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S. G

Here is the draft management report for you to take a first look through.

Mar 17

Reviewed - I await the final draft.

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17 Feb.

Mark Malloch Brown
INVESTING IN THE UNITED NATIONS

Building a New Way of Working
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INTRODUCTION

A changing world, and a changing UN

Throughout its history, the United Nations has played a vital role as a meeting place for the discussion of global issues and setting of global standards. And, for much of that history, the main function of its Secretariat and staff, who worked mainly at Headquarters, was to service those meetings.

The global political and social environment of today is very different, and our Organization reflects that. In the last 20 years it has lived through a veritable explosion of operations, of budgets and of functions. The United Nations today carries out complex operations, directly delivers critical services around the world, and works with a wide range of partners – including national governments, regional organizations, civil society groups, philanthropic foundations and private companies – on an equally wide range of activities, from peacekeeping and peacebuilding to the struggle against HIV/AIDS, TB and malaria and the promotion of the Millennium Development Goals.

Peacekeeping, it is true, dates back to the early days of the cold war. But the typical peacekeeping operation of that time involved a simple interposition of soldiers between the armed forces of warring States, to monitor the observance of a ceasefire. And in the first 44 years of the UN’s history, only 18 peacekeeping missions were set up.

In the 16 years since then, 42 new missions have been authorised. (Exhibit 6.) Yet today’s peacekeeping is a far more complex matter. It usually involves restoring institutions, organizing elections, training the police, and many other tasks needed to turn a peace agreement signed by the leaders of armed factions into real security, and at least a chance of prosperity, for the people of a country ravaged by long years of conflict. In two recent cases – one of them still current – the UN has even been required to supply the government of the territory concerned.

Not surprisingly, these new more complex missions require more people to run them. Just in the nine years since I became Secretary-General, the average number of staff per mission has risen from under 2,000 to over 5,500, driving the total peacekeeping budget up from one-and-a-quarter billion to over five billion dollars. (Exhibit 4.) Even the civilian staff employed on peacekeeping missions in the field now outnumber the entire staff at Headquarters, all categories combined.

Over the same period, the cost of peacekeeping has more than quadrupled, growing from under a quarter to over half of a total UN expenditure that has nearly doubled. Of this total the regular budget now represents less than 20 per cent. The remaining share is extra-budgetary expenditure funded by voluntary contributions. (Exhibit 5.) This too is devoted mainly to “operational” activities – humanitarian relief, criminal justice, human rights monitoring and capacity-building, electoral assistance, and many others which 20 years ago the Organization had little or nothing to do with.
A once-in-a-generation opportunity

Such a vastly expanded and altered range of activities calls for a radical overhaul of our management – its rules, its structure and its style. Up to now, that has not happened. Our business has changed radically, but our management system has not.

Of course, there have been many efforts at reform. I myself have introduced two main sets of reform proposals during my time in office – one in 1997 and a second in 2002 – as well as the Brahimi report on UN peace operations in 2000 and the strengthening of our safety and security system in 2004. With the help of Member States, some important changes have been made, and I believe the Organization is, overall, more efficient and effective than it was ten years ago.

But these earlier efforts have been largely issue-specific. They lacked the comprehensive and strategic character that such an era of rapid change required. In several key areas – notably the management of human resources, the basic structures of management itself, the mechanisms of intergovernmental control, and perhaps above all the management culture – the Organization has not changed significantly since at least the 1970s. If anything, it has got worse. As a result, the Secretariat has struggled to cope with the changed environment and the growing needs of Member States. It has faced many operational problems, and even crises. The time has now come for a more fundamental reform, one designed explicitly to enable the Secretariat to meet the new operational requirements of the United Nations in the 21st century. Just as our beloved Headquarters building, after more than fifty years of ad hoc repair and maintenance, now needs to be fully refurbished from top to bottom, so our management, after decades of piecemeal reform, now needs a thorough strategic overhaul, which can only be achieved through a consistent, sustained commitment at all levels of leadership.

Member States have clearly understood this. In the Outcome Document of last September’s Summit, the heads of state and government of all Member States have for the first time invited the Secretary-General to frame a comprehensive blueprint for change. In paragraph 162 they requested me to make proposals to the General Assembly, for its consideration, on the conditions and measures necessary for me – and my successors – to carry out my managerial responsibilities effectively. And in paragraph 163 they called on me to submit proposals for implementing management reforms, aimed particularly at making more efficient use of the Organization’s financial and human resources, for consideration and decision in the first quarter of 2006. Such an opportunity for much-needed change may not soon recur – perhaps not for another generation. We must seize it, and exploit it to the full.

This report responds to both of those two requests. It aims to be the blueprint for comprehensive management reform that I believe most, indeed all, Member States, genuinely wish to see. It contains proposals in six main areas: (1) the senior management structure, (2) human resources, (3) technology infrastructure, (4) the source and location of services, (5) financial and budgetary management, and (6) the way member states exercise control over the budget and the management as a whole. These areas are all interrelated, as they also relate to the ethical standards of the Secretariat – which, with the help of Member States, I have already taken steps to reform – and to systems of procurement and oversight, which are the subject of separate reviews. Failure to carry through reform in any one of these areas can greatly reduce or even
nullify the value of reform in all the others. Accordingly, I have included in this report short summaries of the reforms already enacted or envisaged in the areas of ethics, procurement and oversight, even though they are not the subject of its proposals, in order to present a complete tableau of the changes that I believe are needed.

And in the conclusion I make proposals for specific mechanisms that I believe are needed to manage the process of change. For the change I propose, which is above all a change of culture, cannot be achieved overnight. It is urgent, and I am determined to push through as much of it as I can in the ten months left to me as Secretary-General. But it needs to continue steadily over a period of years. And this will not happen without an appropriate structure to manage it and drive it forward.

**Working together**

Indeed, if change is to happen, it is vital that Secretariat and Member States work together to make it happen. The details of all the proposed changes remain to be worked out, and they must be worked out in full consultation, including consultation with those to whom they will make the most immediate difference, and on whose continued loyalty and dedication their success will most directly depend – namely, the UN staff. The process of change must be based on full and clear communication between all stakeholders, leading to clear roadmaps and clear lines of accountability for all the leaders involved. And, while undoubtedly there are savings to be made, especially in the longer term, let no one mistake this for a cost-cutting exercise. To reach the level of effectiveness that our staff, our clients, our Member States and our peoples are entitled to expect, will cost significant amounts of money. In fact, my preliminary estimate of the net cost of the proposals in this report is no less than $XXXXX.

One more thing needs to be made clear. The purpose of the proposed reforms is not to make life easier for the Secretariat, nor to increase the power of the Secretary-General, nor yet to satisfy the demands of one Member State or a small number of major contributors to the Organization’s budget. Rather it is to ensure that all Member States have at their command an Organization that, because it is well organized and transparent, is easy for them to direct and can be relied on to respond with agility to their touch. And above all, it is to ensure that the United Nations gives the best possible value to the millions of people throughout the world who, by no fault of their own, find themselves in need of its services: those threatened by extreme poverty; by hunger, malnutrition and endemic or epidemic disease; by desertification and other forms of environmental degradation; by natural disasters; by civil conflict, anarchy, violence and transnational organized crime; by terrorism; by oppression and misgovernment; by genocide, ethnic cleansing and other crimes against humanity. It is these people who are the true stakeholders in an effective and democratically controlled United Nations.
ENSURING ETHICS AND ACCOUNTABILITY

A key element of any successful organization is building and sustaining an ethical and accountable culture amongst its staff. For the United Nations, as an organization founded on the high ideals of the Charter and seeking to set an example in the countries around the world where it works, this is doubly important. Unfortunately, in recent years it has become clear that we have too often been falling short of these high standards. An internal staff survey in 2003 contained very disturbing evidence of a weak ethical culture. In addition, other problems ranging from the findings of Independent Inquiry Committee on the Oil-for-Food programme to the unacceptable acts of sexual exploitation by some of our peacekeepers in the field clearly demonstrated the need for a more rigorous, enforceable set of rules and regulations and tougher sanctions. In response, during the course of 2005, I introduced a number of changes aimed at correcting the situation and giving senior management the tools necessary to ensure that all members of the Organisation adhere to the highest standards. In particular, the UN has now:

- established a dedicated Ethics Office, approved by Member States
- promulgated strengthened rules to ensure protection against retaliation for those who report misconduct through a new “whistleblower” protection policy
- put in place more stringent requirements for financial disclosure and declaration of interests covering broader categories of senior officials
- established strict guidelines for the acceptance of pro-bono services from private sector companies
- toughened guidelines on sexual and other forms of harassment in the workplace
- implemented a comprehensive set of measures to prevent sexual exploitation in field missions, investigate allegations and hold perpetrators accountable; with over 100 UN staff and peacekeepers either fired or expelled for violations over the past 14 months

This package of reform will shortly be supplemented by the enactment in March 2006 of a new code of conduct on post-employment contacts with the Secretariat for business purposes and new measures to strengthen our capacity to detect and prevent fraud and corruption.
1. INVESTING IN LEADERSHIP

Context and Challenges

If the end of the Cold War and the advent of globalization ushered in a new era for the work of the United Nations, it also had direct implications for the role of the Secretary-General. As Chief Administrative Officer of the Organization, the Secretary-General remains accountable for the performance of the Secretariat in all its dimensions. He retains a role -- far less defined, and sometimes far more contentious -- as a political instrument of the Security Council, General Assembly, and other UN organs. And he continues to play yet a third role as an instrument of the larger interest, beyond national rivalries and regional concerts.

But the new era means that automatic restraints once imposed on many of my predecessors have been removed, and new challenges have replaced them, inviting new responsibilities and greater demands. The UN’s direct and active involvement in a far wider range of issues than in the past has placed enormous calls on the Secretary-General’s time and capacity; his managerial responsibilities have grown far more demanding with the extraordinary increase in the number and complexity of field missions and other operational activities he oversees.

