, the Ethics Office cannot conduct a preliminary investigation unless explicitly invited to do so by UN funds and programmes. The case sets a perplexing precedent, as it effectively limits the jurisdiction of the Ethics Office until further review of its mandate. This lack of jurisdiction may result into preventing employees working for UNDP or other programmes and funds, from exposing wrongdoings out of fear that possible retaliation would not be addressed.

As a consequence, Ban Ki-moon suggested that Member States review the mandate of the Office to broaden its jurisdiction to all UN funds and programmes (A/62/285). He also issued a bulletin, which states that if a programme or fund does not have a protection policy against retaliation, then staff may invoke protection under the Ethics Office policies.<sup>10</sup>

### **Oversight and Accountability**

The effective and efficient use of resources allocated to the UN by Member States is overseen by a series of governing bodies whose main task is to review the efficacy of operations and compliance with financial rules. In view of the unprecedented growth in programs and mandates entrusted to the UN in the past ten years, it has become necessary for its oversight mechanisms to undergo thorough and comprehensive reform. The need to approve measures to strengthen governance and improve UN oversight has been emphasized in the past few years particularly by the UN's major

donors, but developing countries have also repeatedly declared their support for such reform. And at the World Summit in 2005, Heads of States and Governments agreed to a major overhaul of the UN's oversight and accountability systems.

Oversight and governance reform is deeply intertwined with building a stronger culture of staff accountability in general, and of executive management in particular. Accountability is not only tackled by strengthening oversight and governance mechanisms and reform of human resources management, but also through procurement and the overhaul of the internal system of justice.

Amongst the reforms approved at the World Summit, Member States entrusted the Secretary-General with arranging an external commission to conduct a comprehensive review of the UN's accountability mechanisms. Internal reviews of the Secretariat's oversight systems were also conducted. As a consequence, during the last two years, a series of reports were issued analyzing the flaws in the oversight system of the Organization, and recommending improvements. The Fifth Committee considered proposals to improve the oversight systems during the 61<sup>st</sup> session, but negotiations on their implementation have been very slow. Typically, Member States have expressed a desire for additional information.

In the first half of 2006, the Secretary-General appointed a Steering Committee to conduct an external review of the oversight and audit mechanisms of the UN. The review was conducted by an external contractor, PricewaterhouseCoopers, under the *aegis* of the Committee. The Steering Committee's findings were circulated in August as a Secretary-General's Report (A/60/883/Add.1 & 2). As soon as it was issued, the report had to navigate a gauntlet of internal criticism. Foremost, Member States struggled with the extent to which the recommendations of the Steering Committee report should be taken into consideration and acted upon. Delegates objected that the Committee had examined the Organization's oversight mechanisms through the prism of a private-sector approach, not taking sufficiently into consideration the peculiar nature and necessities of an Organization like the United Nations.

The recommendations contained in the report include, *inter alia*:

- Adoption of a UN Code of Governance system-wide;
- Strengthening the effectiveness of executive management and accountability through enforcing the practice of result-based management;
- Improvement of OIOS through a rearrangement of its functions;
- Strengthening of Results-Based Management and Budgeting (RBM, RBB);
- Implementation of an enterprise-wide risk management framework;
- Abolishment of the Joint Inspection Unit when all the suggested mechanisms of oversight will be in place and running effectively.

The report of the Steering Committee attracted much criticism, especially its contention that the size of the Fifth Committee is a substantial obstacle to the swift reaching of agreements on budgetary matters with a detrimental effect on the Organization's functionality. It suggested that the Fifth Committee be reconstituted in a more manageable size. The proposal caused uproar, especially within the caucus of the developing countries, the G77. The Fifth Committee, in fact, is generally recognized as the only organ within the General Assembly that functions as a counterweight to the Security Council based on its power over budget priorities and dues assessments and the budget committee is therefore a unique arena where developing countries have a considerable say over the Organization's activities.

The recommendation to abolish the Joint Inspection Unit also encountered opposition from developing countries among others. Currently, the Joint Inspection Unit is the only body with a

system-wide mandate to conduct evaluations, inspections and investigations. The main difficulty afflicting the Unit is that oftentimes its recommendations are not implemented. Rather than questioning its existence, a large number of Member States, and developing countries in particular, feel that more needs to be done to make sure that its recommendations are actually implemented.<sup>11</sup>

Ultimately, the report of the Steering Committee, despite the uproar raised by some of its recommendations, did contribute to the formulation of a roadmap for Member States and the Secretariat to reform the system-wide oversight and governance systems of the United Nations. Unfortunately, there have been considerable delays and the planned timetable planned for implementing reforms in the WSOD was respected only to a limited extent. Fifth Committee delegates discussed some aspects of the reforms at the second resumed session in May 2007 while deferring substantial negotiations to the current session of the GA.

