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Observations on Reform Initiatives

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Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the status of initiatives intended to reform the United Nations. Reform, according to the U.N. Secretary-General, means embracing fundamental measures that strengthen the organization and its efficiency. Among these measures are initiatives demanded by member states, such as increased accountability and budget restraint. Other measures include initiatives the Secretary-General announced in 1997.[1] To help Congress assess what progress has been made in reforming the United Nations, you asked us to examine U.N. efforts intended to (1) unify and focus its organizational structure; (2) control its budget and institute new budget procedures; (3) improve oversight, program monitoring, and evaluation; and (4) improve its human resources management. This testimony represents our preliminary assessment. As requested, we will provide you a comprehensive report later this year.

My testimony is based on publicly available U.N. documents as well as documents available only to member delegations and our prior work on U.N. activities, such as our recent report on procurement reform.[2] We also reviewed working files and records obtained from U.N. officials and documents obtained from the Department of State and the U.S. Mission to the United Nations. In addition, we held discussions with numerous U.N. officials, including the Deputy Secretary General and several assistant secretaries-general.

To provide context for my observations, I will first provide a brief background on the conditions that led to the reform measures and initiatives.

Background

For the past 25 years, U.N. member states and others have made attempts to reform the United Nations, citing problems such as bureaucratic rigidity, poor program performance, duplication and rivalry across its many programs, and its high cost. A specific concern of member states, particularly the major donors, was the constantly growing budget of the

[1] Renewing the United Nations: A Programme for Reform , A/51/950 (New York, N.Y.: United Nations, July 14, 1997); letter dated 17 March 1997 from the Secretary-General addressed to the President of the General Assembly.

[2] United Nations: Progress of Procurement Reform (GAO/NSIAD-99-71, Apr. 15, 1999).

Secretariat and the seeming inability to restrain costs. Demands were made that U.N. member states adopt procedures to control the budget, and, in 1986, the U.N. General Assembly adopted consensus budgeting—a process for reaching broad agreement without calling for a vote. The United States supported this measure as a step toward ensuring that sufficient attention would be paid to the views of the major contributors in the development of the budget. Member states demanded other initiatives to increase financial discipline, such as the adoption of results-based budgeting and sunset provisions on new U.N. programs. In the early 1990s,the United States and other member states identified the lack of effective internal oversight at the United Nations as a major problem. They cited concerns about administrative waste and inefficiency. The Secretariat itself identified a crisis in the U.N.'s procurement system that raised serious concerns about financial controls. The U.N. Office of Internal Oversight Services (OIOS) was created in 1994 in response to concerns such as these. At the same time, member states also demanded systems that could evaluate and monitor the relevance and effectiveness of U.N. programs so they could decide which programs to retain.

In 1994, the Secretary-General reported that the U.N.'s management of human resources was in crisis. The organization was faced with new challenges, and its human resources management had failed to adequately respond. Among the concerns of the Secretariat were a performance appraisal system that did not rate staff fairly or consistently, the lack of a code of conduct that clearly laid out staff rights and consequences for misconduct, and the inability to plan its human resource needs.

These problems and the demands for change by member states culminated in reform initiatives announced in 1997 by the Secretary-General. According to the Secretary-General, the United Nations had become fragmented, rigid, and, in some areas, irrelevant. The United Nations had also created duplicative bodies, rather than instituting effective management structures. To build a cohesive organization that acted with a unity of purpose and deployed its resources strategically, the Secretary-General incorporated many of the earlier demands for reform into his initiatives, as well as other initiatives to restructure the United Nations.

Summary

The Secretary General has said, and I agree, that reform is a process and not an event. Based on our preliminary assessment, we believe that the Secretary-General has undertaken a serious effort to reform the United

Nations to improve its relevance to member states and enhance its operational efficiency. Although clear progress has been made in some areas, the initiatives we examined have not been fully implemented.

Progress has been made in unifying and focusing the organizational structure of the U.N. Secretariat, and the programs that are part of the United Nations proper, to make the Secretariat a more cohesive management unit. The Secretary-General appointed a deputy secretary-general to function as the chief operating officer and to strengthen internal coordination. A senior management group, composed of the under secretaries-general and the heads of those programs that report to the Secretary-General, was also created. This group meets weekly to ensure U.N. actions are unified and focused on the same objectives. In sharp contrast with the past, where under secretaries operated with great autonomy, this new structure provides regular opportunities to communicate, coordinate, and focus the work of U.N. departments, offices, and programs on common objectives. While we believe this new structure, now about 2 years old, is a positive move, the proof of its success will be measured in the field, where programs are actually implemented. Because we are still in the preliminary phase of our evaluation, we have not yet tested the new structure's actual impact on improving program delivery and effectiveness. Also, I should add that this new structure does not include the specialized agencies, such as the Food and Agricultural Organization, the International Labor Organization, and the World Health Organization, and consequently, the long-standing concerns about overlap, duplication, and coordination within the U.N. system as a whole are not being addressed by this organizational restructuring.

While budgets have been level for the past two bienniums, our assessment thus far indicates that no fundamental changes have been made to the budgeting process to control the growth of the regular budget. The process for developing budgets is largely unchanged, and, adopting regular budgets by member state consensus does not assure control of budget growth, as initially hoped. For example, in developing the budget for 2000-2001 the United States and Japan, which provide over 45 percent of the U.N.'s financial support, objected that the preliminary budget ceiling was set too high. However, no vote was taken to record their dissent, and the measure passed by consensus. Also, the largest donors do not have permanent seats on the Advisory Committee on Budgetary and Administrative Questions, where they could most effectively advocate budget restraint. Moreover, although the Secretariat supports implementing results-based

budgeting and sunset provisions, initiatives intended to bring more discipline to the budgetary process, these measures have not been adopted. Nonetheless, some progress has been made. The Secretariat has instituted a program intended to cut costs and increase efficiencies. It has thus far reported over $13 million in savings by introducing more than 600 efficiency projects.

