

October 2006

UNITED NATIONS

Management Reforms  
Progressing Slowly  
with Many Awaiting  
General Assembly  
Review





Highlights of [GAO-07-14](#), a report to congressional committees

## Why GAO Did This Study

Despite various reform efforts, significant inefficiencies in United Nations (UN) management operations persist. In September 2005, heads of UN member states approved a resolution that called for a series of reforms to strengthen the organization. As the largest financial contributor to the UN, the United States has a strong interest in the progress of UN reform initiatives.

GAO was asked to (1) identify and track the status of UN management reforms in five key areas and (2) identify factors that may affect the implementation of these reform initiatives. To address these objectives, GAO reviewed documents proposing UN management reform and interviewed U.S. and UN officials.

## What GAO Recommends

GAO recommends that the Secretary of State and the U.S. Permanent Representative to the United Nations work with member states to encourage the General Assembly and the Secretary-General to include cost estimates and expected time frames for implementation and completion for each reform as it is approved. GAO also recommends that the Secretary of State's annual *U.S. Participation in the United Nations* report to the Congress include a section on the status and progress of the major UN management reforms. The Department of State agreed with GAO's findings and recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-14](http://www.gao.gov/cgi-bin/getrpt?GAO-07-14).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Thomas Melito at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov).

# UNITED NATIONS

## Management Reforms Progressing Slowly with Many Awaiting General Assembly Review

### What GAO Found

Most of the UN management reforms in the five areas GAO examined—management operations of the Secretariat, oversight, ethical conduct, review of programs and activities, and human rights—are either awaiting General Assembly review or have been recently approved. In addition, many proposed or approved reforms do not have an implementation plan that establishes time frames and cost estimates. First, in July 2006, the General Assembly approved proposals to improve the management operations of the Secretariat, such as upgrading information technology systems and giving the Secretary-General some flexibility in spending authority. In addition, in fall 2006, the General Assembly will review other proposals, such as procurement and human resource reforms. Second, implementation of proposals to improve the UN's oversight capabilities, such as strengthening the capacity of the Office of Internal Oversight Services and establishing the Independent Audit Advisory Committee, are pending General Assembly review in fall 2006. Third, the UN established an ethics office with temporary staff in January 2006 that has developed an internal timetable for implementing key initiatives. However, it is too early to determine whether the office will be able to fully carry out its mandate. Fourth, UN member states agreed to complete a review of UN programs and activities in 2006, but progress has been slow and the results and time line for completion remain uncertain. Fifth, the General Assembly created a new Human Rights Council in April 2006, but significant concerns remain about the council's structure.

GAO identified several factors that may affect the UN's ability to fully implement management reforms. First, although all UN member states agree that UN management reforms are needed, disagreements about the overall implications of the reforms could significantly affect their progress. Most member states are concerned that some of the reforms could increase the authority of the Secretariat at the expense of the General Assembly, thus decreasing their influence over UN operations. Member states also disagree on some of the specifics of the reforms in areas such as the review of programs and activities and the role of the Deputy Secretary-General. Second, the general absence of an implementation plan for each reform that establishes time frames and cost estimates could affect the UN's ability to implement the reform initiatives. Without establishing deadlines or determining cost estimates, it is difficult to hold managers accountable for completing reform efforts and ensure that financing will be available when needed. Third, administrative guidance, such as staff regulations and rules that implement General Assembly resolutions, could complicate the process of implementing certain human resource reform proposals. For example, according to the Secretary-General, the General Assembly established a number of conditions for outsourcing that severely restrict the circumstances under which it can be contemplated.

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## Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
GA	General Assembly
G-77	The Group of 77
OIOS	Office of Internal Oversight Services
UN	United Nations

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United States Government Accountability Office  
Washington, DC 20548

October 5, 2006

The Honorable Norm Coleman  
Chairman  
Permanent Subcommittee on Investigations  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Henry Hyde  
Chairman  
Committee on International Relations  
House of Representatives

The United Nations (UN) has undertaken various reform efforts since its creation in 1945. In 1997 and 2002, the UN began a series of reforms that included proposed changes in human resources, budgeting, and human rights programs and activities. In February 2004, we reported that those reforms were progressing but that only about 50 percent were in place.<sup>1</sup> Despite the UN's efforts to improve its management processes, several independent reports, such as the 2005 Independent Inquiry Committee's investigation of the UN's Oil for Food program<sup>2</sup> and the Gingrich-Mitchell task force review in June 2005,<sup>3</sup> found that inefficient UN management operations persist. These reports highlighted the immediate need for management reform given the growth in complexity and significance of UN worldwide operations. In addition, inadequate oversight of the Oil for Food program and corruption and mismanagement of UN procurement activities have demonstrated the need for reform.

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<sup>1</sup>GAO, *United Nations: Reforms Progressing, but Comprehensive Assessments Needed to Measure Impact*, GAO-04-339 (Washington, D.C.: Feb. 13, 2004).

<sup>2</sup>In 1996, the UN and Iraq established the Oil for Food program to address Iraq's humanitarian situation after sanctions were imposed in 1990. In April 2004, the UN established the Independent Inquiry Committee to investigate the administration and management of the UN Oil for Food program. See Independent Inquiry Committee into the United Nations Oil for Food Program, *Interim Report* (New York, N.Y.: Feb. 3, 2005) and *The Management of the Oil-for-Food Program* (New York, N.Y.: Sept. 7, 2005).

<sup>3</sup>United States Institute of Peace, *American Interests and UN Reform Report of the Task Force on the United Nations* (Washington, D.C.: June 2005).

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In September 2005, heads of member states held a World Summit to address, among other issues, long-standing concerns about UN management. The outcome document, the resolution approved by all member state representatives at the Summit,<sup>4</sup> recognized the urgent need to improve management processes at the UN and called for the Secretary-General and General Assembly to propose and approve reforms to strengthen the organization.

As the largest financial contributor to the UN, the United States has advocated the need for comprehensive management reform and has a strong interest in the progress of reform initiatives.<sup>5</sup> In response to your request to monitor the progress of management and human rights reform initiatives, we (1) identified and tracked the status of UN management reform initiatives in five key areas—management operations of the Secretariat, oversight, ethical conduct, review of programs and activities, and human rights and (2) identified factors that may affect the implementation of these reform initiatives.<sup>6</sup>

To address our objectives, we reviewed key documents proposing UN management and human rights reform and interviewed key officials from several UN departments in New York. We reviewed reports and bulletins published by the UN General Assembly and Secretariat, relevant UN resolutions, and related budget documents. The majority of the cost estimates for the proposed reform initiatives are preliminary, and detailed cost estimates are being developed; therefore, we did not analyze the assumptions underlying these estimates to determine whether they are reasonable and reliable. We met with officials from the General Assembly Office of the President, the Office of the Deputy Secretary-General, the Departments of Management and Policy and Planning, the Office of Program Planning and Budget, and the Office of Internal Oversight

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<sup>4</sup>2005 World Summit Outcome, G.A. Res. 60/1, U.N. GAOR, 60th Sess., U.N. Doc. A/RES/60/1 (2005).

<sup>5</sup>The United States provides 22 percent of the UN's regular budget (about \$836 million for the current biennium) and about 27 percent of the peacekeeping budget (about \$1.3 billion), more than any other UN member state. The regular budget for the current biennium (2006-2007) is about \$3.8 billion, and the peacekeeping budget for the fiscal year beginning July 2006 is about \$4.7 billion.

<sup>6</sup>This report focuses on management reform initiatives of the UN General Assembly and the UN Secretariat. It does not address the activities of other UN entities, funds, and programs. For the purposes of this report, the term "UN" refers to the UN General Assembly and the UN Secretariat.

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Services (OIOS). We also met with representatives from several member states. We discussed the status of UN management reforms with officials from the Department of State in Washington, D.C. and New York City. We performed our work between January and September 2006 in accordance with generally accepted U.S. government auditing standards. (App. I provides a detailed discussion of our scope and methodology.)

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## Results in Brief

Most of the UN management reforms in the five areas we reviewed—management operations of the Secretariat, oversight, ethical conduct, review of programs and activities, and human rights—are either awaiting General Assembly review or have been recently approved. In addition, some proposed or approved reforms do not have an implementation plan that establishes time frames and cost estimates.

- To improve the management operations of the Secretariat, in July 2006, the General Assembly approved several reforms, such as creating the position of a chief information technology officer and upgrading certain elements of the UN's computer systems. The General Assembly also authorized funding of approximately \$700,000 which UN officials plan to use for six new temporary procurement positions for 6 months; however, according to a senior U.S. official, these temporary resources are not sufficient to address the weaknesses in the procurement system. Further, the General Assembly is scheduled to review the Secretary-General's proposals in the areas of procurement and human resources in fall 2006. Moreover, the UN does not have implementation plans for some reforms in this area.
- Reform proposals to create an independent oversight advisory committee that could enhance the UN's oversight structures and to strengthen the capacity of OIOS are awaiting review by the General Assembly in fall 2006. In November 2005, the Secretary-General proposed the creation of the Independent Audit Advisory Committee and drafted provisional terms of reference. The General Assembly approved the creation of the committee in December 2005 and requested an external evaluation of the proposed terms of reference. In July 2006, the Secretary-General released an independent external evaluation that reviewed and proposed revisions to the terms of reference for the committee and recommended its establishment. The external evaluation also found that OIOS is not able to function effectively under its current mandate and made 23 recommendations in nine areas to strengthen its capacity. The external evaluation recommended shifting several functions in OIOS, including investigations, to departments in the Secretariat. However, according to some UN and U.S. officials, this shift could significantly diminish the UN's

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oversight functions by potentially compromising the independence of investigations.

- To promote the ethical conduct of its staff, the UN established an ethics office with interim staff in January 2006 that has developed an internal timetable for implementing key initiatives, but it is too early to determine if the office will be able to fully carry out its mandate. The office is responsible for (1) administering the UN's financial disclosure program, (2) implementing the new UN whistleblower protection policy, (3) providing guidance to staff on ethics issues, and (4) developing ethics standards and training. The office is operating with six interim staff and is currently in the process of hiring six permanent staff to replace them. While the interim staff have been undertaking activities consistent with the responsibilities of the office, some experts, including members of a panel commissioned by a UN staff union to review the UN's internal justice system, have questioned the sufficiency of the number of assigned staff.
- UN member states agreed to complete a review of UN programs and activities in 2006, but progress has been slow because member states disagree on its scope and process, and its results and time line for completion remain uncertain. In the September 2005 outcome document, member states requested a review of all UN programs and activities, or mandates, created 5 or more years ago. Member states agreed that the purpose of the review is to strengthen and update UN programs and activities to more accurately reflect the current needs of the organization. In March 2006, the Secretariat identified more than 9,000 total UN mandates, but only about 6,900 are older than 5 years and included in the review. The General Assembly began its first phase of discussions on the review process in November 2005 and its first phase of substantive discussions on specific mandates in April 2006. From the outset of the review process, member states have disagreed on the process for undertaking the review, which mandates could be eliminated or combined, and what to do with savings generated by the potential elimination or consolidation of mandates. As of September 2006, member states continue to discuss the mandates and have agreed to set aside 74 completed mandates that require no further action, but have not agreed to change, eliminate, or retain any other mandates. Given the volume of mandates yet to be reviewed and the contentious nature of the process, it is unlikely that the review will be completed in 2006 as agreed to by member states.
- In March 2006, the General Assembly created a new Human Rights Council, but significant concerns remain about the council's structure. In the 2005 outcome document, UN member states agreed to replace the Commission on Human Rights with a Human Rights Council due to long-

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standing concerns about the commission's credibility. For example, members of the commission were elected by regional slates by the Economic and Social Council rather than individually by the General Assembly, and countries known to be human rights violators consistently won membership. UN member states established the new council to address these deficiencies and human rights issues more broadly. However, the United States and other countries have expressed concerns about the newly created council's structure. The United States advocated that members of the council be elected by a two-thirds majority of the General Assembly to make it more difficult for countries with questionable human rights records to gain membership, but the General Assembly voted that members would be elected by an absolute majority. Despite objections to the council, nongovernmental organizations and other UN members have stated that the council is better equipped than the commission to address urgent, serious, and long-term human rights situations worldwide. For example, the council will implement a new mechanism through which all UN members will be subject to periodic review of their human rights situations. In addition, the council will hold more sessions throughout the year than the commission did and for a longer total period of time each year, with meetings held at least three times a year for a total of 10 weeks. It is too early to determine the impact of the new council on the UN and human rights worldwide.

We identified several factors that may affect the UN's ability to fully implement management reforms. First, although all UN member states agree that UN management reforms are needed, disagreements over the overall implications of the reforms could significantly affect their progress. The Group of 77 (G-77) countries<sup>7</sup> are concerned that some of the reforms could increase the authority of the Secretariat at the expense of the General Assembly, thus decreasing the member states' influence over UN operations. Member states also disagree on some of the specifics of the reforms in areas such as the review of programs and activities and the role of the Deputy Secretary-General. Second, the general absence of an implementation plan for each reform that establishes time frames and cost estimates could affect the UN's ability to implement the reform initiatives. Without establishing deadlines or determining cost estimates, it is difficult to hold managers accountable for completing reform efforts and ensuring that financing will be available when needed. Third, administrative guidance, such as staff regulations and rules that implement General

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<sup>7</sup>The G-77 is a coalition of developing countries that promotes its members' collective interests. Currently 131 developing countries are members of the G-77.

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Assembly resolutions, could complicate and sometimes restrict the process of implementing certain human resource reform proposals, such as a staff buyout, field staff realignment, and outsourcing administrative services. For example, according to the Secretary-General, the General Assembly established a number of conditions for outsourcing that severely restrict the circumstances under which it can be contemplated.

We are recommending that the Secretary of State and the U.S. Permanent Representative to the UN work with other member states to encourage the General Assembly and the Secretary-General to include cost estimates and expected time frames for implementation and completion for each reform as it is approved. We are also recommending that the Secretary of State's annual *U.S. Participation in the United Nations* report to the Congress include a section on the status and progress of the major UN management reforms.

We received written comments from the Department of State that we have reprinted in appendix V. The Department of State generally agreed with our findings and recommendations and commented on ongoing reform efforts. The UN did not provide us with written comments.

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## Background

Calls to reform the UN began soon after its creation in 1945.<sup>8</sup> Despite cycles of reform, UN member states have had concerns about inefficient management operations. As one of the 192 member states, the United States played a significant role in promoting UN reform, calling for financial and administrative changes. The United States, through the Department of State and the U.S. Mission to the United Nations, continues to take measures to advance reform of UN management processes.

In 1997 and 2002, the Secretary-General proposed two separate sets of management reform initiatives in the areas of human resources, budgeting, and human rights. In July 1997, the Secretary-General proposed a broad reform program to transform the UN into an efficient organization focused on achieving results as it carried out its mandates. Although the Secretary-

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<sup>8</sup>The UN comprises (1) the General Assembly, the Security Council, the Economic and Social Council, and other governing bodies of the 192 member states that set the work requirements, or mandates, for UN programs and departments; (2) the Secretariat, headed by the Secretary-General, which carries out a large part of the mandated work; and (3) the funds and programs, such as the UN Development Program, which are authorized by the General Assembly to conduct specific lines of work.