To date, audit and oversight reform processes that have already been initiated and are ongoing include the strengthening of the Office of Internal Oversight Services and the establishment of an Independent Oversight Advisory Committee (renamed Independent Audit Advisory Committee) to help the GA exercise better audit functions over the Organization. With respect to increasing the accountability of staff, several initiatives aimed at enforcing accountability of management have also been undertaken and planned by the Secretariat. Provisions with regards to enhancing accountability of staff fit in the framework of the mandate of the Ethics Office and the work of the Management Performance Board, the Management Committee and the Performance Compacts, especially with an aim to enforce accountability of senior management. The use of sanctions and incentives as an integral element of personnel management, together with improvement of monitoring and control mechanisms (A/61/244) is expected to be discussed in the current or next session.

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Other crucial reforms to enhance oversight and accountability, suggested by the Steering Committee, have not yet been discussed. These include Results-based Management (RBM) and Budgeting (RBB), and the establishment of an Internal Control Framework through the application of Enterprise Risk Management (ERM) tools. At the first resumed session of the Fifth Committee in March 2008, Under-Secretary-General Alicia Barcena introduced an accountability architecture incorporating all the above-mentioned elements and at present, Member States are awaiting the response of the ACABQ to the Secretary-General's recent proposals (A/62/701.Add.1 and A/62/704).

*Reform of the Office of Internal Oversight Services*

The main bureau dedicated to internal oversight of UN activities is the Office of Internal Oversight Services (OIOS). The office was created in 1994 (A/48/218 B) in order to provide the Secretariat with independent audit, investigative, inspection, program monitoring, evaluation and consulting capacities. To date, however, it is widely acknowledged that the OIOS has carried out its functions rather ineffectively due to flaws in the scope of its work and inadequate funding that at times has led to conflicts of interest.

Currently, the scope of work of the Office of Internal Oversight Services includes the following activities, namely: internal audit, inspection, evaluation, monitoring and investigation. The Office has also been charged in the past with the task of providing management consulting services. In July 2006, in response to the recommendations offered by the Steering Committee with respect to the reform of the OIOS (A/60/883/Add. 2, Vol. V), the Under Secretary-General (USG) for Internal Oversight Services, Inga-Britt Ahlenius, issued a counter report, *Proposals for the strengthening of the OIOS*. The report offers a series of recommendations on how to restructure the office and supports the suggestion that the OIOS should be discharged of its management consulting functions, which

indeed represent a crucial conflict of interest in the exercise of its independent auditing, evaluation and monitoring activities. On the other hand, OIOS rebutted the allegations that its independence is jeopardized by the fact that OIOS is internal to the Secretariat, and strongly discourages the relocation of the OIOS' evaluation functions to the Department of Management and the removal of its inspection functions to the Office of Legal Affairs.

Ahlenius' proposals for a more effective internal oversight include a review of the funding arrangements of the office and an increase in staff, especially of personnel dedicated to inspections and, when established, to implementing the risk assessment framework. Monitoring functions will continue but the preparation of reports would be assigned to the Department of Management while the OIOS would remain responsible for assessing the methodology, integrity and discipline of program performance reporting. To strengthen the investigational capacity of the OIOS on key issues, Ahlenius has proposed to establish a special investigation task force for sexual exploitation and abuse as well as a white-collar crime task force (replacing the current *ad hoc* Procurement Task Force) as two separate units within the existing investigation division.

During June of 2007, a great part of the reform proposals had been discussed but only a few decisions were taken by the Fifth Committee. It was accepted, for example, that the management consulting functions should be transferred to a different office. Furthermore, the Fifth Committee allowed funding for a few more posts to strengthen the audit and investigation section of the OIOS.

The main obstacle to OIOS independence originates from its funding arrangements. According to the Secretariat, two fundamental elements need to be reviewed in order to guarantee OIOS operational independence: the fact that the OIOS budget is subject to the review of the Department of Management for which OIOS has oversight responsibility; and the fact that the OIOS negotiates funding for a third of its activities with entities it is chartered to audit. The funding arrangements allow some being audited to influence, if not control, the audit process (A/61/810).

