Testimony Before the Subcommittee on Intrernational Operations, Committee on Foreign Relations, U.S. Senate

For Release on Delivery
at 10:30 a.m. EDT
Wednesday, May 10, 2000

UNITED NATIONS

Reforms Are Progressing, but Overall Objectives Have Not Yet Been Achieved

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GAO/T-NSIAD-00-169

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the status of reforms to improve the United Nations (U.N.). Our remarks are based on our report prepared for this Committee and released today, which provides a comprehensive analysis of the reforms.[1]

In recent years, the United Nations has had fundamental problems. In 1994, the U.N.'s inability to procure goods and services fairly and on time reached a crisis. Also there was an overall failure of its human resources system to staff critical posts with the right people. Peacekeeping missions in Somalia, Rwanda, and Bosnia failed to accomplish their missions. By 1997, the Secretary General stated that the United Nations had become fragmented, inflexible, and, in some areas, superfluous. Member states demanded improvements. In response, the Secretary General proposed a reform program consisting of three core elements--(1) restructuring U.N. leadership and operations, (2) developing a performance-based human capital system, and (3) introducing programming and budgeting processes focused on results. The Secretary General stated that these elements formed an integrated program; all were necessary to create a United Nations that achieved results and continuously improved. While not all of the reform elements applied to the entire United Nations,[2] the overall program provided a model for a U.N.-wide reform process. The Secretary General set the end of 1999 as the target date to put the reforms in place. Today, I will discuss the status of the reform program and highlight some results.

SUMMARY

The United Nations has substantially restructured its leadership and operations and partly implemented a merit-based and performance-oriented human capital system, and these reforms have strengthened U.N. operations. However, while progress is being made, the overall objectives of the reform have not yet been achieved. Specifically, the United Nations

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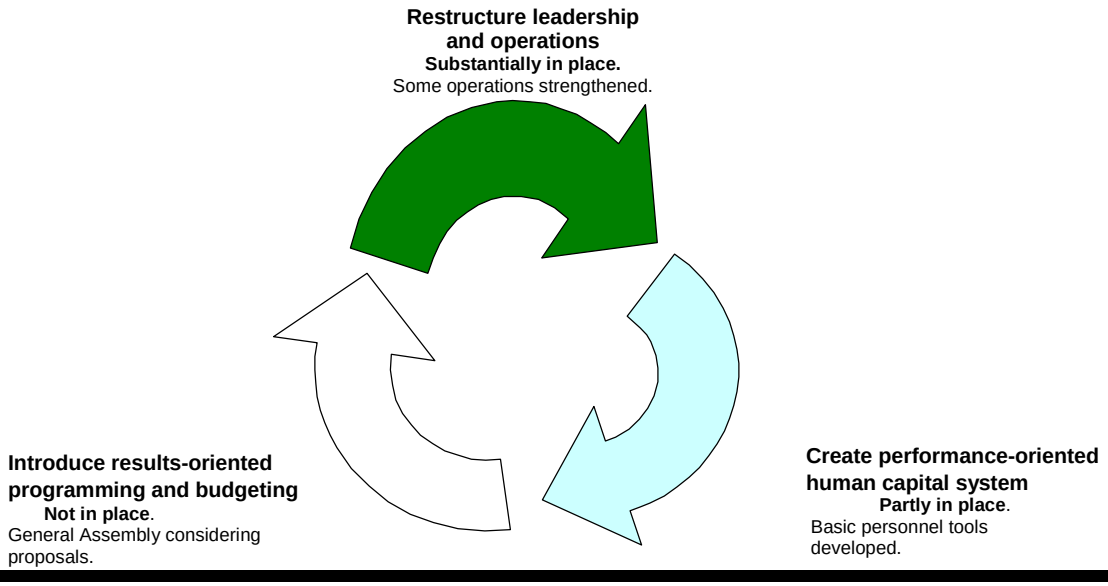
[1] *United Nations: Reform Initiatives Have Strengthened Operations, but Overall Objectives Have Not Yet Been Achieved* (GAO/NSIAD-2000-150, May 10, 2000).