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General does not have direct authority over specialized agencies and many funds and programs, the reforms at the Secretariat were intended to serve as a model for UN-wide reforms. In May 2000, we reported that while the Secretary-General had substantially reorganized the Secretariat's leadership and structure, he had not yet completed reforms in human resource management and planning and budgeting.<sup>9</sup> In September 2002, to encourage the full implementation of the 1997 reforms, the Secretary-General released a second set of reform initiatives with 36 reform actions, some expanding on previous reform initiatives introduced in 1997 and others reflecting new priorities for the organization. In February 2004, we reported that 60 percent of the 88 reform initiatives in the 1997 agenda and 38 percent of the 66 initiatives in the 2002 agenda were in place.<sup>10</sup>

In 2004-2005, a series of UN and expert task force reports recommended the need for comprehensive reform of UN management and the UN human rights apparatus. These studies included a 2004 report of a high-level panel convened by the Secretary-General to recommend ways to strengthen the UN,<sup>11</sup> a March 2005 Secretary-General report to the General Assembly,<sup>12</sup> a June 2005 report by a task force mandated by the U.S. Congress to recommend how to improve the effectiveness of the organization,<sup>13</sup> as well as several reports of the Independent Inquiry Committee established to investigate the Oil for Food Program.<sup>14</sup>

In September 2005, world leaders gathered at the UN World Summit in New York City to discuss global issues such as UN reform, development, and human rights, as well as actions needed in each of these areas. The

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<sup>9</sup>GAO, *United Nations: Reform Initiatives Have Strengthened Operations, but Overall Objectives Have Not Yet Been Achieved*, [GAO/NSIAD-00-150](#) (Washington, D.C.: May 10, 2000).

<sup>10</sup>[GAO-04-339](#).

<sup>11</sup>United Nations, *A More Secure World: Our Shared Responsibility, Report of the Secretary-General's High Level Panel on Threats, Challenges and Change* (New York, N.Y.: 2004).

<sup>12</sup>*In Larger Freedom: Towards Development, Security and Human Rights for All*, U.N. Doc. A/59/2005.

<sup>13</sup>United States Institute of Peace, *American Interests and UN Reform, Report of the Task Force on the United Nations* (Washington D.C.: June 2005).

<sup>14</sup>*Independent Inquiry Committee into the United Nations Oil-for-Food Program, Interim Report* (New York, N.Y.: Feb. 3, 2005) and *The Management of the Oil-for-Food Program* (New York, N.Y.: Sept. 7, 2005).

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outcome document from the World Summit,<sup>15</sup> endorsed by all members of the UN, outlines broad UN reform efforts in areas such as oversight and accountability, and human rights. The document also called for the Secretary-General to submit proposals for implementing reforms to improve the management functions of the Secretariat.<sup>16</sup>

In April 2006, we reported on weaknesses in the UN's internal oversight unit and procurement system, both of which have been identified as important areas for reform.<sup>17</sup> In the internal oversight area, we found that UN funding arrangements adversely affect OIOS's budgetary independence and compromise the office's ability to audit high-risk areas. For example, OIOS depends on the resources of the funds, programs, and other entities it audits, and the managers of these programs can deny OIOS permission to perform work or not pay OIOS for services. In the procurement area, we found that UN procurement resources are vulnerable to fraud, waste, and abuse because of weaknesses affecting the control environment. For example, the UN has not established a single organizational entity or mechanism capable of effectively and comprehensively managing procurement. In addition, the UN has not demonstrated a commitment to improving the professionalism of its procurement staff in the form of training, a career development path, or other key human capital practices critical to attracting, developing, and retaining a qualified professional workforce.

The management reform decision-making process at the UN involves multiple entities. Member states or the Secretary-General can introduce management reform initiatives at the UN. The Secretary-General can implement certain management improvements that are within his authority. In addition, the Secretary-General submits proposals to the General Assembly. In these cases, the Advisory Committee on

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<sup>15</sup>G.A. Res. 60/1, U.N. GAOR, 60th Sess., U.N. Doc. A/RES/60/1 (2005).

<sup>16</sup>The September 2005 outcome document also outlined reforms in other areas, such as Governance, Security Council and Economic and Social Council reform, General Assembly Revitalization, and the establishment of a Peace Building Commission. These reforms are outside the scope of our review.

<sup>17</sup>GAO, *United Nations: Funding Arrangements Impede Independence of Internal Auditors*, [GAO-06-575](#) (Washington, D.C.: April 25, 2006), GAO, *United Nations: Procurement Internal Controls Are Weak*, [GAO-06-577](#) (Washington, D.C.: Apr. 25, 2006), and GAO, *United Nations: Lessons Learned from Oil for Food Program Indicate the Need to Strengthen UN Internal Controls and Oversight*, [GAO-06-330](#) (Washington, D.C.: Apr. 25, 2006).

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Administrative and Budgetary Questions (ACABQ),<sup>18</sup> a subsidiary organ of the General Assembly, reviews the proposal. The ACABQ then advises and reports to the Administrative and Budgetary Committee (the Fifth Committee), the General Assembly's committee for administrative and budgetary matters that is composed of all 192 member states. The Fifth Committee holds discussions on the proposals and makes its recommendation to the General Assembly. The General Assembly makes the final decision. For the past 20 years, most decisions in the Fifth Committee and in the General Assembly have been made by consensus among all the member state representatives.

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## Management Reform Proposals in Five Areas Are Awaiting General Assembly Review or Have Been Recently Approved

The UN has initiated reforms in five key areas: (1) modernizing the management operations of the Secretariat, (2) improving oversight, (3) promoting ethical conduct, (4) reviewing and updating programs and activities, and (5) creating a Human Rights Council. However, most efforts are awaiting General Assembly review or have been recently approved. In addition, many proposed or approved reforms do not have an implementation plan that establishes time frames and cost estimates. Appendix II summarizes the status of major management reforms.

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## Reforms to Improve the Management Operations of the Secretariat Are Awaiting General Assembly Review or Have Been Recently Approved

Proposals to improve the management operations of the Secretariat have either been approved or are awaiting General Assembly review. To improve the management operations of the Secretariat, the September 2005 outcome document requested that the Secretary-General develop proposals to ensure that the existing policies, regulations, and rules used to manage budgetary, financial, and human resources are aligned with the current needs of the UN. In response, the Secretary-General submitted a report to the General Assembly in March that included 23 proposals to improve the UN's effectiveness.<sup>19</sup> However, the ACABQ recommended that

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<sup>18</sup>The ACABQ consists of 16 individuals from member states appointed by the General Assembly. The members of the ACABQ serve in their personal capacity. Two major responsibilities of the ACABQ are (1) to examine and report on the budget submitted by the Secretary-General to the General Assembly and (2) to advise the General Assembly concerning any administrative and budgetary matters.

<sup>19</sup>The proposals covered seven areas: human resources, management structure of the Secretariat, information and communications technology, methods of delivering services such as outsourcing and procurement, budget and finance, governance, and change management. The governance reforms are beyond the scope of this report. See *Investing in the United Nations: For a Stronger Organization Worldwide*, U.N. Doc. A/60/692.

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the Secretary-General provide more details, including specific costs and administrative implications, and time lines for implementation.

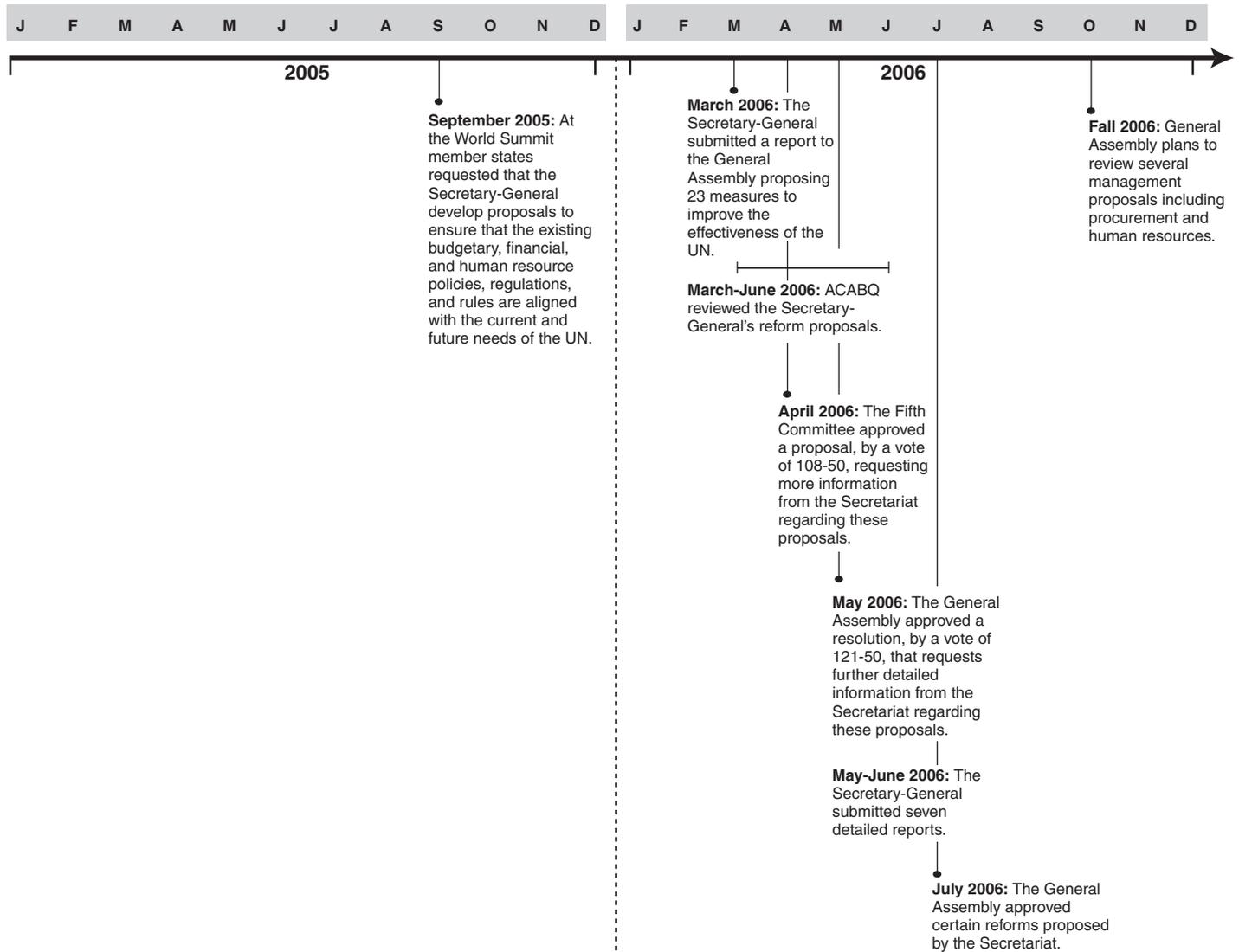
In April 2006, members of the Fifth Committee voted and approved a proposal introduced by the G-77 countries that the Secretary-General elaborate on the proposals and give concrete examples of how the initiatives could correct deficiencies and make the organization's work more effective.<sup>20</sup> The vote signified the breakdown of the policy of making decisions by consensus, a practice used for 20 years. Further, the United States expressed concern that the G-77's proposal was a way to scale back the reforms proposed in the Secretary-General's March 2006 report. In May 2006, the General Assembly voted and approved a resolution that incorporated the recommendations made by the Fifth Committee.<sup>21</sup> See figure 1 for key dates for reform initiatives related to improving the management operations of the Secretariat.

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<sup>20</sup>The proposal was approved with 108 in favor (mainly G-77 countries), 50 against (including the United States and other developed countries), and 3 abstaining.

<sup>21</sup>G.A. Res. 60/260, U.N. GAOR, 60<sup>th</sup> Sess., U.N. Doc. A/RES/60/260 (2006). The resolution was approved with 121 in favor (mainly G-77 countries), 50 against (including the United States and other developed countries), and 2 abstaining.

**Figure 1: Key Dates of Reform Initiatives to Improve the Management Operations of the Secretariat**



Source: GAO analysis of UN data.

In response to the General Assembly’s request for more information, the Secretariat issued seven detailed reports in May and June 2006 that included information on various initiatives, such as information and communication technology, financial management practices, and procurement reform. In July 2006, member states approved a resolution that, according to UN officials and member state representatives, was a

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positive step toward addressing several management reform initiatives.<sup>22</sup> The status of several reforms to improve the management operations of the Secretariat is as follows:

- Since the Secretary-General has limited authority to shift resources between programs without the approval of the member states, the Secretary-General in his March 2006 report noted that more flexibility in this area could enable the Secretariat to respond more effectively to the changing needs of the organization. In July 2006, the General Assembly gave the Secretary-General, on an experimental basis, limited discretion over budgetary commitments up to \$20 million per biennium.<sup>23</sup> The impact of this reform will be reviewed in 2009.
- According to the Secretary-General, the UN has outdated and fragmented information technology systems that have limited capacity for processing and sharing data. Moreover, at least six departments have disparate information technology units with no integrating mechanism in place. The Secretary-General's March 2006 report recommended the creation of a chief information technology officer position to oversee the creation and implementation of an information management strategy for the Secretariat. In July 2006, the General Assembly agreed to create the position of a chief information technology officer and upgrade certain elements of the UN's computer systems. In addition, the Secretary-General's information technology detailed report did not include a comprehensive implementation plan for this proposal. According to State and UN officials, the Secretary-General plans to submit a comprehensive report that includes cost estimates in March 2007.
- GAO and others have reported that UN procurement resources are unnecessarily vulnerable to fraud, waste, and abuse. The Secretariat's June 2006 procurement report included several proposals that could be implemented over an 18-month period to strengthen UN procurement practices. However, the report does not specify milestones that need to be completed during the 18 months. The General Assembly is expected to discuss this report in fall 2006. In the meantime, in July 2006, the General Assembly authorized funding of approximately \$700,000, which UN officials plan to use for six new temporary procurement positions for 6 months. However, according to a senior U.S. official, these temporary posts are not sufficient to address weaknesses in the procurement system,

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<sup>22</sup>G.A. Res.60/283, U.N. GAOR, 60th Sess., U.N. Doc. A/RES/60/283 (2006).

<sup>23</sup>The \$20 million will be funded by the working capital fund.

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and qualified procurement officers are not likely to accept temporary jobs. As of September 2006, one temporary procurement staff member had been hired.

- According to the Secretary-General, staff skills are not aligned with the current needs of the organization. The Secretary-General's March 2006 report included proposals to improve recruitment processes, facilitate staff mobility between headquarters and field offices, and dedicate resources to conduct a one-time staff buyout.<sup>24</sup> In late September 2006, the Secretary-General issued a detailed human resources report.<sup>25</sup> The General Assembly is expected to discuss the report in fall 2006.

Some of the proposed or approved reforms to improve the operations of the Secretariat do not have an implementation plan that establishes time frames and cost estimates. Of the Secretary-General's seven detailed reports issued in May and June 2006, only the proposal for adoption of the International Public Sector Accounting Standards includes a detailed timetable for implementation. The Secretary-General's June 2006 procurement report included several proposals that could be implemented over an 18-month period, but the report does not include specific milestones.

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## Oversight Reform Proposals Awaiting General Assembly Review in Fall 2006

Reforms proposed to create an independent oversight advisory committee and to strengthen the capacity of OIOS are awaiting review by the General Assembly in fall 2006. In the outcome document, member states agreed to consider the creation of an independent oversight advisory committee. In November 2005, the Secretary-General proposed the creation of the Independent Audit Advisory Committee and drafted provisional terms of reference for this entity. In December 2005, the General Assembly approved the creation of the committee and requested an external evaluation of the proposed terms of reference. In addition, in the September 2005 outcome document, member states recognized the urgent need to strengthen the expertise, capacity, and resources of OIOS's

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<sup>24</sup>Under a buyout program, the UN would offer cash incentives for employees to voluntarily leave the organization.

<sup>25</sup>The UN provided us with a copy of this detailed human resources report after our report had gone to press; therefore, we did not have time to analyze and incorporate the information. See *Investing in People*, U.N. Doc. A/61/255.

