
Management reforms: review of progress

1. This report focuses on two main management reforms, the Global Management System and the risk management framework. At its eleventh meeting in January 2010, the Programme, Budget and Administration Committee of the Executive Board requested the Secretariat to provide additional information and analysis regarding the costs and benefits of implementing WHO's enterprise resource planning system, the Global Management System, and the impact that the System had had on the work of the Organization at different levels.¹ An update on progress made was provided to the Committee at its twelfth meeting in May 2010,² with a more comprehensive discussion on this topic planned for the thirteenth meeting in January 2011.

2. The Committee was briefed about WHO's efforts to implement an enterprise risk management framework within the General Management cluster during its twelfth meeting in May 2010, and in its report to the Board noted the request for regular updates on progress in that area.³

THE GLOBAL MANAGEMENT SYSTEM

Current status

3. The Global Management System began operating on 1 July 2008 at the following locations: headquarters, the Global Service Centre in Kuala Lumpur and the Western Pacific Region. Since January 2010, the System has been fully operational also in the South-East Asia, European and Eastern Mediterranean regions. The Region of the Americas together with the Pan American Health Organization resolved, in their 50th Directing Council in September 2010, to endorse the modernization of the Pan American Sanitary Bureau management information system rather than joining the Global Management System.⁴ The African Region will thus be the last of WHO's regions to join the System.

4. The preparations for full implementation of the System in the African Region are ongoing, with a rollout target set for January 2011. Following previous practice in the Eastern Mediterranean, European and South-East Asia regions, a comprehensive review process is guiding the final introduction stage.

¹ See document EB126/3.

² See document EBPBAC12/2.

³ See document EB127/2010/REC/1, summary record of the first meeting, section 4.

⁴ See documents CD50/7, CD50/7, Corr. and resolution CD50.R10.

5. Several functions have already been introduced for staff in the African Region during 2010, including payroll processing for staff with temporary contracts; creation of the local supplier database; and a self-service module that enables staff members to access their personal details and payment information. Additionally, opportunities for intensive sharing of knowledge, and for training have been organized for staff members to ensure that they are equipped with the necessary skills to operate the System and understand the new business processes.

6. The Project Board will meet in November 2010¹ to assess the readiness of the African Region for Global Management System implementation and to make a final decision on its timing. Due to the Region's size – significant both in terms of operations and staff – this represents an important milestone for WHO. Once the African Region has joined the System, approximately 8633 WHO staff members will be using the same integrated system across the world.²

Impact of the Global Management System

7. The Secretariat conducted a survey in the third quarter of 2010 among staff in all the regions that are already using the Global Management System. The aim was to learn from end-users their level of satisfaction with the System and their general perception of each of its different functional modules, and to identify potential areas of improvement. Information gathered through this survey will guide the prioritization of future system enhancements through decisions on process improvements as well as provision of training and other change management activities. The survey questions were based on the unpublished “*Vision and guiding principles*” document, from which the design and development of the System had evolved. The survey findings are therefore interpreted together with other sources of information, such as regular feedback from end-users across the Organization, Global Service Centre reports, and analysis provided by the functional networks. These combined sources have contributed to the analysis of both the benefits that use of the System has brought as well as the challenges that lie ahead.

8. The outcome of the survey indicates that, overall for the majority of staff members, the objectives set out in the “*Vision and guiding principles*” document have been achieved at least to some extent, and on balance, staff had a slightly more positive than negative sense of the realization of the objectives. However, answers differ significantly from one individual to another (from very negative to very positive) and across the geographic spread of WHO offices. The overall level of appreciation is highest among staff in the Eastern Mediterranean and South-East Asia regions, while it is lowest among staff at headquarters. This result may be influenced by a smoother regional implementation of the System in January 2010 than the initial roll-out of the System in headquarters and in the offices of the Western Pacific Region in mid-2008. Furthermore the System in 2010 was more stable with improved processes and higher quality training to offer. At the same time, however, many staff members in headquarters said that while there is still room to improve the System, they are getting more confident with it and feel that it is being developed in the right direction. End-users noted the need to further increase its user-friendliness, speed and responsiveness.