An area where important improvements have been made is in the oversight of U.N. programs and activities; however, even here the effort should not be considered complete. Through the efforts of Congress, the executive branch, and other U.N. member states, the U.N. Office of Internal Oversight Services was created in 1994. As we reported to you in 1997, OIOS has established itself as the internal oversight mechanism for the U.N. Secretary-General[3] and, based on our continuing work at the United Nations, this office appears to have become an institutional part of the United Nations. OIOS has clearly enhanced and strengthened the audit, inspection, and investigations functions at the United Nations. However, progress has been much slower in developing and implementing a monitoring and evaluation system to measure and report on program performance and effectiveness that would help member states make program decisions.

To begin addressing what the U.N. Secretariat considered a crisis in its human resources management, it recently introduced several initiatives and adopted a strategy to carry them out. These initiatives include a new performance appraisal system, adoption of a staff code of conduct, and actions to begin human resources planning. However, these initiatives have not yet been fully implemented, and some problems have developed in their implementation. For example, after the new merit-based appraisal system, introduced in 1996, was applied during the most recent rating period, the Secretary-General asked three departments to revise the ratings because they were too high and were out of line with the rest of the Secretariat. Also, the code of conduct, adopted in December 1998, does not provide the Secretariat with clear procedures for applying related disciplinary measures for systematic management problems, negligence, and gross negligence. Additionally, while the Secretariat has begun using an automated database as the basis for its human resources planning, the information system is unable to account for and track all staff working for the U.N. Secretariat.

[3] United Nations: Status of Internal Oversight Services (GAO/NSIAD-97-59, Apr. 9. 1997).

With that brief summary, I would like to discuss each of these reforms in greater detail.

Organizational Restructuring

To begin unifying and focusing the United Nations, the Secretary-General announced a major reorganization in 1997 and since that time, has taken action to implement the changes. In particular,

- a deputy secretary-general was appointed to essentially perform the functions of a chief operating officer and ensure coordinated U.N. operations;
- a senior management group was established to set overall policy direction;
- four executive committees were formed to implement the policies and ensure that the actions were coordinated among the U.N. organizations;
- the U.N. Development Assistance Framework was implemented to coordinate the U.N.'s development efforts in the field;
- various departments and offices were restructured and consolidated to strengthen and focus the U.N.'s response to humanitarian emergencies; and
- human rights activities were consolidated, and steps were taken to strengthen human rights activities and integrate them into the overall activities of the organization.

Deputy Secretary-General and the Senior Management Group

As an integral part of building a cohesive and unified management structure, the Secretary-General asked the General Assembly to approve the position of deputy secretary-general, whose job would be to strengthen coordination, collaboration, and uniformity of focus in U.N. operations. The General Assembly approved the position in December 1997, and the Secretary-General appointed an experienced diplomat as Deputy Secretary-General in January 1998. Since then, the Deputy Secretary-General has worked on many of the day-to-day operational issues to ensure that U.N. activities are unified. The Deputy Secretary-General chairs the senior management group in the Secretary General's absence and has also worked on ensuring a consistent U.N. response to personnel reforms and a coordinated approach to U.N. activities, such as in Afghanistan.

The Secretary-General also established a senior management group, composed of all the under secretaries-general and the heads of the U.N. funds and programs, to provide unified and clear leadership for the

organization. (See app. I for a list of the members of the senior management group.) According to the Under Secretary-General for Internal Oversight, through the leadership of this group, communication and coordination among U.N. organizations has improved. The senior management group meets weekly with the Secretary-General to discuss U.N. operations and agree on unified actions and policy direction. Full attendance almost always occurs (sometimes by videoconference) because important decisions for the United Nations as a whole are made, and the senior managers all have a stake in these decisions. Previously, the heads of the funds and programs and other senior managers had no regular mechanism to coordinate overall U.N. activities; some met with each other only once a year at the General Assembly.

According to the Deputy Secretary-General, the senior management group discusses all major issues affecting the United Nations and agrees on a common strategy for them. For example, decisions such as how the United Nations would develop a unified response to the crisis in Kosovo and how to implement personnel reforms consistently across the organization have been discussed and agreed upon. In deciding on its responses to the unfolding events in Kosovo, the High Commissioner for Refugees regularly reports to the group and describes her field visits. Since the Emergency Relief Coordinator is also one of the group's members, a unified U.N. response has been planned. As such, it was has been agreed that the High Commissioner's office will lead the U.N.'s immediate response to the humanitarian crisis in Kosovo with help from the Emergency Relief Coordinator. According to the Deputy Secretary-General, the work of the executive committees provides a good indicator of how well the senior management group is working because the executive committees plan and implement programs in accord with the direction set by the senior management group.

Executive Committees

Four new executive committees—(1) peace and security, (2) humanitarian affairs, (3) economic and social affairs, and (4) development operations—were established to plan and implement focused and unified U.N. action as agreed to by the senior management group. The Secretary-General placed U.N. departments, offices, and the programs and funds into appropriate groups; named a convenor of each committee from the senior management group; and expected the committees to coordinate, plan, and implement U.N. activities as teams. (App. II compares the U.N. organization before and after these reforms.) According to senior U.N. officials, the concept of the senior management group and executive committees grew out of

recognition that the U.N. system was too vertical, with each organization operating in a stovepipe fashion, reporting only to the Secretary-General and, in some cases, their governing committees. There was also frustration that some programs, with their own sources of funding, did not consider systemwide U.N. programming a priority.

