

**REVIEW OF MANAGEMENT, ADMINISTRATION AND  
DECENTRALIZATION IN THE WORLD HEALTH  
ORGANIZATION (WHO)**

**Part I**

**Review of Management and Administration of WHO**

*Prepared by*

*Istvan Posta  
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**Joint Inspection Unit**

**Geneva 2012**



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**EXECUTIVE SUMMARY****Part I: Review of management and administration of the World Health Organization****JIU/REP/2012/6****Objectives**

The objectives of the review are to give an external assessment on the management, administration practices and decentralization in the World Health Organization (WHO) and identify areas for improvement. Furthermore, the review assesses the degree of decentralization and delegation of authority between the headquarters, regional and country offices (WCOs) as well as current coordination mechanisms and interactions among the three levels. As such, the present review stands in conjunction with the earlier relevant Joint Inspection Unit (JIU) reports on these topics and takes into account their findings and conclusions to assess progress and key improvements in relevant areas. The review is to be considered as an input to the decision-making process of the Member States on WHO reform.

Since the issuance of the previous JIU report on WHO (JIU/REP/2001/5), the operation of the governing bodies and the work of the executive management has undergone significant changes aimed at better serving the overarching goal, “the attainment by all peoples of the highest possible level of health”. The increased commitment and involvement of Member States, the more open and inclusive work of the governing bodies, the strengthening of the corporate management culture, and the improved cooperation and coordination mechanisms among the three levels of the Organization has resulted in maintaining the prestige and leading role of WHO in the health sector.

However, WHO operates with limited, highly earmarked and unpredictable funding, and is challenged with responding to increasing global and country demands and health emergencies. While Member States recognize these achievements, they call for improved efficiency in governance and management of the Organization.

Successful efforts have been undertaken in recent years to improve the cooperation between headquarters and the regions and within headquarters. The establishment and the activity of the Global Policy Group (GPG) and the managerial style of the Director-General have played important roles in that regard. However, the operation of the GPG should be further institutionalized. Further steps should be taken to strengthen organization-wide coherence and horizontal coordination across clusters at headquarters and in the regions. Certain top management functions and organizational structures need further refinement. Extra emphasis should be placed on training the managers in managerial competencies and responsibilities.

Staff-management relationships function without major conflicts; staff-management consultation at the global level is regular, but needs improvement at regional level.

The introduction of the Global Management System (GSM) and the establishment of the Global Service Centre (GSC) in Kuala Lumpur have brought significant progress in transparency, better monitoring of the use of resources, and contributed to an improved managerial culture and better coherence of administrative processes in the Organization.

However, a comprehensive evaluation of the design, the operational difficulties and the lessons learned in the operation of the GSM should be carried out. WHO management should elaborate a long-term strategy for the future functioning of the Global Service Centre.

Knowledge Management in WHO benefits from the improved and centralized framework for access to information, subscriptions to scientific journals and publications. However, staff need more comprehensive training on the availability and handling of information databases, in particular at the regional and country levels. With respect to WHO publications practice, an in-depth review of publishing activities is needed to identify potential cost savings. The Inspectors call for strengthening the ownership of the WHO website and the intranet and for improving its central content management to better use its potential in knowledge management.

The areas of planning, budgeting, monitoring and resource mobilization represent key challenges for WHO. At present, the voice and priorities of the countries are not sufficiently taken into consideration, in particular for the preparation of the programme budget. A greater involvement of the regional offices and WCOs in the preparation of the organization-wide planning process would help to focus more on individual needs at the country level. The budget allocation process should be more transparent and inclusive both at the global and regional level. Furthermore, the budgeting and planning process is lengthy, cumbersome and rigid. It should be shortened, the results chain streamlined, and the ceilings should be more flexible.

Another key challenge for WHO to be addressed in the reform process is the area of Human Resources Management. The WHO contractual model, with its high number of continuing appointments, is challenged by the funding patterns, since the fully predictable assessed contributions constitute only a small portion of WHO financing, and the major part of the voluntary contributions is not predictable and with multi-year commitments. There is an urgent need to align the contractual arrangements with the realities of financing in WHO. A lack of coherent succession planning and career development, inconsistencies in the implementation of the approved HR policies, a top-heavy staff structure, the slow recruitment process, an inadequate delegation of authority in HR actions, the lack of quality controls in the Performance Management and Development System, and the inappropriate system of awards, motivation and sanctions are all issues to be addressed. There is also a need to elaborate and implement a comprehensive mobility policy across the Organization to ensure cross-fertilization. The drastic budget reductions for training and staff development in recent years are an issue of serious concern in a “knowledge-based organization”.

Besides these key challenges, the Inspectors identified a number of issues in various areas of management and administration that need to be addressed:

- In the area of finance, the major financial risks are clear (unpredictability of financing, currency fluctuations and the PSC rate) but require a decision by Member States. As a result of several changes in the budgetary process, important provisions of the financial regulations and rules need updating. The compliance and control mechanisms which have been developed in most of the regional and WCOs as well as in the GSC should be integrated into a coherent internal control framework. Attention should be paid to proper handling risks associated with Direct Financial Contributions and Agreements for Performance of work.
- In the area of operational support services, the outsourcing of certain functions and the

relocation of staff to low-cost duty stations have increased cost effectiveness. However, the Department of Operational Support and Services (OSS) policy guidance needs to be strengthened, communication with the regional offices has to be improved, and the professional networks should meet more regularly. Building management is problematic. Buildings maintenance and refurbishment needs are managed on ad hoc decisions; while some of WHO's offices do not meet the acceptable standards of security or specific requirements due to under-investment over time, the Real Estate Fund likewise does not receive adequate allocations of resources and is significantly underfunded. Long-term planning and financing are required to address these problems.

- Information technology (IT) is a key tool in facilitating effective management and administration in knowledge-based and decentralized organizations like WHO. However, the funding for the Department of Information Technology and Telecommunications (ITT) in headquarters has been significantly reduced over the last biennium. Furthermore, important global IT projects do not have a global funding mechanism and regional offices have to absorb related costs within their own budgets which leads to inconsistent and delayed implementation. At the country level, IT funding is insufficient and often IT investments are ad hoc or funded from project budgets. Global financing should be provided to secure the implementation of global projects across the Organization. Training possibilities for the IT staff in WCOs should be improved.
- The audit activity in WHO has been strengthened, a new follow-up tracking system has been introduced, and the country level audit coverage has been improved. However, taking into account the evaluation and investigation tasks to be performed by IOS, the staffing still remains well below the benchmarks suggested by JIU in various reports. Evaluation has been a weak area in WHO oversight work, with no evaluation policy and limited resources. The recently developed evaluation policy is an important step towards creating a better evaluation culture, but it does not fully meet the requirements of the United Nations Evaluation Group (UNEG) norms and standards and best practices in the evaluation function of the United Nations organizations.

To address these issues, the Inspectors have formulated 17 recommendations; 15 are addressed to the Director-General, and the two recommendations below are for action by the governing bodies.

#### **Recommendation 11**

**The Executive Board should recommend that Member States support the Director-General's efforts aimed at increasing the predictability of financing including through providing more flexible and multi-year voluntary contributions.**

#### **Recommendation 15**

**The World Health Assembly should review the long-term policy on buildings management and to provide the necessary funding for its implementation.**





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## ABBREVIATIONS

ADG	Assistant Director-General
AFRO	WHO Regional Office for Africa
AGFR	Advisory Group on Financial Resources
AMRO	WHO Regional Office for the Americas
BFO	Budget and Finance Officers
CCS	Country Cooperation Strategy
CMP	Capital Master Plan
CRC	Contract Review Committee (WHO HQ)
DAF	Directors of Administration and Finance
DGO	Director-General's Office
DDG	Deputy Director-General
EMRO	WHO Regional Office for the Eastern Mediterranean
ERP	enterprise resource planning
EURO	WHO Regional Office for Europe
FNM	Department of Finance (WHO HQ)
GIFT	Global Information Full Text Project
GMG	General Management Cluster (WHO HQ)
GPG	Global Policy Group
GPW	General Programme of Work
GSC	Global Service Centre
GSM	WHO Global Management System
HRD	Department of Human Resources Management (WHO HQ)
IEOAC	Independent Expert Oversight Advisory Committee
IOS	Internal Oversight Services
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
ITT	Department of Information Technology and Telecommunications (WHO HQ)
JIU	Joint Inspection Unit
KM	knowledge management
KMS	Department of Knowledge Management and Sharing (WHO HQ)
MTSP	Medium-term Strategic Plan
NPO	National Professional Officer
OSER	Office-Specific Expected Results
OSS	Department of Operational Support and Services (WHO HQ)
OWER	Organization-Wide Expected Results
PAHO	Pan American Health Organization
PB	Programme Budget
PBAC	Programme, Budget and Administration Committee of the Executive Board
PMDS	performance management and development system
PPCG	Publishing Policy Coordination Group

PRP	Department of Planning, Resource Coordination and Performance Monitoring (WHO HQ)
RBM	results-based management
RC	Regional Committee
RER	Regional Expected Results
SEARO	WHO Regional Office for South-East Asia
SOPs	Standard Operating Procedures
UNCT	United Nations Country Team
UNEG	United Nations Evaluation Group
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WCO	WHO Country Office
WHA	World Health Assembly
WPRO	WHO Regional Office for the Western Pacific



## INTRODUCTION

1. In 2012, the Joint Inspection Unit (JIU) conducted a review of management, administration and decentralization in the World Health Organization (WHO) in response to the WHO Executive Board decision EBSS/2/DIV/2 of November 2011 which requested the JIU to update its earlier reports on these issues.<sup>1</sup> The request is part of the ongoing efforts of the Member States and the WHO Secretariat to carry out a reform of fundamental aspects of the Organization's operations. The reform proposals prepared by the WHO Secretariat have been debated extensively both within the Organization and externally with Member States in a transparent and inclusive consultation process.

### A. Background

2. WHO was established in 1948 as a specialized agency of the United Nations system dedicated to health. Its overarching goal enshrined in its Constitution is "the attainment by all peoples of the highest possible level of health" as a fundamental right of every human being.<sup>2</sup> To this end, as stated in its General Programme of Work (GPW) 2006-2015, WHO is responsible for providing leadership in global health matters, setting standards and guidelines for international health, shaping the research agenda, providing technical support on public health to countries, and for monitoring and assessing global health trends.

3. WHO is not only one of the most universal but also the most representative of all international health organizations. Through its governing bodies, decentralized structure and extended network of country offices (WCOs), WHO is present in every region and almost every country in need and maintains close relations and networks with governments, non-governmental organizations (NGOs) and other public health partners.

4. WHO has positioned itself as the world's leading agency in health. It has accrued respect for its impartiality and strong convening power; it has affirmed its authority in providing worldwide scientific regulations and standards. The International Health Regulations, the Framework Convention on Tobacco Control and the Codex Alimentarius Commission are good examples. Many countries rely on WHO standards and guidelines in procuring medicines and diagnostic equipment.<sup>3</sup> Within the United Nations system, WHO has played a proactive role in health issues leading the engagement towards the attainment of the three health-related Millennium Development Goals (MDGs).

5. At the time of its establishment, WHO was the only global health organization. The last decade has, however, witnessed the arrival of a number of new public and private actors, initiatives and international partnerships in health, such as the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, the Global Alliance for Vaccines and Immunization, the Bill and Melinda Gates Foundation and UNAIDS, among others, which vary in nature, scope and size and have sometimes overlapping, competitive roles or functions. They are the result of the growing political and financial commitment to health of diverse stakeholders in a more complex and rapidly changing health landscape, where new actors challenge WHO's unique and previously uncontested worldwide leading role. At the same time, other international organizations such as the World Bank, UNFPA and UNICEF have expanded their role in health, and attracted significant resources for programme implementation. With more efficient, flexible resources and well-functioning replenishment models, these partners are serious "competitors" for WHO in the global health arena and WHO must strive to maintain its relevance and usefulness for Member States.

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<sup>1</sup> JIU/REP/93/2 - Decentralization of Organizations within the United Nations system, Part III: The World Health Organization, and JIU/REP/2001/5 - Review of Management and Administration in the World Health Organization (WHO).

<sup>2</sup> Preamble and Article 1.

<sup>3</sup> The 11th General Programme of Work 2006 – 2015.

6. Operating with more limited, highly earmarked and unpredictable funding, WHO faces difficult conditions for safeguarding its technical excellence and responding to global and country demands and emergencies. Its main challenge is to reconcile the need to mobilize resources, and to consult and cooperate with an increasing and varied number of public and private health actors, while at the same time preserving its authority and particularity as a normative and policy-making organization that addresses the needs of countries and defends the right to health for all.<sup>4</sup> Additionally, Member States increasingly expect that WHO should also provide technical assistance for solving concrete health-related problems at the country level. These concerns have been voiced by both Member States and WHO officials in the course of interviews with the JIU Inspectors. WHO management is aware of these challenges.

## **B. Objectives**

7. Against this background, the objectives of the present review are: (a) to provide an external assessment of the management and administration practices in WHO and identify areas for improvement as necessary as input to the decision-making process of the Health Assembly on the final shape of the ongoing reform process; and (b) to assess the degree of decentralization and delegation of authority between the headquarters, regional and WCOs, as well as current coordination mechanisms and interactions among the three levels, with a view to achieving a better alignment with the requirements of effective and efficient programme implementation. The results of the JIU review will be considered at the Executive Board meeting in January 2013.

## **C. Methodology and scope**

8. The present report consists of two parts. Part I covers the key areas of management and administration and their central structures, mechanisms and processes across the Organization. Part II focuses on decentralization. The review covers the three levels of the Organization: headquarters, including the Global Service Centre (GSC), the regional offices, and the WCOs.

9. Due to the long period of time since the previous JIU reviews were conducted, and the fundamental changes in the activities and circumstances in which WHO is now operating, a fully-fledged review was designed which went beyond the update requested by Member States. This review assesses the present operational practices of WHO management, administration and decentralization, but does not evaluate the ongoing reform process. However, available analyses of the ongoing reform process were taken into account when formulating the recommendations of the present report.