While there is wide agreement that the OIOS must obtain operational independence, Member States asked for further assurances that the Fifth Committee will maintain control over its budget. It is expected that the question of OIOS funding arrangements will be discussed and decided during the second part of the 62nd session of the GA, in 2008.

#### *The Independent Audit Advisory Committee*

In December 2005, Member States agreed to establish an Independent Audit Advisory Committee (IAAC) as requested by the WSOD.<sup>12</sup> The objective of the IAAC is to help the Secretary-General and the GA exercise their oversight responsibilities more efficiently and ensure that audit processes work effectively throughout the Organization (A/60/248). The Committee, perhaps one of the most contentious elements in completing the reform of the oversight and governance systems, was established only nominally in 2005 as Member States did not have enough time to devise its terms of reference: composition, scope of work, selection process and qualification of experts. Since then, the Secretary-General has issued a series of reports detailing appropriate terms of reference for the Committee, which were reviewed by the ACABQ among others.

Two of the contentious issues that substantially delayed its early establishment concerned the IAAC's composition and the selection process of its members. Doubts were expressed as to whether the Secretary-General or the GA should nominate its members as well as how to ensure proper geographical representation. A heated debate also revolved around how the IAAC would function. The G77 and China envisioned the Committee exercising a purely advisory role for the GA, fearing that a more pro-active mandate would change the distribution of power within the UN's budgetary process and result in reducing the power of the Fifth Committee and, consequently, of the

developing countries.

Finally, in June 2007, Fifth Committee delegates approved the terms of reference and the criteria of selection of membership of the IAAC. With respect to the *modus* for the election of the members of the Committee it was decided that the General Assembly propose ten candidates, based on regional and geographical representation for the General Assembly's approval. Although regional groups propose their candidates for the IAAC, candidacies should ideally be evaluated and attested through consultations with an external relevant institution, such as the International Organization of Supreme Audit Institutions (INTOSAI). Evaluations of the candidates will be made available to all Member States. Countries from the North would have preferred for such referral to be obligatory, but it is highly likely that candidates who have been attested and evaluated, by INTOSAI or other analogous Organizations, will have a better chance to be elected on the Committee.

In regards to the possibility of re-election of members, which the western countries had opposed during consultations, it was decided that members will be appointed on the Committee for a term of three years with the possibility to have their membership renewed once. Members will thus be able to serve a maximum of six years each, with the exception of the first members elected, two of which will be appointed for four years with the possibility to renew their membership.

The terms of reference for the IAAC will be reviewed in three years time and adjustments made when necessary. Appointment of the first IAAC members took place in November 2007 and the IAAC started its first meetings in January 2008.

#### *Results-based Management*

Results-based management (RBM) is a management approach focused on achieving results and outcomes and implementing performance measurements. It attempts to integrate strategy, people, resources, processes and measurements to improve decision-making, transparency, and accountability.

Result-based management was introduced by Kofi Annan in 1997 (A/51/950). A shift to result-based budgeting (RBB) was proposed in 1998 as a program budget process in which "program formulation revolves around a set of predefined objectives and expected results; expected results would justify resource requirements derived from and linked to the outputs required to achieve such results; and actual performance in achieving results is measured by objective performance indicators. (A/53/500)." In 2000, the GA approved the shift to RBB (A/55/231) and the policy has been phased in since 2002.

The main RBB practices include: clear formulation of objectives, selection of indicators to measure progress towards each of the objective formulated; setting specific targets for each indicator to evaluate performance; reviewing, analyzing and reporting results obtained as opposed to targets established; using performance information to integrate accountability, learning and decision making.

Despite the efforts made by the Secretariat, the external review of the Steering Committee conducted in 2006 found that the Secretariat does not apply results-based management techniques satisfactorily, and as a consequence, executive management lacks effectiveness and does not make the best use of resources assigned.

Hence, Member States requested the Secretary-General to provide recommendations on how to improve the current situation and ensure that RBM techniques are effectively put in practice by the Secretariat's executive management. Alongside the Steering Committee, the JIU also found that RBM implementation somewhat lacks a clear roadmap and that the UN "is still a long way from a holistic

implementation of RBM.”(A/61/805). Results-based management and budgeting is part of the accountability architecture presented by Under-Secretary-General Alicia Barcena in the first resumed session of the Fifth Committee in March 2008 (A/62/701.Add.1 and A/62/704). The thematic debate on management is also likely to discuss RBM.