There are now more than 25 departments and offices reporting directly to the Secretary-General, of vastly different size, scale and complexity. There are also 11 Heads of Programmes and Funds who report to him and require his strategic guidance. In addition, there are a large number of Special Advisers, Envoys and Representatives who report periodically to the Secretary-General.

When the position of Deputy Secretary-General was created by the General Assembly at the end of 1997 to support the Secretary-General, the terms of reference were broad: to help manage Secretariat operations, ensure coherence of activities and programmes, and elevate the Organization’s profile and leadership in the economic and social spheres. While the creation of the position has provided a much-needed increase in capacity at the top of the Organization, no explicit statutory authority was assigned to the Deputy. There has been no clear division of labour between the Secretary-General and the Deputy Secretary-General, and all senior managers have continued to be accountable directly to the Secretary-General. The creation of the post has therefore not eased the demands and pressures on the Secretary-General as much as its potential might have allowed.

Vision

The Secretary-General must be given the means he/she requires to manage an Organization which is expected to meet fast-changing needs in all parts of the world -- from terrorism to human rights, from intra-state conflict to HIV-AIDS. Reducing the number of people reporting directly to the Secretary-General is essential in order to free him/her up to manage at the level of strategy and policy.

It is possible to achieve that in two principal ways: delegating authority to the Deputy Secretary-General in a more systematic manner, and clustering departments and other entities around broad thematic areas. The Deputy would thus assume responsibility for operational aspects in the daily life of the Organization, while each cluster would represent a cohesive group of complementary activities, to be headed by a senior Under-Secretary-General and...
improve operational accountability and performance management, while helping to ensure
greater substantive coherence and policy direction for Secretariat operations.

I have also considered carefully the suggestion of creating a new position of Chief Operating
Officer, and have concluded that it would not be desirable, nor feasible, to move in that direction
at this time.

Proposals

I propose that the role of Deputy Secretary-General be redefined to grant him/her formal
authority and accountability for operational aspects.

I propose that the 25 departments and entities currently reporting directly to the
Secretary-General be regrouped into eight organizational units as follows: Political,
Economic and Social, Humanitarian, Human Rights, Peacekeeping, Member State Services,
Management, and Legal (exhibits 16 and 17). Each unit would be headed by a senior Under-
Secretary-General, who, at least initially, would have the same grade and contractual status as
other Under-Secretaries-General. He or she would report directly to the Deputy Secretary-
General.
2. INVESTING IN PEOPLE

The need for a highly qualified, professional and independent civil service is enshrined in the Charter of the United Nations. This is as important today as it was 60 years ago. Few elements are more crucial to the Organization than having a human resource system that can attract and retain the right people, train and develop them over the course of their career, reward them appropriately and hold them accountable for their performance.

Since the beginning of my tenure, I have introduced a number of initiatives aimed at improving the way the Organization manages and cultivates its human resources. These include the introduction of a web-based recruitment system, empowerment of managers to select their own staff, incentives to encourage staff mobility, and measures to strengthen security and safety of staff at all United Nations locations.

All of this is important progress. But the existing framework was designed for a more stable, largely Headquarters-based environment while more than half of our staff now serve in the field. We have to acknowledge that our systems for managing people have simply not kept pace with the operational demands being placed on the United Nations and the need to adopt new ways of doing business in response.

I am not proposing a comprehensive redesign from scratch. The set of measures put forward in this chapter aim to lay out a basic vision: that the United Nations should be the employer of choice in the international public sector, known for its high standards of ethics, fairness, transparency and accountability, as well as its culture of continuous learning, high performance and managerial excellence.

### Complex, Outmoded and Fragmented Human Resource Practices

= High Cost, Slow Response and Suboptimal Results

The Human Story

- An expert demographic analyst from Oman – an underrepresented country – sees an advertisement for a post at the United Nations. He enthusiastically applies, aware that he is well-suited to the post. Nearly two months later he notices that the job is still being advertised, and begins to wonder about his chances. As managers at the Secretariat struggle to evaluate hundreds of applications, ten more months go by and the candidate is still not contacted. At that point he decides to look elsewhere, and is quickly recruited by another international organization. Four months later, an eager manager from the United Nations calls to interview the candidate, but it is too late.

- A political affairs officer serving with the United Nations peacekeeping operation in Sierra Leone gains valuable experience supporting the implementation of the peace process. When the mission closes, she would like to move to Headquarters, where the Organization would certainly benefit from her knowledge. However, she is considered an external candidate and her application drowns in the flood of submissions for each Headquarters post. Discouraged, she moves to another international organization. The Secretariat’s loss is their gain.

- A female staff member in the Office for the Coordination of Humanitarian Affairs
(OCHA) is married to an aid worker posted at a relief agency in Guatemala. She wants to accept a hardship post in Central Asia which OCHA has been struggling to fill, but the system offers no support to help place her husband, even though his expertise is in great demand where she will be deployed. The relief agency, by contrast, finds employment for the wife in Guatemala, and she leaves OCHA to keep her family together. The United Nations is left with no one where it could have had two qualified people.

- A 25-year old P-2 starts work for the United Nations mission in Timor-Leste with an eye to a long-term career at the Organization. Smart and successful, he moves next to Kosovo and from there to South Sudan. Despite accruing valuable experience with each new posting, he is never promoted or given a contract longer than six months. Over the course of ten years, the staff member marries and has children, but can never live in the same country as his family. Seeking stability, he enquires about Headquarters, but finds there are no openings for P-2s who are not exam candidates. By now he is too old to take a recruitment exam. At 35, he has demonstrated professionalism, gained experience, and sacrificed personal stability for his work, but can find no stable place at the United Nations.

The Human Resource Challenge

The current system of human resource management suffers from numerous and fundamental flaws:

- Recruitment is simply too slow and reactive. On average, it takes 174 days form the time a vacancy announcement is issued until the time a candidate is selected. We are not targeting specific professionals, nor making adequate progress in achieving gender and geographic balance. Rigid eligibility requirements restrict the opportunities for qualified staff to serve elsewhere in the Organization and exclude General Service staff.
- Vital positions in key operational locations remain vacant far too long, seriously affecting the ability of the United Nations to support elections, maintain security in war-torn regions, monitor and report on human rights abuses and remove landmines, among other crucial tasks. United Nations peacekeeping operations suffer from an average vacancy rate of one third among professional posts – an unacceptable and unsustainable state of affairs.
- Staff are not sufficiently mobile and our system does not properly integrate Headquarters and field locations, excluding the over 8,000 staff members scattered across 163 duty stations. This deprives the Organization of valuable experience, skills and dynamism.
- Mobility is further hampered by the fact that the United Nations now has 23 occupational groups and a large number of specialist positions, not all of which are replicated in every duty station.
- The freedom to manage our people is handicapped by multiple, restrictive and often contradictory legislative mandates, including those that limit the Secretary-General’s ability to move staff even when this would be in the interests of the Organization and those that prescribe job advertising periods for nearly every vacancy.
- Contracts and benefits are complex, costly and inequitable. Staff members serve side-by-side with their counterparts from other United Nations system organizations under vastly different conditions of service. The Organization uses a plethora of different types of hiring arrangements which are cumbersome, difficult to administer, and result in the inequitable treatment of staff. Its designation of hardship duty stations is neither consistent with other United Nations system organizations nor family friendly. This creates divisions, breeds resentment, burdens administrators, gives rise to unnecessary costs and hampers the Organization's ability to attract the best people.
- Priority is not accorded to managerial skills in the recruitment of senior officials. Indeed, the investment in developing and managing talent at all levels of the Organization is woefully inadequate. The United Nations spends just 1 per cent of its staff budget on training and development, compared to three or four times that amount in typical international organizations.
- The ICT systems underpinning our management of human resources do not support the stringent demands of the global reach of today's United Nations.
- Staff and the Organization alike do not benefit from the antiquated and costly system of internal justice, which does not live up to its name. The General Assembly has itself said described this system as "slow, cumbersome and costly."

Vision for an integrated, agile and high performing international civil service

Recognize field service as a core United Nations activity. The recruitment and selection system must integrate field and Headquarters staff into one global Secretariat where conditions of service are comparable to other United Nations system organizations. Willingness to serve the United Nations wherever needed must become not just a vague aspiration but a reality for the new generation of staff members.

Facilitate and reward mobility. Willingness to serve at various duty stations and to take on new challenges must be a prerequisite for placement and promotion.

Commit to talent and career development. The United Nations must invest in staff development. Secretariat managers and staff must have the capacity and tools to cultivate talent. Career development should be fostered through targeted training, managerial guidance and support, and clear yet diverse career options.

Proactive, timely recruiting should be instituted to satisfy the growing demands of a field-based Organization. Recruitment efforts should target specific requirements, including geographic and gender balance. Well-populated, up-to-date rosters of pre-screened candidates should be maintained. A tightly organized system of workplace planning and monitored vacancy management is essential. To create a broader pool of talent, all restrictions on the ability of serving staff, including those in the General Service, to apply for vacancies must be eliminated. Recruitment of managers must accord importance to a candidate’s capacity to lead and motivate a team.

Integrated, reliable information technology systems that enable human resources activities, transactions and information access must be adopted and staff must be trained to use them.
Proposals and Actions

I propose to improve recruitment by establishing a dedicated recruitment service, perhaps in Africa or Asia, which would be able to conduct proactive outreach in underrepresented countries with a particular focus on qualified women candidates.

Well-populated, up-to-date rosters of pre-screened candidates should serve as the basis for the manager’s initial pool of candidates for a given vacancy. Where managers are not able to identify a suitable candidate from a roster, they could still advertise for specific vacancies.

I propose to enhance career opportunities for all staff and simultaneously create a broader pool of talent by eliminating all restrictions on the ability of serving staff to apply for vacancies stemming from their contractual status, category, location or duration of service.

Advertising times for vacancy announcements should be reduced. The system will be driven by thorough workforce planning based on forecasted needs and retirements. Exams and job profiles will be revised to match current needs.

I recommend the adoption of a more integrated approach to mobility, including the strict enforcement of post occupancy limits, designation of most professional posts as rotational, and the integration of Headquarters and field operations into an Organization-wide mobility programme.

