![World Health Organization logo]

PROGRAMME, BUDGET AND ADMINISTRATION   **EBPBAC17/2**
COMMITTEE OF THE EXECUTIVE BOARD   **7 December 2012**
Seventeenth meeting
Provisional agenda item 3.1

General management: update

Report by the Secretariat

1.   This update summarizes progress made by the Secretariat in addressing various managerial and administrative issues since the sixteenth meeting of the Committee in May 2012. As requested,[1] this report presents a comprehensive update on the Global Management System. It also gives updates on WHO's information technology functions and expenditure thereon and on enterprise risk management. Finally, the report outlines progress made in the study of the actual costs of administration and management of the Organization, and makes proposals for improving their financing, as was requested by the Executive Board in November 2011 at its special session on reform.[2]

GLOBAL MANAGEMENT SYSTEM: UPGRADE

2.   The technical upgrade project for the Global Management System, launched in April 2012, is progressing as planned. According to the earlier decision by the Secretariat to de-link the system changes from the technical upgrade, relatively few system changes are being introduced. The upgraded System is expected to be ready for use in the first half of 2013.

3.   The technical upgrade of the System is considered as a mandatory part of Oracle's application road map. Its scope entails upgrading the existing software from Oracle E-Business Suite Release 11.5 to Release 12.1 without major changes to the existing business processes. Through this technical upgrade, WHO will remain eligible for the highest levels of the manufacturer's product support for the Global Management System and will stay up-to-date with technological advances.

4.   Since the Committee's sixteenth meeting, a limited number of changes have been made to the project's scope in order to ensure improvements in specific areas. The changes include:
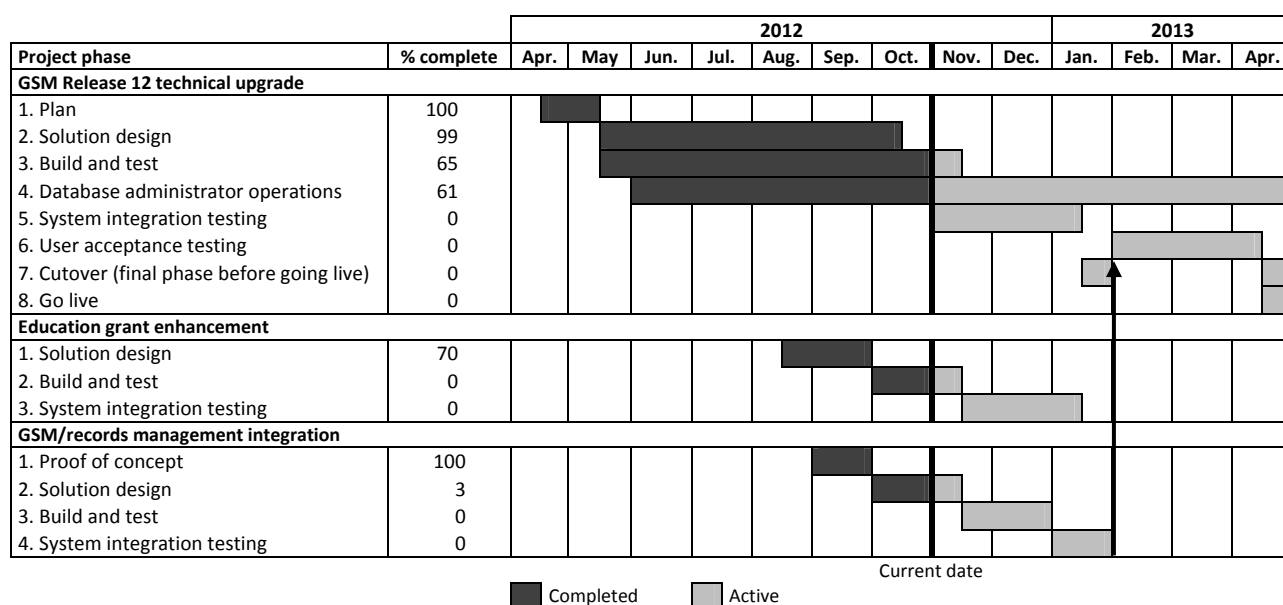
    (a)   the integration of the Global Management System with the records management system (using OpenText's LiveLink product), in order to connect the two systems seamlessly so as to facilitate the uploading, classification and storage of documents, and

    (b)   simplifying the user interface and steps involved for education grant, and facilitating the automatic integration with the payroll function.

