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## **Management reforms: review of progress**

### **Report by the Secretariat**

1. This document summarizes progress made since the report to the seventh meeting of the Programme, Budget and Administration Committee.<sup>1</sup>
2. Since January 2008, preparations for the introduction of the global management system have been progressing. The system, which has WHO's results-based framework at its core, will shape the way the Secretariat works and is intended to improve the efficiency and effectiveness of programme delivery. It will help to streamline processes for planning, programme implementation, budgeting, financing, human resources, procurement and logistics, enabling the Organization to use its financial and human resources more efficiently. Although work remains to be done in order to realize the full potential of the system, several years of planning and preparation are about to bear fruit.
3. Much of the Secretariat's management-related work over recent months has focused on matters linked to the global management system; however, efforts have also continued in other areas, namely: planning, financing, human resources, operational support, accountability and performance management.

### **GLOBAL MANAGEMENT SYSTEM AND GLOBAL SERVICE CENTRE**

4. The global management system is now in the final stages of preparation. The first offices to introduce the system will be headquarters, its outposted offices, the Regional Office for the Western Pacific and the global service centre in Malaysia. Following this, it will be introduced in the regional offices for Africa, South-East Asia, the Eastern Mediterranean and Europe over a period from late 2008 into 2009. The Regional Office for the Americas will join the system at a later date.
5. Training for use of the system began in April 2008. All staff members are receiving training adapted to their roles and responsibilities. Training is based on a combination of instructor-led classes and self-study and/or online materials. The training exercise is vast, covering staff both at headquarters and in the field; initially, in a seven-week period, more than 3500 staff are expected to participate.

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<sup>1</sup> Document EBPBAC7/2.

6. In parallel, the global service centre in Malaysia has been established and will become fully operational in June 2008. Its 190 staff members have been recruited, and are currently undergoing training and participating in testing activities. The centre will begin processing transactions in the areas of human resources, payroll, procurement and accounts payable services for the first offices that begin using the global management system in June 2008. The geographical coverage of the services of the centre will expand as the other regional offices start using the system.

7. The operational standards and procedures of the global service centre are being finalized, in a process that includes the development of standard operating procedures and service-level agreements for all functional areas represented in the centre.

8. Although the introduction of the global management system and the establishment of the global service centre will greatly strengthen WHO's ability to implement programmes and improve its ways of working, certain risks have been identified. These include the following:

- Technical risks: teething problems could appear after the system is launched and will need to be resolved. Support systems are being strengthened in order to mitigate these risks in the early stages. Furthermore, in some field locations, the information technology infrastructure will be further strengthened in order to ensure that the required technical capacity is available to operate under the system.
- Behavioral issues: it will take time for staff to become familiar with the electronic workflows and ways of working. Training will assist people to become used to the new system and familiarize them with their new roles and responsibilities.
- Delays in harnessing the full power of the system: it will not be possible to gather full data sets and thus realize the full potential of the system until the entire Organization is using the global management system.

9. In order to ensure that the Organization is ready for the change to the global management system, regular support and information have been provided in order to facilitate the preparatory work of technical units and regional offices.

### **Planning and partnerships**

10. The Secretariat continues to improve its results-based management framework. Special efforts have been made to improve the Programme budget performance assessment. A Quality Assurance Committee, which includes external members, has been established to review all the reports of areas of work for the biennium 2006–2007; committee members' comments have helped to sharpen the performance assessment report. The committee also set out lessons learnt and made recommendations for improving assessment and reporting activities for the future.

11. In implementing the Programme budget 2008–2009, enhanced budgetary discipline will be exercised. All organizational entities will have to adhere to their budget ceilings. As it is recognized that the Organization will need to be able to respond to new requirements over the biennium, requests to revise ceilings are submitted to the Director-General for her approval, thereby ensuring that any such revision takes into account the situation across the Organization. Furthermore, funding will only be accepted for those activities that have been included in workplans based on the Programme budget 2008–2009 and the Medium-term strategic plan 2008–2013, endorsed by the Sixtieth World Health

Assembly. In order to be able to respond to outbreaks and emergencies, a process has been put into place to make exceptions for such contingencies.

12. Planning has begun for the Proposed programme budget 2010–2011, whose format will be similar to those of the Programme budget 2008–2009 in order to ensure continuity and comparability across the bienniums. Special attention is being given to improving the quality and measurability of indicators so that they form a solid basis for monitoring and evaluation. The Proposed programme budget 2010–2011 will be discussed by the regional committees in September and October this year, before being considered by the Programme, Budget and Administration Committee and the Executive Board in January 2009; it will subsequently be submitted to the Sixty-second World Health Assembly in May 2009.

13. The contribution of partnerships to the Proposed programme budget 2010–2011 is being carefully reviewed in order to identify those partnerships that should be included in the Programme budget. As a result, the Proposed programme budget 2010–2011 will be clearer and more transparent.