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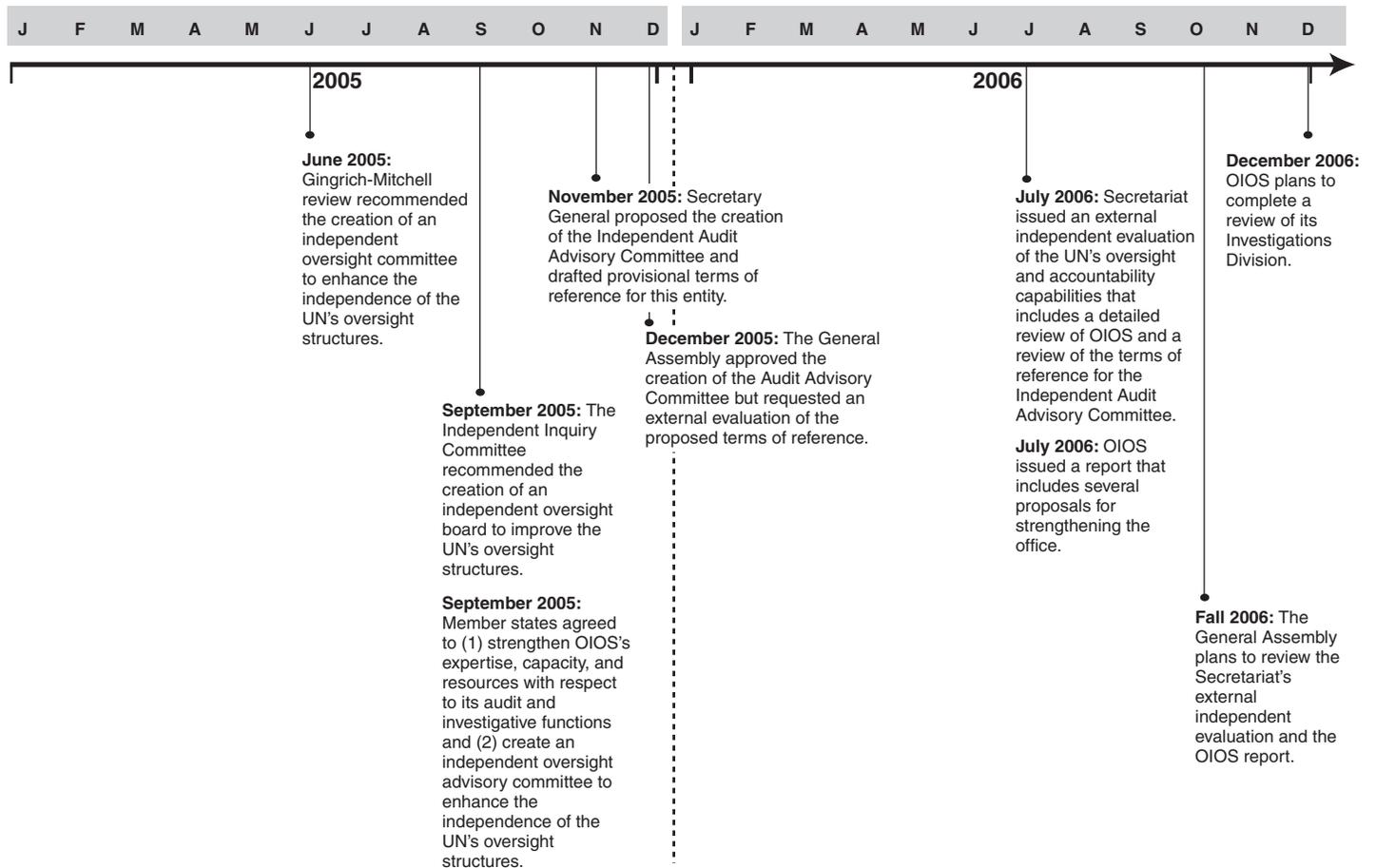
auditing and investigative functions<sup>26</sup> We and others have reported that OIOS's independence and ability to perform as the principal auditing and investigative body of the UN have been hampered by the UN's funding process and lack of resources. Moreover, in the outcome document, member states requested an independent external evaluation of the UN's auditing and oversight system. The Secretary-General submitted the external evaluation in July 2006.<sup>27</sup> See figure 2 for key dates associated with oversight reform initiatives.

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<sup>26</sup>OIOS was created in 1994 to assist the Secretary-General in fulfilling internal oversight responsibilities over UN resources and staff.

<sup>27</sup>The independent evaluation was conducted under the direction of a six-member Steering Committee that coordinated and supervised the independent contractor and directly reported the findings to the Secretary-General. See *United Nations: Comprehensive Review of Governance and Oversight within the United Nations, Funds, Programmes and Specialized Agencies*, U.N. Doc. A/60/883, Add. 1 and 2.

**Figure 2: Key Dates for Oversight Reform Initiatives**



Source: GAO analysis of UN data.

The July 2006 external evaluation reviewed the draft terms of reference for the Independent Audit Advisory Committee and recommended several changes, specifically with respect to the number, appointment criteria, terms, and compensation of members of the committee. The external independent evaluation also recommended the complete and prompt implementation of the committee. In addition, the evaluation recommended that the committee be responsible for presenting the budget for OIOS to the Fifth Committee, thereby relieving the ACABQ of its advisory role in this regard.

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The July 2006 external evaluation included a detailed review of OIOS that found that OIOS is not able to function effectively under its current mandate and made 23 recommendations in nine areas to strengthen its capacity.<sup>28</sup> The external review stated that OIOS's current structure is impeding its independence and reducing its effectiveness.<sup>29</sup> It also stated that OIOS should focus on internal auditing and recommended shifting several OIOS functions, such as investigations, to departments in the Secretariat.<sup>30</sup> However, various UN and U.S. officials stated that a shift of functions such as that proposed in the external review could significantly diminish the UN's oversight functions and the independence of its investigations. For example, these officials said that moving investigations to the Secretariat could create a potential conflict of interest. However, according to UN Secretariat officials, the Secretariat has a positive view of the results of the independent external review and supports most of the recommendations, and not all UN Secretariat officials view the proposed recommendation as a way to diminish the UN's oversight functions or the independence of its investigations. In addition, in a report submitted to the Secretary-General in July 2006,<sup>31</sup> OIOS strongly disagreed with the restructuring proposals but recognized the need to reassess the functions and work processes of its Investigations Division. OIOS indicated that it will undertake a review of that division that will be completed by the end of 2006.

OIOS's July 2006 report included its own proposals for strengthening its capacity. The OIOS report indicated that some recommendations of the external review will require consideration by the General Assembly, but that many are being considered for implementation under the authority of the Under Secretary-General for Internal Oversight Services. The OIOS report discussed 14 of the recommendations made by the external review

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<sup>28</sup>The report made recommendations in the following nine areas: independence, governance structure in which OIOS operates, OIOS's organization and structure, human resources, working practices, information and communications technology, communication and reporting, knowledge management, and performance measures.

<sup>29</sup>OIOS is currently organized into four divisions: two internal audit divisions; an investigation division; and a monitoring, evaluation, and consulting division.

<sup>30</sup>According to U.S. and UN officials, the external review team proposed this structural change based on a corporate oversight model. These officials also told us that the European Union has a similar system.

<sup>31</sup>*Report of the Office of Internal Oversight Services on Proposals for Strengthening the Office of Internal Oversight Services*, U.N. Doc. A/60/901.

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and generally agreed with most of them, such as training of OIOS staff, human resource management, and information and communications technology. However, as discussed above, OIOS strongly disagreed with the recommendations that would restructure it.

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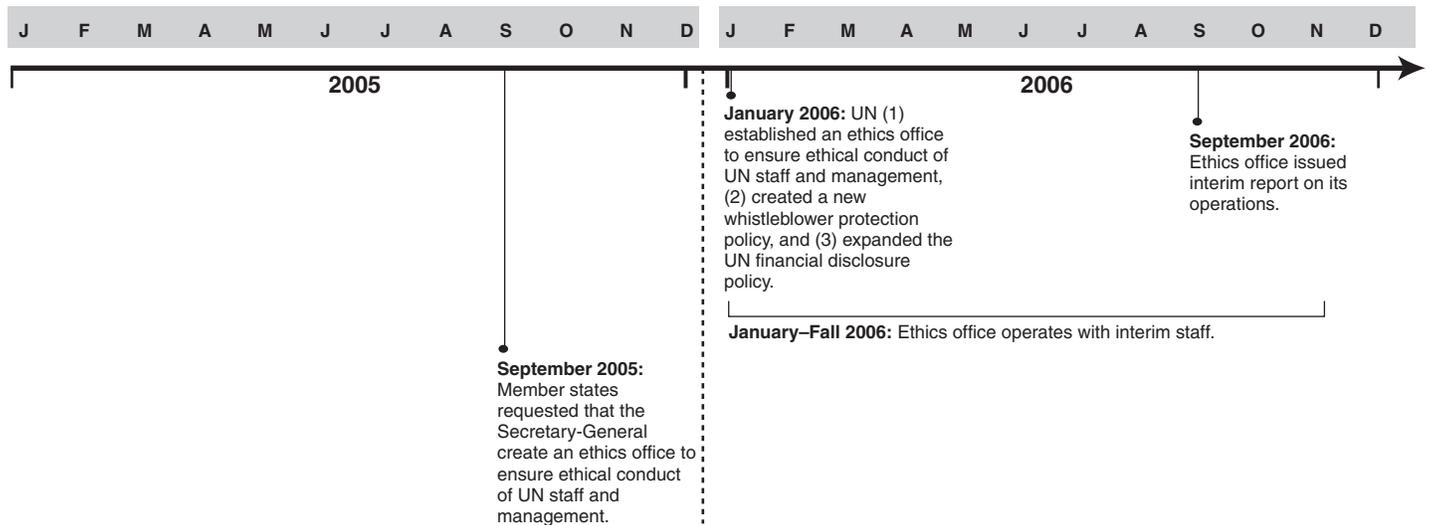
### Ethics Office Established, but It Is Too Early to Assess Its Impact

The UN established an ethics office in January 2006 but, as of September 2006 it continues to operate with interim staff,<sup>32</sup> and some experts, including a panel commissioned by a UN staff union to review the UN's internal justice system, have questioned the sufficiency of the number of staff in the office. Since January 2006, the office's six interim staff members have developed and implemented activities associated with the ethics office's four areas of responsibility: (1) administering the UN's financial disclosure program, (2) implementing the new UN whistleblower protection policy, (3) providing guidance to staff on ethics issues, and (4) developing ethics standards and training. For example, the interim staff members have undertaken preliminary reviews of claims of retaliation for whistleblowing and have collected financial disclosure forms from UN managers. As the office is new and in the process of hiring permanent staff, it is too early to determine whether the office will be able to fully carry out its mandate. See figure 3 for key dates associated with the establishment of the ethics office.

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<sup>32</sup>These staff are UN employees assigned to other duty stations within the UN system who are working temporarily in the ethics office until permanent staff are hired.

**Figure 3: Key Dates for the Ethics Office**



Source: GAO analysis of UN data.

Before creating the ethics office, the UN Secretariat did not have a way to coordinate ethics-related initiatives within the organization and to ensure that all staff are aware of and updated on ethics issues. The 2005 outcome document specifically requested that the Secretary-General develop a detailed proposal for an independent ethics office. The Secretary-General developed and submitted this proposal in November 2005, and the General Assembly approved it in December 2005. The ethics office began operating in January 2006 as an independent entity reporting directly to the Secretary-General and by March 2006 it was staffed with one director, four staff members, and a consultant, all temporarily assigned to the office. These staff have been establishing and documenting the procedures the office follows in carrying out its duties. The UN is in the process of hiring permanent staff to replace the interim staff. The office has four main areas of responsibility and has made some progress in fulfilling each as follows:

- The ethics office is responsible for administering the UN’s financial disclosure program to ensure that staff comply with applicable conflict of interest rules and standards of conduct. Designated UN staff— those at and above the director level and all staff carrying out procurement and investment functions—are required to file an annual confidential statement of their financial interests. This policy applies to about 1,800 UN staff and as of July 31, 2006, the ethics office had received 90 percent of their financial disclosure statements. The ethics office is currently

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reviewing bids from contractors to carry out the review and audit of these forms. The Secretariat recommended that the review be conducted by independent financial experts, as is the practice at the World Bank and the International Monetary Fund (IMF), to safeguard the confidentiality of senior officials' private financial information. The ethics office will keep these financial disclosure forms confidential, but a report by a panel of experts reviewing the UN's internal justice system recommended that the office maintain the forms in a public register.

- The ethics office is implementing the UN's new whistleblower protection policy, which took effect in January 2006. When a staff member contacts the ethics office with a complaint that he or she has been retaliated against for reporting misconduct, the office conducts a preliminary review to determine if the case should move forward for formal investigation by OIOS. The ethics office staff review the evidence presented by the claimant, interview the party accused of retaliation, and talk to other staff involved. If the ethics office determines that the case is an interpersonal problem within a particular office, rather than a case of retaliation for whistleblowing, it advises the staff member concerned of the existence of the Office of the Ombudsman and other informal conflict resolution mechanisms within the organization. If a case of retaliation is established after investigation by OIOS, the ethics office takes into account any recommendations made by OIOS and recommends appropriate measures aimed at correcting the negative consequences suffered as a result of the retaliatory action. As of July 31, 2006, the office had received 45 complaints of retaliation for reporting misconduct, one of which they submitted for further investigation. Ethics office staff told us that they track all whistleblowing complaints that are brought to their attention, including those referred to other offices. Staff also said that the time they spend on each case of whistleblower retaliation varies from several hours to more than 45 days.<sup>33</sup>
- As part of its regular duties, the ethics office provides confidential guidance to staff on ethics issues. To fulfill this responsibility, the ethics office operates an ethics helpline to answer questions from and provide advice to UN staff. UN staff have used the helpline to make whistleblower retaliation complaints. Staff can also contact the office in person, by mail or e-mail, or by fax.

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<sup>33</sup>The whistleblower protection policy calls for the ethics office to complete its review within 45 days of receiving a complaint, but some reviews take longer to conduct.

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- The ethics office is responsible for developing ethics standards and content for training, which all UN staff will be expected to take annually, and it is working to provide clear guidance to staff on ethics regulations, rules, and standards. The Office of Human Resources Management, in consultation with the ethics office staff, has developed a half-day ethics workshop for all staff and has worked to ensure that ethics issues are incorporated into courses on other topics, such as procurement. The ethics office has developed an intranet site for UN staff that provides general information about the office as well as UN ethics issues and standards.

While the interim staff in the ethics office have been undertaking activities consistent with their responsibilities, questions have been raised about the capacity of this office to fulfill its mandate. One nongovernmental organization said the UN's whistleblower protection policy created a new benchmark for such policies in other intergovernmental organizations, such as the World Bank and IMF. However, it questioned the UN's implementation of the policy, citing the low number of staff in the ethics office and the amount of time it is taking to conduct preliminary reviews of whistleblower retaliation cases. In addition, in a report endorsed by a UN staff union,<sup>34</sup> a commission of experts criticized the UN's implementation of the whistleblower protection policy and made several recommendations<sup>35</sup> that, if adopted, would change the responsibilities and structure of the ethics office. The U.S. Permanent Representative to the UN has also cited the UN staff union's concerns about the capacity of the ethics office to fulfill its responsibilities.

The appropriate number of staff assigned to the ethics office has been in question since the office's inception. The Secretariat originally requested funding for 16 staff positions for the ethics office, including liaison posts in UN offices in Vienna, Nairobi, and Geneva, to provide the office with

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<sup>34</sup>United Nations Staff Union, *Report of the Commission of Experts on Reforming Internal Justice at the United Nations* (New York, NY: June 12, 2006).

<sup>35</sup>The recommendations made by the report are: (1) to raise the status of the head of the ethics office from the present status as Director to the Assistant Secretary-General level; (2) to increase its independence, have the ethics office report directly to an independent review board rather than to the Secretary-General; (3) to have the ethics office maintain a public register of the financial disclosure statements of senior managers; (4) to establish regional ethics offices in all major duty stations outside of headquarters; and (5) to move whistleblower protection responsibilities from the ethics office, which is not equipped to conduct investigations, to OIOS, the Office of the Ombudsman, or an Office of Special Prosecutor, which the report suggests the UN create.

