

**REVIEW OF MANAGEMENT AND ADMINISTRATION
IN THE WORLD HEALTH ORGANIZATION (WHO)**

Prepared by

Joint Inspection Unit



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ACRONYMS

ABFC	Administration, Budget and Finance Committee
AFI	Administrative and Financial Information System
AFRO	Regional Office for Africa
AMRO/PAHO	Regional Office for the Americas/Pan American Health Organization
AMS	Activity Management System
BMR	Budget and Management Reform
CSN	Country Strategy Note
EMRO	Regional Office for the Eastern Mediterranean
ERP	Enterprise Resource Planning software
EURO	Regional Office for Europe
FAO	Food and Agriculture Organization
GPN	Global Private Network
IAO	Office of Internal Audit and Oversight
IARC	International Agency for Research on Cancer
IFAD	International Fund for Agricultural Development
IIS	Informatics and Infrastructure Services
ILO	International Labour Organization
IMIS	Integrated Management Information System
IOM	International Organization for Migration
IT	Information Technology
JIU	Joint Inspection Unit
LO	Liaison Office
MOH	Ministry of Health
MSU	Management Support Unit
NPO	National Professional Officer
OIOS	Office of Internal Oversight Services (United Nations)
PPES	Performance Planning and Evaluation System
RBB	Results-based budgeting
ROAFI	Regional Offices Administrative and Finance Information System
SEARO	Regional Office for South-East Asia
SSA	Special Service Agreement
CCA/UNDAF	Common Country Assessment/United Nations Development Assistance
Framework	
UNDCP	United Nations International Drug Control Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WFP	World Food Programme
WPRO	Regional Office for the Western Pacific
WR	WHO Representative

EXECUTIVE SUMMARY: OBJECTIVE, CONCLUSIONS AND RECOMMENDATIONS

OBJECTIVE:

To identify possible improvements in administrative and management practices in the World Health Organization in view of current reform initiatives in the Organization.

STRUCTURE AND GENERAL MANAGEMENT SYSTEMS (CHAPTER II)

A. The structure of the Secretariat, at Headquarters and in most regional offices, has been streamlined over the last three years, along similar reform efforts in other organizations of the United Nations system to improve efficiency by, *inter alia*, identifying redundancies and clarifying reporting lines. The creation of Management Support Units (MSU), while relying on a sound concept, may have been carried out too hastily and has not so far, changed administrative processes radically but simply displaced them. Although the overall impact of clusters and of MSUs on the functioning of administrative services appears to be mixed, the re-centralization of all administrative tasks at this stage would only cause further disruption. Priority should be given instead to elaborating a general framework for delegation of authority and related accountability in the Secretariat, from which a clear division of labour and responsibilities can then be derived in administrative areas.

Recommendation 1:

The Director-General should undertake a wide review of delegation of authority and related accountability in the Organization, and inform the Executive Board thereon. This review should include:

- (a) In a first stage to be conducted as soon as possible, a clear definition of those areas of responsibility which require that administrative authority be retained at Headquarters and a comparative analysis of the authority delegated to clusters and regional offices (see paras. 23-25);**
- (b) In a second stage which would follow the implementation of upgraded information systems, a more specific study on the division of labour between MSUs and central services, taking into account the experience of other United Nations system organizations with regard to functions devolved to administrative support units in programme areas (see paras. 15-22).**

B. Although it purports to be a knowledge-based organization, WHO has long suffered from a lack of corporate vision and direction in its management of information technology (IT), and has relied on piecemeal solutions where strategic investments would have been in order. Its legacy systems are outdated, costly to maintain and unable to satisfy the evolving needs of its different users. These shortcomings, which have hampered the creation of a solid and reliable IT environment, have made the Organization one of the laggards in the United Nations family in terms of management information systems.

C. Despite recent attempts to remedy the situation, a meaningful and lasting improvement of WHO's information management at all levels will come only from a clearly expressed strategy endorsed by senior management and supported by a political and financial commitment by Member States. In this regard, over-reliance on extra-budgetary sources may not secure the funding of information systems which are critical for the functioning of the Organization and the reform process.

Recommendation 2:

To improve information management at WHO:

- (a) The Director-General should strengthen the structure of IT services in the Secretariat by establishing a consolidated Department of Information Technology at Headquarters and by strengthening mechanisms that foster exchanges of information and lessons learnt in IT across the Secretariat world-wide (see paras. 32, 33, 39 and 40);**
- (b) The Director-General should submit to the Executive Board at its 111th session a comprehensive IT strategy. The strategy should take into account current and future information requirements of the three levels of WHO operations, as well as those of Member States and the community of WHO's partners. On the basis of experience gained by other United Nations system organizations, the proposed IT strategy should also indicate estimated resource requirements, planned phases of implementation and funding scenarios, as well as the implications of maintaining current legacy systems (see paras. 27 to 34);**
- (c) The Director-General should report periodically to the Executive Board on the implementation of the IT strategy and the status of the IT Development Fund (see paras. 35 to 38).**

DECENTRALIZATION (CHAPTER III)

D. The Constitution of WHO is the source of its unique level of decentralization, which has allowed it to bring its decision-making closer to its operations. The Organization has long struggled to reconcile the centrifugal pull of this decentralized structure with the need to preserve its unity and coherence. The "One WHO" approach advocated by the Director-General could contribute to fulfilling such a need, and efforts are presently underway to improve the relationships between the three levels of the Secretariat (Headquarters, Regional Offices and country offices).

E. Strengthening WHO's country work has also been a long standing concern of its membership. The Organization is already characterized by a very extensive network of country and liaison offices. Despite financial constraints due to zero-nominal growth budgets, Member States expect the Organization to be able to work with all of them, albeit in different forms. Its challenge, therefore, is to tailor more effectively its support to country needs while avoiding that scarce resources are too thinly spread. After carefully weighing arguments in favour or against a continued wide presence at country-level, the Inspectors came to the conclusion that the choice should not be narrowly restricted to a full country office or no presence at all, and should be made on the basis of pre-established criteria.

Recommendation 3:

In consultation with Regional Directors, the Director-General should finalize as a matter of priority the common set of objective criteria called for by the Executive Board to determine the nature and extent of WHO country representation, and should submit a report thereon at its 111th session for approval. These criteria, to be used flexibly by the Director-General and the Regional Directors for assessing the need to maintain or open a country office, should not only involve indicators of Human Development and immunization coverage, but should also reflect the cost-effectiveness of WHO's activities. They should also include, therefore:

- (a) level of foreseen programmes and activities at the country level;**
- (b) ratio of operating costs to overall programme resources;**
- (c) extra-budgetary resources expected for each field office;**

- (d) nature and level of substantive and administrative services that can be provided by the United Nations Resident Coordinator system;
- (e) nature and level of activities of WHO partners (including other regional organizations as well as non-governmental organizations) at the country level (see paras. 51 to 61).

Recommendation 4:

The Director-General and Regional Directors, in the framework of the Global Cabinet, should undertake a thorough review of WHO's decentralized network and provide common guidelines for, *inter alia*:

- (a) reporting lines between the three levels of the Secretariat and the need to ensure that information is more properly shared;
- (b) level of authority delegated to country offices;
- (c) measures for strengthening country offices through the development of their human resources (see paras. 62 to 78).

**PLANNING, PROGRAMMING, BUDGETING, MONITORING AND EVALUATION
CHAPTER IV)**

F. Important changes have been brought to the programme budgets for 2000-2001 and 2002-2003 with the introduction of results-based budgeting (RBB) and a global strategy from which regional budgets are derived. The new programme budget process should have a positive impact on the cohesiveness of the Organization. There are, however, difficulties not only in determining expected results which depend in great part on ambitious increases in extra-budgetary resources, but also in selecting indicators which will reflect accurately the achievement of these results.

G. Success in budgetary reforms, including RBB, requires a climate of trust and understanding between Member States and the Secretariat¹. Full transparency in the presentation of the budget and of the achievement of expected results, especially those of the Organization's first RBB programme budget (2000-2001), will be a determining factor in building such confidence. It remains unclear, at present, how the performance of the Organization for that biennium will be reported to the governing bodies.

Recommendation 5:

Starting at the 111th session of the Executive Board (January 2003), the Director-General should submit for consideration by the Board at its first session in the second year of each biennium a final performance report on the extent to which expected results of the previous biennium (starting with 2000-2001) have been achieved. This final report, concise and in tabular rather than narrative form, should also be submitted to the Assembly, thus complementing the Financial Report (see paras. 95 to 97).

H. The Activity Management System (AMS), the main planning and monitoring tool in the Secretariat, appears to be functioning well, but is not considered to be very user-friendly. As a result, compliance rates are uneven, and entirely separate systems have been developed in two regional offices. At this late stage, and given the heavy investments already undertaken by the Organization in the development of AMS, it may not be financially viable nor technically desirable to switch to another system. The Secretariat has opted to remodel the system, according to a plan which should deliver incremental improvements over the course of 2001 and 2002.

Recommendation 6:

The Director-General should ensure that greater discipline is exerted in implementing AMS and that the system is used effectively and widely. In particular:

- (a) An interface should be developed between AMS and other systems used in regional offices (WPRO and PAHO), with a view to facilitate exchanges of information as well as the easy use of these different systems by rotating staff;**
- (b) Priority should be given by all Regional Offices to ensuring access by country offices to a simplified, web-based, interface with AMS or its regional counterpart;**
- (c) Budget and Management Reform (BMR) should identify the training needs of clusters at Headquarters with regard to the effective use of AMS (see paras. 89 to 93).**

I. The Framework for Programme Evaluation presented to the Board at its 107th session is a very preliminary document which fails to answer clearly a number of important questions on evaluation. The Inspectors are particularly concerned at the seemingly limited impact of reviews outsourced by the Secretariat in the field of administration and management.

Recommendation 7:

The Director-General should strengthen the internal evaluation function in the Secretariat, by:

- (a) Defining clearly the respective responsibilities of BMR and IAO in the planning, coordination and management of evaluations, and allocating resources accordingly;**
- (b) Adopting a disclosure policy with regard to evaluation studies allowing for all or part of their findings to be presented on the website of the Organization, as is already done by a number of other Organizations of the United Nations system;**
- (c) Considering anew the elaboration of a clearer policy concerning WHO's utilization of private management consulting firms, together with explicit and rational assessment criteria (see paras. 98 to 104).**

HUMAN RESOURCES MANAGEMENT (CHAPTER V)

J. WHO is characterized by an ageing staff in a top-heavy structure. Despite recent efforts by the Secretariat, progress in ensuring the diversity of this staff, either in terms of gender or geographical distribution, has been uneven, leaving room for further improvements in order to reach the goals set by the Organization. The need to develop and implement a new personnel policy has long been acknowledged by the Member States and the Secretariat of the Organization, and a number of efforts have been undertaken in the last years in this regard, most recently through the establishment of a Human Resources Management (HRM) Task Force. The long-delayed reform of human resources management should now proceed expeditiously, and a number of urgent steps need to be taken.

Recommendation 8:

The Director-General should reinforce the Personnel function in the Secretariat by:

- (a) Assigning to a single Department within the General Management Cluster clear overall responsibility for human resources management and providing it with strong leadership;**

- (b) Defining anew the role of this central service vis-à-vis regional offices and clusters;**
- (c) Providing the Department with an integrated, functioning and up-to-date human resources information system, be it through an ERP or a separate system, as an integral part of the IT strategy mentioned in Recommendation 2 (see paras. 116 to 120).**

K. Due to the heavy emphasis of the reform efforts on contractual arrangements, in response to problems which have developed mainly at Headquarters but not in all regional offices, other important issues, such as recruitment and career development may have received less attention than needed. Further improvements in the recruitment process and performance management could in fact go a long way towards alleviating some of the problems that have led to the excessive reliance of the Organization on short-term staff. While significant efforts have been undertaken to establish consultative mechanisms with the staff, strengthen conciliation procedures and improve the well-being of staff, there is a need to re-assert the value of the human capital of the Organization as a means of encouraging and motivating staff.

Recommendation 9:

In addition to ongoing efforts by the Secretariat to develop tools for workforce planning and career development, the Director-General should mandate the new Department in charge of human resources management to:

- (a) Undertake an inventory of skills presently available at all levels of the Organization;**
- (b) Conduct with clusters and regional offices annual staffing reviews, and assist them in developing plans to achieve agreed targets in such fields as gender balance, geographical representation and staff development;**
- (c) Run projections to determine the effect of scheduled retirements on equitable geographical distribution;**
- (d) Ensure that rosters are not only computerized and updated regularly in consultation with relevant technical units, but that they are actually used;**
- (e) Institute a genuine rotation system among its professional staff (see paras. 113, 114 and 121 to 135).**

Recommendation 10:

The Executive Board may want to review the formulation of Article VIII of the Staff Regulations (“Staff Relations”), so as to institutionalize the Global Staff Management Council and staff-management consultative mechanisms in all regional offices (see paras. 136 and 137).

EXTERNAL AND INTERNAL OVERSIGHT (CHAPTER VI)

L. External oversight in WHO is carried out by an External Auditor appointed by the World Health Assembly, and by the Joint Inspection Unit. While the External Auditor has an overall mandate covering the entire organization, the Financial Regulations of the Pan American Health Organization (PAHO) also provide for the appointment of its own External Auditor. As PAHO serves as the American Regional Office (AMRO) of WHO, its activities and those of AMRO are closely intertwined, with no distinction made in their accounts. The practice until 1995 was for both WHO and PAHO to appoint the same External Auditor but this ideal situation was predicated on the submission of a single candidate and on the appointee coming from a country holding membership in both organizations. In 1995, WHO, contrary to past practice, invited nominations from Member States for the office of External Auditor, and two separate External Auditors were appointed by the two organizations

M. The decision taken in 1995 by WHO to call for nominations from Member States was partly prompted by the concern to introduce a reasonable degree of rotation as only three countries had provided holders of the office of External Auditor from 1948 to 1995. Although some other organizations apply the same policy, rotation should not be at the detriment of continuity in the discharge of this important oversight function.

Recommendation 11:

The Executive Board and the World Health Assembly may wish to:

- (a) Encourage the separate External Auditors appointed by WHO and PAHO to maintain and reinforce their collaborative arrangements, in the case both organizations have not been able to appoint the same auditor;**
- (b) consider limiting the term of office of the External Auditor to a non-consecutive term covering several financial periods in order to allow reasonable rotation while preserving some needed continuity (see paras. 140 to 145).**

N. The Office of Internal Audit and Oversight (IAO) is now responsible in principle for all elements of internal oversight (i.e. internal audit, inspection, monitoring, evaluation and investigation), according to Article 117.2 of the Financial Rules as amended in 1999. On the basis of previous JIU reviews on oversight in the United Nations system, the Inspectors are satisfied that IAO meets most of the requirements for an internal oversight mechanism, both in terms of operational independence and reporting procedures.