[2] The United Nations is composed of the Secretariat, which carries out much of the work mandated by member states, and the programs, such as the High Commissioner for Refugees, which conduct specific lines of work.

has not yet implemented reforms to focus its programming and budgeting on managing the Secretariat's performance. These initiatives would enable member states to hold the Secretariat accountable for results and are key to the success of the overall reform because they institutionalize a shift in the organization's focus from carrying out activities to accomplishing missions. As figure 1 illustrates, U.N. reform is an interrelated process and requires that all core elements be in place to succeed.

Figure 1: U.N. Reform Program--Elements Interrelated and Partially in Place



Source: GAO

BACKGROUND

The United Nations carries out a wide range of activities, including peacekeeping in locations such as Kosovo, East Timor, and the Congo; humanitarian and refugee operations in Sudan and Tajikistan; and thousands of development, economic, social, and human rights projects worldwide. Organizationally, the United Nations is comprised of three types of entities. First are the member states' governing or intergovernmental bodies, such as the Security Council and the General Assembly, which set U.N. objectives and mandate

activities in accordance with the U.N. Charter. Second is the Secretariat, the central working unit of the United Nations, which carries out work mandated by the governing bodies. The Secretariat consists of the Secretary General, whom the U.N. Charter specifies as the chief administrative officer of the United Nations, and the staff necessary to carry out the mandated work. Third are the U.N. programs and funds, which the General Assembly authorized to address specific areas of work of continuing importance. Examples of the programs and funds are the U.N. Children's Fund and the U.N. Development Program. Many of the programs are authorized to have their own governing bodies and budgets (paid for by voluntary contributions from participating nations). Consequently, while the Secretary General is the U.N.'s highest-ranking official and his reform proposals influence these programs, he does not have authority to direct the programs to undertake reforms.

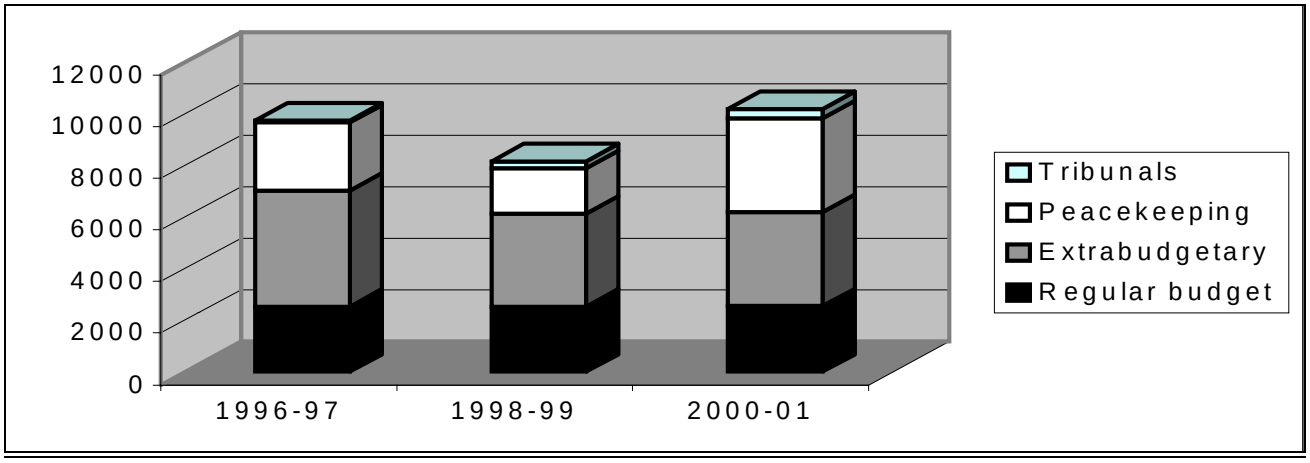
The expenses of the Secretariat are funded through regular budget assessments of the U.N. member states. The U.N. regular budget for the biennium 2000-2001 is $2.5 billion, of which the U.S. contribution is assessed at 25 percent.[3] Member states are assessed separately for U.N. peacekeeping activities. For 2000-2001, the cost of U.N. peacekeeping operations is estimated to be $3.6 billion, of which the United States is to contribute 25 percent.[4] Member states are also assessed for the costs of international tribunals on war crimes and genocide. Finally, the United Nations receives voluntary, or extrabudgetary, contributions for the funds and programs—estimated to be $3.7 billion for the 2000-20001 biennium. The United States has historically paid about 25 percent. Figure 2 shows U.N. budgets for the last three bienniums.