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[1] See document EB131/2, noted by the Executive Board in document EB131/2012/REC/1, summary record of the first meeting, section 4; see also document EB132/28 Add.1 for information on foreign exchange risk management.

[2] See decision EBSS2(3).

5.   The Figure depicts the timeline for the high-level phases of the upgrade project and the current status as at end-October 2012.

Figure. High-level project phases and status

Project phase	% complete	2012									2013			
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
GSM Release 12 technical upgrade														
1. Plan	100													
2. Solution design	99													
3. Build and test	65													
4. Database administrator operations	61													
5. System integration testing	0													
6. User acceptance testing	0													
7. Cutover (final phase before going live)	0													
8. Go live	0													
Education grant enhancement														
1. Solution design	70													
2. Build and test	0													
3. System integration testing	0													
GSM/records management integration														
1. Proof of concept	100													
2. Solution design	3													
3. Build and test	0													
4. System integration testing	0													

Current date

■ Completed   ▨ Active

6.   Two phases focus on ensuring the quality of the system:

(a)   system integration testing; this will be done by the external consultants (System Integrator) and WHO's Information Technology team in order to ensure that the system is functioning correctly before it is handed over for end-user testing. This phase started in early November 2012 and is scheduled to be finished by mid-January 2013, and

(b)   user acceptance testing; this will entail testing by business subject matter experts in order to ensure readiness of the system for general use before it goes live, in other words that it functions in accordance with the specifications and defined requirements. This testing will be organized simultaneously in headquarters and all regions except the Region of the Americas between early February and mid-April 2013.

7.   Work on change management to support the technical upgrade has also begun. A network of regional focal points for change management has been set up in all the regional offices that are involved, and is being used in the preparation of the essential communication messages to support the upgrade. Intranet newsletters and a web site, demonstrations and lunch-time seminars are being planned in order to keep staff members informed about the changes that the upgrade will bring.

8.   Apart from the new features, no separate training is envisaged in the context of the upgrade. The existing programme will continue as planned at headquarters and in all the regions that are involved throughout 2013. In early 2013, the regular training sessions will be based on the new version of the Global Management System, in order to facilitate the launch of the new release. Training materials and step-by-step guides will be adapted to reflect the changes in the new release. Overall, training will be increasingly targeted at those staff members who have the highest record of rejected or failed operations across the various modules.

9.   The current planned cost of the technical upgrade is US$ 5.3 million. A further US$ 2.8 million for related change-management and training activities will be covered by the global staff development allocation, with most of the money being directed to the regions for training initiatives and the rest funding the re-working of training materials and the creation of online learning courses.

10.   The Secretariat is currently analysing what effects meeting the requirements arising from the proposed changes to WHO's results-based management framework will have on the Global Management System. One specific consequence is that the terminology of the result-hierarchy structure will have to be changed (e.g. from "Strategic objective" to "Category") without altering the underlying results management logic or process. Areas that could be affected include strategic planning, operational planning, workplan management and monitoring. The expected changes are likely to include reports, transaction screen functionality and the creation of a new design with some data mapping/transformation requirements. These changes will need to be managed though training and communication, revision of relevant standard operating procedures, guidelines, and training materials.

11.   The Secretariat has carried out detailed studies to identify future opportunities for reducing customization in the Global Management System. It is foreseen that, once the technical upgrade has been completed, the work in this area will be continued. Potential benefits of moving towards a standard functionality include: overall reduction in complexity, savings in support and maintenance, improved performance, new business opportunities through new standard functionalities, and smoother upgrades for future releases. These benefits have to be weighed against the costs and effort that come with any changes in business process and systems. Proposals for potential removal of customized functions in the System will be drawn up in 2013.

INFORMATION TECHNOLOGY IN WHO

12.   WHO's business cannot be carried out effectively and swiftly without the use of information technology. It helps the Organization to achieve its strategic health and administrative goals by providing a technological infrastructure and targeted applications for the whole Organization.

13.   Providing information technology services to the whole Organization has a cost. For the biennium 2012–2013, the total planned cost of providing information technology services across the Secretariat in order to ensure that the infrastructure is secure and that applications and support services run smoothly is estimated to be US$ 97.7 million for headquarters and regional offices. Most of this money is spent on basic services such as infrastructure (global and local) and corporate systems such as the Global Management System. The rest is allocated for local systems, reporting and collaboration for health programmes.