O. These reporting procedures, which are detailed in the Financial Rules, include the submission to the Executive Board and the World Health Assembly of an annual summary report. Members of the Audit Committee feel that they should have access to specific reports issued by IAO. However, the Financial Rules, as currently drafted, do not provide for the release of such reports to governing bodies, except at the request of the Internal Auditor. While there is still room for improvements in the informative quality of annual summary reports submitted to the governing bodies, changes introduced in the reporting procedures need to be formalized.

Recommendation 12:

Should they decide that, as a matter of policy, specific reports by IAO should be made available to the Audit Committee on a regular basis, the Executive Board and the World Health Assembly may wish to request the Director-General to propose the necessary amendments to the Financial Rules (see paras. 155 to 158).

I. INTRODUCTION

1. In her first speech to the World Health Assembly, on 13 May 1998, the Director-General outlined her vision for a WHO that “can and must change”. The Organization needed to become more effective, more accountable, more transparent, and more receptive to a changing world.² The efforts which have since been undertaken to reform the Organization did not occur in a historical vacuum, as they built on the many actions carried out in response to the recommendations made in 1993 by the working group of the Executive Board on WHO response to global change. Nor are these efforts isolated within the United Nations system, where most other organizations have also attempted over the last decade to sharpen their strategic focus and re-engineer their administrative and managerial processes.

2. Likewise, this report is not an isolated exercise, but the third in a series which follows up on the JIU report on accountability, management improvement and oversight in the United Nations system³ and the JIU report on more coherence for enhanced oversight in the United Nations system⁴. A first report on the International Labour Organization (ILO) was issued in 1999⁵, a second on the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 2000⁶ and a third on the International Telecommunication Union (ITU) in 2001⁷.

3. Many of the challenges faced by WHO are shared by other United Nations organizations. Therefore, reference is made in this report to a number of recent system-wide JIU reports, and management practices of other United Nations system organizations have been taken into account for benchmarking purposes. The issues more specifically addressed in this report are: structure and management systems; decentralization; planning, programming, budgeting, monitoring and evaluation; human resources management; as well as external and internal oversight.

4. In preparing this report, the Joint Inspection Unit reviewed the functioning of the Organization as a whole, including its headquarters, regional offices and country offices. The report does not, however, cover a number of bodies and programmes affiliated to the Organization, such as the International Agency for Research on Cancer (IARC), the Centre for Health Development or the Onchocerciasis Control Programme. The Inspectors examined extensive public documentation as well as additional data and information provided by the Secretariat of the Organization. After completion of a thorough desk review, the Inspectors conducted interviews with officials at Headquarters. These interviews were followed by visits to five of the six regional offices and to four country offices. The purpose of these brief visits was not to review the individual structures and management systems of each regional office, an exercise which in itself would require one or several separate reports, but to compare and analyse practices developed and problems encountered by these offices with regard to general administrative and managerial issues of relevance to the whole Organization.

5. The Inspectors wish to extend their appreciation to the Director-General and all those who assisted them in the preparation of this report, in particular all the WHO officials who were interviewed and those who helped organize their missions to regional and country offices. They are very grateful for the cooperation that they received from so many in their efforts.

II. STRUCTURE AND GENERAL MANAGEMENT SYSTEMS

6. At the very start of her mandate, the Director-General stated: “We must reconnect the Organization through a flatter structure, better communications, more transparency and a clearer distribution of responsibilities⁸.” These issues, which cut across the Organization and cover all administrative and management areas, are examined in this first chapter. They constitute the very foundations on which all administrative systems and procedures are built and underlie the principles according to which management is, or is meant to be, conducted at WHO.

A. Rationalization of structures and efficiency savings

7. A number of structural changes were announced in 1998 to remedy the weaknesses of an Organization, which was perceived by some as a fragmented agency with weak senior management and vague priority-setting. One of the first steps taken was to regroup some 50 programmes at Headquarters into 35 departments, which were, in turn, organized in nine clusters. Two clusters were further merged in March 2000, thus reducing the overall number of clusters to eight. The resulting structure, much simplified, is in line with similar efforts in other organizations of the United Nations system and in many public services, to streamline the make up of their Secretariats, identify redundancies and clarify reporting lines.

8. As described in Chapter III, however, the uniqueness of WHO resides in part in the size, role and autonomy of its regional offices. The restructuring of these regional offices is of equal importance to the overall effectiveness of the Organization, and the Inspectors note that all have undertaken efforts in response to the Director-General’s call for them to conduct an internal review of their organizational structure, management and administration. Most regional offices indicated to the Inspectors that their structure has in fact been changed to better conform to the new structure at Headquarters and to improve coordination with relevant clusters. In WPRO, for instance, internal task forces were established in 1999 with the specific purpose to streamline procedures and devolve further administrative support to technical units. In addition, the entire organizational structure of the office was modified to encourage a more focused approach to achieving health outcomes, and the office now no longer operates along 50 programmes as in the past but with just 17 “focuses”.

9. Enhancing coordination with Headquarters has not been effortless, but constituted at first a very arduous process as regional offices were faced with discrepancies in the implementation of rules between clusters and could not always easily identify their interlocutors at Headquarters or obtain coherent guidance. More problematic, perhaps, than the restructuring itself were the ensuing movements among senior officials and the duration of vacancies which it entailed at top level positions in a number of crucial managerial areas in particular, such as Information Technology and Personnel. In discussions held in regional offices, however, Inspectors were told that these difficulties had been mostly of a transitional nature and that the new cluster structure at Headquarters was on the whole perceived as a positive element in the reform of the Organization.

10. Restructuring of the Secretariat has been accompanied by a number of changes in the decision-making process and executive leadership. One of the first measures taken in 1998 was to establish a Cabinet, composed of the Director-General, her senior advisers and the nine Executive Directors. The Cabinet acts as a close senior management team, which assists the Director-General. In an effort to ensure transparency in its functioning, a summary of the discussions and conclusions of its meetings is posted on the Intranet. In addition, a “global Cabinet” consisting of the Director-General and the regional directors was established in July 1999 to build a common platform and ensure that the Secretariat speaks with one voice in the governing bodies and with its partners. Regional Directors have expressed to the Inspectors their general appreciation for this new mechanism, which has, according to them, promoted coherence and cohesiveness in the Organization. It would also be important, however, to ensure that Regional Offices can have an input into the discussions of the Headquarters Cabinet when they relate to issues of a global nature.

11. Several regional offices report having established a Regional Cabinet, in line with the new structure at Headquarters. While their composition varies (some Cabinets include WHO Representatives, others directors in the regional offices only), their creation, like that of the Cabinet at Headquarters, is a positive step towards a collegial and informed decision-making process in the Secretariat.

12. The restructuring of the Secretariat is also closely linked to continuous efforts to achieve efficiencies and decrease administrative and support costs. The drive for efficiency savings, however, preceded the present reform and began under the previous administration with efforts in such fields as outsourcing, bulk procurement, changes in ticketing arrangements or reduction in pre-session documentation⁹. In response to a request made by the World Health Assembly in 1999 to identify further efficiency savings in the order of 2 to 3 per cent of the regular budget, a special Task Force was set up and identified a number of areas where such gains could be made. These measures were originally expected to generate US\$ 51.5 million in efficiency savings for 2000-2001, of which US\$ 24.6 million would cover cost increases and US\$ 26.9 million would be reallocated to high-priority programmes.¹⁰ The Secretariat now cautions, however, that it will not in fact be possible to achieve these significant savings without negatively affecting programme delivery.

13. Commitment to achieve significant cost-savings should not take precedence over the need to ensure the overall effectiveness of the Organization. A private firm consulted by WHO to review its information technology activities rightly stated in 2000 that priority should now be given to make sure that central management is doing the right thing (effectiveness) before focusing on further efficiency gains.¹¹ While there should be continuous efforts to streamline structures and processes, such efforts should inscribe themselves in a well-thought out strategy rather than be driven by short-term financial considerations.

14. Several WHO officials have expressed concern to the Inspectors that WHO may have gone too far in downsizing administrative and support services, to the point of jeopardizing programme delivery. They wondered whether there does not exist a threshold of administrative costs below which the Organization simply cannot function. Similar concerns are expressed at the regional level. The proposed programme budget for 2002-2003 provides for a 6.5 % decrease in regular budget allocations for the four areas of work comprised in General Management (Budget and Management Reform, Human Resources Development, Financial Management, Informatics and Infrastructure Services). Although this reduction is supposed to be mostly offset by an increase in extra-budgetary funds allocated to General Management, relying on extra-budgetary sources for essential support functions may be hazardous.

B. Devolution, delegation and accountability

15. The establishment of Management Support Units (MSUs) is closely linked to the new structure and the creation of clusters. MSUs are now supposed to be the main focal point for management support within the clusters, with few residual administrative functions left within individual departments. The Secretariat has informed the Board that this devolution of administrative and management functions to MSUs has been accomplished without an overall increase in the staffing or budgetary allocations to administrative support areas at Headquarters.¹² Nevertheless, the creation of MSUs has stirred considerable controversy not only within the Secretariat but even among Member States.

16. A report by a private management consulting firm commissioned by the Secretariat found that overall, the establishment of MSUs has indeed been cost-neutral and that a comparison of the number of days required for processing showed substantial improvement in most administrative fields. There were, however, significant differences between and within MSUs, especially for personnel administration. Analysis of client satisfaction also showed mixed results, with some departmental directors complaining of excessive control and expressing disappointment at the lack of progress toward simplified procedures.¹³

17. A more recent study of human resources management at WHO by another private management consulting firm (see Chapter V) has found that the decentralization of personnel administrative activities to MSUs was inefficient. The study stressed that there was a need to "revisit the MSU concept" and to re-centralize several activities presently carried out by MSUs.

18. It is interesting to note in this context that FAO had originally established MSUs in 1994-1995, as part of a broader set of restructuring measures, and in a deliberate move to consolidate at departmental level hitherto widely dispersed administrative staff. However, the implementation of a new generation of corporate financial and administrative systems has significantly affected working arrangements in the administrative areas. These new systems allow access by non-specialized staff and actually allow the budget holder to initiate a transaction directly into the system instead of relying on MSU staff, therefore avoiding some of the duplications which derived from the MSU structure. As a consequence, FAO recently decided to replace the MSUs at Headquarters with a centralized Management Support Service, citing net savings of US\$ 3 million per annum derived from this process.¹⁴

19. The Inspectors do not advocate the dismantlement of WHO's MSUs and re-centralization of all administrative tasks at this stage, as this would probably cause further disruption. However, they concur with the managers of MSUs and other officials interviewed by them for this report, in their assessment that the creation of MSUs, while relying on a sound concept, may have been carried out too hastily. The concept is sound because it is meant to empower Executive Directors while holding them clearly accountable, thus fostering a more efficient use of resources and facilitating the emergence of a more agile and responsive Organization. The creation of MSUs, however, should have followed, rather than preceded, a number of other measures. In particular, it should have been accompanied by the development of new information systems, as the existing systems were conceived to meet the needs of the previous centralized structure. Because they were established so swiftly, MSUs may not have achieved real efficiencies, in that administrative processes have not changed radically but, in many cases, simply been displaced or de-concentrated, with possible loss of economies of scale.

20. In addition, the successful implementation of delegation of authority to managers depends to a large extent on the efficiency of the remaining support functions and guidance provided to them by central services, and the clear definition of their respective responsibilities and authority. Some significant steps, in the form of standard procedures and guidelines, were taken to provide MSUs with the tools necessary to discharge their functions. However, while the General Management Cluster should act as a "service centre" for clusters (and regional offices), some of its departments have been so depleted of their resources that they are at present simply unable to provide the level of guidance and monitoring required of them.

21. The division of labour between MSUs and central services now needs to be fully clarified and justified, based on explicit principles rather than decided on an ad-hoc basis and for the sake of expediency. In fact, MSUs managers have, on a number of occasions, requested a review of the devolution of functions to their offices, and an analysis of the staff needed to perform these functions. This review, together with a survey of practices in Organizations of the United Nations system with regard to functions devolved to administrative support units in programme areas, should be undertaken by the Secretariat as soon as upgraded information systems are in place.

22. The Inspectors also believe that the scope of the functions to be performed by MSUs may be too wide and should be restricted to strictly administrative tasks, as is the case, for instance, with Executive Offices at the United Nations. Originally, MSUs were supposed to cover three areas: general administration, finance/budget and human resources, although in some clusters they have also taken on responsibilities in informatics, public relations and resource mobilization. Far from creating the unity of purpose sought by the reform, however, the devolution of some types of functions to MSUs may in fact contribute to increase fragmentation. This is particularly so since MSU managers report to Executive Directors and may lack the independence needed to implement directives from central services over the objections of these Directors.

23. The review of functions devolved to MSUs should be part of a wider review of delegation of authority and related accountability in the Organization, which could build on the study carried out by the Secretariat just prior to the establishment of MSUs. This review should include a clear definition of those areas of responsibility which require that administrative authority be retained at Headquarters and a comparative analysis of the authority delegated to clusters and regional offices respectively, with a

justification for discrepancies between the two. It was indicated to the Inspectors, for instance, that executive directors of clusters benefit from higher levels of delegated authority in terms of post classification than regional directors do (the former can classify posts up the P-5 level, while the latter can only classify General Service posts).

24. The Inspectors have also noted that the level of authority sub-delegated by regional offices to country offices, such as the ceiling for one-time purchases undertaken by the country office without prior authorization from the regional office, varies among regions. While there may be solid reasons (such as differences in the size of the country served or of the office) for such variations, these reasons should be clearly spelled out according to explicit criteria and principles established by Headquarters after consultation with regional offices. In this exercise, particular attention should be given to the well-established system for delegation of authority by PAHO/AMRO to its country representatives. In that office, delegation of authority is documented for each country representative by an individual letter/document. Inspectors were informed that country representatives in that region are delegated a great deal of authority in general administrative matters as well as for specific projects.

25. More generally, the Inspectors would like to draw attention to the recommendations of the recent JIU report on delegation of authority for the management of human and financial resources in the United Nations Secretariat, which apply in great part to most organizations in the United Nations system¹⁵. The report (whose recommendations were fully endorsed by the General Assembly at its fifty-fifth session¹⁶) stressed, in particular, the need for clarity in the formulation of policies and procedures and providing managers with appropriate training and adequate support services, as well as the need to ensure constant and immediate access by managers to relevant information for the proper implementation of delegated authority.