9. Overall, the survey shows the Global Management System to be more positively appreciated by those staff members who use it extensively in their work than by those who only occasionally use the System. Staff working in administrative functions identified more benefits than their colleagues

¹ An oral update on the main results of the meeting will be provided to the Programme, Budget and Administration Committee in January 2011.

² See document EB128/31 Add.1.

working in technical functions. General service staff, who fulfil many of the administrative functions in the health technical units, indicated a greater appreciation of the System benefits than the professional staff.

10. Major benefits perceived as stemming from the introduction of the Global Management System across various functional areas include (i) increased transparency across the Organization leading to increased availability of real-time information and data for decision-taking, and the potential to summarize and analyse information better; (ii) harmonized business processes reinforced by the System, leading to harmonized ways of working across the Organization; (iii) improved integration of offices leading to streamlined activities, increased efficiency, and increased cooperation and communication across offices; (iv) timeliness of data and (v) flexibility of access to allow staff to use the System irrespective of location.

11. The analysis of benefits by functional area shows a significant level of satisfaction across the Organization with the payroll, travel and finance modules. Within the programme management module, staff members' opinions appear to be divided according to their geographical location. Proposals have been made to improve the human resources module, which is highly visible and widely used. Certain improvements have also been identified in the area of procurement. Details of the results for the different functional areas are provided below.

12. In the programme management area,¹ where the Global Management System closely integrates planning, budget and finance issues, the new System has helped managers to gain a more comprehensive view. Results-based management has been reinforced and enhanced by embedding it in every workplan and financial transaction. The implementation of the System has increased opportunities for collaborative planning as well as for improved data analysis and reporting in the programme management area. Overall, appreciation of the programme management module is greater among staff in the regional offices than in headquarters.

13. In the finance area, one of the key benefits of the Global Management System is the integration between financial reporting with the reporting on results, workplans and donor contributions. The System makes it possible to report on multiple aspects from a single, integrated database (for example, by office, by result, by donor contribution, as well as statutory financial reporting). This greatly enhances the possibilities for analysis of financial information and reporting on financial performance. As all parts of the Organization use the same financial and accounting systems, financial information can be consolidated more rapidly than previously. The quality of financial information is improved (notably by facilitating the adoption of the International Public Sector Accounting Standards). These factors will ultimately bring timely, more meaningful management information to facilitate decision-making.

14. The complexity of the human resources module and the close integration of this area with planning, budgetary and finance aspects have raised challenges, some of which need to be further addressed. Long-term, however, the transparency of the System and its integrated nature will facilitate strategic human resources planning in WHO. Staff expressed strong appreciation of the self-service module, which is also part of the human resources area and which allows staff to review and update different personal information.

¹ In the survey, the human resources plan management was considered to be part of the human resources module, although the business ownership lies with programme management.

15. Staff members also expressed appreciation of the standardization and harmonization of procurement processes that the System has enforced. Their main concerns related to the duration of processes for procurement.

16. Accountability is an important component of the new ways of working introduced with the Global Management System and efforts are ongoing to enhance this further. Continued communication, information and training are needed to ensure that staff members have the required knowledge to fully assume their roles and that the needed behavioural changes will materialize. Additionally, parts of the control framework of the System will need to be further reinforced.

17. The design of the Global Management System puts planning at its centre, with fully integrated data on programmes, human resources and finance. This high level of integration is a fundamental concept and a source of both the most important benefits of the System and some process challenges. Further simplification of some processes is being undertaken to support faster processing as well as increased efficiency and effectiveness of administrative work. The headquarters' Secretariat has recently launched an initiative to review and further improve administrative business processes, to better document the underlying policies and procedures and to adjust the administrative structures, if necessary.

18. More work is needed on the quality of data in the Global Management System. This is a routine expectation in line with the size and the degree of integration of the System, and further training and system enhancements are being prepared.

Global Management System costs

19. The estimated cost of the Global Management System project at the completion of the rollout for the African Region that is planned for January 2011 is US\$ 59.62 million.

20. This amount includes the cost of all activities directly associated with the project and the full-time resources dedicated to it. It includes the costs incurred by the headquarters' central project and rollout team during the phases of the System analysis, design, build and test, and rollout (US\$ 54.53 million), together with the costs incurred for the development of the global data hub, the establishment of the International Computing Centre hosting infrastructure, and the establishment of a system to monitor the recording and documentation of user requests together with data remediation and conversion support (US\$ 5.08 million).

