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**REFORM OF THE ECLAC MANAGEMENT SCHEME:
DELEGATION OF AUTHORITY AND ACCOUNTABILITY**

Note by the secretariat

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INTRODUCTION

The Economic Commission for Latin America and the Caribbean (ECLAC) has agreed to participate in a pilot management scheme, which could eventually be extended to the whole Secretariat. It is designed to introduce a new approach to management within the United Nations system. This approach seeks greater efficiency and effectiveness in carrying out a work programme that meets the test of relevance of the ultimate beneficiaries of the Organization's work.

In a document entitled "Management pilot scheme"¹ prepared for the second meeting of the ad hoc working group established pursuant to resolution 553(XXVI), the secretariat described the content and scope of the new management scheme. This was followed by a note on "Progress in the implementation of the pilot management scheme",² prepared for the third meeting of the ad hoc working group. The present note describes in detail the content and scope of the proposed decentralized management project and the progress achieved at the current stage. The secretariat wishes to reiterate here that it is deliberately introducing changes gradually, given that the intergovernmental forums have still not adopted complete provisions on the delegation of authority, since the pilot scheme is, by definition, an experiment. Therefore, the ECLAC secretariat is starting with the gradual implementation of those elements of management decentralization that have not raised concern until the Member States have had the opportunity to reach a decision at the next session of the General Assembly.

In accordance with General Assembly resolution 52/220, entitled "Questions relating to the proposed programme budget for the biennium 1998-1999", no action can be taken in the context of the pilot projects that represents changes in the budgetary practices and procedures or the Financial Regulations and Rules without prior approval of all relevant legislative bodies.

¹ Document LC/G.1964 of 21 April 1997.

² Document LC/G.1983 of 28 October 1997.

I. THE SECRETARY-GENERAL'S REFORM PROPOSALS

In his report entitled "Renewing the United Nations: a programme for reform" (A/51/950), submitted to the General Assembly on 14 July 1997, the Secretary-General refers to a "pilot test of innovative managerial approaches in the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Office at Vienna and Conference Services". With regard to increasing delegation and accountability, the report states:

"Basic to management reform is the concept that performance improves when people closest to the work have managerial authority and responsibility, together with accountability. ECLAC, with Member States' support, is preparing a pilot scheme to put this concept into practice, giving managers greater authority and flexibility with respect to human and financial resources, while making them accountable for achieving specific targets for the content, quality and volume of outputs."³

Under "Strategy 3: Enhance the flexibility and responsibility of line managers" (paras. 236 and 237), the document establishes the framework for the execution of the pilot scheme:

"236. Too often, the delivery of mandated programmes is hampered by excessive bureaucratic procedures and rules, with responsibility for management of resources in the hands of administrators who have no accountability for programme delivery. This is both ineffective and inefficient. Managers must have decision-making authority and responsibility for financial and human resources so that they can carry out, and be held accountable for, the tasks that they have been given.

"237. Work is proceeding on an integrated accountability system that delegates more day-to-day authority while establishing clear lines of responsibility, clarifying objectives and performance standards and establishing appropriate oversight, rewards and sanctions. The Secretary-General is using his full authority to conduct a pilot test of innovative managerial approaches in the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Office at Vienna and Conference Services as a possible launching pad for additional innovation Secretariat-wide."

³ A/51/950, annex, "Examples of ongoing managerial reforms", Economic and social affairs, fifth paragraph.

For the implementation of Strategy 3, the report proposes the following action:

“Action 23: The Secretary-General will take steps to delegate maximum authority, responsibility and full accountability to line managers for the management of human and financial resources.”

The management pilot scheme is an integral part of the first track of the overall programme of reforming the United Nations. The key goals of this process of managerial reform are to develop and test systems for managing performance, financial and human resources that optimize both:

- (i) payback, in terms of efficiency, financial savings and improved quality of service; and
- (ii) delegation of authority and responsibility to managers in order to achieve results.