26. In this context, the recent updating of the WHO Manual is a positive step although some parts of it remain overly complex, and access through the WHO policy database does not allow for easy retrieval. Posting of manuals and handbooks on the Intranet should be systematic, and access by all staff, regardless of location, should be ensured (see section C below). In particular, the Human Resources Handbook should be promptly finalized and posted on the Intranet, as is the case, for instance, for the Human Resources Handbook recently developed by the Office of Human Resources Management of the United Nations. Resources permitting, consideration should also be given to providing managers and staff members with such reference documents in the various working languages of the Organization.

C. Information technology and management information systems

27. The Secretariat is keenly aware of serious deficiencies in the general information technology (IT) environment of the Organization. Those deficiencies have been reported internally in successive reviews such as the Information Technology Strategy prepared by "Information Technology Project" of the Cabinet in July 1999; a review of IT at Headquarters commissioned from a specialized consulting firm in early 2000; and several audits by the Office of Internal Audit and Oversight. Some of the weaknesses identified include: insufficient financial resources; excessive reliance on short-term staff (in 1999, there were 87 staff in the Informatics and Infrastructure Services Department, 51 of whom were on short-term contracts); the lack of a chief information officer and the lack of a "governance mechanism" to develop an IT strategy and provide guidance to IT specialists; as well as the absence of an operational plan to translate this strategy into action.

28. Little progress has been achieved in the implementation of the recommendations contained in all these reports, partly because Member States were not adequately involved in identifying solutions. Contrary to many other United Nations system organizations, the Secretariat in WHO has so far failed to submit comprehensive proposals to Member States for reform of IT policies. No specific item on this important issue has featured in the agendas of the Executive Board during the past decade, while in ILO, for instance, the Governing Body has dealt with IT strategy on many occasions since 1993.

29. The shortcomings identified through all the reviews mentioned above have made the Organization one of the laggards in the United Nations family in terms of information management systems and corporate applications. The legacy systems are outdated and it is not feasible to enhance all of them or even maintain them adequately. The main programming and monitoring tool, the Activity Management System (AMS) is considered to function reasonably well but to be user-unfriendly, which has led to uneven compliance rates and the need for the Secretariat to remodel it.

30. It is widely recognized that WHO's Administration and Finance Information System (AFI) is expensive, difficult to maintain and control, and needs to be urgently replaced. While most officials interviewed for this report concur with the recommendation made in the Information Technology Strategy that the AFI should be replaced with a standard "Enterprise Resource Planning" (ERP) software, no final decision has been taken on this pressing matter. The Secretariat has informed the JIU that it is presently engaged in a study on the best option(s) and related costs for replacing AFI, and that it will make a formal proposal in this regard to the Executive Board at its 109th session. Developments on the Regional Offices Administrative and Financial System (ROAFI), which functions in five regional offices, have been frozen pending decisions on the AFI. The Internal Auditor estimates that the development costs which were tracked for the ROAFI had reached US\$ 2 million by 1999, though it is clear that a full costing of the project (if internal and regional resources were included) would be significantly higher.

31. Finally, the Organization does not have an integrated Human Resources information management system at Headquarters, an indispensable tool for workforce planning and the effective management of human resources. Statistical analyses of its workforce as well as reporting to governing bodies therefore require considerable efforts. The Secretariat has indicated that human resources components would be included in the scope of the integrated management system which would replace AFI.

32. Some progress has been achieved in recent months with, among other measures, the filling of the post of IT Adviser at the end of 2000. The terms of reference of this post are to provide an efficient and effective IT function at Headquarters by advising the Director of the present Informatics and Infrastructure Services on the technical and managerial aspects of IT services, consulting with users on strategic IT issues and establishing frameworks and collaborative approaches to IT management. It remains to be seen, however, whether this IT Adviser will be endowed with sufficient authority and resources to promote and help enforce IT policies across the Secretariat.

33. It is also a matter of concern that IT functions remain split between three offices. The Budget and Management Reform (BMR) department deals with IT policy. It is also the designated application owner for AMS. Financial Services administer the AFI system. Networking, user support and other management information systems are the responsibility of the Informatics and Infrastructure Services (IIS) into which Telecommunications have recently been integrated. The JIU supports the recommendations contained in the IT Technology Strategy regarding the establishment at Headquarters of a Department of Information Technology which would integrate all or most of these functions. In particular, AFI support should be merged into the Department and a review of IT support functions in clusters should be undertaken to determine whether some of these functions would be more efficiently carried out centrally. At the same time, while the Secretariat argues that global IT policy should be dealt with separately from operational IT issues, it is not clear whether the BMR department has the expertise and resources necessary to develop IT policy proposals.

34. Instead, the JIU recommends the development and effective implementation of a comprehensive IT strategy, under the control of the Director of the proposed Department of Information Technology, assisted by the IT Adviser, and the oversight of a permanent steering committee made up of major users. While the Secretariat indicated that such a committee called the "governance committee" was set up in May 2001, its exact composition and terms of reference are yet to be defined. The strategy should take into account current and future information requirements of the three levels of WHO operations as well as those of Member States and the community of WHO's partners. The proposed IT strategy should indicate estimated resource requirements, planned phases of implementation and funding scenarios, as well as the implications of maintaining current legacy systems. The IT Adviser should also pursue the consultations

which have been engaged with other large United Nations specialized agencies, funds or programmes which are presently in the process of defining their IT needs and selecting commercial software, to determine whether a common approach may not lead to reduced costs and increased coherence and compatibility within the United Nations system.

35. The existence of a committee and the adoption of a strategy will not suffice to bring about genuine changes in the IT environment at WHO, as recommendations from past IT committees have not progressed to action. There must be a clearly expressed political and financial commitment by both the Secretariat and Member States to significantly enhance WHO's management information at all levels.

36. In a clear sign of recognition that past financial neglect is no longer sustainable, the Cabinet approved in 2000 a US\$ 2.4 million correction to the IT budget for the biennium. It is also hoped that one-off gains made by a shift in accounting for support costs can be used to fund a major investment in IT.

37. In addition, the Secretariat has informed the World Health Assembly at its 54th session of its intention to establish an Information Technology Fund.¹⁷ Given the recent experience of UNESCO, however, the Inspectors would caution against excessive expectations and over-reliance from WHO on voluntary contributions for such a special IT fund, unless private donors can be persuaded to contribute to it. In 1999, the General Conference of UNESCO recognized the need to replace the legacy computer systems in that Organization (in budget, finance, human resources management and payroll), at an estimated cost of \$19 million, and invited Member States to make voluntary contributions to a special Fund for this purpose. Barely \$ 2 million, however, had been received by the end of 2000. This has led the Director-General of UNESCO to believe that "the option of voluntary contributions from Member States is clearly not a viable one".¹⁸ This may prove equally true in WHO, where sums involved in the upgrading or replacement of information management systems will be even higher. The cost of replacement for the present AFI system is estimated by WHO IT officials at about US\$ 55 million.

38. On the other hand, the need to force the timing of technological initiatives into the biennial funding structure of the regular budget can constitute a barrier to spending IT resources in the most effective way, as noted by PAHO/AMRO.¹⁹ A mixed funding from the regular budget and voluntary sources may, therefore, be advisable. It may be interesting in this context to review the experience of the ILO, whose Conference recently decided to approve the establishment of an information Technology Systems Fund with an initial capital of \$25 million to be financed from the 1998-99 regular budget surplus. The Secretariat estimates that the entire balance available in the fund will be needed to finance the acquisition of an integrated ERP covering both financial and human resources functions.²⁰

39. There is also a need for a mechanism that would foster exchanges of information and lessons-learned in IT across the Secretariat worldwide. While IT could play an important role in achieving greater unity and coherence in the Organization, regional offices point out that Headquarters has provided insufficient guidance to them, which has led them to develop their own systems and applications in partial isolation. Although each regional office does have specific requirements, and while it is probably too late and not financially viable to develop a comprehensive integrated management system (an "all-purpose" system along the lines of the United Nations' IMIS), it is difficult to believe that regional specificities would make it impossible for applications developed in one regional office to be replicated in another or at headquarters.

40. In fact, several regional offices do cooperate and exchange applications, although this cooperation was until recently undertaken on a bilateral and ad-hoc basis. WPRO, for instance, has adapted a human resources management information system developed by AMRO/ PAHO. SEARO has indicated, for its part, that it will make efforts to identify, adapt and implement relevant information systems used by other Regions that meet its needs. New information systems will be developed in that office only if adaptations of existing applications are not feasible or will not fully meet its requirements. At Headquarters, the Secretariat now also recognizes the need to use a more structured approach to maintenance and enhancement that will eliminate duplicate efforts and stop parallel developments. It has established an inter-regional committee for this purpose. The Inspectors have not been informed of the exact composition

and terms of reference of this committee. They would recommend that it be composed of the Director of the proposed Department of Information Technology and the IT coordinator for Headquarters, of the Directors of Programme Management, the Directors of Administration and Finance and IT officers for regional offices. Its mandate should be to ensure that systems developed at Headquarters and in regional offices have a built-in interface and that a systematic review of existing systems and their adaptability is undertaken before any new system is developed anywhere.

41. Significant progress has been achieved in recent years in ensuring connectivity across the Organization, with the use of a Global Private Network (GPN). It should be noted, however, that although the use of GPN has lowered the cost of communications for Headquarters with regional offices, the reverse is not true in all cases. The Secretariat states that it is now preparing a comprehensive telecommunications strategy, identifying the minimum requirements for all WHO locations in terms of voice, video and data connectivity and technical options with costing, taking into account the extent of possible inter-United Nations cooperation.

42. Regional offices report that all country offices, with very rare exceptions, have access to Internet. Nevertheless, further progress needs to be achieved in ensuring access by all WHO staff, regardless of location, to the Organization's Intranets. At the moment, staff in country offices do not all have access to the Intranet of their regional office, and even less so to the Headquarters' Intranet. Figures provided by the Secretariat show that while 94% of country offices (including WR and liaison offices) had access to the Internet at the beginning of 2001, only 51% had access to the Intranet of their Regional Office, and 38% to the Headquarters Intranet. In addition, the set up of Intranets in several regional offices, which allows remote access with passwords regardless of the user's location, is preferable to that of Headquarters, which restricts access to users in fixed locations. Funding was made available for the Headquarters Intranet project in March 2001, and it is hoped that it can grow into the powerful tool for internal communications that it has become in a number of other United Nations organizations.

III. DECENTRALIZATION

43. Of all United Nations specialized agencies, WHO may be the one with the strongest presence in the field, having representatives or liaison officers in 140 countries (not counting the “centres” established in some regions) and with the most decentralized structure, as much of its country work is decided at the regional level. The importance of WHO’s regional and country offices is highlighted by the level of their budgeted expenditure, which made up approximately two thirds of the total regular budget during the 2000-2001 biennium. The proposed programme budget for 2002-2003 also allocates some 67.2% of regular budget resources to regional and country offices.

44. In spite of this situation, strengthening WHO’s country work has been a long-standing concern of WHO’s governing bodies. The issue has been discussed regularly by the Executive Board, whose Working Group on WHO Response to Global Change recommended a series of changes in this field. The Secretariat, for its part, established a Working Group on partnership with Countries, with membership from country offices, regional offices and headquarters, which concluded in December 1998 that a number of factors were inhibiting performance at the country level.²¹ “To make a difference in the world, the Director-General stated, WHO must first make a difference in countries”²². With this renewed emphasis placed on country work, the Secretariat has tried to tackle certain weaknesses of country offices, with varying degrees of success.

A. A complex constitutional setting

45. Chapter XI of WHO’s constitution outlines the arrangements through which the Organization operates at the regional level, and provides much of the Organization’s decentralized specificity. Article 52, in particular, states that the head of the regional office shall be the Regional Director appointed by the Board in agreement with the regional committee. Article 53 states that the staff of the regional office shall be appointed in a manner to be determined by agreement between the Director-General and the Regional Director. However, Article 45 points that each regional organization (comprised of the regional committee and the regional office) is “an integral part of the Organization”, while Article 51 clearly states that the regional offices, which are the administrative organs of their respective regional committees, are subject to the general authority of the Director-General of the Organization.

46. While it has often been a source of strength for the Organization, this constitutional specificity has also created certain tensions, and WHO has long struggled to reconcile the centrifugal pull of its decentralized structure with the need to preserve its unity and coherence. The Inspectors welcome, therefore, the fact that the current Director-General has made the concept of “One WHO”, setting its priorities as one organization, and performing as one, the leitmotiv of her reform efforts. They note her assurances that the perception of “dual accountability” of the Regional Directors emanating from the constitutional complexities mentioned above is not justified, since Regional Directors, once appointed, are civil servants bound by WHO’s rules and regulations and the policies of the World Health Assembly. The Director-General also pointed out to the Inspectors that she presents the nominations for Regional Directors made by the regional committees to the Executive Board, and is therefore responsible for conveying these nominations with or without comments or objections. As Chief Technical and Administrative Officer of the Organization, the Director-General is indeed ultimately responsible for the operations of the whole Secretariat. Nevertheless, from their visits to five Regional Offices, the Inspectors gather that the perception of dual accountability persists to some extent.

47. The vagueness of Article 44, according to which the World Health Assembly shall “from time to time define the geographical areas in which it is desirable to establish a regional organization”, may account for another difficulty noted by the Inspectors. This relates to the delineation of these regional areas. Resolution WHA49.6 stressed the need to ensure full consultation between the regions concerned before a Member State is reassigned from one region to the next, and reiterated that although States are free to select their region, the final decision rests with the World Health Assembly. However, because no precise criteria have been established to guide this definition and the assignment or transfer of countries to

regions, issues such as geographic position, similarity of health conditions and the existence of epidemiological blocks have sometimes been overridden by other considerations.

48. This is particularly manifest concerning the delineation between SEARO and WPRO, and between EMRO and AFRO. The JIU has previously stressed the need for organizations of the United Nations system to harmonize as much as possible their respective geographical representations at the regional and sub-regional levels.²³ The Executive Board Special Group for the review of the Constitution also recommended in 1997 that WHO actively cooperate with the United Nations in efforts to rationalize the regions across all the specialized agencies²⁴. Such harmonization of regional representation, based on specific and clear criteria, could go a long way towards redressing present geographical anomalies. In the meantime, any possible inefficiency should be tackled through increased exchange of information and cooperation between regional offices and Headquarters and among regional offices, especially those in neighbouring geographical areas. Such cooperation might also include regional organizations outside the United Nations system which are engaged in health-related activities.

49. The Director-General is authorized in emergencies to decide on the temporary location of a regional office. In 1997, the decision was taken to move AFRO's offices temporarily to Harare. The emergency relocation of the regional Office and the reconstruction of essential records, as well as the need to train new staff and the search for solutions to difficult individual situations posed great challenges to the administration. The Internal Auditor recognized in 1998 that the effects of the "disruptive external events" at the Office had weakened its basic system of financial controls, but stressed that it was commendable that the Office continued to operate in the countries despite the hardships. A follow-up audit showed that the regional Office management was aware of the significance of the problems and had initiated steps to correct them²⁵.

