RESULTS-BASED MANAGEMENT IN THE UNITED NATIONS IN THE CONTEXT OF THE REFORM PROCESS

Prepared by

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Joint Inspection Unit

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ACKNOWLEDGEMENTS

CONTENTS

LIST OF ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination (now CEB)
CEB	United Nations System Chief Executives Board for Coordination (formerly ACC)
CPC	United Nations Committee for Programme and Coordination
DESA	Department of Economic and Social Affairs
DPKO	Department of Peacekeeping Operations
e-PAS	electronic performance appraisal system
ERP	enterprise resource planning system
FAO	Food and Agriculture Organization of the United Nations
HRM	Human resources management
IMDIS	Integrated Monitoring and Documentation Information System
ICSC	International Civil Service Commission
ICT	information and communication technology
ILO	International Labour Organization
IMIS	Integrated Management Information System
KIMRS	Key Item Management Reporting System
KM	knowledge management
JIU	Joint Inspection Unit
MDG	Millennium Development Goal(s)
MIS	management information system
OHRM	Office of Human Resources Management
OII	Organizational Integrity Initiative
OIOS	Office of Internal Oversight Services
OPPBA	Office of Programme Planning, Budget and Accounts
PAHO	Pan American Health Organization (Regional Office for the Americas of the World Health Organization)
PAS	performance appraisal system
PKO	peacekeeping operation
RBB	results-based budgeting
RBM	results-based management
SMART	specific, measurable, attainable, relevant and time-bound
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WFP	World Food Programme

Objectives:

To test the degree of implementation of results-based management (RBM) in the United Nations and to make recommendations on how to adapt the RBM principles, methodology and techniques to the specific needs of the Organization to bring more coherence to the current reform process.

To serve as a management tool for the United Nations Secretariat to enable it to implement more effectively the policy decisions and management practices adopted by the United Nations legislative organs.

Introduction

1.   The Joint Inspection Unit (JIU) has included in its programme of work for 2006 a report entitled "Results-based management in the United Nations in the context of the reform process". The report aims to assess the capability of the United Nations to apply this management strategy with a view to highlighting best practices and identifying challenges and constraints for successfully applying a results-based approach.

2.   In 2004, JIU prepared a series of reports on results-based management (RBM) in the United Nations system and developed a benchmarking framework for implementing it. JIU has already applied this framework in the administration and management reviews of the Pan American Health Organization (PAHO), the United Nations Convention to Combat Desertification (UNCCD) and the International Labour Organization (ILO). The Committee for Programme and Coordination (CPC) has recommended its endorsement to the General Assembly. The Chief Executives Board for Coordination (CEB) invited "all UN System organizations to endorse the JIU benchmarking framework for RBM and to use it as the chapeau for their respective implementations of RBM".[1]

3.   The General Assembly, by its resolution A/RES/60/257 of 8 May 2006, approved the conclusions and recommendations of CPC as contained in the report on the work of its forty-fifth session. CPC recommended that the General Assembly should, among other things:

> "(a) endorse the benchmarking framework proposed by the Joint Inspection Unit as a tool for the Secretary-General and the oversight bodies and for itself in order to measure the progress towards an effective implementation of results-based management in the United Nations; and […] (d) request the Secretary-General to implement the recommendations for achieving the benchmarks suggested by the Joint Inspection Unit, in particular benchmarks with regard to accountability and performance management, in working on current management reform initiatives undertaken by the Secretary-General and, where appropriate, adopted by the General Assembly, and to report on the implementation thereof."[2]

4.   The current report reviews the evolvement of the RBM approach, and highlights and analyses its main elements and components vis-à-vis the RBM benchmarking framework that JIU has developed in its series of reports on that subject.

5.   Rational and comprehensive implementation of RBM in the United Nations should bring about tangible improvements in the formulation and implementation of the programmes and activities. It would additionally bring about significant savings. The present external review would therefore seem both timely and crucial in view of the complex process of reform that the United Nations is currently undergoing.

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[1] CEB/2005/HLCM/R.6.
[2] "Report of the Committee for Programme and Coordination", Forty-fifth Session, A/60/16, para. 248(d).

Evolution of results-based management in the United Nations

6. The Secretary-General, in the programme for reform that he launched in 1997 (A/51/950), recommended that:

> "the General Assembly review the existing arrangements governing the planning, programming and budgeting process in order to enhance their role in providing strategic direction, establishing better performance yardsticks and reporting and focusing more on accountability for performance than on input accounting - a shift to results-based budgeting".

7. In response to its request for more details of his proposals, the Secretary-General submitted to the General Assembly detailed reports about results-based budgeting (RBB) in which he sought to clarify the concept and related elements and conditions for its application in the United Nations context:

> "Results-based budgeting, in the form proposed by the Secretary-General for implementation at the United Nations, is a programme budget process in which: (a) programme formulation revolves around a set of predefined objectives and expected results; (b) expected results would justify resource requirements which are derived from and linked to the outputs required to achieve such results; and (c) actual performance in achieving results is measured by objective performance indicators".[3]

8. The Secretary-General also sees RBB as a tool to enhance accountability and improve strategic management requiring mechanisms for accountability (improved performance assessment and a more responsive system of management authority and responsibility, including PAS), adjustments to information systems and enhancement of staff knowledge and skills, not just programme managers, to incorporate RBB concepts and tools in their work.

9. In its resolution 55/231 of 23 December 2000, the General Assembly approved the shift to RBB based on the recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ). The Assembly noted that:

> "the measures proposed by the Secretary-General and recommended by the Advisory Committee are intended to provide, in essence, a management tool that should enhance responsibility and accountability in the implementation of programmes and budgets."

It decided that these measures should be introduced in a gradual and incremental manner. RBB was first applied for the biennium 2002-2003.

10. The budget document, with its new format, made a commitment to looking beyond the delivery of outputs. It expanded the programmatic aspects and formulated them more logically. It also added indicators of achievement. It committed the Organization to achieving results collectively. In addition, the General Assembly requested the Office of Internal Oversight Services (OIOS) to prepare an evaluation of the implementation of all provisions of resolution 55/231 on RBB (resolution 56/253 of 24 December 2001, para. 153).

11. The evaluation, which was completed at the end of 2002, identified several challenges and the steps needed "to bring the implementation of result-based budgeting to the next level".[4] Among the challenges were the:

- shift in focus from input/output to results orientation required a significant culture change in the Organization that is still ongoing;
- length and complexity of the budgetary process and need to adapt its components to the results paradigm;
- inherent difficulties in quantifying many of the expected achievements of the Organization[5];

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[3] "Results-based budgeting", Report of the Secretary-General, A/53/500, 15 October 1998.
[4] "Implementation of all provisions of General Assembly resolution 55/321 on results-based budgeting", A/57/474, 15 October 2002.

- need for staff at all levels to become familiar with the concepts and terms of results-based budgeting.

12. The evaluation also emphasized the need for the following:

- clear definition of the roles and responsibilities of programme managers, the Office of Programme Planning, Budget and Accounts (OPPBA) and OIOS vis-à-vis the results-based paradigm;
- self-evaluation and self-monitoring by programme managers to become part of the management culture and practice;
- enhanced information systems, specifically the Integrated Monitoring and Documentation Information System (IMDIS);
- better linkage between evaluation and planning;
- clearer guidelines to be provided to programme managers;
- ownership by programme managers of the objectives, expected accomplishments and indicators of achievement of their programmes.

13. As requested by the General Assembly in resolution 55/231, the Secretariat has made efforts to continuously improve the formulation of objectives, expected accomplishments and indicators of achievement. Training was provided to programme managers to reinforce the fundamentals of results-based budgeting, including the logical framework, and to assist them in developing data-collection methodologies. The training stressed that the expected accomplishments or results provide a critical linkage to the broad objectives of programmes and the implementation process. The training manual explained that the practical benefits of results-based management allow the effectiveness and continued relevance of activities to be determined and feedback to be provided to programmes for future action. The results-based approach encourages effective programmes; and allows progress towards final objectives to be clearly identified.

14. The longer-term objective was to include RBM training into the standard training programmes that the Office of Human Resources Management (OHRM) will be offering in the coming years. This was seen as being essential to developing a results-based culture in the organization. In addition, OPPBA established a website to assist programme managers and staff in implementing results-based budgeting, including the preparation of the logic model for the 2004-2005 budget period .[6]

15. In resolution 55/231, the General Assembly emphasized the need for the Secretariat to continue to improve programme evaluation capacities in a manner complementary to the existing evaluation systems. OIOS noted further that the global capacity of departments and offices for conducting evaluations had declined over the years.[7] The report of the Secretary-General on "Strengthening of the United Nations: an agenda for further change" also called for a strengthened system of evaluation and monitoring that would better measure the impact of the Organization's work.

Different definitions of results-based management

16. In their review of the status of implementation of RBM in the United Nations system in 2004, the Inspectors were faced with different definitions and terms being used by different organizations or bodies:

- "Results-based management" United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), World Food Programme (WFP);

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[5] In its resolution 55/231, the General Assembly recognized the difficulty of achieving the results of complex and long-standing political activities within specific time frames.

[6] http://ppbd.un.org/rbb

[7] "Strengthening the role of evaluation findings in programme design, delivery and policy directives", A/57/68, 23 April 2002.

- "Results-based programme planning and management" United Nations Children's Fund (UNICEF);
- "Results-based budgeting" United Nations Secretariat;
- "Results-based programming, management and monitoring" United Nations Educational, Scientific and Cultural Organization (UNESCO);
- "Strategic budgeting" International Labour Organization (ILO).

The Food and Agriculture Organization of the United Nations (FAO) implements the approach through a set of conceptual and procedural advances (Strategic Framework, New Programme Model, enhanced monitoring and evaluation regime), rarely referring explicitly to results-based management. The Inspectors found that within the United Nations it was unclear whether the Organization was implementing either RBB or RBM. For example, in a recent report mandated by the General Assembly on the implementation of RBB in the peacekeeping operations (PKOs), the Department of Peacekeeping Operations (DPKO) informed the Inspectors that it is implementing only RBB. Moreover, while one high-level United Nations official interviewed by the Inspectors affirmed that the United Nations is only implementing RBB, another one indicated the contrary. And their supervisor said that the Organization was implementing neither RBB nor RBM.

17. Under the circumstances, the Inspectors were guided by the assumption that the United Nations is in the process of moving from RBB to RBM. Thus, tangible achievements cannot be expected in the areas of human resources management (HRM) and management information system (MIS), the other two RBM pillars.

Fragmented approach

18. At the United Nations and most of its specialized agencies, the Inspectors found the approach to RBM to be fragmented rather than coherent and holistic. It focused largely on budgeting and programming aspects, and failed to take into account or emphasize at the outset the scope of changes required in other management areas for the new system to work. In some instances, the shift was mainly in the vision and format rather than in the methods of work or support by the administrative, financial and information systems in the Organization. The process became mainly a "learning-by-doing" exercise.

Results-based management and the United Nations reform

19. By its resolution 57/300, the General Assembly welcomed the efforts and initiatives of the Secretary-General aimed at further reforming the United Nations to cope with contemporary challenges and address new priorities facing the Organization in the twenty-first century. His report "Strengthening of the United Nations: an agenda for further change" set out a number of improvements aimed at ensuring that the Organization devotes its attention to addressing the priorities fixed by Member States and to ensuring that the Secretariat, in so doing, provides more responsive and efficient service.[8] It also defined a number of areas that needed to be strengthened, together with the corresponding steps that would need to be taken. It identified 36 such actions.

20. The Secretary-General reminded departments and offices of his commitment to reflecting in the budget proposals for 2004-2005 the new priorities established by Member States in the Millennium Declaration. While the achievement of certain goals and many of these reforms efforts are still "work-in-progress", the Secretary-General has launched further reform proposals. The Inspectors find no evidence of comprehensive evaluation exercises to assess the impact of reform measures already taken or still under way.

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[8] A/57/387.

21. In his report "Investing in the United Nations: for a stronger Organization worldwide", The Secretary-General pointed out that "Previous reform efforts, while generating some significant improvements, have sometimes addressed the symptoms rather than the causes of the Organization's weaknesses, and have failed to adequately address new needs and requirements."[9] In the same report he further stated:

> "There have been many efforts at reform. I myself have introduced two main sets of reform proposals during my time in office — one in 1997 (see A/51/950) and a second in 2002 (see A/57/387) — as well as the report of the Panel on United Nations Peace Operations (see A/55/305-S/2000/809), issued in 2000, and the report on a strengthened and unified security management system (see A/59/365), issued in 2004"[10].