All executive committees have been meeting regularly since late 1997. For example, as of April 1999, the economic and social affairs committee had met formally 15 times. According to members of these committees, the under secretaries-general and heads of offices frequently attend the meetings because they all have a stake in shaping overall U.N. programming in their areas. Some examples of the committees' work include the following:

- The Executive Committee for Peace and Security developed a unified plan for the referendum in East Timor, involving the Departments of Peacekeeping Operations and Political Affairs, the Human Rights Coordinator, and other committee members.
- The Executive Committee for Humanitarian Affairs developed a unified U.N. response to Hurricane Mitch and negotiated U.N. access to areas controlled by the Union for the Total Independence of Angola, on behalf of all committee members including the High Commissioner for Refugees, the U.N. Development Program, and the U.N. Children's Fund.
- The Executive Committee for Economic and Social Affairs developed an online statistical database of all activities undertaken by 12 of its members, which can sort the activities by issue, type of activity (such as a conference or publication), location, and date.
- The Executive Committee for Development Operations has begun implementing the U.N. Development Assistance Framework after completing pilot tests in 18 countries. (The framework is more fully described below.)

U.N. Development Assistance Framework

To better coordinate the efforts of U.N. organizations and build an integrated program for its development activities, the United Nations is implementing the U.N. Development Assistance Framework in countries where it provides assistance. One view of the framework is that it translates a country's need for development assistance into a coordinated operational plan of action among U.N. agencies. The framework document is prepared jointly by a team composed of all U.N. organizations in a country. The team agrees upon and specifies U.N. objectives; strategies of cooperation; projects to be undertaken; and proposals for follow-up,

monitoring, and evaluation. In August 1997, a pilot phase was initiated to test the framework in 18 countries. In May 1998, an assessment of the pilot phase was started, with all the principal framework organizations in attendance. In April 1999, the United Nations approved the guidelines for preparing and implementing the framework, and the General Assembly passed a resolution recognizing the move to full implementation.[4] As of April 1999, final frameworks had been completed in 11 countries, with 6 frameworks co-signed by the World Bank.[5]

While progress has been made in implementing the framework, the critical question is whether participating U.N. organizations will work together. At the assessment workshop in September 1998, it was noted that a cultural change is required for the framework to succeed. This necessitates commitment at all levels of the U.N. system. The experience in Guatemala illustrates the issue. Seventeen U.N. system organizations have activities in Guatemala, with a portfolio of about $400 million and a total staff of about 800 local and international workers. The U.N. organizations and the World Bank participated in developing the framework and identifying priority objectives with the Guatemalan government. A shared information database with indicators was also developed, and lead agencies were given specific tasks. However, according to the U.N. country team's report to the U.N. Economic and Social Council, the headquarters of each U.N. agency set the tone for cooperation. The message from headquarters to the field was that individual agency results were more important than overall U.N. system results. Our own reports have found similar problems in U.N. cooperation. Our 1998 evaluation of the Joint U.N. Program on the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome found that U.N. agencies in the field had difficulty working together and coordinating their activities.[6] Concerns about a joint program led to lack of commitment to working together on the part of some agency officials.

[4]Resolution Adopted by the General Assembly, A/RES/53/192 (New York, N.Y.: United Nations, Feb. 25, 1999).

[5]The World Bank has introduced the Comprehensive Development Framework to involve all aid donors in planning assistance activities within a country. The U.N. Development Assistance Framework and the Bank's Comprehensive Development Framework are intended to be complementary.

[6]HIV/AIDS: USAID and U.N. Response to the Epidemic in the Developing World (GAO/NSIAD-98-202, July 27, 1998).

Restructuring Humanitarian Affairs

In March 1998, the United Nations began reorganizing Secretariat units to launch coherent and coordinated humanitarian operations. The Department of Humanitarian Affairs was dissolved and replaced with the Office for the Coordination of Humanitarian Affairs, headed by the Emergency Relief Coordinator. The office's role was narrowed to focus on three core functions: (1) policy planning and development, (2) advocacy (including fund-raising), and (3) coordination of humanitarian emergency response. Other emergency-related activities were redistributed within the U.N. system. For example, demining activities were transferred to the Department of Peacekeeping Operations, and demobilization of combatants was transferred to the U.N. Development Program. In addition, the Office of the Emergency Relief Coordinator was reorganized and its staff was reduced from 250 to 137 professionals. According to a Department of State official, this change represented the most visible and positive indication of reform, as the previous directorate was overstaffed and lacked leadership.

As part of the restructuring of humanitarian affairs, the United Nations initiated the Strategic Framework concept. The framework is intended to unify the actions of U.N. agencies in countries that are in conflict or have just completed peace agreements. To date, the Strategic Framework has been employed only in Afghanistan, but the United Nations plans to utilize the approach in Sierra Leone. According to Department of State officials, the Strategic Framework faces challenges of coordination similar to the U.N. Development Assistance Framework. A U.N. report on the experience in Afghanistan has not been completed.

Human Rights

In his reform proposals, the Secretary-General committed to strengthening the U.N.'s human rights programs and fully integrating them into the organization's activities. As a first step, representatives from the High Commissioner for Human Rights were placed on all four executive committees. According to a senior official in the New York Human Rights Office, the High Commissioner has taken advantage of this opportunity and made human rights activities a part of all programs. For example, the High Commissioner provided input into the formulation of guidelines for the development assistance framework. Human rights activities are now a component of each framework and are included in country programs such as Guatemala, Malawi, and Mozambique in the form of specific training and outreach programs on human rights. According to U.N. officials, the elevation of human rights as an issue and its inclusion into these programs represents a marked change from less than 2 years ago.