50. Concerns have nevertheless been expressed to the Inspectors by a number of parties as to the manner in which this relocation has been handled, and measures taken with regard to the continued employment of local staff in particular. At the 51st session of the Regional Committee, the Regional Director announced the gradual relocation of the Office staff from Harare to Brazzaville, starting in October 2001. The Inspectors have been unable to study this issue in depth. They would suggest that the Director-General submit a report to the Executive Board on problems encountered and lessons learnt in the evacuation and relocation process.

B. Reviewing the field structure

51. As stated above, WHO operates a very extensive network of country offices, with 105 WHO Representative offices, and 35 liaison offices. This presence, however, may not always be very effective, as some of these offices actually manage limited resources.

52. As noted by the External Auditor in his report to the 53rd session of the World Health Assembly, a norm or benchmark relating to a realistic level of operational cost at country offices to the total regular budget allocation is not currently available. Figures provided by the Secretariat to the JIU show that this ratio varies widely, from 0.5 in Poland to 10.9 in India. In more than half of the countries for which figures were provided, the ratio is inferior to 2, meaning that operating costs represent over 50% of the regular budget allocation. In fact, according to the External Auditor, the relationship between budgeted operational cost and the total regular budget for some country offices is still expected to increase in the 2000-2001 biennium.²⁶ It would be very useful, in this respect, for the Secretariat to prepare and submit on a regular basis to the Executive Board a table along the lines of that used by UNESCO to provide its own governing bodies with a comparison of running costs to total programme funds for its country offices²⁷.

53. Calls by the Executive Board for a study of the appropriate level of representation in each country have not yet led to a systematic review in this area, and a final formula for deciding on the need for a country office has yet to be established. The Secretariat points that the application of a formula can only be but one factor in reviewing WHO's presence in countries. Many WHO officials assert that a presence

of the Organization in all developing countries or countries in transition remains essential, as the WHO Representative plays a fundamental role as the main public health adviser to the government and as the main local advocate of the World Health Assembly's policies. Likewise, the Programme Development Committee of the Executive Board has stressed WHO's important role as an intellectual partner, influencing the agenda and behaviour of other organizations at country level²⁸.

54. The Inspectors have carefully weighed such arguments in favour of a continuing wide presence (based on the assumption that the advisory and advocacy role played by WRs is as important as technical assistance) against those in favour of tailoring more effectively WHO's support to country needs and thus avoiding that scarce resources be too thinly spread. They do not believe that the choice should be narrowly restricted to a full country office or no presence at all, and support proposals for a range of intermediate possibilities, such as liaison offices, multi-country offices, use of inter-country or inter-agency resource persons.²⁹ In addition, the nature and level of representation need not be considered as static, but should evolve as appropriate.

55. The experience of EURO over the past decade is particularly interesting in this regard. In 1990, confronted with the advent of some twenty new Member States and calls for the urgent provision of technical assistance, the Regional Committee for EURO launched a EUROHEALTH programme to initiate and coordinate country-specific programmes. Priorities were to be identified by the countries themselves, and EURO established close contacts with counterparts in national health authorities. Some were recruited on Special Service Agreements (SSA) to liaise with EURO, and were later recruited as WHO short-term staff with the status of National Professional Officer (NPO).

56. There are now liaison officers in 26 countries of the European region. They do not constitute a very homogeneous group, as their capacities and functions vary greatly from one country to another. Nor do they make up a permanent and rigid structure, as it is understood that their role and even presence will evolve with the socio-economic situation of the countries served. External evaluators of the EUROHEALTH programme have thus suggested that countries in the process of accession to membership of the European Union might no longer have a need for a liaison officer once they have joined. Some officials in EURO, however, believe that these countries' accession to the European Union will not alter fundamentally their needs in the short-term³⁰. At the same time, officials at EURO are considering whether liaison offices in some areas need to be supplemented by an international presence at the sub-regional level.

57. EURO has also used another mechanism, the "Euro-centres", to conduct WHO's work in Europe. Started in the early 1990s in the area of environment and health, these centres are established by formal agreement between the Regional Office (which organizes the work) and a donor country or major region within a donor country (which covers the expenditure). Such centres are fully managed by WHO, staffed by personnel recruited by the Regional Office and carry out projects that are part of the strategic biennial programme endorsed by the Regional Committee³¹. However, there have been concerns about the insufficient definition of the role of the centres and their relations with the regional office. Therefore, although other regional offices may be tempted by the model of Euro-centres, the Inspectors would caution them to await the conclusions of the external evaluation commissioned by the new Regional Director of EURO.

58. The concept of essential presence should guide the Organization's choice between various options for representation at country level, and the Inspectors would urge that the common set of objective criteria called for by the Executive Board to determine the nature and extent of such representation be urgently finalized, adopted and implemented.³² Thorough work on such criteria was undertaken by the Secretariat more than three years ago. Criteria proposed, however, related essentially to the economic and health status of countries, as measured by the Human Development Index and immunization coverage, and should be completed by criteria linked to the cost-effectiveness of the Organization's activities, taking into account the global presence of the United Nations system at field level. It is very important, therefore, that the Director-General urgently finalize the common set of objective criteria called for by the Board in view

to determine the nature and extent of WHO country representation, with the understanding that these criteria should be used in a flexible manner.

59. The establishment of a country office should thus be subject to verification by Member States that it is the most effective way of achieving the goals set by the Organization both at the global and regional levels, that the country office coordinates its activities with the local representations of the other specialized agencies, funds and programmes of the United Nations system and that there are periodic reviews of the offices' activities. It is of particular importance that the presence of the United Nations system as a whole be considered in the decision.

60. In this context, the Inspectors would like to recall the recommendations of a previous JIU report on field representation of the United Nations system, which urged Organizations of the system to make greater use of existing common representations, especially through the Resident Coordinator system, with the aim of achieving a unified (and not a unitary) United Nations presence at country level.³³ They note that the Resident Coordinator system is now well established, with an increasing sense of ownership and participation by all agencies and programmes, in particular those whose own staff members have been appointed as Resident Coordinators. Although no WHO staff member has yet been appointed Resident Coordinator, a number of them are under active consideration.

61. The Inspectors are concerned that pending the completion of the debate on WHO representation in countries, decisions continue to be taken on an ad-hoc basis at the regional level. For instance, two country offices in the Republic of Korea and Turkey have recently been replaced by liaison offices. Although there exists a number of multi-country offices, such as those in Bridgetown, Kuala Lumpur and Suva (which serve no less than 11 countries), it is not clear why this option, which was more prevalent in the past in certain regions, is no longer exercised in other cases. In addition, it was pointed out to the Inspectors that keeping a liaison office in a donor country may assist the Organization in resource-mobilization, but again objective reasons for such a decision are not stated explicitly.

C. Strengthening country offices and the impact of their activities

62. The Secretariat recognizes that the real "untapped resources" of the Organization are not located in Geneva or in the regional offices but in the countries themselves. The Inspectors concur that country offices need to be strengthened, through better strategic positioning and coordination, adequately developed human resources and appropriate delegation of authority, if the Organization is to make full use of its field network.

Country strategies and programming

63. Generally, the Secretariat believes that WHO's work in countries needs to be more strategic and more focused in order to achieve greater impact. The Director-General has also repeatedly emphasized that WHO should be seeking more unity of purpose, and that country strategies should align better with WHO's global strategies. A process has been introduced, therefore, for the formulation of country cooperation strategies, carried out jointly by the regional offices and headquarters. These strategies are supposed to be the "practical, country-based expression of the corporate strategy for the WHO Secretariat, taking into account global and regional directions and priorities, while responding to country needs and acknowledging country realities".³⁴

64. The Inspectors believe that this exercise can be highly beneficial, as long as it involves all interested parties, including the national counterparts and the country office. In particular, it should have built-in links to the Country Strategy Note (CSN), which is prepared by the host country to ensure effective integration of assistance provided by the United Nations system into the national developmental process. A previous report of the JIU on the coordination of policy and programming frameworks for more effective development cooperation has highlighted the need to ensure that the CSN process is used effectively and consistently by all development partners.³⁵ Such use should enhance the participation of all organizations of the United Nations system in the development process, including those without country representation.

65. The Inspectors also note in this context that many WRs appear concerned that they are encouraged to participate in the Common Country Assessment/United Nations Development Assistance Framework (CCA/UNDAF) processes but are not always given sufficient direction to do so effectively and meaningfully. Such participation is all the more important since WHO is now a member of the United Nations Development Group.

Coordination

66. According to the External Auditor, while an increased focus is placed by WHO on the work performed by country offices, and while many country offices are taking steps to develop and implement improved systems and procedures, there is often a low level of coordination among one another on aspects which appear to lend themselves to transversal solutions³⁶. Likewise, the Inspectors find that there is too little coordination between the three levels of the Organization regarding their activities in countries, and that country offices are too often not fully apprised of programmes and projects undertaken nationally through global or regional channels.

67. These findings are confirmed in EURO, where external evaluators of the EUROHEALTH programme found that the biggest problem in country work related to the interface between country and inter-country activities in the Regional Office. Some liaison offices were poorly informed of the activities of the technical programmes in the country. The external evaluators pointed out that the problem needs to be addressed when the country strategy is being formulated, and that standard operating procedures should be worked out to guarantee the best possible collaboration at all levels.³⁷ The Inspectors suggest that these recommendations be applied in all regional offices, and that headquarters and regional offices support for country programmes be negotiated in consultation with the WHO representative.

68. On the other hand, no major problem with regard to coordination of the work of the regional office and WHO Headquarters were brought to the attention of the external evaluators. Regional Directors, however, have all stressed to the Inspectors their conviction that WHO Headquarters should mainly work through them rather than directly with the countries to avoid overlap and minimize possibilities of delivering mixed or conflicting messages. They also point out that Regional Offices provide not only all administrative backstopping but also important substantive support and guidance to country offices, and that the organizational practice has always been for country offices to report solely to regional offices.

69. The Inspectors are, nonetheless, concerned that the Secretariat at Headquarters, and also the governing bodies, do not have sufficient information about the activities and resources of country offices, and that this situation will persist if barriers between Headquarters and country offices are added to an already complex constitutional set-up. They believe that contacts between country offices and Headquarters, and among country offices globally, can and should be strengthened with appropriate caution taken to avoid contradictions and duplications. They welcome the initiative taken by the Director-General to bring all WHO representatives and Liaison Officers to Geneva for global meetings in February 1999, for the first time in the history of the Organization, and again in March 2001. They also consider as positive steps the fact that copies of the summaries of WR's biennial reports to Regional Directors are now sent to the Director-General and that efforts are being made by the Department of External Cooperation and Partnerships to compile a database on country offices.

Human resources

70. Due to budgetary constraints, country offices have limited resources in terms of personnel, and the number and level of their staff are not necessarily commensurate with the programme funds, whether from the regular budget or from extra-budgetary resources, allocated to the country. The Inspectors are also concerned that not all among the staff assigned to country offices appear to be well prepared and to possess the appropriate skills for effective action in the field. Inspectors were informed that WRs, in particular, are sometimes little prepared for their important responsibilities, be it in the field of programme management, human resources management or representational duties including media relations.

71. A report undertaken by a consultant in 1998 for the Liaison Office for Support to WHO Country Offices highlighted a significant deficit in the Organization in terms of education and training for WR representatives. It revealed that there was no career development plan to prepare prospective candidates for WR assignment; that there was insufficient funding and no structured mechanism for continuing education for the representatives; that there was no consistency across the Organization in the type or amount of education provided; that there has been no comprehensive approach to ensuring that all WRs have sufficient basic information on new and important subjects/issues, and that most of the WRs had no or little formal general management training. The report proposed the adoption of an education framework, with detailed costing, based on four elements: identifying prospective WRs, orientation, continuing education and a time-limited special effort to meet current needs.

72. The Secretariat is undertaking a review of staffing patterns in country offices and the development of a range of training modules for WRs and field staff. It asserts that the profile of WRs has been raised and that a broader range of candidates is now considered for these positions, and that new appointments are all reviewed by the Director-General and Regional Directors.³⁸ Three years after the completion of the report mentioned above, however, an overall framework for the training of WRs has yet to be established. The lack of time and resources was mentioned to the Inspectors as the main obstacle to the development of a compulsory and comprehensive curriculum for first-time WRs. It appears, however, that costs involved would probably not be extremely important, as the number of new WRs would probably not exceed 20 per year, and as many of the courses could and should be administered internally by previous WRs or functional specialists. Such expenses could probably be absorbed in the 1.5% of staff costs which the Organization is now committed to devote to staff development (see Chapter V).

73. The Inspectors would strongly recommend, therefore, that basic courses be devised which could be administered once a year at Headquarters for all first-time WRs and liaison officers. These courses on-site could be supplemented through on-line training. On years when a Global Meeting of WRs takes place, the training course could be scheduled so as to minimize travel costs to Headquarters. In addition to arming new WRs with indispensable skills and tools, the course would contribute to providing them with a global, organization-wide vision of their work, and would allow them to build networks beyond their regional areas. The Inspectors would also encourage increased WHO participation in the training programme designed by the United Nations Staff College to support the Resident Coordinator System.

74. In recent years, an increasing number of National Professional Officers (NPOs) have been assigned to work in country offices. Their number varies greatly from region to region, as do the functions assigned to them. Thus, there are presently 164 NPOs employed by AFRO, 27 by EURO and 9 by SEARO. However, neither AMRO, EMRO nor WPRO employ NPOs. There are obvious financial advantages to recruiting NPOs rather than international professionals, and their knowledge of the national circumstances and their contacts may be invaluable assets for the Organization. Other organizations of the United Nations system, such as UNDP and UNICEF, have employed NPOs for some time, and others, such as the ILO, have just recently introduced this category³⁹. The Secretariat informed the JIU that it has embarked on a broad review of the uses of NPOs across the Organization, which is scheduled to be finalized in the spring of 2002. The Inspectors would urge that, on the basis of this review, the Secretariat adopt a clear policy framework for the employment of NPOs, including selection criteria and career prospects, as well as a description of general functions to be assigned to NPOs.

Choice of premises

75. Problems encountered with some of the NPOs are but one of the difficulties met by country offices in their efforts to balance the need to work in close cooperation with national authorities and other national partners with the obligation to preserve WHO's independence and credibility as a neutral, international Organization. Another difficulty lies in the choice of premises for country offices, and debate persists as to whether being hosted by a national Ministry of Health may jeopardize this independence. Information provided by the Secretariat (see Table 1) shows that more than half of country offices (WRs and liaison

offices) are provided with free or low-cost accommodation in buildings of the Ministry of Health, while others rent separately at market rates, and a small number are located in United Nations shared premises.