*Internal Control Framework - Enterprise Risk Management*

In their analysis of the oversight and governance systems of the UN, the Steering Committee in the first half of 2006 found that the Organization lacks a structured internal control framework - intended as an effective internal audit, but also comprising risk management, investigations, evaluation and monitoring.

Arguably, the establishment of an Independent Audit Advisory Committee will considerably strengthen the UN’s audit and oversight functions. However, in order to substantially increase management accountability and measure effectiveness in the delivery of programs, the Steering Committee also recommended that the UN’s executive management should adopt a systematic enterprise risk management (ERM) framework. Risk assessment and management, by efficiently measuring risks and embedding these into management strategy, would substantially improve internal control over UN programs. The Committee suggested that such a framework should be designed bearing in mind the unique mandate and complexity of the UN’s programs, which are often implemented in collaboration with external partners.

The framework, as envisioned by the Committee, comprises the following key components: “specifications of objectives and key risks, prioritization of risks, and identification of risk response and control mechanisms; creation of a central enterprise risk management Organizational structure of dedicated risk management professionals whose primary roles are to define and integrate risk into line management, drive risk capability throughout the UN system, assist in identifying and coordinating cross functional risks and maintain a central risk repository; incorporation of risk management into the processes and procedures through the design of risk management and measurement methodology; periodic reporting on ERM to the IAAC; and periodic reporting by executive management regarding the risk management framework and the process by which risks are managed, as part of their annual management statement.” (A/61/883, Add.2).

According to some insiders, accountability is currently a sizzling topic at the UN. Accountability in general, intended in terms of determining the flow of responsibilities – who signs off on what - being more important to the South, while RBM and ERM are high on the agenda of the North. Apparently RBM is ready to be negotiated but defining ERM was slowed down because the Secretariat found it hard to find consultants available on this topic for three months. ERM is complicated because the risks involved in peacekeeping are obviously much different from those relating to conference management. It is likely that ERM will have to be phased in slowly, possibly starting with a few pilot projects.<sup>13</sup>

**Procurement Reform**

In the last few years, an unexpected surge mainly in peacekeeping operations resulted in an unprecedented increase in procurement value. In the last 10 years, total UN procurement value has seen an increase from \$309.4 million in 1997 to \$ 1,991 million in 2006 of which peacekeeping related activities grew from \$1,116 million in 2004 to \$1,783 million in 2006.<sup>14</sup> UN purchases include, in order of value, air transportation services, chemical and petroleum products, food rations and catering, freight forwarding and delivery, motor vehicles/parts and transportation equipment, telecommunications services, as well as architecture and engineering/construction services.

The considerable increase in operational requirements alongside notably weak systems of internal

controls, have made reform of the UN procurement mechanisms not only necessary but also extremely urgent. Currently, in fact, there is no system to hold managers accountable for how they handle their procurement accounts and holes in the system give ample leeway for corruption and mishandling of funds dedicated to procurement. Several allegations of impropriety and a series of criminal investigations related to irregularities in procurement contracts have prompted the SG and Member States to command a series of studies on UN procurement practices. An external contractor, Deloitte Development LLC, the US Government Accountability Office and the UN internal oversight mechanisms, all issued analyses of the numerous flaws found within the UN procurement mechanisms.<sup>15</sup>

In a report issued as a follow-up to the management reforms approved by the WSOD, *Investing in the UN* (Add.5), then Secretary-General Kofi Annan related the numerous weaknesses revealed in the UN procurement systems, and stressed the necessity to address them promptly. Major flaws cited for focus included: lack of managerial oversight and controls, outdated procurement processes, poor governance structure, and lack of sufficient financial and human resources. In fact, while the value of procurement has increased substantially in the past few years, staff dedicated to it has not increased proportionally, causing backlogs and delays, and making procurement more prone to errors.

The recommendations for action and measures to address the numerous flaws of procurement contained in the report were discussed at the Fifth Committee during the 61<sup>st</sup> session of the GA. The Secretary-General reported on the measures that the Secretariat is already applying in order to strengthen internal control measures, and to optimize UN acquisition management practices with a view to reduce acquisition costs and implement strategic management. However, implementation of the intended measures is expected to take 18 months and it is subject to availability of funds and approval by the Fifth Committee.

Although procurement reform is recognized as necessary by the entire membership, divisions have nevertheless surfaced over the modality of the reform. Some of the reform proposals were challenged and only part of the funds requested were approved.

