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New York, 12 November 1997

PROGRESS IN THE IMPLEMENTATION OF THE PILOT MANAGEMENT SCHEME

Note by the secretariat

1. At the second meeting of the ad hoc working group established pursuant to resolution 553(XXVI), held in New York on 5 June 1997, the representatives in attendance emphasized the importance of meeting on a periodic basis. Accordingly, the working group agreed to convene another meeting towards the end of 1997 to review the progress made in implementing the management pilot scheme.¹ The representatives also agreed that “in addition to continuing to analyse the management pilot scheme and its practical implementation, the next meeting of the ad hoc working group would also consider other subjects of interest, such as the second phase of the reform process, which had yet to be outlined”.²

2. During the twenty-first session of the ECLAC Committee of the Whole, convened immediately following the adjournment of the second meeting of the ad hoc working group, the Committee adopted a resolution in which it “Supports the general thrust of the management pilot scheme described in document LC/G.1964, which will be developed and described in detail, in order to be submitted for consideration and approval by member countries of the Commission before its implementation, and taking into account the statements made by the members of the ad hoc working group during the second meeting, held in New York on 5 June 1997”.³

3. On 16 July 1997 the Secretary-General submitted his proposed programme for the reform of the United Nations to the General Assembly for its consideration.⁴ One of the many subjects discussed in this document is the establishment of pilot projects at ECLAC, the United Nations Office at Vienna (UNOV) and Conference Services at Headquarters as a means of testing innovative managerial approaches with a view to the possibility of their future adoption on a system-wide basis.⁵ The idea that—in addition to being fully compatible with the proposed programme for the reform of the United Nations and, in fact, being an essential component of that programme—the pilot project at ECLAC can also help to provide guidelines for the rest of the system was recognized by the representatives who took part in the discussion held on the subject by the Economic and Social Council on 14 and 15 July 1997 in Geneva.⁶

¹ See the Report of the second meeting of the ad hoc working group established pursuant to resolution 553(XXVI) (LC/G.1977), Santiago, Chile, ECLAC, 25 August 1997, paragraph 16.

² Ibid., paragraph 18.

³ See the Report of the twenty-first session of the Committee of the Whole (LC/G.1976(PLEN.21/1)), Santiago, Chile, 25 August 1997, particularly paragraph No. 4 of the operative portion of the resolution contained therein.

⁴ “Renewing the United Nations: A programme for reform. Report of the Secretary-General” (A/51/950), New York, 14 July 1997.

⁵ Ibid., paragraph 237.

⁶ See Economic and Social Council resolution 1997/54 of 23 July 1997.

4. At that meeting the representatives noted with satisfaction the progress made by the Commission with regard to institutional and management issues. They also expressed their satisfaction with the work done by the ad hoc working group in setting priorities for the programme of work and in drawing up strategic guidelines for the activities of ECLAC. In its resolution regarding ECLAC within the context of United Nations reforms, the Economic and Social Council lent its support to the proposed management pilot scheme and voiced agreement with the strategy devised by the Secretariat for making a more effective use of human resources based on a combination of in-house resources and outsourcing.
5. Two basic ideas serve as the underpinnings for the management pilot scheme presented to the ad hoc working group at its meeting in June. The first is that programme supervisors should be given greater authority and flexibility in managing the human and financial resources at their disposal so that they may perform their functions as efficiently and effectively as possible. This concept is compellingly expressed in the Secretary-General's proposed programme for reform when he recommends that the United Nations programme budget should be shifted from a system of input accounting to one of results-based accountability.⁷ The second is a strategic proposal regarding the use of human resources which calls for a phased transition to a manning table based on a combination of fewer—but higher-level—permanent staff members and a greater use of outside experts and services.
6. The content and scope of these two pivotal ideas have found concrete expression in two documents which have been made available to the ad hoc working group. The first is an interoffice memorandum, dated 8 September 1997, from Joseph E. Connor, Under-Secretary-General for Administration and Management, to the Executive Secretary of ECLAC. This memorandum, which outlines the authorities to be delegated and the new managerial approaches being proposed, is attached to this note as annex I. The second document is the proposed ECLAC budget for the biennium 1998-1999, which reflects the priorities for the programme of work proposed by the ad hoc working group together with an increased emphasis on outsourcing. The proposed budget for the biennium 1998-1999 has already been reviewed by the Committee for Programme and Coordination (CPC) and the Advisory Committee on Administrative and Budgetary Questions (ACABQ), neither of which has raised any objections to its contents, and will soon be submitted to the General Assembly for final approval.
7. A brief overview of the main initial features of the pilot project as outlined in the two above-mentioned documents is provided below.