22. Referring to these earlier reform efforts, he said that they were:

> "not sufficiently comprehensive and strategic to meet the demands of an era of such rapid change. In several key areas — notably the management of human resources, the basic structures of management itself, the mechanisms of intergovernmental control and perhaps above all the management culture — the operating model has *not* changed significantly since at least the 1970s".[11]

23. In the opinion of the Inspectors, one key factor that has severely undermined the reform process since the first major one initiated in 1986 with the adoption of the General Assembly resolution 41/213, is that the implementation and impact of the successive reform initiatives had not been sufficiently evaluated either by the Secretariat or by the Member States before new ones were launched. The Secretariat, in its comments on the current report, stated the following:

> "one of the reasons for insufficient evaluation of reform impact is that the reform measures have moved forward without resources being dedicated to drive through the change. In both the 2002 and 2006 packages, the Secretary-General requested a 'change management' capacity to be created to effect change from the top, monitor impact, and to provide feed back. This was not approved."

The proclaimed principle that the reform is not an event, but a process, has probably been misinterpreted. A meaningful reform process should be seen as a long-term exercise, where each of its components should be carefully thought out, designed, integrated and crafted in a logical framework.

24. The latest reform proposals, as set out in the Secretary-General's report "Investing in the United Nations", bring a new set of good intentions, which supersede some previous initiatives. Although the report contains many well-thought-out proposed courses of action, it lacks intrinsic coherence and a clear "specific, measurable, attainable, relevant and time-bound" (SMART) road map for implementation. It also lacks an accountability commitment and assurances of transparency. Even though it expressly states that the various elements of the reform process are interdependent, the Inspectors could find neither information on phased implementation nor any evidence of the interdependency of the different initiatives; both of which, in their view, would be essential for smooth and coordinated implementation. To take one example, they believe that the reform of the internal system of administration of justice should precede other initiatives such as the reform of contractual arrangements. And the latter should precede the implementation of further phases of the current mobility policy. All of these initiatives have nonetheless been launched in parallel and without any coordination.

25. The JIU benchmarking framework for RBM, which has been endorsed by CPC and approved by the General Assembly, could be used by the Secretariat to determine the order of implementation of the different current reform initiatives and to draw up a reform road map that integrates the reform efforts in a coherent manner.

Lack of coordination

26. As a result of this lack of coordination, Member States are continuously being asked to review successive, superseding, and disconnected reform proposals contained in too many Secretariat

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[9] A/60/692.
[10] Ibid., para.8.
[11] Ibid., para. 9.

documents. It is unrealistic to expect even the most numerous and well-equipped delegation in the United Nations to be able to read and digest such an amount of information. The Inspectors therefore pose the question: how can Member States seriously be expected to properly negotiate and arrive at consensual decisions?

27. The following are some of the numerous parallel and disconnected reviews under way:
- Review Panel on Governance and Oversight;
- Panel on Administration of Justice;
- Report on the strengthening of OIOS;
- Reports requested in General Assembly resolution 60/260;
- Comprehensive report on human resources management, expected for the 61st General Assembly Regular Session.

28. The issue has led to dissatisfaction and mistrust among certain Member States and consensus has been broken owing to reform proposals not being implemented according to the agreed terms (e.g. high-level posts, posts "owned" by given countries, no respect for resolutions, financial leverage on reform initiatives, etc.). [12]

29. The Secretary-General has cautioned that:

"…strong management can only work if it responds to strong governance. These reforms are in danger of failing unless there is a trusting relationship, a strategic partnership, between this institution's governance — the Member States' intergovernmental mechanisms — and its management, namely myself and my colleagues". [13]

Furthermore, he specifically points to this issue as one of the main reasons why future reform efforts might possibly fail:

"Two developments threaten this partnership, and must be resolved. First, many States have cause to feel excluded from any real say in the affairs of the Organization and are driven to assert their influence by using the only means they believe is available to them — that is, by withholding their support from some of the many decisions, particularly on administrative and budgetary matters, for which consensus is required. This puts them at loggerheads with other States who feel, on the contrary, that their financial contribution entitles them to a decisive say on these same issues. This dispute is undermining what should be a common commitment to an effective United Nations." [14]

30. The 2006-2007 biennium is the third in which the results-based approach is being applied. As an example of progress that has been made, objectives, expected accomplishments, targets and other elements of the results framework have already been refined and are now, in general, more realistic and reflective of the activities undertaken. RBM is a process of which learning is part. However, there are many challenges ahead and it is still a long way from a holistic implementation of RBM. The challenges and issues yet to be overcome are set out in the following paragraphs, where an analysis has been made of the current status of implementation, taking as a starting point the JIU RBM benchmarking framework.

Recommendation 1

The General Assembly may wish to establish a golden rule whereby new reports on the same reform or management processes should be accompanied by an evaluation of the implementation and impact of previous processes.

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[12] For example, see General Assembly resolution 41/213.
[13] A/60/692, para.14.
[14] Ibid. para. 15.

ANALYSIS OF CURRENT STATUS VERSUS THE JOINT INSPECTION UNIT RESULTS-BASED-MANAGEMENT BENCHMARKING FRAMEWORK

I. FROM THE PLANNING TO THE EVALUATION AND REPORTING CYCLE

Benchmark 1 **"A clear conceptual framework for RBM exists as a broad management strategy"**

31. Although a logical results-based framework has been developed for its application in budgeting, no holistic-results approach exists within the Secretariat. A comprehensive RBM strategy should include the three pillars that support the results-based approach:

- the planning-programming-budgeting-monitoring-evaluation-reporting cycle
- the necessary HRM-related policies
- the supporting information-management systems for full implementation of RBM.

RBM terminology is not commonly used or widely accepted, which in itself is evidence of a weak conceptualization of RBM across the Secretariat. For instance, JIU has recently conducted an evaluation of RBB in peacekeeping operations. In its comments on the JIU report, DPKO confirmed that it had been mandated to implement RBB but not RBM. The Inspectors would like to highlight the confusion in the Secretariat between the two terms, RBB and RBM. Furthermore, they see no point in "budgeting for results" if there is no subsequent action to achieve those results. This is but one example of the lack of a broad management strategy to implement RBM, which as a first step should promote the understanding and conceptualization of the results approach among management and staff at large. There is therefore a need to "manage for results".

32. The lack of a Secretariat-wide implementation strategy does not mean that in certain areas the results approach adopted does not go beyond what could be considered pure RBB. However, no comprehensive, coherent and time-bound strategy exists. But despite being mostly very general in nature, the reform process proposed by the Secretary-General in his "Investing in the United Nations" report is in fact convergent with RBM.

Recommendation 2

As the way to bring coherence to the current reform process, the General Assembly should request the Secretary-General to frame his reform proposals within the context of the approved benchmarking framework for the implementation of RBM in the United Nations.

Recommendation 3

The Secretary-General should, with immediate effect, develop an RBM corporate conceptual framework and a time-bound implementation strategy or road map for consideration and approval by the General Assembly. In so doing, the Secretary-General should refer to the approved benchmarking framework for RBM with a view to promoting a common understanding of RBM; providing clear definitions of RBM concepts and techniques; harmonizing RBM tools and terminology within the organization; adapting RBM to the business and operations of the organization at all levels and emphasizing the implications and requirements of such an adaptation.

Benchmark 2 **"The respective responsibilities of the Organization's main parties are clearly defined"**

33. Division of work and responsibilities is one of the most important benchmarks in the RBM implementation, and the lack of trust between the Member States and the Secretary-General or the

Secretariat is perhaps one of the main problems in the Organization. It appears that the main source of mistrust between certain Member States and the Secretariat is the perception of a biased implementation of the mandated activities.

34. The lack of trust is also reflected in the division of responsibilities between the Secretariat and Member States and further confirmed by the recent decision of the General Assembly to give the Member States direct access to OIOS reports. With regard to RBM, JIU has recommended that the responsibilities of the Organization's main parties should be clearly defined as follows:[15]

> *"(a)* Member States, through the legislative organs, should focus primarily on setting clear, measurable, and time-bound goals, objectives, and targets for the organization; identifying the responsibilities of the secretariat in attaining the organization's goals and objectives vis-à-vis the responsibilities of other parties, in particular their own responsibilities; monitoring the organization's progress towards those goals and objectives by focusing on results, thus refraining from micromanagement and insisting, instead, on accountability for results; providing resources commensurate with the approved programmes, and/or giving clear guidance on programme and resource allocation priorities where sufficient resources cannot be provided;

> *"(b)* Secretariats should satisfy the Member States that the established goals and objectives are translated into effective programmes and activities that contribute to or ensure their achievements, and that resources are used efficiently for those purposes, fully respecting the mandates and priorities established by Member States; promote a sense of ownership and accountability among managers and staff, including by fully involving programme managers in the decision-making process of their respective programmes; promote also an environment of trust among parties, including through transparency and consultations with Member States; and provide at timely intervals, through defined tools, clear assessments of the organization's performance; and

> *"(c)* Oversight bodies, both internal and external, should, while observing their respective mandates, satisfy the Member States that the secretariats are discharging their responsibilities in the most effective and efficient manner; and advise and guide the secretariats in their efforts towards greater efficiency, as appropriate."

35. Referring to the need to create and ensure a trusting relationship, "a strategic partnership", between the governance and the management of the United Nations, the Secretary-General stated that:

> "[…] this conflict has broken down the division of labour between myself, as Chief Administrative Officer, and Member States. It has led to intervention in almost every decision about the allocation of financial and human resources. It is vital that we find — or rediscover — a basis for partnership. Effective oversight and ability to set the Organization's direction must be restored to Member States, while the right of the Secretary-General to manage the affairs of the Organization in a manner that delivers the goals set for him by Member States must be respected."[16]

36. Examples of an improper application of a results-based approach within the Secretariat are many:

- artificial ceiling for the budget when resources should be commensurate with the expected results to be achieved;
- withholding of the annual budget when resources should be linked to the achievement of long-term objectives;
- political appointments without enough consideration for managerial skills and qualifications;
- the fact that the Secretariat is always overstretched with requests to "do more with less" and take up additional mandates "within existing financial resources";
- micro-management.

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[15] JIU/REP/2004/5, para. 16.
[16] A/60/692, para. 16.

Recommendation 4

In developing the above-mentioned corporate conceptual framework, the Secretary-General should elaborate on concrete proposals and related transparency and accountability commitments for a fair division of labour between the legislative organs, the Secretariat and the oversight bodies.

Benchmark 3 **"Long-term objectives have been clearly formulated for the Organization"**

37. The Millennium Declaration established the goals to be achieved in the near future, which should serve, in RBM terms, as the strategic framework for the operations of the United Nations system for that period. These goals are mostly of a general nature, whereas in an RBM approach, the objectives should be SMART[17]. Moreover, although some meet some of the SMART criteria, they lack some of the attributes of fully SMART objectives. Objectives should be clearly formulated and attainable. Although the United Nations itself can certainly contribute to achieving the goals, it cannot achieve them by itself. Thus these cannot be considered as long-term objectives for the Organization. The success or failure of many programmes, in particular in the development field, cannot therefore be attributed to the United Nations alone, but rather to the entire United Nations system and the international community, including the Member States themselves.

38. Despite the fact that deadlines such as 2015 or 2020 were set for these goals, this has not been followed in defining and assigning responsibilities among the parties involved (e.g. United Nations and its funds and programmes, specialized agencies, Bretton Woods institutions, Governments). Neither are there any long-term plans in place with clear deadlines associated with achievement of the goals. In fact the United Nations has no such long-term planning mechanisms at all. Moreover, financial resources have not been forecasted accordingly for the achievement of such ambitious goals. For instance, the proposed programme budget for 2004-2005, the first one prepared after the Millennium Declaration, indicated that the level of resources in the approved programme budget outline provided an increase in real resources of just 0.5 per cent. In RBM, long-term objectives need to be followed by long-term planning, including the indication of the associated and commensurate level of resources, and subsequent programming into shorter implementation periods with appropriation of resources, monitoring and evaluation. This process has not been followed.