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greater proximity to the two-thirds of UN employees located in field offices around the world. However, the General Assembly, following the recommendation of the ACABQ, approved funding for only six positions, with no posts in the field. The ACABQ reported that the office could operate with fewer staff than requested, given the office's uncertain workload at its inception, and that its workload would be reduced after the initial work of developing standards and training was complete. The Special Advisor to the Secretary-General for the ethics office, who is overseeing the new office, stated that the number of staff assigned to the office is currently appropriate. The interim staff said that the office needs more resources, particularly additional staff, given its number of responsibilities and activities. A representative from a nongovernmental organization with expertise in whistleblower protection also stated that the ethics office has too few resources to carry out its duties. In addition, the panel of experts commissioned by a UN staff union to review the UN's internal justice system stated that it is critical that the ethics office be given adequate resources, including representation in the UN's regional offices, to fulfill its responsibilities. The ethics office submitted a status report to the General Assembly in September 2006 that suggested that the office may need additional staff and resources in the future.<sup>36</sup>

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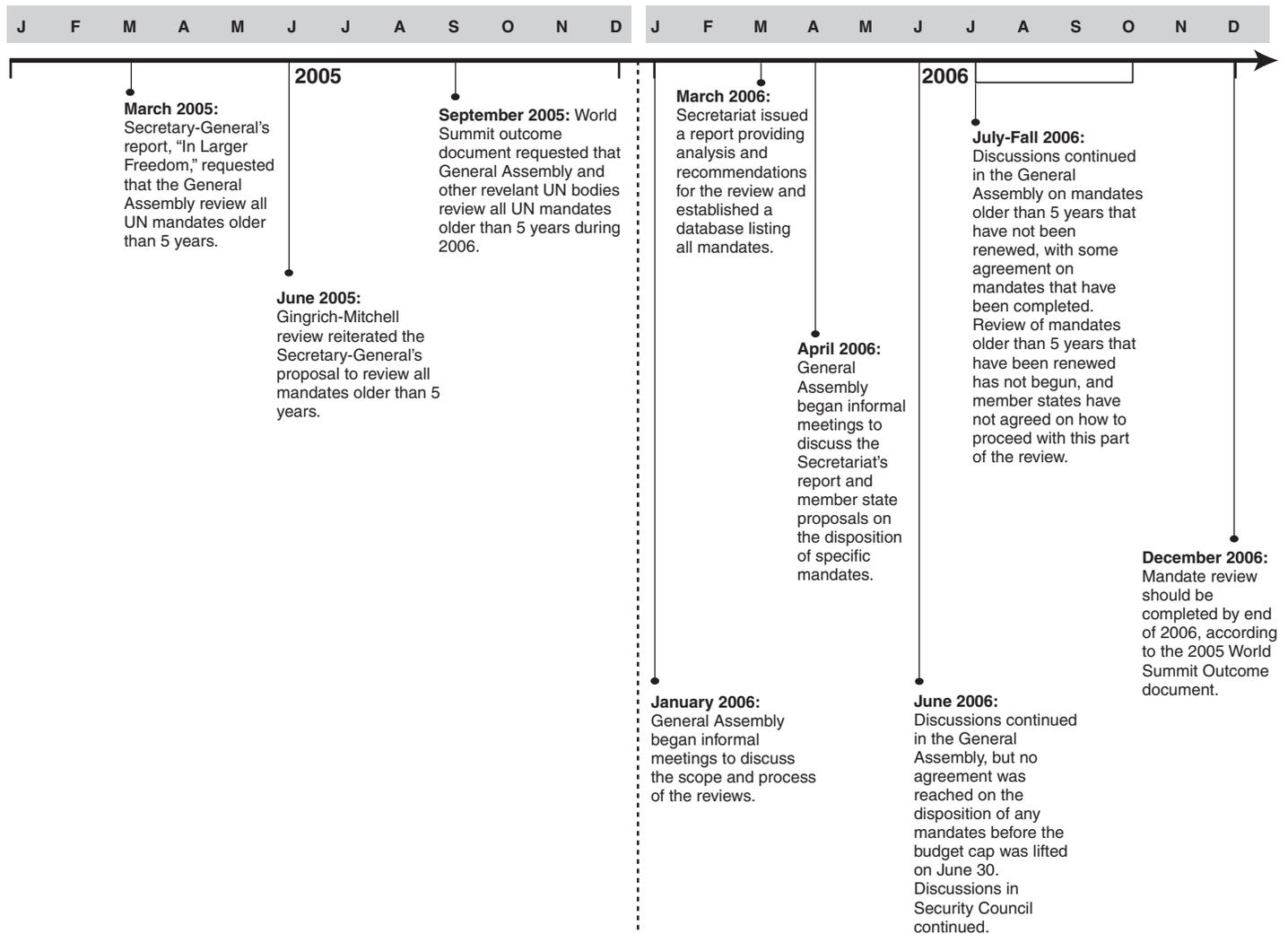
### Disagreement among Member States Has Delayed Review of Programs and Activities

Member state review of all UN programs and activities has been slow because of disagreements on both the scope and process; therefore, it is unlikely that the December 2006 deadline to complete the review will be met. In the 2005 outcome document, member states requested a review of all UN programs and activities, or mandates, that were created 5 or more years ago (see fig. 4 below for key dates in the review process) to strengthen and update UN programs and activities to more accurately reflect the current needs of the organization. The UN does not have a system for regularly evaluating the effectiveness of its mandates, which make up its main body of work. The General Assembly, Economic and Social Council, and the Security Council each adopt new mandates every year on many of the same issues, which can lead to interrelated and overlapping mandates. As a result, the Secretariat's implementation of these mandates may be uncoordinated and inconsistent.

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<sup>36</sup> *Activities of the Ethics Office*, U.N. Doc. A/60/274.

**Figure 4: Key Dates for Review of Programs and Activities**



Source: GAO analysis of UN data.

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UN member states agreed at the 2005 World Summit to undertake in 2006 a review of UN mandates<sup>37</sup> older than 5 years to update the UN's programs and activities so that they respond to the current needs of member states. Member states did not establish milestones for this review, but said it should be completed by 2006. In March 2006, the Secretary-General issued a report that provided a framework for conducting this review, including a recommendation to conduct the review in two phases, and compiled an electronic inventory of about 9,000 total mandates, over 6,900 of which are older than 5 years, originating from the three principal UN organs—the General Assembly, the Economic and Social Council, and the Security Council. The General Assembly, which has responsibility for about 80 percent of the mandates, began discussions on the mandate review process in November 2005 and started substantive discussions on specific mandates in April 2006. The Security Council and Economic and Social Council began their respective reviews in May 2006.<sup>38</sup> During these discussions, countries and groups of countries made proposals on the process for the review and on how to handle specific mandates. For example, one country proposed that the mandate review process involve roundtable discussions and informal debates. Another proposal, with regard to a specific mandate, was to consolidate the Secretariat's working papers on individual and small island territories. During the discussions, some countries requested more information from the Secretariat on certain mandates, such as how one mandate might be duplicative of another, or which UN departments or entities are involved in implementing each mandate.

Throughout the review process, member states have disagreed about which mandates to include in the review and what to do with any savings generated by the potential elimination or consolidation of mandates, which has led to slow and limited progress. Members of the G-77 contend that the scope of the review should include only those mandates older than 5 years that have not been renewed since they were adopted. This represents about 626 mandates, or 7 percent of the total number of mandates (see fig. 5). The United States and other developed countries,

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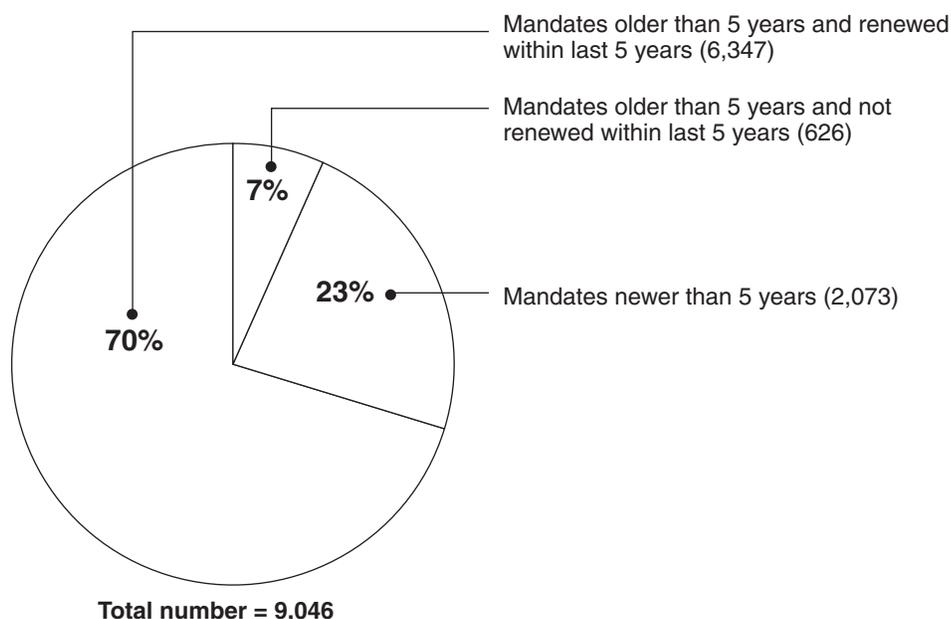
<sup>37</sup>The Secretary-General defines a mandate as a request or a direction for action by the UN Secretariat or other implementing entities in the system, which originates in a resolution of the General Assembly or one of the other UN organs. See *Mandating and Delivering: Analysis and Recommendations to Facilitate the Review of Mandates*, U.N. Doc. A/60/733.

<sup>38</sup>For the purpose of this report, we focused on the General Assembly's review process.

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including Japan, Australia, Canada, and the European Union, argue that the review should include all mandates older than 5 years, whether or not they have been renewed. Using these criteria, the review would include an additional 6,347 mandates.

**Figure 5: Distribution of UN Mandates by Renewal Classification**



Source: GAO analysis of UN data.

The G-77 established several criteria under which it would consider reviewing mandates that are older than 5 years: (1) member states must first agree that any savings derived from the mandate review will be reinvested in the areas from which they were derived, or in UN activities in the development area and (2) all politically sensitive mandates must be excluded from the review process.<sup>39</sup> The United States has stated that a decision about the use of cost savings from the mandate review should be made once the review is complete. In addition, the United States maintains

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<sup>39</sup>According to U.S. officials, these mandates are the most contentious because at least one member state is particularly sensitive about changing or eliminating each of them. Politically sensitive mandates include those that relate to Cyprus, the Palestinian territory, Serbia and Montenegro, and Sudan.

that no mandates older than 5 years, including those that are controversial, should be excluded from the review.

Despite disagreement on which General Assembly mandates to review, member states decided in June 2006 to move forward with the first phase, which consists of reviewing 399 mandates that are older than 5 years and have not been renewed within the last 5 years. Mandates that are older than 5 years and have been renewed could be reviewed in a second phase. Mandates in phase one include completed projects, such as a 1965 resolution requesting that the Secretary-General convene a conference on the World Food Program. Although most of the mandates in this category do not require any further action or resources from the UN, member states could only agree to set aside 74 of them, which they classified as completed, meaning they have been acted upon and completely implemented and do not require further action at this time. Additionally, they decided that 33 mandates are not applicable to the review. The remaining 292 mandates included in phase one may be reviewed in phase two if member states believe they need further discussion. See table 1 for details on the status of mandates considered in phase one.

**Table 1: Categories of Mandates Reviewed in Phase One**

Category	Number of mandates in category
Completed—no agreement on disposition <sup>b</sup>	172
Completed—agreed to set aside <sup>c</sup>	74
<b>Completed<sup>a</sup>—total</b>	<b>246</b>
Implemented/in-progress <sup>d</sup>	102
No indication <sup>e</sup>	18
Not applicable <sup>f</sup>	33
<b>Grand total</b>	<b>399</b>

Source: Department of State.

<sup>a</sup>Completed mandates are those that have been acted upon and completely implemented. These include the majority of founding and founding-related mandates, which are mandates that specify the structure and the functions of the established entity or amend the original founding mandate of such entity.

<sup>b</sup>Member states did not agree on what to do with the mandates in this category. They will remain available for review in phase two if needed.

<sup>c</sup>Member states agreed to set aside mandates in this category for the remainder of the review, with no further action needed.

<sup>d</sup>Implemented/in-progress mandates are those that have been acted upon and for which implementation is ongoing.

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"Mandates in the category of "no indication" are those for which it was not possible to collect definitive information from departments and other UN entities.

Mandates categorized as "not applicable" are those that originated in the General Assembly and require action by entities other than the Secretariat or implementing entities of the UN system, such as member states, nongovernmental organizations, or international financial institutions, and therefore do not pertain to the purpose of the mandate review exercise.

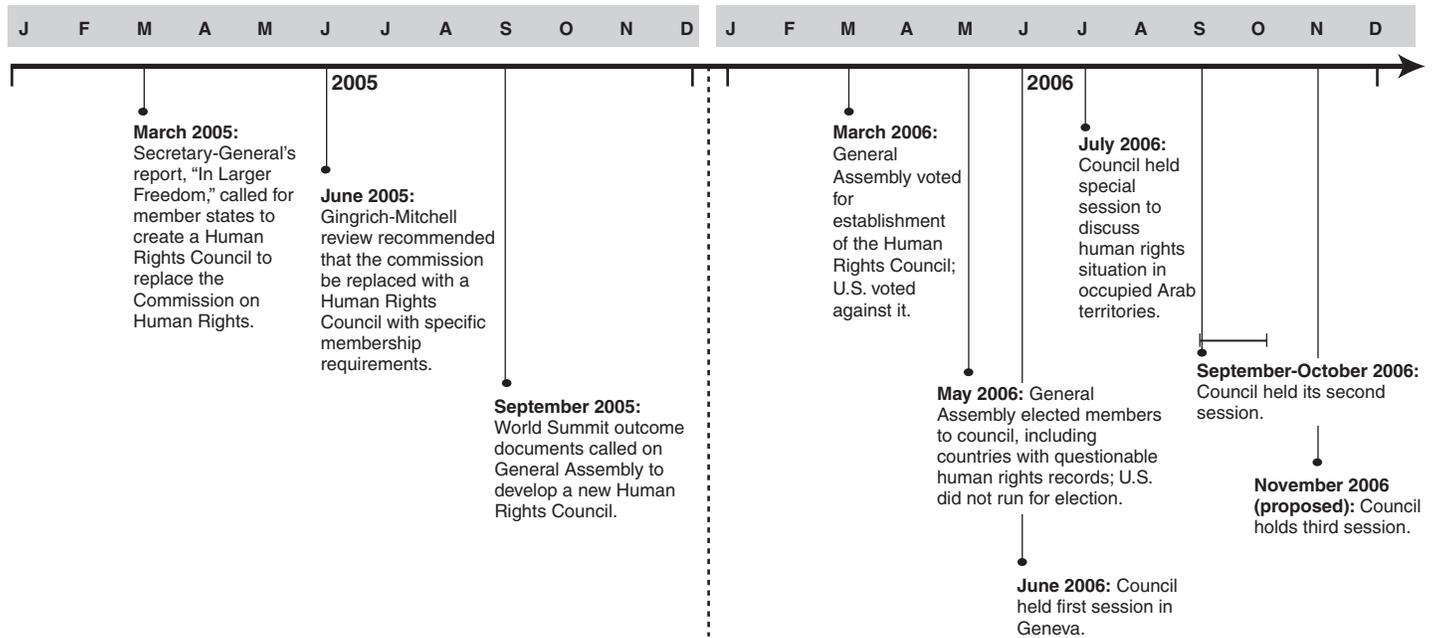
As of September 2006, after beginning discussions on specific mandates in April 2006, member states had not agreed to change, eliminate, or retain any mandates. On September 1, 2006, leaders of the working group on mandate review developed a proposal suggesting terms under which member states would move forward into phase two of the review, but as of the end of September member states had not accepted it. The proposal suggests that member states reallocate within the UN budget any savings from mandate review according to normal budgetary procedures and that they reinvest any savings from development activities into other development activities. In addition, the proposal recommends that member states agree to address politically sensitive mandates carefully and take into account the positions of member states concerned. Given the volume of mandates still to be discussed and the contentious nature of the review process, the prospects for completing the review by the end of 2006 are unlikely.