⁷ "Renewing the United Nations...", op. cit., paragraph 46.

a) Delegation of authority in the area of human resources management

8. In the above-mentioned memorandum, Mr. Connor, Under-Secretary-General for Administration and Management, proposes the commencement of a pilot project for delegation of authority in the area of human resources to ECLAC for the period 1 October 1997 to 30 September 1998. This project reflects the Secretary-General's decision to empower programme managers to act decisively in their areas of responsibility and to reduce the existing layers of centralized administration with a view to delegating maximum authority and responsibility with full accountability. One of the most far-reaching aspects of this project is the delegation of authority in respect of the recruitment, placement and promotion of professional staff up to the P-4 level.⁸ This will not only streamline time-consuming procedures and reduce any duplication of effort that may exist, but will also expedite personnel processing and, above all, facilitate the adaptation of the Organization's human resources to the demands of the programme of work.

b) Delegation of financial and budgeting functions

9. With respect to financial and budgetary matters, the pilot project is designed to achieve savings by making better use of existing resources in order to produce more and higher-quality outputs. This proposition necessarily entails the use of performance incentives, backed up by a system of monitoring and *ex post* verification that could also include some sort of sanction for unsatisfactory work. This facet of the project has not yet been developed as fully as its other components, but the ECLAC secretariat and the Department of Administration and Management at Headquarters plan to define it in greater detail during the review of the proposed budget for the 1998-1999 biennium and in the first few months of 1998. It should be noted, however, that the measures recently adopted by the Controller in order to facilitate the transfer of budgetary resources from one line to another⁹ and the way in which the proposed ECLAC budget for the forthcoming biennium has been structured (see paragraphs 14 and 15) both point in this direction, i.e., towards granting the secretariat greater flexibility in the use of its resource allocations within the parameters established by the regulations and provisions governing the entire United Nations.

c) New approaches to accountability and *ex post* evaluation

10. The delegation of greater authority and responsibility provided for by this pilot project is balanced by the establishment of an integrated system of accountability. This system should clearly specify levels of responsibility, objectives, and the monitoring, supervisory and auditing mechanisms to be employed, including periodic reports and performance indicators; in addition,

⁸ In this connection, emphasis is placed on the Executive Secretary's direct responsibility for ensuring that appointments and contract extensions are in accordance with the General Assembly resolutions regarding geographic distribution and gender balance.

⁹ Resources may now be transferred from one budget line to another if the purposes of the two are compatible or if the Executive Secretary states that it is necessary in order to execute the programme of work.

a scheme of incentives and sanctions needs to be established. The Commission's responsibilities and accountability apply to three different levels. First, the delegation of authority by Headquarters to ECLAC signifies that the Executive Secretary, as the most senior administrative officer of the Commission, bears principal responsibility and accountability for the implementation of the pilot project; in turn, within ECLAC, division Chiefs and Directors are accountable to the Executive Secretary for the authorities and functions delegated to them. Second, ECLAC is responsible for and accountable to internal and external oversight bodies, i.e., the Office of Internal Oversight Services (OIOS), auditors, ACABQ and CPC. Third, ECLAC is accountable to its member countries, to which it submits periodic reports on its activities at intergovernmental forums.