39. Another major methodological shortfall in the implementation of RBM is that the objectives set at the top of the Organization are not linked to those at lower levels. Superior levels should indicate to the lower ones what the objectives should be. The lower level should then determine and justify the resources it requires for achieving these. After a negotiation process, objectives and commensurate resources should be agreed. This process needs to be repeated between successive organizational levels and finally consolidated at the top. At each level, the objectives should be SMART so that performance can be measured.

40. Another main obstacle to the RBM approach is the lack of integration within the United Nations Secretariat and its funds and programmes. Therefore, the integration of the entire United Nations system for development, and the attribution of responsibilities, should become an urgent priority. In this respect, the authority of the Economic and Social Council, CPC, ACABQ and CEB in their respective mandated coordinating roles should be reconfirmed, reinforced and duly exercised.

41. Already in 1997, the Secretary-General had stressed that:

> "A new system-wide culture must emerge, based on systematic policy consultations, effective decentralization, full respect of each other's mandates and competencies, and a common appreciation of the

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[17] SMART: Specific, Measurable, Attainable, Relevant and Time-bound.

challenges ahead and of the respective strengths of the various organizations of the system in meeting them."[18]

42. In a 1999 report, JIU carried out a review of the efforts of the Administrative Committee on Coordination (ACC), later renamed CEB, "to strengthen the effectiveness and impact of inter-agency coordination, and to enhance the interaction of ACC with intergovernmental bodies, particularly with the Economic and Social Council". The report stated that:

> "while coordination was the *raison d'être* of ACC from its inception, it is also a shared responsibility between Member States and the executive heads of the secretariats of the organizations. Member States in the different organizations or even in different forums within the same organization have sometimes given mandates or approved programmes which were overlapping, if not conflicting with existing ones. For their part, executive heads, in some cases, and without prior consultations with other concerned organizations, have taken initiatives or made proposals to their governing bodies which had system-wide implications." [19]

43. The same report includes the guiding principles that had been defined for the functioning of ACC, namely:

> "(a) The leadership role of the Secretary-General who, in his capacity as Chairman of ACC, and through appropriate consultations with concerned agencies, submits for discussion by ACC any programme or proposal of system-wide nature, and informs the Economic and Social Council and the General Assembly accordingly;

> "(b) the commitment by all members to carry out the necessary consultations within the framework of ACC when launching on their own initiative any operation requiring contributions from other members of ACC;

> "(c) the undertaking by executive heads of the agencies to convey to their respective governing bodies major initiatives within the United Nations system of particular relevance to their organizations." [20]

44. JIU recognized that some initiatives, in line with the guiding principles agreed upon by ACC, had brought about a better sense of leadership and ownership among ACC members. In Recommendation A1.2 in the same report, it called on ACC to demonstrate the relevance and impact of its work by:

> "Developing policy-oriented and forward-looking agendas which contribute to strengthen[ing] the system's capacity for forward planning and strategic thinking and its ability to respond rapidly and adequately to major international developments;

> "Ensuring that, where appropriate, the outcomes of its meetings and those of its subsidiary bodies are more action-oriented and underline activities for which secretariats themselves are accountable for implementation, and other issues requiring guidance or action from governing bodies."

45. While recognizing that efforts have been made, the Inspectors are of the opinion that there still remains much room for improvement in system-wide cooperation and coordination. They find it timely for the Member States to give clear directives to CEB with a view to adapting itself to the new challenges, priorities and requirements of international cooperation.

46. The Inspectors consider that the above-mentioned guiding principles should be reviewed with a view to transforming them into a binding institutional framework for cooperation, which sets out the following:

- the doctrine that guides them in the coordination and cooperation efforts;

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[18] "Annual overview report of the Administrative Committee on Coordination for 1996", E/1997/54, page 5.
[19] JIU/REP/99/1, para.5 (A/54/288).
[20] Ibid., para 20.

- the rules of engagement and guidelines for each participating organization which, while preserving their operational independence spell out their commitments, responsibilities and accountability as well as the division of labour for cooperation and coordination;
- a clear, verifiable road map to move the United Nations system towards new coherent cooperation.

47. In its report entitled "Evaluation of results-based budgeting in peace-keeping operations"[21,] JIU elaborated on the main constraints the United Nations faces in its integration efforts and recommended a course of action. The Inspectors would like to extend this recommendation to the whole cooperation for development both in the field and at Headquarters:

Recommendation 5

The Secretary-General, in his capacity as Chairman of CEB, should discuss the preparation of an institutional framework within the Board, proposing the operational doctrine, the rules of engagement, the guidelines and a road map for the United Nations system involvement in cooperation for development, to be submitted for consideration and approval by the respective legislative organs of the United Nations system organizations

Benchmark 4 **"The Organization's programmes are well aligned with its long-term objectives"**

48. The programmes constitute the vehicle through which organizations pursue their long-term goals, objectives and targets. They therefore need to be well aligned with the organization's goals and objectives. This requires, for instance:

- clearly defining the cascade of objectives at each level of an organization's programme structure;
- ensuring that objectives are logically consistent among levels, reflecting cause-effect linkages;
- regrouping and reformulating programmes to better focus the work on the long-term objectives, thereby avoiding a strategic disconnection in programme planning, and adapting RBM tools and approaches to the specificities of various operational entities.

49. Given that the Millennium Development Goals cannot be considered as long-term objectives for the United Nations for the reasons indicated above, it cannot be affirmed that the Organization's programmes are well aligned with its long-term objectives. Programmes follow a fragmented approach and do not form part of a coordinated common effort to achieve the Organization's overall objectives.

Benchmark 5 **"The Organization's resources are well aligned with its long-term objectives"**

50. A fundamental issue in a results-based approach is the determination of resource requirements. Discussions on these requirements must follow the legislative decisions on expected results. The United Nations has no mechanism for linking objectives and resources, whether long or short term. Resources are allocated on a biennial basis, with budget outlines and proposals prepared de facto on a zero real-growth basis, without there being any legislative decision in this regard.

51. Objectives and expected accomplishments, as well as performance and actual results, have no impact on resource allocation. This was recognized in the report of the Secretary-General "Strengthening of the United Nations: an agenda for further change":

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[21] JIU/REP/2006/1 (A/60/709).

"The current system leads to a strategic disconnection between the main instruments of programme planning, embodied in the medium-term plan, and resource allocation, which takes the form of the budget outline and the proposed programme budget. The Organization's medium-term plan and its budget cover different time frames and are considered by separate bodies on different occasions. Not surprisingly, there is little coherence between these disparate planning and budgeting exercises, and decisions on institutional priorities are made in isolation from decisions on the use of scarce resources.

"The existing systems for reporting and evaluating the performance of programmes have no practical impact on future plans and resource allocation decisions. At the end of each biennium, the status of completion of more than 36,000 outputs is collated in a programme performance report, the contents of which are simply noted by the Committee for Programme and Coordination."[22]

52. Despite some changes in the budgeting process, this core problem has not changed much. A disconnection persists between the planned objectives and the allocated resources. Future evolution of the current results-based approach within the Secretariat would imply linking the planned and actual results to resource allocation. Introducing RBB in the Secretariat has not substantially changed the way in which the budget is prepared, it has only added a new part to the process - the results framework. Proposals for resources continue to be made following the "old style", and with no clear link to expected accomplishments. This was confirmed by the Secretary-General in his report "Investing in the United Nations: for a stronger Organization worldwide", when he proposed that:

"The budget and planning process be explicitly linked to the results of performance, work planning and the assessment of managerial performance in order to ensure the effective stewardship of resources provided by Member States." [23]

Recommendation 6

To streamline the planning, programming and budgetary cycle and to facilitate supervision by the General Assembly, the Secretary-General should present for consideration and approval by the General Assembly:

(a) **a <u>long-term planning instrument</u> of a minimum of ten years**
- **that identifies those agreed goals related to the United Nations mission and mandate, as well as the objectives that would contribute to attaining such goals, and**
- **that provides an overall forecast of the resource requirements for information purposes;**

(b) **<u>medium-term programmes</u> for the first phase of implementation of the long-term plan, with estimates, for information purposes, of the overall resources required for the period, both from the regular budget and extrabudgetary;**

(c) **a <u>biennial operational "rolling" budget</u> to appropriate resources linked to specific activities (expected results);**

(d) **a <u>single annual performance accountability report</u> on programme implementation, which would facilitate the annual reviews to be conducted by the General Assembly to adjust the biennial budget and adapt it to new mandates and requirements.**

Recommendation 7

In the light of the new RBM approach and after 20 years of experience in the implementation of the budgetary process adopted through its resolution 41/213, the General Assembly may wish to

[22] A/57/387, paras. 161 and 164.
[23] A/60/692, proposal 18.

revisit the current budgetary process on the basis of the Secretary-General's submission proposed in recommendation 6.

Benchmark 6 "An effective performance monitoring system is in place"

53. Some progress has been made in this regard. In particular, efforts have been made to refine the quality and significance of expected accomplishments, outcomes and all the elements, in general, of the results framework. Improvements have also been made in data collection. OPPBA conducted training workshops for programme managers specifically in data collection methods for measuring results in 2002. Subsequent budget-preparation exercises have helped programme managers, with the support of OPPBA, to use different types of performance indicators, and in some cases baselines are being established. In 2003 OIOS organized training workshops on analysing and reporting programme performance information in a results-based framework for the entire Secretariat (36 workshops with 688 participants and 111 "clinics" with 656 participants). Additionally, OIOS provided 770 participants with training during the 2004 - 2005 biennium.

54. Monitoring is a systematic activity undertaken by managers. It should allow them to detect deviations in time and take corrective action as necessary. For this purpose, they need rules and tools. The "Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation"[24] are a good set of instructions but they are not matched by their implementation. The monitoring tools available are also inadequate; in particular, performance at the subprogramme level, which is monitored through the use of IMDIS.

Integrated Monitoring and Documentation Information System

55. IMDIS is the main system used to collect performance information. It is an Internet-based system for organizing and storing data on performance. It was used for preparing the programme budget for the biennium 2002-2003. However, it was not originally conceived as a tool to support the implementation of a results approach. Nor was it intended to form part of an integrated system designed to take into consideration the needs of the Organization with regard to the future implementation of a results approach. IMDIS was developed by the Department of Economic and Social Affairs (DESA) to assist its senior management in tracking the implementation of programme outputs and in meeting the performance reporting requirements of the General Assembly. Expanded in 1999 and 2000 to cover the output delivery of other departments, it was subsequently used by OIOS in preparing the report of the Secretary-General on the programme performance of the United Nations for the biennium 1998-1999.[25] It was also used for programme performance reporting for the 2000-2001 biennium and for preparing the results-based part of the programme budget for 2002-2003 and subsequent biennia.

56. At the request of OPPBA, DESA further expanded it in 2000 to include all programme components of all sections of the programme budget for 2002-2003. Thus, the full database now consists of all the objectives, expected accomplishments and indicators of achievement for each subprogramme directly linked to the related outputs. IMDIS was used from the start of the budget preparation process to capture departmental programmatic content. The information was then extracted from the system and incorporated into the programme budget for the biennium 2002-2003. Following the adoption of the programme budget, changes adopted by the General Assembly are also entered into IMDIS to provide an up-to-date database of the approved programme.

57. In the biennium 2002-2003, departments started using IMDIS to enter information on progress made towards expected accomplishments and towards completion of the scheduled outputs. Ideally, information is entered as soon as it becomes available. Departments have been requested to enter and update data at least three times during the biennium: at the end of the first year, 18 months into the biennium and at the end of the biennium. It can thus be used as an ongoing monitoring and management

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[24] ST/SGB/2000/8, 19 April 2000.
[25] A/55/73.

tool for programme managers. IMDIS is limited in the sense that it relies on departments to input accurate and relevant data. It does not obviate the need for the development of appropriate data-collection methods or for the proper analysis of the collected data. The need for data to be entered in a structured and regular manner has been one of the major problems faced by different organizations in the past when implementing this type of decentralized data input system. The Secretariat is no exception in this respect.

58. Initially, there was no intention of linking IMDIS with the other information systems currently in place. OIOS has ascertained that additional enhancements to IMDIS are needed to capture information on data collection for measuring results and to link IMDIS to other budgetary and financial systems. These enhancements were discussed by DESA, OPPBA and OIOS in order to take all needs into account. Several of the enhancements have already been made to facilitate monitoring the programme budget. However, the future development of the system is currently stopped in the light of the Secretary-General's proposal as mentioned in paragraph 65 below.

