

UN Management Reform in the Making: Four Strong Points and Two Challenges

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The UN General Assembly meetings in September will no doubt be dominated by the crises of the day: an underlying theme of discussions, however, will be the less sensational topic of UN reform. The most impenetrable of all areas of the UN's bureaucracy, its processes for financial and human resource management are generally of little interest to those outside New York's Fifth Committee. The subject is also somewhat "tired"—Ban Ki-Moon too had management reform as a key point of his agenda—and politicized, in particular in the context of US announcements on cuts to UN contributions.

But reform is really needed: the UN's antiquated processes for the management of people and funds are at the heart of its difficulties in responding to real world challenges. Secretary-General António Guterres has laid out a bold vision to address this. He has a track record at UNHCR of combining reform with an expansion of the activities and results achieved by the organization on the ground. Indeed, the Secretary General's emphasis on delivery in the field is perhaps what most clearly demarcates his vision from his predecessors, and his reforms deserve to be judged against that objective.

The Secretary-General has already issued a first set of [proposals to reform the UN development system](#), and initial directions on [peace and security](#). In this commentary, we focus on management reform, the subject of a first briefing to member states in July with an upcoming Secretary General's report expected in the fall.

The UN's budget and administrative processes were invented in the 1940s for an organization that at the time was little more than a conference

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secretariat. The processes it needed were fairly basic and not particularly time dependent, being concerned with the contracting of a relatively small number of staff and the procurement of simple goods and services such as paperclips and translation. The budget and financial system used is based on detailed ex-ante controls. This approach, often referred to by public finance experts as the “Napoleonic” system and deriving from the same period in history, seeks to centralize approval of each and every staff member employed, for example, no matter how junior.

With small tweaks in the intervening years, these same processes are now used to run a budget of more than USD 10 billion per annum (including peacekeeping and special political missions). More than 90 percent of the total civilian and military personnel that the UN Secretariat serves are in the field, including in some of the most difficult logistical contexts in the world. The functions they perform, far from covering only the orderly service to conferences envisaged at the UN’s inception, now include many responsibilities that obviously require great speed and agility, from the protection of civilians threatened by conflict to the coordination of humanitarian emergencies. The UN’s management and administrative systems are simply not up to this task, [taking on average 239 days to recruit and deploy staff](#).

The Secretary General’s initial ideas on management reform, unveiled at a member state retreat on July 15, contain four very clear, strategically important and practical measures to address these problems. These include:

1. **Eliminating duplicative internal controls.** The Secretary General’s proposals include an important shift from two internal control departments to one. For field operations, the relationship between the Department of Management (DM) and Department of Field Support (DFS) has, since 2007, created additional red tape, with both departments applying lengthy clearance mechanisms. Since these duplicative internal controls were established by previous Secretary-Generals rather than by member states, it should be clearly in the Secretary-General’s authority to remove them. The Secretary-General’s proposals shift DM to a clear policy and oversight role, with the reconstituted DFS focusing on expert advisory services, transaction processing and surge support to entities in weak institutional environments.
2. **Major budget simplification.** The complexity of the UN’s budget, with its 36 sections, nine reports for the biennium, and differing review bodies and timetables, is in no one’s interests. It allows neither member states nor management to take a strategic look at budget allocation and performance against objectives and results:

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since ACABQ and Fifth Committee discussions are conducted independently on each detailed budget section, they tend to immediately fall into the minutiae of querying individual posts, rather than the big picture of how resources are allocated to achieve the purposes of the Charter and the SDGs. The Secretary-General suggests reducing the budget to six “parts,” and proposes an annual budget within a three-year rolling cycle. This is in line with good practice in medium-term expenditure frameworks, which have now been adopted by most governments around the world. It could be argued that the UN should go further and create one strategic presentation of the budget across all of its activities, but this is certainly a good step in that direction.

The budget proposals are in line with good practice in medium-term expenditure frameworks

3. **Ability to adjust to evolving conditions, with strengthened ex-post transparency and accountability.** The proposals include specific measures to increase the transparency of reporting to member states, including in monitoring, evaluation, investigations, program and financial performance, and resource use. In tandem, the budget reforms proposed would create larger strategic funding envelopes (the six parts instead of 36 sections). It would also create an “unforeseen” category at 1 percent of the annual regular budget. While this latter will raise eyebrows amongst some member states, it is far from being out of line with international practice: the World Bank’s budget, for example, authorizes management to vary allocations by up to 2 percent above or below agreed levels.
4. **Centralizing administrative transactions in a reduced number of locations.** The UN currently maintains back office functions (procurement and payments systems, staff contracting, engineering and logistics management, for example) in multiple locations. Some of these locations, such as New York, Geneva, and Vienna, are very high cost. The Secretary-General proposes consolidating to two to three centers for global service delivery. Field operations support has already been clustered in Brindisi, Entebbe, and Valencia, but turnaround times and responsiveness from these locations are not yet at the level they need to be: member states could justifiably probe for lessons learned on the global field support strategy for peace operations as they consider these new proposals. Overall, however, while taking a strategic look at the location of back office functions for the Secretariat will be a complicated exercise in terms of staff relations and member state dynamics, it is desperately needed if the UN is to achieve the 24/7 responsiveness its operations need.