In particular, during the negotiations, the G77 insisted on increasing procurement from developing countries, where prices of goods and services are usually lower. To date, the US has constantly held the biggest share of procurement contracts. In 2006, the US received 17.6% of all UN contracts, amounting to 351.4 million dollars out of a total of 1.9 billion. Russia trailed behind at 9.5% of all UN contracts in 2006 for an amount of 189.4 million dollars.<sup>16</sup> The Secretariat had instituted seminar programs with the aim to attract more vendors from developing countries to join the UN roster but these efforts were not judged sufficient by the G77, which asked that additional capacity building methods be developed. Some developed countries on the other hand indicated that procurement should not be made a tool for development. Developed countries also objected to measures which - in order to increase procurement from developing countries - would result in lowering stringent requirements regarding a company's financial statements. Nevertheless, the Fifth Committee approved posts to increase procurement from developing countries.

Member States expressed particular concern over the issue of delegation of authority. In order to speed up procurement in the field, the Department of Management delegated its authority to the Department for Peacekeeping Operations for contracts of up to one million or to \$200,000 for non-core requirements. Procurement for peacekeeping is now handled by the Department of Field Support. Because field office staff is not always aware of the latest rules and regulations, this delegation of authority has resulted in key regulations not being followed, giving rise to mishandling of funds and contracts. Furthermore, there is concern that with the delegation of authority it has become more difficult to allocate overall responsibilities, especially in light of the fact that peacekeeping lacks resources for internal oversight of procurement contracts.

In December 2006, the Fifth Committee reached agreement on a resolution on procurement reform. The resolution includes many of the initiatives proposed by the Secretary-General but also requests further clarifications on some of the proposals, thus considerably delaying their implementation. Further issues related to procurement reform were to be discussed in the resumed session of the Fifth Committee, in the first half of 2007. However, Member States, engaged by other, more pressing matters, did not have time to tackle procurement during the resumed sessions and postponed the discussions to the 62<sup>nd</sup> session of the GA. Procurement is now on the agenda of the first resumed session and will also be discussed at the 8-9 April 2008 thematic debate on management reform.<sup>17</sup>

*... in an effort to ensure that fraud and corruption will result in prosecutions ... the former as well as the current Secretary-General have shown a willingness to waive the immunity of those staff members and officials involved.*

To date, internal control measures that have already been implemented include: financial disclosure of procurement staff; a “whistle-blower” protection policy; ethics and client service training; certification of procurement staff; post-employment restrictions; zero-tolerance policy for gifts and hospitality; promulgation of a Supplier Code of Conduct. An updated Procurement Manual has also been posted on the UN website. Furthermore, in an effort to ensure that fraud and corruption will result in prosecutions in the criminal system of the country where it occurs, the former as well as the current Secretary-General have shown a willingness to waive the immunity of those staff members and officials involved.

Initiatives still pending include: the establishment of an independent bid protest system which was delayed as the General Assembly expressed the wish to learn more about specific modalities and procedures, including possible legal and financial implications; attempts at increasing the diversity of supply; introduction of an ethics and integrity program; targeted training in peacekeeping missions; promulgation of rules governing the conduct of procurement staff; formulation of policies on staff rotation; the development of terms of reference for the Vendor Review Committee; and a review of the vendor registration system, among others. The planned replacement of the Integrated Management Information System by an Enterprise Resource Planning system, to be discussed at the 62<sup>nd</sup> session of the GA, is expected to finally allow procurement officers to retrieve data system-wide, thus substantially improving the exchange of data and information on vendors worldwide. The creation of a UN global procurement website was expected to be fully accessible by June 2007.<sup>18</sup>

No decision was taken on the issue of conflict of interest, as Member States did not receive a dedicated report. The SG was also asked to report on the division of procurement responsibilities between the Department of Management and DPKO. Further incentives to expand procurement from developing countries were also agreed based on recommendations from a report of the Inter-Agency Procurement Working Group.<sup>19</sup>

Further concepts that may strengthen the management of UN procurement and make it more efficient are still under consideration by both the Secretariat and Member States and include the application of the *Lead Agency* principle, which would give the agency with the best competitive advantage and the most favorable contracts for certain goods and services a centralized role, fostering better information sharing and coordination between agencies; and the *Best Value for Money* principle, which provides that the lowest price should not be the only factor in determining which bid to accept, but quality and other principles should also matter, for instance the environmental impact of products, disposal costs, or risk assessment. The lack of an agreed understanding of the principle by all UN procurement staff as well as the fact that insufficient information is provided to vendors on how the Best Value for Money principle is applied remain of concern to Member States (A/61/846). Understandably, both principles present difficulties in a system-wide application and the General Assembly requested detailed reports it that regard to be discussed at the 62<sup>nd</sup> session of

the GA. The OIOS has expressed concern that there is no common understanding at present about the principle.