Table 1: Location of WHO Country Offices (Including WHO Representative and Liaison Offices)

	SEARO	AMRO	WPRO	EURO	AFRO	EMRO	TOTAL (%)
United Nations shared	2	1	1	4	8	2	18 (13%)
Separate premises	4	14	6	0	25	2	51 (36%)
MOH* or other public health institutions	3	12	9	22	13	12	71 (51%)
TOTAL	9	27	16	26	46	16	140 (100%)

*MOH: Ministry of Health

76. The Inspectors note the positive experience of the United Nations Houses, one of which was visited in the context of this report, with their considerable advantages in terms of synergy, cooperation and shared services among organizations of the United Nations system. They would like to recall previous recommendations by the JIU which called on all United Nations organizations represented in the field to accelerate and intensify their efforts to establish and/or enhance common premises and common services.⁴⁰ They recognize, however, that budgetary constraints and local circumstances vary greatly and make it impossible to artificially decree a choice from Headquarters. It is all the more important, therefore, that guidelines be prepared and criteria defined globally to assist regional offices in this decision.

Delegated authority

77. The Inspectors have also found that support and guidance provided to country offices, as well as authority delegated to them, reporting requirements, and control exerted on them vary a great deal between regions. They have mentioned above (in Chapter II) that levels of financial authority delegated to country offices may differ between regions, and have called for explicit criteria to be developed in this regard. WRs and liaison officers gathered at Headquarters for the first global meeting in February 1999 called for greater authority to be delegated to them for management, budget control, fundraising, and personnel matters. The Internal Auditor, for his part, found that there was a need to increase delegation of authority to country offices to commence approved activities, and that if the cost, timing and nature of an activity have already been approved in the Plan of Action, it is inefficient for the office of the WHO Representative to re-seek administrative and financial authorization from the regional office in order to implement the activity.⁴¹

78. The Inspectors generally agree with the request by WRs and liaison officers for increased delegated authority. It seems rather restrictive, for instance, that liaison officers in EURO should not even have the authority to establish official bank accounts, particularly when they have been able to raise extra-budgetary resources locally for specific projects. At the same time, recent experience in a liaison office of that region has shown that the Organization is not immune to fraud at the country level and that great caution must be exerted. Increased delegation can only be granted if appropriate controls, at the level of Headquarters and regional offices, are put in place, and if all country offices are regulated by a common set of administrative and financial rules and procedures.

IV. PLANNING, PROGRAMMING, BUDGETING, MONITORING AND EVALUATION

A. Strategic planning, programming and budgeting

79. As have most other organizations of the United Nations system, WHO has embarked on the implementation of results-based budgeting (RBB), with the encouragement and approval of its governing bodies⁴². The Secretariat indicates that a fully integrated system of planning, monitoring, evaluation and reporting will be in place as from the 2002-2003 biennium. Through the inclusion of predetermined indicators, this new budget form should set the stage for both internal and external evaluations. In fact, the programme budget for 2002-2003 is described by the Secretariat as a key instrument of reform, and many Member States have welcomed it as such.

80. One of the most important features of this new programme budget is that it is based on an overall corporate strategy and has been drawn up jointly between regions and Headquarters. Detailed and voluminous regional programme budgets are no longer prepared. Instead, at their sessions in September 2000, regional committees examined the global programme budget, together with brief documents prepared by regional offices and outlining the regional situation, broad regional strategies and indicative country planning figures. Regional committees were thus able to review the overall programme budget before it was submitted to the Executive Board in January 2001. This new process should have a positive impact on the cohesiveness of the Organization, and has been mostly welcomed by Member States.

81. There have been concerns expressed, however, in regional offices and regional committees alike, that the process has so far followed a “top-down approach” which favours Headquarters to the detriment of regional inputs, and that global expected results do not always reflect certain specific regional priorities. Overall, and according to officials interviewed by the Inspectors for this report, in some 20 of the 35 areas of work identified in the global programme budget, the new budgeting technique has been easily implemented. In a number of other cases, however, it has been somewhat difficult to reconcile global goals and priorities on the ground, or to match areas of work with the reality of regional offices. This was illustrated by the fact that a number of areas of work received zero allocations for some regions in the programme budget⁴³. In their budgetary documents, several regional offices provide cross-reference tables between the 35 “corporate” programmes, or headings of the global budget, with the regional organizational structure and programmes, which may be usefully replicated in other regions⁴⁴.

82. In addition, the degree of consultation between regional offices and headquarters in the preparation of the programme budget varied by cluster and sometimes excluded the development of indicators. Regional offices were mostly asked for inputs regarding the development of expected results for the first draft global Programme Budget, which only included a partial set of initial indicators. During the second stage, following the regional committee meetings (when the bulk of the indicators were developed), consultation was more limited. In the future, BMR should endeavour to monitor the extent to which each cluster seeks and integrates the inputs of regional offices in the preparation of the global programme budget and in particular, verify that the consultative process is not restricted to the formulation of expected results but also to that of indicators.

83. It should also be recognized that budget discussions in regional committees continued to focus on the percentage of regional budget allocated respectively to regional offices, inter-country programmes and individual countries, as well as on the share of extra-budgetary funds allocated to regions. To the extent that the “One WHO” budget was to lead them to focus on the broader global perspective, the new budgetary process cannot yet be considered as a complete success. However, Member States in regional committees appreciated the fact that the planning phase for country activities was closer to the actual date of their implementation. They also generally expressed satisfaction at the increased focus in the Organization’s work.

84. Many of the difficulties outlined above may be attributed to the novelty of the process and the status of preparedness of the Organization for RBB. Managers both at headquarters and in regional offices, and some in country offices, appear to have been briefed extensively on the concepts underlying RBB.

Nevertheless, they cannot all be immediately expected to think fully in RBB terms. Briefing will need to continue, therefore, and as the Organization moves into the 2002-2003 biennium, training needs will shift to technical monitoring and evaluation.

85. Some issues that arise with the application of RBB, however, may be of a longer-lasting nature. In particular, given the collaborative nature of WHO programmes at regional and country levels, there is an inherent difficulty in determining what the Secretariat expects to accomplish as a consequence of its own actions. Despite claims in the introduction to the Programme budget document that it clearly distinguishes the responsibilities of WHO's Secretariat from those of Member States, measuring the exact accomplishments of the Secretariat at the country level in isolation from its partners, and from the actions of Member States in particular, will in some cases be virtually impossible. This difficulty, also met by other United Nations organizations, is reflected in the fact that while the global expected results have indeed been formulated to describe what the Secretariat is directly responsible for, many indicators actually measure what is accomplished by the Member States individually or in collaboration with WHO.

Table 2: Expenditures by Sources of Funds and Organizational Levels

ORGANIZATIONAL LEVEL		1998-1999	2000-2001		2002-2003
REGULAR BUDGET	Headquarters	282 953	279 055		276 149
	Regional Offices	237 871	231 816		227 594
	Countries	321 830	331 783		338 911
	SUB-TOTAL (% of total resources)	842 654 (51%)	Original estimate (in PB 2000-2001)	Revised forecast (in PB 2002-2003)	Budget 2002-03
			842 654 (46.8%)	842 654 (43.4%)	842 654 (37.9%)
OTHER SOURCES	Headquarters	527 408	663 200	Breakdown not available	Breakdown not available
	Regional Offices	179 305	190 534		
	Countries	97 790	104 466		
	SUB-TOTAL	804 503 (49%)	958 200 (53.2%)	1 097 000 (56.6%)	1 380 000 (62.1%)
TOTAL	Headquarters	810 361	942 255	Breakdown not available	Breakdown not available
	Regional Offices	417 176	422 350		
	Countries	419 620	436 249		
	GRAND TOTAL	1 647 157 (100%)	1 800 854 (100%)	1 939 654 (100%)	2 222 654 (100%)

Sources: Proposed Programme budgets, 2000-2001 and 2002-2003

86. Compounding the complexity of formulating expected results and associated indicators, achievement of these results relies in great part on ambitious increases in extra-budgetary resources. Although several regional offices have stressed the difficulty of predicting such resources with accuracy, officials at Headquarters believe that estimates for extra-budgetary resources contained in the proposed Programme budget for 2002-2003 (see Table 2 above) are actually rather conservative. They note that extra-budgetary resources have grown at a steady rate of 15% per biennium on average over the last ten years. Thus, while the proposed programme budget for 2000-2001 was based on a predicted total of US\$ 958 million in extra-budgetary resources, new budgetary documents show that the figure might actually reach some US\$ 1.1 billion (although this estimate has had to be revised downward from the US\$ 1.24 billion forecasted in an earlier draft programme budget for 2002-2003). On the other hand, the new budget format could actually assist the Organization in raising extra-budgetary funds by allowing it to link resources more clearly to expected results.

87. Overall, Member States have expressed satisfaction that the new budgetary format provides increased transparency and accountability.⁴⁵ However, in its welcomed effort to simplify and clarify the new budget document, the Secretariat may have omitted information that is crucial not only for donors but also for all members of the Executive Board if the latter is to retain its full governance role. Thus, while

the “overview of expenditure plans” for 2000-2001 showed the projected distribution of extra-budgetary funds by organizational level (Headquarters, regional offices and countries), this is not the case for the 2002-2003 document, which only provides the distribution of regular budget funds between regions. The Secretariat argues that experience has shown that the breakdown provided in 2000-2001 was too much at variance from what actually happened during the biennium. The Inspectors, however, believe that this should be a cause for improvement in the accuracy of projections rather than for their mere deletion. Because the programme budget is a key instrument for strategic planning, it is important that this information be provided at this stage rather than at the later stage of operational planning as proposed by the Secretariat. It would be useful, at the very least, to reintroduce into the budget document a table such as Table 3 below, with figures for several biennial regular budgets provided for comparison purposes.

Table 3: Planned Expenditure by Region (Regular Budget)

	1998-1999	2000-2001	2002-2003
Total (in US\$ thousands) of which:	559 701	563 599	563 599
Africa	28.12 %	31.37 %	33.08 %
The Americas	14.77 %	13.79 %	13.25 %
South-East Asia	17.73 %	16.96 %	16.5 %
Europe	8.90 %	9.17 %	9.36 %
Eastern Mediterranean	16.12 %	15.24 %	14.79 %
Western Pacific	14.34 %	13.47 %	12.99 %

Sources: Proposed Programme Budgets, 2000-2001 and 2002-2003

Note: Figures are obtained by attributing the country and regional office budgets to the respective regions.

88. The ability of the Organization to fully implement RBB will also be predicated on the effectiveness and resources of the Department of Budget and Management Reform, the department primarily entrusted with the functions of planning, programming and budgeting. At the moment, BMR has four key functions, all of major importance to the functioning of the Organization. These functions are: strategic budget and planning; management reform and change management (including evaluation); efficiency reviews; and IT policy development. It is questionable whether, with a regular staff of nine professionals, BMR has the resources necessary to perform all the tasks related to these functions. It may be argued, in particular, that reform and change management (not including evaluation) should be a small separate unit, perhaps attached to the Director-General’s office, as was the case in other organizations which have undertaken far-reaching reform exercises, such as UNICEF or the United Nations. As stated in Chapter II above, it is equally disputable whether BMR should have responsibility for the conceptualization and development of the Organization’s global IT policy.

B. Programme implementation and monitoring

89. A review in 1998 of the status of operational planning and monitoring, cited in a report by the Secretariat to the Executive Board, highlighted the weaknesses of the Organization in this area. It showed that not all programmes completed plans of action and that often, those that were completed were not homogeneous. Many plans proved to be too detailed for an overall view of performance. Technical programmes paid little attention, during actual implementation, to the programme budget⁴⁶. To remedy this situation, standardized business rules and procedures for programme implementation and monitoring were developed during 1999, and since January 2000, operational work plans are supposed to be in place in all clusters and regions. The External Auditor, however, has found that compliance with the operational planning guidelines is uneven and needs to be improved⁴⁷.

90. The Activity Management System, already mentioned in Chapter II, is the main tool used by the Secretariat for preparing and monitoring work plans. Although its use is supposed to be mandatory at Headquarters, compliance rates vary greatly among clusters and regions. While AFRO, EURO, EMRO

and SEARO have adopted AMS as the corporate management tool, two regional offices, PAHO and WPRO, have developed their own monitoring system. It can be noted in this regard that the External Auditor of PAHO has commented favourably on that Organization's Planning and Evaluation System (AMPES)⁴⁸ and, in particular, on the computerization of much of the planning process and outputs. In fact, the External Auditor has described PAHO's planning and monitoring system as "matching and in some key respects exceeding best practice seen elsewhere". Officials in the regional office also consider AMPES to be more effective and user-friendly than AMS. As a result, there is general compliance with the system, as confirmed by the External Auditor whose examination showed that reports are generated by units as required and are being effectively used as a basis for re-thinking and revising programmes.

91. Many country offices in other regions have yet to gain access to AMS or its equivalent, which may generate difficulties in monitoring their implementation of programme activities and their utilization of funds. SEARO recognizes this difficulty and has specifically instructed its country offices to implement 75% of their allotted budget for a biennium by the end of the first year. While AMS is only available at this date in three country offices in that region (Indonesia, India and Thailand), SEARO officials point that the delay in offering access by country offices to AMS is mostly linked to problems in sustaining the system in those offices due to non-availability of IT support staff. SEARO is now planning to adopt an approach whereby a centralized AMS database will be maintained at the regional office and country offices will be provided access to a simplified web-based interface with AMS. This is already the approach followed by EMRO. Availability of good Internet connectivity in country offices is obviously a prerequisite. EURO, for its part, points out that its liaison officers do not need access to the AMS in its full version, and would not be able to operate it.

92. Officials interviewed by Inspectors at Headquarters and in regional offices assert that although it is based on solid concepts and offers many functionalities, the AMS was designed by information technology specialists with limited inputs from programme managers, and is therefore not user-friendly. The Inspectors were informed that WHO will retain AMS, which it has developed at great cost (an estimate offered put the total cost to this date at between US\$ 10 and 12 million), and that BMR has now become the "application owner" with overall control of AMS.⁴⁹ This should allow BMR to oversee the process by which AMS will accommodate results-based budgeting. The Secretariat has informed the JIU that it has embarked on a project to remodel the system, according to a plan that should deliver incremental improvements over the course of 2001 and 2002.

93. At this late stage, and given the heavy investments already undertaken by the Organization in the development of AMS, it may not be financially viable nor technically desirable to switch to another system. Efforts should be made, however, to ensure an easy interface between the existing systems and their increased harmonization, with a view to facilitate exchanges of information as well as the use of the systems by rotating staff. Recent steps taken by the Secretariat, such as the definition of a minimum set of data should facilitate these efforts and the exchange of information between offices. In addition, priority should be given in all regions to ensuring access by country offices to a simplified interface with AMS or its regional counterpart. In addition, BMR should identify the training needs of clusters at Headquarters with regard to the effective use of AMS.