The United Nations has taken other steps to strengthen human rights activities, such as

- consolidating the Center for Human Rights into the Office of the High Commissioner for Human Rights and restructuring the Office by reducing the number of divisions from five to three,
- upgrading the head of the High Commissioner's office in New York to the level of director and adding five staff,
- conducting an analysis of technical assistance related to human rights provided by U.N. agencies in order to formulate proposals for their improvement, and
- working to establish a human rights data bank to disseminate information and analysis.

Despite the gains made in reforming the U.N.'s human rights program, challenges persist. For example, including human rights as a basic consideration in U.N. activities is not supported by all countries. According to a Department of State official, human rights issues are highly political for member states, and U.N. agency officials are often hesitant to raise these issues with member governments out of fear of jeopardizing their access in the country and damaging their particular program. Reforms related to increasing the efficiency of the human rights entities have also not progressed. According to State Department officials, the High Commissioner has not reduced the duplication and overlap in human rights reporting by the 11 treaty bodies and 37 Special Rapporteurs because member states control the requirements and have not agreed to changes.[7]

Budget Control and Results-Based Budgeting

Although the United Nations has maintained level budgets for the past two bienniums, our preliminary assessment indicates that no fundamental changes have been made to the budgeting process to control the growth of the regular budget—an area of long-standing concern of your Committee. Under procedures adopted by the General Assembly in 1986, the U.N.'s

[7]Several U.N. human rights treaties, aimed at providing increased protection to vulnerable groups, have been adopted and come into force upon ratification by the requisite number of States parties, such as the International Convention on the Elimination of All Forms of Racial Discrimination (1965) and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984). The implementation of these core human rights treaties is monitored by committees, or "treaty monitoring bodies." The Commission on Human Rights and the Economic and Social Council have established a number of extra-conventional procedures and mechanisms that have been entrusted to Special Rapporteurs or experts. Their mandates are to examine, monitor, and publicly report on human rights situations in specific countries or on major human rights violations worldwide.

regular budget is approved by consensus.[8] Under consensus budgeting, the Secretary-General submits to the General Assembly a budget outline that contains a preliminary estimate of funding requirements. The Advisory Committee on Administrative and Budgetary Questions reviews the proposed funding requirements. A larger administrative committee, the Fifth Committee, then tries to obtain the broadest possible agreement among members in approving a level for the Secretary-General to use in preparing the budget.

The process does not appear to have assured that the views of the major donors have been sufficiently considered thus far in formulating the 2000-2001 budget. In 1998, the General Assembly approved a preliminary budgeting level equivalent to $2.655 billion for the 2000-2001 biennium, in comparison to the estimated $2.527 billion for 1998-99 budget. Any member state can request a vote in the General Assembly if it dissents, thus breaking the consensus on the preliminary level.[9] The United States and Japan, which together pay about 45 percent of the regular budget, did not agree. However, neither member requested a vote. Consequently, the level was formally approved by consensus, even though the two largest donors dissented. State officials predicted that the actual budget—developed later in the year—would be lower than the preliminary estimate. State officials said they would consider requesting a vote if the final budget level was considered to be too high.

Another aspect of controlling the level of the budget involves the work of the Advisory Committee on Administrative and Budgetary Questions. Although the advisory committee plays a crucial role in determining the regular budget level, member states that pay the largest share of the budget do not have permanent seats on the committee. For example, the United States, Japan, Germany, France, and Italy combined are assessed about 67 percent of the regular budget, but none has a permanent seat on this key financial committee.[10] The committee's role is to review the budgets and finances of the United Nations and make recommendations to the General

[8]Review of the Efficiency of the Administrative and Financial Functioning of the United Nations, GA Res. 41/213 (New York, N.Y.: United Nations Dec. 19, 1986).

[9]Rules and Procedures of the General Assembly (A/520/Rev.15) (New York, N.Y.; United Nations, Dec. 31, 1984)

[10]France, Italy, and Japan are current members of the Advisory Committee on Administrative and Budgetary Questions. The 16 members of the committee are elected by the General Assembly and serve 3 year terms. The rules of procedure of the Committee are confidential.

Assembly on budget levels and other financial issues. According to State Department officials, the committee is particularly influential because its members have the most knowledge of and expertise about the U.N. budget process.

You requested that we examine whether the regular U.N. budget for 1998-99 will have zero nominal growth. At this point, it is uncertain whether there will be zero nominal growth in the 1998-99 budget compared to the prior biennium, although the Secretariat estimates that the final budget amount for 1998-99 will be lower than the final amount for 1996-97. However, the uncertainty comes about because in comparing budgets, the amount for 1998-99 needs to be adjusted to reflect new accounting procedures used in determining the budget levels.[11] To make a valid comparison with the 1996-97 biennium, the costs of jointly funded activities would need to be included in the 1998-99 budget.

Another indicator of budget restraint is holding spending to the level initially approved. For the 1996-97 biennium, U.N. budget expenditures were about $61 million less than the initially approved budget. However, expenditures were lower than forecast because the strong U.S. dollar resulted in currency exchange gains of about $49 million and the United Nations hired fewer staff than it had budgeted for, saving an additional $34 million. Some savings were used to pay for the costs for special political missions, such as the mission in Guatemala.[12] The United Nations will likely maintain a budget level at or below the approved level for the 1998-99 biennium. The United Nations estimates that it will spend about $6 million less than the initially approved budget. However, savings of more than $56 million from a strong U.S. dollar, lower-than-expected staff costs, and a lower-than-expected inflation rate are expected to provide the Secretariat a cushion.[13]

[11]Under the accounting change adopted in 1998-99, net budgeting is used. Member states are assessed only their share of costs payable for jointly funded activities. Programme Budget for the Biennium 1998-1999, First Performance Report, A/53/693 (New York, N.Y.: United Nations, Nov. 23, 1998).