11. A basic requirement for the effective functioning of an integrated system of accountability is that of ensuring the availability and speedy flow of information, key concerns for good management and the decision-making process. In the context of the pilot plan, ECLAC will adopt a computerized management information system based on the most advanced information and communications technology available to the Commission. This will facilitate modernization and access to relevant data for decision making, monitoring and evaluation. Such a system not only provides all the information required to follow up progress in the implementation of the programme of work, but makes it possible to evaluate output impact and results. It will also facilitate accountability, both at Headquarters and at ECLAC itself, through economic, efficient and effective use of resources and output delivery. It can also serve as an "early warning", enabling corrective measures to be taken where necessary. More than being a simple automation of work, this system will contribute substantially to greater transparency and, above all, to the progressive promotion of a new, results-oriented management culture. With this initiative, ECLAC will contribute to creating what the Secretary-General in his reform programme calls "an electronic United Nations".¹⁰

12. Another area to which ECLAC would pay special attention would be performance indicators. Managers at both Headquarters and ECLAC and in the member countries require a balanced presentation of indicators, allowing them to visualize the Organization from different perspectives at the same time. Output quality and effectiveness, "client" satisfaction, innovation and the characteristics of the human resources available are more relevant indicators in defining a new organizational strategy than indicators of a purely financial nature or input accounting. The indicators should translate ECLAC's mission and strategy into tangible objectives and approaches. Based on a strategic planning process intended to establish the output objectives of the programme of work and to identify the users, indicators will be elaborated that will make it possible to evaluate the quality, appropriateness and impact of ECLAC's work. In this context, it is important to emphasize the role of the member countries. In the final analysis, they are the 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 bodies established to encourage the necessary feedback between the Commission and its main "clients".

¹⁰ "Renewing the United Nations ...", op. cit., paragraphs 244-247.

13. As has already been stated, it is indicated in the Secretary-General's proposed programme for reform of the United Nations that the Organization should shift from an *ex ante* financial monitoring system of accountability to one of evaluating results achieved. In this respect, and with the aim of strengthening the Organization's management systems, the Secretary-General is proposing that the United Nations place greater emphasis on results in its planning, budgeting and reporting processes. For its part, the General Assembly should move the budget of the United Nations from input accounting to accountability for results.¹¹ The aims of the ECLAC proposal are fully compatible with this proposal of the Secretary-General, since the ECLAC proposal is based on wide experience acquired in the execution of projects financed from extrabudgetary funding.

d) New human resource costs structure in the proposed budget for the 1998-1999 biennium

14. It is expected that ECLAC, like the rest of the Secretariat, will lose some permanent posts in the 1998-1999 biennium if the General Assembly accepts the Secretariat's proposal (14 Professional posts and 30 General Service posts). Nevertheless, in spite of the resulting considerable reduction in human resources, ECLAC plans to maintain the same output volume, using for this purpose a new approach which would consist in combining the work of the staff of the Organization with advisory services and outsourcing of some items.

15. The reduction in the number of permanent posts and the greater availability of funds for outsourcing to consultants and temporary assistance are apparent from a comparison of the percentages of the 1996-1997 and of the 1998-1999 biennium budgets that are allocated to the various categories of human resource expenditure:¹²

	1996-1997 Percentage of total budget	1998-1999 Percentage of total budget
ECLAC budget	100.00	100.00
Short-term contractual staff	1.28	1.95
Consultants	0.41	0.76
General Service salaries	40.41	36.31
Professional salaries	42.74	42.70

Thus, the regular budget allocation to ECLAC's technical cooperation programme will increase in the next biennium by 31%. As can be seen, the proposed budget is in line with the approach

¹¹ Ibid., paragraph 240.

¹² The figures for 1996-1997 biennium correspond to revised appropriations and authorized allotments; the figures for the 1998-1999 biennium are based on projections before recosting.

foreseen in the original proposal contained in Note by the secretariat LC/G. 1962, of 18 April 1997.¹³

16. The members of the ad hoc working group will note that the measures contemplated in this first phase of the pilot plan are relatively modest in scope, since they all fall within the attributions of the secretariat. At the same time they reflect a firm determination to improve resource management and output generation. Budgetary and financial provisions that would have to be approved by intergovernmental organs have not so far been included. This cautious introduction of decentralization is consistent with the Secretariat's original proposal for a "gradual transition towards this approach ..." in order "to engage in a managed, limited-scope test in the 1998-1999 biennium".¹⁴

17. To sum up, the measures taken by the secretariat since June of this year are fully compatible with the guidelines received from the member States at the last session,¹⁵ the ad hoc working group and the Committee of the Whole.¹⁶ The final goal is the provision of the largest possible volume of high-quality outputs with the resources allocated to ECLAC in the 1998-1999 budget, taking into account the priorities of the member Governments. The components of the pilot management project seen and approved by the ad hoc working group at its meeting in June represent a significant contribution to the achievement of this goal.