[3] Members' assessments for the regular budget are determined by a scale of assessments approved by the General Assembly on the basis of advice from the Committee on Contributions. Each member has a single vote in the General Assembly regardless of its assessment.

[4] U.N. peacekeeping is assessed on an annual basis. The U.S. share of U.N. peacekeeping is 30.4 percent; the U. S. Congress has capped U.S. contributions at 25 percent since 1994.

Figure 2: U.N. Budgets, 1996-2001

(Dollars in millions)



Note: Voluntary or extrabudgetary amounts are U.N. estimates. Peacekeeping amounts combine two annual budget cycles and are estimates for 2001.

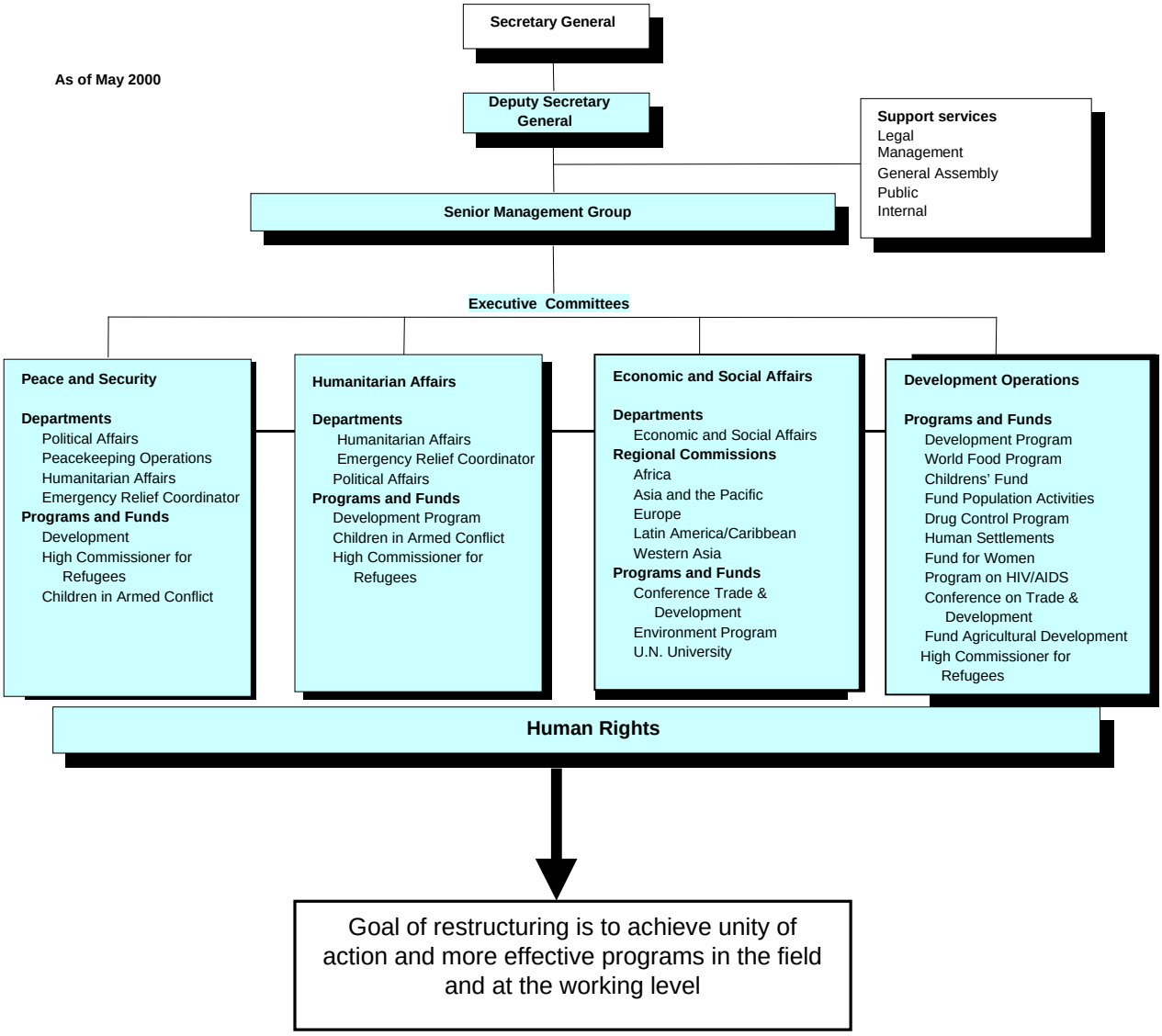
Source: U.N. budget documents.