II. THE NEW ECLAC MANAGEMENT SCHEME

A. General remarks

The guiding principles for the implementation of the pilot scheme at ECLAC are the following:

Increased “accountability”, to achieve results;

Greater delegation of authority from United Nations Headquarters to ECLAC, and within ECLAC to the division chiefs, and to the subregional headquarters in Mexico and Port of Spain and to the offices at the national level;

Increased flexibility within the existing rules and regulations, subject to the availability of resources.

In the context of these principles, ECLAC is committed to achieving the following goals:

To enhance its performance as a provider of socio-economic analysis and technical cooperation in the region;

To obtain the most “value for money” from the resources placed at the disposal of ECLAC;

To develop improved performance measures to enhance accountability for delivery of programme outputs;

To improve progress in the staff gender balance, equitable geographical distribution and other concerns of the Organization;

To delegate more responsibility and authority, with greater accountability, within ECLAC.

In the document entitled “Management pilot scheme”,⁴ the ECLAC secretariat outlined the concept and scope of its participation in the pilot scheme and identified the following areas in which delegation appears to be warranted:

⁴ LC/G.1964.

Financial management

Human resources management

Management of outputs.

The delegation of authority sought in these three areas and the activities proposed are directly linked and contribute to the overall objective of the pilot scheme, which is to seek:

“Greater efficiency and effectiveness in carrying out a work programme that meets the test of relevance to the ultimate beneficiaries of the Organization’s work: its member governments.”⁵

B. Financial management

In this area, ECLAC would seek increased flexibility in the use of budgetary resources and the necessary authority to commit expenditures and move funds between budget lines, with due consideration to standard budgeting procedures and within pre-established parameters, in exchange for increased accountability and improved performance. The emphasis would be on the delivery of specific outputs within budget and under a set of compatible and simplified administrative rules. The following principles would apply:

Managers should be given the freedom to manage resources within clearly defined guidelines;

The key financial controls in the system should be aligned with overall budget allotments, not merely line items;

Decisions on the use of inputs should be taken at the lowest practicable level. These decisions should be in line with the Secretary-General’s vision, the priorities of the Organization and standards of performance set by Member States.

The budget should be increasingly used as an instrument for promoting managerial improvement and programme effectiveness, in addition to its control and allocation functions. The purpose of this approach is to link budget with performance —to achieve value for money. Financial management should be reoriented from compliance to performance by freeing budget managers from most *ex-ante* controls while demanding more accountability for what they accomplish and spend. The ultimate objective is to fashion the budget into a “contract for performance” in exchange for obtaining control of agreed resources. Managers would commit themselves to specific outputs or results. As a consequence, the capacity of managers to take initiative and responsibility for providing services in a productive and effective manner would be strengthened.

At the stage of the preparation of the programme budget for 1998-1999, ECLAC agreed to abolish a certain number of established posts in exchange for partial compensation in terms of resources for temporary assistance, technical assistance and consultants. Authority for the utilization of these resources would be with the division chiefs, with a view to ensuring support for those activities of the programme of

⁵ Ibid. p. 5

work which are considered of highest priority and greatest impact. The flexibility in the use of budgetary resources is intended to be a means of improving results and of linking budget and performance.

The greater flexibility accorded to the division chiefs in the use of the resources at their disposal remains within the framework of the approved programme of work, within agreed limits and subject to strict monitoring by the Programme Planning and Operations Division and the Division of Administration.

C. Human resources management

Authority has been delegated to ECLAC in the area of staff recruitment, placement and promotion.⁶ Efforts would be made to streamline and simplify certain procedures in order to shorten administrative processes and increase their efficiency. In the exercise of its authority, ECLAC would act in full accordance with Secretariat-wide policies, especially with regard to equitable geographical distribution and gender balance.

The areas and activities in which there will be delegation of authority will be identified precisely. In addition, clear objectives to be achieved by such delegation will be established. Based on these objectives, performance indicators will be defined to measure the outcome and progress of proposed activities and how they contribute to the overall institutional performance.