59. The Inspectors ascertained that IMDIS does not satisfy the needs of many of its users; nor is it being used across the entire Secretariat. DPKO, for instance, uses instead a set of Microsoft Office (Excel and Word) elements, which are pending replacement by a new application. This is yet another example of the fragmented approach to the use of information management systems in the Secretariat.

Key Item Management Reporting System

60. The Key Item Management Reporting System (KIMRS) provides analytical information on key performance indicators to facilitate decision-making processes. The system uses the Integrated Management Information System (IMIS) as its source of data, in addition to other information systems. It is web based and provides real-time data, and management-level information on compliance with established goals. It is designed around areas of critical importance to programme managers. These areas, called "key items", include regular budgetary and extrabudgetary expenditure, vacancy management, implementation of oversight body recommendations, and achieving and maintaining proper gender balance and geographical distribution among staff.

61. KIMRS uses colour-coded indicators, updated daily on the Intranet, to highlight where management action needs to be taken. For instance, a red indicator light on recruitment tracking clearly alerts the manager to delays in the recruitment process. Conversely, a green light on the gender balance page would indicate that the department has reached the Organization-wide goal of a 50/50 gender balance. The indicators are based on a comparison of actual performance against plans, targets and benchmarks. Managers can also investigate problem areas as the system allows "drilling down" to more detailed levels of information. The report option in KIMRS includes graphic trend analysis, which tells the management story at a glance.

62. Effective performance monitoring systems should be backed up by the use of information technologies. This is an area of concern as there is no global information technology strategy. The Secretary-General has proposed the creation of the post of Chief Information Technology Officer, at the level of Assistant Secretary-General. Responsibilities of the post will include defining and implementing a comprehensive information management strategy for the entire Secretariat. Additionally and subject to the final results of soon-to-be-completed feasibility studies, the Secretary-General also proposes to replace IMIS, Galaxy and other stand-alone information and communication technology (ICT) management support systems with a fully integrated global system by 2009.

63. ACABQ stressed that the detailed report to be presented in May 2007 should include an assessment of previous investments and take into account problems being experienced by both the Information Technology Services Division and the Communications and Information Technology Service, as well as the experience of the United Nations system with recent technological innovation programmes. The report should also include details of the expected time frame for introducing the system and of the arrangements for continuing the present systems during the transitional period.

64. The information system at the core of the administrative structure and workflows is IMIS. It supports personnel, finance, payroll, procurement, travel and related administrative functions. It will continue to play a pre-eminent role in the administrative processes of the Secretariat for at least the next five years. In addition to IMIS, several human resources information systems (e.g. Galaxy, e-) play a central role in supporting the human resources reform process and in providing mechanisms for recruitment, individual performance management and client service.

65. The Inspectors agree with the proposal of the Secretary-General regarding the need to replace the present information systems with an enterprise resource planning system (ERP). This system will need to be customized to meet the requirements of the United Nations, but the use of a commercial platform will help integrate the information management systems within the Secretariat, as well as with the funds and programmes and with the United Nations system as a whole.[26] This is also in accordance with the recommendations contained in the JIU report "Common payroll system for the United Nations system". The Inspectors believe that the Secretariat should, as a matter of urgency, develop the "comprehensive information management" strategy and reconsider further developing any of the existing information management systems, taking into account the future fully integrated global system proposed.

66. They stress that a comprehensive information management system to support the RBM process should be able to cope with all planning, programming, budgeting, monitoring, evaluation and reporting functions in an orderly and integrated manner. They therefore caution against any decision in the IT area which might precede the policy decisions on the entire RBM process. They wish to reiterate that any information management system should be designed only after having a clear vision of the entire set of organizational requirements, in particular those related to implementing RBM.

Recommendation 8

The Secretary-General should present to the General Assembly for consideration and approval a concrete proposal of a reliable management information system to support in an integrated manner the RBM process within the context of the comprehensive information management strategy to be drawn up. The system should be conceptually and technically able to cope with all planning, programming, budgeting, monitoring, evaluation and reporting functions, including the human-resources-management and financial components. The project should be prepared in full consultation with all end users, including the field offices and designed in its final setting only after all other RBM components have been agreed upon.

Benchmark 7 "Evaluation findings are used effectively"

67. The evaluation findings and recommendations must be used effectively through timely reporting and feedback. They must serve as the main basis for the upcoming planning, programming, budgeting, monitoring, evaluation and reporting cycle, as well as for policy development. In addition to these "ex-post" evaluations, "real-time" evaluations during an operation's process should also be enhanced to achieve specific expected results. For this purpose, it is essential to ensure that:

- self-evaluation is a main component of a clearly worked out evaluation system;
- resources are clearly allocated for evaluation purposes, in particular self-evaluation in each programme;
- appropriate central support and guidance for self-evaluation are provided;
- timely plans of self-evaluation are drawn up, as part of an overall evaluation plan for the Organization;
- the Organization's evaluation plan is aligned with the programming cycle to allow timely reporting and feedback to upcoming and future programme planning.

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[26] UNDP uses an ERP solution provided by PeopleSoft (ORACLE), while UNICEF uses one provided by SAP.

Equally, it is essential to establish and periodically assess the impact of the following:

- mechanisms for the implementation, monitoring and follow-up to the findings and recommendations of evaluations;
- "sharing mechanisms" for the findings and lessons learned from the various evaluations.

68. Self-evaluation is a managerial tool that allows managers to correct deviations during the implementation process; it helps them to achieve expected results through corrective action. While internal evaluation is done by an independent unit or person not directly related to implementation after the implementation phase, it serves to verify the reported achievements and, in a way, corroborates the accuracy of previous self-evaluation exercises. External evaluation serves to authenticate internal evaluation through external means.

69. The lack of a comprehensive evaluation culture is reconfirmed by the paucity of resources allocated to evaluation activities. "Less than half of the 30 offices and departments in the Secretariat have specific units or staff dedicated to programme evaluation."[27]

70. Regarding performance evaluation and reporting, the Secretary-General in his report "Investing in the United Nations: for a stronger Organization worldwide" proposed that:

- United Nations activities in the areas of performance measurement should be given increased resources but also rationalized;
- monitoring and evaluation tools should be reformed and synchronized so that their results can be evaluated in the formation of the subsequent budget;
- budgeting and planning should be explicitly linked to the results of performance, work planning and the assessment of managerial performance so as to ensure the effective stewardship of resources provided by Member States along with other steps to consolidate and simplify financial reporting.

71. The Inspectors recognize that some steps have been taken to enhance evaluation, as indicated by the Secretariat in its comments on this report, such as:

- OIOS cooperation with OPPBA to ensure that Evaluation Plans were prepared for the 2006-2007 budget. Specific instructions and an evaluation plan template were included into the programme budget instructions;
- In terms of programme compliance with providing the Evaluation Plans, a total of 23 programmes provided evaluation plans for 2006-2007, with the programme managers planning for 239 discretionary self-evaluations and 13 discretionary external evaluations;
- OIOS has prepared an online manual, which presents guidance on the evaluation system and alignment among planning, programming, budgeting and feeding back into subsequent cycles.

72. ACABQ welcomed the Secretary-General's proposal to increase attention to performance evaluation and reporting, as this area has been a weak link in the budgetary process. It looked forward to seeing a detailed implementation plan for this proposal. In addition, the General Assembly requested the Secretary-General to submit a detailed proposal on strengthening the monitoring and evaluation tools in the Secretariat, taking into account recent experience in results-based budgeting".[28]

73. The Inspectors found the evaluation culture in the United Nations to be insufficiently developed. Evaluation is not regarded as being the logical culmination of the planning, programming, budgeting, monitoring, implementation and reporting cycle, or as a catalogue of lessons learned for the next cycle. Nor is it perceived as a measurement tool. Moreover, the resources earmarked for evaluation are scarce,

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[27] A/60/692.

[28] "Investing in the United Nations: for a stronger Organization worldwide", adopted by the General Assembly by its resolution 60/260 of 8 May 2006.

and the conceptualization and design of the evaluation activities lack coherence with the management process.

Recommendation 9

The Secretary-General should:

    (a) **Issue evaluation guidelines that define the different types, levels and timing of evaluations;**

    (b) **Ensure that resources are clearly allocated for evaluation purposes;**

    (c) **Align the Organization's evaluation plan with the planning, programming and budgeting cycle, ensuring that evaluation findings and lessons learned are fed back into subsequent cycles;**

    (d) **Approve mid-term evaluation plans that combine self-evaluations with internal and external evaluations and report on their implementation.**

Benchmark 8 **"RBM is effectively internalized throughout the Organization"**

74. Although the effective internalization of RBM is a key factor for its success, despite the efforts and the progress made, effective internalization of the results-approach within the Secretariat has not yet happened. To achieve this, all of the following should be carried out:

- Assign a clear institutional responsibility to a defined entity within the organization to assist and oversee the orderly and systematic introduction of RBM and ensure its coherent implementation;

- Develop a training strategy that would promote change management throughout the Organization and that would familiarise managers and staff at all levels with RBM concepts and requirements, as well as with its impact on their work;

- Verify systematically that training tools and kits are used and applied at all levels, and provide "on-the-job" training for this, as required;

- Review and adapt the regulations and rules governing the various work and management aspects in the Organization;

- Adopt human resources policies to foster a culture based on results;

- Verify systematically, including through surveys, the extent of understanding and application of RBM among staff and management at all levels.

75. Even though OPPBA has led the implementation of RBB, this is just one part of a comprehensive results-based approach. It has no responsibility over areas that are critical for implementing RBM (i.e. HRM and ICT). There is no entity in charge of promoting change management, in the RBM context, throughout the Organization. The Secretary-General has proposed the creation of a "change management" office, but it is not yet clear what possible role such an entity could play with regard to RBM.

76. Although RBB is included in the general training module in the United Nations, there is no training strategy for RBM to serve the purposes mentioned above. Moreover, the Secretariat lacks a culture based on results. And the extent to which staff and management understand and apply RBM is not verified at any level. On the positive side, however, the Inspectors note that regulations and rules governing some of the various work and management aspects of the Organization have been reviewed so as to adapt them to the requirements of a results-based approach.

Recommendation 10

To internalize the concept and practice of RBM within the Organization, the Secretary-General should (a) assign a clear institutional responsibility to a defined entity within the Organization to assist and oversee the orderly and systematic introduction of RBM and ensure its coherent implementation within the organization; and (b) develop a training strategy that would promote change management throughout the Organization and through which managers and staff at all levels would be familiarized with RBM concepts and requirements, and its impact on their own work.

Benchmark 9 **"A knowledge-management strategy is developed to support RBM"**

77. While no agreed definition of "knowledge management" yet exists, even among its proponents, JIU in its series of reports on managing for results has tentatively defined the term as "the systematic process of identifying, capturing, storing and sharing knowledge people can use to improve performance".[29] Knowledge management can be an important managerial tool to reinforce and complement RBM. A comprehensive and coherent knowledge-management strategy should take into consideration the cross-functional nature of the issue, involving different areas of the organization from human resources to information and communication technology services. No such strategy exists within the Secretariat in support of RBM. However, there are some initiatives aimed at the improvement of knowledge sharing, although mainly oriented to how technology is or can be used to facilitate knowledge sharing. But these initiatives are scattered and unrelated and do not form part of a common strategy. One of the least developed areas of knowledge management, given its cross-functional nature, is human resources management, where there are no provisions to encourage staff to report on innovations, best practices, lessons learnt, etc.

78. This is confirmed by an OIOS report, which states:

> "There is no common understanding of knowledge management or knowledge sharing in the Secretariat, and knowledge and information are often confused. 'Knowledge management' is typically associated with disseminating information, which is only part of knowledge sharing […] In the Secretariat, the knowledge-sharing culture is not always open, senior leadership support is limited, incentives and rewards are lacking, few organizational knowledge management strategies exist and there are minimal if any dedicated knowledge-sharing resources."[30]

79. There has been some technological development within different areas of the Secretariat. However, the benefits of improvements at the technical level have to some extent been offset by the lack of an effective global information management strategy, which has meant that staff in disparate locations and departments have been unable to share their knowledge. "Neither the culture nor the technology encourage or enable knowledge sharing."[31]

Recommendation 11

The Secretary-General should develop a comprehensive strategy for knowledge management. It should be closely linked to the development of the comprehensive information management strategy and include related measures in the area of human resources management to promote the required culture change.