I propose that the General Assembly grant the Secretary-General exceptional ability to move staff members between departments and duty stations within prescribed limitations. Mobility should be supported through expanded training.

To nurture talent and foster career development, I propose the adoption of multiple career models specifically designed to allow staff to take on new challenges at key intervals. I also propose investing more resources in staff development and career planning.

Entry level professionals will benefit from systematic development programmes, and advancement will be dependent on meeting mandatory requirements, such as training, certifications, assessments and mobility assignments. High performance will be cultivated and rewarded.

To further enhance management capacity, I will strengthen the system of selection and assessment for managers at the D-1 level and above, including those deployed in peacekeeping operations, through active outreach, competency interviews and manager experience requirements. I also propose to introduce mandatory induction and training requirements, including orientation and leadership programmes, and to strengthen tools used to hold managers accountable.

To simplify working arrangements, I have already recommended replacing permanent contracts with open-ended “continuing appointments” (A/59/263/Add.1), and I encourage the General Assembly to act on this recommendation.
I would also propose taking this initiative one step further, and recommend that the General Assembly replace all 200 and 300 series contracts with a single United Nations Staff Contract which would be based on a modified 100 series. The package of entitlements and benefits would vary according to the length of continuous service. Where mandates of particular projects or missions are clearly finite, appointments would still be limited in order to prevent undue expectations of long-term employment.

To achieve greater equality, I propose aligning benefits for United Nations staff in the field with those of the United Nations Funds and Programmes. This includes ensuring consistent designation of duty stations across the United Nations system and harmonizing entitlements for staff in non-family duty stations.

I propose implementing a fully compatible human resources system that facilitates efficient processes for recruitment, staff deployment, mobility and performance management.

On problems with the administration of justice, I look forward to the report, due by the third quarter of 2006, of the redesign panel created to examine the issue and recommend corrective measures.
3. INVESTING IN INFORMATION TECHNOLOGY

Context and Challenges

No organization today can develop successfully, or even function adequately in the long term, without serious management and constant up-grading of its information technology infrastructure. If that is true of any institution, it is especially relevant to one of the size, complexity and geographical span of the United Nations. Most of the reform proposals in this report cannot be implemented without appropriate IT support. And our very ability to carry on the work we are doing now depends on getting our IT component right.

A number of improvements have been achieved since I submitted a strategy for Information and Communications Technology (ICT) to the General Assembly in 2002. Expenditure on ICT, amounting to X over Y years [FIGURE TO COME FROM MR. BLINDER], has yielded significant returns. All systems now operate at full rates with little downtime, at rates similar to those in large, information-intensive organizations, both public and private, with effective protection from unauthorized intrusions. Internal communications and staff management tools, such as iSeek and ePAS, have been successfully developed and implemented. Standards on critical infrastructure elements are in place and are being followed by all offices world-wide, managed by more effective governance review mechanisms, such as the Project Review Committee.

Yet outdated and fragmented information technology systems prevail, with limited ability to share and process data and information. UN investment in ICT is underfunded in comparison with other large organizations, with the UN at seven per cent of budget compared to Organizations of similar size investing 12 to 17 per cent. The absence of an organized, top-down strategic approach to ICT has contributed to a proliferation of stand-alone systems which often support similar functions. IT applications comprise one main administrative system (IMIS) for basic financial and human resources data, and numerous ancillary systems for more specific purposes. These systems are not integrated with one another. Even IMIS is maintained autonomously in eight different locations (exhibit 28). There is no integrated system designed to store, search, and retrieve information generated at the UN, much less rapidly and in real-time, limiting the ability to translate data and facts into informed policy and management decisions.

The areas of ICT organization, governance and support are equally fragmented, resulting in duplication of efforts. Six separate departments have their own IT units, with no functioning integrating mechanism in place among them. Furthermore, ICT management is positioned relatively low within the Secretariat organization. As a result, there is limited awareness and appreciation within senior management of how ICT can be strategically valuable in driving improved Secretariat operations and decision-making.

Vision

The largely dysfunctional ICT situation in the UN constitutes a legacy built up over decades. As a result, the UN has been unable to leverage the potential of ICT as an enabler of effective management reform. Rectifying this will require clear technology leadership of senior stature, with strategy and governance to be determined centrally, through a full member of the senior
management team. Recent deliberations by the General Assembly on the creation of a Chief Information Officer are a welcome step forward.

Under the leadership of the CIO, the heads of all departments and offices will need to be actively and cooperatively engaged in each phase of a comprehensive ICT roll-out. The IT leadership and unit will need to be closely aligned with departments and other entities, enabling an ongoing dialogue at all management levels that covers strategic as well as operational needs and issues.

The Secretariat will need ensure much greater degree of integration in its workflow, knowledge management, allowing managers to integrate programme objectives, knowledge assets, and budgetary and financial data into one integrated technology-assisted process. This is essential if the Secretariat is to act more transparently and efficiently in managing staff and procure goods and services of greater quality and quantity, at lower levels of risk. And it is an absolute condition for the adoption of the adoption of the International Public Sector Accounting Standards (IPSAS). [IPSAS REFERENCE DEPENDS ON DECISION WHETHER TO RETAIN IT IN BUDGET CHAPTER.]

Experiences in other UN entities show that such integration is feasible. In the UNDP, it has been achieved at a cost of [FIGURE TO COME FROM UNDP]. In the Secretariat, the cost has been forecast at [FIGURE TO COME FROM MR. BLINDER].

Proposals

I ask the General Assembly to revive its discussions on the post of Chief Information and Technology Officer, and to approve the creation of that position as soon as possible, at the level of Under-Secretary-General. That rank will enable him/her to have a full voice in the decision-making processes of Secretariat bodies such as the Management Committee. The position should carry with it sufficient resources -- human and financial -- to set and implement a comprehensive IT strategy for the entire Secretariat.

I propose an immediate and ongoing effort to align IT priorities with performance objectives and needs of departments and units; develop better managerial decision-support tools; and implement an organization-wide document/content management system.

The Secretariat should complete as soon as possible the ongoing feasibility studies of the Enterprise Resource Planning and Enterprise Content Management, to determine whether IMIS, Galaxy and other stand-alone information technology support systems should be replaced by a fully integrated global system. Should this be deemed desirable, such a system should be introduced by 2009, and support the full range of management functions.
4. INVESTING IN VALUE FOR MONEY

NEW SOURCING OPTIONS

Context and Challenges

Recent advances in technology and management practices have enabled many public and private sector institutions to adopt entirely new ways of getting services. These have allowed employers to focus their resources on their core mission, improve their performance in meeting mandates, and allocate resources optimally. Increasingly common practices include moving certain administrative functions to other locations (relocating or off-shoring); contracting out to external providers a range of services previously performed by staff (outsourcing); and allowing some categories of staff to work from home (telecommuting).

Yet in the UN, progress in exploring these options has been piecemeal and slow. Most administrative and support services are performed in-house, often in high-cost locations such as New York or Geneva. The overall UN mindset has been one that discourages even exploring the options that exist. A 2001 General Assembly decision sets a number of conditions for outsourcing which restrict severely the circumstances under which outsourcing can be contemplated. No comprehensive feasibility study or cost-benefit assessment has even been conducted of the possibility of relocating major services, or telecommuting.

Vision

For the UN, practices such as relocating can bring considerable gains on several fronts. They can advance geographical representation and distribution while promoting effectiveness and efficiency. They can offset the fact that currently, it is the richest Member State of the United Nations that enjoys by far the largest share of the benefits that flow from hosting a large UN presence. Redistributing and relocating our headquarters workload to new parts of the world will benefit more countries and economies; it will allow us to widen and deepen the skills pool in which we recruit; and it will enable us to cut the overall costs of operations.

Relocating is therefore surely an option that all Member States would wish to support and advance. It offers an unusually precise tool to fulfil Article 101 of the UN Charter: “The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible.”

The UN family has only just started experimenting with this practice, but examples are encouraging. Since the World Bank relocated some of its accounting functions to Chennai, India, $1m is being saved per annum, out of an initial annual expenditure of $3m. Aside from dollar savings, relocation has brought other improvements, as observed by UNDP following the transfer to Copenhagen of its benefits, entitlements, and payroll functions in 2003-2004. Transactions were found to be 25 per cent more efficient, and UNDP staff worldwide rated the quality and responsiveness of the services offered in Copenhagen at 92 per cent in 2005. UNDP is now considering relocating its knowledge and learning divisions, as well as regional human resource support units, to regional centers such as Johannesburg and Bangkok, and its information technology development to India.
In the Secretariat, the Department of General Assembly Affairs and Conference Management recently examined several different options in a preliminary review of the documents production cycle. While these findings are still tentative, estimates show that possible savings in relocating the full range of documents production services could approach 25 per cent of existing staff costs, representing a net saving in the range of $30m per annum, with an additional saving of some $4m per year in notional costs for rent.

Outsourcing, or contracting out to external providers, is an option which should be considered only for those functions that do not fall under the core competencies of the United Nations. Printing functions, which still take place in-house, may be a suitable candidate for outsourcing, and preliminary estimates show that [FIGURE TO COME FROM MR. CHEN].

I stress, however, that any decision to relocate or outsource a function depends on a broad range of factors, of which cost is only one. Reliability of service and guaranteed standards of quality are of primary importance. Consultations would need to be conducted with staff and their representatives, and appropriate transitional support would need to be put in place to help any staff members whose jobs may be affected.

Proposals

I ask the General Assembly to review its previous guidance and to consider all options for alternative service delivery, including identifying potential for offshoring and outsourcing.

I propose to undertake systematic and detailed cost-benefit analyses of offshoring, outsourcing and telecommuting opportunities for select administrative services as follows:

- Translation, editing and documents production by September 2006;
- Internal printing and publishing processes by September 2006;
- Medical insurance plan administration by September 2006;
- Information technology services by December 2006;
- Payables, receivables, payroll processes and administration of staff benefits by March 2007; and
- Human resource benefits administration by March 2007.