10. In accordance with the internal standards and guidelines of JIU and its internal working procedures, the methodology followed in preparing this report included a preliminary desk review of the available documentation, an inception paper, questionnaires, interviews, focus-group discussions, missions, an online staff survey, and in-depth analysis of all information gathered. The team conducted nearly 200 structured interviews with senior management and key officials of departments/organizational units, as well as with staff representatives, at headquarters, in the six regional offices and in WCOs of the Democratic Republic of the Congo, Panama, Nepal, Republic of Moldova, Egypt, the Philippines, Sudan and the Lao People's Democratic Republic, and at the GSC in Kuala Lumpur. Focus group discussions with Member State representatives from the regional groups were organized on the margin of the 65th Health Assembly in May 2012. An online survey was sent to 3,840 Professional and National Professional Officers both at headquarters and in the field to collect views on key aspects of the administration and management of the Organization and on the decentralization process. The response rate was 45 per cent and a comparison with response rate benchmarks proved that the survey can be considered representative. (See supplementary information at [www.unjiu.org](http://www.unjiu.org) for more details.)

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<sup>4</sup> A65/5.

11. In accordance with article 11.2 of the JIU Statute, this report has been finalized after consultation among the Inspectors so as to test its conclusions and recommendations against the collective wisdom of the Unit. Factual and substantive comments from the WHO Secretariat on the draft report have been sought and taken into account in the finalization of the report.
12. To facilitate the handling of the report and the implementation of its recommendations and the monitoring thereof, annex I contains a table specifying whether specific recommendations require a decision by the Organization's legislative or governing body or can be acted upon by the Director-General.
13. The Inspectors wish to express their appreciation to all who assisted them in the preparation of this report, and particularly to those who participated in the interviews and so willingly shared their knowledge and expertise.

## I. GOVERNANCE

### A. Governing bodies

14. Member States exercise corporate governance at WHO through their participation in global and regional governing bodies - the Health Assembly, the Executive Board, the Regional Committees and their sub-committees - providing strategic guidance to the work of the Organization and exercising oversight over the work of the Secretariat. In its turn, the role of WHO management is to bring key issues to the attention of Member States, to facilitate the decision-making process, the implementation of decisions, and to provide efficient secretariat services to these meetings.

15. The work of these bodies is ruled by the provisions of the WHO Constitution<sup>5</sup> and the relevant rules of procedure, which have been subject to revisions and improvements over the years. Since the last JIU review, the work of the governing bodies has undergone fundamental changes: they have become more inclusive, open and more transparent to Member States at large, and the participation of major partners and NGOs in their work has turned into everyday practice. At the same time, the efficient functioning of these bodies has become an issue to be addressed without delay by both Member States and management due to their overcrowded agendas, and the increasing number of decisions, resolutions and reporting obligations, resulting in little time left for meaningful discussions on important issues.

16. The WHO reform process has extensively covered operational problems of governance. Several analyses and proposals have been made and decisions were taken on a number of them which were summarized by Member States during the sixty-fifth Health Assembly in May 2012.<sup>6</sup> Proposals have been formulated with the objective of “rationalizing the scheduling of meetings and ensuring better alignment of governance processes, strengthening the oversight role of the Executive Boards and encouraging more strategic decision making in governing body meetings and more effective engagement with other stakeholders”.<sup>7</sup> The Inspectors consider that the analyses and proposals are a good start to improve the work of the governing bodies but concrete actions and measures are needed primarily from Member States to have them implemented.

17. Based on their review of governing body documents and interviews with Member State representatives and WHO officials in headquarters and in the regions, the Inspectors draw the attention of Member States to some additional issues to be addressed in order to make the functions of the governing bodies more efficient:

- Long and not prioritized/grouped agenda items resulting in insufficient time for meaningful discussions;
- Repetition and overlaps of agenda items and discussions of the same issues at different levels of the governing bodies;
- Lack of training and insufficient preparation of office holders and governing body members;
- Insufficient systematic preliminary briefings to Member States on important issues on the agenda;
- Potential to delegate some responsibilities from the Health Assembly to the Executive Board and from the Executive Board to Programme, Budget and Administration Committee of the Executive Board (PBAC) including decision making;

<sup>5</sup> Articles 10-29, 38-40 and 47-50.

<sup>6</sup> EBSS/2/DIV/2, paras. 2-3, November 2011; Decision EBSS2(2), November 2011; A65/5, paras. 14-43, April 2012; A65/5 Add.3, May 2012.

<sup>7</sup> A65/5, para. 17, April 2012.



- Need for improved IT search tools to facilitate a better handling of governing body documentation and related databases by Member States;
- Limited attention to oversight-related issues; and
- Late issuance of documents.

18. Since the most critical issues have been subject to discussion and addressed in the reform process, the Inspectors have abstained from making concrete recommendations thereon. Nevertheless, they would like to underline the importance of proposals directed towards having the voice of the regions and countries better heard at global level based on regional level discussions. In terms of the structure of the agenda, the Inspectors advise the regrouping of agenda items by clusters to facilitate decision-making, the biennial consideration of some items, and the introduction of sunset provisions for resolutions and reporting obligations. Further, the preparation of sessional work could be improved by enhancing inter-sessional work through formal and informal meetings, better and wider use of electronic communication and timely issuance of documents in all WHO official languages. **This may lead to the need to strengthen the capacity of the Governing Body Section (GBS) that handles relations with Member States.** In addition, Member State representatives are invited to change certain established practices.

## **B. Executive management**

19. Great efforts have been undertaken in recent years to strengthen a corporate management culture in WHO. Measures like the establishment of the Global Policy Group (GPG), the introduction of the Global Management System (GSM) and the setting up of a number of coordination mechanisms have contributed to such improvement together with a more inclusive and open management style that brought the regions closer to headquarters.

20. Several initiatives are ongoing within the current WHO reform process to enhance the efficiency and effectiveness of the management. However, further steps can and should be taken to strengthen organization-wide coherence and horizontal coordination across clusters at headquarters and in the regions. Certain top management functions and organizational structures need refinement. Extra emphasis should be placed on training managers in managerial competencies and responsibilities. The steps of the Department of Human Resources Management (HRD) to design a curriculum for a management development programme represent a promising initiative in this context.

### **Organizational structure**

21. At headquarters, the current organizational structure follows the categories of the Medium-term Strategic Plan (MTSP) and the Programme Budget (PB) without necessarily reflecting them. At present, there are 11 technical and 2 managerial strategic objectives (SOs), and 7 technical and 2 management clusters (GMG and the Office of the Director-General). Some SOs are grouped in one cluster, whereas others are dispersed in different clusters, and there are no clearly defined criteria to build clusters. In addition, when changes are introduced in the organizational structure of the clusters, these are not always appropriately communicated. This makes cooperation and coordination in programme implementation more difficult and creates operational and communication constraints in the interactions as reported during interviews with Member States and regional officials. The new planning scheme with five technical categories is expected to bring more focus and synergies and may create a good opportunity to have a deeper look into the adequacy of the organizational structure.

22. Additionally, the present organizational structure does not take due consideration of important corporate services like external relations, partnerships, United Nations system coordination, and the Country Focus Department is not placed adequately within the Polio and Emergencies Cluster. Some management functions such as internal communications,

website and change management should be better and more comprehensively designed in content and structure.

23. The implementation of the following recommendation should improve the effectiveness of the Organization.

#### **Recommendation 1**

**The Director-General should review the current headquarters organizational structure to enhance management and operational effectiveness in line with the changes to be approved in the ongoing reform process.**

#### **Managerial structures and coordination mechanisms**

24. To promote effective corporate management and the cohesion of strategies, policies and practices, important coordination mechanisms have been established and run by the Secretariat across all levels of the Organization. These coordination mechanisms, the GPG, the Global Meetings of Heads of Country Offices, the Assistant Director-General Meetings, the Global Programme and Management Group, the Global Directors of Administration and Finance (DAF) Meetings and other functional networks, are operating regularly with clearly formulated Terms of Reference.<sup>8</sup> In the Inspectors' view, these mechanisms play a crucial role in improving the sometimes still existing mentality of working in "silos". While coordination mechanisms at the global and headquarters level are quite comprehensive, in the Inspectors' view they could be more focused, with a better definition and distribution of work among the top managers of the Organization. **Furthermore, the horizontal coordination within headquarters and among regions should be improved.**

#### **Global Policy Group**

25. In the development of a corporate managerial culture, the Global Policy Group (GPG) has an outstanding role. Historically, the relationship and cooperation between the Director-General and the Regional Directors used to be problematic. However, the present Director-General has managed to improve relations with the Regional Directors through enhancing the role of the GPG by making its meetings more frequent, planned and regular. The evolution of the operation of the GPG is going in the right direction, as it has produced concrete results and helped the Organization to deliver as "One". However, this cooperative arrangement may be at risk in the future since it is not based on a legal and institutional set-up, but rather on a personal conviction and efforts of the present Director-General supported by the GPG members. **In the Inspectors' view, the institutional framework of the GPG should be strengthened in order to make it less vulnerable. This can be done without a "constitutional change", through a formal resolution to be submitted for adoption by Member States to institutionalize its existence.**

26. To make the GPG more effective in strengthening organization-wide coherence, the key issues are: to improve its focus on issues that bring consistency to the activities of regional offices and headquarters, to better follow-up and cascade down decisions, and to feed relevant issues from other coordination structures into its agenda.

#### **Assistant Directors-General meetings**

27. The Assistant Directors-General (ADG) meetings discuss and agree on issues relevant to the work of the clusters and promote communication and collaboration among the clusters.

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<sup>8</sup> TORs provided by WHO.

Their weekly meetings together with the regular retreats serve not only as a forum for substantive coordination but also as an important workshop in the preparation of strategic and policy documents. The contacts of the ADGs with the regions have developed, yet their uneven frequency among different clusters and regions was highlighted by interviewees in the regions. The collaboration of the ADGs with the regions depends on personalities and management styles.

### **Deputy Director-General functions**

28. The Deputy Director-General (DDG) functions as detailed in EB120/30 are quite comprehensive but without a job description. There is no specific delegation of authority addressed to the DDG; he/she undertakes high level technical and administrative functions as instructed by the Director-General. The role of the DDG in assisting the Director-General in leading and managing programmes and operations should be better defined. The DDG is a participant in the GPG and ADG meetings, and chairs these meetings in the absence of the Director-General, but does not chair any regularly held management and programme structure or mechanism. Within the current organization chart, this position is located in the DGO and reports to the Director-General, but no senior official of the Organization has a direct reporting line to the DDG.

29. In the view of the Inspectors, **the DDG should be further empowered by means of a specific job description. His/her tasks in management at headquarters and organization-wide, and in overseeing the coordination and performance of clusters, should be precisely delineated, thus discharging the Director-General from certain tasks and allowing him/her to concentrate more on global issues. The DDG's role and responsibilities in executive management should be made public, transparent and clear to all.**

### **Assistant Directors-General functions and appointment process**

30. At WHO there are 16 positions at the Ungraded I level. Six of them are occupied by elected Regional Directors and ten by appointed ADGs at headquarters (nine ADGs head the clusters, and one is a Special Advisor in the DGO). The Inspectors note that the number of ungraded posts in WHO has been reduced but it remains the highest among the United Nations specialized agencies.<sup>9</sup>

31. The Inspectors were informed that there is no formal job description for the ADGs since these positions are not filled through a standardized recruitment and selection process. ADGs are appointed by the Director-General for a fixed term limited to his/her own term of office. They have no acquired right to be maintained in these positions when there is a change in the person of the Director-General. The Terms of Reference for their work are discussed between the Director-General and the respective ADG and are reflected in their Performance Management and Development System (PMDS), which constitutes the basis for the regular appraisal of the ADGs. In fact, the ADGs, as heads of clusters, lead and oversee the work of several departments, the implementation of one or several strategic priorities across the three organizational levels, and manage the financial and human resources within their clusters. However, the **Inspectors consider that all ADGs should have a publicly available job description**, as called for by best management practices.

32. Finally, the Inspectors note that Article 35 of the WHO Constitution, and the Staff Regulations which rule the appointment of staff, do not exempt any staff from the principle of competition, the paramount consideration of which is to secure the highest standards of efficiency, competency and integrity. Notwithstanding the discretionary authority of the Director-General as the chief technical and administrative officer to appoint top managers of

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<sup>9</sup> CEB/2012/HLCM/HR/16, table 3A

the Organization, this discretionary authority does not mean that he/she is given a “carte blanche”. **The appointment of ADGs should follow a certain established process, to be as transparent as possible, as stated in JIU/REP/2011/2 on “Transparency in the selection and appointment of Senior Managers in the United Nations Secretariat”.** The Inspectors consider that the selection and appointment of top managers at WHO should follow the recommendations made in the report concerning senior managers in the United Nations Secretariat.

33. The following recommendation should contribute to enhanced transparency and accountability at the senior managerial level.

#### **Recommendation 2**

**In the course of the ongoing management reform, the Director-General should review the number of ADG positions, formulate their job descriptions and inform the Executive Board about measures to enhance the transparency of their selection and appointment process.**

34. Staff views on management were solicited in the JIU survey in nine questions concerning the work environment, top-down communication, the delegation of authority, accountability and confidence in senior management. The answers provide mixed views, revealing a much higher level of discontent at headquarters than in the regions and among P-1 to P-4 staff compared to the more senior staff and NPOs. The most critical opinion concerns top management’s communication on staff issues and the accountability of senior managers.<sup>10</sup> **WHO senior management should address these perception gaps which may have consequences for staff motivation, productivity and performance.**

#### **Staff-management relations**

35. The JIU team interviewed staff representatives at headquarters and in the regions and enquired about the quality of their relations with managers and their participation in staff-management consultation mechanisms.<sup>11</sup>

36. The Inspectors found that staff are represented in most relevant committees and panels as stipulated in the Staff Regulations and Rules,<sup>12</sup> and management provides facilities and funding for the operation of the Staff Associations. Staff representatives have access to management, and staff-management relationships - despite diverging views on certain issues - function without major conflicts. There is a regular annual Staff Management Consultation meeting at the global level. The staff association at headquarters appears to have regular contacts with management, including the Director-General. The intensity, methods and forms of interactions between the staff associations and the management vary from region to region. In some regions and WCOs, while the “open door” practice exists, there are no structured regular meetings with top managers, no set agenda, records, decisions or follow-up on open issues. Additionally, contacts and interactions among staff representatives at different levels of the Organization are rather weak.