¹³ Review of recent reforms adopted by the Economic Commission for Latin America and the Caribbean (LC/G. 1962), Santiago de Chile, ECLAC, 18 April 1997.

¹⁴ Ibid., paragraph 20, page 5.

¹⁵ See ECLAC resolution 553(XXVI).

¹⁶ See: Committee of the Whole resolution 563(PLEN.21); Report of the twenty-first session (LC/G.1976 (PLEN 21/2)), op. cit.; Report of the second meeting of the ad hoc group ... (LC/G.1977), op. cit.

ANNEX

UNITED NATIONS
INTEROFFICE MEMORANDUM

DATE: 8 September 1997

TO: Mr. Gert Rosenthal, Executive Secretary
Economic Commission for Latin America and the Caribbean

FROM: Joseph E. Connor, Under-Secretary-General
for Administration and Management

SUBJECT: Pilot project on delegation of authority in the area of Human Resources Management to the Economic Commission for Latin America and the Caribbean

1. Consistent with the Secretary-General's management reorganization proposals, contained in documents A/51/829 and A/51/950, I am pleased to propose the commencement of a pilot project for delegation of authority in the area of Human Resources to the Economic Commission for Latin America and the Caribbean (ECLAC), for the period 1 October 1997 to 30 September 1998. 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. The project should be a decisive step in shifting the United Nations' programme budget from a system of input accounting to results-based accountability.
2. This delegation of authority to ECLAC should be seen in the light of the need to provide an integrated, responsive and effective service to the programme managers of the Economic Commission, so that, in turn, they can discharge their own programme responsibilities in a more effective manner. It is the intention of the Secretary-General to have the Office of Human Resources Management (OHRM) increasingly focus on the development of new policies and practices to meet the changing needs of the Organization in planning for the future, performance and career management, gender balance, and policy setting. At the same time, OHRM will monitor the global application of guidelines, standards, the Staff Regulations and Rules, General Assembly resolutions and common system elements.
3. The question of delegation of authority was recently noted by the General Assembly in its Resolution 51/226, which requested *inter alia* that before delegating authority to programme managers mechanisms are put in place to monitor and control such delegation. In this regard, OHRM will provide the necessary guidelines and policies as well as the required training. I understand that you will strengthen the Personnel Section at ECLAC to allow it to absorb the additional delegation. The Assembly also requested that systems of accountability are put in

place before further delegation is granted. It is in this light, that we noted and agreed to your proposal for a phased approach to delegation of authority to ECLAC, which is the first Economic Commission in such pilot project. An evaluation of this pilot project will be conducted in October 1998, on the basis of which the proposed level of delegation will be revised with mutual agreement between the Department of Management and ECLAC headquarters.

4. The additional delegation is being given to the Executive Secretary of ECLAC on the understanding that he will, in turn, delegate actions to Chiefs of substantive and administrative Divisions, as appropriate, in a manner that allows them to discharge fully the required degree of responsibility and accountability for the range of actions taken. In particular, in the case of the Chief, Division of Administration, and the Chief, Personnel Section, both officials remain fully accountable to the Executive Secretary, according to line authority, but will, nevertheless, be accountable to the Assistant Secretary-General for Human Resources Management, for the discharge of their substantive responsibilities in human resources management.