**ENHANCING PROCUREMENT**

One of the most daunting challenges of the past decade for the UN has been the extraordinary expansion in the scale and scope of procurement. Driven largely by the huge growth in peacekeeping -- which today comprises 85% of all procurement -- but also encompassing growing support to humanitarian relief operations and other initiatives, the value of UN global procurement has increased steadily from around $400m in 1997 to over $2bn last year. The trend is still heavily upward: this year, it is expected to exceed $2.5bn. During the same period, however, the number of dedicated procurement staff has only increased, from XXX to YYY [request for numbers with Procurement dept].
Inevitably, this has tested the robustness and effectiveness of both systems and control – and both have been found wanting. On the one hand, it has become clear that our procurement rules and regulations are too complex and cumbersome for the kind of quick actions often required in field missions. To take one glaring example, otherwise sensible requirements on seeking bids from multiple vendors can prove a real obstacle to effective and timely delivery of critical goods and services from food to fuel in inaccessible and isolated places such as parts of Sudan or Eritrea. On the other, it has also become clear that some of the limited steps we have taken to try to deal with this in recent years, such as providing more authority for field-based procurement, have not been accompanied by sufficient support and controls to prevent mismanagement and even abuse. As a result, despite the hard work and dedication of the vast majority of our staff, often in extremely complex and difficult situations in the field, we have too often fallen short of the high standards the UN needs to set itself.

While, many of the procurement problems documented in the report of the Independent Inquiry Committee into the Oil for Food Programme have already been corrected, significant problems remain. A separate review late last year by external experts found major weaknesses in culture, management oversight and controls including outdated procurement processes, a failure to align and support the procurement needs of clients, an inconsistent execution of processes, a poor governance structure and lack of sufficient resources. Equally worrying, a recent audit by the Office of Internal Oversight Services into peacekeeping procurement has raised significant additional concerns with regard both to mismanagement and potential fraud.

Quite apart from correcting systems and implementing robust internal controls to prevent potential wrongdoing, there is also significant potential for the UN to purchase goods and services more cheaply and efficiently if systems and procedures are properly modernized. To take one example, while a contractor performance rating system exists the results are not yet easily accessible across the UN system, nor have such performance reports been routinely examined as a measure of future worthiness as a UN contractor. Indeed, from outdated master contracts to the inability to systematically match vendors and destinations where goods and services are actually used, to outdated and overstretched data systems that limit access to cost and spending information, an overstretched management lacks the tools it needs to provide the highest quality procurement services. And as in other areas of the UN, spending on training – just $20,000 annually for 70 dedicated staff -- is also well short of what is needed.

To respond to these problems a number of steps are underway

- To ensure that the recent audit and review findings about possible irregularities are urgently addressed, at my instruction, the investigative arm of OIOS is currently undertaking an accelerated review of these cases and additional allegations of possible procurement-related wrongdoing by staff.

- A more comprehensive, multi-year forensic audit by external experts is underway and the UN is, also at my instruction, fully cooperating with national law enforcement bodies in their own investigations.

My hope is that these investigations will be quickly concluded and swift action will be taken against any UN staff members found to have acted inappropriately. More broadly, in order to address the underlying weaknesses that have been identified a comprehensive review of
procurement rules, regulations, and policies is currently underway, focused on four broad areas

- updating procurement procedures to reflect the UN's new environment and operational requirements, including the need for greater transparency and accountability; through, for example, the establishment of a more independent bid protest system to ensure vendors have recourse if they believe a procurement process was undertaken unfairly.

- implementing a risk-management framework to provide a comprehensive prevention and diagnostic controls environment, including more systematic rotation of staff serving in procurement and the strengthening of the Headquarters Contracts Committee that oversees the bidding process, ensuring it is staffed by more senior experts than its current make up of largely part-time mid-level professionals.

- continuing and enhancing the training of procurement staff in procurement processes as well as ethics and integrity including implementing a dedicated ethics and integrity programme and core human resource competency models that define career paths within relevant job families.

- more strategic procurement of commodities and services within the UN common system, with a view to unlocking significant potential cost and efficiency savings — estimated at 5-20% — including through steps such as more systematic matching between vendors and destinations where goods and services are being used, vendor consolidation, redefinition of specifications and greater enforcement of contract compliance.

- using a lead agency concept much more vigorously with UNOPS, IAPSO and other parts of the UN system external to the Secretariat with expertise and capacity in this broad area sharing the procurement responsibilities of the Secretariat and expertise in the common system.

Early elements of this strategy are already being implemented and I plan to produce a more comprehensive report with more detailed corrective actions by June 2006, incorporating the recommendations of the current review and reflecting the conclusions of the outstanding investigations and audit.
5. INVESTING IN BUDGET AND FINANCE PRACTICES

Budgetary and financial arrangements underpin the functioning of the United Nations. The Organization lives and breathes on whether or not Member States pay their contributions in full and on time, and on how Member States decide to deploy those resources. Yet as the world and our mission change, as overall spending grows, and as knowledge of international best management practices widens, our systems have not kept pace. Recent improvements notwithstanding, the bottom line is that our current budgetary and financial arrangements impede the ability of the Organization to do its job.

Statistics tell a story of duplication, excessive detail, and the de facto straitjacket that is placed on the Organization despite an increasingly dynamic global environment.

* Fifty-five thousand pages of Secretariat reports to the Fifth Committee, many of them overlapping in content (exhibit 9).
* More than [150] separate trust funds, and [35] distinct peacekeeping accounts, each with its own support costs and arrangements.
* Reserve funds capable of covering just two or three weeks of UN operations.
* Unpredictable flows of cash, with [number tk] per cent of the Organization’s regular budget paid late, [tk] per cent of the peacekeeping budget late, and voluntary funding and humanitarian appeals typically falling [tk] per cent short.
* A Secretary-General able to move just 50 posts -- less than half a per cent of the total staff -- in response to emergencies
* A Secretary-General with budgetary discretion that has remained unchanged for more than 30 years.
* A Secretariat in which less than half of the 30 offices and departments have specific units or staff dedicated to programme evaluation.

What looks like a rigorous review process is actually a rigid entrenchment of the status quo, as a terribly protracted process actually produces very little change in the budget from biennium to biennium. The introduction of results-based budgeting starting with the 2000-2001 biennium has allowed a greater up-front focus on indicators of performance and the potential impact of a given programme or function, but this new methodology has not led to any significant shift in the way Member States review the Secretary-General’s budget proposals, or most importantly assess how that money was spent.

Imagine, instead, what the picture might look like were we to go beyond piecemeal and incremental changes to address fundamental flaws. Our processes would be simpler and more user-friendly; our technology would be integrated and up-to-date; our budget and finance officers would be empowered, responsible and accountable. Member States would have at their fingertips useful information and analysis on how money is being spent and what results are being achieved. The services we provide would be more efficient, and more effective, too, since they would be continually fine-tuned based on a strengthened results-based approach. Member States and the Secretariat would strike the right balance between control and managerial freedom, and between the guidance provided by Member States and the flexibility needed by the Secretariat to fulfil those wishes. That is my vision; the proposals set out below, are meant as first steps towards the more strategic approach that is sorely needed.
Strategic budget planning and implementation

The review of the budget now starts 15 months ahead of each biennium, so far in advance that there is a built-in inability to respond to the fast-changing nature of the UN’s business, and therefore great potential for resources to be misaligned with actual needs. While surprises will come along in any given biennium, we have reached the point where ad-hoc arrangements, instead of being the exception, are seen as nothing out of the ordinary. There is a compelling need for greater flexibility from the outset.

I propose that
* The cycle for budget review and adoption should be shortened to ensure that it is as close as possible to the budget period itself.
* Future budget proposals should be submitted to the Member States by 1 September.

Despite being the Chief Administrative Officer of the Organization, the Secretary-General has no explicit budget authority to shift money among the 35 different programmes, or from staff to non-staff costs, without the prior approval of Member States. This has been the case since 1972, meaning that the Secretary-General had greater managerial authority and flexibility in an era when the Secretariat’s functions were much more static and predictable. Today, the heads of many specialized agencies, funds and programmes have more budgetary flexibility than the Secretary-General -- and indeed have been granted that authority by many of the very same Member States that impose constraints when the context is the United Nations.

In an initial recognition of the need for a change, Member States agreed in 2003 to grant the Secretary-General, on an experimental basis, the ability to move 50 posts within the biennium. But this effort has proved both unsuitable and unwieldy in part because of the large number of restrictive conditions and the absence of any authority to reclassify positions according to need. When emergencies or unforeseen crises occur, the Secretary-General is left to resort to extraordinary budgetary mechanisms or voluntary funding. And he is placed in the untenable situation of being held responsible for the implementation of mandates without the authority to allocate people and money to real-time demands.

I propose that:
* Budget appropriation should be consolidated into 13 parts from the existing 35 sections.
  * Posts should be approved in aggregate numbers, reflecting four broad categories. The Secretariat would submit an indicative staffing table for information purposes only.
  * The Secretary-General should have the authority to redeploy posts as necessary, and to reclassify up to 10 per cent of posts within each broad category in a given budget period.
  * The Secretary-General should have the authority, within a given budget period, to use the savings from vacant posts, with a value not to exceed 10 per cent of the overall post budget.

Budgeting for peacekeeping is cumbersome. As of January 2006, the Organization had 15 active and 20 closed peacekeeping accounts, as well as accounts for Headquarters Support and the UN Logistics Base in Brindisi, with a combined total cost of approximately $5 billion. Each operation goes through a discrete process of budget formulation, approval and reporting. Yet at
no point is there an assessment of peacekeeping resources and operations as a whole, nor is there any ability to move resources between peacekeeping budgets according to need. In addition, the current July-to-June cycle is out of synch with the cycle for regular budget appropriations.

A feasibility study on the possibility of consolidating budgets for separate missions reveals a number of potential opportunities for better management and governance, including more consistent and timely reimbursement to troop and police-contributing countries, better fiscal planning, more meaningful handling of strategic policy issues, greater flexibility in the use of resources, less costly administrative requirements for the Secretariat, and a reduction in the number of reports and agenda items, with a single peacekeeping resolution each year.