[12]Programme Budget for the Biennium 1996-1997, Second Performance Report, A/C.5/52/32 (New York, N.Y.: United Nations, Dec. 11, 1997).

[13]The Advisory Committee on Administrative and Budgetary Questions has considered ways to stabilize the budget from currency fluctuations, neither creating a windfall when the dollar is strong nor a deficit when the dollar is weak. To accomplish this, a separate account needed to be established, and this action was not supported by member states.

Results-based Budgeting and Sunset Provisions

The Secretary General recommended a shift to performance, or results-based budgeting, to focus the organization more on accountability for achieving results rather than completing tasks. Although strongly supported by the United States and other major donors, this measure was not adopted because some members, mainly developing countries, did not support it. Results-based budgeting requires program managers to identify indicators for judging the substantive impact of their programs and justify their programs' effectiveness based on these results. According to senior U.N. and U.S. officials, implementing this system would require "a major cultural shift" among members and U.N. managers and a valid system for evaluating program effectiveness. At the General Assembly's request, the Secretary-General has produced several reports in support of this initiative[14] and provided prototypes of a results-based budget for sections of the Secretariat.[15] Although the General Assembly has considered these reports, it has not adopted the initiative.

The Secretary-General's initiatives also called for new program mandates to include specific time limits, or "sunset" provisions. Sunset provisions would require the General Assembly to renew programs periodically, based on an evaluation of their effectiveness. As with results-based budgeting, this initiative was supported by the United States and other major donors, but some member states, particularly developing countries, did not support it. Many of these members are reluctant to approve an initiative that they perceive could threaten the continuation of programs they deem important.

Initiatives to Reduce Overhead Costs

As part of the overall effort to improve U.N. operations, the Secretary-General proposed to reduce overhead costs from 38 percent of the U.N. regular budget to 25 percent and set a savings goal of $200 million. These savings would be placed in a development account. Projects to eliminate duplication and waste were to generate these savings. The Secretariat has initiated over 600 such projects, some of which have resulted in considerable savings. The Secretariat has not released an estimate of the total savings generated by efficiency projects, but officials believe the goal of saving $200 million is optimistic. Thus far, the

[14]See, for example, Report of the Secretary General: Addendum Results-based Budgeting, A/51/950/Add. 6 (New York, N.Y.: United Nations, Nov. 12, 1997).

[15]United Nations Reform: Measures and Proposals, A/53/500/Add. 1 (New York, N.Y.: United Nations, Oct. 15, 1998).

Secretariat reports that $13 million from these projects, primarily from consolidation of services and departments, has been put into a development account. Examples of some efficiency projects undertaken with estimated savings are

- abolishing the High-level Board on Sustainable Development, which saved an estimated 362,000;
- shifting from subsidizing food services to a profit-sharing arrangement with contractors, which generates at least $500,000 in income annually;
- chartering air service for police monitors rather than purchasing individual tickets, which saved an estimated $1 million in 1997; and
- consolidating mainframe computer operations, which saves an estimated $1.2 million annually.

Oversight, Monitoring, and Evaluation

At the insistence of member states, the United Nations took steps to improve internal oversight of its programs by establishing OIOS. Since then, the United Nations has improved oversight, and accountability is being taken more seriously. For example, in 1997, we reported to you that OIOS had resolved its start-up and operational problems in an organizational environment that had previously operated without effective internal oversight mechanisms for almost half a century.[16] We noted, however, that OIOS is not required to and does not submit all reports to the Secretary-General and the General Assembly, and we suggested that it clarify its criteria for which reports it will submit. In response, the Under Secretary-General for Internal Oversight said he would publish the titles of all reports in the annual report. Since then, he has done so. As of April 1999, OIOS had completed 64 reports that were available to all member states. Some have been hard-hitting reports. One found serious deficiencies, improprieties, and weaknesses in management control in the U.N. operation in Angola that may have fostered fraud and financial abuse.[17] Another report found that a senior U.N. official had used his position to commit 59 separate instances of fraud to steal large amounts of the organization's project funds, without triggering internal alarms.[18] As of

[16] United Nations: Status of Internal Oversight Services .

[17] Report of the Secretary-General on the Activities of the Office of Internal Oversight Services: Note by the Secretary-General, A/52/881 (New York, N.Y.: United Nations, Apr. 28, 1998).

[18] Allegations of Theft of Funds by a United Nations Conference on Trade and Development Staff Member: Note by the Secretary-General, A/5381 (New York, N.Y.: United Nations, Jan. 28, 1999).

June 1998, OIOS had issued 4,042 recommendations for management improvement or action to address misconduct. The Secretariat had implemented 73 percent of these recommendations, according to OIOS records. We have not analyzed the recommendations or the actions taken to implement them.

An indication that oversight and accountability are being taken more seriously is the consistent number of waste, fraud, and abuse reports made to OIOS' investigations section. Between 1994, when OIOS was established, and December 1998, the investigations section received 846 reports. In 1994, it received 110 reports and since then has received at least 165 reports a year. According to the head of OIOS' investigations unit, 595 investigations have been completed, and action has been taken on every report in which a corrective personnel measure or disciplinary action was recommended. Also, unit managers have increasingly asked OIOS to conduct investigations within their units because they know they have a problem and need advice on how to deal with it, according to the Under Secretary-General for OIOS.