37. The Inspectors also noted that the staff council representatives have access to Member States through the governing body where they address the Executive Board. Although regions are consulted in preparing such global interventions at the Executive Board, staff representatives in the regions felt that they should also have access to Regional Committee meetings.

<sup>10</sup> The aggregated results of the survey are available on the JIU website.

<sup>11</sup> More information is contained in an upcoming JIU report on staff-management relations.

<sup>12</sup> Article VIII of the Staff Regulations and Section 9 of the Staff Rules.

38. The answers to the JIU staff survey below indicate limited satisfaction with the work of staff representatives both in supporting staff complaints and in their involvement by management on decisions affecting staff across the Organization.

Question 47: I think staff representatives adequately consider and support staff complaints.

Answer Options	TOTAL	HQ	AFRO	AMRO	EMRO	EURO	SEARO	WPRO	CO
Yes	22.5%	23.3%	15.9%	17.0%	17.9%	28.6%	20.8%	22.8%	25.7%
Somewhat	32.2%	30.2%	38.4%	31.9%	31.6%	27.8%	36.1%	25.3%	36.6%
No	<b>19.0%</b>	18.9%	<b>26.5%</b>	<b>23.7%</b>	<b>24.2%</b>	11.1%	<b>27.8%</b>	16.5%	14.9%
No opinion	26.3%	27.6%	19.2%	27.4%	26.3%	32.5%	15.3%	35.4%	22.8%

Question 48: I think staff representatives are appropriately involved by management when major decisions affecting the staff are taken.

Answer Options	TOTAL	HQ	AFRO	AMRO	EMRO	EURO	SEARO	WPRO	CO
Yes	18.5%	17.3%	21.2%	16.3%	15.8%	21.4%	16.7%	17.7%	22.4%
Somewhat	33.1%	33.7%	33.1%	26.7%	30.5%	32.5%	41.7%	26.6%	35.0%
No	<b>21.1%</b>	22.4%	<b>27.2%</b>	<b>25.2%</b>	<b>25.3%</b>	15.1%	13.9%	21.5%	17.5%
No opinion	27.2%	26.6%	18.5%	31.9%	28.4%	31.0%	27.8%	34.2%	25.1%

39. **The Inspectors consider that the legislative bodies and WHO management should provide additional space for communication and interaction with staff representatives, in particular at regional level.**

### C. General Management and Administration

40. The General Management Cluster (GMG) covers all administrative areas of WHO through its departments of Planning, Resource Coordination and Performance Monitoring (PRP), HRD, Finance (FNM), Information Technology and Telecommunications (ITT), Operational Support and Services (OSS) and the Global Service Center (GSC). GMG is headed by the ADG for general management who coordinates administrative matters across WHO through the Directors of Administration and Finance (DAF) and the functional networks of the GMG departments.

41. According to interviewees, the administration is stronger and better organized than in the past and the administrative services provided by GMG are generally considered result-oriented and responsive by the technical units. The JIU staff survey also shows a high level of satisfaction with the GMG services with some exceptions, particularly in the area of human resources management. The efforts of GMG to incorporate the voices of headquarters and the regions in order to formulate and implement corporate policies are widely recognized. The involvement of the regions is meaningful. The DAF network is operating regularly and constitutes a cornerstone of GMG. However, the Inspectors are of the opinion that **it is desirable to ensure better prioritization of tasks and stronger institutionalized feed in from the DAF network to the Global Policy Group (GPG) agenda.** The functional networks of the different departments are an important tool for communication and coordination between headquarters and the regions and contribute to the organization-wide coherence of the administration. However, **the regularity of meetings and substantive discussion in some of the networks should be improved.**

42. The introduction and operation of the Enterprise Resource Planning (ERP) system in WHO (GSM) and the establishment of the Global Service Center (GSC) have had a vital impact on the management of administration through improving organization-wide

transparency, comparability of data and the timely delivery of management information. The efficiency of the administration is affected by the present financing constraints because the areas covered by the GMG do not have sufficient resources under SO13 and, therefore, have to rely on project or ad hoc resources. The initiated managerial reform is comprehensive, but its implementation needs adequate and sustainable resources and change management needs to be well organized. The following chapters address the operation of the different areas in detail.

#### D. The Global Management System (GSM)

43. The Global Management System (GSM) is an ORACLE-based ERP system which was introduced by WHO in July 2008 to improve operational efficiency, streamline processes and effectively decentralize authority and responsibility. GSM integrates administrative processes in the areas of HR, Payroll, Budget and Finance, Procurement and Travel and Programme Management organization-wide.<sup>13</sup> The GSM project was funded through a US\$ 55 million Information Technology Capital Fund in the programme budget 2004-2005.<sup>14</sup> At the end of 2011 the total cost incurred was US\$ 69.12 million.<sup>15</sup> A train-the-trainers approach was used to prepare staff for the new business processes at headquarters and in the regional offices.<sup>16</sup> At present the GSM is operative in WHO headquarters and all regions except the Americas, since PAHO/AMRO decided not to adopt that system.<sup>17</sup>

44. The GSM is based on a self-service approach for administrative actions (at present there are about 9,000 users) with a view to reducing upfront validation and strengthening individual and managerial responsibility. However, when the GSM went live, the system was neither stable nor fully operational and its reporting capacity inadequate. Despite continuous efforts to improve the system, the number of bugs and necessary enhancements remain a key challenge. Whereas 22 bugs and 63 system enhancements were pending at the end of 2009, 39 bugs and 14 enhancements were pending at the end of 2011.<sup>18</sup> WHO management regularly reports on the status of implementation of the GSM to the governing bodies. The External Auditors carried out a comprehensive audit on the GSM in 2011. However, so far no comprehensive evaluation of the system has been conducted. **The Inspectors are of the opinion that in addition to the previous audit a detailed evaluation of the GSM, including the lessons learned is both timely and desirable taking into account that the system has already been operating for several years, the extent of resources involved and the upcoming further development of the system.**

45. During the review, interviewees brought to the attention of the Inspectors that the GSM has resulted in significant benefits for WHO since it provides a single database with comprehensive information about the key administrative areas. The system is appreciated by senior managers for its transparency and it enables them to have a detailed and updated overview of actual resource levels and expenditures. In this regard, the GSM also facilitates improved comparability of data across different clusters, regions and countries compared to the fragmented approach in the past. Despite still existing technical and procedural shortcomings, the GSM has contributed to an ongoing change process from a bureaucratic to a more business-oriented management culture in WHO through the alignment, centralization and harmonization of business processes and improved accountability. In this regard, the JIU staff survey shows that 65.9 per cent of the respondents agree with the view that the GSM has facilitated better workflows and better access to information in day-to-day work.

<sup>13</sup> See WHO document "Introducing the Global Management System".

<sup>14</sup> See WHA A56/6, para. 8.

<sup>15</sup> See WHA A65/32, para. 54.

<sup>16</sup> See WHO document "Delivering Effective Services Efficiently: A Service Delivery Model supported by the Global Management System (GSM)".

<sup>17</sup> See 142nd Session of PAHO Executive Committee, document CE142/INF/10.

<sup>18</sup> See GSC 2009 Annual Report; GSC 2010-2011 Biennium Report.

46. Despite these obvious benefits, the present review found that more efforts are needed to improve the GSM. System improvements cannot be realized as quick wins but need extensive work due to the integrated technical design. The initial expectation to move to a paperless organization has not been fully realized. **Accordingly, there is further potential for reducing the amount of paperwork created by many parallel manual processes and a need to identify and eliminate duplicative processes.**

47. The different improvements have led to a high level of customization in the system. The current system design requires lengthy uploading of detailed documentation in the self-servicing processes (e.g. travel, education grants). WHO management informed the Inspectors that an initiative has been launched to reduce the procedural steps in this area and the corresponding changes are work in progress at the time of finalization of the present review. It is the prevailing view of WHO staff that the GSM design is too complex and its functionalities are complicated and not user-friendly. Accordingly, the data input is very labour intensive and requires too much time, in particular for non-routine processes. These complicated processes have caused a reluctance among middle level managers to use the GSM as a self-service system. At the same time, the review revealed the emergence of proficient GSM users at the assistant level who are assuming more functions in this context. This often leads to an unintentional delegation of authority from the managerial to the assistant level. Furthermore, the GSM is underutilized as a management tool and mainly serves as an administrative reporting and financial control instrument. GSM-generated reports generally need manual manipulation in Excel to convert the data into information that is useful for decision-making.<sup>19</sup> In addition, global access to information is strictly regulated so that regions often cannot use the full range of the available data. **These aspects should be part of a detailed evaluation of the system in order to achieve a better picture of the status quo of GSM challenges and improvement potentials across WHO.**

48. The initial training related to the introduction of the GSM was well organized and played an important role in the smooth roll-out of the system at the regional and country levels. However, ongoing training on the operational use of the GSM should receive more attention, taking into account the changes in staff composition and the ongoing improvements of the system.

49. The implementation of the following recommendation should improve the effectiveness of the GSM.

### **Recommendation 3**

**The Director-General should ensure that further development of the Global Management System be undertaken on the basis of a comprehensive, Organization-wide independent evaluation of the design, operational experiences and lessons learned.**

## **E. The Global Service Centre**

50. The Global Service Centre (GSC) of WHO was established in Kuala Lumpur, Malaysia, and started operating in July 2008 for WHO headquarters and the WPRO region. It was set up as the centre for administrative service transaction processing of the Organization and is part of efforts to offshore certain key administrative functions from headquarters and the regions to a low-cost location. At present, the GSC processes transactions in the Global Management System (GSM) for all regional offices except AMRO/PAHO, and provides services for partner organizations of WHO.

<sup>19</sup> More on the operations of ERP in JIU/REP/2012/8.

51. The GSC is a department of the headquarters General Management Cluster. The Director of the GSC reports to the ADG for general management. The governing mechanism for the Centre is the network of Directors of Administration and Finance (DAF) which is chaired by the ADG/GMG. The GSC operation is a standing item on the agenda of the DAF meetings.

52. WHO introduced both the GSC and the GSM system simultaneously in a so-called “big bang” approach which, according to different oversight reports, resulted in a number of problems such as unstable systems and difficulties in legacy data conversion. After the initial problems with the GSM introduction and the structural set-up of the GSC, operations were consolidated and the Centre’s capability and performance significantly improved. The subsequent GSM roll-out in the rest of the regions took place without major interruptions of service delivery.

53. The GSC has increased the number of completed transactions significantly since its inception. An average of 57,500 transactions processed per month in 2011 represents an increase of 40 per cent compared to 2009.<sup>20</sup> The improved operational efficiency of the GSC is measured and confirmed by a set of key performance indicators and quality metrics (e.g. turnaround time, rejection rates, transactions per staff), which are regularly reported to major clients and to the Directors of Administration and Finance (DAF) meetings.

54. All major service domains, HR, Payroll, Procurement and Finance have improved in terms of processed transactions per staff and the total transaction volumes. However, differences exist with respect to rejection rates for incoming service requests and the backlog of pending transactions. The Global Finance Unit has managed to bring down the rejection rate continuously for both invoice processing (currently 3 per cent) and payments (currently less than 0.1 per cent) and backlogs are negligible. The Global Procurement Unit struggles to some extent with variations in the rejection rate, but they manage to keep the backlog lower than 0.5 per cent. In the Global HR Unit there is a huge backlog of pending transactions (between 10 and 20 per cent in 2011) and the rejection rate has remained between 12 and 16 per cent since the establishment of the GSC.<sup>21</sup>

55. The Global Finance Unit delivers invoice processing and payment services effectively and without major interruptions. The recent 2011 changes in the travel policy of WHO require, inter alia, the submission of hotel bills and travel reports, which have increased the processing workload significantly. In this regard, the Global Finance Unit conducts a number of checks and controls. However, these checks are mainly formal and relate to the completeness of the submitted documents but not to their content.

56. The Global Procurement Unit is responsible for processing purchase orders of goods and Agreements for the Performance of Work and with some exception is also the process owner for the procurement. Staff in the Global Procurement Unit generally have a good understanding of the client perspective and seek to further increase their client orientation. As part of the global Standard Operational Procedure (SOP) initiative in the field of administration, the Global Procurement Unit is working on the elaboration of SOPs to assist the technical units in improving quality and compliance related to the procurement process.

57. In the 2010-2011 biennium, the total procurement of WHO amounted to US\$ 1.73 billion, with services accounting for the major part of the procurement value (82.1 per cent).<sup>22</sup> The Contract Review Committee (CRC) functions as an important internal control mechanism for high value procurement. Furthermore, the CRC reviews any procurement for which a

<sup>20</sup> See GSC 2010-2011 Biennium Report.

<sup>21</sup> See GSC performance dashboard.

<sup>22</sup> In addition, about US\$ 751 million were procured for UNAIDS, UNICC, APOC and UNITAID.



waiver for competitive bidding has been requested.<sup>23</sup> Similar structures are established at regional and country level.

58. However, repeated instances of non-compliance with the principles embedded in the procurement policy have been observed by the external auditor. The most common problems raised in the external auditor's report are: a lack of competitive bidding in the selection of contractors; a lack of justification for the payment of advances; a high number of waivers for contractual requirements; unjustified differences in payment schedules as per terms of reference versus actual payments; and missing adjudication reports. Non-compliance concerns in particular the procurement of services. Furthermore, in 2010, the waiver requests submitted to the CRC had increased to 42 per cent from 24.8 per cent in 2009.<sup>24</sup> WHO management informed the Inspectors about a number of justifications for the existing level of waiver requests. Waiver requests are covered by the e-manual provisions VI.1.3.80 and VI.5.2.140 for cases such as a previous competitive process for the same services within a certain time span, previous competitive bidding having failed to produce responsive bids, the existence of long-term agreements, goods for which agreed valid price lists exist, goods in scarce supply where an immediate procurement appears to be advantageous to the Organization among others.