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## Effectiveness and Impact of Newly-Created Human Rights Council Remain Uncertain

In March 2006, the UN voted to create a new UN Human Rights Council to replace the Commission on Human Rights; however, significant concerns remain about the council's structure. UN member states generally agreed that the Commission on Human Rights should be improved as it was no longer seen as a credible institution for protecting human rights, due to a number of weaknesses. For example, according to human rights organizations, countries known to be human rights violators were consistently selected for membership to the commission and used their membership to protect themselves against criticism of their human rights records. Furthermore, the commission did not criticize the actions of several countries that were found to be abusers of human rights, including Sudan, Saudi Arabia, and Zimbabwe. As a result, the member states agreed at the 2005 World Summit to create a new Human Rights Council that would improve upon these deficiencies. UN member states voted to establish the council in March 2006 and elected members in May 2006. (See fig. 6 for key dates for the Human Rights Council.)

**Figure 6: Key Dates for the Human Rights Council**



Source: GAO analysis of UN data.

In establishing the new Human Rights Council, UN member states aimed to address some of the deficiencies in the 53-member Commission on Human Rights. The 47 members of the new council must be elected individually to the body by a majority of UN members. Previously, candidates were grouped into slates of countries representing regions, and members would vote on the entire slate rather than for an individual country on the slate. The United States sought a significantly smaller body and advocated that to gain membership on the council, members should be elected by the higher standard of a two-thirds majority, rather than an absolute majority, to make it more difficult for repressive countries that have not demonstrated a commitment to human rights to gain seats on the council. Members can now be suspended from the council by a two-thirds majority vote if they are found to have committed gross violations of human rights. When voting for candidates to the council, UN member states are instructed to take into account each country's human rights record, a measure that was not called for when voting for candidates to the commission. The United States wanted to automatically exclude from council membership any country under Security Council sanctions, but that provision was not included in the final design of the body. When

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elections to the council were held in May 2006, several countries with questionable human rights records were elected, including China, Russia, and Cuba. However, other countries that previously served on the commission and have questionable human rights records did not even run for election, including Zimbabwe, Sudan, and North Korea. In addition, Iran campaigned for a seat on the Council but did not win.

The Human Rights Council will also operate differently from the commission. The council will meet more frequently and can more readily call special sessions to address emerging human rights situations than could the commission. The council will meet at least three times a year for a total of 10 weeks, while the commission met once a year for a total of 6 weeks. Furthermore, the council is required to periodically review the human rights records of all UN member states, a procedure the commission lacked. Members of the council will be the first to undergo these reviews and will be required to cooperate with investigators. The council is currently developing the procedures it will follow when conducting the reviews. Finally, member states made the council a subsidiary organ of the General Assembly, elevating it from the commission's status as part of the Economic and Social Council.

While the United States voted against the creation of the new Human Rights Council, stating that it did not sufficiently improve upon the former commission, many nongovernmental organizations and other UN members have stated that the council is better equipped than the commission was to address urgent, serious, and long-running human rights situations around the world. Of the UN member states participating in the vote on the creation of the council, 170 voted in favor, while 4 voted against.<sup>40</sup> The United States did not run for election to the body but has agreed to provide funding for it. Representatives from one group of member states said that they were disappointed the United States did not run for election because it was important to have the United States on the council from its inception, to show support for the new body. The council meets in Geneva and met for the first time in June 2006 and a second time in September 2006. It plans to meet again in November 2006. The council held special sessions in summer 2006 on the situation of human rights in Palestine and other Arab territories. It is too early to determine the impact of the new council on the UN and human rights worldwide.

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<sup>40</sup>The United States, Israel, the Marshall Islands, and Palau all voted against the creation of the Human Rights Council.

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## Various Factors May Impede Full Implementation of UN Management Reforms

We identified several factors that may impede the UN's progress toward full implementation of management reforms: (1) considerable disagreement within the General Assembly over their overall implications; (2) absence of an implementation plan for each reform that includes time frames and cost estimates; and (3) administrative guidance that may complicate the process of implementing certain human resource initiatives.

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## Disagreement within the General Assembly Has Limited the Implementation of Reforms

Disagreement between G-77 and developed countries over the broader implications of management reforms may affect the UN's ability to fully implement them. According to UN and member state officials, the G-77 is concerned that some of the reforms could increase the authority of the Secretariat at the expense of the General Assembly, thus decreasing the G-77's influence over UN operations. Further, according to several UN and member state officials, most developed countries view management reform as a way to increase organizational effectiveness, whereas the G-77 countries perceive that developed countries view certain reform initiatives, such as mandate review, as cost-cutting exercises. Moreover, UN officials and member state representatives told us that a disagreement over a 6-month spending cap<sup>41</sup> served to unify the G-77 countries and weaken the cohesion between developed countries. According to UN and member state representatives, the budget cap initially served to focus attention on the need to make progress on the reform initiatives. However, according to member state representatives, the spending cap made it more difficult to reach consensus on management reforms. On June 30, 2006, the General Assembly decided to lift the spending cap.<sup>42</sup> According to UN officials and member state representatives, now that the cap is lifted, implementation of the reforms can continue, but questions remain about the pace and priorities for implementation of the reforms.

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<sup>41</sup>In December 2005, the General Assembly adopted the UN's budget for the 2006-2007 biennium with a provision that the Secretary-General could spend only \$950 million in 2006, which represents about 6 months of operating costs for the Secretariat. This provision was proposed by the United States and other developed countries and agreed to by a consensus of all member states. This decision allowed the UN to continue its operations and activities while member states continued to discuss the implementation of management reforms agreed to at the September 2005 World Summit.

<sup>42</sup>Even though the decision was made by consensus, the United States, Australia, and Japan disassociated themselves from consensus. According to a U.S. official, disassociation from consensus is a process whereby a country does not necessarily agree on an issue but does not block its approval.

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Disagreement between the G-77 countries and the developed countries over the details of implementing the initiatives could continue to affect their progress. Member states disagree on some of the specifics of the reforms in areas such as the review of programs and activities and the details for creating the Human Rights Council, as discussed earlier, as well as the role of the Deputy Secretary-General. For example, two independent studies recommended the creation of a chief operating officer position and the Secretary-General's March 2006 report recommended that the Deputy Secretary-General assume formal authority and accountability for the management and overall direction of the Secretariat's operations. However, the spokesperson for the G-77 countries has stated in the Fifth Committee and in the General Assembly that, according to the UN charter, the Secretary-General is the UN's Chief Administrative Officer and thus responsible for the organization's management. In May 2006, the General Assembly passed a resolution that noted that the function of the post of Deputy Secretary-General should not diminish the role or responsibilities of the Secretary-General. The resolution further noted that the overall responsibility for management of the Organization rests with the Secretary-General. Therefore, it will be up to the discretion of the next Secretary-General to decide on the delegation of authority to his/her deputy. (App. II provides more information on the disagreements specific to each reform.)

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## UN Has Not Developed a Comprehensive Plan to Implement the Reforms

For many of the management reform proposals, the UN has not developed comprehensive implementation plans with associated time frames, cost estimates, and potential savings.<sup>43</sup> Setting an implementation time line is a key practice for organizations undergoing change.<sup>44</sup> However, many UN proposals we reviewed that are related to management reform do not include specific time frames. For example, although a senior U.S. official said that the July 2006 resolution is a positive step toward implementation of certain reforms, he noted that the section on oversight does not provide concrete actions. In addition, the resolution does not include specific time

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<sup>43</sup>The Secretary-General's detailed proposal for adopting International Public Sector Accounting Standards includes a timetable for implementation. In addition, at the end of September 2006 the Secretariat released a detailed report on human resource initiatives that includes time lines and resource implications for most of them. However, this report was released after our report had gone to press; therefore, we did not have time to analyze and incorporate the new information.

<sup>44</sup>GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

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frames for implementing a fully operational ethics office or the Independent Audit Advisory Committee. Without establishing deadlines, it is difficult to hold managers accountable for completing reform efforts. Moreover, without comprehensive implementation plans, the total budgetary implications of the reform efforts are not clear.

The UN has not developed or refined cost estimates for many of the initiatives, including improving certain field staff benefits and conditions to mirror those of headquarters staff; increasing investments in human resource development; introducing a new information communications technology system; and approving a staff buyout program. However, the Secretary-General has developed preliminary cost estimates for three key initiatives that alone could cost over \$500 million—the proposed new information communications technology system (\$120 million over several years), a one-time staff buyout (\$50 to \$100 million), and efforts to improve field staff benefits (\$280 million annually). Moreover, the UN Secretariat said that these estimates will require further assessments before reliable estimates and a plan of action can be determined. Without determining cost estimates, it is difficult to ensure that financing will be available when needed.

Likewise, the UN has not yet developed savings estimates because certain initiatives will require further assessment and then approval by the General Assembly. The Secretary-General anticipates that the costs for the reforms could be offset by savings from efforts such as relocation and outsourcing and the long-term benefits of a more efficiently run organization. However, the UN has not yet produced any concrete savings estimates, and efforts to produce savings have faced significant challenges. For instance, the Secretary-General said that the cost could be partially offset by savings in procurement reform. However, UN officials said that the UN Secretariat has not yet developed firm procurement savings estimates.<sup>45</sup> In addition, proposals to streamline the way in which the organization delivers its services, which may result in savings, have experienced resistance from member states and staff members. In May 2006, the G-77 did not authorize the Secretary-General to conduct a cost-benefit analysis of his proposal to relocate translation, editing, and document production services. Public documents do not specify the

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<sup>45</sup>The Secretary-General projects cost and efficiency savings of between \$100 million to \$400 million from increasing information-sharing on procurement matters within the UN common system, among other things.

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G-77's reason for not allowing a cost-benefit analysis to be undertaken.<sup>46</sup> Further, the outsourcing of internal printing and publishing processes could generate savings but, according to UN officials, it could also face challenges from member states and staff to implement.

To develop or refine cost and savings estimates, the Secretariat is conducting cost-benefit analyses and assessments in areas such as the proposed new information communications technology system, outsourcing and relocation, staff buyout, and public access to UN information. Appendix IV provides information on the reviews, assessments, and cost-benefit analyses that the Secretariat is preparing, including their expected time frames for completion to the extent stated by the UN. However, some of the cost-benefit analyses and assessments will not be available until March 2007 for member states to consider, and these will have a bearing on the overall reform package and, ultimately, the total cost of the reform. To date, the additional cost to member states to implement certain management reform initiatives has been about \$40 million, which primarily reflects start-up costs for efforts such as the adoption of the International Public Sector Accounting Standards, the new ethics office, additional costs for the new Human Rights Council, and an increase to the working capital fund<sup>47</sup> (see table 2). Therefore, based on the slow pace of the reform process and the time frames for completion of the assessments and cost-benefit analyses, the total budgetary implications of the reform effort, including the U.S. government's share, remain unclear.<sup>48</sup>

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<sup>46</sup>According to a U. S. official, the United States and 49 other countries voted against the resolution put forth by the G-77 countries (A/RES/60/260 of May 16, 2006) because it constrained the Secretary-General from moving forward fully on outsourcing, among other things.

<sup>47</sup>The increase in the working capital fund is intended to allow the Secretary-General to provide advances necessary to finance budgetary appropriations, pending the receipt of member states' contributions, and to finance unforeseen and extraordinary expenses pending appropriation action by the General Assembly.

<sup>48</sup>In 2004, GAO reported that, according to UN officials, the Secretariat did not complete a comprehensive assessment of the personnel and budgetary implications during the development of his 2002 reform agenda.

**Table 2: Additional Funds Approved to Implement Certain Management Reform Initiatives, as of September 2006**

Dollars in millions	
Reform actions	Funds approved (2006-2007 biennium)
Regular budget resources:	
Increase in the Working Capital Fund (from member states' assessments effective January 1, 2007)	\$15
Strengthen Office of Internal Oversight Services (39 temporary posts)	5.8
Additional funding for new Human Rights Council	4.4
Cost for independent external evaluation on Governance and Oversight	4.3
New Ethics Office	2.9
Cost study and implementation plan for new information communications technology system	2.2
Start-up cost for the International Public Sector Accounting Standards	2.0
Office accommodations for new posts at Headquarters	1.9
New Chief Information Communications Technology Officer	.3
Staff selection system in Office of Human Resources Management	.2
<b>Subtotal – regular budget resources</b>	<b>\$39.0</b>
Peacekeeping support account:	
Temporary procurement service staff (6)	.7
<b>Subtotal – peacekeeping support account</b>	<b>\$ .7</b>
<b>Total additional funds approved to date</b>	<b>\$39.7</b>

Sources: UN and the U.S Mission to the UN.

Notes:

The total dollar amount presented in the table attempts to address the scope of our report objectives and does not include all reform efforts that were a result of the 2005 World Summit, such as the Peace Building Commission and the Office of the High Commissioner for Human Rights.

The Working Capital fund was increased from \$100 million to \$150 million. To cover the increase, the additional amount of \$35 million will be funded from the 2004-2005 budget surplus. The \$35 million is an estimate pending the Board of Auditors audit for the biennium.

According to a Department of State official, funds for the review of certain budgetary, financial, and human resources policies, including the design of the staff buyout program, are being drawn from existing resources.

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## Administrative Guidance May Complicate the Process of Implementing Certain Human Resource Initiatives

Administrative guidance, such as staff regulations and rules that implement General Assembly resolutions, could complicate and sometimes restrict the process of implementing certain human resource initiatives. According to the Secretary-General, the existing human resources management framework was designed for a stable, largely headquarters-based environment, and currently more than half of the UN's 30,000 staff members are serving in the field. The Secretary-General also said that the Secretariat's increasingly complex mandates require a new skills profile that will enable it to respond in an integrated way to new needs in diverse areas such as peacekeeping and humanitarian assistance. In addition, salaries and other human resource costs comprise almost 80 percent of the UN regular budget. As such, UN officials state that it would be impossible to achieve meaningful management reform without reforming human resources. The Secretary-General has proposed several human resource reforms,<sup>49</sup> such as a staff buyout, replacing permanent contracts with open-ended appointments, better integration of staff worldwide, and outsourcing.<sup>50</sup> However, administrative guidance may complicate the process of implementing some initiatives, such as:

- In September 2005, member states agreed to consider a proposal from the Secretary-General for a one-time staff buyout. According to the Secretary-General, to target staff for buyout the UN Secretariat must analyze and determine the skills needed in the organization, taking into account proposed reform efforts such as relocation of work, outsourcing, and mandate review. Staff performing administrative functions that are targeted for outsourcing may be offered a buyout if their skills are no longer needed by the UN. The Secretary-General must also conduct

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<sup>49</sup>This report does not include information from the Secretary-General's detailed human resources report issued in late September.

<sup>50</sup>Outsourcing describes a situation in which an organization allows all or part of its business processes to be undertaken by third party providers.

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consultations with UN staff representatives.<sup>51</sup> UN officials said that it may be difficult for the Secretary-General, staff representatives, and member states to agree on the skills required to realign staff with the UN's priorities. In addition, some of the cost-benefit analyses for the relocation and outsourcing initiatives will not be completed until March 2007.