C. Performance reporting and evaluation

94. The Secretariat notes that the Organization produces a considerable body of evaluative work every year but that it has not, until now, been systematically linked to the planning and budgeting process. To remedy this situation, it has prepared a "Framework for Programme Evaluation" which was presented to the 107th session of the Executive Board⁵⁰.

95. In the document, the Secretariat asserts that the process of evaluation at WHO will now be systematically linked to strategic planning, budgeting and programme review. Through the inclusion of pre-determined indicators linked to expected results, the Programme budget for 2002-2003 should indeed greatly facilitate programme evaluation. However, the Framework document does not specify what form the review of progress towards WHO global expected results will take and how it be submitted to

Programme Development Committee. It should be noted that, unlike many other organizations of the United Nations system, WHO's Secretariat no longer produces global reports on programme performance, since these reports have been incorporated from 1996 into the World Health report⁵¹. While it is well understood that most of WHO programmes are of a long-term nature and do not lend themselves to immediate impact assessment, the adoption of RBB should facilitate the measurement of their progress during each biennium.

96. The Inspectors recommend, therefore, that the Director-General submit for consideration by the Board at its first session in the second year of each biennium a final performance report on the extent to which expected results of the previous biennium have been achieved. This final report, which should be concise and in tabular rather than narrative form, should also be submitted to the Assembly, thus complementing the Financial Report. The Inspectors have been informed that starting in 2002-2003, the presentation of the Financial Report will be reviewed to allow for reporting by area of work and link to expected results.

97. An interim report on the performance of the Organization during the first six months of the ongoing biennium, which could also be presented to the Board at the same session, indicating results achieved over that period, along with a projection of the extent to which expected results can be achieved by the end of the biennium, would also be very useful in providing more updated information and assisting Member States in their analysis of the proposed programme budget for the following biennium. It is recognized, however, that the preparation of such an interim report might represent a heavy burden on the Secretariat in the absence of a fully functioning activity monitoring system.

98. The Inspectors also note that the new evaluation framework will include a number of in-depth thematic reviews to be planned before the biennium, with a view to ensuring that key strategic matters are adequately assessed. A previous document prepared by the Secretariat also indicated that the new integrated evaluation scheme would include a six-monthly consolidated report summarizing both specific findings of all evaluations carried out during the period and general lessons learned.⁵² This would be a positive step, as it would allow lessons identified by evaluations to be compiled in a systematic manner for use by all managers. It would be useful to clarify in what form and to whom this six-monthly compilation will be presented, and whether the lessons learnt will be compiled into a database.

99. The Framework for Programme Evaluation is rather vague and fails to clearly answer a number of important questions. In particular, it does not provide an indication as to the total resources that will be assigned to evaluation. In addition, it does not provide information on whether guidelines will be issued to programme managers for the continuous and effective evaluation of programme performance and how information from evaluations will be integrated into their decision-making.

100. Generally, there appears to be a need for an improvement in the way that evaluation results are communicated internally to programme managers in the Secretariat and externally to Member States, and in the way that lessons learnt and insights gained through evaluations are integrated into the Organization's management culture. It may be useful for the Secretariat to post all or part of the findings of evaluations on the Internet, as is already done by such organizations as IFAD, ILO, UNDP, UNICEF, UNESCO or UNHCR, or by the Office of Internal Oversight Services for the United Nations. This naturally pre-supposes that a clear disclosure policy has been adopted for evaluations. The benefits of transparency would surely outweigh by far the possible risk of self-censure which the Secretariat fears may ensue from increased openness.

101. Likewise, the Framework does not elaborate on the composition and functioning of the "coordinating body" which is supposed to be responsible for overall management of the evaluation processes at Headquarters and in the regional offices. The Inspectors note that the term "evaluation" does not appear in the description of BMR's functions, which refer, among other things, to "cost-effectiveness studies" and "reviews of selected administrative functions". While it is true that evaluation should be seen as an integral part of programme management (especially within the context of RBB), it may be more effective for a specific unit at Headquarters, preferably BMR or IAO, to be assigned firm responsibility for

the planning, coordination, management and dissemination of evaluations. At the very least, the confusion that persists in the division of labour between IAO and BMR concerning evaluation should be dispelled.

102. At present, the limited resources available to BMR and IAO for evaluation mean that a large number of evaluation studies are outsourced. External evaluations are important when a new perspective on a programme is necessary and/or to improve transparency. They are not, however, a guarantee of quality, and can be costly not only in terms of fees charged but also of time spent by staff to service the evaluators. In addition, it may be more difficult to build a sense of ownership of recommendations among programme managers, and therefore ensure their implementation, if the evaluations are conducted by external actors.

103. In the field of administration and management, the impact of external reviews commissioned by WHO is not always clear. Two examples are particularly disconcerting. Following the evaluation of the Headquarters personnel function carried out by a private management consulting firm in 1996, IAO completed a follow-up on the implementation of the recommendations made during that review and, being satisfied that the recommendations had been implemented effectively, considered the “audit closed”⁵³. This did not prevent the Secretariat from commissioning another external review on the reform of the management of Human Resources a few months later (see Chapter V). While the objectives and scope of the two reviews are not exactly similar, one cannot but wonder whether this second study can add significant value to the findings of the first. Likewise, and as noted in Chapter II, the Secretariat last year entrusted a consultancy firm with a review of its central IT activities barely a few months after the issuance of a lengthy and detailed internal report entitled “Information Technology Strategy”.

104. For the purpose of this report, the Secretariat was requested by the JIU to provide a list of all studies outsourced to private management consulting firms over the last two bienniums (1998-1999, 2000-2001), with related costs. The information, however, was not made available, possibly because the issue has not yet been attentively scrutinized by the Secretariat. A recent JIU report recommended that a clear policy be elaborated by WHO concerning the utilization of management consulting firms, together with explicit and rational assessment criteria.⁵⁴ In the absence of the requested information, the JIU cannot concur at this stage with the Secretariat’s view, presented to the Executive Board at its 107th session, that this would be neither feasible nor desirable, and that it is enough to apply the general procedures existing for all outside contractors and service providers.⁵⁵

V. HUMAN RESOURCES MANAGEMENT (HRM)

105. The need to reform human resources management thoroughly at WHO has long been acknowledged. In response to calls by the World Health Assembly for the development and implementation of a new personnel policy compatible with the United Nations common system, the previous Director-General presented a report on personnel policy and practice to the Executive Board in 1997⁵⁶. The document stressed the need to review staffing patterns, the key role played by managers and the need to provide training in areas where managerial skills were lacking, as well as the need to adopt more flexible employment contracts, recognizing that the job security of staff could no longer be guaranteed.

106. The situation had not vastly improved by 1999, when the new Director-General established a Human Resources Management Reform Task Force. The aim of the Task Force was to strengthen the productivity, efficiency and job satisfaction of all staff. The recommendations of the Task Force, in the form of a "Human Resources Management Strategic Plan" were presented to the Cabinet in the fall of 2000, and to the Board in January 2001. While members of the Task Force agreed on a number of issues such as the need to re-organize human resources functions, enhance performance management, improve staff development programmes and build a more supportive work environment, a number of major issues remain undecided at Cabinet level, in particular those related to contractual arrangements.⁵⁷

107. The Inspectors believe that the long-delayed reform of human resources management should now proceed expeditiously, and that a number of urgent steps need to be taken. These steps relate to the restructuring of the Personnel function at Headquarters, the adoption of new policies and procedures for recruitment, performance management and career development, and the acquisition of adequate human resources management information systems. Therefore, they concur with the decision taken by the Director-General, to proceed with changes in those areas where consensus had been reached by members of the Task Force, while discussions continue in the others.

A. Rejuvenating and diversifying the workforce

108. Like other large specialized agencies of the United Nations system, WHO is characterized by an ageing staff in a top-heavy structure, as illustrated by Table 4 and Chart 1 below. Fifty-one per cent of the professional workforce is aged 50 years or more, and 44.7% is due to retire within the next ten years⁵⁸. While offering opportunities to correct the structure of the workforce of the Organization, this situation also raises issues of succession planning and leadership replacement.

Table 4: Professional Staff Profiles: A Comparative Table

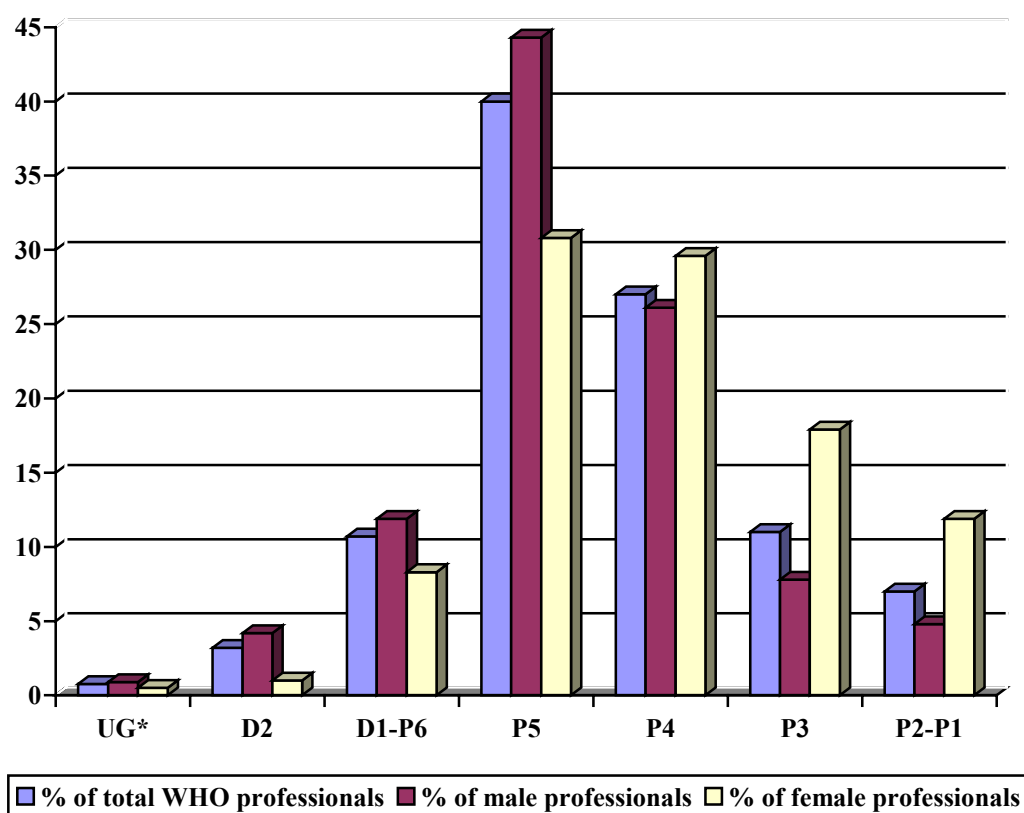
ORGANIZATION	WHO	FAO	ILO	UNESCO
Staff at P5 and above levels as percentage of total professional staff	54.7 %	40.4 %	49.4 %	37.6%
Average age of professional staff	48.5	48.5	48	48.6
Women as percentage of professionals	31.9%	23.6%	32.3%	41%

Sources: WHO/EB107/14; ILO/GB.277/PFA/8, Composition and structure of the staff;
 FAO: FC95/15, Statistics of Personnel Services; UNESCO: Statistics provided by PER/HRD/PLN

109. In fact, grade distribution among professional staff at WHO is particularly slanted in favour of professionals at the P5 and above levels. A few years ago, a previous report by the JIU described a top-heavy Organization affected by "grade inflation"⁵⁹. Despite efforts by the present Director-General to cut director-level posts, the situation appears to have worsened since then. In 1980, P4 to D-1/P-6 made up 66% of all professional staff. In 1991, they made up 73% of all professional staff and in 2000, 77%. This evolution may be linked to the reluctance of the Organization to recruit new staff at the P2 or P3 levels, as well as the excessive use of reclassification as a conduct for promotions, as discussed below. The

Secretariat also points out that the requirements of some posts, which call for staff with substantial work experience, are a cause for this imbalance.

Chart 1: Distribution of WHO Professional Staff by Grade



Source: EB107/14. (*UG: ungraded)

110. A review of the allocation and use of secretarial/administrative resources at Headquarters was recently conducted by the Secretariat, which pointed to opportunities to reduce the overall level of secretarial staffing, and to enhance the productivity and teamwork of secretarial and professional staff⁶⁰. Likewise, the WHO Human Resources Management Strategic Plan has stressed the need to “move away from traditional secretariat duties”. It may be useful, in this regard, to extend the review to all locations and compare the use of General Service staff at Headquarters and in regional offices. Since there are wide disparities in the ratios of General Service to Professional staff between the two organizational levels (see Table 5 below).

Table 5: Ratio of General Service to Professional Staff

ORG.	WHO HQ	WHO Regional offices	WHO Country offices	WHO Total	UNESCO	ILO	FAO
RATIO	1.07/1	2.20/1	1.79/1	1.59/1	1.14/1	1.37/1	1.59/1

Sources: WHO/EB105/14; ILO/GB.277/PFA/8, Composition and structure of the staff;
 FAO: FC95/15, Statistics of Personnel Services; UNESCO-Statistics provided by PER/HRD/PLN

111. Progress in ensuring the diversity of the staff, either in terms of gender or geographical distribution, has been uneven. In 2000, 31.86 % of professionals were women, which does represent an improvement over a decade ago (the proportion was 20% in 1990) but is still far from the Organization’s professed goal of gender parity. In addition, professional women remain generally concentrated at the lower end of

professional grades. In 2000, nearly 60% of professional women were P4 or below, whereas more than 60% of professional men were P5 or above (see Chart 1 above).

112. With regard to geographical distribution, there are currently 106 countries within their desirable ranges, with 24 over-represented, 15 under-represented and 46 non-represented. The situation has slightly deteriorated since 1999 and more so since 1996. At that date, there were 118 countries within the desirable range, with 13 over-represented, 15 under-represented and 46 non-represented.⁶¹ In 2000, 35.36% of appointments to the professional category were of nationals of non-represented or under-represented countries. The World Health Assembly had previously set a target of 60% of all vacancies in the professional and higher-graded posts to be filled through appointments of nationals from such countries and those below the mid-point of the range.⁶²

113. The Task Force has indicated that the Organization would develop an integrated plan to ensure desired geographical and gender diversity through long-term efforts to develop potential candidates and proactive recruitment mechanisms. Similarly, the Secretariat has informed the Executive Board that “new tools are being designed and applied to meet targets for geographical representation and gender balance and to monitor progress”.⁶³ These new tools include the development of a database of professional organizations that can be tapped to increase the pool of applicants from non-represented or under-represented countries, as well as the planned issuance of guidelines on gender and geographical distribution to Human Resource Management officers at Headquarters and in regional offices. In addition, a review of best practices in diversity management is being planned.