59. The GSC is the business owner for procurement while the OSS department in Geneva is responsible for the procurement initiated in the headquarters. The procurement of catalogue goods is fast and handled efficiently, whereas non-catalogue procurement is often lengthy. Even for local non-catalogue procurement the regional offices have a comprehensive intermediation and approval role which also applies for amounts within the delegated authority. In the interviews at the regional and country levels it became obvious that this process has limited value added, if any. The implementation of delegation of authority for goods procurement varies significantly between different regions, but within regions the size and capacity of WCOs is not taken sufficiently into consideration. **While consultation on technical specifications may be useful, the big WCOs are in a position to assume more responsibility for the local procurement process without involvement of the regional offices. The delegation of authority should be revised jointly with the corresponding GSM procedure.**

60. The procurement of services is more problematic. After the introduction of the GSM, the procedure for generating service contracts was changed. However, in interviews at the regional and country levels, technical staff emphasized that this procedural shift was implemented without proper training or a change management process. Furthermore, **formal control mechanisms for process checks against the e-manual provisions have not been established for the procurement of services. Technical staff should benefit from adequate training and guidance in procurement, in particular with respect to service contracts and the Agreements for the Performance of Work which should be revised in a joint exercise with the HR area.**

61. The Inspectors noted that the major risks related to the procurement of services include non-competitive bidding, insufficient adjudication reports and the breakdown of one purchase into several smaller orders to avoid a more stringent control. Furthermore, due to a lack of separation of duties, sometimes quotations are requested and evaluated by the same staff member who later decides on issuing the purchase order. Since procurement is generally perceived as a high-risk area, special compliance units or similar compliance mechanisms within the Budget and Finance area have recently been established to implement improved ex ante and ex post checks. However, the existing structures focus mainly on the financial aspects of compliance. **In the Inspectors' view, the procurement of services in particular needs a more comprehensive compliance mechanism, which includes besides financial control, aspects of other procedural controls.**

<sup>23</sup> See WHO eManual, VI.5.2 and VI.5.3.

<sup>24</sup> See A64/30.

62. In 2011, the JIU set up a best-practice framework for procurement based on 18 benchmarks.<sup>25</sup> WHO has implemented some of these benchmarks in its current procurement function, such as the integration of procurement into the information system and regular procurement reporting to the governing bodies. Some other measures are still in progress or on the agenda, and seven benchmarks have not been addressed (e.g. a policy for vendor sanction or a mechanism for procurement performance evaluation).

63. The procurement network is generally weak with a lack of leadership and initiative. In some regions (e.g. AFRO) the procurement network has not met for several years. The prevailing view of interviewees was that the information exchange between the three levels is limited, which impedes the coherent implementation of procurement policies.

64. In the Global HR Unit some recent efforts have paid off and the number of pending transactions has been reduced from about 3,000 in the fourth quarter 2011 to 1,500 after the first quarter of 2012. However, in extreme cases such as a simple request for “personal status change”, the rejection rate reached 31 per cent in May 2012. For the Global HR Unit, the present review reveals that most of the GSC-related problems emanate from three factors: (a) limited resources that do not match the high volume of transactions and the complexity of the tasks; (b) low quality of the transaction requests and the attached documentation; and (c) a lack of personal interaction with the clients.

65. The present backlog in GHR started to build up at the end of 2010 when the workload increased significantly with the start of transaction processing for the AFRO region. The workload increased further as a result of numerous recent termination and reassignment processes. According to GSC calculations, the Global HR Unit is operating at the limit of its capacity and is understaffed for its role in providing complex HR services to the whole of WHO. The low quality of the incoming transaction requests can be seen more as an external factor but related to the complex uploading of documents, the technical functionality of the GSM and its self-service approach. In this regard, **headquarters and regional offices should consider measures to improve the quality of input data to be processed by the GSC.**

66. The lack of effective communication between service provider and clients is another area of concern. In the past, communications between WHO staff and the GSC were handled via anonymous e-mail service requests. This lack of a human interface made it difficult to follow the reasons for refusals and caused significant frustration among WHO staff, in particular at the country level. The Inspectors welcome the recent changes in this practice. The fact that GSC staff are now instructed to add a “personal touch” by signing e-mails and providing contact details in case of processing difficulties is a first step towards improving two-way communication. A further promising initiative towards improved cooperation between regional offices and the GSC are network meetings between GSC staff and administrative officers in WPRO and SEARO. These meetings have facilitated a much better understanding of the GSC, its capacity and its way of operation concerning administrative matters in the regions and countries. Such meetings would be beneficial for all regions and could be organized with a limited number of GSC staff travelling to some regional network meetings. **The GSC under the guidance of GMG and with the involvement of the regions should explore developing a communications strategy that targets all three levels of WHO.**

67. Over the last few years, the GSC has been subject to 15 audits, which have produced 129 audit recommendations. More than 100 recommendations were still pending at the time of the finalization of the present review due to lack of resources, and the GSC is urged to close them. Furthermore, the GSC is implementing a number of complex projects each with several sub-projects such as business process improvement, development of new service-level agreements, the development of indicators and SOPs, and an update of the business continuity

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<sup>25</sup> JIU/NOTE/2011/1.

framework. These projects are related to further development of the GSM system and the GSC operating procedure.

68. The GSC was established as a pure transaction processing centre and resources were allocated accordingly. For this reason, the GSC is not in a position to execute the high number of pending projects without diverting attention and resources from the original processing activities. **WHO executive management should decide whether in the future the GSC will remain a transaction processing centre in line with its original mandate or will be transformed into an administrative hub with the capacity to execute transactions and to implement strategic projects/policy development in the area of administration.** A transformation into an administrative hub should be accompanied by the allocation of the needed resources and the set-up of adequate governance modalities with the involvement of a wide range of stakeholders.

69. While the Inspectors found the GSC a useful initiative for centralizing the transactional part of administrative support functions, the implementation of the following recommendation is expected to strengthen the effectiveness and efficiency of the GSC.

#### **Recommendation 4**

**The Director-General should elaborate a long-term strategy for the functions and operation of the Global Service Centre, including its governance and financing.**

#### **F. Knowledge management and publications**

70. An important core function in WHO is the exchange and dissemination of information on health-related issues, and knowledge management (KM) which plays a key role in this regard. It is defined in WHO as using technology to enable the staff to create, organize, share and apply knowledge for the implementation of the Organization's mandate.<sup>26</sup> KM activities in WHO cover explicit (publications, databases and documents) as well as implicit (interviews, observations, training or learning through practice) forms of knowledge management.

71. The Department of Knowledge Management and Sharing (KMS) in WHO headquarters was created in 2003. WHO set up its first KM strategy in 2005 to address the gap between existing knowledge and the actual activities that were lagging behind at the individual, institutional and country levels.<sup>27</sup> The present KMS strategy 2010-2015 sets out concrete strategic aims to improve the quality of WHO's work through improved access to information; to facilitate global collaboration and knowledge networks to make WHO's work more efficient; to strengthen WHO's leadership as a multilingual publisher of high-quality public health information; and to promote the use of IT to improve health services and systems.

72. WHO produces 350-400 publications per year, 75 per cent of which are issued by the headquarters. About 1.5 million copies per year are disseminated, mostly free of charge. In addition, numerous contributions are published in WHO journals and in external periodicals.<sup>28</sup> The total cost of publications has decreased from 14.4 per cent of the total budget in 1998-1999 to 12.7 per cent in 2004-2005.<sup>29</sup> This is the result of efforts to decrease the printing and dissemination costs of publications through using new technologies. However, much remains to be done to decrease the costs related to the preparation and writing of the publications, including the collection and analysis of information. According to

<sup>26</sup> See WHO Knowledge Management Strategy 2010-2015.

<sup>27</sup> See WHO/EIP/KMS/2005.1.

<sup>28</sup> See EB 122/20 and EB/129/4.

<sup>29</sup> See EB122/20, more recent data was not available at the time of the present review.

WHO estimations, this constitutes approximately 70 per cent of the cost of publications. **An in-depth review of publishing activities is needed to identify potential cost savings.**

73. Three publishing policy groups provide advisory and policy guidance to WHO management, including to the Director-General and the Regional Directors. The Publishing Policy Coordination Group (PPCG) was established in 2008 to follow-up on publication policy issues at the global level. The Guidelines Review Committee (GRC) ensures that WHO publication guidelines are consistent with accepted best practices.<sup>30</sup>

74. The implementation of the following recommendation should improve the efficiency of knowledge management in WHO.

**Recommendation 5**

**The Director-General should commission an external evaluation of the preparation of publications in WHO.**

75. Since its establishment in 2008, the PPCG, which is composed of one representative from each WHO cluster and region, meets on an annual basis. However, PPCG is still not sufficiently known and accepted as a centralized body for publication policy and guideline development. Therefore, there are often delays in the dissemination of its policies at the regional and country levels. Since publishing is very much decentralized within WHO, this represents a challenge for the coherent quality control.

76. For WHO, as a knowledge-based organization, access to scientific literature is of fundamental importance. In the past, subscriptions to journals and other publications represented a high cost for the organization. This was mainly caused by multiple subscriptions to the same sources of information at the different organizational levels. The Global Information Full Text Project (GIFT) is a centralized subscription initiative with a view to reducing overlapping and duplication of subscriptions. It was extended in 2010 to give full access to more than 10,000 paid for and open access journals.

77. GIFT has facilitated a reduction of the cost of access per article from US\$ 20 to US\$ 1.75, which represents savings of US\$ 7.3 million per biennium.<sup>31</sup> In this context, the Inspectors also noted the good practice in EMRO which provides access to the full text of 850 journals based on their printed versions. The digitalization is carried out in the regional office for all WCOs and in addition for 17 health and medical institutions from 6 countries of the Eastern Mediterranean Region without any additional cost.<sup>32</sup> The Inspectors welcome the efforts to strengthen the centralized framework for access to information. Given its cost efficiency, it is important to maintain and support this framework even in the circumstances of financial austerity because of its significant future saving potentials.

78. The initiatives of WHO in digitalizing publications and centralizing access to scientific journals demonstrates the importance of IT for knowledge management activities. In this context, WHO Intranet is an essential tool to store and disseminate information across all levels of the Organization. However, at present, the intranet is characterized by a piecemeal approach and a lack of ownership, and there is a need for central coordination of the intranet management. Big variations exist with respect to both the content and scope of information that is made available. Some departments provide rich information which is linked to background papers or policy documents, while others merely present an organizational chart. A further consequence of the present approach is that even staff members are not aware of

<sup>30</sup> See WHO eManual, VIII.1.3.

<sup>31</sup> See analysis paper "GIFT and WHO's Knowledge Output".

<sup>32</sup> See "Health Publications, Production and Dissemination (HPD): Two Biennium Report 2008-2011: Progress and Implementation" WHO-EMRO, May 2012.

what information is available and where it can be found. The results of the JIU staff survey reflect the missing link between knowledge management and IT. Only 18.7 per cent of the respondents fully agree with the statement that knowledge management is adequately supported by IT systems. **In the Inspectors' view, WHO should strengthen the ownership of the intranet content management and establish a central mechanism to ensure an appropriate level of coordination and consistency of information to reduce fragmentation.**

79. Furthermore, WHO staff should receive more training on issues related to knowledge management and the use of available databases. The JIU staff survey shows a low satisfaction rate concerning staff training in the following areas: using major databases (51.0 per cent); participating in knowledge networks (56.7 per cent); keeping their unit informed about relevant topics in the area of work (42.1 per cent); and efficiently storing and retrieving information (47.6 per cent). **The Inspectors' interviews confirm a need for a comprehensive training on the availability and handling of information databases in particular at the regional and country levels.**

80. The implementation of the following recommendation should improve the efficiency of knowledge management in WHO.

**Recommendation 6**

**The Director-General should take measures to strengthen the central content management and ownership of the WHO intranet and ensure that the staff have better knowledge and access to use available professional information existing in the Organization.**

## II. HUMAN RESOURCES MANAGEMENT

81. Human Resources Management is by far the most complex and problematic area of the WHO administration and requires special attention from WHO management. HR policies and rules are defined at the corporate level and implemented across the Organization (AMRO/PAHO has some specific rules and represents an exception). The provisions of the eManual, the digital policy inventory of WHO, are applied Organization-wide and are a useful instrument that promotes coherence in this regard. However, the consistent implementation of these policies requires further clarification of some details. The Inspectors noted that such work is ongoing through the formulation of the SOPs for HR actions. The results of the JIU staff survey show that 38.5 per cent of respondents rate the implementation of HR policies across WHO as not consistent. In the view of the Inspectors, HRM should better monitor the consistent implementation of the HR rules, policies and procedures across the Organization.

82. The implementation of the following recommendation should improve efficiency, accountability and transparency in Human Resources Management at WHO.

### **Recommendation 7**

**The Director-General should elaborate a concrete action plan to ensure better monitoring and a more consistent implementation of human resources policies across the Organization.**

83. As of 31 December 2011, WHO had a total of 7817 staff, 87.9 per cent of whom (6875 staff members) held a fixed-term or a continuing (long-term) appointment. The staffing profile according to categories was as follows for these staff: P and higher categories 2290 (33 per cent), General Service staff 3,691 (54 per cent) and NPO 894 (13 per cent). Under the present contractual arrangements, staff members who have reached five years of uninterrupted service with a satisfactory performance are normally granted a continuing appointment.<sup>33</sup> The resulting staffing situation stands in contrast to the financing reality of WHO, since the fully predictable assessed contributions constitute only 24 per cent of the total contributions, and a significant part of the voluntary contributions is not based on predictable and multi-year commitments of the donors.<sup>34</sup> The high number of staff members with five or more years of continuous and uninterrupted service on fixed-term appointments which have been granted over the last few years imply long-term financial liabilities for the Organization. In addition, about 700 staff in the polio programme in AFRO are to be converted to a continuing appointment, in accordance with the current regulations. The present staffing model does not match the actual financing model of WHO.

84. As a response to the financial crisis, 453 filled fixed-term posts were abolished by the end of 2011 (with further abolitions planned for 2012), and a significant number of staff are still in reassignment processes. However, this one-time exercise does not solve the basic problem of the existing mismatch. The current contractual model - without significant changes in the financing of the Organization - represents a serious future challenge for WHO. The Organization needs a more flexible contractual model which takes into account both the changing priorities of WHO and the financing reality. In this regard, the experience of PAHO/AMRO which decided against the implementation of continuing contracts may provide valuable insights. The Inspectors are aware of the ongoing intergovernmental consultation on the financing of the Organization, the outcome of which is not yet clear at the time of finalization of the present review. Taking into account the final outcome of this process, the future contractual model should be addressed.