I propose that:
* Peacekeeping accounts for separate field missions should be consolidated into a single set of accounts and reports starting in 2006.
* The budget cycle for peace operations should follow the calendar year.

Streamlined and strengthened financial management

The financial situation of the United Nations has become much more complicated in the last several years as a result of the expansion of Secretariat activities such as special political missions, the establishment of the international criminal tribunals and the forthcoming refurbishment of the Headquarters complex. Unfortunately, the Organization continues to suffer from an uneven, unpredictable cash flow, exacerbated by the payment cycles of some large contributors. The Secretariat attempts to meet cash demands by borrowing from peacekeeping contributions, but such ad-hoc arrangements are neither desirable nor sustainable.

The level of the Working Capital Fund -- $100 million, less than 6 per cent of the annual regular budget -- has not been revised since 1981, and can cover only about two or three weeks of regular budget-funded operations. Indeed, the Fund has been exhausted on several occasions in recent years. And while the level of the Peacekeeping Reserve Fund -- $150 million -- is considered adequate to cover the cost of starting or expanding operations, it is time to raise the level of the commitment authority, which the Security Council has set at a ceiling of $50 million, and which the Secretary-General can draw on in advance of having a proper budget in order to facilitate rapid deployment, meet the initial needs of large military components, and to replenish Strategic Deployment Stocks.

The question of charging interest on arrears has been debated on a number of occasions in the past, so far inconclusively. I continue to believe that such a measure -- which could be designed to allow appropriate exemptions for countries experiencing acute financial crisis -- would help to ensure that contributions are paid in full and on time. There is also a need for a better mechanism with which to finance unexpected expenditures arising from currency fluctuations, inflation, cost-of-living increases for staff and other such items.

I propose that:
* The level of the Working Capital Fund for the regular budget should be increased from $100 million to $250 m.
* The ceiling of the commitment authority granted by the Security Council for peacekeeping operations should be increased from $50 million to $150 million.
* Budget surpluses should be retained for use in subsequent budget periods instead of being returned to Member States.

* A separate fund should be created to cover unanticipated expenditures arising from exchange rate fluctuations and inflation, to be endowed gradually through the transfer of budget surpluses.

* Interest should be charged on arrears incurred in a Member State's assessed contributions.

The administration of trust funds has become particularly burdensome, as I indicated in my reform report of 2002 (A/57/387). The proliferation of funds has also created the perverse situation in which UN entities compete with each other for donor contributions (such competition is of course not limited to trust funds). In an effort to bring greater coherence to this area, more than 50 funds or accounts have been eliminated or consolidated, and an extensive review of the internal rules being used to administer these funds has been completed.

I propose that:

* A new policy for the management of trust funds will be introduced in July, replacing four existing administrative instructions. The new policy will streamline rules and procedures and introduce a single, consistent and flexible trust fund category. In particular, it will establish a new standard for support costs, down from the current 13 per cent, to bring it more in line with the fee structure in force in Funds and Programmes, thereby reducing competition among UN entities for donor funds and facilitating joint-programming efforts within the UN family.

The UN's Financial Rules and Regulations were updated and promulgated in 2003. A recent internal review, undertaken in response to a request in the World Summit outcome document, indicates that they are, for the most part, adequate and not in need of significant or immediate revision. The new rules are in line with those that are in force in other organizations, and have established a platform for a sound approach to the delegation of financial authority. However, they would need to be amended significantly if the United Nations were to adopt International Public Sector Accounting Standards (IPSAS). In [year tk], the Panel of External Auditors recommended that these be adopted by all UN organizations. In December 2005, the High-Level Committee on Management, a subsidiary body of the Chief Executives Board, signaled its support for implementing these standards. Adoption of IPSAS would change the way we prepare financial statements, report earnings and expenditures, and recognize assets and liabilities, and thereby bring the UN system in line with managerial best practices while strengthening governance, accountability and transparency and producing a more accurate, complete picture of its overall financial situation. It would require not only changes in the rules but also significant investment in systems, technology, people and change management.

I propose that:

* Member States study the implications of adopting IPSAS, based on a report to be submitted by the Secretariat in [...].

**Meaningful performance management**

There is a growing level of dissatisfaction from all quarters, including our own internal reports from Office of Internal Oversight Services (OIOS) and the Joint Inspection Unit (JIU), about
weaknesses in the UN's system of monitoring and evaluation, and the corresponding lack of accountability. The fundamental weaknesses exist for the following reasons:

* There is no single, coherent, and commonly understood notion of accountability for programme performance. Whether or not goals are achieved seems to have few clear consequences in terms of resource allocation, work planning or assessments of managerial performance.

* The timelines for the preparation and review of the Strategic Framework, programme budgets and performance reports are disjointed, weakening their utility. For example, the 2006/2007 budget was approved before the 2004/2005 Programme Performance Report was completed, rendering the 217-page report – the product of great amounts of staff time – virtually useless.

* Responsibility for management issues is fragmented among the Committee on Programme and Coordination, the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee.

* OIOS has the capacity to conduct only one in-depth and one thematic evaluation a year. With 35 programmes, this means that any given programme could go unevaluated for years or even decades.

* External evaluations tend to be late, and self-evaluations often suffer from a lack of objectivity.

* The UN systems lacks a “culture” of evaluation, as assessments are typically done more to comply with bureaucratic requirements than in response to genuine demand for substantive performance facts and analysis.

Some headway has been made in the past two years in addressing this situation, for example through new standards and guidelines for internal and external evaluation. However, Secretariat and Member State officials continue to spend far more time preparing and reviewing plans and budgets than monitoring their implementation and evaluating their impact. For an increasingly operational organization, which must have an internal capacity for critical, objective and timely assessment of its impact and effectiveness, the current system is unacceptably weak.

**I propose to:**

* Train senior leadership to hold managers accountable for key performance goals.

* Increase resources for OIOS and other relevant Secretariat entities in the area of performance management.

* Replace the Programme Performance Report with more timely and strategic reports.
STRENGTHENING OVERSIGHT AND AUDIT

Critical both to good management and to ensuring the highest standards of integrity and accountability is a system of proper oversight and audit. Currently, the UN is subject to multiple internal and external audit and review bodies – including the Board of Audit, the Joint Inspection Unit and the Office of Internal Oversight Services – with varying and somewhat overlapping mandates and remits. In addition, the Office of Internal Oversight Services, has itself a complex set of responsibilities that is subject to potential conflicts-of-interest given its role in providing management advisory services for UN departments as well as it investigatory and audit functions. This latter role, where OIOS has traditionally provided internal audits for use by senior management, has also become blurred given the General Assembly’s recent decision to have OIOS report directly to Member States as well as the Secretary-General and to allow Member States direct access to the Office’s reports.

Prompted in part by this complex set of arrangements as well as my conviction, reinforced by problems uncovered in the management of the Oil-For-Food programme, the sexual exploitation scandal in some of our peacekeeping missions, and troubling evidence of misconduct in our procurement system, I have for some time believed that that the independent audit and investigatory capacity of the UN needs to be significantly strengthened. That is why I initially proposed a comprehensive review of OIOS with this aim in 2004 and repeated the request in my "In Larger Freedom" report to the General Assembly last year. I was very gratified that this proposal was fully endorsed by global leaders at the World Summit and very much welcome the fact that they decided to combine this review with a prior Board of Audit recommendation for a comprehensive assessment of the UN’s governance arrangements. In that regard, I was also very pleased at the General Assembly’s decision to approve significant new resources for OIOS in both June and December 2005 as well as endorsing the creation of an Independent Audit Advisory Committee as an additional resource to ensure Member States have the independent, expert advice needed to better exercise their oversight responsibilities.

In my submission to the General Assembly in November on Implementation of decisions from the 2005 World Summit, I set out detailed terms of reference for this new Committee based on a review of best practices and benchmarks of similar bodies in comparable organizations. I also provided terms of reference for the governance and oversight review, which is now underway. I sincerely hope this review will identify a more rational division of labour and responsibilities of the various audit and oversight bodies and ensure they are fully equipped with the resources and capacity to carry out their very important role. With specific regard to OIOS, in addition to looking at how to bolster its audit and investigatory capacity, which I believe is essential, I also hope the review will explore the implications of OIOS’s new direct reporting line to the GA on the Secretariat’s ability to draw on internal audit capacity for input management decisions as well as explicitly reviewing the appropriateness of OIOS retaining its management advisory functions.

Possibility of shifting language on Internal Justice system from HR chapter to this box if desired
6. Investing in Governance

In the previous chapters I have described major changes that I believe are needed in the management of the UN Secretariat and the resources entrusted to it by Member States. In this final chapter I shall suggest improvements in the way the Secretariat explains itself to Member States, and to the public, and the way Secretariat and Member States work together on management and budgetary issues. My objective is to ensure that Member States receive high-quality, accurate and timely reports on the Secretariat’s performance, and have in their hands effective tools for holding the Secretariat genuinely accountable for its fulfilment of their mandates and stewardship of their resources. The United Nations should be friendly and accessible to its “owners” (the Member States) and to its users – that is, all who rely on its services or have dealings with it. This requires an effort of transparency on the part of the Secretariat, but also requires some adjustment by the intergovernmental bodies themselves.

Context and Challenge:

- The present budgeting and decision-making processes are characterized by an acute lack of clarity and transparency. Member States are subjected to a blizzard of reports from the Secretariat, which contain a great deal of information but are not arranged strategically and are therefore of very limited use as analytical tools. The Fifth Committee, in particular, currently receives [over 270/an average of 200] reports each [year/biennium], none of which gives a single, comprehensive, coordinated view of Secretariat management performance. This plethora of reports overwhelms both the Secretariat and the Member States alike (exhibit 34). It obliges Member States to probe officials with very detailed questions in an effort, which even then is only partly successful, to get at the full picture. Reports are too long, there are too many of them, and they often arrive late, leaving Member States too little time to review them.