U.N. LEADERSHIP AND OPERATIONS SUBSTANTIALLY RESTRUCTURED

The United Nations has substantially restructured its operations, and we found this has provided more cohesive and unified leadership for the organization. A major problem for the United Nations has been the fragmentation and lack of cooperation among the Secretariat departments and the programs. To begin addressing this problem, the Secretary General formed (1) the senior management group and (2) the executive committees. The Senior Management Group consists of the heads of all U.N. departments and programs and has been meeting weekly since September 1997 to collectively decide on unified U.N. policies. Previously, the heads of some of the programs met only once a year at the General Assembly. Now there is a regular mechanism for developing a single U.N. direction. The four executive committees are organized around the U.N.'s core missions--peace and security, development operations, humanitarian affairs, and economic and social issues. Human rights is a core issue that cuts across all U.N. missions. Consisting of the senior managers of the departments and programs in each area, the executive committees try to translate senior management group decisions into coordinated action by all U.N. entities. Figure 3 provides

an overview of the U.N.'s leadership structure as it exists today and shows that the intended goals are to carry out more unified and effective U.N. activities, particularly in the field and at the working level where services are delivered.

Figure 3: U.N. Leadership and Operations Substantially Restructured



Source: GAO analysis of U.N. documents and data.

Shaded areas are major areas of the restructuring

We found that these reform initiatives have resulted in a more coherent and unified leadership for the United Nations and have begun to reduce competition among the various U.N. agencies and to foster more coordinated actions in the field. The following examples help illustrate areas where the reforms have made a difference.

- During the Kosovo crisis, the Secretary General, the Deputy Secretary General, the Emergency Relief Coordinator, the High Commissioners for Refugees and Human Rights, and other senior managers used the senior management group to develop a single U.N. response. The High Commissioner for Refugees would regularly report to the group through video-conferencing and provide real-time information on the situation on the ground. Since the top-level managers were members of the group, the United Nations was able to develop a unified response and provide clear direction to the departments and programs. One initial direction was that the High Commissioner's office would lead the U.N.'s initial response to the crisis and other U.N. entities would support the Commissioner. As the U.N.'s role in Kosovo evolved, the Secretary General continued to work through the Senior Management Group to develop a unified concept for U.N. operations and to ensure that all departments and programs pooled their resources to support U.N. tasks in humanitarian affairs, civilian police, and civil administration. According to senior U.N. officials, the management group was also used to ensure that all heads of U.N. departments and programs had a consistent understanding of the U.N.'s mandate in Kosovo, particularly for their dealings with the Organization for Security and Cooperation in Europe and the World Bank, which were also responsible for tasks in Kosovo.

- Leadership by the executive committee on peace and security enabled various U.N. departments to integrate some peacekeeping efforts and has resulted in better planning for new missions. For example, in developing plans for the U.N. operation in East Timor in 1999, the Under Secretary General for Political Affairs provided the group a full and candid assessment of the political situation and strategies for conducting the referendum, according to members of the executive committee. According to a senior political officer in the Department of Political Affairs, his openness with his priorities paved the way for unified strategy and planning among his department, the Department of Peacekeeping Operations, the Human Rights

Coordinator, and others on the committee. As a result, the plan for the East Timor operation was more comprehensive and better integrated than other U.N. peacekeeping plans we have examined in our past work, and resulted in deploying the mission more quickly and with fewer problems than past complex operations. I should add that these reforms do not address the capacity of the United Nations to undertake the scale of its current peacekeeping responsibilities or the organizational limits of the United Nations in leading operations calling for the use of force.[5]