D. Management of outputs

In this core area of ECLAC activities, efficiency and effectiveness can be substantially improved, not only with respect to the quantity and quality of outputs, but also their dissemination and impact. The management of outputs, which consist basically of knowledge, involves becoming organized to create, capture, distill and disseminate the relevant knowledge.

This is a priority area for the use of modern information and communication technologies in order to speed up and improve the quality of substantive information and services. ECLAC is in effect creating an electronic office, providing access to external information sources through the Internet and disseminating its products increasingly through its home page. At the same time, ECLAC is developing the Intranet internally as a powerful instrument for information exchange and to link its staff throughout Latin America and the Caribbean.

Although considerable progress has already been made through internal efforts, there are some areas where it would be important to acquire sufficient capacity and flexibility for the selection, introduction and utilization of the appropriate technologies, of course with due respect to system-wide considerations.

In line with the policy of reducing costs and improving quality performance, ECLAC will maintain a core of professional staff for the implementation of the programme of work, and plans to supplement their work by contracting external consultants, in order to achieve more flexibility in implementing programme activities and to draw on expertise which is not required full-time. The efficient combination of internal and external resources to increase the quantity and quality of outputs represents an additional managerial

⁶ On 8 September 1997, ECLAC received authorization from the Under-Secretary-General for Management to start implementing a pilot project for delegation of authority in the area of human resources for the period 1 October 1997-30 September 1998.

challenge for the division chiefs. In carrying out their responsibilities, they will have to count on the support of the Personnel Section. The Programme Planning and Operations Division will have to provide guidelines for and monitor the achievement of pre-established performance goals.

III. POLICY FRAMEWORK

A. Mission statement and goals of ECLAC

At its twenty-sixth session, held in San José, Costa Rica, from 15 to 20 April 1996, the member countries of the Commission affirmed that, in Latin America and the Caribbean, ECLAC was especially well qualified to undertake the tasks entrusted to it by the Economic and Social Council in the framework of a restructured United Nations. ECLAC should therefore function as a centre of excellence charged with collaborating with member States in a comprehensive analysis of development processes geared to the design, monitoring and evaluation of public policies and the resulting provision of operational services in the field of specialized information, advisory services, training and support for regional and international cooperation and coordination.

B. Programme output

The execution phase of the ECLAC programme budget for the biennium 1998-1999, the first to be implemented under the innovative managerial practices of the pilot scheme, started in January 1998, that is, less than two months ago.

Although it is obviously too early to assess any gains attributable to the implementation of the pilot scheme as no final output has been completed yet, it should be noted that the number of programmed outputs in the proposed programme of work for the biennium 1998-1999 has increased by 6.6% compared to the 1996-1997 figures. This upward trend in programming is in line with productivity and efficiency gains that are expected to accrue as a result of, *inter alia*, the more flexible nature of the financial resources at the institution's disposal for programme execution, the introduction of "best" managerial practices and the simplification of procedures.

Programmed outputs by main categories	1996-1997 biennium	1998-1999 biennium
Intergovernmental meetings	41	23
Meetings of experts	45	59
Recurrent publications	55	44
Non-recurrent publications	142	216
Technical material	63	47
Information material and services	64	48

A review of the regular programme of work is now under way at the subprogramme level for the purpose of fine-tuning. It is being conducted by line managers and staff directly involved in the execution of final outputs and seeks to establish the objectives to be accomplished in producing outputs, on a case-by-case basis. The culmination of this process will be the establishment and application of a set of qualitative and quantitative indicators to measure the relevance and impact of outputs, as well as the aforementioned efficiency and productivity gains.

IV. PERFORMANCE MEASUREMENT

For any organization to achieve substantial improvement in performance, major changes are required, including changes in the measurement and management systems it uses. What is measured receives attention, particularly when rewards or sanctions are tied to results measured.

Traditional performance measurement systems based mainly on financial or output data have proved inadequate in both the public and the private sector. Managers need a balanced set of measures that allow them to view the organization from several perspectives simultaneously. Quality, effectiveness in the production of outputs, customer satisfaction, innovation and human resources are highly relevant in reinforcing new competitive strategies. Instead of measuring only the product, these indicators permit the performance of the entire operation to be measured.