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[29] JIU/REP/2004/6, para. 83.

[30] "Report of the Office of Internal Oversight Services on the thematic evaluation of knowledge management networks in the pursuit of the goals of the Millennium Declaration", E/AC.51/2006/2, 24 March 2006.

[31] A/60/692, para. 49.

II. DELEGATION OF AUTHORITY

80. The primary objective of delegation of authority is to foster more efficient use of all the resources and facilitate the emergence of more agile, performing and responsive organizations. Delegation of authority is thus a prerequisite for successfully implementing results-based management. To be accountable for results, managers have to be duly empowered through clear delegation of authority in all areas, including, and in particular, human resources management[32].

81. The International Civil Service Commission (ICSC) Framework highlights in a general way, as one of the principles underlying the kind of management style required for good governance, the need to empower staff to participate in decisions affecting the organization.[33] JIU has already proposed that the Secretary-General present to the General Assembly a comprehensive plan of action for delegation of authority based on a systematically developed concept rather than on an ad hoc approach, and provide concrete guidelines for its development. But despite having been approved by the General Assembly, such a plan of action has not been drawn up. The Secretary-General, in his report on the "Implementation of the recommendations of the Joint Inspection Unit"[34], points out that in paragraph 20 that "… much of the general findings and recommendations contained in the report were deemed to have been overtaken by events and a number of reform initiatives affecting the subject matter were overlooked in the report". The Inspectors are nonetheless of the opinion that those recommendations are still valid and should therefore be fully implemented.

82. Delegation of authority is often confused with decentralization of administrative activities. However, it is not about delivering services but about making decisions. Progress has been made in some areas (e.g. recruitment). However, management systems at all levels in the Secretariat, remain weak. The Secretary-General has pointed this out in several reform proposals, and in particular in his report "Investing in the United Nations: for a stronger Organization worldwide" (A/60/692), where he stated that "The staff members of the Organization — its most valuable resource — are increasingly stretched. Our management systems simply do not do them justice". In the same report he also said that "We have too few skilled managers […]" and has addressed this issue in some of his reform proposals: "I propose to strengthen leadership recruitment as well as training and development plans to build the cadre of senior and middle managers required for the modern complex global operations of the United Nations".

83. The issue is not a new one. The need to improve managerial capabilities was already identified in the 2002 report on "Strengthening of the United Nations: an agenda for further change", where he proposed to improve managerial training across the Organization, making particular use of the Staff College (action 32 (c)). This is further confirmed by the new proposal (number 7) which expresses the need to prepare a major new leadership development plan to build middle and senior management capacity given that senior-level development is inadequate. And in another reference, which states that there are "many other levels of leadership in the United Nations that also need attention. A damaged culture, which is seen as limiting creativity, enterprise, innovation and indeed leadership itself, has meant that many managers have simply lost the capacity to manage."[35]

84. Managerial competencies will be dealt with later on in this review. However, in the context of delegation of authority, it must be understood that, for obvious reasons, good management systems as well as trained and capable managers, are a prerequisite for proceeding with further delegation of authority. The Secretariat needs to increase the level of authority delegated to management, in particular for managing human resources. But it should first address the issue of the lack of managerial skills.

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[32] This issue was already been discussed in detail in a JIU report on delegation of authority in human and financial resources in the United Nations, and the JIU recommendations were endorsed by the General Assembly ((JIU/REP/2000/6 (A/55/857); General Assembly decision 55/481 of 14 June 2001. A/55/49, vol. III, page 97).
[33] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 30*, A/55/30, annex II.
[34] A/59/349.
[35] A/60/692, para. 36.

Benchmark 1 **"The vertical chain of command is clear and unambiguous"**

85. The United Nations, being a heavily hierarchical structure, its vertical chain of command is clear and unambiguous. However, this in itself does not mean that the current chain of command is adequate to cope with the challenges faced by the Organization. The Secretary-General has stated that:

> "The present top management structure of the Secretariat is not well equipped to manage large and complex operations; and the Secretary-General, as Chief Administrative Officer, has too many people reporting to him directly."[36]

Benchmark 2 **"Delegation of authority is clearly determined"**

Benchmark 3 **"Delegation of authority is clearly defined in general administrative instruments and/or individual delegation orders, and is consistent"**

86. A comprehensive system of delegation of authority requires:

- specification of the authority delegated
- definition of the circumstances in which derogation of delegation of authority may apply
- systematic dissemination of all delegation instruments and their periodic review and updating for clarity and consistency.

In the United Nations, instruments for delegation of authority are mainly in place for financial management. Human resources management remains a less developed area, despite the increased authority delegated to managers through the new staff selection process; which, in turn, has not been matched by a corresponding system of accountability. This issue will be discussed further on in the present report under "recruitment".

87. Delegation of authority is intrinsically linked to accountability, another area of high concern. Human resources performance management is subject to further improvement in respect of delegation of authority. The General Assembly has requested the Secretary-General to put forward proposals with a view to strengthening the authority of OHRM and the accountability of programme managers for issues related to human resources management.[37]

88. The Secretary-General has highlighted the need to increase delegation of authority to managers:

> "In order to continue efforts to improve management:
> (a) A thorough review will be conducted of delegated authority in order to increase the capacity and flexibility of managers to manage the resources allocated to them;
> (b) The roles and responsibilities of the Department of Management, along with those of the executive offices, will be redefined in order to support the increased delegation of authority"[38].

RBM requires increased delegation of authority, which means increased flexibility for managers, to be matched by increased accountability. Managerial accountability should be based on, inter alia, objective performance assessments supported by reliable performance measurement systems. This is another weak area, as indicated in different reports of the Secretary-General. "Not enough authority is delegated and — partly as a result — management performance is not adequately assessed."[39]

89. One important conclusion is that delegation of authority, accountability, performance management and management improvement are interdependent issues, and must therefore be dealt with in an integral manner and in the right order. The main concerns raised in respect of delegation of authority have been that in the absence of effective accountability mechanisms, further empowerment of managers could

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[36] Ibid.
[37] Ibid.
[38] A/57/387.
[39] A/60/692.

result in arbitrary decision-making and possibly even the misuse of power.[40] ACABQ stated that "delegation of authority is not synonymous with abdication of responsibility".[41] And the Secretary-General, for his part, has stressed that accountability for the use of resources is integral to an organizational culture of empowerment.[42]

90. The Inspectors support this perception by the Secretary-General and expect that it will become a reality through the pertinent administrative instruments and/or individual delegation orders.

Benchmark 4 "Adequate management information systems support the delegation of authority"

91. Timely development of reliable financial and human resources management components of the future integrated management information system is essential. Despite a number of improvements to the United Nations ICT infrastructure in recent years, the overall system remains fragmented and outdated compared with similar large and complex organizations. The Secretary-General stated:

> "The absence of an organized, top-down strategic approach to ICT has contributed to a proliferation of stand-alone systems that often support similar functions. ICT applications comprise one main administrative system, IMIS, for basic financial and human resources data and numerous ancillary systems for more specific purposes. These systems are not integrated with one another".[43]

92. Because they are not integrated, current management information systems do not support the authority delegated to management. The systems are old and at the time of their conceptualization and design this issue was not taken into consideration. IMIS can be quoted as an example of a system not matching the authority delegated to some of its users. It is currently used for processing staff travel requests, and financial regulations determine that some programme certifying officers have authority delegated to approve travel advances up to a maximum of $ 4,000. If the entitlements are above this sum, the travel advance must be approved by a finance officer. Nonetheless, IMIS currently does not prevent programme-certifying officers from certifying amounts higher than $ 4,000.

Benchmark 5 "Managers are empowered through adequate access to information"

Benchmark 6 "Managers are empowered through adequate central support services and help-desks for human resources management"

Benchmark 7   "Managers demonstrate required competencies"

Benchmark 8 "Managers are empowered through adequate training"

93. The need to improve management systems and managerial capabilities as a prerequisite to developing further delegation of authority, accountability and performance management has been referred to above. This is perhaps one of the most urgent issues to be solved. The Secretary-General has highlighted the need for such change:

> "A more rigorous selection process, increased training opportunities and sustained support for managers, combined with a clear statement of their responsibility and authority, will enable the United Nations of the future to enforce stricter but also fairer accountability rules for its managers."[44]

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[40] Judgement No. 914v of UNAT (Case 1022 GORDON/PELANNE) shows, for example, that the current accountability system does not ensure individual liability because it is discretionary (p.10, paras. IX and X).
[41] "First report on the proposed programme budget for the biennium 2002-2003", Advisory Committee on Administrative and Budgetary Questions, A/56/7, para. VIII.27.
[42] "Human resources management reform", A/53/414, para. 6, 13 October 1998.
[43] A/60/692, para. 50.
[44] Ibid.

In the same report he also pointed out that "An internal staff survey in 2004 contained disturbing perceptions of management weaknesses".

94. He is trying to address this issue by introducing new procedures for improving the transparency and quality of selection for the heads of the United Nations funds and programmes. Interview boards have been created. Mandatory induction of new managers is being introduced. The Secretariat will also have a strong management advisory service to which managers can turn for help. The Management Performance Board, which the Secretary-General established recently, is designing clear criteria for assessing the performance of senior managers, who will be required to do likewise for the junior managers working under them.

95. The Secretary-General has indicated that "A major new leadership development plan is needed, covering recruitment, training and career development, to build middle and senior management capacity."[45] ACABQ believes that this proposal:

> "clearly falls within the purview of the Secretary-General in his role as Chief Administrative Officer of the Organization, unless there are additional financial implications associated with the building up of a cadre of senior and middle managers. In further developing the concept, a clear accountability framework should be drawn up for appropriate action in the case of underperformance or non-performance".[46]

96. It had already recommended in its first report on the proposed programme budget for the biennium 2006-2007 that "there should be a whole range of specific disincentives for failure to perform satisfactorily, up to and including dismissal, as well as incentives for excellent performance".[47] It is clear from the above that the Secretary-General does understand the urgent need for qualified managers. The Inspectors fully agree with his assessment and course of action, and support the ACABQ proposals.

III. ACCOUNTABILITY

Benchmark 1 **"A clear legal framework for the accountability system, including the system of administration of justice, is formulated in relation to the results-based management system adopted**"

Benchmark 2 **"Performance-oriented systems of accountability replace traditional, compliance-based systems"**

Benchmark 3 **"Accountability is applicable at all levels, from the top down. The executive heads and the heads of major organizational units are therefore the first to be held accountable for the results that they are expected to deliver"**

Benchmark 4 **"Unfaltering commitment of leadership"**

97. In an RBM approach, management requires a proportionate level of delegation of authority, flexibility and associated accountability to run in parallel. Traditionally, accountability in the United Nations system has been strongly associated with the use of financial resources. In an RBM approach, it is a cross-cutting element, which should be built within all areas and different levels of the Organization from programmes/projects to human resources management. The system of accountability should ensure commitment at all levels of the hierarchy, and in particular, at the top of the Organization. The executive heads and the heads of major organizational units are therefore the first to be held accountable for the

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[45] Ibid., proposal 7.
[46] "Investing in the United Nations: for a stronger Organization worldwide", Report of the Advisory Committee on Administrative and Budgetary Questions, A/60/735, 24 March 2006, para. 14.
[47]"First report on the proposed programme budget for the biennium 2006-2007", Advisory Committee on Administrative and Budgetary Questions, A/60/7, para. 57.

results that they are expected to deliver. Clear objectives and associated targets, at different organizational levels, are essential.