<sup>33</sup> WHO Staff Rule 420.2.

<sup>34</sup> A65/34; A64/7 Add.2.

85. The implementation of the following recommendation should lead to enhanced effectiveness in Human Resources Management in WHO.

**Recommendation 8**

**The Director-General should present a contractual model that adequately reflects the changing staffing needs and takes into account the existing financing modalities.**

86. Regional offices do not have separate HR strategies and are required to follow the corporate approach. For this purpose, the global HR strategy was developed in a participatory way and provides the basis for discussion in the ongoing reform process. The Inspectors welcome the present development of a set of measurable indicators and corresponding targets for important elements of the HR strategy and its action plan.

87. HRD is responsible for both operational HR management in headquarters and for global policy organization-wide. At headquarters, HR activities are fragmented between HRD and management officers/HR assistants in the clusters. Across the different clusters, management officers and HR assistants are performing different kinds of activities and there is no reporting line to HRD which affects the quality and coherence of their work. Changing this set-up would contribute to an increased coherence and consistency of HR policy implementation at the headquarters.

88. The assistance and responsiveness of headquarters is appreciated by the HR officers in the regions, but the limited staffing capacity of HRD has been characterized as problematic. In the course of the present review, the Inspectors noticed that irregularities in the staffing of the HR function sometimes also limit its capacity (in two regions the post of head of HRM has been vacant for more than one and a half years, for example). In addition, the Inspectors met HR staff with varying levels of professionalism. Management in headquarters and the regional offices should pay attention to this situation and support the strengthening of HRD. Taking into account the complexity of the tasks under the responsibility of HRD, including sensitive issues, **it is the Inspectors' view that HRD staffing should be strengthened.**

89. HRD in WHO headquarters runs an established HR network with the regions with regular face-to-face meetings and videoconferences. Nevertheless, the Inspectors found that such networking is weaker between the regional offices and WCOs.

90. In WHO, HR responsibilities are highly decentralized to the regional level. The regional HR units handle operational HR issues for the regional offices and most of the WCOs in the region. In accordance with his/her delegated authority, the Regional Directors have comprehensive competencies in all HR decisions. Each Regional Director approves all appointments of P staff up to the D-1 level; decides on post classifications, the conversion of contracts to continuing appointments, and reassignment processes; and has responsibilities in the formal resolution mechanism for conflicts and grievances. Therefore, the regional consistency of HR activities can be ensured more easily than in the fragmented structures and distributed responsibilities at headquarters. However, there is a need for stronger monitoring to ensure coherence in the implementation of the corporate HR policies and rules across the Organization.

91. The elements of better workforce planning have been developed in the HR strategy and in the HR action plan. Certain changes in recruitment practices, e.g. the establishment of global rosters and the implementation of generic job descriptions, are promising initiatives. However, WHO has no comprehensive succession planning other than some fragmented elements. In view of the high projected retirement rates (32 per cent of the workforce are due to retire in the next 10 years, including 41.3 per cent of current P staff and staff in higher categories), further progress in this field is highly desirable.

92. Comparative data from the United Nations system indicates that the WHO grade structure is more top-heavy than that of other United Nations organizations,<sup>35</sup> a fact that WHO management has already recognized<sup>36</sup> (43.2 per cent of P and higher category staff are at the P-5 level and above). Attempts to reclassify posts to lower levels have had limited success. In some regional offices developments even point in the opposite direction, with the creation of increasing numbers of higher level posts (in particular in AFRO and EURO).<sup>37</sup>

93. WHO has included staff mobility as an organizational objective in its HR strategy. It is to be noted that the 2001 JIU report on WHO had already proposed a wider application of mobility, but the concept has not been adequately addressed at the policy level and no meaningful progress has been achieved in this regard. Accordingly, the figures reveal a low level of mobility, particularly with respect to inter-regional moves. While 7.7 per cent of P staff in WHO (164 staff members) moved between duty stations in 2011, only 46 staff (mainly from headquarters) took up a position in a different region. Inter-regional mobility is particularly low in AFRO where more than 90 per cent of staff are recruited from within the region, and only two WHO representatives are from a different region.

94. At the same time, the Inspectors are aware of some positive examples of mobility in the field of administration, although it is often as a result of the personal initiative of a staff member or manager, rather than being part of any coherent mobility policy. However, the experience of the transfer of staff members from headquarters to regional offices or vice versa, as well as among regions, shows the huge potential of mobility. The further development and organization-wide implementation of a sound mobility policy would allow all levels and regions of WHO to benefit from the cross-fertilization of high-quality work and valuable organizational and functional knowledge of a mobile workforce.

95. The Inspectors note that WPRO has defined and implemented a stand-alone regional mobility policy called the “WPR Professional Staff Mobility and Rotation Scheme” which has been in place since 2009. This policy contains clear guiding principles and a mechanism for implementation, including the identification of priority posts subject to mobility based on the length of post occupation. The policy emphasizes a phased and differentiated approach of a consultative nature rather than a strict, mechanical and mandatory regulation. In the Inspectors view, both the consultative approach and the link to the career development of staff are strong points of the WPRO mobility scheme. **The WPRO policy on mobility represents best practice in WHO. It should be taken into consideration for a global mobility scheme.**

96. As indicated by the JIU staff survey, with regard to mobility, most respondents (63.6 per cent) consider that a well-formulated policy would be beneficial for their career development and future work in the Organization.

97. The implementation of the following recommendation should improve efficiency, accountability and transparency in Human Resources Management at WHO.

#### **Recommendation 9**

**The Director-General in consultation with Regional Directors should elaborate and promote an organization-wide mobility policy across all three levels of the organization with concrete targets and a set of indicators to be monitored.**

98. The gender composition of WHO staff has improved significantly during the last decade. Whereas in 1992 only 25 per cent of staff in the Professional and higher categories were female, this figure had increased to 40 per cent at the end of 2011.<sup>38</sup> However, despite

<sup>35</sup> CEB/2012/HLCM/HR/16 Table 3A..

<sup>36</sup> See WHO HR strategy 2010-2015.

<sup>37</sup> This includes high-level staff on long term and short-term contracts; A62/34, A65/34.

<sup>38</sup> See EB130/26 Add.1.



the remarkable results in promoting gender balance, the situation is still unsatisfactory in some regions (AFRO, EMRO, WPRO). During the review, this was explained as being due to cultural reasons. However, the Inspectors are concerned that no concrete initiatives or measures have been taken to improve the situation in these regions.

99. The implementation of the following recommendation should improve the efficiency, accountability and transparency in Human Resources Management at WHO.

**Recommendation 10**

**The Director-General together with the Regional Directors concerned should elaborate an action plan with targets and indicators to improve gender balance and report on its implementation to the Executive Board as part of regular human resources reporting.**

100. The length of the recruitment process is a general concern for programme managers. In the headquarters recruitment is centralized in the recruitment unit of HRD. Regions carry out their own recruitment but the activities vary across the regions due to differences in the delegation of authority from the regional office to the WCOs. The timespan taken for recruitment has significantly decreased in headquarters, from 9 to 4.6 months. The recruitment for WCOs is - to a varying degree - mainly managed by the respective regional office leading to a lengthy and cumbersome process, whereas efficiencies and shorter recruitment times at the country level could be achieved on the basis of a better delegation of authority.

101. The Inspectors welcome the global rosters as a good initiative to standardize and simplify the recruitment process. After significant initial efforts to create and implement the generic job descriptions, they are now widely accepted. Generic job descriptions should be applied on a wider basis in the future and should cover more key occupational groups, including administration. In the Inspectors' view, generic job profiles provide an opportunity to attract external high potential candidates and to diversify managerial skills across the Organization. In this regard, the positive experience of the WHO Representative selection process and the related Global Roster is also encouraging.

102. The Organization uses the performance management development system (PMDS) as a generic tool for performance appraisals. The former paper-based process has been moved to an electronic version (ePMDS) which is mandatory for all staff and includes a mid-term and an end-of-cycle review.

103. Except in AMRO/PAHO, where a different tool is used, PMDS is an established tool which is used Organization-wide. While the compliance rate for 2011 was high in headquarters (91 per cent), SEARO (92 per cent) and WPRO (94 per cent), it was not satisfactory in EMRO (38 per cent) and AMRO (29 per cent). According to interviews, the compliance rates would improve through the move to the electronic version in 2012 in the regions. The Inspectors learned that the quality of the PMDS has been questioned due to behavioural and cultural factors that impact management and leadership, and the fact that negative feedback is given cautiously or not at all. Supervisors confirmed a tendency to overrate staff performance. The JIU staff survey shows a surprisingly high satisfaction rate with the results of the PMDS among respondents (89 per cent of respondents consider their PMDS to be fair). In this regard, the Inspectors noted that no systematic tracking exists for the ratings and qualitative elements of the PMDS. **Management should do more analytical work to compare the aggregated results of the individual PMDS with the general performance of the corresponding units.**

104. At present there are very limited opportunities for managers to motivate or reward good performance and sanction unsatisfactory or bad performance.<sup>39</sup> The frequent use of continuing

<sup>39</sup> See JIU/REP/2011/5.

contracts impedes the separation of staff who continuously fail to meet performance expectations. On the other hand, there are virtually no means to promote staff with excellent performance. In the course of the present review it became obvious that in a significant number of cases, the reclassification of posts is used as a backdoor way to promote staff - especially at the regional level. This is not only a costly and time-consuming exercise, but also contributes to the top-heavy structure through establishing new senior-level positions. In 2011 the regions requested to upgrade on average 16 per cent of all occupied positions; at the same time there were only very few requests for downgrades (3 per cent of vacant positions). The Inspectors were informed that HRD has launched a review of the present system of awards and sanctions in WHO.

105. Learning and staff development programmes in WHO are structured around the following priorities: Induction and Orientation, Management Training, Performance Management and PMDS, Core Competencies, GSM and Language Training. In the 2010-2011 biennium the consolidated training budget of US\$ 29 million was reduced to 23 million compared to the previous biennium. For the current biennium 2012-2013 the training budget has been further significantly cut to US\$ 14 million, representing a reduction of 39 per cent.<sup>40</sup> Since priority is given to global initiatives, the training budget reduction will result in less support for the country level.

106. While training and staff development receive high formal attention from WHO management (the related committees are chaired by the Director-General and Regional Directors), the existing significant gap between the promising intentions and available financial resources is a serious concern. The resource cuts have limited the training opportunities, particularly at the regional and country levels. Some of the regions face more disadvantages compared to others and to headquarters. In headquarters and EMRO, for example, staff members participated on average in 2.4 and 2.2 training courses respectively in the past biennium, whereas in AFRO the average number of training courses completed per staff member was only 0.2.<sup>41</sup> With respect to training and staff development, the JIU staff survey indicates that across WHO, only 31.8 per cent of the respondents feel that training is adapted to their career development, and an adequate link of training to the PMDS is only confirmed by 28.8 per cent. It is questionable whether a knowledge-based organization like WHO can afford such significant concessions as the current reduction of the training budget, even in times of financial austerity. **Given the available resources and the strategic importance attributed to training, e-learning is a good initiative that should be further strengthened.** A stronger link between performance appraisals and learning would help to plan training activities in a more systematic way.

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<sup>40</sup> Taking into account the carryover from the biennium 2010-2011, the total resources available for training in the biennium 2012-2013 amount to US\$ 18 million.

<sup>41</sup> JIU calculation based on WHO figures of training participants in HQ and the regions.

### III. PLANNING AND BUDGETING

#### A. Planning, resource mobilization and performance monitoring

107. Planning, resource mobilization and resource allocation in WHO are managed on the basis of several key planning instruments: the General Programme of Work (GPW), the Medium-term Strategic Plan (MTSP), the Programme Budget (PB) and the Country Cooperation Strategies (CCS). While GPW, MTSP and PB are implemented at the global level, CCS directly contain the individual country perspectives.

108. The present eleventh GPW is the long-term global strategy document of WHO which defines the organizational goals and fields of activity for the ten-year period 2006-2015. The MTSP provides an overview of the programme budget and the financing of the budget. Furthermore, it contains a detailed description of the 13 strategic objectives which have traditionally been used for Organization-wide resource allocation, together with the corresponding Organization-Wide Expected Results (OWER) and their indicators. Additionally, the contribution of the regions is defined in Regional Expected Results (RER).<sup>42</sup>

109. The PB breaks down the expected results and budget requirements from the MTSP for a two-year period and specifies the targets and the scope of work under each strategic objective. The PB serves as the basis for the operational workplans.<sup>43</sup> Budget centres develop Office Specific Expected Results (OSERs), Top Tasks (products/services) and Lowest Tasks (activities), along with estimated timeframes and HR plans to implement the collaborative programme.<sup>44</sup> A mid-term review and an annual assessment are fully embedded in the PB. **As part of the ongoing WHO reform the planning and financing mechanisms are undergoing significant changes but at the time of finalization of the present review these changes are still in process and their impacts cannot yet be assessed.**

110. WHO sets up an integrated budget including income from all sources of funding (assessed contributions and voluntary contributions) as part of its organization-wide planning process.<sup>45</sup> The development of the PB follows results-based management (RBM) principles and incorporates three perspectives: the programmatic (results to be achieved); the functional (how to achieve the results); and the organizational (at which level can the results be achieved most efficiently). The guiding principles in WHO for strategic resource allocation require that the programme budget should be developed in a combined top-down/bottom-up planning approach.

111. The total approved budget amounted to US\$ 4.54 billion for the biennium 2010-2011.<sup>46</sup> However, the total contributions to the programme budget were US\$ 3.84 billion.<sup>47</sup> 21 per cent of the budget was financed by assessed contributions and 24 per cent by other predictable income (core voluntary contributions or multi-year agreements), whereas 55 per cent was non-predictable.<sup>48</sup> SO13, which covers a significant part of the administrative functions of WHO, was funded by 60 per cent assessed contributions and 40 per cent voluntary contributions in 2010-2011.

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<sup>42</sup> See EUR/RC60/10 and EUR/RC60/10 Add.1.