While the data for quantitative evaluation of the performance of ECLAC are already available, qualitative evaluation, especially with regard to the impact and relevance of its work, is more difficult. The Executive Secretary therefore decided to set up a special task force, headed by a division chief, to develop a performance measurement system for the substantive work of ECLAC. This work counts with the assistance of external consultants and makes maximum use of the advances in information technology.

The system will measure the degree to which activities relating to outputs are achieving the objectives established for each subprogramme. There are three aspects which are essential for the design of performance indicators:

- (a) Internal effectiveness: the degree to which each activity contributes to the achievement of the objectives;
- (b) Efficiency: the quality with regard to content and form of each activity. This aspect is related to the concept of “client satisfaction”;
- (c) External effectiveness: indicators which measure the impact of the activities. They relate to the degree of dissemination of the results, the degree of relevance of the output to the “client” and the degree to which the output has been useful to the “client” or meets his expectations.

The substantive work of ECLAC gives rise to four main categories of outputs, each of which requires a different set of performance indicators under the aspects mentioned above.

- (a) Publications resulting from statistical and policy analysis (periodic institutional documents, books, monographs and articles);
- (b) Technical assistance missions to countries of the region;

- (c) Dissemination:
 - (i) To policymakers, typically through participation in or the organization of specialized, high-level, conferences;
 - (ii) To the general public, typically through press conferences and press releases;
- (d) Training of government technical staff.

The basic thrust of the set of indicators proposed above is to simulate a “market test”, that is to say, not to evaluate it by inputs but by how ECLAC output is valued by those it is meant to serve: policymakers, national authorities and key economic agents.

One of the most recent efforts to support performance measurement is “benchmarking”. It involves identifying competitors and/or organizations in other areas that exemplify best practice in some activity, function or process and then comparing one’s own performance to theirs. This methodology has the advantage of being applicable in any situation and is proving especially useful in orienting the reform process. By including an external perspective, benchmarking broadens the vision of managers, taking them beyond internal yardsticks that measure current performance in relation to prior-period results.

In the case of ECLAC it would be useful to compare performance in certain activities, functions and processes (for example, publication and dissemination of printed material; utilization of information technologies) with best practices in other organizations, such as the World Bank, the Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP), with which they can easily be compared.

In the context of performance measurement, it is important to emphasize the role of the member countries as the “ultimate” judges of the relevance and quality of the secretariat’s work. Consequently, they should participate actively in this process, through the existing mechanisms or through new ones established to encourage the necessary feedback between ECLAC and its main “clients”.

New methods of performance measurement should evolve as expertise increases. Historical comparability may suffer in the process, but this is a minor loss. What matters is how an organization is performing in comparison with its current competitors, not with its own past.

The development of a new performance measurement system is not a time-limited task. It does not simply involve changing the basis of performance measurement from financial or output statistics to something else, but a new philosophy of performance measurement that regards such measurement as an ongoing, evolving process.

V. AUTHORITY AND RESPONSIBILITY

A. General remarks

An integrated system of delegating responsibility and authority is an essential component of good management. The integration of strategic objectives, related policy guidelines, established work priorities, combined with monitoring and oversight arrangements including measurable performance related to standards/outcomes, should lead to improved efficiency and effectiveness.

A system of delegating responsibility and authority will prompt officials at all levels to take informed, well-documented and reasoned decisions in conformity with Staff Regulations, Staff Rules and Administrative Instructions and will reduce the phenomenon of uncertainty as to who is responsible for what. Accountability will be in direct proportion to the responsibility assigned and the authority delegated.

The establishment of a framework for the delegation of responsibility and authority within ECLAC will be guided by the following basic principles:

Those areas of activity where authority could be delegated must be identified, with the objective of empowering managers to enhance overall efficiency and effectiveness.