5. As you will understand, the most far-reaching and innovative items included in this pilot project are those related to recruitment, placement and promotion of Professional staff up to the P-4 level, which is unprecedented in the Secretariat. Under this pilot project, such actions will be approved by you, as the Executive Secretary of ECLAC, on behalf of the Secretary-General, upon endorsement and unanimous recommendation of the local Appointment and Promotion Committee (APC) or upon referral to the Appointment and Promotion Board, for cases where the local APC did not endorse the case or did not make a unanimous recommendation.

6. Appointments and Promotions to the PI, P-2 and P-3 levels, continue to be governed by General Assembly Resolutions 49/222A and 51/226 as well as the relevant administrative instructions which may be issued on these subjects. The authority to grant exceptions to those provisions will remain with the ASG, OHRM.

7. As regards vacancy announcements, OHRM will continue to circulate such announcements globally, upon receipt from ECLAC of the draft vacancy announcements. OHRM will hold ECLAC responsible for respecting existing restrictions in respect of candidates from over-represented countries and for applying the normal standards of recruitment. Gender balance targets set by the Secretary-General and the General Assembly must also be respected. In cases where the normal standards and policies may not apply, consultation with OHRM will be necessary to coordinate and maintain global standards in the recruitment process.

8. Appointments of staff should continue to be made in accordance with policies issued by management according to General Assembly resolutions. The delegation to approve appointments places upon you, as the Executive Secretary and Head of Department, the full personal responsibility and accountability for meeting goals for geographic and gender distribution. Should ECLAC consider proposals, at the eligibility stage, to recruit nationals from over represented nationalities, such proposals should be submitted to the Assistant Secretary-General for Human Resources for clearance.

9. Approval to eliminate the Departmental Panel in ECLAC, is subject to agreement by the Staff Representation in ECLAC, an amendment to ST/AI/413, and the approval by the Secretary General of the report of the 21st Session of the Staff-Management Coordination Committee.

10. As regards the approval of agreed terminations for staff in the general service category, including for staff with permanent appointments, under staff regulations 9.1 and 9.3 (a), and to reduce the costs involved, I recommend that ECLAC consider the possibility to block the posts vacated as a result of such terminations, for a period up to the number of months for which the termination indemnity is paid.

11. The following Annexes are attached as an integral part of this delegation of authority:¹⁷

- Annex I: Additional delegation of Authority to ECLAC;
- Annex II: Additional delegation of Authority to ECLAC, to be considered in the future,
- Annex III: Monitoring requirements;
- Annex IV: OHRM Guidelines for granting Special Post Allowance;
- Annex V: OHRM Recruitment Guidelines.

Where required, OHRM will, prior to the commencement date of this Pilot Project, provide to ECLAC additional guidelines for all other subjects of this additional delegation of authority.

12. To facilitate monitoring, written records should be maintained of the meetings of the APC at ECLAC, as well as of the deliberations of the SPA Committee to be established at the Commission's headquarters. Monitoring will include reviews of personnel actions and staffing tables, which will continue to be provided by ECLAC on a monthly basis. IMIS database analysis, and on-site visits to ECLAC will also be critical to our monitoring efforts. During such visits, we request that OHRM staff be granted full access to personal files and other materials as required. Such monitoring is necessary to enable us to reply to questions from such bodies as the ACABQ or the Fifth Committee, and to keep us informed of progress.

13. The delegations of authority in the financial and procurement areas ECLAC has submitted for consideration in this pilot project are currently being studied by the Controller and other senior staff in the Department of Management, and we will revert on this shortly. We are also awaiting your proposals on performance measurement indicators to complete the remaining aspects of the Pilot Project.

14. In closing, let me express my appreciation to you and your colleagues in accepting this increased delegation of authority and the responsibilities and accountability involved. I hope that this additional delegation of authority and supporting measures will help you and your colleagues in meeting the task of improving services to programmes and offices. Please do not hesitate to

¹⁷ These annexes have not been included here because it is felt that their level of detail goes beyond the purposes of this note. They will, however, be made available to any delegation wishing to consult this material.

let me know if you need any clarification regarding the areas of new authority. I look forward to working with you closely on this aspect of management which, we expect, might serve as an example for increased delegations of authority to other overseas offices with similar organizational structures.