The Fifth Committee is expected to discuss all outstanding issues and evaluate progress on initiatives implemented to date during the 62<sup>nd</sup> resumed sessions. Procurement is also expected to be discussed in April 2008 at the Thematic Debate on Management Reform.

### **Information Technology**

The UN is undoubtedly an information intensive Organization and yet its information and communications systems are terribly outdated. Despite several attempts in the past ten years to improve the UN's IT infrastructure, the majority of currently used ICT platforms are not only outdated but also incompatible with each other, even within the same agency or within the Secretariat. In the past few years, information technology systems and investments have developed separately and have focused mainly on departmental needs rather than on pursuing a system wide strategy of integration of IT systems. Even within the Secretariat itself, at least six departments work on different ICT units with no integrating mechanism among them, consequently preventing staff from having access to a coherent and system-wide record of information and resulting in considerable duplication of work and delaying progress in many areas of UN competence (A/60/692, Chapter 3).

At the World Summit in 2005, Member States approved, in principle, the reform of the UN system-wide ICT system and endorsed funding for a Chief Information Technology Officer (CITO) at the Assistant Secretary-General level. Choi Soon-hong was appointed to the post in July 2007 by Secretary-General Ban Ki-moon. The creation of an Office of Information and Communications Technology has become necessary to coordinate ICT globally, starting from the work of two large independent Secretariat's offices: the Information Technology Services Division (Department of Management) and the Communications and Information Technology Service (Department of Peacekeeping Operations).

The functions and responsibilities of the Chief Information Technology Officer, as formulated by the Secretary-General, include:

- Develop, maintain and monitor system-wide implementation of information technology plans;
- Provide information management strategic vision for the Secretariat, including offices away from headquarters and field-based missions;
- Promulgate policies and standards on information technology matters;
- Lead the Information and Technology Steering Committee;
- Coordinate and oversee ICT operations at all offices of the Secretariat;
- Provide advice to the Management Committee on information and communications technology matters (A/60/846Add.1).

Among the proposals for improvement of the UN ICT system is also the establishment of an integrated global system, a system-wide Enterprise Resource Planning System, which would replace the current Integrated Management Information System (IMIS), and all other stand-alone systems. The configuration of a system-wide Enterprise Resource Planning System (ERP) is a cardinal aspect of IT reform. ERP will integrate all information technology applications, including those relating to finance & budget, human resources, supplies, central support and most other support services. At the beginning of the 62<sup>nd</sup> session of the Fifth Committee, Choi explained to Fifth delegates that the new ERP system is not going to be introduced with a "big bang" approach but will instead be phased in slowly to avoid disruption and other inconveniences. A designated ERP Project Manager will oversee

the work of four teams dealing with Human Resources, Finance, Supply Chain and Central Support Services respectively.<sup>20</sup>

Submission of funding requirements to the Fifth Committee for the implementation of all the proposed reforms, however, took longer than expected. The Secretary-General submitted a short report during the second resumed session of the Fifth Committee (A/61/765) but Member States did not find it sufficiently detailed to begin negotiations on resources approval and requested a further report. While the estimated total cost of the implementation of ICT reform has been anticipated to cost between \$150 and \$250 million and could take three to five years, Choi requested about \$25 million for start up costs for the 2008/2009 biennium. Resources which, if not approved swiftly, may delay considerably implementation of the intended reforms. A series of detailed reports on the reform are expected to be issued during the current negotiations on the program budget for the biennium 2008/2009.<sup>21</sup>

Because of the delay in formulating detailed reports and cost implications as well as the fact that the agenda of the Fifth Committee has been overwhelmed with discussions on other, more pressing matters postponed from previous sessions, the reform of ICT does not figure prominently on the agenda and will most probably not be approved in the short term. Nevertheless, IT reform is crosscutting and funds for the improvement of IT platforms have already been approved in several contexts. For instance, in December 2006 (A/61/244), the GA approved the Secretariat's proposal to improve human resources management IT tools to be integrated into the future Enterprise Resource Planning System (ERP).

## CONCLUSION

Almost two and a half years have passed since the 2005 World Summit, where Member States made strong and specific commitments to bring about management reform in order to make the Organization more efficient and effective and improve its capabilities to face today's challenges. A close look indicates that overall progress on the reform process has been slow. A number of decisions have been taken thus far and the processes that have been initiated will take some time before they can prove their value.