98. The Secretary-General, for his part, has stressed that accountability for the use of resources is integral to an organizational culture of empowerment. While there is, therefore, strong consensus on the need for a robust and reliable system of accountability, there is not necessarily a shared understanding of what such a system is or implies. In its Framework for Human Resources Management, ICSC defines accountability as follows:

"Concept which implies taking ownership of all responsibilities and honouring commitments; delivering outputs for which the staff member has responsibility within prescribed time, cost and quality standards; operating in compliance with organizational regulations and rules; supporting subordinates, providing oversight and taking responsibility for delegated assignments; taking personal responsibility for personal shortcomings and, where applicable, those of the work unit."[48]

99. The Secretary-General has given the following definitions:

"(a) *Institutional accountability*: the responsibility of the Secretary-General to explain and justify to the General Assembly and other relevant intergovernmental bodies, in a systematic framework and by an orderly process using transparent mechanisms, the performance of the Organization in using resources to achieve results mandated by the Member States in the Assembly and/or other intergovernmental bodies established under the Charter of the United Nations;

(b) *Personal accountability*: the duty of an individual staff member to exercise defined responsibilities appropriately, with a clear understanding of the consequences, and to explain and justify to the official who conferred the authority the results achieved and the manner in which the authority has been exercised."[49]

100. Accountability in the RBM context could be defined, firstly, as liability for the use of resources (human, financial and material), but equally important as responsibility for programme performance and transparent reporting. Accountability is intrinsically linked to delegation of authority. One cannot be accountable for an expected result without having the related authority and resources and to achieve it. Moreover, accountability is only part of a comprehensive management system, supported by a strong internal control system and governed by a clear set of regulations and rules on financial, human resources and programme delivery from the planning to the reporting phase, which should constitute the legal framework for a system of rewards and sanctions.

101. The report of the Secretary-General "Investing in the United Nations: for a stronger Organization worldwide: detailed report. Addendum: Accountability"[50] (A/60/846/Add.6) gives some examples of "recent enhancements to the accountability system within the Secretariat":

"the implementation of results-based management; the establishment of the Management Performance Board in 2005, the Ethics Office in 2006 and the Oversight Committee in 2005; enhancement of the Performance Appraisal System; protection against retaliation for reporting misconduct in 2006; the expanded and strengthened financial disclosure requirements in 2006; improved performance data; and expansion of training for all levels of staff. Beyond the Secretariat, the General Assembly, pursuant to its resolution 60/1, decided to establish the Independent Audit Advisory Committee to assist it in discharging its oversight responsibilities and, in its resolution 60/248, requested terms of reference and related resource requirements."[51]

102. The report concludes, nonetheless, that "Measures to determine the adequacy of results achieved, the soundness of management of results, financial and human resources, and procurement and

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[48] "Framework for human resources management", A/55/30, annex II, p. 43.
[49] "Investing in the United Nations for a stronger Organization worldwide: detailed report", A/60/846/Add.6, 19 June 2006.
[50] Ibid.
[51] Ibid., para 10.

subsequent action to hold staff accountable are probably insufficient".[52] These passages confirm the Inspectors' assumption on the United Nations transition from RBB to RBM. The Inspectors welcome the ideas contained in the same report, indicating that the full implementation of RBM should represent a significant step towards reaching the goal of accountability.

103. An Organizational Integrity Initiative (OII) was launched in 2003. The Initiative is a collaborative effort, spearheaded by OIOS with United Nations departments, funds and programmes. It is aimed at strengthening the understanding of managers and staff of their obligations and responsibilities with regard to integrity and professional ethics. As part of the Initiative, an Integrity Perception Survey was conducted by independent, external consultants to gauge the perceptions and attitudes of staff. And ethics training was provided to a number of senior managers. Despite these initiatives, accountability remains one of the weakest areas within the United Nations and perhaps, the fundamental failure of the current system. This assertion has been confirmed not only by the interviews held by the Inspectors, but also by the continuous references by ACABQ and the Secretary-General himself.

104. Accountability is the cornerstone of results-based management. It requires clear objectives and clear responsibilities defined at all levels, from the top and senior management down into individual staff work plans. The Secretary-General, himself, emphasizes the weakness of the accountability system and his failure to promote a new culture of performance, accountability and trust:

> "A key ingredient of any successful Organization is an ethical and accountable culture pervading its staff from top to bottom. For the United Nations, as an Organization founded on the high ideals of its Charter and seeking to set an example in the countries where it works around the world, this is doubly important. Unfortunately, in recent years it has become clear that we have too often fallen short of these high standards."[53] Further on in the same report he states: "Accountability is diffuse. The rules are complicated and incoherent and often lack transparency".

105. The Inspectors note that there is no single, coherent and commonly understood definition of accountability. The achievement of programme objectives has little consequences for resource allocation, work planning or assessments of managerial performance. The ACABQ, for its part, pointed out that a set of principles to ensure accountability is key to the successful management of any organization, and draws attention to the need to specifically define what is meant by accountability in the United Nations context and to set out the parameters of its application and the instruments for its vigorous enforcement. [54] The General Assembly subsequently endorsed this recommendation.[55]

106. The Inspectors are of the view that the Secretary-General possesses a clear perception about the role of accountability as the backbone of an efficient and robust management system. They nonetheless invite him to move forward from theory to concrete action to achieve his proclaimed accountability objectives.

Benchmark 5 **"Accountability for the use of human resources is based on the assessment not only of the degree of achievement of expected results, but also of the managerial competencies demonstrated in the achievement of these results, as measured for instance through a 360-degree feedback mechanism"**

Benchmark 6 **"Effective monitoring systems are in place for human resources management"**

Recommendation 12

The Secretary-General should draw up, for consideration and approval by the General Assembly, a system of delegation of authority and related accountability in line with the JIU benchmarking framework for RBM. A set of rules and regulations for planning, programming, budgeting,

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[52] Ibid., para. 38.
[53] A/60/692.
[54] A/60/735.
[55] General Assembly resolution 60/260.

monitoring and evaluation should be drawn up to institutionalize the system of delegation of authority and accountability as an integral part of RBM. The current financial and staff regulations and rules should be expanded to include additional provisions on delegation of authority, in particular in the area of programme performance. These new rules and regulations should become the legal backbone of the system and part of the internal control system required for implementing accountability.

107.   There is considerable room for improvement here. Despite the launch of new systems and tools to help manage and monitor human resources (e.g. the e-PAS, which will be discussed later in this report under "performance management"), the Inspectors are of the view that there are no effective and comprehensive mechanisms to evaluate how human resources are managed. In the United Nations context, it should not be enough for managers to achieve their expected programmatic results, if the staff under their supervision are not managed according to well-established criteria and the United Nations basic principles (i.e. respect for diversity, gender balance, etc.). Managers should be held accountable for the use of all resources under their responsibility, including human resources.

108.   The programme performance plan is the tool that the Secretariat uses to monitor and assess programmatic performance. It covers different elements related to the comprehensive management of the programme, including, inter-alia, human resources management. In the view of the Inspectors, it needs refining if it is to become a reliable mechanism to assess, for instance, how human resources are managed. Some of the indicators are meaningless. For example, in the area of human resources management, one of the items is "Staff Management relations & Staff welfare" where some quantitative indicators are used to measure progress. These include "Number of meetings with staff representatives per year" and "Number of Town-Hall meetings per year". Clearly, the number of meetings held does not help to determine the improvement in Staff-Management relations. Without an objective qualitative component, quantitative indicators give only a limited view of the item they are intended to measure. The Inspectors also believe that staff feedback regarding management should be taken into consideration. In this regard, the 360 degrees feedback schemes, for example, like the one in place in the United Nations Development Programme, should be used.

Benchmark 7 **"Strong oversight systems exist"**

109.   A strong oversight system should:

- verify whether or not the existing oversight and control mechanisms are adequate in terms of independence, mandate, reporting, structure, staffing and professional strength to cope with the exigencies of results-based management;
- formulate, disseminate and enforce codes of conduct and ethical standards for all staff;
- provide accessible channels for staff for reporting instances of alleged fraud and other abuses, as well as effective protection for persons making such reports.

110.   Recently JIU has prepared a report on oversight entitled "Oversight Lacunae in the United Nations system". [56] .

111.   The Secretary-General is of the view that OIOS itself:

"has a complex set of responsibilities that is subject to potential conflicts of interest between its role in providing management advisory services to United Nations departments and its investigatory and audit functions. This latter role, in which the Office of Internal Oversight Services has traditionally provided internal audits for use by senior management, has also become blurred as a result of the General Assembly's recent decision to have the Office report directly to Member States as well as to the Secretary-General, and to allow Member States direct access to its reports."[57]

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[56] JIU/REP/2006/2.
[57] A/60/692.

The Inspectors concur with this view that this decision would need further reconsideration, as it breaks the barriers for good oversight practices and mechanisms. This is in accordance with the ideas expressed above and included in the JIU report.

112. The United Nations oversight community, in no few instances, consciously or unconsciously, interferes in the management processes. It does so either through micromanagement or through sometimes recommending contradictory courses of action. This distracts the managers from their main duty: managing for results. Despite the directives of the General Assembly asking the oversight bodies to coordinate their activities to avoid overlapping and duplication, the so-called "oversight indigestion" continues to be a serious impediment to improving management.

113. The General Assembly has emphasized the need for:

> "strengthening oversight in the Organization, and looks forward to considering and taking action on the report on strengthening of Office of Internal Oversight Sevices and the terms of reference requested in paragraph 4 of section XIII of its resolution 60/248 of 23 December 2005".[58]

As the JIU recommendations on oversight issues have been submitted through its report on Oversight Lacunae, and the Panel on Governance and Oversight is about to produce its report for consideration by the General Assembly, the Inspectors refrain from making concrete recommendations on this section.

Benchmark 8 **"A transparent, swift, independent and equitable system of administration of justice is in place"**

114. Recent reforms have already brought some improvements to the system of administration of justice. For example, the General Assembly decided, in resolution A/RES/57/307, that staff members may appoint external lawyers to assist them in litigation processes, thus bringing an additional measure of independence to the system, though possibly at the risk of increasing the number of cases and the costs. The report on "Strengthening of the United Nations: an agenda for further change", issued in 2002, already highlighted the need to reform the internal system of justice, stating that:

> "[a] review of the current system of internal justice will be conducted to improve the efficiency of the system and to allow staff fair and due process."(action 34, included in the subject report A/57/387). The issue is reiterated in the latest reform proposal "The internal justice system is slow and cumbersome, and fails to strike the necessary balance between effective managerial control and staff members' right to due process."[59]

115. The Secretary-General refers to his latest reform proposals as:

> "[…] a chance to give Member States the tools they need to provide strategic direction and hold the Secretariat fully accountable for its performance […]. To achieve this goal, the United Nations Secretariat and Member States need to combine the current reviews of oversight systems and internal justice — both of which are essential to building a stronger, more dynamic and more transparent United Nations but are currently proceeding on separate tracks — with major reforms in six other broad areas, all closely interrelated."[60]

116. The Secretary-General also set up a Redesign Panel, which has been examining the reform of the internal justice system. The Panel has recently submitted its recommendations to the General Assembly at its sixty-first session. The following is an excerpt from the summary of that report:

> "The Redesign Panel found that the United Nations internal justice system is outmoded, dysfunctional and ineffective and that it lacks independence. The financial, reputational and other costs to the Organization of

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[58] General Assembly resolution 60/260.
[59] A/60/692.
[60] Ibid.

the present system are enormous, and a new, redesigned system of internal justice will be far more effective than an attempt to improve the current system.

"Effective reform of the United Nations cannot happen without an efficient, independent and well-resourced internal justice system that will safeguard the rights of staff members and ensure the effective accountability of managers and staff members."[61]

The conclusions of the Panel coincide with the Inspectors' findings.

117. JIU itself has produced a number of reports on the administration of justice in the United Nations, the most recent being in 2000 and 2002.[62] These reports were discussed by the General Assembly, with some of the recommendations serving as a basis for Assembly decisions. The Secretary-General has also used them to take concrete action, for example, in establishing an Office of Ombudsman.

118. While commending the positive response of the Secretary-General, the Inspectors believe that more needs to be done to reach a fairer administration of justice that:

- provides legal protection to the staff and managers;
- makes managers and staff duly accountable for their behaviour in the observance of the United Nations core values and competencies and performance;
- makes the recourse to mediation a central piece of personnel administration during the pre-litigation phase as a way to tangibly reducing the number of cases of litigation.

The Inspectors have observed, for example, that in some instances the litigation processes have been prompted by inadequate handlings of cases during the pre-litigation phase.