- In Guatemala, initiatives to integrate U.N. development activities under the development assistance framework have helped improve the effectiveness of U.N. support for the 1994 peace accords by coordinating the work of 17 separate U.N. agencies. The U.N.'s efforts to demobilize combatants, which officials of the U.S. Agency for International Development described as a model for international cooperation, resulted in U.N. agencies conducting joint planning and taking steps to avoid duplicative programming. For example, the U.N. Population Fund had incorporated reproductive health activities into the U.N. Children's Fund and the U.N. Development Program's development projects. In addition, all U.N. agencies fully coordinated their efforts in an effective response to Hurricane Mitch and in producing a country development report, which for the first time included a candid section on human rights. Although the government objected to this report, all U.N. agencies in country were united in defending the report.

Despite improvements in some of the areas, we also found that the reforms are still in process and that U.N. agencies do not fully coordinate their activities at the working levels and in the field. The following examples illustrate areas where we found some continuing weaknesses in U.N. cooperation.

- The improved policy coordination and information sharing apparent at the U.N.'s highest levels and on critical issues are less evident in day-to-day activities at working levels of the organization. Several U.N. officials who recently worked both in U.N. headquarters and in field peacekeeping operations confirmed the need for

[5] *United Nations: Limitations in Leading Missions Requiring Force to Restore Peace* (GAO/NSIAD-97-34, Mar. 27, 1997).

increased interdepartmental coordination and cooperation on day-to-day policy and operational matters. During our fieldwork in the Middle East and Guatemala, senior and mid-level peacekeeping and political officers told us that coordination between them remains at a low level and they are continuing their practice of following instructions respectively from both the Department of Peacekeeping Operations and the Department of Political Affairs. They do not see evidence from their instructions that these departments are coordinating their work on a day-to-day basis.

- We also found impediments to fully integrating country development activities. In Guatemala, the common country assessment was delayed because agencies sought to include development indicators in line with their own mandates and programming, rather than agreeing on overall indicators of U.N. success. In Mozambique, U.N. officials said that some of the country team's working groups were largely inactive—such as education and water and sanitation-- because officials were reluctant to spend time working on issues not directly related to their agencies' priorities. About one-third of the U.N. officials we interviewed had no requirement or job expectation to participate in the U.N. development assistance framework. According to these officials, their career, promotion, and reward paths are through their parent organizations, and their work on the framework is an adjunct to their agency duties.

REFORMS TO DEVELOP A RESULTS-ORIENTED HUMAN CAPITAL SYSTEM PARTLY IN PLACE

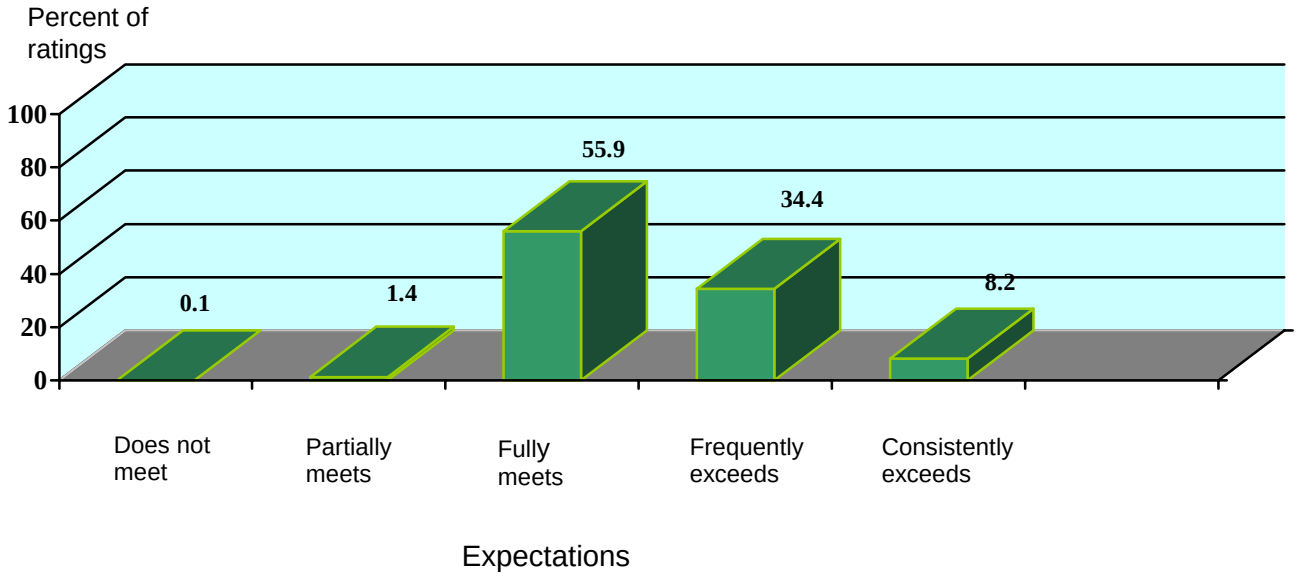
The Secretariat has partly implemented initiatives to begin transforming its human resources culture into one that is results oriented, responsive, and accountable. Fundamental tasks remain to be completed, such as developing U.N. procedures that allow the organization to staff critical needs and fully automating its personnel database. Nonetheless, in comparison to the situation in 1994, when the human capital system was in crisis, positive steps have been taken, such as implementing a merit-based appraisal system and a U.N.-wide code of conduct. Also, the overall plan for reforming the human capital system shares the elements and values that are common to high-performing organizations.[6] For example, a hallmark of