14.   The Secretariat has also embarked on a full costing study for information and communications technology, which is part of a United Nations-wide effort to review information technology costs. The study covers costs in all major offices, country offices, out-posted offices and functions embedded within health technical units. Once the study is completed, the Organization will be able to benchmark its total investment in information technology against a common standard within the United Nations system. Additional analysis of costs across WHO will be provided as part of the study that addresses the cost of administration and management in WHO (see paragraphs 22–25 below).

15.   In accordance with the Director-General's decision on information technology in WHO in 2012, the Secretariat has instituted various modernization initiatives and cost efficiencies through savings.

16.   In the short- to medium-term, the Secretariat is planning to ensure growth through:

(a)   creation of common development teams in low-cost locations;

(b)   management of the global network by increasing resiliency and security;

(c)   improvement of infrastructure to use new technologies that lower costs and improve maintenance and support.

17.   In the long-term, the Secretariat is planning for:

(a)   the next generation ("borderless") network, allowing seamless collaboration and communication;

(b)   desktop virtualization and data centre consolidation, thereby reducing capital costs;

(c)   preparation of a road map for transforming the Global Management System that is focused on simplifying the System's landscape, advancing reporting capabilities, enhancing internal controls and compliance, and improving system performance;

(d)   consolidation of software applications, thereby reducing duplication and giving economies of scale.

ENTERPRISE RISK MANAGEMENT

18.   Since the Committee's sixteenth meeting, the Director-General has approved the establishment of a Compliance and Risk Management Unit in her Office. A priority action to be taken by the new unit is to validate the proposed risk management framework and to ensure its consistent implementation throughout the Organization, supported by strong risk management training and support. It is recognized that, even though the aim of the Secretariat is to mainstream risk management into the daily business processes and practices, these efforts need to be centrally coordinated and championed at the highest level of the Organization.

19.   The identification and assessment of risks are clearly linked with the associated internal controls put in place. Having a systematic and sustainable approach to managing risks throughout WHO is therefore also critical for the Secretariat's ongoing efforts to enhance its internal controls.

20.   Experience gained from implementing the risk management process in the administrative area as well as lessons learnt from other comparable organizations have guided the further development of the Organization-wide risk management framework. Guidance is also being sought on a regular basis from the Independent Expert Oversight Advisory Committee.

21.   As indicated in the General Management update considered by the Committee in May 2012,[1] the Secretariat has worked on a corporate risk framework and a register for corporate risks. Work continues daily to mitigate the risks. The overall framework will be reviewed and validated by the newly created unit (paragraph 18), but major components of the framework, such as the escalation structure and the categorization of risks, have been developed already. The risks on the register are currently being reviewed by the Secretariat's senior management. Once the risk register has been

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[1] Document EBPBAC16/2.

completed, the next step will be the formal assignment of risk owners and the development of a plan of action for each risk to reduce the probability and the potential impact of the risk to a level corresponding to the Organization's risk tolerance.

UPDATE ON THE STUDY OF THE COSTS OF ADMINISTRATION AND MANAGEMENT IN WHO

22.   The Executive Board noted that the Programme, Budget and Administration Committee at its sixteenth meeting had approved the terms of reference for a study of the administrative and managerial costs in WHO, with some additional points relating to the terms of reference to be included.

23.   Accordingly, the Secretariat created a project team under the leadership of the Comptroller to issue a public tender to select an external expert to conduct this study and to act as the steering committee for the work. This team comprises staff members from the General Management cluster and two regional offices. Following the completion of this tender, a contract was awarded to the accountancy firm PricewaterhouseCoopers to conduct the study, with a preliminary report to be prepared by the end of November 2012.

24.   PricewaterhouseCoopers' financial experts are reviewing the budgets of strategic objectives 12 and 13, as well as actual costs, and are drafting proposals for the better management of these costs and appropriate financing. This review covers existing financing arrangements such as programme support costs and post occupancy charges, and possible alternative methods for cost recovery.

25.   The interim findings of the review were shared with the Independent Expert Oversight Advisory Committee at its eighth meeting (5–7 November 2012), and the recommendations will be submitted to the Programme, Budget and Administration Committee.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

26.   The Committee is invited to note the report.

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