Monitoring

An adequate system of monitoring program performance is essential in ensuring greater accountability. However, not much progress has been made in improving the Secretariat's system for monitoring programs. Although many U.N. offices and departments now provide on-line data about program outputs, such as the number of conferences held, member states find this data to be of limited value because it does not indicate whether the program is accomplishing its mandate. For example, the performance report on crime control states that 78 programs on planning, crime prevention, and collaborative effort have been implemented. The narrative explains that an implementation rate of 77 percent was achieved, including over 70 advisory missions to member states. However, there are no indicators or assessment of what was achieved in planning and crime prevention or on these advisory missions or how they helped the beneficiaries. For years, the U.N. Committee for Programme and Coordination has recognized the limitations of this system and has recommended improvements. In 1998, the Committee concluded there was a need to monitor and evaluate the quality of performance and recommended that the Secretary-General propose ways in which the

quality of mandated programs and activities could be better assessed and reported to member states.[19]

Evaluation

Currently, the United Nations does not have an adequate system for evaluating the effectiveness of its programs, including a standard methodology that uses performance indicators and would support results-based budgeting. Although many U.N. departments and offices have their own evaluation units and they conduct various types of evaluations, ranging from efficiency reviews to self-evaluations to lessons learned, they do not have standard methodology guidelines or criteria.[20] According to the Director of OIOS' Central Evaluation Unit, evaluation guidelines on methodology are being drafted but do not focus on program effectiveness.[21] Evaluation emphasis is moving away from determining program effectiveness in meeting goals and objectives to management and problem-solving reviews, according to this official.[22]

Despite the emphasis on broad-based management reviews, developing an adequate system for determining program effectiveness is important for member states. The U.N. Committee for Programme and Coordination recently stressed that evaluation should be based on standards that enable member states to assess the efficiency and effectiveness of the program. It further stressed that evaluation standards and analysis should utilize performance indicators.[23] According to the Under Secretary-General for OIOS and other U.N. officials, the United Nations still has a long way to go in developing a framework to evaluate the effectiveness of its programs. The Secretary-General also agreed that evaluations of U.N. programs have

[19]Report of the Committee for Programme and Coordination on the first part of its thirty-eighth session, A/53/16, part 1 (New York, N.Y.: United Nations, Jul. 8, 1998); Report of the Secretary-General: Methodology for Monitoring and Reporting the Programme Performance of the United Nations, A/46/173 (New York, N.Y.: United Nations, May 14, 1991).

[20]Strengthening the Role of Evaluation Findings in Programme Design, Delivery and Policy Directives, A/53/90 (New York, N.Y.: United Nations, Mar. 25, 1998).

[21]Existing U.N. monitoring and evaluation guidelines do not provide methodologic guidance but state that each major activity should be the subject of a critical assessment every 4 years that examines both the efficiency of the activity and its effectiveness. The guidelines also note that findings should be based on evidence, including records of opinions of independent experts and the views of clients and users.

[22]Strengthening the Role of Evaluation Findings in Programe Design, Delivery and Policy Directives, A/49/99 (New York, N.Y.: United Nations, Mar. 23, 1994).

[23]Report of the Committee for Programme and Coordination on the work of its thirty-eighth session.

been primarily management oriented and have not addressed the question of the continuing validity of the programs themselves.[24]

Human Resources Management

The Secretariat has begun to reform its human resources management, introducing initiatives such as a new merit-based staff appraisal system and a code of conduct and beginning to plan for its human resources needs. The Secretariat also developed a comprehensive plan for reforming its management of human resources and laid out a strategy for implementing it.[25] According to U.N. officials, the success of their plan will require the full cooperation of managers and staff and the support of member states. Currently, however, the initiatives we examined have not been fully implemented, and there have been problems in carrying them out.

For example, for the year 1996, the United Nations introduced a merit-based performance appraisal system. The appraisal requires the rater and the ratee to agree on goals that the ratee will achieve during the rating period and to specify measurable criteria or indicators of success in reaching these goals. The ratee is rated on a 5-point scale, ranging from "does not meet performance expectations" to "consistently exceeds performance expectations." The guidelines state that the rating system is not intended to impose a mandatory bell curve. However, the guidelines also state that when staff are honestly and appropriately appraised, about 5 percent will have the highest and lowest rating.

The Secretariat used its performance appraisal system for a third time in its 1998 annual assessment cycle. About 8,000 of the 14,000 staff directly supervised under U.N. authority were covered by the appraisal system, according to U.N. human resources officials. Out of the 8,000 staff participating in the 1998 appraisal cycle, U.N. officials stated that fewer than 10 individuals had received the bottom rating, the consequences of which could be dismissal for poor performance. Three departments were judged to have inflated ratings, and the Secretary-General sent letters to the managers of these departments, telling them to ensure the ratings were consistent with the rest of the Secretariat. The Secretariat did not provide

[24] Report of the Secretary-General on the Activities of the Office of Internal Oversight Services.

[25] Human Resources Management Reform: Report of the Secretary-General, A/53/414 (New York, N.Y.: United Nations, Oct. 13, 1998).

us with summary statistics for the 1998 performance appraisal cycle, stating that the results are under review.