<sup>43</sup> See A64/7; EBPBAC3/5.

<sup>44</sup> See SEA/RC64/5 Rev.1.

<sup>45</sup> See EB118/7.

<sup>46</sup> See A64/5.

<sup>47</sup> See A65/29.

<sup>48</sup> See EBSS/2/INF.DOC./2.

112. According to WHO policy, the budget is the basis and the control mechanism for planning, financing and the authorization of expenditures.<sup>49</sup> However, due to the strong dependence on unpredictable voluntary contributions, normally only 50 per cent of funds are assured at the beginning of the programme budget implementation.<sup>50</sup> Currently, efforts are being made to modify the previously-followed “aspirational budget” practice which undermined budgetary discipline. Only a realistic, adequately and timely funded programme budget can fulfil the required strong control function.

113. The integrated budget is a progressive approach intended to focus on the identification of strategic priorities. WHO management highlighted the fact that despite the financial crisis, successful efforts have been made to increase voluntary contributions including flexible funding, a major achievement of the present planning, resource mobilization and performance monitoring system. The contacts with WHO partners are well-structured and regular. Compared to the past, a better reporting regime including different types of analyses provides important information on the financial state of the Organization.

114. Whereas operational planning follows a bottom-up approach, the GPW and the MTSP are mainly prepared top-down. The Inspectors were told repeatedly that the voice and priorities of the countries are not sufficiently taken into consideration, in particular for the preparation of the programme budget. In this regard, **a greater involvement of the regional offices and WCOs in the preparation of the organization-wide planning process would help to focus more on individual needs at the country level.** Special attention should also be paid to a better matching of Organization-wide and operational plans.

115. The Organization-wide implementation of programme planning, resource mobilization and monitoring is facilitated by the PRP networks. This essential mechanism is functioning well between headquarters and the regions, especially in the area of resource mobilization. However, the communication and contacts between regional and WCOs vary across WHO. In AFRO, the PRP team meets less frequently. In WPRO and EURO, contacts with the WCOs are more regular, and the Inspectors noted positive experiences regarding the support of resource mobilization activities at the country level.

116. The introduction of the GSM and its financial monitoring tools have played a key role in improving the performance of PRP. GSM is widely used by senior managers but less utilized by middle managers in headquarters and the regional offices. The GSM has improved the quantity and quality of management information on planned and actual activities at different levels. The monthly monitoring reports which are issued by PRP are considered a useful tool for monitoring the Organization’s activities at different levels. However, the information obtained from the GSM needs further processing and manipulation in order to be useful for management. In the regional offices and even in some WCOs, different templates have been developed and regularly used as management information tools.

117. The attention of the Inspectors was drawn to the fact that the budgeting and planning process is lengthy, cumbersome and rigid. The planned budget figures are prepared in June/July of a given year, and then discussed between August and November in the Regional Committees, before they are finally approved by the Health Assembly in May of the following year, seven months before the start of the actual budget year. This schedule leads to a budgeting process of 18 months. Donors are often not in a position to make financial commitments at such an early stage. The Inspectors call attention to the fact that most other United Nations system organizations have their meetings for the approval of the annual budget closer to the beginning of the budget year. **WHO should consider options to shorten the overall budget process and explore which timing of relevant meetings would be most conducive for this purpose.**

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<sup>49</sup> See WHO eManual II.2.2.

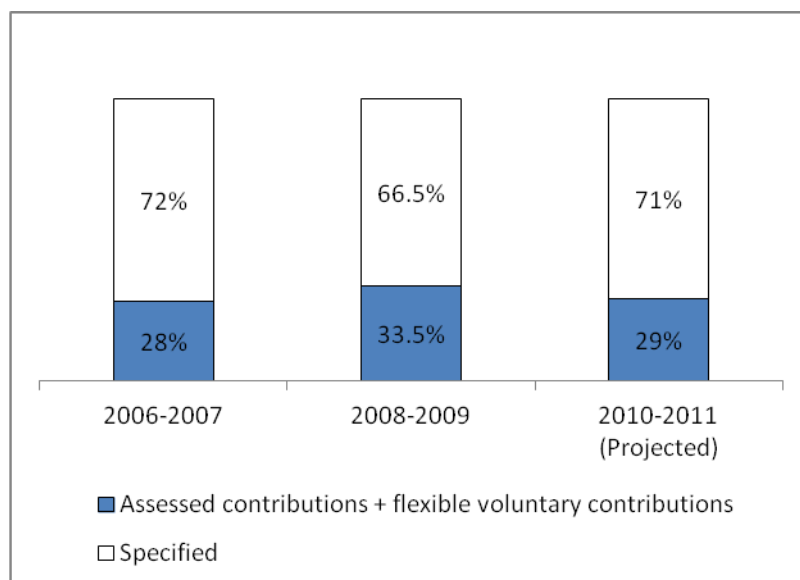
<sup>50</sup> See EB130/5 Add.5.

118. Planning and RBM processes are implemented via a complex framework of interrelated indicators. The exact definition of the results chain and the relationship between the different indicators (OWER, OSER, RER etc.) is difficult to understand and is not clear to many WHO partners. The number of these indicators is too high and difficult to handle. **The Director-General should ensure that the results chain is simplified in the new planning system.**

119. The system of budget ceilings by strategic objective is too rigid and often causes significant problems at the country level when resources are available for a specific purpose but cannot be implemented because the spending limit in the corresponding area has been reached. The allocation per strategic objective and the ceilings align spending with global WHO priorities. However, the ceilings are often perceived as arbitrary at the country level and impede fundraising by WCOs even if resources are potentially available. The consultation process for changing the ceilings is complicated and leads to significant delays in implementation. The planned reorganization of the present 13 strategic objectives into 5+1 core functions may provide an opportunity to make the ceiling system more flexible.

120. The non-predictability and lack of flexibility of resources represent a major problem for realistic planning. Late or “last minute” arrival of funds may result in difficulties in the preparation of the programme budget, lower rates of implementation, and seriously impedes the programme budget from functioning as an effective control mechanism. Most donors strictly earmark their voluntary contributions to WHO, while other players in the health sector receive much more flexible resources (e.g. The Global Fund). Figure 1 below shows that the majority of resources received by WHO are earmarked. WHO needs more flexible resources to be able to meet the priorities at the WCO level, to keep up with other players in the international health field and maintain its leadership as a global knowledge-based policy advisor.

**Figure 1: WHO: trends in the proportion of specified income, 2006–2011<sup>51</sup>**



<sup>51</sup> See EBSS/2/INF.DOC./2.

121. The implementation of the following recommendation should ensure increased efficiency and transparency of planning and resource mobilization at WHO.

**Recommendation 11**

**The Executive Board should recommend that Member States support the Director-General's efforts aimed at increasing the predictability of financing, including through providing more flexible and multi-year voluntary contributions.**

122. The resource-allocation mechanism is not sufficiently transparent and inclusive of the stakeholders concerned. In the past, the Advisory Group on Financial Resources (AGFR), which was composed of the DDG, the cluster heads and the representatives of the regions, provided a major high-level forum for discussions on resource allocation. However, this forum has been discontinued for more than three years. **The prevailing view across the regions supports the re-establishment of the AGFR, or a similar inclusive mechanism, to bring more transparency and stronger ownership of the regions.** However, it is to be noted that the regional offices often organize the budget allocations to the WCOs with a similar lack of transparency and inclusiveness, while heavily criticizing the present practice at headquarters. PAHO/AMRO is the only region where a clear policy has been formulated for allocating resources at the sub-regional and country levels.

123. The implementation of the following recommendation should ensure increased efficiency and transparency of planning and resource mobilization at WHO:

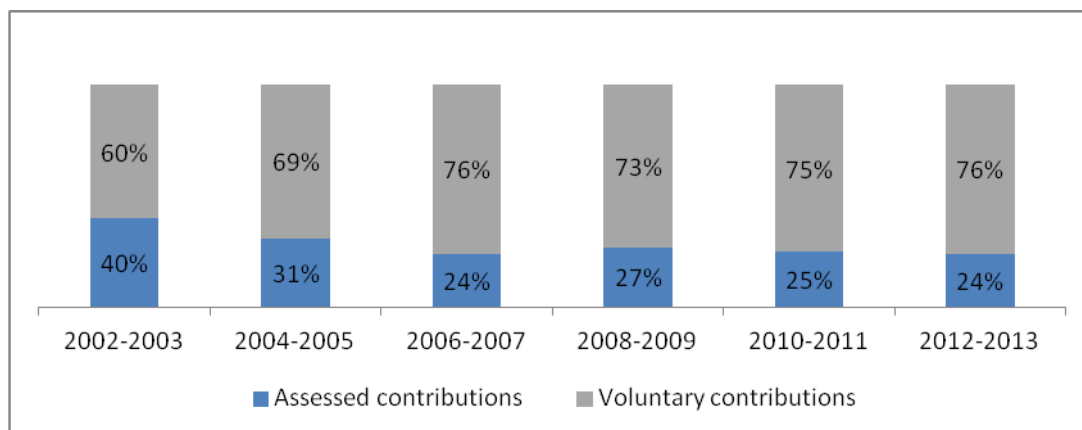
**Recommendation 12**

**The Director-General should establish an appropriate formal mechanism for the resource allocation process to improve transparency and participation of different players of the Organization.**

124. WHO receives voluntary contributions from both Member States and a multitude of other donors, including international organizations, United Nations Multi-Donor Trust Funds, foundations and the private sector. With regard to the amounts received, Member States and other actors have equal importance. WHO raised a total of US\$ 1.56 billion from Member States and another US\$ 1.38 billion from non-State donors in the biennium 2010-2011.<sup>52</sup> The figures show a relatively high concentration among donors. Three Member States provide 56.5 per cent of governmental voluntary contributions. Similarly, three non-State donors provide 48.5 per cent of the non-governmental voluntary contributions. **Special efforts are needed to raise funds beyond the traditional circle of the donor community.**

125. Over the last decade voluntary contributions have gained importance in the financing structure of WHO, accounting for 60 per cent of total funds in the biennium 2002-2003, and for 76 per cent 10 years later (see Figure 2 below), which underlines the importance of a coherent fundraising and resource mobilization approach. However, fundraising is affected by complex, changing and sometimes unpredictable behaviour of State and non-State donors.

<sup>52</sup> See A65/29 Add.1 Annex, April 2012; PRP data from GSM provided by WHO.

**Figure 2: Trends in assessed and voluntary contributions, 2002-2013<sup>53</sup>**

126. Some donors have increasingly provided voluntary contributions at country and regional levels. Therefore, the definition of regional strategies for resource mobilization is a meaningful approach. It is further in line with article 50(f) of the WHO Constitution which states that the Regional Committees are responsible for mobilizing the resources required. At the same time other donors, including some major donors, continue to prefer a centralized approach towards fundraising. WHO fundraising activities should take into account these diverse endeavours of the donor community and follow a differentiated approach. Therefore, WHO should not overemphasize centralization in this area. However, the delegation of authority from the Director-General to Regional Directors does not contain specifications concerning resource mobilization. **A corporate mapping of resource mobilization activities across WHO should be the basis for determining the conditions of regional and country level involvement in this context.**

127. **Furthermore, WHO should strengthen a structured guidance and training mechanism for resource mobilization.** Training for staff should focus on the different fundraising modalities, negotiations with donors, and the writing, clearance and signing of authorizations and Memorandums of Understanding (MOUs). Such training should also be available at the regional level under the general supervision and coordination of headquarters, and focus on sharing best practices and experiences from different regions. The need for an increase in resource mobilization capacity at the country level should also be considered in the training programmes. In this regard, the practices and experiences of other United Nations system organizations could provide useful insights and guidance.

## **B. Finance**

128. The Department of Finance (FNM) in WHO is responsible for the management of the Organization's financial accounting and reporting, treasury management, financial integrity systems, policies and procedures. Recently, it has undergone a major restructuring when the operational activities were relocated from WHO headquarters to the GSC in 2011. The new functional structure foresees that the headquarters finance department will be responsible for policy work and strategic advice. The relocation of FNM was driven by the rationale of cost reduction<sup>54</sup> and accordingly, the number of FNM staff at the high-cost headquarters in Geneva has been reduced.

129. During the review there was a general agreement among those interviewed that FNM has shown the strongest performance in the area of administration. Despite the major restructuring exercise, FNM has managed to provide its services effectively and without major interruption. From a strategic perspective, there have been improvements in

<sup>53</sup> See EBSS/2/INF.DOC./2; for 2012-2013 data based on projection.

<sup>54</sup> See Department of Finance Restructuring Proposal.

accounting, finance and costing. The transition to the International Public Sector Accounting Standards (IPSAS) is close to being concluded, and full IPSAS compliance is expected for 2013. Furthermore, FNM has improved its communication through closer interaction and more comprehensive discussions with the Director-General, clusters and regional offices.

130. The interaction between FNM and the headquarters clusters and departments is organized via budget and finance focal points. In the regions, the Budget and Finance Officers (BFOs) who report to the Directors of Administration and Finance (DAF) are the key contact persons for all financial matters. The informal finance network in headquarters supports coordination between FNM and finance staff working in the clusters. **In the Inspectors' view, the establishment of a formal reporting and accountability line from finance staff in the clusters and from BFOs in the regions to FNM would help to better institutionalize reporting and result in more coherent financial management.**

131. The non-predictability of funding is a critical financial risk for WHO. This concerns the constant threat that financial obligations emerging from long-term staff contracts cannot be met due to a funding gap. At the country level, it often impedes hiring the best qualified staff since no appropriate contractual commitment can be made.

132. Currency fluctuation is another major financial risk. The Organization receives 76 per cent of its income in United States dollars but spends 78.6 per cent in other currencies (e.g. 32.5 per cent in Swiss francs, 12.6 per cent in euros).<sup>55</sup> While hedging can protect against currency fluctuations for limited periods of time, this financial instrument cannot address a continuous trend of possible currency devaluation. WHO management has used hedging as the most easily available short-term instrument for minimizing this risk. However, in the long run the best mechanism to protect the risk arising from this long-term currency imbalance is to match the currencies of receipt and expenditure. This can be achieved by switching some or all of the currency of assessed contributions to Swiss francs to cover the necessary spending at the headquarters. Additionally, the reduction of expenditures in Swiss francs should also be examined. The outsourcing of some activities to low-cost duty stations is a possible avenue for the reduction of expenditures in Swiss francs. WHO management has already made significant efforts in this direction (Kuala Lumpur, Tunis). With respect to increasing the income in Swiss francs, management has proposed to Member States options such as to fix payments or partial payments of contributions in Swiss francs.