Unfortunately, during most of 2006, a bitter climate of suspicion and mistrust between Member States caused a number of reform proposals to be deferred. A more conciliatory style during the 61<sup>st</sup> session of the GA improved chances for agreement on much needed decisions and policies and some progress was achieved. Taking substantive decisions during the first and resumed sessions (in March and May 2008 respectively) of the Fifth Committee during the current session will be key to sustain this momentum.

Fifth Committee delegates, largely responsible for negotiating the proposed management reforms, have worked hard to find consensus and in some cases have succeeded in doing so. However, in the majority of cases, decisions are still pending, resulting in rather slow implementation of the bulk of the reforms sought. During informal discussions, concerns have emerged from Member States that, in the past, many policies have been approved without the necessary planning framework being put in place to ensure that these would work properly. Thus, the Secretary-General was asked to provide additional details on planning phases of the implementation process of various reform proposals.

That the Secretariat has taken such a long time to issue some reports is partly due to the fact that a new Secretary-General was elected in 2006. Ban Ki-moon's newly appointed managers face the challenge to provide additional details regarding proposals which were formulated by the previous UN administration. For the most part, as some observers have noted, final decisions on management

reform were postponed because other, more pressing proposals, took priority. In particular, a considerable share of the Fifth Committee resumed session in 2007 was dedicated to the restructuring of DPKO – a proposal of Ban Ki-moon – with the consequence that progress and energies on reforms such as human resources and procurement were significantly delayed.

Also to be taken into consideration is the fact that the full implementation of several critical human resources management reforms as well as accountability and governance policies are subject to the introduction of a completely new internal system of justice (administration of justice), which is still under discussion and not expected to become fully operational until 2009. Several Member States have expressed the preference not to expand human resources and management accountability policies (such as sanctions) system-wide before the Organization will be able to properly address potential staff grievances in the new administration of justice.

There are some ‘success stories’ to point to, such are the establishment of an Ethics Office to provide guidance and monitor the ethical behavior of UN staff, and carry out the financial disclosure and whistle-blower protection policies. Nonetheless, there still are concerns about the effectiveness of the latter, including uncertainties with regards to the scope of its mandate. Staff has also expressed doubts regarding the capacity of the UN’s current international justice system to support full realization of the new policies. The IAAC, despite the initial roadblocks, was finally established with the consensus of all Member States. The US and the EU, which were behind its creation, seem satisfied with the outcome, and highly trained and respected professionals have been selected to sit on the committee, whose meetings began earlier in 2008. There is good reason to believe that the Committee will be of substantial assistance to Member States in the exercise of their oversight functions.

Procurement has also been substantially strengthened, although fully satisfactory policies are not yet in place. Such concepts as the *lead agency* and the independent bid protest system have been introduced to Member States and will continue to be discussed with a view to implement in the upcoming years.

The Mandate review has suffered the most from mistrust amongst groups of Member States, causing long delays in the review process. However, during the current session, GA President Srgjan Kerim succeeded in brokering a compromise on some of the parameters involved and the current Co-Chairs have devised a methodology for the mandate review which has been well received by Member States, though it may require some fine-tuning. Some insiders, though, remain concerned that it may end up in a fight about resources between the North and the South, with especially the US hoping that the review will result in cost savings while some vocal countries from the South argue that the review could potentially also result in more resources for certain mandates.

Though progress on a vast endeavor such as reforming the management of a unique Organization like the UN may have been slow, the “prise de conscience” that reform is necessary and long overdue is surely sincere and overarching. Efforts from Member States from the North to ensure that management reform is taken up seriously by the whole membership have certainly not been fruitless and management reform is likely to continue to be negotiated in the upcoming sessions.

For the US, management reform remains very high on its agenda. The US Government Accountability Office regularly issues reports on UN management reform, which provide updates to Congress on the progress achieved, or lack thereof. Some groups of Member States, such as the *Four Nations Initiative* (4NI), have teamed together to produce balanced analysis of governance problems at the UN and have proposed equally balanced solutions which have been welcomed by the membership. 4NI proposals add to the already substantive analytical diagnosis of the UN’s

managerial and governance malaise and are likely to be promoted at the upcoming thematic debate on management reform.<sup>22</sup>

The thematic debate on Management Reform will take place on 8 and 9 April 2008 and will bring many policy makers from capitals to New York. Though some insiders feel that the thematic debate interferes with the ongoing reform debate in the Fifth Committee, having a broader group of policy-makers assess progress on reform proposals related to procurement, human resources, and accountability, as well as provide guidance on other outstanding proposals – especially if it would involve the setting of clear deadlines for implementation – could potentially provide management reform with additional political momentum.