[6] GAO reports on human capital describe the approach that leading public and private sector organizations have taken. See, for example, *Human Capital: A Self-Assessment Checklist for Agency Leaders* (GAO/GGD-99-179, Sept. 1999).

high-performing organizations is that human capital procedures are directly linked to achieving organizational objectives. The Secretariat's new merit-based appraisal system requires that managers set performance expectations for all staff and that the expectations be linked to achieving U.N. objectives.

Implementation of the new appraisal system helps illustrate the progress the Secretariat has made in reforming its human capital system. The appraisal system is intended to help introduce a results-based culture to the Secretariat by providing honest feedback to staff about their performance. Ratings are based on a staff member's performance in meeting expectations, as measured by agreed-upon indicators. In comparison, the old appraisal did not set work expectations; ratings were uniformly high, with about 80 percent of staff receiving the highest rating; and the Secretariat did not routinely compile statistics on staff performance. Figure 4 shows the distribution of ratings for the most currently available period and demonstrates that most staff are now rated as meeting expectations and that there is a relative dispersion in the ratings.

Figure 4: Distribution of U.N. Secretariat Staff Appraisals, 1999



Source: U.N. documents.

The Secretary General has also followed up on the application of the appraisal system. For the 1998/99 appraisal cycle, the Deputy Secretary General sent letters to two departments that had ratings markedly higher than the other departments. The letters instructed the departmental chiefs to counsel supervisors on the requirements for fair and well-documented ratings. He also sent letters to the promotion board informing the board that the ratings in these departments might be inflated and to consider this in its promotion decisions. Finally, in November 1999, the Under Secretary General issued an administrative instruction that set out the consequences of receiving less than fully successful performance ratings, ranging from not receiving the annual salary pay increase to dismissal, depending on the length of time the staff member had not fully met expectations.

The United Nations plans to fully put into place its human capital reforms over the next 2-4 years. The following examples help illustrate some of the progress made and the tasks remaining.

- Beginning in 1999, the Department of Management extended the use of the Integrated Management Information System--the Secretariat's data system on budget, finances, management, and personnel—to the entire Secretariat. This provided the Office of Human Resources Management with basic data on all Secretariat staff with a contract of 1 year or longer, such as staff hiring date, current and past positions, work location and office, nationality, age, and gender. The office now generates regular reports of the Secretariat workforce, including projections of retirements by position, grade level, and type of employment for short-term planning. While this development provides the United Nations with a basic management tool, several steps need to be taken to make the personnel information system fully functional, including linking the databases electronically with all offices (currently the Secretariat has real-time access to personnel data for 48 percent of professional staff-- those located at headquarters in New York and at the offices in Geneva and Vienna); completing an inventory of existing staff skills and knowledge; and automating a list of job qualifications for each Secretariat position.