The public, too, is ill served by current UN policy on outside access to documentation. This policy is neither clear nor systematic. Existing rules establish a theoretical presumption in favour of releasing documents to the public on request, but do not set forth precise criteria for deciding when access should be refused. In practice, these decisions are taken by individual department or office heads on an ad hoc basis, with no review or appeal process for people who feel that access to a given document has been wrongly denied.

The current system of interaction between the Secretariat and committees of the General Assembly is completely dysfunctional, because the different committees are too numerous, too large and often have obscure or overlapping agendas.
The Fifth Committee's interface with the Secretariat suffers from excessive focus on details (exhibit 33). This is partly due to the size of the Committee (191 members), to the lack of time limits on discussion, and to the way many Member States are represented. [Representatives on the Fifth Committee often report to their Head of Mission only at several removes, or bypass him/her altogether, reporting directly to the finance ministry in their home capital. And the need for consensus allows some Member States to hold decisions to ransom against unrelated items of purely national interest. This distorts, and further slows down, the budget review process.]

The Advisory Committee on Administrative and Budgetary Questions (ACABQ), which is supposed to give expert technical advice to the Fifth Committee, also spends much of its time on detailed line-by-line cross-examination of officials, without reaching strategic judgements. Often the same arguments are rehearsed twice over – once in ACABQ and again in the Fifth Committee.

The Committee on Programmes and Coordination absorbs significant resources and time, but no longer fulfils its mandate of coordinating the activities of different programmes under the regular budget. Earlier efforts to reform it have proved unsuccessful.

Vision:

- **Workable decision-making processes.** Member States might find they were better served if decisions on detail were taken in small but representative groups, working to a strict timetable and supported by knowledgeable expertise, with a clear mandate to approve or disapprove proposals, so that larger bodies could focus on strategic issues.

- **Governance, not management.** Intergovernmental bodies should govern the Organization, in the sense of making high-level decisions on policies and the allocation of resources, and should provide substantive expert input. They could discharge these tasks better if they avoided taking on the management of operational details, and judged managers on results, rather than on a line-by-line review of each item of expenditure.

- **Credible reporting mechanism.** Member States are entitled to receive accurate and timely analysis and information from the Secretariat, especially now that it has so many more tasks to perform and demands to meet. This can be achieved not by more reports but by better and clearer ones, which will enable Member States to evaluate Secretariat actions and ensure that their mandates are properly implemented.

- **Transparency.** The public should be told clearly that they can request UN Secretariat documents, how to go about it, and on what principles such requests will be granted or denied. All such requests should receive a prompt response.
Proposals:

I propose to improve our reporting mechanisms by developing a single, comprehensive Annual Report, by identifying opportunities to streamline all Secretariat reports, by making real-time financial performance reports available to Member States, and by improving public access to UN documentation:

- A single, comprehensive annual report of the Secretary-General to the General Assembly on the work of the Organization, as mandated by the Charter, will consolidate information currently presented in four different reports, enabling the financial and operational work of the Secretariat to be readily measured against the strategic objectives set by Member States. It will thus not only improve the quality of communication between the Secretariat and Member States, but also enable Member States to conduct more meaningful strategic discussions among themselves.

- Over 30 existing reports on management and finance issues will be consolidated into six.

- We will also provide Member States with real-time, consolidated accounts of our financial performance on a regular quarterly basis, once the necessary information systems are in place.

- In May 2006 I shall submit to Member States, for discussion and approval, a detailed policy proposal containing new and clear rules on public access to UN documentation.

I propose three new rules of engagement for interaction between the Secretariat and the key General Assembly budget committees:

- The committees should agree to focus on core budget issues, with emphasis on planning and the analysis of performance, and to use standardized cost frameworks (for instance, an agreed all-in cost for each peacekeeping soldier deployed) rather than attempt a line-by-line review of individual items (such as the write-off cost of different types of vehicle).

- Both plenary and working groups should respect strict time-limits for budget discussion and decision-making.

- Plenary sessions should be used for "up-or-down" votes on core budget issues, not for prolonged debates on each line item.

Structural Change: I urge the General Assembly to consider ways of reforming its structures for interacting with the Secretariat on management and budgetary issues. While this is clearly a matter for Member States to decide, they may wish to consider the following suggestions:
• The need for a separate Committee on Programmes and Coordination could be reconsidered, given the extensive overlap of this committee's work with that of the Fifth Committee and ACABQ.

• Member States could consider raising the level of their representation on the Fifth Committee, ensuring that heads of mission either participate directly or receive prompt and detailed reports.

• They could also review the level of technical expertise required for service on ACABQ, with a view to ensuring that it fully carries out its function, which in essence should be that of a full-time expert staff, supporting and advising the Fifth Committee.

• They could elevate the scope and agenda of both bodies, and impose time limits on the sessions, with a view to spending less time on detailed review and more on key strategic issues.

• [They could consider making exceptions to the consensus rule in certain circumstances, if it appeared that opposition to a proposal was limited to a very small number of countries.]

[More radical options would be for the Fifth Committee to elect a small but representative working group of about 20 Member States, to review, discuss and make recommendations to the full committee on high-level budget issues; or for the Fifth Committee to be replaced by a select committee on budget and finance, composed of about 36 member states elected by, and reporting directly to, the General Assembly. In either case, ACABQ should be retained as an expert support staff.]
**Note to the Secretary-General**

**Update on reform developments 7 February**

*(through Mr. Malloch Brown)*

**HUMAN RIGHTS COUNCIL**
- See detailed note attached

**MANAGEMENT REFORM and MANDATE REVIEW**
- Management reform increasingly at risk. Orr to brief plenary next week on mandate review.

In addition to a formal G77 statement (see attached), key G77 ambassadors have noted privately that the reform proposals for budgetary, human resource, and financial rules may be more controversial at this point than the mandate review, and will need to be handled delicately. In both the GA plenary on 30 January and on 7 February on management reform, it has become clear that this exercise is beginning to meet resistance. G-77 countries have reverted back to Summit negotiation arguments against “going overboard” on giving the SG more managerial authority and flexibility, against the idea of a COO, and against any human resource changes that would change the geographic representation. They are further concerned that the SG’s report will not take into account the ongoing reforms that have begun in the GA. Several developing country delegations also expressed dismay that UN senior officials were first briefing the press on the procurement issues rather than reporting to the GA.

My next briefing on mandate review will take place on 15 February. The briefing will serve the purpose to respond to requests that remained open in the previous briefing of 25 January. The EU, the US and the Japanese delegation had asked to link mandates to budgetary information as it is ready and where possible. The Japanese had also asked for indications of “staff work-hours” dedicated to each mandate. On the contrary, the G-77 had opposed indication of budget lines to avoid making the exercise a cost-cutting one. They had however asked for indications of the originating committee and the status of implementation for each mandate. All this information will be difficult to provide. What will be provided, as requested by India, is a database of mandates to accompany the Report.

**TERRORSIM**
- CTITF retreat successful, strategy on track to meet the March deadline. Spain and Sri Lanka appointed co-chairs for Convention process

The Counter-Terrorism Implementation Task Force (CTITF) held its third retreat in Vienna on 30-31 January. The retreat was extremely productive, producing concrete recommendations for building state capacity to counter terrorism, as well as finalizing many of the new aspects to be incorporated into the updated strategy. The Working Groups on capacity-building will be submitting their final consolidated reports within the week, and the Secretariat of the Task Force is currently producing a detailed outline of a framework for the strategy. The drafting of the elements for the strategy will begin shortly, and the target date for its submission to the General Assembly and Security Council for deliberation – mid to late March – is still on track to be met. In addition to the substantive progress made in Vienna, the retreat also created a true sense of solidarity and cooperation among members of the Task Force, an outcome which will itself facilitate greater cooperation and coordination across the UN system for countering terrorism.
Regarding the comprehensive convention on international terrorism, the President of the General Assembly issued on 7 February a letter to all Member States informing them of the upcoming meeting of the Ad Hoc Committee to take place from 27 February to 3 March 2006, where work on reaching a comprehensive convention will be continued. The letter also announced the two co-facilitators of the process: Ambassador Juan Antonio Yanez-Barnuevo of Spain and Ambassador Rohan Perera of Sri Lanka.

PEACEBUILDING

- PBC membership to be finalized. Submission to ACABQ on PBSO ready

The list of donors has been circulated and has been broadly accepted. All the pieces are now in place to finalize the membership of the Peacebuilding Commission, but ECOSOC has not been able to make its selection yet. Once ECOSOC moves on this front, troop contributors and financial donors can follow with their own decisions on choosing five of the top ten contributors. Finally, the General Assembly will proceed with its own decision to balance the final membership. The goal is to complete the selection process by early March and hold the first meeting of the PBC in mid-March.

We have finalized your submission to go to the ACABQ to establish the Peacebuilding Support Office. After broad consultations with Member States we have decided to meet Member States half way on the question of “within existing resources”. Instead of the original 21 post request submitted last year, we will propose that we will redeploy 5 posts and 2 secondments, and ask the General Assembly for an additional 8 posts including all the senior leadership positions. These 13 posts will be sufficient for the first year for up to two countries. Afterwards, the PBC staffing will need to be increased.

DEVELOPMENT

- Tension with G77. Pakistan links ECOSOC reform to movements on HRC

There is a hiatus in GA informal consultations on ECOSOC reform and development follow-up. This is largely due to G-77 concerns regarding transparency, participation by delegations and co-chairs’ dominant role. The Group feels that the co-chairs do not respond to their concerns. Substantively, the G-77 is insisting that the draft resolution on development include paragraphs dealing with trade, ODA, external debt and voice of developing countries in decision making. On ECOSOC, the Group does not have major substantive problems, except the issue of “ten week” duration, allocation of sufficient resources and keeping the half a day dialogue with international trade and financial institutions intact. Another problem is the horizontal linkage with movements on the Human Rights Council made by Pakistan. The US is open to the co-chairs draft on development but has some problems with the ECOSOC draft. The EU, in deference to the Belgian co-chairs, is willing to live with the co-chairs drafts. Consultations will resume tomorrow, Wednesday, 8 February and will continue till the afternoon of Thursday.