119. The Inspectors have also observed that in designing a reliable administration of justice system, some points require particular attention:

- the ombudsperson should be chosen jointly by the administration and staff representatives;
- the current appeal mechanisms should be streamlined, by, for instance, offering a single channel for appeals related to staff performance, regardless of their nature (e.g. appraisal rebuttals, appeals against administrative decisions);
- the professionalism and independence of the members of appeal bodies must be guaranteed, with the option of including persons who are not staff members of the organization concerned;
- the entire appeal process should be duly documented and taken into consideration in the subsequent litigation process.

Recommendation 13

The General Assembly should request the Secretary-General to present to it, for consideration and approval, a transparent, swift, independent and equitable system of administration of justice in accordance with the guidelines contained in benchmark 8 of the benchmarking framework for the implementation of RBM approved by the Assembly through its resolution A/RES/60/257 and the comments made in paragraphs 115 to 117 of the current report.

Recommendation 14

The Secretary-General should review those staff administration rules which give rise to an inordinate number of appeals.

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[61] "Report of the Redesign Panel on the United Nations system of administration of justice", A/61/205, 28 July 2006.
[62] JIU/REP/2000/1 (A/55/57) and JIU/REP/2002/4 (A/57/441).

IV. PERFORMANCE MANAGEMENT

Benchmark 1 **"The main prerequisite for an effective performance management system is a change in the culture of the organizations concerned"**

120. Despite its efforts so far, the Secretariat has not yet internalized the results approach nor developed a "culture of performance". Several papers have pointed to the lack of a results-based culture. Without it, performance management systems cannot be effective. Whereas reasonable progress has been made in results-based budgeting, it has not run parallel in areas such as human resources management, where the performance management tool in place, the Performance Appraisal System (PAS), has poor credibility among staff. as an objective mechanism to manage staff performance. The Inspectors deliberately use the term "performance management". In doing so, they want to stress that, in accordance with the benchmarking framework for implementing RBM, any personal appraisal or evaluation system is meaningful only if used as a tool to measure and assess performance. In this respect, the Secretary-General may wish to consider replacing the term PAS by PMS.

121. A coherent and applied performance management (appraisal) system is fundamental for properly developing a results culture. It is a prerequisite for developing accountability. Without it, management becomes a subjective exercise, with rewards and sanctions being perceived as arbitrary or unfounded. . Both managers and staff consider the PAS system to be subjective. Its application is not consistent across the Secretariat. Since it does not allow for fair comparison, it fails to encourage staff to improve performance. Although the Secretary-General claims that "up to and including those at the Assistant Secretary-General level, are covered by the performance appraisal system (PAS)", the Inspectors have ascertained during the preparation of other reports related to the implementation of the results approach within the Secretariat that some departments (e.g. the Department of Peacekeeping Operations) are not applying this principle, as D-1s and above are rarely assessed.

122. The implementation of the e-PAS is included as a key indicator in the annual programme management plan between the Secretary-General and the head of Department or office in order to emphasize the importance of senior management leadership in performance management[63]. OIOS has found that, as in many other organizations, staff members continue to focus on the ratings aspect of the e-PAS. The e-PAS may have become a useful planning tool but it is not an effective communications tool:

> "If, however, the main purpose of e-PAS is not only a tool to appraise performance, but a method to build a culture of communication, teamwork and coherent work-planning, either further communication efforts are needed to fully promote such an understanding throughout the Secretariat or the very existence of the rating mechanism needs to be re-examined since a disproportionate amount of attention is paid by both staff and management to the rating aspect of e-PAS.[64]

123. The United Nations Secretariat has indicated that it monitors rating distribution not to ensure conformity to a predetermined distribution curve, but rather to ascertain consistency of approach throughout the Secretariat. It has stressed that the widely held perception that the rating process was intended to impose a mandatory "bell curve" was not correct, when, as indicated in the guidelines for the PAS, there was no predetermined rating distribution. At the same time, it was observed that:

> "[…] experience with many similar systems indicates that when staff are honestly and appropriately appraised, the vast majority are found to have 'fully met expectations', while those who have consistently exceeded expectations or who have not adequately met expectations would naturally be small".[65]

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[63] "Qualitative and quantitative information on performance management in the common system", ICSC/57/R.2/Add.2.

[64] "Implementation of all provisions of General Assembly resolution 55/258 on human resources management", Note by the Secretary-General, A/57/726, para. 47.

[65] "Implementation of the Performance Appraisal System", A/C.5/51/55, para. 20.

124.   In the view of OIOS, the application of the performance appraisal system still faces two major obstacles that require Organization-wide solutions:

- it is not always connected to how well a staff member contributes to the Organization;
- the connection between departmental and work unit goals and individual work plans is established idiosyncratically rather than being based on a systemic link to results-based management at the departmental level.

The Inspectors stress the following:

- stronger linkages need to be established between results-based management and individual accountability for achievements;
- performance results should but do not generate tangible consequences;
- the e-PAS itself should but does not enable immediate reward for good performance nor address poor performance;
- performance appraisal should but does not lead to promotion nor is it linked to salaries and benefits.

Strategic human resources that focus on changing the organizational culture need to link appraisal to specific tangible consequences and rewards. The Inspectors fully agree with the views expressed by OIOS.

125.   A disproportionate amount of attention is currently being paid to the rating aspect of the e-PAS. If the main purpose of e-PAS is to serve not only as a tool to appraise performance but also as a method to build a culture of communication, teamwork and coherent work-planning, either further communication efforts are needed to fully promote such an understanding throughout the Secretariat or the very existence of the rating mechanism needs to be re-examined.

126.   The e-PAS now includes both an evaluation of the goals accomplished and of the core values and relevant competencies identified for the cycle. Supervisors must rate their staff on each of the three core values, as well as the selected competencies. They must also indicate how the values and competencies were demonstrated during the period.

Benchmark 2 **"Performance management systems communicate and clarify organizational goals to staff and align individual performance expectations with organizational goals"**

127.   The performance management system should represent the commitment and contribution, at the individual level, to achieving higher-level objectives (i.e. work unit, division, department, Organization). This requires clearly defining the cascade of objectives at each level, and putting in place a framework for work planning, programming and target-setting in which the links between departmental and work unit goals and individual work plans are systematically established and verified.

128.   Currently, a discrepancy exists in the alignment of the performance appraisal cycle with the programme budget cycle within the Secretariat. The budget cycle covers a two-year period, whereas the PAS cycle is annual, going from 1 April to 31 March of the following year. This lack of coherence makes it difficult to evaluate and link individual performance and its contribution towards the achievement of higher-level results, which are assessed only on a biennial basis. The PAS cycle should be aligned with the annual programmatic work plans to ensure that individual work plans cascade from the objectives and goals of the departments and units, which would facilitate a shared understanding of the potential impact of an individual manager and staff member's performance on programme delivery during the evaluation period.

Benchmark 3 **"Performance management systems are seen as managerial tools that help the organizations run, direct and control their resources on a day-to-day basis"**

129.   This is one of the weakest points of the current individual performance system. Staff do not believe that the PAS is a tool that helps them to improve performance, partly because it is not used consistently across the Secretariat and because it has a limited impact in their career development. Managers are sometimes afraid to use it as an effective managerial tool that could help them to detect and correct deviations against the expected performance. This is directly related to the shortfalls in management previously discussed in this paper. Currently, the PAS is regarded as an administrative process and not as a managerial tool.

Benchmark 4 "Performance management systems are simple and easy to administer"

130.   The Inspectors consider the current e-PAS system to be a positive step forward, as it has facilitated performance evaluation within the Secretariat. It is easy to use, with the system clearly indicating the different phases of the process and the associated responsibility for each. It is a helpful tool for tracking the whole process and for determining whether or not deadlines are being respected. However, it does not form part of a wider and integrated human resources information management system, although it draws significantly from IMIS, the only system with centralized information on all Secretariat staff. The Inspectors see this as a weak point, since it should be part of a wider scope system (i.e. Galaxy, personal data contained in IMIS, etc.). The Secretary-General is aware of the lack of appropriate information management systems for the management of human resources "The information and communications (ICT) systems underpinning our management of human resources do not meet the stringent demands imposed by the global reach of today's United Nations".[66]

Benchmark 5 "Performance management systems use appropriate and balanced measures for the achievement of goals"

131.   Performance management systems can be achieved through:

- comprehensive evaluation of individual performance to include both the achievement of results, the degree of satisfaction of "clients" and the demonstration of required values and competencies;
- identification and continuous use of both quantitative and qualitative indicators.

132.   There is no homogeneity across the Secretariat and the use of client satisfaction surveys, as well as the appropriateness of the indicators chosen to measure performance, depends mainly on the quality of supervisors.

Benchmark 6 "Performance management systems ensure consistency in assessment throughout a given organization"

133. Consistency in assessment can be achieved by creating review panels/groups or similar mechanisms to review the quality, consistency and fairness of the performance appraisal reports of all staff and make recommendations to supervisors as appropriate. The lack of consistency in its application has a direct and considerable impact on how the PAS is perceived by the staff. At the present time, owing to the different interpretations and uses made of it by managers, it is not regarded as a fair tool for assessing performance. Moreover, no clear or common criteria exist for its application.

Benchmark 7 "The results of performance appraisal are used as a basis for appropriate personnel actions, and in particular for career development"

Benchmark 8   "Performance management systems identify and address staff development needs. They also identify and address chronic underperformance"

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[66] A/60/692, para. 25(k).

134.   Given the problems highlighted above in the use and application of the PAS, it is not considered to be something that has any great impact on future career development and is thus a source of staff dissatisfaction. Additionally, the weakness in managerial systems, the widespread lack of managerial capabilities, the lack of transparency in promotions, etc. strengthen the perception of the PAS "just as an administrative process", whereas it should be perceived as a management tool.

135.   The current PAS format is a reasonable tool to identify and address staff development needs and chronic underperformance. However, unskilled management cannot make appropriate use of it. And many managers are deterred by a stringent set of rules from facing the cumbersome procedures necessary to address chronic underperformance. This reconfirms the views expressed by the Secretary-General in his "Investing in the United Nations" report, and reflected in previous paragraphs of this review, concerning the lack of professional management. "There is currently limited understanding of the consequences of underperformance, poor performance, or non-performance. There are currently no sanctions for the non-achievement of expected results."[67]

136.   In this respect, OHRM indicated in its comments on this report that "As agreed at SMCC-XXVII, performance management, including the possibility of a 360-degree feedback process will be reviewed by a joint staff/management working group. It is envisaged that the WG recommendations will be discussed at the next regular session of SMCC. Also, in his reform proposals the Secretary-General is linking performance to staff development and career advancement."

Recommendation 15

The Secretary-General should take action to improve the PAS for it to become an efficient management tool in line with RBM requirements. In particular, he should ensure that:

(a)   All staff members and managers, including at the Director level, are evaluated and their overall performance rated, taking into account a 360 degree feedback process;

(b)   The results of the PAS are at the basis of all personnel action and related reward incentives (promotions, step increases, recognitions, etc.) or sanctions;

(c)   A review panel is established to ensure the quality, consistency and fairness of the appraisal reports across the Organization and to provide guidance to managers in harmonizing the use of ratings;

(d)   The performance management system is aligned with the programmatic work plans.

Rewarding Performance

137.   Strong and transparent performance management and accountability systems should be in place as a precondition for rewarding performance fairly and consistently. The Secretariat lacks both, and thus they should be reengineered before establishing and implementing a performance rewarding system, such as, for example, the ICSC-proposed "broad-banding" system. Step increases are commonly granted on a seniority basis every year without any or due consideration to staff performance, thus losing any positive motivational effect. The lack of uniform mechanisms and consistent criteria, compounded by a lack of consistency and transparency to assess performance across the Secretariat would make the implementation of PFP systems at this stage a risky exercise of subjective good will at best, which could lead to favouritism and arbitrary decisions, causing even more dissatisfaction and conflicts. This approach would not contribute towards the main purpose of a reward system, which must have a clear motivational impact.

138.   JIU, in its overview of the series of reports on RBM, recommends the following possibilities, individually or combined with others, to address the required funding for the implementation of PFP systems:

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[67] A/60/846/Add.6.

(a) The legislative organs provide the resources necessary for the successful implementation of the approved programmes. Once the financial resources are approved, the executive heads are granted authority to use those resources in the way they deem fit, including for the PFP scheme in place, and are accountable to the legislative organs for their actions;

(b) A specified percentage of any savings accrued at the end of the financial period to be used by the organizations concerned as a source for financing remuneration increases linked to performance (change required in the relevant financial regulation);

(c) The earmarking of a specific percentage of the appropriation for staff costs to fund the scheme (change required in the relevant financial regulation);

(d) Freezing of within-grade salary level of low performers.