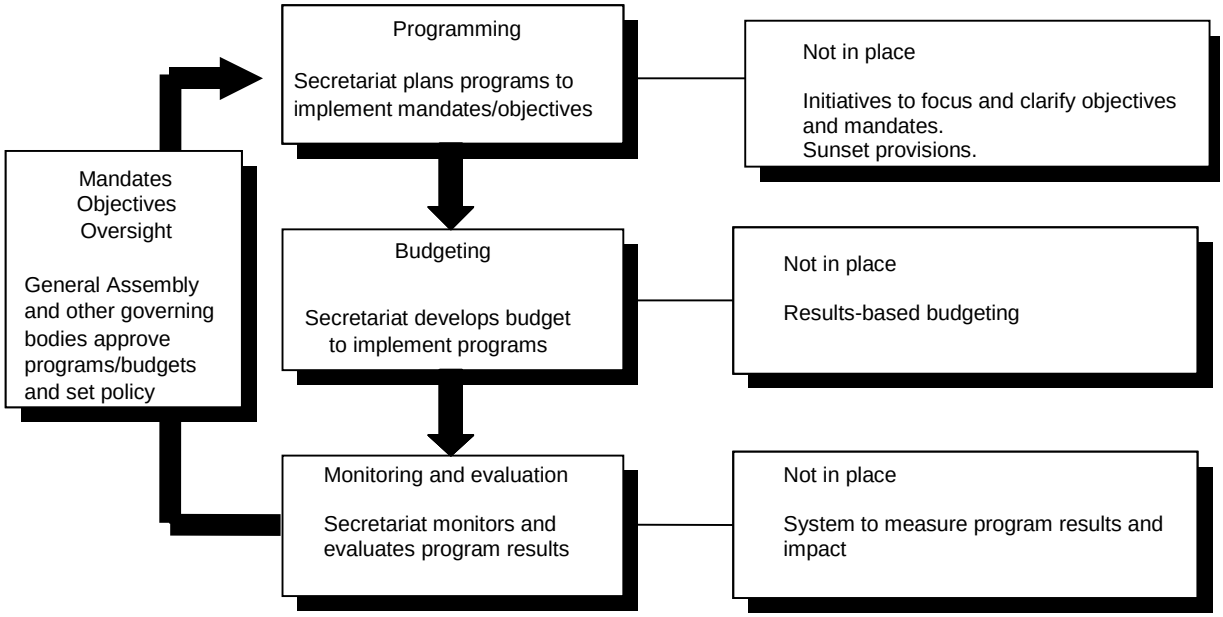
- The Secretariat has begun identifying and filling critical needs projected for the next 2-4 years but has not begun developing a long-range workforce planning strategy. This will start once basic tools are in place and after the General Assembly debates the U.N.'s future role at the millenium assembly in the summer and fall of the year 2000.

- The Office of Human Resources Management has developed a comprehensive plan to improve recruitment and mobility, which includes lateral moves, job exchanges, temporary assignments, and job rotation systems within departments and field missions. The office discussed these proposals with staff committees during 1999 and plans to continue discussing the proposals through April 2000, as part of its policy to consider all staff views regarding human capital reforms. At the end of April 2000, the Office plans to complete a report on the proposal and submit it to the General Assembly, which must approve any changes to staff rules and regulations needed to implement the proposal.

REFORMS TO MANAGE FOR RESULTS NOT YET ADOPTED

A core element of the U.N. reform was to introduce processes to hold the U.N. Secretariat accountable for results by (1) focusing and clarifying the objectives member states expected the Secretariat to achieve; and (2) adopting performance-oriented programming and budgeting, that is, linking budgeted activities with performance expectations and measures. The United Nations is considering these initiatives, including the use of performance measures in its principal planning document—the medium-term plan. However, these proposals have not yet been adopted because some member states believe they are tactics to cut the budget. Another problem is that the Secretariat does not have an overall system to monitor and evaluate the results and impact of its programs. Such a system is necessary to implement performance management. Figure 5 depicts the U.N. program planning cycle and the status of the key initiatives to modify it.

Figure 5: Status of Initiatives to Modify the U.N. Program Planning Cycle



Source: GAO analysis based on U.N. documents and discussion with U.S. and U.N. officials.