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<sup>1</sup> See Julia Hurley's analysis at <http://www.centerforunreform.org/node/266>

<sup>2</sup> <http://www.un.org/ga/acabq/>

<sup>3</sup> <http://webapps01.un.org/mandatereview/searchStart.do>

<sup>4</sup> See [reformtheUN.org](http://reformtheUN.org) for details on the methodology and summaries of debates.

<sup>5</sup> UN Charter, Article 101, Par. 3: "The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible."

<sup>6</sup> In 2005 the Secretary-General established the Management Performance Board (MPB) as a measure to strengthen the accountability framework of senior managers (ST/SGB/2005/13). The Board is responsible for monitoring and analyzing the manner in which senior management exercises their authority in all aspects of their work, including their performance in achieving the objectives contained in the human resources action plan. The first report on the activities of the MPB was issued in September 2006 (A/61/319).

<sup>7</sup> The Joint Inspection Unit (JIU) was created initially in 1966 and became a subsidiary organ of the GA in 1976 (31/192). Its objective is to enhance the efficiency of the administrative and financial functioning of the United Nations system through inspection and evaluation aimed at improving management and methods and at achieving better coordination between all UN entities. It is composed of 11 inspectors. The inspectors, assigned a system-wide mandate, have the broadest powers of investigation and can make on-the-spot inquiries and investigations (<http://www.unsystem.org/JIU/en/reports.htm>).

<sup>8</sup> "Conditions of service in the field: staffing of field missions: review of the entitlements of internationally recruited staff in non-family duty stations" (A/61/30): The ICSC report addresses in depth such issues as designation of family duty stations, special operations approach for non-family duty stations, harmonization of rest breaks, and offers a detailed timeline of implementation and, most importantly, the financial implications of the new policy.

<sup>9</sup> The report addresses in depth the management of career civilian peacekeepers including selection process, contractual arrangements, mobility and rapid deployment requirements, career development and training; implementation of the policy and its financial implications. In particular, financial implications are related to the change of status of the staff employed as civilian peacekeepers, reflected in the resources asked for the harmonization of service of the Organization.

<sup>10</sup> Some Member States have also directly addressed the issue: the US mission at the UN, through its website, urges whistleblowers to contact it: [http://www.un.int/usa/Issues/reform\\_whistleblow.html](http://www.un.int/usa/Issues/reform_whistleblow.html).

<sup>11</sup> Irene Martinetti, "UN Management Reform – The Role and Perspective of the G77," Center for UN Reform, 10 September 2007.

<sup>12</sup> The Independent Audit Advisory Committee had been initially conceived as an Independent Oversight Advisory Committee, A/RES/60/1, Par 164 (c)

<sup>13</sup> Latest documents issued with respect to the accountability, internal control frameworks, RBM and enterprise-risk management include the Secretary General Report (A/62/701) and the report of the Joint Inspection Unit (A/62/704).

<sup>14</sup> UN Procurement Division Official Statistics, available at: <http://www.un.org/Depts/ptd/statistics.htm>.

<sup>15</sup> Deloitte, "Assessment of Internal Controls in the United Nations Secretariat Procurement Operations," November 2005; US Government Accountability Office, "United Nations Procurement Internal Controls are weak," April 2006

<sup>16</sup> UN Procurement Division Official Statistics, available at: <http://www.un.org/Depts/ptd/statistics.htm>.

<sup>17</sup> See the Fifth Committee reports of the Center at [www.centerforunreform.org/node/27](http://www.centerforunreform.org/node/27) for the latest information on negotiations in regard to procurement reform

<sup>18</sup> See <http://www.un.org/Depts/ptd/> for information provided to the public and vendors in regard to procurement

<sup>19</sup> Available at: <http://www.iapwg.org/site/0/default.aspx>

<sup>20</sup> See the Center's Fifth Committee report at <http://www.centerforunreform.org/node/283>

<sup>21</sup> Status Report on ICT, Report on the Enterprise system, Report on disaster recovery and business continuity

<sup>22</sup> See the Center's website which contains an interview with one of the initiators of the 4NI and a link to the report at <http://www.centerforunreform.org/node/291>.

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