Reforming a large bureaucracy is an uphill struggle, and there is much good stuff in these points that will deliver real value if agreed and implemented. What if any are the weaknesses of these proposals? We see two challenges which are amongst the greatest current frustrations of UN managers and staff, in particular those working in the most difficult environments in the field: **poor human resource systems and lack of authority for managers to manage.**

On human resources, there is a clear commitment in the proposals to invest in the UN's staff capacity and performance management, and to speeding up recruit: this issue has been highlighted in all recent reviews. The July presentation, however, is light on the details. Ideas worth considering here include:

- Signaling from the top, by making more of the UN's senior leadership appointments subject to open advertisement processes and pursuing this down the organization
- Taking a hard look at the lessons of the centralization of recruitment processes introduced under Secretary-General Ban Ki Moon: it is not clear that these have yielded real gains in the quality or speed of recruitment, and the processes are generally seen as bureaucratically burdensome and unresponsive to needs by managers in line departments and the field
- Setting clear turnaround times for recruitment and onboarding and creating internal or external contractual penalties to enforce these
- Commissioning an independent review of the jurisprudence of the internal Administration of Justice system. This would complement the review commissioned by the previous Secretary-General, which focused primarily on staff and managerial perceptions of this system

This latter is important because the current perception that it is impossible to sanction poor performance is widespread and demoralizing for well-performing staff: as [one commentator](#) put it as he left the UN after many years' service, "In the past six years, I am not aware of a single international field staff member's being fired, or even sanctioned, for poor performance."

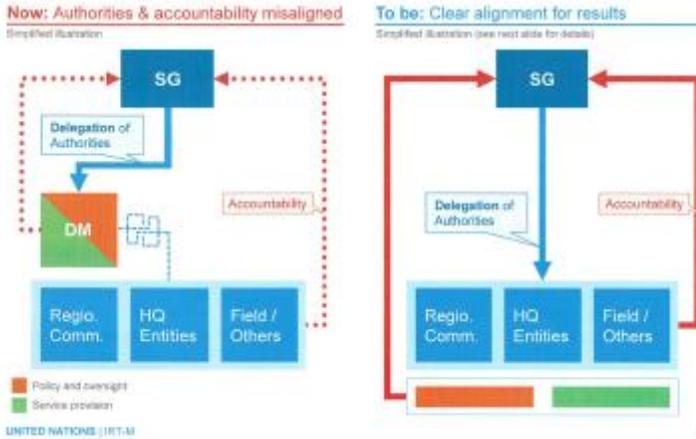
The second challenge—the problem of lack of authority for managers to manage—is also identified in the Secretary-General's July presentation, in a graphic which depicts very well the disconnect between authorities and accountabilities (see Figure below).

Two challenges need more detail—human resource systems and the delegated authority for managers to manage



Authorities: Direct flow from SG to managers

Bringing decision-making authorities closer to the point of delivery



The SG currently delegates his authorities as Chief Administrative Officer of the UN system to DM. Conversely, he holds substantive managers, such as SRSGs, thematic and regional managers in HQ, and regional commission heads, to account for achieving normative and operational results. In other words, the UN has created two streams of management—one which is accountable for financial risk but is not required to think about tangible results; and a second which is held accountable for tangible results but is not required to think about financial risk. An SRSG is accountable for achieving mandated results on the ground, such as building capacity in a national policing system; he or she is not however given the authority to manage people and approved funds to do so, or the responsibility of thinking about financial risks. In a very tangible example of the disconnect, the SRSG is the lead UN authority in the country and has delegated responsibility for the safety and security of all UN staff, but he or she has no delegated responsibility for the budget.

After this excellent introduction on the disconnect, the remainder of the July presentation is, however relatively silent on how to improve the connection between accountabilities and authorities for line department and field operations managers. This may be an omission which will be remedied in the Secretary-General's forthcoming report: in his town hall meetings with staff the Secretary-General certainly seems to have indicated his intention to make a significant shift in delegation to line departments and the field, and the internal review team which developed the proposals viewed this as a key objective. The Secretary-General also refers again to "decentralizing decision-making and delegating authority, including to the field" in the section of his peace and security proposals which deals with links to the management reform.

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If this is indeed done, delegated authorities to substantive managers should include consideration of responsibilities for:

- Leading budget processes (within agreed envelopes and policies set, in a cabinet style process, jointly with the new policy and oversight department)
- Conducting recruitment processes within agreed guidelines, and
- Overseeing procurement processes below certain thresholds

Of course, you can argue that the UN's substantive managers are not recruited for their experience in financial or human resource management, and cannot be entrusted with these functions. Yet most other organizations cope with this dilemma: while they recruit for a broader skillset, they provide their substantive managers with specialized expert advice and some training, make it clear that it is their job to comply with agreed fiduciary and human resource policies—and then let them get on with it, with generally good results. The proposed client board, intended to bring in the views of user departments and field leadership to the operations of the reformed DM and DFS, may also help to ensure this; and a strong training and career management process will be needed to make sure that capacities match responsibilities and accountabilities.

The issue of delegated authority for key fiduciary and human resource functions is also linked to the question of what policies and procedures govern these functions in the field. The Secretary-General does not propose a separate set of fiduciary and human resource policies and procedures to govern field operations (including, for instance, OCHA field presences in addition to special political missions and peacekeeping operations). This could perhaps have been justified given that their need for speed is greater than that of the UN's headquarters normative and conference-servicing functions, and managing without it may pose continued challenges.

In summary, this is a genuinely bold reform proposal, and the approach is well targeted to the principal weaknesses identified by previous reviews. It will, however, be important that the more detailed proposals to follow maintain the Secretary-General's focus on results and agility in the field, and pay strong attention to human resource as well as budget reform. This will mean detailing how the new system will translate headquarters budget and organizational change into the ability of line departments and the field to get the right staff and activities in the right place at the right time. Strong and specific proposals on decentralized authority and human resources in addition to the budget and organizational changes already outlined would in turn enormously improve staff morale, which is crucial for the UN to replicate the successes it has achieved since its founding in the current difficult global environment.

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