114. Given the high number of retirements scheduled for the next few years among WHO Professional staff, as noted above, the Inspectors believe that it would also be useful for the Secretariat to make projections to determine the effect of these retirements on equitable geographical distribution⁶⁴. Should these projections not show possibilities for significant improvement in geographical distribution through attrition, WHO could consider adopting special recruitment programmes targeted exclusively at under- or non-represented countries, such as those existing in the United Nations, UNESCO or the ILO.

B. Consolidating and strengthening personnel functions

115. As noted in Chapter IV, a study was commissioned in 1996 from a large specialized consulting firm, which conducted an evaluation of the Headquarters Personnel function. The study found, among other things, that strategy development had been slow, the structure of the Personnel office was top heavy and points of customer contact were unclear. It also stated that the Personnel office suffered from a lack of leadership and professional skills, as well as a lack of creative problem-solving and customer focus. The insufficiencies in management information were also highlighted, while the difficulties supposedly derived from the United Nations Common System were found to be over-stated.

116. In many instances, these findings are still valid today. The Inspectors would like to stress the urgent need for the Organization to establish a single office with strong leadership and clear responsibilities for human resources management to re-define the roles and functions of this central service vis-à-vis regional offices and clusters, as well as to provide it with the tools and resources necessary for the modern management of human resources.

117. The Task Force recognized that the spreading of responsibility for human resources management and administration between several central services, clusters, and the regional and country offices, each with different reporting lines, may “create confusion, inefficiencies and frustration”. The Inspectors noted that human resources management was for many years split between several offices, and leadership positions allowed to remain vacant for extended periods of time. In particular, activities related to career development and training, which are intimately linked to performance management, were until 2000 assigned to offices separate from Human Resources Services, although they now appear to have been consolidated into the latter.

118. It is imperative that a single Department be given clear overall responsibility for all human resources management and that it be headed by a strong human resources professional at the D-2 level who would report directly to the head of the General Management Cluster. The Director-General announced in May 2001 that the post of Human Resources Director would in fact be upgraded to a Cabinet position. The Inspectors would suggest that the Director oversee four units, each headed by a D-1/P-6 or at minimum P-5, along the following lines: an office for MSU and regional office support; a policy development unit (including information and workforce planning); operational services; and an office for staff development.

119. As noted in Chapter II, there were suggestions from private management consultants that the decentralization of Human Resources' functions to MSUs was in fact a mistake, in that it had led to a fragmentation of its organizational structure. They recommended, therefore, that it be reversed. The Inspectors would contend, nevertheless, that this decentralization can be effective and efficient in the field of personnel, if the respective responsibilities of MSUs and the new Department are clearly defined, and if the latter is in a position to provide adequate guidance and support to the former. The same applies for regional offices, which should be provided with clearly identified interlocutors in personnel matters at Headquarters. The new Department should also guide the work of MSUs and regional personnel services in the field of human resources by conducting with them annual staffing reviews of their respective clusters and offices, and assisting them in developing plans to achieve agreed targets in the fields of gender balance, geographical representation, staff development, etc.

120. The new Department should be able to rely on an integrated, functioning and up-to-date human resources information system, and decisions have to be taken without further delay in this regard. The consulting firm used by the Task Force stated that the greatest part of an overall cost of at least US\$ 6 million for the implementation of its recommendations would be related to investments in such a system. The Task Force, for its part, found that the customization of a standard human resources information system for WHO's needs could lead to implementation costs of above US\$ 5 million. Should the Organization decide to purchase and customize an ERP, it would be essential to consult personnel managers to ensure that such an ERP is not entirely finance-driven but fully integrates appropriate human resources functions.

C. Managing people

121. In its report, the Task Force stated clearly that current human resources practices at WHO result in the inefficient deployment of staff, provides no systematic recognition of outstanding performance and generally fail to address under-performance. However, the Inspectors find that the Task Force has provided too few concrete remedies to address these specific weaknesses, perhaps because it has dealt at much greater length with problems of contractual arrangements. While they note the efforts undertaken by the current administration to establish consultative mechanisms with the staff, strengthen conciliation procedures and improve the well-being of staff, they believe that there is a need to strongly re-assert the value of the human capital of the Organization as a means of encouraging and motivating staff.

Skills inventory

122. While the Task Force has spent a lot of time and energy debating the "right mix" of staff which the Organization will need, the discussions have mostly focused on the mix of employment contracts which it would grant rather than defining the mix of skills and competencies which it needs. Both issues are intrinsically linked. The Inspectors hope, therefore, that a biennial human resources plan will be drawn up for the Organization globally, as suggested by the Task Force, as well as by cluster and regional office, for 2002-2003, on the basis of the programme budget presented to the Executive Board. At the same time, the "skills inventory bank" envisioned by the Task Force should be undertaken as a priority to identify the skills presently available to the Organization, and those which it needs to secure through external recruitment and outsourcing. Such a skills inventory would serve as the basis for new policies in career development, mobility and training⁶⁵.

Contractual arrangements

123. In the past decade, the absence of such workforce planning, coupled with severe budgetary constraints and the demands of new mandates, have led the Organization to rely increasingly on short-term staff. As of mid-2000, the total number of people regularly engaged in WHO's work was roughly 7000. Of these, 3500 had received fixed-term or career appointments, 2000 were short-term staff and 1500 worked on non-staff contracts (particularly on Special Service Agreements or SSAs). If the current trend continues, WHO will employ more short-term staff than long-term staff by the end of this biennium. In some regions, this is already the case. For example, after a decade of regular budget cuts, and with the launch of several large humanitarian assistance operations, short-term staff now make up 64% of the total in EURO⁶⁶. The trend is actually accelerating: a total of 27,312 work-months were contracted from short-term staff by the Organization in 2000, nearly as much as for the whole biennium 1998-1999.⁶⁷ Many of the people employed on short-term contracts have in fact served the Organization for extended periods of time. There are currently 1279 persons (440 Professionals and 839 General Service) that have served 11 months out of the last twelve and are currently holding short-term contracts.

124. This has several negative implications. Managers have expressed the view that while this approach appears to save money and provides flexibility, it entails a lack of real competition in recruitment, is disruptive and leads to loss of good staff. The Task Force Plan also stressed that the current practice of hiring qualified staff at mid-career for short periods fails to recognize that the diversity and complexity of the Organization involves a learning curve for new staff. In addition, it is unfair to long-serving staff members, who are deprived of a number of benefits associated with fixed-term contracts. At the same time, they are not always subject to thorough performance evaluation. According to the External Auditor, the prescribed evaluations of the work performed by short-term staff are, in many instances, not conducted on the termination of their contracts.⁶⁸

125. Finally, it also means that it is more difficult for governing bodies to assess what are the Organization's real staff costs. Thus, figures presented in the latest annual report, according to which staff costs only make up some 30% of total obligations incurred for WHO's programmes, cover costs related to staff holding long-term appointments only.⁶⁹ Figures provided in the financial report for the period 1998-1999, on the other hand, show that for that biennium, expenditures for short-term staff made up 8.7% of the Organization's total expenditures, in addition to the 30.1% spent on salaries and common staff costs.⁷⁰ It can be assumed that the percentage of expenditures for short-term staff members will be significantly higher for the 2000-2001 biennium.

126. The Inspectors concur with the Task Force that the present set up for contractual arrangements is cumbersome and too complex. They are also concerned that this set up varies a great deal from one regional office to another. Differences in the use of NPOs, for instance, have been discussed in Chapter III. Such differences are also found in the use of SSAs. The Task Force determined that the Organization needs a planned mix of long-term and short-term contracts as well as outsourcing to make up the workforce that can support its corporate strategy and programme plan. There remained important disagreements, however, as to the exact elements of this planned mix, and no decision has been taken. A number of organizations, such as UNHCR and WFP, which need to react to humanitarian emergencies with flexible recruitment procedures and highly mobile staff, have implemented a number of reforms with regard to contractual arrangements. The Secretariat of WHO informed the Inspectors that it would present proposals to the Executive Board in 2002 in this regard.

127. It is debatable, however, whether it is effective for WHO to develop its own separate arrangements or whether it should simply streamline the existing ones and participate in efforts undertaken in the common system to meet new demands in terms of a rejuvenated, re-energized and flexible workforce. These demands are faced by most other large United Nations specialized agencies, funds and programmes, and the JIU intends to conduct a study in the near future on post structure and related appointments.

Recruitment

128. An improved recruitment process could go a long way towards alleviating some of the problems that have led to the excessive reliance of the Organization on short-term staff. The Inspectors note the Secretariat's efforts to shorten this process (the average recruitment time is now 6 months) and render it more competitive and more effective. They welcome the fact that interviews and written tests are now used systematically for appointments in some offices, and hope that these practices can be extended to the whole Secretariat. New procedures and tools announced by the Secretariat, such as assessment centres and competency-based recruitment, comply with generally accepted new practices in the United Nations system, and can significantly enhance the recruitment process. However, they can also be costly, and will need to be adequately budgeted.

129. In a very specialized field such as health, it is particularly important to build solid rosters. In 1998, some 3000 candidatures were held in the professional roster, and some 1500 in the general service roster. These rosters should not only be computerized and updated regularly in consultation with relevant technical units, but they should be used. In this regard, the Inspectors would like to refer to the system instituted in 1998 by WFP, whereby managers in that organization must recruit candidates from its rosters when vacancies occur. WFP currently maintains 10 such rosters, some of which are divided into sub-rosters, and which cover a range of 17 different "profiles". Specific vacancy announcements are only issued if there is no profile from a roster, or if no suitable candidate can be identified from the roster. Alternatively, at the level of the Organization, WHO may want to replicate the computerized database system used by AMRO/PAHO to recruit qualified candidates in any field of expertise.

Performance management

130. An effective system for performance management would also assist the Organization in making the best use of its current staff and early assessment of new recruits' performance should determine retention. The current system for performance assessment was introduced some twenty years ago, and is described by the Task Force as "not an effective management tool". A revised competency-based system was piloted in 1996 but was considered too cumbersome and was abandoned. In PAHO, however, a new Performance Planning and Evaluation System (PPES) was developed. This system, seems to include elements accepted as best practices in the rest of the United Nations, is the basis for the new "performance management and development system" to be introduced organization-wide in 2002. In particular, it links individual objectives to the Organization's work plans and provisions for support to supervisors to address under-performance. Organization-wide training and briefing on the new performance management and development system is due to start in September 2001, to be followed by training in other regional offices and at Headquarters.

Career management and staff development

131. While the Task Force discussed ways to reward outstanding performance through a number of non-monetary awards, the Inspectors believe that it is even more important to recognize good performance with rapid career progression. The Human Resources Strategic Framework, however, does not dwell at length on issues of promotion and career development. It appears, in fact, that reclassification remains a major avenue for promotion to a higher grade. Thus, for 1998-1999, 27% of promotions in the Professional category, and 32% in the General Service category, occurred through reclassifications. For the period of 1 January 2000 to 31 March 2001, these figures had even increased to reach 31% of promotions in the Professional category and 40% in the General Service category. The Strategic Framework talks of a "piece-meal practice of simply upgrading posts as the only means of financial and career advancement" and recognizes that job reclassification is generally an inappropriate tool for promotion. It offers little, however, in terms of possible corrections to the system.

132. The Inspectors believe that management should reiterate clearly, if necessary through a cluster note, the principle that promotions should occur through re-classifications of posts only in exceptional circumstances. At the same time, it should stress its determination to implement Article IV of the staff

regulations, which state that: “Without prejudice to the inflow of fresh talent at the various levels, vacancies shall be filled by promotion of persons already in the service of the Organization in preference to persons from outside”. As retirements free up senior level positions and offer opportunities to recognize outstanding performance by serving staff, procedures for “normal promotions”, namely application to a higher-graded vacant post, should be streamlined and clarified.

133. Career development should be also construed to include assignments to various duty stations. The need to increase staff mobility has been greatly emphasized by the Director-General, and a “Rotation and mobility policy framework” was approved by the Cabinet in 1998. The Task Force, however, has found that this priority objective has yet to be translated into action, and that inter-regional mobility rates remain low. In fact, less than one per cent of staff per year transfer between Headquarters and the regional offices. Most transfers are to Headquarters, with relatively few among the regions. To remedy this situation, the Task Force has proposed an approach that is a compromise between the mandatory rotation applied by certain organizations and voluntary mobility through regular vacancy management, which is the norm in most others. It suggests that as of the next biennium, a compendium of vacancies be developed organization-wide, and that mobility costs be centrally funded.

134. The Inspectors support these proposals, which are analogous to the managed reassignment programme presently piloted in the United Nations Secretariat. However, they note that, unlike other large specialized agencies, a majority of WHO’s workforce is stationed out of Headquarters, opening opportunities for regular rotation such as that applied by organizations with a strong presence in the field, such as UNDP (see Table 6). The Inspectors believe, therefore, that it would be important to institute a genuine rotation system among the internationally-recruited staff of the Secretariat, although the costs associated with such a system would have to be carefully weighed. They were informed that a draft plan to operationalize mobility and rotation is being considered by the Secretariat, but were not provided with detailed information on its contents.

Table 6: Distribution of Staff by Location

ORGANIZATIONS	WHO	ILO	FAO	UNESCO	UNDP
Percentage of professional staff at Headquarters	46.2%	71%	69.4%	68.2%	49%
Percentage of professional staff in the field *	53.8%	29%	30.6%	31.8%	51%

(* “Field” is understood here to comprise all regional, sub-regional, liaison and representation offices)

Source: WHO-Human Resources-Annual Report for 2000, EB/107/14 ; ILO-GB.277/PFA/8, Composition and structure of the staff; FAO-FC 95/15, Statistics of Personnel Services; UNESCO-Statistics provided by PER/PCP/ST; UNDP-Bureau of Management, 1999.

135. Career management should also include a strategy for staff development and training. Considerable improvement in managerial skills is urgently needed, as well as enhanced skills for improved programme implementation at the country level. The Human Resources Strategic Framework recommends that 1.5 % of salary costs be devoted to training, and that all staff devote 50 hours per year of work-time to development. This would represent a significant improvement over the 0.3 % of staff costs presently devoted to staff development. The Inspectors would also recommend that regional offices pool some of their scarce training resources.