- The UN Secretariat is developing a more integrated approach for staff to serve worldwide. However, UN officials said that staff may find ways to resist efforts to be transferred, especially if a transfer would result in leaving UN Headquarters or other desirable duty stations. According to the Secretary-General, staff are not sufficiently mobile, and their movement is hampered by multiple and restrictive mandates.
- The Secretary-General proposed the integration of field and headquarters staff into one global Secretariat with competitive conditions of service. This would include changing the staff rules to create one staff contract to mirror that of headquarters staff. Based on a study prepared in January 2006 by the International Civil Service Commission for the General Assembly,<sup>52</sup> this proposed integration raises a number of complicated policy questions that will need to be addressed, including long-term contractual obligations, cost implications related to differences in the compensation packages, distortion of geographical distribution and gender balance, and complications for merit-based, transparent, and open selection procedures.
- Further, according to UN officials, proposals to reconsider a change in the way the UN delivers its services by relocating and outsourcing certain headquarters functions may meet with resistance from some member

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<sup>51</sup>According to the Secretary-General, his staff buyout proposals and other human resources proposals (see General Assembly resolution 60/1 par. 163 (c)), will take into consideration part II of resolution A/60/260, and will follow consultation with staff representatives to be carried out in accordance with article VIII of the Staff Regulations and section XVI of General Assembly resolution 59/266. For example, based on these resolutions and regulation, the Secretary-General must submit a detailed proposal on the framework for a one-time staff buyout to improve personnel structure and quality, including an indication of costs involved and mechanisms to ensure that it achieves its intended purpose. Also, generally, the Secretary-General shall establish and maintain continuous contact and communication with the staff in order to ensure the effective participation of the staff in identifying, examining, and resolving issues relating to staff welfare, including conditions of work, general conditions of life, and other personnel policies.

<sup>52</sup>International Civil Service Commission, *Staffing of Field Missions: Review of Conversion of Contractual Instruments*, January 2006.

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states and staff as jobs may be lost. According to the Secretary-General, the General Assembly established a number of conditions for outsourcing that severely restrict the circumstances under which it can be contemplated.<sup>53</sup> One of those restrictions includes avoiding possible negative impact on staff.<sup>54</sup> Thus, restrictive conditions such as these could complicate the process of implementing certain human resource initiatives.

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## Conclusion

During the past few years, the inadequate oversight of the Oil for Food program and mismanagement of UN procurement activities have demonstrated the urgent need for UN management reform. Several independent reports in 2005 found that inefficient UN management operations persist and discuss the immediate need for management reform given the growth in complexity and significance of UN worldwide operations within the past decade. Despite several past reform efforts, long-standing concerns about weak UN management functions remain. As the largest financial contributor to the UN, the United States has taken a leadership role in calling for improved management processes. In addition, the United States, through the Department of State and the U.S. Mission to the United Nations, continues to take measures to advance reform of UN management processes. However, progress in management reform efforts has been slow. Proposals awaiting review cannot progress until the General Assembly approves them through a process that traditionally requires agreement by all 192 UN member states, and consensus building can be a difficult and lengthy process. Moreover, the UN has not agreed upon implementation plans for each reform effort that include established time frames and cost estimates—practices that increase the transparency

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<sup>53</sup>G. A. Res. A/RES/55/232, *Outsourcing Practices*, United Nations, December 23, 2000.

<sup>54</sup>In 1997 and again in 2002, the Joint Inspection Unit (JIU) reported on several deficiencies of the UN's outsourcing operations, such as lack of a policy and systemwide definition of outsourcing, insufficient coordination among UN organizations, and the need for improved monitoring and management controls over outsourced contracts. In 2002, the JIU said that since its 1997 report on the challenge of outsourcing for the UN system, outsourced operations have not evolved significantly in value and scope. In addition, JIU said that information suggests that cost benefits likely to flow from outsourcing may be greater in locations such as the New York metropolitan area and field duty stations where the local salary rates are lower than UN salary scales. However, JIU also points out that the General Assembly resolution provides that one of the goals of outsourcing should be to avoid a possible negative impact on staff, but that adverse effects on staff can be minimized and perhaps even averted by carefully planning their redeployment to other functions or considering attrition solutions during the precontract processes.

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and accountability of the reform process. The Secretary-General's proposal for the adoption of International Public Sector Accounting Standards is a step toward increased transparency and accountability because it includes a detailed timetable for implementation. Until the UN undergoes successful management reform, its ability to respond effectively and efficiently to increasingly complex international crises is diminished.

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## Recommendations for Executive Action

We recommend that the Secretary of State and the U.S. Permanent Representative to the UN work with other member states to encourage the General Assembly and the Secretary-General to include cost estimates and expected time frames for implementation and completion for each reform as it is approved. We also recommend that the Secretary of State's annual *U.S. Participation in the United Nations* report to the Congress include a section on the status and progress of the major UN management reforms.

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## Agency Comments and Our Evaluation

The Department of State provided written comments on a draft of this report (see app. V). The Department of State agreed with our recommendations and stated that it will continue to work toward creating a more effective and accountable United Nations. In particular, it noted that it has seen too little in terms of results since the September 2005 Summit. Moreover, the Department of State also said that the Secretariat should be held accountable for implementing these reforms and will continue to work with other member states toward ensuring that a transparent reporting mechanism to the General Assembly is established. The Department of State also concurred fully with the need to keep the U.S. Congress informed of these management reform initiatives and will continue to monitor and inform the Congress as recommended. The UN did not provide written comments. In addition, the Department of State and the United Nations provided technical comments on our draft report, which were incorporated into the text where appropriate.

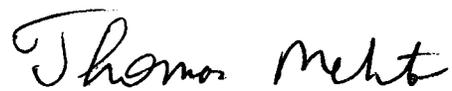
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We are sending copies of this report to interested members of the Congress, the Secretary of State, and the U.S. Permanent Representative to the UN. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov). Contact points for our Offices of

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Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VI.

A handwritten signature in black ink that reads "Thomas Melito". The signature is written in a cursive, flowing style.

Thomas Melito  
Director, International Affairs and Trade

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# Appendix I: Scope and Methodology

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To identify and track management reforms, we reviewed key documents proposing United Nations (UN) management and human rights reforms and interviewed key officials. We obtained and reviewed official reports of the Secretariat and the Office of Internal Oversight Services (OIOS), Advisory Committee on Administrative and Budgetary Questions (ACABQ) documents, General Assembly resolutions, Secretary-General bulletins, Web sites, related budget documents, and statements from UN officials. We interviewed senior officials from UN departments in New York City. Specifically, we met with officials from the General Assembly Office of the President, the Office of the Deputy Secretary-General, the Departments of Management and Policy and Planning, ACABQ, the Office of Program Planning and Budget (OPPBA), and OIOS. During the course of our review, we also discussed the status of UN reforms with Department of State officials in Washington, D.C., and New York City.

We selected reforms in the areas of management operations of the Secretariat, oversight, ethical conduct, review of programs and activities, and human rights to track in more detail. We determined that these were key areas of management reform through our review of UN documents and in our discussions with UN and U.S. officials. We focused our work on management reforms that began in 2005 and did not specifically address the 1997 and 2002 reform agendas. The 2005 reforms applied to the Secretariat and the UN's governing bodies, including the General Assembly, the Economic and Social Council, and the Security Council. We did not include UN specialized agencies or funds and programs in our review. Other reform efforts such as the UN Peace Building Commission, Security Council reform, and governance were beyond the scope of this review.

To determine the factors facing the implementation of UN reforms, we reviewed reports and documentation of the Secretariat, General Assembly, OIOS, Joint Inspection Unit, and International Civil Service Commission. In addition, we spoke with UN officials in New York. These included officials from the Office of the Deputy Secretary-General, the Department of Management, ACABQ, OPPBA, and OIOS. We also met with representatives from several member states and spoke with U.S. officials in Washington, D.C., and New York. We also interviewed outside observers of the UN system, including nongovernmental organizations and members of academia.

Many cost estimates for the proposed reform initiatives are preliminary, and detailed cost estimates are being developed; therefore, we did not analyze the assumptions underlying these estimates to determine whether

they are reasonable and reliable. To determine the reliability of data in the UN's inventory of about 9,000 programs and activities (mandates) that are older than 5 years, we interviewed UN officials and performed some basic cross checks. The scope of the mandate review covers mandates of the General Assembly, the Economic and Social Council, and the Security Council that are older than 5 years and are active or potentially active. According to the Secretary-General, the resolutions adopted from year to year by each of the principal organs are the primary source of mandates. The Secretary-General also said that mandates are not easily defined or quantifiable, and a concrete legal definition of a mandate does not exist. In addition, the UN updates its inventory of mandates on a regular basis. We performed our analysis as of September 2006. We determined that the data were sufficiently reliable for the purposes of establishing the approximate number of mandates and comparing the approximate number of mandates that have and have not been renewed in the last 5 years. Further, we believe that the cost estimates and the associated funds that the General Assembly appropriated to date for reform efforts are sufficiently reliable for the purposes of this report.

We performed our work between January and September 2006 in accordance with generally accepted U.S. government auditing standards.

# Appendix II: Status of UN Management Reform Initiatives

We identified and tracked the status of management reform initiatives in five key areas—management of the Secretariat, oversight, ethical conduct, review of programs and activities, and human rights—and identified disagreements among member states that may affect their implementation. Table 3 provides information on the status of major United Nations (UN) management reform initiatives, actions that are still pending, and points of disagreement. All dates are in 2006 unless otherwise indicated.

**Table 3: Status of Major UN Management Reform Initiatives**

Proposed reform actions	Status to date	What remains to be done	Points of disagreement
<b>Improving the management of the Secretariat</b>			
<b>Information and Communications Technology</b>			
Create the post of chief information technology officer to define and implement a comprehensive information management strategy for the Secretariat.	In July, the General Assembly (GA) approved the post of chief information technology officer.	The GA requested that the Secretary-General rejustify the level of resource requirements for the post of chief information technology officer in the budget for biennium 2008-2009. This proposal is scheduled to be considered during the 62nd session. <sup>b</sup>	We did not identify any major disagreements.
Align information and communications technology (ICT) priorities with Secretariat performance by incorporating better managerial decision-support tools, implementing an organization-wide document/content management system, and recruiting or training people with skills in information management and analysis.	In July, the GA requested additional information on the structure, staffing requirements, functions, and the proposed ICT relationship with other information and communications technology units.	The Secretary-General plans to provide the additional information during the 61st session of the GA. <sup>a</sup>	We did not identify any major disagreements.
Replace existing information technology systems such as the Integrated Management Information System (IMIS) with a fully integrated global system. The integration would include human resources, finance and accounting, and procurement systems.	The GA agreed to replace IMIS with the Secretary-General's proposed next generation enterprise resource planning system or a comparable system and approved funds for an information and communications technology detailed cost study and implementation plan.	The Secretariat will conduct a detailed cost study (including information on user needs, scope, timetable, strategy, and resource requirements) and plans to present the results during the 61st session of the GA. <sup>a</sup>	There is general agreement that the current ICT system needs to be replaced, but the GA will decide on the type of integrated system after the detailed cost study is prepared.

**Appendix II: Status of UN Management  
Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<b>Delivery of Services</b>			
Undertake systematic and detailed cost-benefit analyses of relocation, outsourcing, and telecommuting opportunities for select administrative services: (1) translation, editing and documents production by 9/2006; (2) internal printing and publishing processes by 9/2006; (3) medical insurance plan administration by 9/2006; (4) information technology support by 12/2006; (5) payables, receivables, and payroll processes by 3/2007; and (6) staff benefits administration by 3/2007.	In May, the Group of 77 (G-77) did not authorize the Secretary-General to conduct a cost-benefit analysis of his proposals to relocate translation, editing, and documents production. However, the GA gave the Secretary-General authority to pursue cost-benefit analyses of the remaining proposed initiatives.	The Secretariat is undertaking cost-benefit analyses of the remaining proposals (2 through 6) and plans to submit them to the GA for consideration during the 61st session. <sup>a</sup>	According to a U.S. official, the United States and 49 other countries voted against the GA resolution put forth by the G-77 countries in May because the United States believes, among other things, that the resolution constrained the Secretary-General from moving forward fully on outsourcing.

**Appendix II: Status of UN Management Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<b>Procurement Practices</b>			
<p>Continue comprehensive review of procurement rules, regulations, and policies in the following six broad areas:</p> <p>(1) establishing a more independent bid protest system;</p> <p>(2) implementing a risk management framework, including diagnostic tools to detect problematic transactions, more systematic rotation of staff serving in procurement, and the strengthening of the Headquarters Committee on Contracts;</p> <p>(3) improving the training of procurement staff in ethics, extending personal financial disclosure requirements to procurement staff, and improving career development;</p> <p>(4) reprofiling procurement staff requirements to attract high-quality people to serve in the field and support them with regular training and routine rotation;</p> <p>(5) increasing information-sharing on procurement matters to generate significant potential cost and efficiency savings; and</p> <p>(6) using a lead agency to create specialist buyers for the whole UN system.</p>	<p>In June, the Secretary-General provided a detailed report to the GA that includes the status of the proposed initiatives. In July, the GA authorized about \$700,000 in funding for six new temporary positions for 6 months.</p> <p>(1) The Secretary-General is expected to establish an independent bid protest system by September 2006.</p> <p>(2) The Secretary-General said that the Secretariat has developed diagnostic tools to identify potential irregularities in financial transactions using data in procurement databases. The Procurement Service has begun a lateral reassignment program within the office. The Secretary-General requested three posts under the support account for peacekeeping to strengthen the Headquarters Committee on Contracts.</p> <p>(3) The Secretary-General said that all Procurement Service staff have attended a special procurement ethics training course; financial disclosure is now required of all staff involved in procurement activities, and work has begun in improving career development.</p> <p>(4) The Procurement Service initiated a review of job functions for all staff under the guidance of the Office of Human Resources Management with a view to conducting a horizontal review of job classification within Procurement Service.</p> <p>(5) Information-sharing has begun in the area of air and sea freight contracts through joint negotiation with contractors.</p> <p>(6) The UN has been reviewing the use of a lead agency concept to create specialist buyers for the entire procurement system.</p>	<p>The GA is scheduled to consider the Secretary-General's June 2006 detailed procurement report during its 61st session.<sup>a</sup></p> <p>(1) The Procurement Service is seeking the guidance of the Office of Legal Affairs to develop detailed procedures for the independent bid protest system, which will be posted on its Web site for vendors.</p> <p>(2) A number of actions are ongoing, including managing the risks during the start-up and major expansion of peacekeeping operations. The Secretariat is developing a career path program for procurement staff that would allow rotation between headquarters and the field. The GA will consider staffing for the Headquarter's Committee on Contracts at the 61st session.<sup>a</sup></p> <p>(3) The Secretary-General said that procurement staff will receive continuous training throughout their careers. In addition, the Secretary-General requested resources to establish a planning, compliance, and monitoring section to lead the ethics and integrity program of the Procurement Service, among other responsibilities. The Secretary-General also said that career development frameworks will be developed for the procurement occupational group.</p>	<p>The United States said that it is doubtful that the small amount of resources provided for badly needed improvements to the inadequate procurement functions would enable the "scandal-ridden activity" to be repaired quickly and decisively.</p>

**Appendix II: Status of UN Management Reform Initiatives**

Proposed reform actions	Status to date	What remains to be done	Points of disagreement
		<p>(4) Following the review of job functions, the job profile for respective job functions would be formalized to establish a career development path within the procurement profession. The Secretary-General requested \$800,000 for training and to help make the career development program fully functional. The GA will consider the job reprofiling at its 61st session.<sup>a</sup></p> <p>(5) Information sharing is also being considered among the UN system of organizations in the areas of procurement of common requirements such as vehicles, information technology, and communications equipment.</p> <p>(6) The Secretariat plans to expand interagency cooperation and to extensively use common service arrangements with other UN organizations. Work is under way to determine in which field specific UN entities have a competitive advantage.</p>	