Robert Orr
7 February 2006

Cc: Deputy Secretary-General
    Mr. Malloch Brown
STATEMENT

ON BEHALF OF THE GROUP OF 77 AND CHINA

BY

AMBASSADOR DUMISANI S. KUMALO
PERMANENT REPRESENTATIVE OF THE REPUBLIC
OF SOUTH AFRICA TO THE UNITED NATIONS

AT THE MEETING
OF THE INFORMAL WORKING GROUP
OF THE PLENARY ON SECRETARIAT AND
MANAGEMENT REFORM

New York, 7 February 2006
Mr. Co-Chair,

I have the honour to speak on behalf of the Group of 77 and China on the question of Secretariat and Management Reform. The Group appreciates the ongoing efforts of the Co-Chairs to facilitate dialogue between Member States and the Secretariat on the reform proposals. We believe that the meetings have provided us with a valuable opportunity to move beyond the broad statements of intent, which are contained in the World Summit Outcome Document, to the specifics of the entire reform exercise. It is important that the Secretariat has a clear and balanced sense of what the collective Membership expects from them. This will facilitate the negotiations by Member States.

The Group at the last meeting provided its preliminary views on the overall approach to the negotiations process, as well as its expectations of the Secretariat, the Co-Chairs and the Bureau of the Fifth Committee. It also listened very carefully to the elaboration by the Deputy-Secretary-General of the proposed elements that may be included in the report of the Secretary-General, as well as the points raised by our negotiating partners. It became clear at the last meeting that there is a need to elaborate further on the objectives of the exercise, how it fits in with existing processes, and the scope of the proposals and the review exercise.

Mr. Co-Chair,

Before turning to specific elements of the proposed outline, the Group believes that it is important to reflect on some of the broader issues raised by the Deputy-Secretary-General, our negotiating partners and yourselves at our last meeting. We address these points before the report of the Secretary-General is introduced to the Fifth Committee, through the ACABQ.

The United Nations since 1997 has been undergoing significant reform efforts aimed at making it more effective, efficient and responsive to the needs of Member States. The reform measures were based on detailed proposals received from the Secretary-General, as well as from numerous Task Forces and Panels that were created to advice the Secretariat on a wide-range of issues. Member States by consensus have adopted several reform measures to strengthen the human resources management system, procurement practices, financial management, accountability framework, performance management system, oversight system, and the budgetary processes. We furthermore have continuously evaluated the progress made by the Secretariat in the implementation of the various reform measures and made refinements where needed.

In recognition that reform is an ongoing process and not an end in itself, the World Summit Outcome Document has clearly set the parameters for the objective and scope of the review exercise. The objective of the review is to enable the United Nations to effectively and efficiently implement the mandates bestowed upon it. This includes implementing the reform measures that Member States have considered and reached consensus on over the past ten years. The reform measures consist of various elements and building blocks and we expect the Secretariat to implement all of them. To include
only some of those elements at the expense of others in the report will seriously undermine the process of consensus decision-making. The proposed “outline” of the report seems to suggest that the numerous reform efforts of the past ten years have been deficient and that the building blocks for reform are now irrelevant. This approach is not in line with the objective and scope defined by the World Summit Outcome Document and we expect that the Secretariat will amend the outline of the report to address these concerns.

During the previous meetings, the Secretariat and our partners, firstly, referred to the need for a “strategic” decision before we embark on a “technical” consideration of the proposals. This seems to suggest that Member States should sign-up to a broad expression of intent without scrutinizing the merits or details of the proposals. It will be difficult for the Secretariat to implement the decisions of Member States if we have not reached a common understanding of what these should entail. It also only complicates our future assessment of the reforms and defers negotiations on difficult aspects to a later stage. Furthermore, Member States have taken a “strategic” decision when we agreed to embark on the review exercise and requested the Secretary-General to submit an assessment and proposals for our consideration. It follows therefore that we now have to consider the substantive and technical aspects of the proposals, in order to ensure that reform remains meaningful and correlates with already existing reform efforts.

To achieve the desired results, the Group, therefore, expects that the report will provide a detailed assessment of the implementation of the existing policies, regulations and rules, including a historical overview of previous reform efforts and the status of the ongoing reform efforts. The report should include an analysis of whether or not the “shortcomings” in existing regulations and rules are due to the letter of the regulations and rules or the practices emerging from their implementation. The report, furthermore, should include detailed, sound and justified proposals, including specific amendments, if any, to the regulations and rules and how these will contribute to a more effective implementation of mandates. It is also important to point out that the elements listed in the proposed “outline” are not new. Many of them have been the subject of debate and scrutiny by the General Assembly and its technical and expert bodies. It therefore will be useful to include in the report the views of the technical bodies of the General Assembly, which have been seized with these questions for several years.

Secondly, it was suggested that a “strategic” decision should be taken outside of the framework of the Fifth Committee. We believe that these pronouncements go against the guiding principles outlined by the Co-Chairs in the letter of 11 January 2006, which we all agreed to and consequently should have, once and for all, laid the question to rest and therefore counter-productive. Member States have agreed to respect the respective roles and mandates of the Fifth Committee and the ACABQ. The Fifth Committee has established and amended the staff and financial policies, regulations and rules. The Committee, in accordance with its mandate, will have to consider any proposals to introduce new or amend and abolish the existing policies, regulations and rules. The Group of 77 and China is ready to consider the substance of all proposals based on their merits. This consideration can only be done within the context of the Fifth Committee.
and on the basis of detailed proposals. It can also only be meaningful if the review respects the intergovernmental nature of the Organization and the oversight role of the General Assembly, which it has mandated to the Fifth Committee. We request the Secretariat and urge our partners to avoid embarking on a process that will lead to unnecessary procedural discussions and delays.

**Preliminary comments on the proposed “outline” for the report**

The Group wishes to thank the Deputy-Secretary-General for the elaboration on the elements contained in the proposed “outline” for the report. The purpose of these meetings is to focus the preparations of the report and we consequently expect that the “outline” will be amended to reflect the guidance provided to the Secretariat at the meetings of 30 January and 7 February 2006. In this regard, those elements that have been rejected by Member States in previous negotiations should not be included. Furthermore, some Member States first introduced some of the elements contained in the “outline” during previous negotiations, including the recent budget negotiations. Those proposals did not find consensus at that time and it will be counter-productive for the Secretariat to attempt to re-package and submit these proposals as their own, as this will undermine the objective of the reform process.

It, furthermore, will be useful if the Secretariat in the report could include information on the General Assembly resolutions that respond to each of the elements, as well as the follow-up action and reporting requested by the General Assembly and the status of implementation by the Secretariat. We believe that such an assessment will respond to the request of the World Summit Outcome Document and place the entire review exercise in the appropriate context.

In response to paragraph 162 of the World Summit Outcome Document, we expect that the Secretariat will include information on the existing mechanisms available to the Secretary-General in order to fulfill his Charter responsibility. The report should include information on the usage of the existing mechanisms, reasons for less than full utilization, measures to ensure accountability to the General Assembly, and examples of how the mechanisms will work in practice if accepted by the General Assembly. It is important that the Secretariat moves beyond broad statements and present detailed and well-justified proposals.

Turning to the elements related to the review of staff policies, regulations and rules, it is important to place the elements in the context of the ongoing efforts to reform the human resources management system and policies, as well as the system of administration of justice. Member States, through the Fifth Committee, have been considering the four broad elements outlined in the paper, as well as many other important issues that together have formed the building blocks for human resources management (HRM) reform since 2001. It is not clear why some of the building blocks are reflected in the outline and others are not. It is also not clear how the outline is responding to the request to assess the staff regulations and rules, which we, during the negotiations in August 2005, were told were outdated. It is further not clear how the
reference to a “field-orientated Secretariat” and related proposals correspond to the reforms initiated as a result of the Brahimi Panel’s recommendations, as well as the adoption of General Assembly resolution 57/300 and its provisions on operational activities.

It is important to recall that the Secretary-General in 2000 submitted a comprehensive report to the Fifth Committee on the reform of the various elements of the human resources management system. The Fifth Committee in 2001 adopted a sixteen-part resolution that formed the building blocks for reform of the HRM system. During the 57th and 59th sessions, Member States, through the Fifth Committee, pursued the implementation of various measures and amended the reform elements where required. The Secretariat has been requested to provide a progress report to the General Assembly at its 61st session on its implementation of the building blocks of HRM reform. In addition to the reform efforts, the Fifth Committee, during these years, has also revised the staff regulations and rules on a number of occasions, including as recently as December 2005 to address the issues of financial disclosure and misconduct.

Turning to specific elements on HRM reform, firstly, the Fifth Committee has been considering the review of the existing contract regime and it is not clear how the proposed element fits in with the ongoing review efforts and the proposals that the Fifth Committee is supposed to receive from the International Civil Service Commission (ICSC) in 2006. Starting from the premise that similar jobs should be equally compensated, we support the harmonization of contracts that will respond to the long- and short-term needs of the Organization, as well as simplifying the system of contracts and reducing the number of contracts. We, however, are not clear how the introduction of one type of contract for staff and another for non-staff would simplify the system. We have recently seen that the implementation of the 100, 200 and 300 series contracts, which were supposed to respond to the long- and short-term needs of the Organization, have been problematic and led to different benefits for staff working along side each other in the field. The Fifth Committee, as a result, was considering corrective measures in 2004 and 2005 based on proposals by the Secretariat. It is imperative to ensure that careful consideration is given to the rationale and practicalities of any proposal before amending the contract regime so as to avoid similar difficulties a few years down the line. Furthermore, in order to ensure a meaningful reform, this consideration cannot take place in isolation of the reports of the ICSC, the review of HRM reform measures and the reform of the system of administration of justice, which the Fifth Committee will receive in October 2006.