There should be no delegation of authority/responsibility without the provision of support and training, clear policy and guidelines, adequate resources, ongoing access to information, advice, and instances for sharing experience and precedents and for consultation on rule and policy changes.

A structured accountability system needs to be established which includes clear lines of responsibility, goals/objectives, appropriate monitoring/reporting requirements, performance standards, rewards/sanctions, and an auditing and oversight mechanism.

In assigning responsibility, consideration should be given to delegating power/authority to the person best placed to take a decision; the value added test should be applied, i.e., if nothing is to be gained or value added by involving someone else, he or she should not be involved in the process.

The decision-maker given the responsibility and authority will be held accountable for his/her decisions.

B. Overview of the delegation of authority to the regional commissions

Administrative instruction ST/AI/234/Rev.1 dated 22 March 1998 set out the authority required for decisions in the administration of the staff regulations and staff rules and clarified the delegation of authority on the subject to all offices, including ECLAC and the other regional commissions, in accordance with the principles set forth in Secretary-General's bulletin ST/SGB/151.

The Financial Rules provide for the delegation of authority to the regional commissions. Authority is delegated to ECLAC for financial and budgetary management, in accordance with section 2 of the Finance Manual.

C. Status of delegation of authority

A pilot project for delegation of authority in the area of human resources was authorized by the Under-Secretary-General for Management for implementation at ECLAC with effect from 1 October 1997 for the period until 30 September 1998.

A pilot project on delegation of authority in the area of finance was authorized for implementation at ECLAC with effect from 10 November 1997. However, in view of the decision of the General Assembly in paragraphs 11 and 12 of resolution 52/220 II, this additional delegation of authority was not put into effect at ECLAC. In a memorandum dated 20 February 1998, the Under-Secretary-General for Management authorized new delegations of authority in the areas of property write-offs and the receipt and use of revenues from the sale of goods and services. It should be noted that the delegation of authority for the use of funds from revenue-producing activities will not be implemented at ECLAC until the Controller has approved a mechanism for the creation of the relevant revolving fund. Increased delegation of authority in the area of procurement is pending further review.

VI. ACCOUNTABILITY

A. Measures taken to enhance accountability

As stated by the Under-Secretary-General for Management, in his communication to ECLAC concerning the pilot project on the delegation of authority in the area of human resources, “this project reflects the Secretary-General’s decision to empower managers to act decisively in their areas of responsibility and to reduce the layers of centralized administration with the intention to delegate maximum authority and responsibility with full accountability. ... This delegation of authority should be seen in the light of the need to provide an integrated, responsive and effective service to the programme managers of ECLAC, so that, in turn, they can discharge their own programme responsibilities in a more effective manner”.

In this connection it is important to delimit the different levels of authority and who is delegating what to whom, in order to establish the line of responsibility and corresponding accountability. As mentioned before, the main thrust of the management pilot scheme is the delegation of authority from Headquarters to the ECLAC secretariat and within ECLAC from the Executive Secretary to the division chiefs. It is evident, therefore, that within ECLAC the Executive Secretary has principal responsibility for the pilot scheme and he will be held accountable by Headquarters for its successful implementation. In discharging his functions, the Executive Secretary can delegate part of his responsibility, especially in the areas of formulating guidelines, performance measurement and the monitoring of programme achievements, to the Chief of the Programme Planning and Operations Division.

With regard to the delegation of authority in the area of human resources, the Chief of the Division of Administration, and the Chief of the Personnel Section will be fully accountable to the Executive Secretary, in accordance with line authority, but will, nevertheless, be accountable to the Assistant Secretary-General for Human Resources Management for the discharge of their managerial responsibilities in human resources management. The division chiefs and directors of the ECLAC subregional headquarters will be accountable to the Executive Secretary for the discharge of their managerial responsibilities.

The successful application of the monitoring instruments and accountability mechanisms needs to be accompanied by redesign of the ECLAC internal management control instances. This implies redesign of the main functions of the Division of Administration and the Programme Planning and Operations Division. The former would be more service oriented, moving away from centralized control; the latter would monitor performance, promote information sharing and coordination, and measure the impact of the overall programme of work. Both the content and the form of assessing financial and substantive performance would change considerably, but presumably be more effective. It is essential to redesign internal processes in order to achieve the main objectives of the pilot scheme and to ensure full accountability of all actors involved.