**Appendix II: Status of UN Management Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<b>Human Resources</b>			
<p>The Secretary General made the following proposals:</p> <p>(1) Develop a more proactive, targeted and efficient recruitment system.</p> <p>(2) Develop a more integrated approach to mobility, including authority for the Secretary-General to move staff wherever needed, strict enforcement of postoccupancy limits, designation of a majority of international professional posts as rotational, integration of Headquarters and field operations into an organization-wide mobility program, expanded training, and improved work/life conditions.</p> <p>(3) Enhance career development through significant increases in resources for staff development, systematic development of entry-level professional staff, development of career models with potential career paths, and mandatory induction and training requirements for managers.</p> <p>(4) Modify contractual arrangements and harmonize conditions of service to meet the needs of an increasingly field-based organization, through one set of staff rules; replace permanent contracts with open-ended continuing appointments; align the conditions of service of Secretariat staff in the field with those of UN funds and programs.</p> <p>(5) Strengthen leadership recruitment, training, and development plans to build the cadre of senior and middle managers required for the modern complex global operations of the UN.</p>	<p>The Secretary-General issued a detailed human resources report in late September 2006.<sup>c</sup></p>	<p>The GA plans to review the Secretariat's detailed human resources report in fall 2006.</p> <p>The Secretary-General plans to provide the GA at its 61st session an assessment of the impact of previous and ongoing reforms as they relate to this proposal, including costs, administrative implications, and concrete examples of how this reform would enhance the effectiveness of the work of the UN.<sup>a</sup></p>	<p>We did not identify any major disagreements.</p>

**Appendix II: Status of UN Management Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
Redefine the role of the Deputy Secretary-General to assume formal authority and accountability for the management and overall direction of the operational functions of the Secretariat.	In May 2006, the GA passed a resolution that noted that the function of the role of Deputy Secretary-General should not diminish the role or responsibilities of the Secretary-General.	It will be up to the discretion of the next Secretary-General to decide on the delegation of authority for his/her deputy.	Two independent studies recommended the creation of a chief operating officer position and the Secretary-General's March 2006 report recommended that the Deputy Secretary-General assume formal authority and accountability for the management and overall direction of the Secretariat's operations. However, a May 2006 GA resolution noted that the overall responsibility for the management of the UN rests with the Secretary-General. Therefore, it will be up to the discretion of the next Secretary-General to decide on the delegation of authority to his/her deputy.
Regroup the 25 departments and entities reporting directly to the Secretary-General into about eight organizational groups or clusters, each group headed by an Under-Secretary-General.	In May, the GA agreed with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the Secretary-General's successor will need to have a say in any regrouping of departments within the Secretariat as a means of streamlining reporting lines.	The GA requested that this proposal be further developed for the consideration of the next Secretary-General.	There is no disagreement at this time since the proposal will be considered by the next Secretary-General.
Provide dedicated resources for a staff buyout.	The staff buyout review proposal was conducted as part of the detailed human resource report that was finalized in late September.	The ACABQ and the Fifth Committee are scheduled to review the information on a staff buyout in conjunction with the detailed human resources report this fall, and the GA plans to consider it at its 61st session. <sup>a</sup>	As part of the 2005 World Summit outcome, the GA requested that the Secretary-General prepare a detailed proposal on a one-time staff buyout. However, until the proposal is presented, it is unclear whether the GA will agree or disagree on its content.

**Appendix II: Status of UN Management Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<b>Budget and Finance</b>			
<p>In the area of strategic budgetary planning and implementation, the Secretary-General proposed that</p> <p>(1) budget appropriation be consolidated from the current 35 sections into 13 parts;</p> <p>(2) the Secretary-General should have the authority to redeploy posts, as necessary, and to reclassify up to 10 percent of posts within each broad category within a given budget period; and</p> <p>(3) the Secretary-General be given the authority, within a given budget period, to use the savings from vacant posts, with a value not to exceed 10 percent of the overall post budget, for emerging priorities or unanticipated activities.</p>	<p>(1) In March, the ACABQ requested an example of the proposed change, which the Secretary-General provided in a detailed report in May.</p> <p>(2) For the biennium 2004-2005 (January 1, 2004, to December 30, 2005), the GA authorized the Secretary-General to redeploy 50 posts. In July, the GA said that the 50 posts experiment would not be extended beyond biennium 2006-2007 and requested that the Secretary-General report at its 62nd session, which begins in September 2007, on the results of the experiment to redeploy 50 posts and on lessons learned.</p> <p>(3) In July, the GA authorized the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation, for the biennia 2006-2007 and 2008-2009, to enter into commitments up to \$20 million in each biennium for positions and nonpost requirements for the purpose of meeting the evolving needs of the organization. The Secretary-General is authorized to use the working capital fund for this use.</p>	<p>(1) It is unclear from the GA's July resolution what remain to be done.</p> <p>(2) The Secretary-General plans to provide the GA at its 62nd session a report on the results of the experiment to redeploy 50 posts and on lessons learned.</p> <p>(3) The GA requested that the Secretary-General submit a report for its consideration on the use of the experiment during the biennium, including its impact on program delivery. The GA is scheduled to review the experiment at its 64th session beginning in September 2009 to determine whether it should be continued.</p>	<p>We did not identify any major disagreements.</p>

**Appendix II: Status of UN Management Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<p>In the area of financial management practices, the Secretary-General proposed</p> <p>(1) that peacekeeping accounts for separate field missions be consolidated into one set of accounts and reports starting in 2007 to improve cash management and operational flexibility;</p> <p>(2) introducing a new policy in July 2006 to replace four existing administrative instructions to govern the management of trust funds in order to simplify rules and procedures and to establish a new standard for support costs, lower than 13 percent, to bring it more in line with the fee structure at UN funds and programs;</p> <p>(3) increasing the ceiling of commitment authority for peacekeeping operations from \$50 million to \$150 and delinked from a specified number of Security Council decisions;</p> <p>(4) increasing the level of the Working Capital Fund for the regular budget from \$100 million to \$250 million;</p> <p>(5) retaining budget surpluses, including from peacekeeping operations, for use in subsequent periods;</p> <p>(6) creating a separate fund to cover unanticipated expenditures arising from exchange rate fluctuations and inflation, to be financed from budget surpluses;</p> <p>(7) charging interest on arrears on member states' assessed contributions; and</p> <p>(8) adopting the International Public Sector Accounting Standards (IPSAS) by 2010 to ensure a sound financial base, improve financial reporting, and facilitate accountability and transparency, etc.</p>	<p>(1) In July, the GA reviewed this initiative and took no action.</p> <p>(2) In May, the Secretary-General reported that with respect to trust fund matters, administrative instructions are being prepared and are expected to be finalized later in 2006.</p> <p>(3) In July, the GA reviewed this initiative and took no action.</p> <p>(4) In July, the GA authorized an increase in the working capital fund from \$100 million to \$150 million effective January 1, 2007.</p> <p>(5) In June, the ACABQ reported that this matter is for the GA to decide.</p> <p>(6) In July, the GA reviewed this initiative and took no action.</p> <p>(7) In June, the ACABQ reported that this matter is up to the GA to decide.</p> <p>(8) In July, the GA approved the adoption of IPSAS and provided the start-up cost to begin implementation.</p>	<p>(1) The GA plans to address this initiative in its 61st session.<sup>a</sup></p> <p>(2) The Secretary-General is expected to submit administrative instructions to the GA for consideration later in 2006.</p> <p>(3) The GA plans to address this initiative in its 61st session.<sup>a</sup></p> <p>(4) Member states will make advances to the working capital fund in accordance with the scale of assessments to be adopted by the GA for contributions to the regular budget for 2007.</p> <p>(5) The GA has not yet addressed this initiative.</p> <p>(6) In July, the GA said that it will address this matter in the future. However, its resolution does not specify when it will do so.</p> <p>(7) In July, the GA took no action on this initiative.</p> <p>(8) The GA requested that the implementation plan for IPSAS be synchronized with the introduction of the new information technology system and that expenditures relating to information technology await a decision by the GA on the system to be used.</p>	<p>In June 2006, Japan said that it has serious doubts about the proposal to consolidate peacekeeping accounts because, among other things, the consolidation would have a negative effect on some member states' payment of arrears.</p> <p>The ACABQ pointed out that the scope and quality of information provided on the financing of peacekeeping operations should not be diminished.</p>

**Appendix II: Status of UN Management Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<p>In the area of performance evaluation, the Secretary-General proposed to</p> <p>(1) increase resources and rationalize performance measurement activities;</p> <p>(2) reform and synchronize monitoring and evaluation tools so that their results can be evaluated in the formation of the subsequent budget;</p> <p>(3) link the budget and planning process to the results of performance, work planning, and assessment of managerial performance in order to ensure the effective stewardship of resources provided by member states; and</p> <p>(4) introduce a new annual report, along with other steps, to consolidate and simplify financial reporting.</p>	<p>In May, the GA requested, among other things, that the Secretary-General submit a detailed proposal on strengthening the monitoring and evaluation tools of the Secretariat, taking into account recent experience in results-based budgeting.</p> <p>(1), (2), &amp; (3) In May, the Secretary-General reported that these initiatives will be performed based on the recommendations of the comprehensive external review of governance and oversight.</p> <p>(4) The UN Secretariat is preparing this report, which will be done as part of (1) in reporting mechanisms and in accordance with the GA's guidance.</p>	<p>(1), (2), &amp; (3) The Secretary-General will submit information on initiatives 1 through 3 to the GA at its 61st session.<sup>a</sup></p> <p>(4) The Secretary-General plans to submit a comprehensive report to the GA in fall 2006.</p>	<p>We did not identify any major disagreements.</p>

**Appendix II: Status of UN Management Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<b>Reporting Mechanisms and Access to Information</b>			
<p>Improve reporting mechanisms by</p> <p>(1) developing a single, comprehensive annual report of the Secretary-General to the GA, which will consolidate the information currently in five different reports;</p> <p>(2) consolidating about 45 reports on management and finance issues into 6 reports;</p> <p>(3) providing member states with real-time consolidated accounts of UN financial performance, on a regular quarterly basis, once the necessary information systems are in place; and</p> <p>(4) providing member states with a detailed policy proposal on public access to UN documentation.</p>	<p>In May, the Secretary-General provided a detailed report to the GA covering efforts to improve reporting mechanisms, including access to UN documentation.</p> <p>(1) In June, the ACABQ reported that there is a need to define more clearly the purpose of the comprehensive report and the target audience and that the Secretary-General should concentrate on developing a comprehensive financial and program report for the GA rather than for the general public. In July, the GA requested that the Secretary-General take into consideration the requests of the ACABQ.</p> <p>(2) &amp; (3) In June, the ACABQ said that it welcomes efforts to consolidate reports, but that the matter is up to the GA.</p> <p>(4) In May, the Secretary-General provided the GA with information on public access to UN documents. However, the GA requested additional information.</p>	<p>(1) The Secretary-General plans to submit a comprehensive report to the GA in the fall; the GA is expected to review it in the fall and arrive at a decision.</p> <p>(2) &amp; (3) In July, the GA said that all reports pertaining to administrative and budgetary matters are subject to the consideration of the Fifth Committee, but its position on whether or how the Secretary-General should proceed with these two initiatives is not clear.</p> <p>(4) The Secretary-General plans to provide the GA at its 61st session a comprehensive report containing detailed parameters, including information on resource requirements, financing mechanisms and the possibility of a fee structure.<sup>a</sup></p>	<p>We did not identify any major disagreements.</p>
<b>Strengthening oversight</b>			
<p>Create an Independent Audit Advisory Committee (IAAC) to enhance the independence of the oversight structure and to help member states better exercise their oversight responsibilities.</p>	<p>In November 2005, the Secretary-General proposed the creation of the Independent Audit Advisory Committee and drafted provisional terms of reference for this entity. In December 2005, the General Assembly approved the creation of the committee and requested that an external evaluation review the terms of reference. In July 2006, an independent external evaluation recommended several changes regarding the number, appointment criteria, terms, and compensation of members of the committee.</p>	<p>The GA plans to consider the proposed terms of reference at its 61<sup>st</sup> session with a view to establishing the IAAC.<sup>a</sup></p>	<p>The independent external evaluator recommended that the IAAC be responsible for presenting the budget for OIOS to the Fifth Committee, thereby relieving the ACABQ of its advisory role in this regard.</p>

**Appendix II: Status of UN Management  
Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
Strengthen the capacity of the Office of Internal Oversight Services (OIOS) so that it can effectively carry out its mandates.	In December 2005, the GA approved funds in the 2006-2007 biennium budget for 39 temporary positions for OIOS and for an independent external evaluation of OIOS. In July 2006, the independent external evaluation report was finalized. The report issued 23 recommendations in nine areas to strengthen OIOS's capacity. OIOS issued a response in July.	In fall 2006, the GA is expected to address the recommendations of the independent evaluation and OIOS's July 2006 report.	OIOS disagreed with two recommendations that would restructure the office. For example, the independent evaluator recommended shifting functions, including investigations, to departments in the Secretariat. OIOS and some UN and U.S. officials disagreed with this recommendation, stating that such a change would diminish the UN's oversight functions and the independence of its investigations and could create a potential conflict of interest.
<b>Promoting ethical conduct</b>			
Establish an Ethics Office to implement new whistleblower protection policy, administer more stringent financial disclosure requirements, provide guidance to staff on ethical issues, and develop standards, training, and education on ethical issues.	In December 2005, the GA approved funds for the ethics office in the 2006-2007 biennium budget. In January 2006, the Secretariat established the office with 4 professional and 2 administrative interim full time staff.	The ethics office is in the process of hiring permanent staff; developing ethics training; and engaging a contractor to review financial disclosure forms.	In a report requested by a UN staff union on reforming the UN's internal justice system, a commission of experts recommended the following in regard to the ethics office: (1) the head of the ethics office should be appointed at the Assistant Secretary-General level, rather than its current level of director; (2) the ethics office should report to an independent review board, rather than the Secretary General; (3) the ethics office should make the financial disclosure statements of senior managers available to the public; and (4) whistleblower protection responsibility should be removed from the ethics office and given to OIOS, Office of the Ombudsman, or a yet-to-be-created Office of Special Prosecutor.

**Appendix II: Status of UN Management  
Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<b>Reviewing programs and activities (mandate review)</b>			
Review programs and activities (mandates) of the GA, the Economic and Social Council, and the Security Council that are older than 5 years to strengthen and better reflect the needs of the UN.	In March 2006, the Secretariat identified more than 9,000 total UN mandates, but only about 6,900 are older than 5 years and included in the review. Since April 2006, there have been ongoing discussions on mandates, but member states have only agreed to set aside 74 completed mandates. No agreement has been reached on any of the remaining mandates.	Member states continue to review mandates.	Member states disagree on several points regarding the review: (1) the G-77 countries believe the review should include mandates older than 5 years that have not been renewed, while the United States and other developed countries argue that the review should include all mandates older than 5 years, renewed or not renewed; (2) the G-77 wants any savings from the consolidation or elimination of mandates to go into the areas from which they were derived or into development projects, and the United States says that a decision on where to redirect savings should be made after the review is complete; and (3) the G-77 states that all politically sensitive mandates should be excluded from the review, but the United States does not want to automatically exclude any mandates from the review.