Staff-administration consultative mechanisms

136. When she took office, the Director-General committed herself to initiating a structured dialogue with the Staff Associations on working conditions and other issues that affect office life. This dialogue has mainly been channelled through the newly established Global Staff/Management Council, mandated to discuss major issues of relevance to staff of the Organization as a whole, and regrouping representatives of management and staff from Headquarters and other major offices. Staff Associations have expressed

satisfaction with the overall level of dialogue and their involvement in the human resources management reform process. In particular, they have described the Council as a “valuable forum”.⁷¹ However, they expressed serious concerns on pending issues, such as perceived harassment of staff representatives in one regional office and the inconsistent implementation of rules throughout the Organization.

137. Precisely because it has proved to be a helpful avenue for dialogue, the Global Staff/ Management Council should not be left at the mercy of the good will of Secretariat officials. The Inspectors note that Article VIII of the Staff Regulations on staff relations is very succinct and only states that “the Director-General shall make provision for staff participation in the discussion of policies relating to staff questions”. They recommend that the article be revised to give permanent status to the Global Staff/Management Council and similar mechanisms at the regional level. It would also be useful to institutionalize the existing conciliation mechanisms in order to ensure the existence of Ombudsmen at the global and regional levels. It should be noted in this regard that the function of Ombudsman at Headquarters was strengthened in 2001 by assigning to it an official on a full-time rather than part-time basis.

138. Finally, in the same spirit of promoting a structured dialogue with the staff, the Director-General could consider proposing revisions to Article X of the Staff Regulations on disciplinary measures, so as to allow the establishment of an administrative machinery with staff participation to advise her in disciplinary cases, in a manner consistent with practices of the United Nations and a number of other organizations of the United Nations system.

VI. EXTERNAL AND INTERNAL OVERSIGHT

139. In its report on “More coherence for enhanced oversight in the United Nations system”⁷², the Joint Inspection Unit emphasized the importance of maintaining the distinction between internal and external oversight mechanisms. Internal oversight mechanisms are primarily tools to assist Executive Heads, to whom they are accountable for providing advice on internal controls and management practices. External oversight bodies, are at the disposal of Member States and accountable to them for providing information and advice on the management of the organizations concerned.

140. The report also underlined that effective oversight in the United Nations system is a shared responsibility among Member States, senior management in the Secretariats and oversight mechanisms. Reporting procedures on internal oversight activities should therefore allow Member States to play their essential role in this shared responsibility by providing governing bodies with information allowing them, *inter alia*, to:

- determine the extent to which the Executive Head is making effective use of internal oversight for fulfilling his/her management responsibilities;
- keep abreast of the status of recommendations, including actions taken, or not taken, on them by responsible parties;
- identify issues and problems requiring action by Executive Heads and/or legislative organs.

141. How governing bodies can be assisted in discharging their important governance role in oversight matters is among the concerns of the Joint Inspection Unit. In this regard, the JIU notes that in 1999, WHO established an Audit Committee of the Executive Board to strengthen the Board’s oversight role. The Committee is mandated to review, *inter alia*, detailed audit plans of the Internal and External Auditors, the reports of the External Auditor, those of the JIU, and such internal audit reports as are submitted by the Director-General pursuant to Financial Rule 117.4(d). On the basis of these reviews, the Audit Committee makes recommendations to the Executive Board in coordination with the Administration, Budget and Finance Committee (ABFC) when appropriate.

A. External oversight

142. External oversight in WHO is undertaken on the one hand by the External Auditor appointed by the World Health Assembly, and on the other by the Joint Inspection Unit. Although the Financial Regulations of PAHO also provide that its Directing Council shall appoint an External Auditor for that organization, until 1995 the practice was for both organizations to appoint the same External Auditor. However, at its forty-eight session in 1995, the World Health Assembly appointed a new External Auditor for the financial periods 1996-1997 and 1998-1999, while the mandate of the outgoing External Auditor was renewed by the Directing Council of PAHO for the same periods. Both External Auditors had their mandates renewed for the financial periods 2000-2001 and 2002-2003.

143. Although PAHO is a separate organization with its own Constitution, governing bodies and financial regulations, it also serves as the American Regional Office of WHO (AMRO). As a consequence, its activities and those of AMRO are closely intertwined. Almost 30% of its budget comes from the regular budget of WHO, and no distinction is made in the accounts between PAHO’s own resources and those related to AMRO as a Regional Office of WHO. In addition, it should be pointed out that the Office of Internal Oversight of WHO provides the internal oversight function at PAHO. There was, therefore, a solid rationale for both organizations appointing the same External Auditor, a rationale made even more pertinent today by efforts to achieve “one WHO”. However, it seems that such an ideal situation could only be maintained if the appointed common External Auditor comes from a country holding membership in both organizations. In that case, a return to the pre-1995 situation may not always be practicable. It would thus be of the utmost importance that the collaborative arrangements developed since 1996 between the two External Auditors be maintained and reinforced.

144. The Inspectors also note that, contrary to past practice whereby the Director-General submitted the name of a single candidate for appointment or reappointment as External Auditor, WHO invited nominations from Member States for the first time in 1995, upon a recommendation by the then Director-General who submitted a report on the issue⁷³. That report underlined, *inter alia*, that Auditor-Generals from only three countries served as External Auditors of WHO since 1948, with the last incumbent serving a total of 18 years. Current legislation in WHO still does not limit the number of terms for the appointment of the External Auditor. In this connection, it may be worth pointing out that, the General Assembly of the United Nations recently decided to limit the term of office of the Board of Auditors to a non-consecutive term of six years starting on 1 July 2002.⁷⁴ This measure provides a combination of a reasonable degree of rotation with the recognized need for continuity.

145. Concerning the Joint Inspection Unit, which is by statute a subsidiary body of the legislative organs of WHO, the Executive Board endorsed at its 106th session an agreement reached by the Unit and the Secretariat related to the handling of its reports. The agreement provides for reports of the Unit considered relevant to WHO to be taken up in the first instance by the Audit Committee (or by the Programme Development Committee in respect of specific programme-related issues). Such reports may be taken up again by another appropriate body should the nature and substance of the report so warrant.

146. At its Third meeting, the Audit Committee decided to include JIU, as appropriate, in the informal working sessions which the Committee has held so far with the External and Internal Auditors, with a view to better understand current oversight issues facing WHO. To foster closer cooperation and coordination between the Internal Auditor and JIU, the latter also expects that, during the preparation of reports considered relevant to WHO, it will have prompt access to pertinent internal oversight reports in full compliance with article 6 of the JIU Statute. That article provides, *inter alia*, that the Inspectors “shall be accorded full cooperation by the organizations at all levels, including access to any particular information or document relevant to their work”, and that they “shall be bound by professional secrecy as regards all confidential information they receive”.

B. Internal Oversight

Mandate of IAO

147. By resolution EB104.R1, the Executive Board endorsed amendments to Article 117.2 of the Financial Rules, incorporating the mandate of the Office of Internal Audit and Oversight which is now responsible in principle for all elements of internal oversight, i.e. internal audit, inspection, monitoring, evaluation and investigation. As noted in recommendation 7 of this report, however, the respective responsibilities of IAO and BMR with regard to evaluation may need further delineation, as it appears that BMR also conducts evaluations.

148. IAO has recently shifted its focus from narrow financial compliance audits and control appraisal to comprehensive audits, thus following a general trend observed in most organizations of the United Nations system. It now performs management, operational and value-for-money audits, and some of its most recent studies focus almost exclusively on those aspects. In a recent information note circulated to all WHO staff, the purpose of its work was described as promoting cost-effective control and identifying means of improving the economy of activities and efficient use of resources.

Resource allocation

149. IAO has 11 established posts (one director, eight auditors and two support staff) out of a total staff of 3486 in the organization. The ratio of audit staff to the total WHO staff (1:315) is thus lower than the average ratio of 1:264 for the whole United Nations System.⁷⁵ That ratio is even lower if the real workforce of the organization, roughly 7000 people, is taken into account, and would be further reduced if the whole of PAHO staff were also included in the calculation. The Internal Auditor believes that these resources are adequate, particularly as additional funding to outsource certain studies as appropriate

complements allocations to the office from the regular budget. Furthermore, he stresses that IAO is making increased use of computer-assisted audit techniques.

150. While acknowledging that comparisons between organizations with very different types of mandates are not always meaningful, the Inspectors believe that certain developments may increase the “risk profile” of WHO and will call for particular attention in the years to come. These developments include the establishment of new liaison offices as well as the sharp increase in extra-budgetary funds. As the proportion of activities funded through extra-budgetary arrangements increases, it will be important to ensure that IAO is able to demonstrate that the same level of accountability applied to the regular programmes and projects also covers these activities.

151. Concerns have also been expressed by members of the Audit Committee that IAO’s resources may not be sufficient in terms of analytical skills to match the office’s expanded mandate and to conduct the types of comprehensive audits which it now plans.⁷⁶ In 2000, the External Auditor conducted a review of the internal audit function at WHO. While considering that the qualifications, skills and experience of the staff were generally appropriate to fulfil the mandate of the office, the External Auditor stressed that they may need to be re-assessed as the assurance needs of senior management evolves. He pointed out that there are a number of areas where IAO has not kept pace with developments in the internal auditing field, particularly with regard to risk assessment.⁷⁷

Operational independence and reporting procedures

152. In terms of operational independence, the Joint Inspection Unit is satisfied that IAO complies, to a large extent, with recommendations included in previous JIU reports on oversight⁷⁸. The Head of the Office, who must be technically qualified, is appointed by the Director-General after consultation with the Executive Board. Likewise, similar consultations are required before any termination of the contract of the incumbent of that Office.

153. IAO has full, free and prompt access to all records, property, personnel, operations and functions relevant to its work. Reports and related recommendations thereof are sent for action to responsible managers at all levels throughout the Secretariat, with copies to the Director-General and the External Auditor. At the request of the head of IAO, any such report shall be submitted to the Executive Board together with comments of the Director-General. This provision, while never used, is an important element of operational independence, it being understood however that the Head of IAO remains fully and solely accountable to the Director-General.

154. IAO also submits annually a summary report on its activities to the Director-General with copy to the External Auditor. This report is submitted by the Director-General to the World Health Assembly together with comments deemed necessary, and is examined by the Audit Committee in the framework of its mandate as indicated in paragraph 141 above.

Release of internal audit reports to Member States.

155. At its third meeting in January 2001, members of the Audit Committee expressed concern that they were not provided with sufficient information allowing them to assess the effectiveness of internal audit and requested access to specific IAO reports. The Committee also requested that future annual reports by the Internal Auditor should include more details, such as the scope of the audits as well as the findings and recommendations, although this request was not reiterated at its fourth meeting⁷⁹. The Inspectors note that past summary reports on internal audit failed to provide detailed data and analysis on the rate of implementation of recommendations made by IAO. More detailed information along the lines of the new tabulation formats for follow up on recommendations used by the External Auditor⁸⁰ could also be considered.

156. In response to requests by members of the Committee, the Secretariat agreed to release a selection of internal audit reports, but emphasized that this approach was an experiment to be kept under review,

stressing, as a matter of principle, that IAO reports were for internal oversight purposes and should remain so. In addition, it expressed its concern that the public release of audit reports would turn internal audit into a de facto external audit, “thereby losing the significance and complementarity of the internal audit function”.⁸¹ Discussions in the 107th session of Executive Board show that some divergences persist in this regard, with some Member States echoing the Internal Auditor’s concerns.

157. In the opinion of the JIU, the issue may need, if considered again by the Board, to be addressed not only in substance but also in terms of possible changes to current legislation. The experience of other United Nations system organizations indicates that, except for the United Nations where reports of OIOS (including investigation reports) are submitted to the General Assembly, the reporting to governing bodies on internal audit activities is more restrictive elsewhere. Current WHO practice is the same as in the other three large specialized agencies (FAO, ILO and UNESCO). This being said, the OIOS experience does not fully substantiate the concern about internal oversight becoming a de facto external oversight simply because its reports are publicly released.

158. If it appears that the above improvements are not sufficient to meet the concerns of Member States, it may then be advisable to consider reviewing the pertinent provisions of the Financial Rules. As currently drafted, they do not specifically provide for the release of IAO reports to governing bodies, except at the request of the Internal Auditor in the framework of Article 117.4(d) of the Financial Rules as outlined above (see para. 141). The modus operandi arrived at in January 2001 may be an acceptable provisional solution to both parties. The JIU believes however that, for the sake of proper accountability, it would be in the interest of Member States as well as the Secretariat to have applicable rules defined clearly and abided by.

Coordination with other oversight bodies

159. The JIU report on oversight mentioned above also stressed the need for more dialogue among oversight partners. The level and quality of coordination and cooperation between IAO and the rest of the Secretariat appears to be satisfactory. Similarly, the External Auditor expressed satisfaction with the level of cooperation with IAO, stressing in particular that the Audit Steering Committee established in 1999 offers an avenue for structured dialogue between the two, in addition to informal communications.

160. The Inspectors welcome the creation of this Audit Steering Committee, which can serve as a very useful tool in helping IAO take into account advice and requests of programme managers in defining its oversight universe, setting priorities and planning its work. At the same time, and depending on the level of representation at its meetings, the Committee can help spread lessons learnt from IAO reports. The existence of such a mechanism is considered a best practice by many organizations⁸².

161. In addition, it may be useful for representatives of the Internal Auditor, the External Auditor and the JIU to meet on a periodic basis. The experience gained by all participants to the Tripartite meeting established at the United Nations between the Board of Auditors, the Office of Internal Oversight Services and the JIU has shown the value of such informal consultations.

NOTES

- 1 Results-based budgeting: the experience of United Nations system organizations, JIU/REP/99/3.
- 2 Speech to the World Health Assembly by the Director-General elect, 13 May 1998, A/51/DIV/6.
- 3 JIU/REP/95/2.
- 4 JIU/REP/98/2.
- 5 JIU/REP/99/4.
- 6 JIU/REP/2000/4.
- 7 JIU/REP/2001/3.
- 8 Director-General's address to WHO staff, 21 July 1998.
- 9 See "Changes and reform at WHO", 1997.1.
- 10 Efficiency savings, 2000-2001, and management reviews, EB107/INF.DOC./2, 21 Nov. 2000.
- 11 Review of central IT activities, WHO, Eberle Management Consulting, February 2000.
- 12 "Devolution of administrative and management functions to the MSUs", January 1999, EB103/INFDOC.3.
- 13 Implementation of Budget Resolutions, 17 January 2000, EB105/17 Add. 2.
- 14 Report on efficiency savings, 1994-2000, FAO document CL 119/INF/12, November 2000.
- 15 See in particular recommendations 2, 5, 6 and 7 of the report on "Delegation of authority for the management of human and financial resources in the United Nations Secretariat", JIU/REP/2000/6.
- 16 See decision 55/488.
- 17 Miscellaneous income budget, A54/6, 27 April 2001.
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