133. Furthermore, the decline in the Programme Support Cost (PSC) rate, which is a major funding source for the administration, has contributed to financial difficulties. The PSC is fixed to voluntary contributions at a rate of 13 per cent<sup>56</sup> to fund the administrative costs of project implementation, but it has decreased continuously to approximately 7 per cent in the 2010-2011 biennium. Due to a high number of exceptional arrangements,<sup>57</sup> a post occupancy charge of 8.5 per cent of gross salary costs was introduced in 2010 to obtain the necessary level of funds for the administration. The Inspectors note that the decrease of the PSC rate is not the result of exceptional and new decisions in the recently concluded donor agreements, but of the increasing volume of funds eligible for the application of lower levels of PSC according to the policy in force. This trend seems to be of long term and should be brought to the attention of Member States. The Inspectors are aware that an external study has been commissioned on the subject of the PSC. They reiterate that **Member States should fix the PSC rate at a level that ensures the full cost recovery with a view to avoiding cross-financing.**

134. During the review, the attention of the Inspectors was drawn to some other issues that cause financial risks at the country level, such as the Direct Financial Contributions (DFC) to ministries of health and the reconciliation of bank accounts. DFC volumes are relatively high

<sup>55</sup> See EBSS/2/INF.DOC./2.

<sup>56</sup> As per resolution WHA34.17.

<sup>57</sup> See A65/29; EBSS/2/INF.DOC./2.



at the country level although the experience with government cooperation is mixed. In a number of countries, reports to donors are received with long delays and the audit of the supporting documentation is quite weak due to capacity problems. DFC is handled in the procurement module of the GSM, which may distract attention from the associated financial risk. It is questionable whether the present business process is well-designed to handle DFC appropriately. Management should consider options to better link it to the finance area. Furthermore, the reconciliation of bank accounts, which represents an important internal control mechanism, is not always done in a timely manner or is done completely paper-based and manually. **These country level risks should receive considerable attention in compliance with the respective financial regulations and rules and in internal audit.**

135. With the introduction of the GSM, the finance area changed the application of controls from ex-ante to ex-post checks and the monitoring capacity was significantly weakened due to the self-service design of the system. As a reaction to this situation, regional offices have started corrective initiatives to set up financial compliance units (e.g. EURO), created a compliance function within the budget and finance unit (e.g. WPRO, SEARO) or under the direct supervision of the Regional Director (AFRO). These teams have developed checklists for financial compliance in procurement, travel, donor reporting and accounting processes. The Inspectors welcome the increased awareness and willingness to improve financial monitoring and controls. However, since these individual approaches are carried out in an isolated manner in different regions and partly duplicate compliance work that is done at the country level and in the GSC, **WHO should benefit from integrating the efforts at different levels into a coherent and comprehensive common compliance framework.**

136. Risk management falls behind at the strategic management level. In this regard, the Independent Expert Oversight Advisory Committee (IEOAC) highlighted the need to present an in-depth analysis on how an enterprise risk management framework should be designed and implemented.<sup>58</sup> The relevant financial risks underline the need for a coherent risk register as part of the internal control system in WHO. At present the existing risks are handled individually and on a case-by-case basis. **Risks should be systematically identified Organization-wide and by topic area, evaluated according to impact and probability, and proactively managed by risk owners.** The ongoing efforts to establish and implement an organization-wide risk register should be consistently finalized.

137. **Some of the WHO financial regulations are outdated and there is a discrepancy between the present practice and the written provisions** (e.g. 3.2 with respect to the structure of the budget and the integrated budget). While WHO is in a transition phase in developing a new financing mechanism which will significantly impact the budget preparation, **it is imperative that the decisions made at the level of governing bodies be properly reflected in the financial regulations since these regulations are a key tool to ensure the necessary budgetary discipline.**

138. The implementation of the following recommendation would improve accountability across all levels of WHO.

#### **Recommendation 13**

**The Director-General should ensure that the compliance and control mechanisms at different levels be integrated into a coherent and comprehensive internal control framework.**

<sup>58</sup> EBPBAC15/4.

## IV. OTHER SERVICES

### A. Operational Support Services

139. OSS provides administrative services and is responsible for the elaboration of a global policy and guidance in this field across the Organization. The department was previously also responsible for the organization-wide central procurement of goods and services, for contract negotiations with selected specialized suppliers and the related global catalogue management, and for all infrastructure support at headquarters. During the time of the present review, the procurement function was relocated to Kuala Lumpur and as a result of this relocation the GSC has become the business owner for procurement, whereas OSS is only responsible for the procurement of goods initiated in headquarters.

140. The migration of procurement to the GSC was not well prepared or managed. In contrast to other functions, e.g. finance or IT, both processing and policy setting have been relocated. **Since there is no clear organizational line between these functions under the present arrangement, this raises questions about the proper and clear segregation of duties and responsibilities.**

141. OSS has made good progress towards the cost effective management of operational support activities at headquarters. Outsourcing of certain functions (e.g. printing, building maintenance) has brought efficiency gains. Due to a benchmark outsourcing agreement for desk top printing and copying, the number of technical devices (fax machines, copiers, printers etc.) has been reduced from more than 2,430 to 342 which has resulted in savings of US\$ 1 million per year at headquarters. In addition, paper consumption has declined by more than 50 per cent. In the Inspectors' view, opportunities to establish such beneficial outsourcing arrangements should be further explored for other support services, including in the regions. **The Director-General should ensure the exchange of experiences and lessons learned on the outsourcing practices between headquarters and regional offices.**

142. Plans to extend outsourcing also to security and transport services are promising initiatives. The relocation of the procurement function to the GSC, and of some of the travel functions to other low-cost locations, has helped OSS to realize significant savings. **However, in the Inspectors' view, OSS policy guidance work needs to be strengthened. In this respect, communication between OSS and the regional offices is limited and the OSS network should operate in a more efficient manner. All areas of OSS would benefit from stronger corporate-level guidance and a better exchange of experiences based on a functioning network.**

### Travel

143. For travel, the headquarters and regional office units handle policy, negotiations with airlines, travel agent and contract support, while operational processing, compliance and payment issues are handled by the GSC. Travel has been an area in which different audits have identified a number of problems such as the non-submission of travel claims,<sup>59</sup> a need to improve the quality of reporting,<sup>60</sup> and a lack of effective internal controls to mitigate the risks associated with the creation and approval of travel requests. This includes incomplete supporting documentation, a failure of supervisory mechanisms, processing, inconsistencies in the implementation of the WHO travel policy in the GSM, and a lack of systematic management of the recovery of payments.<sup>61</sup> Regional offices often work with approved travel agencies using standard contracts, which sometimes are not flexible enough and make it

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<sup>59</sup> See A64/30.

<sup>60</sup> See A64/28.

<sup>61</sup> See A65/33.

difficult to purchase from local travel agencies that may offer cheaper air tickets or better conditions.

144. The Inspectors welcome the recent measures to improve the planning and monitoring of travel and the related costs in headquarters and regional offices. However, some of the new provisions of the travel policy (changes in checking of hotel bills and other supportive documents) create additional administrative burden and expenditures which might not be commensurate with the expected financial gains. **A cost-benefit analysis of the impact of these new measures is desirable.** Furthermore, the approval process of travel requests should be revised and streamlined. Many signatures are needed to authorize a travel request in the field, with the involvement of Representatives and regional offices even for travel within the approved programme and budget.

145. With the introduction of the GSM and its self-service approach, controls for travel entitlements and the implementation of the travel policy have been weakened. A number of corrective measures have been taken to strengthen travel quality control and compliance. For several of the major offices a travel quality assurance is executed up-front rather than post-facto. Since these checks are currently being implemented at the country and regional levels and simultaneously in the GSC, they should be harmonized to avoid duplication

### **Building management**

146. Building management is a problematic area. The status of buildings, maintenance needs and financial aspects of refurbishment are poorly planned and monitored. The corresponding network is one of the weakest and there is no clarity with respect to the role and responsibility of the regional offices towards WCOs in building management. However, the following data underline the importance of infrastructure and building management for WHO.

147. In 2006, WHO reported 188 WHO offices, 15 owned by the Organization, including headquarters and 5 regional offices (all except EURO); 73 of the rest (including those in UN Houses) were provided free of charge, and 100 were rented or occupied on a cost-share basis. In addition to the 15 owned sites, 65 offices were wholly or partly maintained at the Organization's cost and were, as a consequence, an integral part of the Capital Master Plan (CMP).<sup>62</sup> For the present biennium, the Health Assembly decided to allocate US\$ 22 million to the Real Estate Fund in order to finance the projects identified in the CMP, while the projected capital needs for the biennium were US\$ 39 million.<sup>63</sup> Currently the balance of this fund is US\$ 0.7 million and expected allocations for the biennium 2012-2013 amount to US\$ 15 million.

148. Some of the WHO offices do not meet the acceptable standards of security, cost effectiveness or other specific requirements due to under-investment over time. Some buildings are exposed to serious environmental risks. In SEARO, air pollution and the conditions of the building cause health risks and are detrimental to the IT equipment. In AFRO, building management lacks any long-term planning of maintenance and reconstruction. EURO will solve the existing problems in the old building with the upcoming move to the new UN City in Copenhagen. WPRO represents a benchmark for building management, since a flood emergency resulted in redesigned and better equipped premises.

149. From the financial perspective, each region is responsible for the planning and budgeting of infrastructure investments and maintenance. However, infrastructure management is often regarded as a secondary priority. All regional offices have Capital Master Plans but often less than 2 to 4 per cent of the insured value of the premises is allocated for operation and maintenance, and for some premises no money is allocated at all (e.g. in headquarters, SEARO). In principle, the CMP projects are prioritized according to a

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<sup>62</sup> See A63/36.

<sup>63</sup> See WHA63.7.

ranking composed of six indicators, but even high priority projects including ongoing repairs for normal abrasion remain unfunded. As a consequence, **resources for building management are poorly forecast and maintenance works or reconstruction of buildings are carried out as ad hoc projects instead of being part of a long-term and integrated planning approach.**

150. Overall, building management should be part of a common corporate policy and needs more guidance and methodological support across the Organization, including at the country level. This should be facilitated through reliable long-term resource allocation, a strengthened inter-regional network, and an improved set of standards, guidance and written procedures.

151. The implementation of the following recommendations should improve efficiency and effectiveness in the area of OSS.

#### **Recommendation 14**

**The Director-General should ensure that a long-term policy on building management be elaborated and its implementation supported by organization-wide standards and guidance.**

#### **Recommendation 15**

**The World Health Assembly should review the long-term policy on building management and to provide the necessary funding for its implementation.**

### **B. Information technology**

152. Information technology is a key tool in facilitating effective management and administration in global decentralized organizations like WHO. The efficient functioning of the Organization as a whole depends to a great extent on the uninterrupted operation of the IT services.

153. The IT department at the headquarters (ITT) provides baseline services such as e.g. the Global Application Business and Technical Support, the Global Service Desk, the Global IT Synergy (Managed Desktop) and the technical support for the WHO intranet free of charge, whereas services such as Applications Hosting, Audio and Video Conferences and remote access to the intranet are back-charged (recovered).<sup>64</sup> However, the Inspectors are not aware of any clear policy guidance for the back-charging of non-baseline services. **In the Inspectors' view, the backcharging of IT services should not be a general organizational practice but rather be done for selected services based only on clear criteria.** Additionally, the Inspectors noted cases where the transaction cost was higher than the income from back-charging.

154. IT has been a weak area within the administration of WHO in the past. In this regard, the 2001 JIU review criticized inter alia inadequate IT policies, insufficient resources dedicated to IT, an IT workforce which mainly consisted of short-term staff, and the lack of an IT strategy, among other things. Since then, WHO has addressed key challenges and significant progress has been achieved. A global IT strategy was initially developed in 2006 and updated in 2010. A number of key policies such as the Global Information Security Policy, the Information Classification Policy and Firewall Management Policy have been established and made accessible to all levels of the Organization.

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<sup>64</sup> See WHO IT Service Catalogue.

155. The revised 2010 version of the IT strategy proposed seven key objectives, including a clear set of shared global and local services, a sustainable funding mechanism for global initiatives, cost-effective IT services and a standardized working environment.<sup>65</sup> A 2011 comprehensive internal assessment of the IT area found that ITT is currently perceived mainly as a service provider by WHO departments and technical units, and should reposition itself to become a strategic business partner in the future.<sup>66</sup>

156. ITT operational services have been relocated to the GSC in Kuala Lumpur, while policy-related work has remained in the corporate headquarters. The IT unit in Kuala Lumpur is a separate entity with about 60 staff, and is not part of the GSC, but it reports directly to ITT in Geneva. The present arrangement represents a good organizational set-up which facilitates effective service delivery and a clear delineation of tasks between the GSM and other IT functions. The availability of skilled IT staff in Kuala Lumpur provides options to perform functions at cost-effective rates. However, the Inspectors were informed of increasing difficulties in hiring qualified staff at low grades of the General Service category in Kuala Lumpur and in WCOs, and there is growing competition between WHO, the private sector and other United Nations agencies for these professionals.

157. IT infrastructure and support are highly decentralized to clusters, regions and countries. Through IT standardization, WHO realizes economies of scale in the procurement process and a better link of hardware and software to business processes. However, ITT has initiated certain global programmes such as the Global IT Synergy (Managed Desktop) aimed at creating an organization-wide standardized desktop environment. These efforts are nearly completed for headquarters but lag behind at the regional level.

158. Regional offices are increasingly involved in the development of IT policies and the global IT strategy. The global leadership team on IT facilitates useful discussions between the heads of each regional IT team and the head of ITT. The regional IT committees meet once a year and IT staff in the regions meet bi-monthly. Through better communication and regional integration, service processes and the technological support provided by ITT have improved in terms of effectiveness and responsiveness during the last few years. These changes are noted and welcomed by the technical units.