A second level of accountability of ECLAC resides in the existing internal and external oversight organs, such as the Office of Internal Oversight Services, the auditors, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Committee for Programme and Coordination (CPC).

A third and no less important level is the accountability of ECLAC towards its member States, in the first place, through the biennial session of the Commission, which is the principal political organ and the main authority to approve its programme of work. In addition, an ad hoc working group open to all ECLAC members was established at the twenty-sixth session of the Commission. This group, in consultation with the Executive Secretary, was empowered to define priorities for the programme of work and to recommend to the Commission strategic directions for its future activities, taking into account the development priorities of Latin America and the Caribbean, as well as budgetary considerations and constraints.

B. Improved internal control procedures and their implications

All the information and data generated by the monitoring system needs to be incorporated in a management information system, thereby facilitating updating and access to all information relevant for decision-making, monitoring and evaluation purposes. With external support, ECLAC is developing an integrated information system for managers, which will bring together all information resources needed to monitor the implementation of the programme of work and the impact of all outputs involved.

Based on these data, the system will provide ECLAC managers with continuously updated management reports as a powerful tool for management control and decision-making. It will ensure the monitoring of all activities and the accountability of project managers for the efficient and effective use of the resources and for product delivery.

The system will provide for information sharing, producing *inter alia*, reports *ex post facto* on items of expenditure (official travel, ad hoc expert groups, consultants, travel of staff to official meetings, etc.), vacancy management, missions and other matters.

However, the main purpose of the system will be to produce an integrated management report, including indicators measuring the impact of outputs and activities, by means of which managers will be able to follow up on the overall execution of the programme of work.

This consolidated management report will make use of all data and agreements reached at the different phases/instances in which the monitoring instruments will be applied. In this sense, the system will record all coordination measures adopted, including “early warning” agreements, changes to the planning matrix and impact assessment instruments, and will record different types of reports in common formats.

The system will replace current manual procedures with automated ones and will introduce new management procedures, changing in this way some important aspects of the organizational culture. The first phase of this project will be completed no later than by April 1998. A crucial aspect of this first phase will be the introduction of performance and impact indicators as a standard methodology to measure accomplishment of the ECLAC programme of work.

The information system will be based on the latest Internet technologies, implemented in a secure Intranet environment, with all parties involved having due access capabilities.

The system will be accessible on line via the Intranet. In the first phase, this system will be implemented at ECLAC headquarters in Santiago. In a second phase, all subregional headquarters and national offices will be included in the system.

VII. CONCLUSIONS AND RECOMMENDATIONS

The implementation of the management pilot scheme involves more than the delegation of certain authorities and responsibilities, and more than the introduction of new systems and the automatization of procedures. The scheme represents a major change in the present way of doing things at ECLAC and will initiate a process of cultural change. The successful execution of the management pilot scheme and the transfer of lessons learned to other areas of the United Nations Secretariat very much depend on the provision of support for further institutional development, including competence building, training and capacity building.

An important and integral aspect of performance management and of any system of accountability, is the establishment of a system of sanctions and incentives. This is an area which requires the design of policy guidelines by Headquarters and the corresponding political bodies. The International Civil Service Commission (ICSC) is developing a flexible framework for cash performance awards and bonuses which will also provide expanded and updated guidance in the sensitive area of underperformance.

Although the pilot project for human resources management has been operational at ECLAC for only a few months, increased efficiency in the areas delegated to ECLAC can already be anticipated.

A corollary to increased delegation of authority is the need for the staff concerned to have an in-depth and authoritative knowledge of United Nations rules and procedures. Clear and precise guidelines are therefore required for all decentralized areas, as well as an appropriate staffing level. This would be particularly important once the Commission has had sufficient positive experience to recommend an increase in the delegation granted.