Recommendation 16

As a way to support the United Nations RBM approach, the Secretary-General should develop an incentive and pay-for-performance scheme for the consideration of the General Assembly. It should be based on the following premises:

(a) strong and reliable performance management and accountability systems have to be in place as prerequisites;
(b) the "rules of the game" regarding performance management and its consequences are made clear at the time of recruitment;
(c) objective criteria are set out to ensure consistency across an organization;
(d) an impartial panel is created to review the consistency and fairness of the distribution of awards;
(e) a staff survey is conducted to identify the key motivational factors underlying the staff performance;
(f) extensive consultations are held with all the interested parties.

V. CONTRACTUAL ARRANGEMENTS

Benchmark 1 **"Human resources are aligned with the strategic objectives of the organization"**

139.   Organizations can align their human resources with their strategic objectives by:

- Developing effective planning tools to define the human resources they need to fulfil their missions;
- Integrating human resources planning in the strategic and operational planning for the short, medium and long terms;
- Establishing an inventory of the main skills and attributes of the existing staff;
- Seeing that increased budgetary flexibility is granted to executive heads for the use of human resources by the governing bodies of United Nations organizations.

140.   The answer to the current status of this benchmark is provided by the Secretary-General:

 "Staff skills in the United Nations today are not aligned with current needs. We cannot always attract the best people and we lack the funds to help those we do recruit, particularly in the field, to develop their careers. We have too few skilled managers and a system that does not integrate field-based staff even though it is their skills and experience that the United Nations increasingly needs."[68]

141.   In his latest reform proposal, the Secretary-General gives his views on current human resources issues and suggests possible solutions as follows:

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[68] A/60/692.

> "The need for a highly qualified, independent and international civil service is enshrined in the Charter of the United Nations. This is as important today as it was 60 years ago. The quality of our staff determines the success of the Organization, …I have introduced a number of initiatives to improve the way the Organization manages and develops its human resources, including the definition of organizational core values and competencies and their integration into all human resources systems — recruitment, development and performance appraisal; the introduction of a web-based recruitment system; empowerment of managers to select their own staff; policies to encourage staff mobility […] It needs to be able to recruit and retain leaders, managers and personnel capable of handling large, complex multidisciplinary operations with increasingly high budgets. Too many staff turn away from the United Nations, frustrated by the lack of a career path […]".

A survey published in 2005 revealed that two of the most de-motivating aspects of employment with the United Nations are the lack of career and promotions prospects and the frustrations caused by excessive bureaucracy.

142.   Once again, the Inspectors subscribe to the Secretary-General's views on the need to align the HR with the organizational needs, which is one of the main RBM foundations. The challenge of the Secretary-General now is to put into action concrete measures to make them a reality.

*Benchmark 2 "***The specific needs of international public organizations are recognized and a balance is achieved between time-limited and indefinite contracts, which is conducive to performance***"*

143.   In its overview of the series of reports on managing for results in the United Nations system, JIU states that:

> "Contractual arrangements are an essential element of an effective human resources strategy for empowerment and performance. They should be closely aligned with the type and duration of the function performed, easy to administer, fair and transparent. At the same time, recent experiments, as well as the jurisprudence of the United Nations Administrative Tribunals, have shown that in the absence of an effective performance management system and of adequately trained managers, the type of contracts granted makes little difference. The Inspectors have concluded, therefore, that while the issue of contractual arrangements has long been linked mostly to that of compensation and cost savings, it should now be seen as an integral element of the performance management system."[69]

144.   The Secretary-General in his latest reform proposal points out:

> "The Organization uses a plethora of different types of contractual arrangements for hiring staff, which are cumbersome and difficult to administer and result in staff being treated unfairly. This creates divisions, breeds resentment, burdens administrators and hampers our ability to attract and retain the best people"[70].

He also addresses the issue of contractual arrangements (proposal 4), where he proposes

> "[…] to modify contractual arrangements and harmonize conditions of service to meet the needs of an increasingly field-based Organization, through:
>
> • Introduction of one United Nations Staff Contract under one set of Staff Rules. The conditions of service would mirror the current 100 series and would vary according to the length of continuous service. Where mandates of particular projects or missions are clearly finite, appointments would still be limited in order to prevent undue expectations of long-term employment.
>
> • Replacing permanent contracts with open-ended 'continuing appointments', as previously recommended to the General Assembly (see A/59/263/Add.1)."[71]

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[69] JIU/REP/2004/5, para. 57.
[70] A/60/692, para. 25(h).
[71] Ibid.

145.   The Inspectors also believe that only two types of contracts should be used, indefinite contracts for the career staff performing core functions, and fixed-term contracts for the staff working in other functions (short-term assignments, projects, etc.). Contracts should be explicit regarding career and work expectations. Acquired rights of current staff should be respected, although these rights can never be used to justify underperformance. The Staff Regulations and Rules are clear in this respect and, therefore, demonstrated good performance is the only solid basis to preserve a contract.

Benchmark 3   "Transparent, effective and fair recruitment/placement systems are in place to support results-oriented contractual policies"

146.   The new staff selection process launched within the Secretariat (ST/AI/2002/4) has given higher flexibility to managers to recruit staff; the staff selection process is supported by Galaxy, a management information system developed in-house, which has enabled the Organization to move from a paper-based to an electronic process; it is used to manage recruitment within the Secretariat. Galaxy is not used by the funds and programmes.

147.   It is difficult to understand the rationale behind the increased delegated authority granted to managers in the current staff selection system given the serious managerial problems identified by the Secretary-General himself within the Secretariat and extensively discussed in this review. The recruitment of the right individuals is crucial for the Organization to fulfil its mandate; it is hard to understand why the fundamental issue of weak management has not been solved in a first instance and then enough authority delegated to improved management to recruit according to the Secretariat's needs. The consequences of this arrangement are difficult to determine at this stage.

148.   The current staff selection system has been subject to consultations with staff. SMCC agreed, for instance " that management had consulted extensively with staff on all aspects of the new staff selection system and, in the process, took into account a significant number of staff concerns."[72]

149.   Despite the consultations which have taken place, the current selection process has been criticized by staff during the interviews held with the Inspectors as, in their view, it is not based on consensus and adequate consultations with staff representatives. In the view of the Inspectors, the process is not clear enough as several of the clauses are subject to subjective interpretation; it imposes, in certain cases, less stringent requirements for appointment (and promotion) for external candidates than to staff members who have been in the organization for years. Furthermore, it is not linked to accountability measures.

150.   The Secretary-General has also pointed out that recruitment "is simply too slow and reactive for the dynamic, frequently changing demands of a highly operational Organization. The processes are complex and administratively time-consuming. On average, it takes 174 days from the time a vacancy announcement is issued to the time a candidate is selected".[73] While recognizing that the e-staffing tool, Galaxy, has not solved all problems, it is significantly better than the prior paper-based system whereby recruitment took an average of 265 days. Most managers and staff interviewed by the Inspectors said that the Galaxy system had not helped much to improve recruitment. They consider it cumbersome to use and not very helpful for pre-screening suitable candidates for given positions. The Inspectors concur with this prevailing view.

151.   In order to solve these issues the Secretary-General proposes "[…] to develop a more proactive, targeted and speedy recruitment system, through:

> • More extensive outreach based on strategic workforce planning.
> • Use of rosters of pre-screened candidates.
> • Establishment of a dedicated recruitment service to support managers in their selection of staff.

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[72] SMCC-XXVI (2002) report, para. 28.
[73] Ibid., para. 25(b).

- Reduction of the advertising time for vacancy announcements to 30 days.
- Expedited recruitment processes for surge needs.
- Expanded career opportunities for serving staff, and the creation of a broader pool of talent by eliminating eligibility restrictions based on contractual status, category, location or duration of service. This would include eliminating the existing restrictions for applicants to junior Professional posts that are not subject to the examination requirements.
- Revision of examinations and job profiles to match current needs.
- Strictly enforced compliance with gender and geography targets.
- Aiming to reduce average recruitment times by one half."[74]

152. The Inspectors support the efforts behind this set of proposals. However, they are of the opinion that the proposals do not address the main issue, namely: how to ensure the recruitment of the best-qualified candidates among all those meeting the minimum requirements for a given post, while adhering to the main human resources policies such as geographical distribution and gender balance.

153. The current recruitment and promotion process gives to managers latitude to choose among those candidates who meet "the minimum requirements". This approach is far from ideal and can easily lead to unfairness, favouritism and discrimination. It goes against the statements made by the Secretary-General in several papers indicating that the Organization should attract the best available candidates. Furthermore, it goes against regulations established by the General Assembly that stipulate that:

> "In the appointment of staff and the determination of the conditions of service, the paramount consideration is the necessity of securing the highest standards of efficiency, competence and integrity […]".[75]

Thus, the correct approach should be to choose "the best candidate" among those who meet the minimum requirements. This could be done easily if quantifiable and/or verifiable criteria are pre-established, made known to the candidates and spelled out through a comparative evaluation, the results of which should be recorded for demonstrating the fairness and objectivity of the selection process in the event of cases of appeal.

154. In support of such a system of transparent recruitment, tools and mechanisms should be developed - for instance tests, competency-based interviews and "assessment centres" - to assist managers in discharging their responsibilities. Predefined, quantitative and qualitative, clear and verifiable criteria should be used in the selection of candidates, and the respective weights of these criteria should be clearly determined. The central bodies should provide assurance that these predefined evaluation criteria and the relevant procedures have been applied, and that the comparative evaluation has been duly recorded.

155. The Inspectors believe that the current system of deadlines introduced in Galaxy for the consideration of different types of candidates (i.e. 15 days, 30 days, 60 days) is an artificial barrier, which goes against the principles set out above. It does not help managers to select the best candidate; and through its application, other elements prevail over the highest standards of efficiency, competence and integrity. Moreover, it is unfair to the external candidates, who are unaware of its real possibilities when applying to a post.

156. Concerning the appointment of under-secretaries-general and assistant secretaries-general, which up to now and to a great extent, has been mostly political, the Secretary-General recently has taken some formal steps to make the process of selection of those officials more transparent and competitive. While the Inspectors commend these efforts, they believe that there is still much room for improvement, to ensure that the top managers possess the required competencies, values and professional skills for the posts concerned.

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[74] Ibid.
[75] A/60/846/Add.6, para. 23.

Recommendation 17

The Secretary-General should review the current recruitment, placement and promotion process, through an independent evaluation, to make it more objective, measurable and acceptable, and should ensure the following:

(a) **Vacancy announcements should better reflect the expected competencies, core values and skills for each post and the related relative weight of each skill;**

(b) **Selection criteria should be based on the expected competencies, core values and skills;**

(c) **Selection criteria should be easily verifiable and/or quantifiable;**

(d) **Central review bodies should play a more active advisory role;**

(e) **Managers should be properly supported and advised by human resources services;**

(f) **The entire process should be fully transparent;**

(g) **The selection decision should be taken through a comparative evaluation that should be recorded and that should document which of the candidates is the best;**

(h) **Managers should be accountable for their decisions if, in case of appeals, the organs of administration of justice find wilful wrongdoing during the selection process;**

(i) **Selection procedures should be applied to all posts at all levels.**

Benchmark 4 **"The focus of contractual reforms is shifted to performance"**

157. This issue has already been discussed above. Contracts should be explicit regarding the expected performance and the consequences of not meeting performance expectations.

►**Recommendation 18**

The Secretary-General should review the current contractual arrangements and submit concrete proposals for consideration and approval by the General Assembly taking into account the following guidelines:

(a) **Contractual arrangements should be closely aligned with the type and duration of the function performed, easy to administer, fair and transparent;**

(b) **They should be not only linked to compensation and cost savings, but seen as an integral element of the performance management system;**

(c) **All contracts should be under a single series;**

(d) **There should be only two categories of contract:**

- **indefinite contracts for career staff performing core functions**
- **fixed-term contracts for staff working in other functions (short-term assignments, projects, etc.);**

(e) **The contracts should be explicit regarding career and work expectations;**

(f) The need to honour the current status of staff holding permanent contracts should be recognized.

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