Secondly, the Group has consistently been calling for a more fair, transparent and equitable recruitment and placement system that would ensure that the international character of the Organization is reflected in the composition of its staff. In this context, the Fifth Committee in 2001 adopted reforms to the system and requested the Secretariat in 2004 and 2005 to provide assessments of the impact of the reforms. It is not clear how this element in the “outline” correlates with the assessment, which the Fifth Committee will receive in October 2006. Furthermore, the practical implications of the proposed “proactive approach” and “accelerated procedures” will have to be clarified in the context
of the assessments requested by the General Assembly in its resolution 59/266. The World Summit Outcome Document underscored the importance of improving the geographical balance in the Secretariat and we expect the Secretariat to act on this provision.

Thirdly, it is not clear how the proposal to move towards a “fully rotational system” correlates with the existing efforts to enhance mobility in the Organization. The Fifth Committee has approved “voluntary” mobility based on proposals received from the Secretariat and guidance provided by the ICSC. There are many practical considerations when it comes to moving from “voluntary” to “compulsory” mobility. The Fifth Committee in resolutions 55/258, 57/305 and 59/266 have addressed these considerations. Resolution 59/266 requested the Secretariat to submit to the Fifth Committee at its 61st session a strategic plan containing indicators, benchmarks, time lines, and clear criteria for the mobility policies, as well as an indication of the financial implications of the mobility policies. It is not clear if the latest proposal is in response to the request of the General Assembly. We wish to caution against any rushed or less than comprehensive approach that may ultimately undermine the successful implementation of the mobility policies.

With regard to the elements related to the assessment of the financial policies, regulations and rules, the Group wishes to point out that some of the elements referred to by the Deputy-Secretary-General were first proposed by either our negotiating partners or in earlier versions of the Outcome Document. These elements did not find consensus and we would expect that the Secretariat not to attempt to repackage and re-submit them to Member States. It would also not be appropriate for the Secretariat to reflect on the inter-governmental nature of the budgetary process. We consequently believe that the first, fourth and sixth bullets under this heading should not be included in the report of the Secretary-General.

Furthermore, the perception that the financial policies, regulations and rules have not been reviewed and amended in the last few years is not accurate. It will be recalled that in 1998 the CPC and the Fifth Committee undertook a comprehensive review of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (PPBME). The Secretariat, as a result, amended the relevant PPBME rules and the new PPBME regulations and rules were issued in 2000. In 2000, the Fifth Committee changed the budget system of the Organization by moving towards Results-Based Budgeting. The performance reporting system has subsequently been amended. In 2003, the Fifth Committee approved the budgeting and planning experiment, which replaced the four-year Medium Term Plan with a two-year Strategic Framework. This was done in an attempt to better align resources with programmes, as well as enhance the budget preparation process. The Committee will take a final decision on the experiment in the 62nd session when it has gone through two full cycles of implementation. It is clear that reform has been a work in progress and the objective of the review requested in the World Summit Outcome Document is not to undermine the ongoing processes.
On the proposed elements for increasing transparency in the Organization, the Group is supportive of efforts to ensure greater accountability towards the General Assembly. This is a question that the Fifth Committee has been seized with for several years. It, in this context, in 2005 considered measures to improve the accountability framework of the Organization and it will remain seized with the matter in March 2006. The Committee will also in 2006 receive a progress report from the Secretary-General on efforts to improve outsourcing practices and reform the procurement system, including increasing market access of businesses from developing countries. It further will consider the outcome of audits and investigations undertaken by the internal and external oversight bodies of the procurement system, as well as review the implementation of the comprehensive ITC strategy. It, therefore, is imperative that any assessment of these areas will have to be cognizant of ongoing reform efforts. On procurement, we wish to stress the paramount role of the General Assembly in overseeing procurement matters and are not supportive of any attempts that may either circumvent or infringe upon this mandate.

The Group of 77 and China is of the view that the proposed elements aimed at changing the content of the Annual Report, consolidating reporting requirements, changing the financial performance information, outsourcing or off-shoring administrative processes, and upgrading information technology infrastructures do not clearly fall within the scope of the review exercise. The elements also seem to reflect a move towards a more corporate approach and are not appropriate given the unique nature of the Organization. For example, the annual report of the Secretary-General is intended to provide Member States with an assessment of the progress made towards implementing mandates. It will not be useful to amend the report so as to correspond with the type of reporting provided by private entities to their shareholders. It further may duplicate the existing reporting mechanisms to inter-governmental bodies. It, therefore, may be more useful to improve the quality of information contained in the first and second financial reports, as well as ensure that the reports are submitted earlier to the General Assembly than mid-December of each year. Furthermore, the proposal to provide information on financial performance throughout the course of the biennium will only be useful if it is used for internal management purposes. Providing such information to Member States outside of the usual reporting cycle may not be useful and seems to border on micro-management.

With regard to the proposal to redefine the role of the Deputy-Secretary-General, the Group wishes to stress that the report should include an assessment of the original purpose for creating the function, evolution and performance of the function, the contribution towards improving cross-sectoral activities and programmes, as well as of necessity to continue with the function. The Group, furthermore, holds the view that Member States will find it useful to receive an assessment of the existing measures that are aimed at improving the selection, development and performance of senior managers. In this context, the Group believes that serious consideration should be given to ensuring that senior managers are recruited from a wider geographical base and that posts are not reserved for nationals from any one region.
Lastly, the Group believes that the staff buy-out proposal deserves careful deliberation by Member States. It is for this reason that the World Summit Outcome Document requested a detailed proposal on the framework, including an indication of costs involved and mechanisms to ensure that it achieves its intended purpose. The Secretariat, furthermore, should ensure that the proposal reflect the objective of the exercise, which was set out in the World Summit Outcome Document. The purpose of the one-time staff buyout is not to facilitate the implementation of the reform package, as stated in the proposed “outline”, but to improve personnel structure and quality. The exercise should be voluntary in nature and the report should present an indication of how it will correlate with the performance appraisal system, as well as with the internal justice system.

Mr. Co-Chair,

In conclusion, the Group of 77 and China has prepared a table setting out the type of information that would be useful to Member States in considering the assessment of the Secretariat. The attached table is based on some of the elements contained in the “outline” document, but we hope that the final table will correspond to revisions that the Secretariat will have to make to the proposed “outline” based on the guidance that it has received from Member States today and on the 30th of January 2006. We are submitting the table, in response to the invitation of the Co-Chairs to Member States to be as clear as possible with the Secretariat regarding the type of information that would facilitate our decision-making. We trust that our attempt will be seen in the spirit of our Group contributing to the process of reaching consensus on these important issues.

I thank you.
### Indicative Example of Information Required from the Secretariat

<table>
<thead>
<tr>
<th>Elements listed in the proposed outline¹</th>
<th>Relevant General Assembly resolutions and decisions</th>
<th>Relevant expert, technical and intergovernmental bodies</th>
<th>Status of implementation, including reporting (dates of submission and session to be submitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewing the existing contracts regime with a view to simplifying the system and reducing the number of contracts</td>
<td>Resolutions 55/258, 57/305 and 59/266 on HRM and resolution 59/296 on peacekeeping cross-cutting issues. The subject is under consideration in the context of the HRM and ICSC reports and a draft resolution under item 131 of the agenda of the resumed 60th session is before the 5th Committee.</td>
<td>International Civil Service Commission (ICSC), Advisory Committee on Administrative and Budgetary Questions (ACABQ), and 5th Committee</td>
<td></td>
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<tr>
<td>Adjusting the recruitment and placement system in favour of a more proactive approach and accelerated procedures</td>
<td>Resolution 55/258 adopted a comprehensive reform of HRM and requested a number of follow-up measures and reports which were pursued in resolutions 57/305, 59/266 and 59/296 on the following areas: the role of OHRM, recruitment and placement, national competitive examination and General Service to Professional examination, measures to improve geographical distribution, system of equitable geographical distribution, gender representation, post structure, mobility, contractual arrangements, use of</td>
<td>ACABQ, and 5th Committee</td>
<td></td>
</tr>
</tbody>
</table>

¹ The elements listed below are for indicative purposes only and listed with the understanding that the proposed “outline” will be amended to reflect the guidance provided by Member States to the Secretariat on 30 January and 7 February 2006.
appointments under the 100 and 300 series of the Staff Rules in the staffing of the field missions, consultants and individual contractors, measures to prevent discrimination and staff-management consultations. World Summit Outcome Document adopted a guideline regarding equitable geographical distribution.

| Moving towards a fully rotational system for a majority of professional staff at Headquarters and in the field | Resolutions 55/258, 57/305, 59/266 and 59/296 raised a number of substantive issues about mobility of staff and requested for a number of measures and reports from the Secretary-General in consultation with staff as well as from the ICSC on the subject. | ICSC, ACABQ, and 5th Committee |
| Measures to improve the budget formulation and adoption process | In 1998, a comprehensive review of the PPBME regulations was made by the CPC and the 5th Committee. The S-G followed that by revising the relevant PPBME rules and the new PPBME regulations and rules were issued in 2000. In 2000, the budget system of the Organization was changed to the Results-Based Budgeting by resolution 55/231. It was made possible after three year comprehensive consideration of the issue by the ACABQ and the 5th Com. In 2001, resolution 56/253 requested the S-G to submit revisions to the Financial Regulations and Rules. In 2003, resolution 58/269 made a number of decisions with regard to the consideration of | The Committee for Programme and Coordination (CPC), the ACABQ and the 5th Committee |
the budget outline, budget fascicles and conversion of the 4 year MTP to the 2 year strategic framework. Implementation of resolution 58/269 should be reviewed in 62nd session. Resolution 59/275 adopted the strategic framework for the biennium 2006-2007, and provided further guidance on the experiment.

| Improvements to the existing system of procurement | Resolutions 54/14, 55/247, 57/279, 59/288 and 59/296 adopted a number of decisions on the reform of procurement and asked for various measures and reports on, including increasing procurement opportunities for developing countries and countries with economies in transition. | OIOS, Board of Auditors, JIU, ACABQ and the 5th Committee |
| Proposals to outsource or off-shore select administrative processes | Resolutions 54/256 and 55/232 set the guidelines and basic principles for outsourcing in the United Nations. Resolutions 58/276, 58/277 and 59/289 adopted a number of follow-up requests on the subject. | OIOS, Board of Auditors, JIU, ACABQ and the 5th Committee |