One problem with the current performance appraisal system is that organizational skills are not clearly defined and benchmarks for determining performance on those skills are lacking. In October 1998, the Secretary-General reported that a statement of core and managerial competencies was still under development and that it would become a base for building other human resource systems, including performance appraisals.[26]

Code of Conduct and Disciplinary Procedures

In December 1998, the United Nations issued a code of conduct for its employees: Status, Basic Rights and Duties of United Nations Staff Members. The United Nations used the new code to clarify the applicability of the U.N. regulations and rules to all staff under the Secretary-General's authority, including the funds and programs. The code established systemwide guidelines for conduct rooted in the U.N. charter. The code stated that the paramount considerations for staff employees are competence, efficiency, and integrity. Accountability is also of primary concern. For example, the code has conflict-of-interest provisions such as that staff members shall not be actively associated with the management of or hold a financial interest in any profit-making, business, or concern, if the staff member or the profit-making business or other concern might benefit from such association because of the staff member's position with the United Nations. Staff members at the Assistant Secretary-General level and above are also required to file financial disclosure statements. In another section of the code, staff are obligated to respond fully to requests for information from officials of the United Nations authorized to investigate possible misuse of funds, waste, or abuse. Finally, the code makes it clear that failure to comply with the code's obligations and the U.N.'s standards of conduct will subject a staff member to disciplinary procedures.

Although the United Nations has adopted a code of conduct, member states have questioned the Secretariat's ability to follow up and discipline staff for misconduct. Concern about actions such as this have been an issue

[26] Performance Management: Report of the Secretary-General, A/53/266 (New York, N.Y.: United Nations, Aug. 14, 1998).

for years.[27] Recently, the U.N. General Assembly requested the Secretary-General to submit to it a report on the follow-up of management irregularities that caused financial losses to the organization. The Secretary-General submitted his report to the General Assembly in March 1999,[28] but the General Assembly considered it incomplete. It did not explain what had been done since 1994 to develop procedures to deal with cases of fraud and other actions causing financial losses to the organization.[29]

The Secretariat does have procedures for dealing with fraud, including summary dismissal. However, according to the Assistant Secretary-General for Human Resources, the Secretariat does not have clear procedures or policies for dealing with cases such as systematic management problems, negligence, and generally poor performance. Its record on taking action against individuals falling into these categories has been inconsistent. Commenting generally on the situation, an official in the Human Resources section said the Secretariat recognizes it has a problem in this area and is now acting to address it.

Human Resources Planning

As part of its reform measures, the United Nations has committed to long-range human resources planning so it can place the right staff in the right place at the right time. As part of this effort, it has been developing an automated database that would account for and track staff employed worldwide. The automated database is the U.N.'s Information Management System (IMIS), which uses satellite relays to link field offices with headquarters. The IMIS database contains basic management information, such as data on employees, including position, years of service, specialization, and payroll information. However, IMIS is not yet

[27] Alleged Cases of Fraud in the United Nations: Study of the Possibility of the Establishment of a New Jurisdictional and Procedural Mechanism or of the Extension of Mandates and Improvement of the Functioning of Existing Jurisdictional and Procedural Mechanisms, A/AC.243/1994/L.3 (New York, N.Y.: United Nations, Apr. 4, 1994).

[28] Management Irregularities Causing Financial Losses to the Organization, A/53/849 (New York, N.Y: United Nations, Mar. 3, 1999).

[29] Management Irregularities Causing Financial Losses to the Organization: Report of the Advisory Committee on Administrative and Budgetary Questions, A/53/954 (New York, N.Y.: United Nations, May 11, 1999).

functioning worldwide.[30] According to U.N. officials, they still have to contact individual field offices and posts to get the number of various employees and manually incorporate them into the database at headquarters.

Also, as part of the U.N. reform initiatives, the Secretary-General set a goal of reducing 1,000 posts paid for under the regular budget. Based on a comparison of the number of posts authorized in the 1996-97 and 1998-99 biennium budgets, 954 posts have been eliminated. The number of posts has been reduced from 10,012 to 9,058. According to Secretariat officials, no staff were let go as a result of the reduction. As staff retired or voluntarily left the organization, their posts became vacant, and many of these posts were eliminated. As you requested, we provide additional information in appendix III about the number of staff hired by the U.N. system.

Mr. Chairman and Members of the Committee, this completes my prepared statement. I will be happy to respond to any questions you may have.

Contact and Acknowledgments

For future contacts regarding this testimony, please contact Harold J. Johnson at (202) 512-4130. Individuals making key contributions to this testimony included Tet Miyabara, Richard Boudreau, Pat Dickriede, Mike Rohrback, Mark Speight, Richard Seldin, and Rona Mendelsohn.

[30] Report of the Office of Internal Oversight Services on the Increase in Costs of the Integrated Management Information System Development Contract: Note by the Secretary-General, A/53/829 (New York, N.Y.: United Nations, Feb. 16, 1999).