14. In order to ensure that the Programme budget is fully financed, the Secretariat has been working to ensure the receipt of more flexible and predictable resources. In this regard, the establishment of the WHO Core Voluntary Contributions Fund, made up of voluntary contributions that are either fully flexible or earmarked only at a high level, has been of major importance. An organization-wide advisory group on financial resources will manage these core voluntary resources.

## **Financing**

15. As highlighted in the last document on management reforms submitted to the Programme, Budget and Administration Committee in January 2008,<sup>1</sup> WHO continues to face difficulties in financing its corporate management and administrative support functions (e.g. governing bodies, planning, financing, human resources, information technology, and infrastructure) under strategic objectives 12 and 13. Several factors have contributed to this situation, including the following:

- a significant shift in the overall financing mode of WHO, with voluntary contributions becoming the principal source of funding for the Organization<sup>2</sup>
- an inadequate average rate for programme support costs<sup>3</sup>
- the exchange rate<sup>4</sup>
- growing needs for corporate support functions (resulting in, for example, higher security costs), capital investments and increasing numbers of intergovernmental and other governing body meetings.

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<sup>1</sup> Document EBPBAC7/2.

<sup>2</sup> The accounts for the biennium 2006–2007 show that 79% of the Programme budget was financed through voluntary contributions. In the biennium 1998–1999 the corresponding figure was about 50%.

<sup>3</sup> Currently below 7%.

<sup>4</sup> For example, the real value of assessments in the biennium 2008–2009 is about US\$ 250 million lower than in the financial period 2002–2003 owing to the falling value of the US dollar.

16. One way in which the Organization responds to financing difficulties is by ensuring that there is better corporate planning and harmonization between different offices. Greater budgetary discipline is being imposed in order to improve cost-efficiency. In addition, greater attention is being paid to the cost of implementing voluntary programmes in order to ensure that all costs directly related to programme implementation are charged to these programmes.

17. With the introduction of the International Public Sector Accounting Standards, endorsed by the Health Assembly in resolution WHA60.9, the Secretariat shall present to the governing bodies next year proposed changes to the Financial Regulations effective as from 1 January 2010, including the concept of one integrated budget. Under the proposed revised Financial Regulations, there would also be annual audited accounts prepared under the International Public Sector Accounting Standards on the accrual basis, albeit with a biennial budget prepared as now on a cash basis.

### **Staffing**

18. A streamlined recruitment and selection process was introduced in 2007 on a trial basis at headquarters. The results are being evaluated with lessons learnt and resulting improvements being incorporated into the regular processes. Changes include the use of standing panels to make selections for more than one post together with a greater emphasis on the use of generic vacancy notices covering more than one position. The roles and responsibilities of different parties in the process have also been more clearly defined. It is hoped that these measures will be adopted by other parts of the Organization in order to ensure a more consistent approach to recruitment and selection.

19. A more standardized and systematic approach is also being taken to the selection and appointment of heads of WHO country offices. The aim is to improve the quality of the selection, appointment and re-assignment processes in respect of heads of WHO country offices and to ensure that the selected managers have the right competencies to carry out their duties and improve WHO's performance at the country level. A key to the new approach is the establishment of a global roster of candidates at the level of head of WHO country office, together with mechanisms for screening and assessing them thoroughly. It is foreseen that the global roster will be functional in 2009.

### **Performance and accountability**

20. The chain of responsibility for achieving the results proceeds from the Director-General to Regional Directors, Assistant Directors-General and managers in the Secretariat. With the launch of the global management system, responsibility, authority and accountability will be tightly linked so that managers will have the authority over the financial and human resources needed for the work for which they are responsible.

21. Managing staff performance is important: it enables the Organization better to deliver the results to which it is committed. The Organization is placing increased emphasis on the need to improve performance management; recent initiatives include provision of guidance to ensure a better alignment between organizational and individual objectives; enhanced monitoring of the performance assessment process at the individual level; establishment of performance indicators at the office level in order to ensure a regular monitoring of overall organizational effectiveness; enhanced training; and re-establishment of 360-degree feedback for senior managers.

**Operational support**

22. WHO is facing serious challenges in financing its capital and safety- and security-related investments, mainly because of increasing needs and past decisions to defer some projects owing to lack of funding. Ensuring adequate funding for repairs, maintenance and other safety and security measures is, however, crucial to mitigating risks and guaranteeing the safety and security of staff as well as to efficient programme delivery.

23. Several essential security and capital investments are needed. The Capital Master Plan, although noted by the Health Assembly last year, remains substantially unfunded, jeopardizing the Organization's ability to implement the plan. The Organization also faces serious difficulties in meeting the United Nations minimum operating security standards for its offices and vehicles. A separate review is currently assessing overall needs, associated costs and the consequent impact on the Organization of the lack of adequate funding.

**ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE**

24. The Committee is invited to note the report.

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