**Appendix II: Status of UN Management  
Reform Initiatives**

<b>Proposed reform actions</b>	<b>Status to date</b>	<b>What remains to be done</b>	<b>Points of disagreement</b>
<b>Creating a Human Rights Council</b>			
Establish a new Human Rights Council to strengthen and improve the ability of the UN to address human rights issues.	<p>In March 2006, the GA approved the charter for the new council, and the election of members took place on May 9, 2006. The body held its first meeting in Geneva in June 2006.</p> <p>The council held its second meeting in September 2006 during which it discussed reports from the Secretariat, the High Commissioner for Human Rights, and progress reports on the development of the mechanism to review the human rights situations of all member states.</p>	The council plans to hold a third meeting in November 2006.	The United States voted against the creation of the council because it did not sufficiently improve upon the former commission in the following ways: (1) members are elected by majority rather than the higher standard of a two-thirds majority and (2) member states under Security Council sanctions are not automatically excluded from membership on the council. However, several nongovernmental organizations stated that the council is an improvement on the commission and 104 UN member states voted for its creation. The United States did not run for election to the council in 2006 but stated that, if the new council is effective, it will likely run in 2007.

Sources: GAO analysis of UN and the U.S. Mission to the UN.

<sup>a</sup>The GA 61<sup>st</sup> session begin in September 2006.

<sup>b</sup>The GA 62<sup>nd</sup> session will begin in September 2007.

<sup>c</sup>The UN provided us with a copy of the detailed human resources report after our report had gone to press; therefore, we did not have time to analyze and incorporate the information.

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# Appendix III: The UN Whistleblower Protection Procedure

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The United Nations (UN) ethics office is implementing the UN's new whistleblower protection policy, which took effect in January 2006. The policy protects UN staff from retaliation for reporting misconduct of any other staff. Retaliation, as defined in the policy, includes any detrimental action recommended, threatened, or taken because an individual reported misconduct or cooperated with an authorized audit or investigation. The policy shifts the burden of proof for retaliation to the UN organization and away from individuals, requiring the organization to prove in each case that the alleged retaliatory action is unrelated to the report of misconduct. According to the policy, the ethics office is responsible for receiving complaints about threatened or actual acts of retaliation against staff and keeping confidential records of all complaints received. The office is also responsible for conducting a preliminary review of the complaint to determine if the complainant engaged in an activity protected by the whistleblower protection policy, and there is sufficient evidence that the protected activity was a contributing factor in causing the alleged retaliation or threat of retaliation.

In order for an individual to receive protection under the whistleblower protection policy, the report of misconduct should be made as soon as possible and no more than 6 years after the individual becomes aware of the misconduct. The individual reporting misconduct must submit information or evidence to support a reasonable belief that misconduct has occurred. UN staff may make reports of misconduct through established internal mechanisms including Office of Internal Oversight Services (OIOS), the Assistant Secretary-General for Human Resources Management, and the head of the department or office concerned. The whistleblower protection policy also protects staff who report misconduct to external mechanisms, such as the media or outside organizations, provided that all internal mechanisms have been exhausted. The UN is the first intergovernmental organization to provide such protection.

Staff who believe that retaliatory action has been taken against them because they have reported misconduct or cooperated with an authorized audit or investigation are directed to forward all information and documentation to support their complaint to the ethics office. The whistleblower protection policy states that such complaints can be made in person, by regular mail, e-mail, fax, or through the ethics office helpline. Once the ethics office receives a complaint, it conducts a preliminary review, which should be completed within 45 days. According to staff in the ethics office, they try to complete their reviews within that time frame, but, in some cases, they need more time to speak to everyone involved in the case. In reviewing a case, the ethics office reviews the evidence

presented by the complainant and interviews the individual being accused and any other witnesses of the alleged retaliation. If the ethics office finds that there is a credible case of retaliation or threat of retaliation, it refers the matter in writing to OIOS for investigation and immediately notifies the complainant, in writing, that his or her case has been referred. According to the whistleblower protection policy, OIOS seeks to complete its investigation and write a report within 120 days. The report is submitted to the ethics office.

Once the ethics office receives the investigation report, it informs the complainant, in writing, of the outcome of the investigation and makes recommendations on the case to the head of the department or office concerned and to the Under-Secretary-General for management. The ethics office may recommend that disciplinary actions be taken against the retaliator. It may also recommend that measures be taken to correct the negative consequences suffered by the complainant as a result of the retaliatory action, including reinstatement or transfer to another office or function for which the individual is qualified. If the ethics office is not satisfied with the response from the head of the department or office concerned, it can make a recommendation directly to the Secretary-General, who then provides a written response to the ethics office and the head of the office concerned. The whistleblower protection policy states that retaliation against an individual for reporting misconduct is itself misconduct and will lead to disciplinary action.

# Appendix IV: Information on Assessments and Cost-Benefit Analyses

The United Nations (UN) Secretariat is currently conducting a number of assessments, cost-benefit analyses, and comprehensive reports. We identified a number of key studies that include a detailed cost study for the proposed new information communications technology system, assessments of a staff buyout, and cost-benefit analyses of outsourcing internal printing and publishing processes, and the relocation of information technology support services. Some of these assessments will not be available for member states to consider until early 2007. In addition, the projected completion dates represent the dates when the UN Secretariat is expected to complete the reports and forward them to the legislative bodies for review. It is not clear when the General Assembly will review and make a decision on these initiatives. Table 4 lists the key assessments, cost-benefit analyses, and comprehensive reports that the UN Secretariat is currently conducting. The UN Secretariat did not provide us with detailed information, such as status and projected completion date for each initiative.

**Table 4: Reviews, Assessments, and Cost-Benefit Analyses**

Type of study	Projected completion date
<b>Human resources</b>	
Assessments for increased investments in recruitment, mobility, and career development, including, among other things, specific costs and administrative implications as well as required changes to regulations, rules, and procedures.	September 2006. <sup>a</sup>
Assessment for improving field benefits and conditions to create a single global staff, including, among other things, specific costs and administrative implications as well as required changes to regulations, rules, and procedures.	September 2006. <sup>a</sup>
Assessments for strengthening leadership recruitment, including, among other things, specific costs and administrative implications as well as required changes to regulations, rules, and procedures.	September 2006. <sup>a</sup>
Assessment of a staff buyout, including costs and mechanisms to ensure that it achieves its intended purpose.	September 2006. <sup>a</sup>
<b>Information and communications technology</b>	
Assessment for implementing an organization-wide document content management system, including staffing requirements.	March 2007
Detailed cost study for a new information technology system, including a detailed implementation plan with user needs, scope, timetable, strategy, and resource requirements.	March 2007
<b>Ways of delivering services</b>	
Cost-benefit analysis of outsourcing internal printing and publishing processes.	September 2006

**Appendix IV: Information on Assessments and  
Cost-Benefit Analyses**

<b>Type of study</b>	<b>Projected completion date</b>
Cost-benefit analysis of outsourcing medical insurance plan administration.	September 2006
Cost-benefit analysis of relocating information technology support services.	December 2006
Cost-benefit analysis of relocating payables, receivables and payroll processes.	March 2007
Cost-benefit analysis of relocating staff benefit administration.	March 2007
<b>Budget and finance</b>	
Detailed proposal on strengthening monitoring and evaluation tools in the Secretariat, taking into account recent experience in results-based budgeting.	The Secretary-General plans to submit this information to the General Assembly during its 61st session <sup>b</sup>
<b>Public access to an information</b>	
Comprehensive report on public access to UN documentation, including detailed parameters, information on resource requirements, financing mechanisms, and potential fee structure.	During the 61st session, the Secretary-General plans to provide the GA with a comprehensive report containing detailed parameters, including information on resource requirements, financing mechanisms and the possibility of a fee structure. <sup>b</sup>
<b>Procurement</b>	
Assessment for increasing information-sharing on procurement matters within the UN common system.	The GA is scheduled to consider the Secretary-General's June 2006 detailed procurement report in fall 2006. Information sharing assessment has begun; however, it is not clear from the detailed procurement report when it will be completed.
Assessment of the effectiveness of the internal controls of the UN organization compared to those of the UN Procurement Service.	The GA is scheduled to consider the Secretary-General's June 2006 detailed procurement report in fall 2006.
Review business practices and procurement models in various industries with a view to realign procurement process to industry practices.	The GA is scheduled to consider the Secretary-General's June 2006 detailed procurement report in fall 2006.
Formal review of vendor performance issues to be conducted at least on a 6-month basis for all major peacekeeping contracts.	The GA is scheduled to consider the Secretary-General's June 2006 detailed procurement report in fall 2006. Based on this report, in June 2005, the Department of Peacekeeping Operations established a Contracts Compliance and Monitoring Unit to consolidate vendor monitoring as a comprehensive management function. It is unclear from the detailed procurement report whether the UN has begun this initiative.
Review of the financial threshold of Headquarters Committee on Contracts.	Based on the Secretary-General's June 2006 detailed procurement report, this review was expected to be completed by September 2006. The UN Secretariat did not respond to our request for the current status of this initiative.
Review of logistics support arrangements, such as rations contracting during mission start-up; regional or global fuel supply arrangements; long-term air charter arrangements; and freight forwarding and shipping arrangements.	Based on the Secretary-General's June 2006 detailed procurement report, the UN Secretariat is currently exploring these logistic support arrangements. It is unclear when they are expected to be completed.

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**Appendix IV: Information on Assessments and  
Cost-Benefit Analyses**

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<b>Type of study</b>	<b>Projected completion date</b>
Procurement Service review of job functions for all staff to develop a career path for the procurement occupation.	The GA is scheduled to consider the Secretary-General's June 2006 detailed procurement report in fall 2006. Based on this report, the UN Secretariat has begun this review. It is unclear when it is expected to be completed.

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Sources: GAO analysis of UN and the U.S. Mission to the UN data.

<sup>a</sup>According to a UN Secretariat official, the detailed human resource report issued in September 2006 includes this information. However, the UN report was release after our report had gone to press; therefore, we did not have time to analyze to determine whether all the elements of the assessment were addressed.

<sup>b</sup>The General Assembly's 61st session began September 2006.

# Appendix V: Comments from the Department of State



**United States Department of State**

*Assistant Secretary for Resource Management  
and Chief Financial Officer*

*Washington, D.C. 20520*

Ms. Jacquelyn Williams-Bridgers  
Managing Director  
International Affairs and Trade  
Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548-0001

SEP 22 2006

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "UNITED NATIONS: Management Reforms are Progressing Slowly with Many Awaiting General Assembly Review," GAO Job Code 320398.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Brian Hackett, Program Analyst, Bureau of International Organization Affairs, at (202) 647-6419.

Sincerely,

A handwritten signature in black ink, appearing to read "Bradford R. Higgins".

Bradford R. Higgins

cc: GAO – Jeanette Espinola  
IO – James Warlick  
State/OIG – Mark Duda

**Department of State Comments on GAO Draft Report  
United Nations: Management Reforms are Progressing Slowly with Many  
Awaiting General Assembly Review  
(GAO-07-14, GAO Code 320398)**

Thank you for the opportunity to comment on your draft report entitled United Nations: Management Reforms are Progressing Slowly with Many Awaiting General Assembly Review. The Department of State appreciates the main findings of the GAO report that recognize that much work remains in this ongoing effort. The complexity of operating within a body of 192 member states continues to challenge the reform goals of the United States. The observations of the GAO highlight the energy and time required when contentious issues are dealt with at the United Nations.

The GAO makes several recommendations relating to ongoing management reform at the United Nations. The GAO notes that the lack of implementation plans for approved reforms that establish timeframes and cost estimates could effect the realization of these reforms. In addition, the GAO recommends that the Department of State should include a section on the status and progress of the major UN management reforms in the annual "U.S. Participation in the United Nations" report to Congress.

The Department of State endorses the objectives of the recommendations presented in this report. The GAO recommends the use of implementation plans that include cost estimates and expected time frames for the implementation and completion for each reform. We agree that the Secretariat should be held accountable for implementing these reforms and will work with other member states towards ensuring that a transparent reporting mechanism to the General Assembly is established. While the Fifth Committee does take into account costs of reforms and reports to the General Assembly on such matters, it is the General Assembly that takes action. Due to the acknowledged contentious nature of some of these efforts the U.S. has and will continue to emphasize the primacy of building a coalition of broad acceptance to address the management reforms needed to improve the effectiveness, accountability and transparency of the United Nations, while seeking to avoid excessive micromanagement of the United Nations Secretariat by Member States.

The second recommendation of the GAO concerns reporting to Congress progress on the major UN management reforms in an annual report. The report, U.S. Participation in the United Nations, currently includes a section on

management reform. We concur fully with the need to keep Congress informed of these management reform developments and will continue to monitor and inform Congress as recommended.

Since the September 2005 Summit, we have seen too little in terms of results. Instead of debating the substance of reform measures, we find ourselves too often bogged down in debates over process. The successes we have achieved – particularly on accountability issues, establishing an ethics office, setting standards for receipt of gifts, increased use of financial disclosure by UN employees, improved accounting systems, and the independent oversight board – have been hard fought. Nevertheless, we are committed to creating a more effective, more accountable UN. The Department of State has worked to form a coalition of like-minded member states and will continue to work with these partners to move forward on implementing the reform agenda adopted by world leaders at the September 2005 World Summit in New York.

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# Appendix VI: GAO Contact and Staff Acknowledgments

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## GAO Contact

Thomas Melito, (202) 512-9601, or [melitot@gao.gov](mailto:melitot@gao.gov)

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## Staff Acknowledgments

In addition to the individual named above, Phillip Thomas, Assistant Director; Jeanette Espinola, Stephanie Robinson, and Barbara Shields made key contributions to this report. Debbie J. Chung, Martin De Alteriis, Etana Finkler, and Grace Lui provided technical assistance.

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# Related GAO Products

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*United Nations: Weaknesses in Internal Oversight and Procurement Could Affect the Effective Implementation of the Planned Renovation.* [GAO-06-877T](#). Washington, D.C.: June 20, 2006.

*United Nations: Oil for Food Program Provides Lessons for Future Sanctions and Ongoing Reform,* [GAO-06-711T](#). Washington, D.C.: May 2, 2006.

*United Nations: Internal Oversight and Procurement Controls and Processes Need Strengthening.* [GAO-06-710T](#). Washington, D.C.: April 27, 2006.

*United Nations: Funding Arrangements Impede Independence of Internal Auditors.* [GAO-06-575](#). Washington, D.C.: April 25, 2006.

*United Nations: Lessons from Oil for Food Program Indicate Need to Strengthen Internal Controls and Oversight,* [GAO-06-330](#). Washington, D.C.: Apr. 25, 2006.

*United Nations: Procurement Internal Controls Are Weak,* [GAO-06-577](#). Washington, D.C., April 25, 2006.

*Peacekeeping: Cost Comparison of Actual UN and Hypothetical U.S. Operations in Haiti.* [GAO-06-331](#). Washington, D.C.: February 21, 2006.

*United Nations: Preliminary Observations on Internal Oversight and Procurement Practices,* [GAO-06-226T](#). Washington, D.C.: October 31, 2005.

*United Nations: Sustained Oversight Is Needed for Reforms to Achieve Lasting Results,* [GAO-05-392T](#). Washington, D.C.: March 2, 2005.

*United Nations: Oil for Food Program Audits,* [GAO-05-346T](#). Washington, D.C.: February 15, 2005.

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*United Nations: Observations on the Oil for Food Program and Iraq's Food Security.* [GAO-04-880T](#). Washington, D.C.: June 16, 2004.

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*Recovering Iraq's Assets: Preliminary Observations on U.S. Efforts and Challenges.* [GAO-04-579T](#). Washington, D.C.: March 18, 2004.

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*Weapons of Mass Destruction: U.N. Confronts Significant Challenges in Implementing Sanctions against Iraq,* [GAO-02-625](#). Washington, D.C.: May 23, 2002.

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*United Nations: Progress of Procurement Reforms.* [GAO/NSIAD-99-71](#). Washington, D.C.: April 15, 1999.

*United Nations: Status of Internal Oversight Services,* [GAO/NSIAD-98-9](#). Washington, D.C.: November 19, 1997.

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