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Under Secrertary-General, Special Representative of the Secretary-General for Children in Armed Conflict
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Under Secretary-General and Director General of the U.N. Office in Vienna
Under Secretary-General and Director General of the U.N. Office in Nairobi and the Executive Director of the U.N. Environment Program
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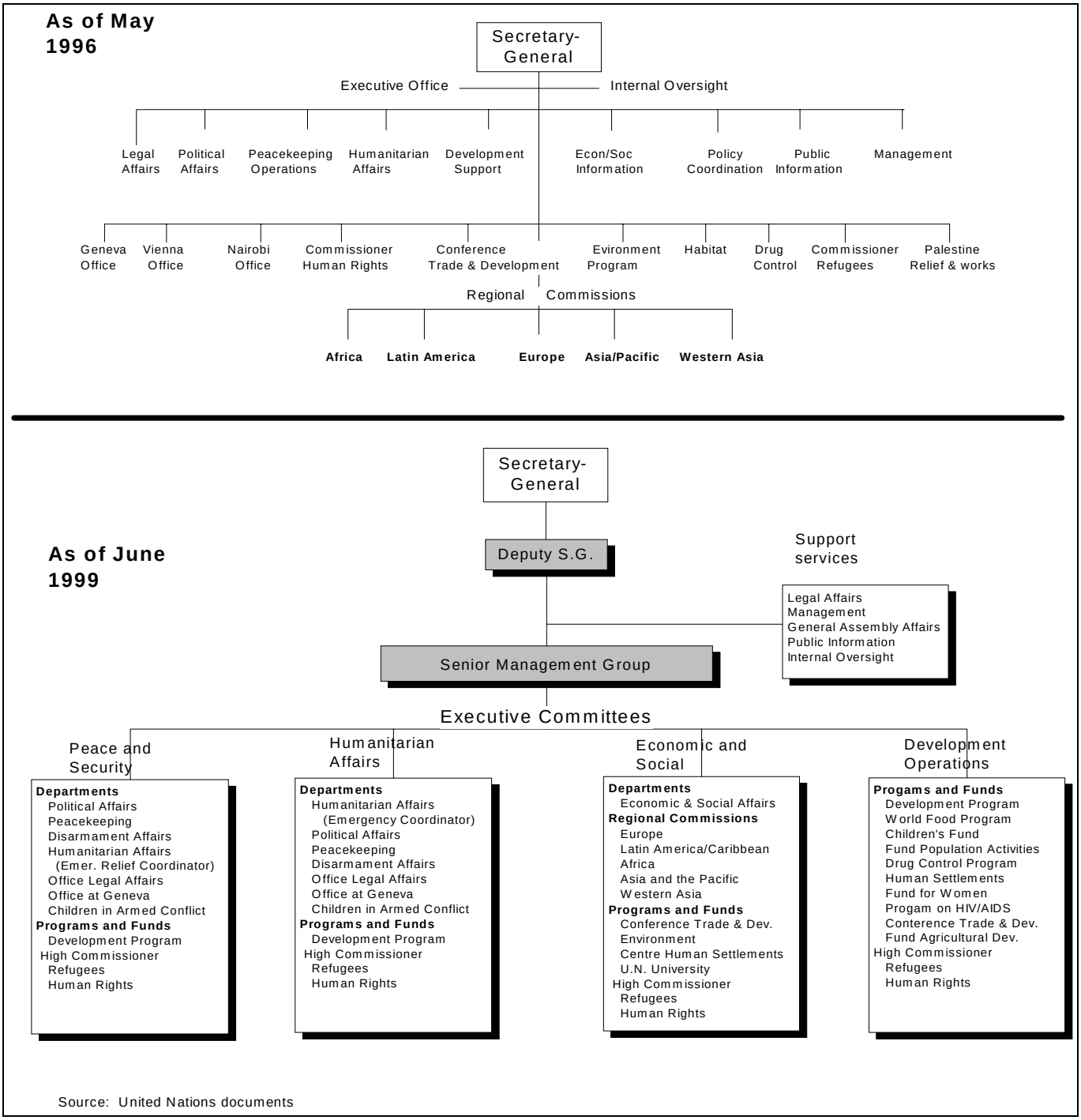

Source: United Nations documents

Staff of the United Nations System, as of December 31,1998

Table III.1 provides a snapshot of U.N. staff with an appointment or contract of 1 year or more who worked for the U.N. Secretariat, the funds and programs, and the Specialized Agencies—commonly referred to as the U.N. system—as of December 31, 1998. As of December 31, 1998, staff financed from the U.N. Secretariat's regular budget numbered 7,738 or 15 percent of system-wide total U.N. staff of 51,832. These numbers reflect the actual total of staff on-board, including all U.N. employees with a contract of 1 year or longer. This total number differs from the number of authorized posts, which may be vacant.

Table III.1: U.N. Staff, as of December 31, 1998

	Regular Budget	Extrabudgetary Funds	Total
U.N. Secretariat			
Secretariat	7,738	6,385	14,123
Peacekeeping Missions (Support account)	0	319	319
Secretariat Total	**7,738**	**6,704**	**14,442**
U.N. Development Program	3,631	1,325	4,956
U.N. Fund for Population Activiites	816	74	890
U.N. High Commissioner for Refugees	218	3,827	4,045
U.N. Children's Fund	1,811	5,193	7,004
U.N. Relief and Works Agency for Palestine Refugees in the Near East	97	12	109
U.N. Training Institute	0	16	16
U.N. Office for Project Services	0	1032	1032
U.N. Staff College	0	22	22
U.N. University	2	113	115
International Court of Justice	31	0	31
International Civil Service Commission	0	38	38
International Trade Commission	0	186	186
Joint U.N. Program on HIV/AIDS	151	0	151
World Food Program	0	1,038	1,038
Total for U.N. Subsidiary Bodies	**6,759**	**12,876**	**19,633**
Food and Agricultural Organization	2,768	1,322	4,090
International Civil Aviation Organization	639	74	713
International Fund for Agricultural Development	272	32	304
International Labor Organization	1,560	228	1,788
International Maritime Organization	252	22	274

	Regular Budget	Extrabudgetary Funds	Total
International Telecommunications Union	710	27	737
U.N. Educational, Scientific, and Cultural Organization	2,049	256	2,305
U.N. Industrial Development Organization	610	0	610
Universal Postal Union	151	22	173
World Health Organization	2,437	1,178	3,615
World Intellectual Property Organization	683	0	683
World Meteorological Organization	204	45	249
International Atomic energy Agency (IAEA)	1,674	542	2,216
Total for U.N. Specialized Agencies and the IAEA	**14,009**	**3,748**	**17,757**
Grand Total U.N. System	**28,504**	**23,328**	**51,832**

Source: United Nations.

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