159. While the functional cooperation between the three different levels works adequately, due to the different levels of IT resources allocated to the regions, agreements on financing are often difficult to achieve and implement. Insufficient funding was identified as a key problem in interviews at both headquarters and the regions, but is more pertinent at the regional level. For the 2010-2011 biennium, the department had initially planned to spend US\$ 69.3 million but was awarded a budget of US\$ 63.9 million with approximately US\$ 40 million being spent on service contracts for outsourced activities. To address the deficit, activities were greatly reduced, short-term positions were put on hold, vacant posts were not filled, cost containment was implemented in all aspects of the budget, and finally a number of posts were abolished. For the biennium 2012-13 the budget was further reduced to USD 57.5 million.<sup>67</sup>

160. In addition to a reduction of resources at the headquarters level, it is problematic that global IT projects do not have a global funding mechanism. Generally it is left to the regional offices to plan for these projects within their respective budgets. Since global projects usually have significant cost implications, the status of their implementation varies from region to region. In this respect, a more coherent and focused global financing mechanism should be developed to secure the implementation of global projects across the Organization. **The Inspectors are of the view that a stronger involvement of the GPG in global IT**

<sup>65</sup> See internal WHO document on Global IT Strategy, 2010.

<sup>66</sup> See ITT Strategic Direction and Vulnerability Assessment - A submission to the Roadmap Review Committee.

<sup>67</sup> See ITT Strategic Direction and Vulnerability Assessment - A submission to the Roadmap Review Committee.

**programme approval and financing would be a possible way to make progress in securing the needed financial resources for the implementation of global IT projects.**

161. At the regional level, the Inspectors noted wide variations as far as IT governance and operational conditions are concerned. The present arrangements have created a situation where EURO, SEARO and WPRO have good IT governance and infrastructure. They can even manage to service individual countries remotely from the regional office, whereas in AFRO the capacity to manage the IT infrastructure and services is more limited. During the review, the Inspectors noted that while progress has been made in improving the IT environment in WCOs (hardware upgrades, wider use of laptops), some countries are still running outdated hardware and software that are slow, unsecure and not fully compatible with the WHO standard systems. The IT upgrades and updates are often based on ad hoc decisions using the unspent budget at the end of the cycle, or they are financed from project money. In addition, connectivity problems are frequent in some countries, particularly in remote offices that have to use satellite connections. Since the satellite technology provides only limited bandwidth at reasonable cost, the connection is often slow causing a serious challenge for using GSM applications.

162. Financial restrictions significantly constrain the training opportunities of IT staff at the regional and country levels. Training on the GSM and other key areas like website management are often limited to basic instructions. Group training and face-to-face meetings between WCOs and regional offices are inadequate, partly due to the resource constraints, but sometimes a lack of attention from management. A more systematic approach towards IT networking and training at country level is essential. The Inspectors agree with the view expressed at regional and country levels that an adequate level of financial resources should be allocated to this area. The Regional Directors should take measures to improve the networking and training possibilities of the IT officers in their respective regions.

163. The implementation of the following recommendation is expected to improve coordination and effectiveness in the area of IT in WHO.

**Recommendation 16**

**The Director-General should include the global information technology programmes in the agenda of the Global Policy Group to ensure that the necessary support and resources are provided.**

## V. OVERSIGHT

164. Oversight is carried out by four oversight services: the Office of Internal Oversight Services (IOS), the External Auditor, the Independent Expert Oversight Advisory Committee (IEOAC) and the Joint Inspection Unit. The oversight function is centralized for all levels of the Organization at headquarters except for AMRO/PAHO, which has a separate audit function. WHO has internal policies for fraud, whistleblowing and investigation.

165. The functions of the oversight bodies are well defined and clearly delineated between internal and external audit. Work plans between IOS and the external auditors are regularly exchanged and country visits are planned and coordinated.

166. WHO management is currently consolidating the reporting requirements for the audit bodies to PBAC. Whereas these services reported at different points in time in the past, a coordinated joint reporting date is expected to facilitate an improved overview and control by Member States. **The Inspectors draw the attention of the governing bodies to the fact that sufficient time should be allocated for the consideration of oversight reports in order to allow Member States to exercise their oversight responsibilities.**

167. **IOS** provides assurance and advisory services based on the findings of its organization-wide audits, inspections, investigations and evaluations.<sup>68</sup> In this regard, the IOS scope of work is to determine whether the Organization's network of risk management, control and governance processes is adequate and functioning. IOS employs a risk-based methodology and a flexible annual audit plan to coordinate its work and to select and prioritize its projects.

168. **Audit resources** are distributed to countries, regions and technical departments according to the weighted existing risks based on a formal risk assessment model. The split of resources between headquarters and the regional/country levels reflects the 30 to 70 per cent principle, with 25 per cent of resources being actually used for audits of global issues. At the request of Member States, measures were taken to strengthen the country audit coverage and resources were allocated to high risk countries in accordance with the IOS Risk Assessment Model. Since 2009 the resources available for audit have decreased as a result of the restrictions caused by the overall financial situation of WHO. The number of IOS staff declined from 17 to currently 13 during this period. With the present resources, the audit coverage of the country level follows a 17-year cycle. The Inspectors welcome the planned staff increase of IOS to 21 by 2013, which will improve the future audit cycle for the country level. **However, they note that the approved increase of staff, taking into account the evaluation and investigation tasks to be performed by IOS, still remains well below the appropriate level of staffing suggested by JIU in several relevant reports.**<sup>69</sup>

169. A new follow-up tracking system (Audit Tracking Dashboard) for IOS recommendations was implemented in 2010. Improvements in the implementation and the response rate of recommendations have been recorded. It is planned that systematic tracking will be extended to recommendations made by other oversight bodies, which will be categorized according to priority, significance and implementation efforts. At present, the director of IOS is not a regular participant of any management committee but he is invited to ADG or DAF meetings occasionally. **The Inspectors suggest redressing this situation by facilitating the regular participation of the Director IOS as an observer in relevant management committee meetings as is the practice in other United Nations system organizations (e.g. UN, UNDP).**

170. In addition, no meaningful link has been established between the risk identification by IOS and the existing risk management system. An organization-wide risk register is still a work in progress and the existing register, which is only implemented in the GMG cluster, is

<sup>68</sup> See WHO eManual, I.6.2; WHO Financial Regulations, Regulation XII - Internal Control.

<sup>69</sup> See JIU/REP/2006/2; JIU/REP/2010/5.

far from being comprehensive. **In the Inspectors' view, WHO should pay special attention to developing a comprehensive approach towards risk identification and registration at the corporate level.**

171. According to Financial Rule XII, IOS conducts **investigations** independently and confidentially with the assistance of the department concerned upon the report of a violation of regulations, rules and administrative issuances of the Organization. IOS has reported on this activity to the governing bodies. However, given the general capacity limitations of IOS, the growing number of investigations may still distract resources from the audit function. However, the Inspectors are of the opinion that investigations should be performed by qualified investigators. **WHO should periodically re-assess the resources needed for the investigation function as proposed in the recent JIU report on this subject.**<sup>70</sup>

172. **Evaluation** has been a weak area in WHO oversight work, with no evaluation policy and limited resources. The Inspectors noted that the organogram of IOS includes only one full time evaluator post, and due to an increased focus on audits at the country level, central evaluation activity was minimal during the last year. An organization-wide evaluation policy has been developed as part of the reform process and was approved by Member States in May 2012. It foresees thematic, programmatic and office-specific evaluations based on the United Nations Evaluation Group (UNEG) norms and standards. Evaluations will be carried out on the basis of a biennial organization-wide evaluation work plan within the contractual framework of individual projects, and will therefore be financed from programme/project budgets. The envisaged allocation of 3-5 per cent of the programme/project budget should provide sustained and significant financing for evaluation. The Inspectors welcome these decisions as an important step to strengthen the evaluation culture in WHO. However, they are concerned that the policy lacks sufficient tools to fully apply the UNEG norms and standards, in particular regarding independence and credibility.

173. While the document underlines the important role of IOS as a custodian of the evaluation function, it primarily confers on IOS the role of planning and coordination, and managing the decentralized evaluation inventory across the Organization, rather than managing/doing their own evaluations, in particular on issues of strategic or corporate institutional interest. In order to ensure sufficient independence from the programme/project operators, an adequate level of quality control and credibility, as well as taking into account the best practices of the United Nations system organizations, it is the Inspectors' view that IOS should have a stronger central evaluation capacity tasked with undertaking/overseeing strategic thematic and corporate evaluations. This issue should receive due attention during the elaboration of the guidelines for the implementation of the newly adopted evaluation policy.

174. The implementation of the following recommendation is expected to improve the effectiveness of the evaluation function in WHO.

**Recommendation 17**

**The Director-General should initiate a UNEG peer review on the evaluation function of WHO so as to benefit from the established best practices in the United Nations system and to fully align the evaluation function of WHO with the UNEG norms and standards and present this peer review to the Executive Board no later than 2014.**

175. The **External Auditor** is appointed by the Health Assembly for a term of four years. He expresses an opinion on the correctness and completeness of the financial statements, and oversees key areas of WHO management and administration such as the efficiency of the

<sup>70</sup> See JIU/REP/2011/7.



financial procedures, the accounting system and the internal financial controls.<sup>71</sup> In this regard, the Inspectors welcome the limitation on the term of the external auditor, which did not exist at the time of the 2001 JIU report.<sup>72</sup>

176. The **IEOAC** is an independent advisory committee that was established by the Executive Board in 2009 and reports to PBAC. Its purpose is to advise PBAC and, through it, the Executive Board, in fulfilling their oversight responsibility and, upon request, to advise the Director-General on issues within its mandate. The IEOAC functions include: reviewing the financial statements of WHO; advising on the adequacy of the Organization's internal controls and risk management systems; reviewing the effectiveness of the internal and external audit functions; monitoring the implementation of all audit findings; and advising on the appropriateness and effectiveness of accounting policies and disclosure practices.<sup>73</sup> There was a regional imbalance in the first composition of the IEOAC which was later redressed. However, the Inspectors continue to be of the view that the nomination of the members of the IEOAC should be entirely a Member State driven process, with candidates proposed by Member States' regional groupings, and after an adequate professional screening, they should be elected in their individual capacities by the governing body as is foreseen in the JIU Oversight lacunae and Audit Function reports.<sup>74</sup>

177. The first years of operation of the IEOAC are perceived positively by both WHO management and Member States. The IEOAC has contributed to a higher profile of WHO oversight activities through the expertise of its independent membership. Given the short time since its establishment, the IEOAC has provided useful inputs to the Executive Board. Whereas routines still have to be further developed and implemented, the IEOAC has to gradually cover key areas of management and administration. **In the view of the Inspectors, the IEOAC should review and comment regularly on the budget of IOS before it is submitted for approval.**

178. The introduction of the GSM and the operation of the GSC created a possibility for conducting country audits remotely based on document research complemented by surveys and phone calls instead of on-site visits. IOS has made several such audits and plans to continue this practice. While the remote audits reduce travel expenditures and time, an examination should be made as to what extent this method can capture all necessary data and provide the required level of reasonable evidence for drawing the corresponding conclusions. Based on a review of this practice, a framework with clear criteria and guidelines for remote audits should be established. **The Inspectors suggest that the IEOAC reviews the experiences and the applied methodology of the remote audit practice at an appropriate time.**

179. **JIU**, as an independent external oversight body of the United Nations system organizations, is mandated to provide an independent view through inspection and evaluation aimed at improving management and achieving greater coordination between United Nations system organizations. JIU reports are regularly considered by the governing bodies together with a detailed matrix on the follow up of recommendations prepared by the WHO Secretariat. However, the critical remarks in paragraph 166 concerning the insufficient time allocated for the consideration of the oversight reports by the governing bodies are valid in the case of the JIU reports, too. It is the Inspectors' view that WHO would benefit from a more comprehensive discussion of the JIU reports by the relevant governing bodies.

180. Between 2004 and 2010 WHO accepted 52.7% and rejected 2% of JIU recommendations and 8.6% were reported under consideration. 28.9% of the accepted recommendations were implemented and 25.9 % reported as implementation in progress by the end of 2010. However, WHO did not provide further information on 35.2% of JIU

<sup>71</sup> See WHO Financial Regulations, Regulation XIV- External Audit.

<sup>72</sup> See JIU/REP/2001/5.

<sup>73</sup> See EB125.R1.

<sup>74</sup> JIU/REP/2006/2 Chapter A. page 6. para.23. and JIU/REP/2010/5 Recommendation 17.

recommendations with respect to their acceptance or rejection and also did not report back on the implementation status of 34.1% of accepted recommendations.<sup>75</sup> In the Inspectors' view, WHO should strive to improve the reporting on the acceptance and implementation of JIU recommendations. The recently introduced on-line web based tracking system (WBTS) will provide an opportunity to improve this performance, and real time information and full transparency can be provided to Member States on these issues.

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<sup>75</sup> A/66/34



	Intended impact	<u>United Nations, its funds and programmes</u>										<u>S p e c i a l i z e d a g e n c i e s , I A E A a n d I T C</u>																	
		United Nations*	UNCTAD*	UNODC	UNEP	UN-Habitat	UNHCR	UNRWA	UNDP	UNFPA	UNICEF	WFP	FAO	IAEA	ICAO	ILO	IMO	ITC	ITU	UNAIDS	UNESCO	UNIDO	UNWTO	UPU	WIPO	WHO	WMO		
<b>Recommendation 15</b>	e																										L		
<b>Recommendation 16</b>	e																											E	
<b>Recommendation 17</b>	e																											E	

**Legend:**      **L:**      Recommendation for decision by legislative organ  
**E:**      Recommendation for action by executive head  
 Recommendation does not require action by this organization

**Intended impact:** **a:** enhanced accountability    **b:** dissemination of best practices    **c:** enhanced coordination and cooperation    **d:** enhanced controls and compliance    **e:** enhanced effectiveness    **f:** significant financial savings    **g:** enhanced efficiency    **o:** other

\* Covers all entities listed in ST/SGB/2002/11 other than UNCTAD, UNODC, UNEP, UN-Habitat, UNHCR, UNRWA.