21. There is an incremental staff cost in the form of time spent by staff across the Organization, which is not included. Although very relevant, it is difficult to identify these costs in detail. The time spent in meetings, workshops, and events to test the System is significant but can also be seen as an opportunity cost to the Organization.

22. Additionally, an estimated amount of US\$ 9.95 million¹ will have been spent on training activities, funded from a separate staff development fund.

¹ An estimate as the training efforts in the African Region had not been finalized at the time of writing.

Conclusion

23. Overall, the development and implementation of the Global Management System has been a major undertaking for the Secretariat aimed at modernizing its management and administrative functions. The challenges of this undertaking need to be seen particularly in the overall context of reforms such as the introduction of the International Public Sector Accounting Standards, efforts to increase accountability and decentralization, and the establishment of a global service centre. The high level of integration in the System as well as the focus on global, end-to-end business processes has required careful planning and coordination between the different business areas. The new ways of working introduced with the System, based on increased decentralization of responsibility and authority, enhanced accountability as well as clearly defined and standardized roles, have required a considerable amount of adaptation and learning from staff. Efforts in this area need to continue. As the System has been implemented in several phases, the Secretariat has been obliged to work with different systems and with different levels of access to information over a period of two and a half years.

24. Overall, the experiences from WHO's implementation of the enterprise resource planning process are comparable to those of other United Nations agencies in terms of complexity and the timeframe to realize the full benefits of the new systems. WHO alone within the United Nations structure has opted for an enterprise resource planning system that has the programme management part at its core.

25. The fact that implementation is now approaching its final stages is an important milestone for the Organization. It will take more time for the Secretariat to achieve the full benefits of using the Global Management System, however, there has already been a positive impact. The administration is committed to working closely with the System's end-users to ensure that the new ways of working will be fully institutionalized across the Organization and that the remaining main associated challenges will be addressed.

Enterprise risk management

26. During 2010, the framework that was set up to manage risks in the General Management cluster has stabilized. A first full review of the overall risk management framework was conducted in the first quarter of 2010. The senior managers of the General Management cluster together with a representative from the Office of Internal Oversight Services reviewed the risk management processes. In the main part these were confirmed as being appropriate, with slight amendments made to the governance process. Those amendments mean that risks are now reviewed by a wider group of staff, including experts from the General Management cluster and the directors of administration and finance in the regional offices. This change aims to ensure that the regional viewpoints are fully taken into account for the mitigation of global risks.

27. At the end of the second quarter of 2010, a first full review of the risk register was conducted, in accordance with the risk management processes. Senior staff of the General Management cluster and the directors of administration and finance from the regional offices were invited to review the structure of the risk register and the validity of the different risks included in the register. As a result substantial changes were introduced to the risk register. Presently, risk identification and the initiation of mitigation activities continue as described above, based on the revised risk register.

28. A number of activities were initiated in 2010 to further develop and expand the risk management framework. These activities included launching discussion with WHO's regional offices

on the potential expansion of the risk framework to the regional and country offices. Under this plan, each major office would develop or refine a risk management approach for its particular region, taking the specificities of the region into consideration but at the same time introducing elements of standardization and harmonization across major offices. Where necessary, coordination between regional risks would be provided to ensure coherence in mitigation activities.

29. The integration and reflection of risk management activities in the operational planning phase of programme budgets is currently under discussion. The planned outcome of this exercise is to ensure a proper reflection of the identified risks and their agreed mitigation activities in workplans of the responsible units.

30. Challenges remain: for example, the need for a better, more unified way to determine and evaluate risks. In addition, broader engagement is needed among senior management and functional experts in the culture of risk management, such as more open dialogue on risk identification, analysis and suggested mitigation activities across functions and risks. Such a cultural shift is likely to increase the use of the enterprise risk management framework as a management tool that is firmly integrated in the daily work of the Secretariat.

ACTION BY THE PROGRAMME, BUDGET AND ADMINISTRATION COMMITTEE

31. The Committee is invited to note the report.

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