The Secretary General proposed that the General Assembly focus the Secretariat's work by limiting the number of new work requirements or mandates for the Secretariat and clearly stating what it expected the Secretariat to do. These initiatives were not adopted. For 1997 and 1998, the most recent 2- year period for which information was available, we found that the number of new tasks mandated by the General Assembly increased from 246 to 587 and that 20 percent of these mandates had vague or open-ended expectations.

The Secretary General also proposed revising the budget process to focus on performance. He proposed that budgets would specify not only program costs but also expected program results and performance indicators. Member states could thus hold the Secretariat accountable for results. The Secretary General further proposed intermediate steps to prepare for and build confidence in this results-based approach, such as developing acceptable and reliable performance indicators; incorporating qualitative information in the performance measures; and pilot-testing proposed changes. The General Assembly is considering these proposals but has not yet approved them. Some member states are

concerned that performance-oriented budgeting is a tactic to cut the U.N. budget. For example, in 1998, the Group of 77—a block of over 130 U.N. member states classified as developing countries took the position that results-based budgeting was a radical departure from accepted practices. They stated there should be no predetermined ceilings on budgets, that all mandates should be fully funded, and that any attempt to use results-based budgeting to cut the budget would be resisted. Although the General Assembly has not yet approved performance budgeting, it authorized the Secretariat to specify expected program accomplishments and performance indicators in its primary program planning document—the medium-term plan.

Member states were also concerned that the Secretariat lacked a system to monitor and evaluate program results and impact. Currently, numerous U.N. departments monitor their programs, and over 20 U.N. departments and offices have their own evaluation units. However, in the absence of results-oriented budgeting, monitoring largely involves counting outputs, such as the number of conferences held or staff years spent. Evaluations do not systematically provide information on program impact and whether objectives have been met. Furthermore, the United Nations has not developed a centralized strategy to improve monitoring and evaluation. Presently there is no centralized strategy that identifies limitations or gaps in existing efforts, employs guides to help provide some consistency and reliability in evaluation, or creates an approach to unify monitoring and evaluation functions to support performance-oriented budgeting.

CONCLUSIONS AND RECOMMENDATIONS

What distinguishes this U.N. reform from others tried in the past is the effort to transform the United Nations into a performance-based organization by implementing interrelated reform initiatives. The initiatives put into place thus far—substantially realigning the organization and introducing a merit-based appraisal system tied to U.N. objectives--are moving the United Nations in this direction. There is also evidence that these reforms are strengthening operations on the ground, where United Nations services and programs are actually delivered. However, without fully implementing programming, budgeting, and evaluation processes focussed on performance, the U.N. will not have the management systems to sustain the gains made and transform the organization.

To help ensure that the United Nations maintains momentum in its overall reform efforts, our report recommends that the Secretary of State report annually to the Congress on the status of the Secretary General's reform plan, including an assessment of whether U.N. agencies and departments are effectively coordinating efforts at the country level, effectively implementing a results-oriented human capital system, and effectively implementing a performance-oriented management system.

Additionally, to support the United Nations in transforming the organization into one that is performance oriented and continuously improves, we recommend that the Secretary of State and the Permanent Representative of the United States to the United Nations work with other member states to

- take intermediate steps at the Secretariat to implement results-oriented budgeting, such as setting measurable goals and performance indicators for each section of the budget and

- require the Secretariat to develop an organizational strategy for monitoring and evaluating the results and impact of Secretariat activities.

The Department of State, the U.S. Mission to the United Nations, and the United Nations generally agreed with our findings on U.N. reform. State and the U.S. Mission also said they would report regularly to the Congress, in the context of the oversight process, on the status of the U.N. reform plan and would continue working on improving the U.N.'s planning, budgeting, and evaluation systems.

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Mr. Chairman and Members of the Subcommittee, this concludes my prepared testimony. I would be happy to respond to any questions you or other members may have.

CONTACT AND ACKNOWLEDGEMENT

For future contacts regarding this testimony, please call Harold J. Johnson at (202) 512-4128. Individuals making key contributions to this testimony included Tet Miyabara, Pat Dickriede, Rick Boudreau, and Mike Rohrback.

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